AGENDA

BAY ARENAC BEHAVIORAL HEALTH
BOARD OF DIRECTORS
FINANCE COMMITTEE MEETING

Wednesday, May 7, 2025 at 5:00 pm

Room 225, Behavioral Health Center, 201 Mulholland Street, Bay City, MI 48708

Committee Members:	Present	Excused	Absent		Present	Excused	Absent	Others Present:
Tim Banaszak, Ch				Pam Schumacher				BABH: Marci Rozek, Chris Pinter, and Sara McRae
Sally Mrozinski, V Ch				Christopher Girard, Ex Off				
Richard Byrne				Pat McFarland, Ex Off				
Jerome Crete				Robert Pawlak, Ex Off				Legend: M-Motion; S-Support; MA-Motion Adopted; AB-Abstained
Kathy Niemiec								

	Agenda Item	Discussion	Motion/Action
1.	Call To Order & Roll Call		
2.	Public Input (Maximum of 3 Minutes)		
3.	Nomination & Elections 3.1) Committee Chair 3.2) Committee Vice Chair		3.1) Consideration of nomination to elect _____ as Committee Chair 3.2) Consideration of nomination to elect _____ as Committee Vice Chair
4.	Unfinished Business 4.1) None		
5.	New Business 5.1) Investment earnings reports for period ending April 30, 2025 5.2) Finance May 2025 contract list		5.1) Consideration of motion to refer the investment earnings reports for period ending April 30, 2025 to the full Board for information 5.2) Consideration of motion to refer the Finance May 2025 contract list to the full Board for approval

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	5.3) Michigan Department of Health & Human Services Fiscal Year (FY) 2022 Compliance Exam Closure Letter		5.3) No action necessary
	5.4) Facilities Upgrades Quote Status		5.4) No action necessary
	5.5) Behavioral Technician Services Adjusted Rate Status		5.5) No action necessary
	5.6) Federal & State Advocacy Updates		5.6) No action necessary
6.	Adjournment	M - S - pm	MA

Bay-Arenac Behavioral Health Authority
Estimated Cash and Investment Balances April 30, 2025

Balance April 1, 2025	5,065,566.80
Balance April 30, 2025	8,444,296.53
Average Daily Balance	4,434,260.84
Estimated Actual/Accrued Interest April 2025	12,434.17
Effective Rate of Interest Earning April 2025	3.36%
Estimated Actual/Accrued Interest Fiscal Year to Date	111,315.65
Effective Rate of Interest Earning Fiscal Year to Date	3.49%

Note: The Cash and Investment Balances exclude Payroll and AP related Cash Accounts.

Cash Available - Operating Fund

	Rate	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
Beg. Balance Operating Funds - Cash, Cash equivalents, Investments		6,146,590	5,488,296	1,050,935	4,168,174	6,681,815	5,888,358	5,308,678	8,600,946	7,785,099	5,777,598	5,192,261	4,585,448
Cash in		13,733,115	3,521,802	21,031,319	18,649,095	11,484,363	12,579,941	20,255,107	13,201,840	11,895,758	12,023,619	12,246,135	20,379,721
Cash out		(14,391,408)	(7,959,163)	(17,914,080)	(16,135,454)	(12,277,820)	(13,159,621)	(16,962,838)	(14,017,688)	(13,903,259)	(12,608,956)	(12,852,949)	(16,993,846)
Ending Balance Operating Fund		5,488,296	1,050,935	4,168,174	6,681,815	5,888,358	5,308,678	8,600,946	7,785,099	5,777,598	5,192,261	4,585,448	7,971,323
Investments													
Money Markets		5,488,296	1,050,935	4,168,174	6,681,815	5,888,358	5,308,678	8,600,946	7,785,099	5,777,598	5,192,261	4,585,448	7,971,323
90.00													
180.00													
180.00													
270.00													
270.00													
Total Operating Cash, Cash equivalents, Invested		5,488,296	1,050,935	4,168,174	6,681,815	5,888,358	5,308,678	8,600,946	7,785,099	5,777,598	5,192,261	4,585,448	7,971,323
Average Rate of Return General Funds		4.08%	4.08%	4.08%	4.08%	4.05%	3.70%	3.61%	3.57%	3.50%	3.48%	3.45%	3.43%
		4.05%	4.08%	4.05%	4.08%	3.72%	3.70%	3.52%	3.48%	3.30%	3.38%	3.30%	3.32%
average		5,992,215	5,443,183	5,315,682	5,439,876	5,477,250	5,308,678	6,954,812	7,231,574	6,868,080	6,532,916	6,208,338	6,460,193

