

# AGENDA

## BAY ARENAC BEHAVIORAL HEALTH BOARD OF DIRECTORS FINANCE COMMITTEE MEETING

Wednesday, April 8, 2026 at 5:00 pm

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

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

	Agenda Item	Discussion	Motion/Action
1.	Call To Order & Roll Call		
2.	Public Input (Maximum of 5 Minutes)		
3.	Unfinished Business 3.1) None		
4.	New Business 4.1) Investment earnings reports for the period ending March 31, 2026  4.2) Finance April 2026 contract list  4.3) Touchstone 2026 Contract Update  4.4) Payroll Banking Options Update		4.1) Consideration of a motion to refer the investment earnings reports for the period ending March 31, 2026 to the full Board for information  4.2) Consideration of a motion to refer the Finance April 2026 contract list to the full Board for approval  4.3) No action necessary  4.4) No action necessary

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Page 2 of 2

	4.5) Healthy MI and General Fund Eligibility Trends		4.5) No action necessary
	4.6) Strategic Plan Initiatives & Dashboard Reports		4.6) No action necessary
5.	Adjournment	M -	S - pm MA

**Bay-Arenac Behavioral Health Authority**  
**Estimated Cash and Investment Balances March 31, 2026**

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Balance March 1, 2026	5,221,123.09
Balance March 31, 2026	8,595,466.50
Average Daily Balance	7,510,569.45
Estimated Actual/Accrued Interest March 2026	17,972.11
Effective Rate of Interest Earning March 2026	2.87%
Estimated Actual/Accrued Interest Fiscal Year to Date	87,580.43
Effective Rate of Interest Earning Fiscal Year to Date	3.04%

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

Cash Available - Operating Fund

	Rate	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Beg. Balance Operating Funds - Cash, Cash equivalents, Investments		4,585,448	7,971,323	6,179,005	4,597,768	6,261,517	6,775,688	5,966,633	5,274,202	8,431,919	6,776,354	5,376,236	4,732,550
Cash in		20,379,721	12,205,772	12,225,824	20,990,024	16,234,403	12,208,234	13,636,279	21,097,480	13,203,400	12,594,625	12,095,878	21,243,634
Cash out		(16,993,846)	(13,998,090)	(13,807,060)	(19,326,275)	(15,720,233)	(13,017,289)	(14,328,710)	(17,939,763)	(14,858,965)	(13,994,743)	(12,739,564)	(17,870,743)
Ending Balance Operating Fund		7,971,323	6,179,005	4,597,768	6,261,517	6,775,688	5,966,633	5,274,202	8,431,919	6,776,354	5,376,236	4,732,550	8,105,441
Investments													
Money Markets		7,971,323	6,179,005	4,597,768	6,261,517	6,775,688	5,966,633	5,274,202	8,431,919	6,776,354	5,376,236	4,732,550	8,105,441
	90.00												
	180.00												
	180.00												
	270.00												
	270.00												
Total Operating Cash, Cash equivalents, Invested		7,971,323	6,179,005	4,597,768	6,261,517	6,775,688	5,966,633	5,274,202	8,431,919	6,776,354	5,376,236	4,732,550	8,105,441
Average Rate of Return General Funds		3.43%	3.42%	3.40%	3.37%	3.36%	3.34%	3.06%	2.94%	3.14%	3.00%	2.91%	2.85%
		3.32%	3.32%		3.26%	3.13%	3.28%	3.06%	2.81%	3.56%	2.56%	2.56%	2.58%
Average		6,460,193	6,425,045	6,222,014	6,225,964	6,275,939	6,295,231	5,274,202	6,853,061	6,698,662	6,464,678	6,118,252	6,449,450