Cash Available - Other Restricted Funds

	Rate	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
Beg. Balance-Other Restricted Funds - Cash, Cash equivalents, Investments		451,922	453,841	455,706	457,642	459,585	461,413	463,216	464,891	466,575	468,220	469,711	471,366
Cash in		1,919	1,865	1,935	1,943	1,828	1,803	1,675	1,684	1,645	1,491	1,656	1,608
Cash out													
Ending Balance Other Restricted Funds		453,841	455,706	457,642	459,585	461,413	463,216	464,891	466,575	468,220	469,711	471,366	472,974
Investments													
Money Market		453,841	455,706	457,642	459,585	461,413	463,216	464,891	466,575	468,220	469,711	471,366	472,974
91.00	0.70%												
91.00	1.10%												
91.00	1.15%												
91.00	1.35%												
90.00	1.70%												
91.00	2.05%												
90.00	2.15%	-	-	-	-	-	-	-	-	-	-	-	-
365.00	80.00%												
Total Other Restricted Funds		453,841	455,706	457,642	459,585	461,413	463,216	464,891	466,575	468,220	469,711	471,366	472,974
Average Rate of Return Other Restricted Funds		5.00%	5.00%	5.00%	5.00%	4.99%	4.84%	4.84%	4.84%	4.84%	4.84%	4.84%	4.84%
		5.00%	5.00%	5.00%	5.00%	4.84%	4.84%	4.84%	4.84%	4.84%	4.84%	4.84%	4.84%
average		447,294	448,229	449,170	450,117	451,058	463,216	464,054	464,894	465,725	466,523	467,330	468,136
Total - Bal excludes payroll related cash accounts		5,942,137	1,506,641	4,625,816	7,141,400	6,349,771	5,771,894	9,065,837	8,251,674	6,245,818	5,661,972	5,056,814	8,444,297
Total Average Rate of Return		4.19%	4.18%	4.19%	4.19%	4.17%	3.84%	3.71%	3.63%	3.58%	3.52%	3.51%	3.49%

Bay-Arenac Behavioral Health
Finance Council Board Meeting
Summary of Proposed Contracts
May 7, 2025

			Old Rate	New Rate	Term	Out Clause?	Performance Issues? (Y/N) Risk Assessment Rating (Poor/Fair/Good/Excellent)
SECTION I. SERVICES PROVIDED BY OUTSIDE AGENCIES							
Clinical Services							
1	M	**Mid-Michigan Specialized Residential (Burton, MI)** Second BABHA individual moving into this home	$0	$500/day	4/28/25 - 9/30/25	Y	N
2	N	**Dr. Gerri Hill-Chance** Child Psychiatrist Coverage - 2 days/week	$0	$200/hour	7/1/25 - 6/30/26	Y	N
Admin/Other Services							
3	S	**Articulate 360** Annual License for 1 Seat	$1,499	Same	7/31/25 - 7/31/26	Y	N
SECTION II. SERVICES PROVIDED BY THE BOARD (REVENUE CONTRACTS)							
SECTION III. STATE OF MICHIGAN GRANT CONTRACTS							
SECTION IV. MISC PURCHASES REQUIRING BOARD APPROVAL							

R = Renewal with rate increase since previous contract
D = Renewal with rate decrease since previous contract
S = Renewal with same rate as previous contract
ES = Extension
M = Modification
N = New Contract/Provider
NC = New Consumer
T = Termination

Footnotes:

STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ELIZABETH HERTEL
DIRECTOR

April 17, 2025

Christopher Pinter, Chief Executive Officer
Bay-Arenac Behavioral Health
201 Mulholland St
Bay City, MI 48708

Subject: Fiscal Year End 2022 CMH Compliance Examination

Dear Christopher Pinter:

The Michigan Department of Health and Human Services (MDHHS) has completed its review of the Bay-Arenac Behavioral Health Compliance Examination Report for the fiscal year ended September 30, 2022. The report did not include any findings or examination adjustments.

This letter serves as your notification that your contractual obligation for a CMH Compliance Examination has been fulfilled. MDHHS retains the right to conduct additional reviews for this fiscal year. Additionally, MDHHS may review work papers of the CPA firm that performed your CMH Compliance Examination.

If you have any questions, please contact me at 517-335-0208 or andersonw9@michigan.gov, or Tim Kubu at 517-241-9163 or kubut@michigan.gov.

Sincerely,

William Anderson

William Anderson, Senior Auditor
Community Mental Health Compliance Section
Bureau of Audit

cc: Jackie Sproat, MDHHS Division of Contracts & Quality Management
Laura Kilfoyle, MDHHS Division of Contracts & Quality Management
Rachel Winkworth, MDHHS Division of Contracts & Quality Management
Shannah Havens, MDHHS Bureau of Audit
Tim Kubu, MDHHS Bureau of Audit
Matt Blackburn, MDHHS Contracts Payable
Enika Whitmon, MDHHS Contracts Payable

BABH - Contracted Behavioral Technician Services
ABA 97153 Code Increase
Status As of 5/5/25

Autism Provider	Total Number of Claims	Claims Reconsidered	Total to Reconsider from 11/1/24 - 2/28/25	Additional Amount Paid	% Remaining	Months completed as 5/5/25
Spectrum	2,249	2,249	$ 42,310.82	$ 42,310.82	0%	All
PBS	117	117	$ 3,786.11	$ 3,786.11	0%	All
Paramount	794	794	$ 15,906.67	$ 15,906.67	0%	All
Mercy Plus	1,036	1,036	$ 25,536.45	$ 25,536.45	0%	All
Game Changer	3,559	-	$ 92,491.74	$ -	100%	None
Flourish	1,617	1,617	$ 57,194.06	$ 57,194.06	0%	All
Encompass	6,455	-	$ 90,549.68	$ -	100%	None
Centria	2,101	-	$ 80,742.34	$ -	100%	None
BHS Austism	451	451	$ 16,356.89	$ 16,356.89	0%	All
Autism Sys	139	139	$ 3,732.77	$ 3,732.77	0%	All
Acorn	19	19	$ 250.26	$ 250.26	0%	All
Totals	**18,537**	**6,422**	**$ 428,857.79**	**$ 165,074.03**		
% completed		**35%**				

Statement from Protect MI Care Coalition on Medicaid Threats and Ongoing Organizing Across Michigan

LANSING, Mich. – As threats to Medicaid loom closer at the federal level, the Protect MI Care Coalition—a growing alliance of healthcare providers, advocates, and community organizations—is sounding the alarm and mobilizing swiftly to defend access to care for millions of Michiganders. The following statement can be attributed to Monique Stanton, president and CEO of the Michigan League for Public Policy:

"The Protect MI Care Coalition is being created to ensure that the voices of patients, caregivers, providers, and local communities are heard loud and clear in the fight to protect Medicaid. More than 2.6 million Michiganders rely on this essential program, including over 1 million children, seniors in long-term care, people with disabilities, veterans, and working families. Medicaid is not just a lifeline for individuals—it's the backbone of Michigan's healthcare system and a key driver of our state's economy.

"Proposals in Congress that would cut or cap Medicaid funding, including those outlined in the House Budget Resolution, would have catastrophic consequences for Michigan. In 2026 alone, our state could lose $2.2 billion in federal funding, experience a $4.9 billion drop in economic output, and see our state GDP fall by $2.9 billion. These cuts would trigger the closure of hospitals, birthing centers, behavioral health clinics, and nursing homes—particularly in rural and underserved communities—leaving entire regions without access to essential care.

"We're talking about more than just numbers or hypotheticals. These are our neighbors, co-workers, patients, and loved ones. Medicaid supports cancer patients receiving life-saving treatment, moms delivering babies in rural hospitals, people with disabilities receiving critical and cost-effective assistance at home, and kids receiving preventive care to grow up healthy and strong. In some rural counties, Medicaid covers the majority of births and provides the only path to behavioral health care.

"We are actively working with organizations across the state to finalize the full coalition membership as momentum builds. Our statewide network is growing quickly, and we are united by a shared mission: to stop these devastating Medicaid cuts and protect the health, dignity, and futures of Michigan families.

"To members of Michigan's congressional delegation: The stakes could not be higher. We urge you to stand with the growing list of community organizations across the state, your constituents, that are pleading with you to protect our care by protecting Medicaid. Vote no on any federal budget or legislation that includes cuts or caps to Medicaid. "

The Protect MI Care coalition steering committee includes:

- Center for Civil Justice

- Community Mental Health Association of Michigan
- Michigan Primary Care Association
- Michigan League for Public Policy
- Michigan Health & Hospital Association
- Michigan Elder Justice Initiative
- Michigan Council for Maternal and Child Health
- Michigan Association of Health Plans

Congress of the United States
Washington, DC 20510

April 14, 2025

The Honorable Mike Johnson
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Steve Scalise
Majority Leader
United States House of Representatives
Washington, DC 20515

The Honorable Tom Emmer
Majority Whip
United States House of Representatives
Washington, DC 20515

The Honorable Brett Guthrie
Energy & Commerce Chairman
United States House of Representatives
Washington, DC 20515

Dear Speaker Johnson, Majority Leader Scalise, Majority Whip Emmer and Chairman Guthrie:

As Members of Congress who helped to deliver a Republican Majority, many of us representing districts with high rates of constituents who depend on Medicaid, we would like to reiterate our strong support for this program that ensures our constituents have reliable healthcare. Balancing the federal budget must not come at the expense of those who depend on these benefits for their health and economic security.

We acknowledge that we must reform Medicaid so that it is a strong and long-lasting program for years to come. Efficiency and transparency must be prioritized for program beneficiaries, hospitals, and states. We support targeted reforms to improve program integrity, reduce improper payments, and modernize delivery systems to fix flaws in the program that divert resources away from children, seniors, individuals with disabilities, and pregnant women – those who the program was intended to help. However, we cannot and will not support a final reconciliation bill that includes any reduction in Medicaid coverage for vulnerable populations.

Cuts to Medicaid also threaten the viability of hospitals, nursing homes, and safety-net providers nationwide. Many hospitals—particularly in rural and underserved areas—rely heavily on Medicaid funding, with some receiving over half their revenue from the program alone. Providers in these areas are especially at risk of closure, with many unable to recover. When hospitals close, it affects all constituents, regardless of healthcare coverage.

To strengthen Medicaid, we urge you to prioritize care for our nation's most vulnerable populations. Our constituents are asking for changes to the healthcare system that will strengthen the healthcare workforce, offer low-income, working-class families expanded opportunities to save for medical expenses, support rural and underserved communities, and help new mothers.

We are committed to working with you to preserve Medicaid and identify responsible savings through deregulation, streamlining federal programs, and cutting administrative red tape. Communities like ours won us the majority, and we have a responsibility to deliver on the promises we made.

Sincerely,

David G. Valadao
Member of Congress

Don Bacon
Member of Congress

Jefferson Van Drew
Member of Congress

Rob Bresnahan, Jr.
Member of Congress

Juan Ciscomani
Member of Congress

Jen A. Kiggans
Member of Congress

Young Kim
Member of Congress

Robert J. Wittman
Member of Congress

Nicole Malliotakis
Member of Congress

Nick LaLota
Member of Congress

Andrew R. Garbarino
Member of Congress

Jeff Hurd
Member of Congress

Medicaid Reform Proposals: The Impact of Changes to FMAP and States' Use of Provider Taxes

Among proposals lawmakers are considering that would make changes to Medicaid are policies to lower the enhanced Federal Medical Assistance Program (FMAP) rate for expansion states, decrease the FMAP floor, reduce the FMAP rate for Washington, D.C., and restrict states' use of provider taxes to finance Medicaid. Some of these proposals were listed in the House Budget Committee's "menu" of reconciliation options disseminated last month. The following describes these proposals and what they could mean for states.

Lower Enhanced FMAP for Expansion States: The Affordable Care Act (ACA) expanded access to health insurance by allowing states to extend Medicaid coverage to individuals with incomes up to 138% of the Federal Poverty Level (FPL)—$15,060 annually for a single person in 2024—who were previously ineligible based on categorical requirements. This group, known as the "expansion population," qualifies for Medicaid solely based on income. In contrast, other Medicaid populations must meet additional eligibility criteria, which can vary by state. The expansion population benefits from an enhanced FMAP, of which the federal government currently covers 90% of costs, whereas FMAP for other populations ranges between 50–80%. Proposals to limit this enhanced rate would set federally matched dollars at a state's traditional FMAP rate (57% on average; see p. 20 of the House Budget Menu).

This would shift significant costs of expansion to states and could ultimately lead to beneficiaries who are covered by expansion losing coverage. 12 states—Arizona, Arkansas, Idaho, Illinois, Indiana, Iowa, Montana, New Hampshire, New Mexico, North Carolina, Utah, and Virginia—also have "poison pill" laws in place that will terminate Medicaid expansion in the state if the federal match declines. Additionally, the remaining states that have yet to expand their programs will likely be deterred from doing so.

Significantly reduced federal funding, without programmatic changes, will lead to substantial gaps in state budgets, which most states will not be able to fill on their own. Given the potential savings generated by reducing the FMAP for the ACA expansion population, it is very likely that this policy in particular could be used as a pay-for in the Republican reconciliation package.

Reducing the FMAP Floor: Currently, a state's standard FMAP rate is determined by a formula that considers the state's per capita income relative to the national average. However, no state's FMAP can fall below the minimum threshold of 50%. The House Budget Menu (p. 19) suggests lowering that minimum rate, though it does not specify the new threshold. Similar to the effect of lowering the expansion FMAP, reducing the overall minimum FMAP would decrease federal Medicaid funding and likely shift significant costs to ten states—California, Colorado, Connecticut, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Washington, and Wyoming—that currently receive the 50% minimum rate. As a result, these states would likely face significant Medicaid funding decreases.

Lowering the DC FMAP: Washington, D.C.'s FMAP is not determined by the standard formula; instead, it has been statutorily set at 70% since 1998 (p. 6). Congress may seek to remove that statutory designation and lower DC's FMAP in line with proposed reductions to the FMAP floor.

The House Budget Menu (p. 19) specifically suggests basing D.C.'s FMAP on the standard formula, which the document suggests would lower the rate to 50%. This reduction would result in substantial funding shortfalls for D.C.'s Medicaid program. Medicaid and federal grants are estimated to comprise roughly 25% of the District's revenue, and this proposal could sharply reduce overall funding.

Provider Taxes: Under current law, states have flexibility in financing their share of Medicaid costs and are allowed to levy taxes on health care providers to help fund the program. All states (with the exception of Alaska) rely on provider taxes for this purpose, and 39 states (including D.C.) have at least three provider taxes. The House Budget Menu (p. 20) includes a proposal to lower the Medicaid provider tax safe harbor from 6% under current law to 4% from 2026 to 2027 and 3% in 2028 and after. The most recent available data shows that provider taxes accounted for roughly 17% of the state share of the cost of Medicaid (this is an average, and many states have considerably greater risk).

If legislation were to restrict states' ability to use these taxes, they would struggle to replace the lost revenue, likely leading to a reduction in FMAP. In the first Trump administration, some changes to the federal rules governing provider taxes under the Medicaid Fiscal Accountability Rule (MFAR) were proposed, but they generated considerable opposition and were not ultimately adopted.

Drivers of Budget Shortfalls

in Michigan's Public Mental Health System

Michigan's public mental health system is facing significant funding challenges due to several factors, chief among them the loss of Medicaid funds as people lose coverage, flat funding for core services being outpaced by rising medical inflation, skyrocketing program costs, and an unrelenting administrative burden from state regulators.

Loss of Medicaid Covered Lives + Increased Demand for Services

Michigan's public mental health system receives a payment for everyone enrolled in Medicaid. The public mental health system consistently services 300,000 – 350,000/year.

Enrollees have decreased by 700K since the end of the Public Health Emergency (PHE)

Demand for services continues to increase

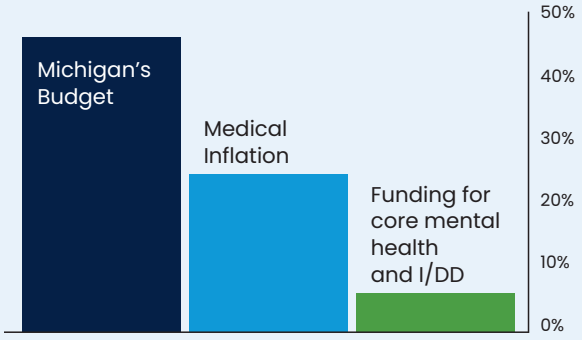
Skyrocketing Inpatient Psychiatric Hospital Costs

30%+
Increase in psychiatric hospitalizations since the end of the PHE. (Demand)

$1250+
Daily rates of community inpatient care. (Cost)

Demand & Cost of Autism Services Continue to Increase

Across the state demand for Applied Behavioral Analysis (ABA) services have steadily increased. ABA costs continue to increase. In FY25 the legislature approved a rate increase to $66/hour. Autism services continue to be underfunded in the budget.



Flat funding not keeping up with inflation

Above is a comparison of the increase (during the past 5 Fiscal Years) to Michigan's Budget, Medical Inflation, and Funding for core mental health and I/DD services, respectively.

System Funding Falls Far Below Appropriated Levels

MDHHS sent out hundreds of millions (or 2/3 of billion) less to the system, for the past three years, than was intended by the State Legislature and Governor

FY 2023
$246M

FY 2024
$137M

FY 2025 (projected)
$210M

NEARLY **600M** Projected total underspending between FY23 and end of FY25

Unsustainable Specialized Residential Costs

Since 2020 rates for specialized residential **services have increased by over 70%.** Some CMHs are forced to pay over $2000/day for this service.

70%
Increase in rates for services

$2K/day
Cost to some CMHs.

MDHHS Administrative Burdens Overwhelming the Workforce

Since the end of the Public Health Emergency (PHE), **administrative burdens on the public mental health system have exploded**.

25%+
Increase in requirements, reports and documentation demands

In just the past five years, new requirements, reports and documentation demands have increased by more than 25%.

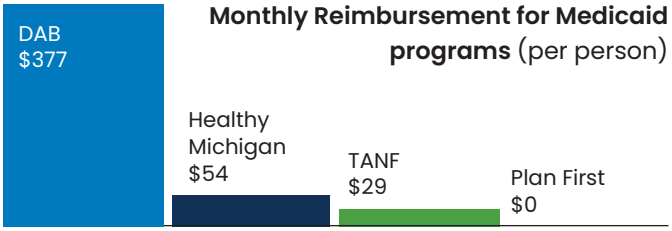
Community Mental Health agencies are now responsible for completing nearly 70 audits, reports and data submissions within a two-year period—that's more than three per month.

Medicaid Redetermination Irregularities

The movement of disabled, aged, and blind (DAB) beneficiaries to other Medicaid categories, has dramatically reduced the revenue expected and needed by the state's PIHPs.

$300M
Loss in revenue to the Prepaid Inpatient Health Plan (PIHP)

182%
Decrease in DAB months caused by the movement



Monthly Reimbursement for Medicaid programs (per person)

What we are asking

- Adjust Medicaid rates to accurately offset the disenrollment of the program.
- Urge MDHHS to push out already appropriated funds – STOP the Impoundment of Funds.
- Ensure that enrollees are slotted into the correct Medicaid bucket.
- Adjust Medicaid rates to accurately reflect the costs of services – Inpatient Hospitalization, specialized residential and autism.
- Dramatically reduce the unnecessary administrative burdens that go beyond federal requirements and that do not improve the lives of people served.

CMHA Community Mental Health Association of Michigan

The Community Mental Health Association of Michigan is the state association representing Michigan's public Community Mental Health (CMH) centers, the public Prepaid Inpatient Health Plans (PIHP – public health plans formed and governed by CMH centers) and the private providers within the CMH and PIHP provider networks.

FOR MORE INFORMATION, PLEASE VISIT CMHA.ORG OR CALL 517-347-6848.

CMHAM.org /CMHAMich @CMHAMich

Community Mental Health Association of Michigan - Comparison of Enacted Budget to Actual Funding Available through the Capitation Funding Process for the 2023 through 2025 Fiscal Years

Capitated Funding Summary for FY2023	Enacted Budget	Initial Actuarial Certification Budget	Adjusted Actuarial Projected Budget	Actual Funding Available	Difference In Enacted Budget and Actual Funding Available	Percentage of Enacted Budget Available
Autism services	$ 292,562,600	$ 270,000,000	$ 247,500,000	$ 248,921,557	$ (43,641,043)	
Healthy Michigan plan - behavioral health	$ 570,067,600	$ 643,200,000	$ 449,775,000	$ 455,782,181	$ (114,285,419)	
Medicaid mental health services	$ 3,044,743,000	$ 3,003,500,000	$ 2,977,898,772	$ 2,961,204,524	$ (83,538,476)	
Medicaid substance use disorder services	$ 94,321,800	$ 88,400,000	$ 88,600,000	$ 88,867,174	$ (5,454,626)	
Totals:	**$ 4,001,695,000**	**$ 4,005,100,000**	**$ 3,763,773,772**	**$ 3,754,775,436**	**$ (246,919,564)**	**93.8%**
Capitated Funding Summary for FY2024	**Enacted Budget**	**Initial Actuarial Certification Budget**	**Adjusted Actuarial Projected Budget**	**Actual Funding Available**	**Difference In Enacted Budget and Actual Funding Available**	**Percentage of Enacted Budget Available**
Autism services	$ 279,257,100	$ 311,900,000	$ 309,230,000	$ 313,093,115	$ 33,836,015	
Healthy Michigan plan - behavioral health	$ 590,860,800	$ 436,400,000	$ 429,940,000	$ 465,258,316	$ (125,602,484)	
Medicaid mental health services	$ 3,160,958,400	$ 3,211,600,000	$ 3,168,070,000	$ 3,123,485,893	$ (37,472,507)	
Medicaid substance use disorder services	$ 95,264,000	$ 90,500,000	$ 88,700,000	$ 86,909,705	$ (8,354,295)	
Totals:	**$ 4,126,340,300**	**$ 4,050,400,000**	**$ 3,995,940,000**	**$ 3,988,747,030**	**$ (137,593,270)**	**96.7%**
Capitated Funding Summary for FY2025	**Enacted Budget**	**Initial Actuarial Certification Budget**	**Adjusted Actuarial Projected Budget**	**Annualized Trend of Funding Available using October through January Actual**	**Difference in Enacted Budget and Trended Funding Available**	**Projected Percentage of Enacted Budget Available**
Autism services	$ 329,620,000	$ 395,500,000	$ 395,500,000	$ 392,752,449	$ 63,132,449	
Healthy Michigan plan - behavioral health	$ 527,784,600	$ 464,300,000	$ 464,300,000	$ 456,723,777	$ (71,060,823)	
Medicaid mental health services	$ 3,387,066,600	$ 3,222,800,000	$ 3,222,800,000	$ 3,170,578,128	$ (216,488,472)	
Medicaid substance use disorder services	$ 95,650,100	$ 89,500,000	$ 89,500,000	$ 87,381,800	$ (8,268,300)	
Totals:	**$ 4,340,121,300**	**$ 4,172,100,000**	**$ 4,172,100,000**	**$ 4,107,436,154**	**$ (232,685,146)**	**94.6%**

Sara McRae

Subject: FW: Health Plans over budget...

From: Chris Pinter
Sent: Thursday, April 17, 2025 6:32 PM
To: Robert Pawlak (bopav@aol.com) <bopav@aol.com>; Patrick McFarland <pjmcfarland52@gmail.com>; Christopher Girard <cgirard1@msn.com>; Sally Mrozinski <smrozinski@arenaccountymi.gov>; Richard Byrne (redhorse2121@yahoo.com) <redhorse2121@yahoo.com>; Tim Banaszak Secondary (banaszakt@baycountymi.gov) <banaszakt@baycountymi.gov>; Jerome Crete <jtcrete@yahoo.com>; niemieck@baycounty.net; conleypat@gmail.com; CAROLE OBRIEN <caroleo3@sbcglobal.net>; pschumacher82@gmail.com; Shelley King <kingsct3@yahoo.com>
Cc: Marci A. Rozek <mrozek@babha.org>; Sara McRae <smcrae@babha.org>
Subject: FW: Health Plans over budget...

BABHA Board of Directors,

The article below details some of the comments given under testimony by the Medicaid Health Plans to the legislature earlier this week.

It is VERY similar to the concerns that CMHSPs have reported during the last few years.

Chris Pinter

From: Chip Johnston <CJohnston@centrawellness.org>
Sent: Wednesday, April 16, 2025 10:40 PM
To: Chris Pinter <cpinter@babha.org>; Megan Rooney <mrooney@northcarenetwork.org>; Eric Kurtz (NMRE) <ekurtz@nmre.org>
Subject: Health Plans over budget...

Menu

Wednesday, April 16, 2025

Health Plans In Michigan Are Over Budget. House GOP And Dems Disagree On How To Approach That

The Health Plan Services line item fell short by $55 million from the General Fund and about $250 million in total last fiscal year. House Republicans say that's a problem. House Democrats say the solution is not to cut funding and make access to health care more difficult.

The House Appropriations Committee

Track
held an informational hearing on Wednesday regarding health plans with testimony from the Michigan Association of Health Plans, Blue Cross Blue Shield of Michigan and the Department of Health and Human Services.
"We are hoping to learn more about the underfunded amount in 2024 and where we are at so far in 2025 and see what changes or modification that we need to make to avoid a significant shortfall in 2026," House Appropriations Committee Chair Rep. Ann Bollin (R-Brighton) said.

Bollin said that although the state may be obligated for services rendered, the goal was to provide the committee with information to prevent the same budgeting mistake from occurring during the next fiscal year.

Democrats on the committee, however, said they feared that the end goal would be to reduce funding for critical health care plans, such as Medicaid.

"It's really concerning to me that we're sitting here talking about efficiencies, and we have one of the most efficient models for Medicaid in the nation, as we're saying we want to cut people's coverage, and that's a ridiculous proposition. That's something I will never accept," House Appropriations Committee Minority Vice Chair Rep. Alabas Farhat (D-Dearborn) said. "The Republicans need to speak up if they're on the same page as us, but if they want to cut people's entitlements and cut people's earned benefits, they should just say that then."

Michigan's Medicaid program is efficient compared to neighboring states, Todd Anderson of Blue Cross Blue Shield of Michigan said.

"Since Governor John Engler established Medicaid managed care in the 90s, there are still very strong results for the state of Michigan," he said. "We're at just under $6,000 per member in cost, while Ohio is at over $8,000 close to $9,000 and Indiana is over $8,000 as well."

One of the challenges with estimating how much health plan services will cost during a fiscal year is that health care prices are not set until after the state has to pass a budget, said Dominick Pallone, executive director for the Michigan Association of Health Plans.

"In a perfect world from appropriators, you all would probably much rather know the rates and then pay the budget or set the budget based on those rates, but the reality of the process we have here is, in order to get more accurate rates, the rates are set after the budget it set," Pallone said.

The underfunded amount in 2024 was the result of retroactive rate changes and the previous mid-year rates changes, an increased number of dental and pharmacy claims, higher pharmacy costs and a population that was less healthy overall.

"We saw this redetermination where people fell off Medicaid at large amounts very quickly. The people falling off are generally our healthier people, or generally people that were not using services," Pallone said. "The people that remained are much sicker."

Rep. Cam Cavitt (R-Cheboygan) expressed concern that the estimates completed by actuaries were consistently off year-over-year.

"Every year, it seems like the actuaries are off, and by a significant amount," he said.

Anderson said rates were in a period of fluctuation.

"This is very complicated, and it's been a particularly tumultuous time with rates," he said. "Right now, we're in a situation where the rates did not meet the cost, but just in 2020, we were in the opposite situation, and plans worked together with the state – it would have been wrong ... to profit off of when people weren't going to the doctor and our costs were down. We worked and we returned the money at that point ... Now, we're in a situation where the rates aren't covering health care costs and trying to figure out how best to resolve that."

If the actuaries are consistently underestimating the cost of health care plans by 6 to 8 percent, that is a conversation to be had, Farhat said, but it's nuanced.

"When you're talking about cutting the overall cost of the program, the only way you do that is by cutting people's access to health care," he said. "Make it clear to the people in Michigan that you're not going to cut these earned benefits that they count on every single day. Why should parents have to wonder if they can take their kids to the doctor's office? That's ridiculous."

The process of estimating the cost of health care is never going to be spot on, Rep. Carol Glanville (D-Walker) said.

"These aren't things that can necessarily be predicted," she said. "We need to recognize that there might be environmental factors that buffet that around a little bit ... The chances of us hitting the exact, to the penny, dollar amount of money that's spent on Medicaid health care in the state in any given year? Wow. I cannot imagine what the statistical probability of that is, but it's very unlikely to happen."

To reduce the cost of the program, Pallone said it would be more beneficial to discuss reining in the unit costs of services, such as pharmaceutical costs.

Meghan Groen, Medicaid director for DHHS, said one of the department's primary objectives was to monitor how programs were making people healthier.

"How can we, when we look at utilizations and costs and things like this, I would really look at a preventative way," she said. "We're seeing a lot of people ending up in the emergency department to get a tooth pulled. That's not good for the beneficiary. It's not good for the state, It's not good for the cost, either."

Groen said the department was willing to provide data on how programs are getting ahead of more expensive long-term costs.

"If there's other things that the committee has and they want to drill down on that, we would be very willing to look at some of those initiatives," she said.

Rep. Julie Rogers (D-Kalamazoo) said that it was important for the state to continue its efforts to provide people with preventive care.

"If you're going after fraud, waste and abuse in a cost containment thing, cutting Medicaid is the wrong way to go about it," she said. "What it's going to do is drive up costs because you're going to cut off primary care ... so instead of seeing someone for a couple of $100 is a primary care office, you're going to have tens of thousands of dollars in surgeries in the hospital. I understand the thought of cost containment, I really do, but in this area, you have to be very intentional on how you go about it."

Glanville said that the state budget should reflect the state's values, even as the state faces the need for cuts.

"We need to ask ourselves, what is it that the people of Michigan want and expect and to move in that direction," she said. "I would hazard a guess they would like to have as much support with health care as possible."

Rep. Natalie Price (D-Berkley) said that if Medicaid doesn't cover the cost for people's health care, they will be passed along to other patients.

"If somebody comes into the emergency room in an emergency, they have to be treated," she said. "If those costs are not covered by Medicaid, they have to get passed on to the rest of us."

The are other areas of the budget that can be looked to for eliminating redundancies and finding efficiencies, Farhat said, such as streamlining permitting or expanding the scope of pharmacists.

"I'm all for looking at ways where we can automate certain processes, where we can make it more efficient and streamline the customer experience. What' I'm not for is cutting people's coverage to go see a doctor."

– By Elena Durnbaugh