Cash Available - Other Restricted Funds

	Rate	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Beg. Balance-Other Restricted Funds - Cash, Cash equivalents, Investments		471,366	472,974	474,641	476,260	477,939	479,623	481,232	482,860	484,348	485,821	487,265	488,574
Cash in		1,608	1,667	1,619	1,679	1,684	1,608	1,628	1,488	1,473	1,444	1,308	1,452
Cash out													
Ending Balance Other Restricted Funds		472,974	474,641	476,260	477,939	479,623	481,232	482,860	484,348	485,821	487,265	488,574	490,026
Investments													
Money Market		472,974	474,641	476,620	477,939	479,623	481,232	482,860	484,348	485,821	487,265	488,574	490,026
	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		472,974	474,641	476,620	477,939	479,623	481,232	482,860	484,348	485,821	487,265	488,574	490,026
Average Rate of Return Other Restricted Funds		4.84%	4.84%	4.75%	4.68%	4.63%	4.58%	4.11%	4.11%	3.93%	3.85%	3.78%	3.73%
		4.84%	4.84%	4.02%	4.02%	4.15%	4.00%	4.11%	4.11%	3.58%	3.58%	3.50%	3.50%
Average		468,136	468,942	469,762	470,615	471,434	472,251	482,860	483,604	484,343	485,074	488,574	486,482
Total - Bal excludes payroll related cash accounts		8,444,297	6,653,646	5,074,388	6,739,456	7,255,311	6,447,865	5,757,062	8,916,267	7,262,175	5,863,501	8,594,015	8,595,467
Total Average Rate of Return		3.49%	3.49%	3.47%	3.44%	3.38%	3.39%	3.55%	3.33%	3.53%	3.15%	3.08%	3.04%

Bay-Arenac Behavioral Health  
 Finance Council Board Meeting  
 Summary of Proposed Contracts  
 April 8, 2026

		Old Rate	New Rate	Term	Out Clause?	Performance Issues? (Y/N) Risk Assessment Rating (Poor/Fair/Good/Excellent)
<b>SECTION I. SERVICES PROVIDED BY OUTSIDE AGENCIES</b>						
Clinical Services						
1*	N	Rustic Ridge Specialized Residential Services LLC (Grand Blanc, MI) Residential Type A Services for one BABHA individual	\$0	\$749.76/day + 24 hours of 1:1 staffing @ \$25.50/hour	3/30/26 - 9/30/26	Y New Provider
2	T	Pine Rest InterActions (Grand Rapids, MI) Termination of the contract for Residential Type A Services	\$681.87/day	\$0	Terminated eff. 5/31/26	Y N
3	M	Better Living AFC LLC (Kentwood, MI) Residential Type A Services for a second BABHA individual	\$0	\$650/day	4/8/26 - 9/30/26	Y N
4	N/M	Crisis Center Inc DBA Listening Ear Crisis Center Residential Type B Services for the following homes: Elm Home Orchard Bay Rose Home	\$0 \$0 \$0	\$1,474.61/day \$1,432.82/day \$1,594.78/day	4/1/26 - 9/30/26	Y New Provider
Admin/Other Services						
5	R	GoDaddy SSL certificate renewal	\$449.99/year	\$499.99/year	5/28/26 - 5/27/27	N/A N/A
<b>SECTION II. SERVICES PROVIDED BY THE BOARD (REVENUE CONTRACTS)</b>						
<b>SECTION III. STATE OF MICHIGAN GRANT CONTRACTS</b>						
<b>SECTION IV. MISC PURCHASES REQUIRING BOARD APPROVAL</b>						

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:**

1 Rustic Ridge Specialized Residential Services has obtained HCBS provisional approval through MSHN.

**TOUCHSTONE**  
**Quarterly Units and Paid Amounts**

<u>Timeframe</u>	<u>Consumers</u>	<u>Paid Units</u>	<u>Paid Amount</u>	<u>Paid Rate</u>	<u>Units Projected Annually</u>
FY25 Q1 (10/1/24 - 12/31/24)	47	14,139	\$88,231.13	6.24	56,556
FY25 Q2 (1/1/25 - 3/31/25)	44	13,510	\$84,211.82	6.23	54,040
FY25 Q3 (4/1/25 - 6/30/25)	58	16,856	\$105,181.60	6.24	67,424
FY25 Q4 (7/1/25 - 9/30/25)	54	16,330	\$101,872.50	6.24	65,320
FY25 Total:		60,835	\$379,497.05		
FY26 Q1 (10/1/25 - 12/31/25)	49	18,622	\$125,691.90	6.75	74,488
FY26 - (1/1/26 - 2/28/26)	49	12,960	\$87,479.00	6.75	77,760
FY26 YTD Projection		75,797	\$511,610.16	6.75	

**2026 Contract**

Annual units of 60,000 - 65,000 paid at a rate of \$7.00/unit

Annual units of 65,000+ paid at a rate of \$7.25/unit

Estimated additional payment based on 76,000 units annually = \$38,000

## Healthy Michigan and General Fund Trends through February 2026

### FY2026 Annualized Medicaid Revenue/Expense/Variance Projections:

- Traditional Medicaid \$49.5 Million/\$52.0 Million (\$2.5 Million)
- Healthy MI \$6.7 Million/\$6.3 Million \$0.4 Million
- Autism \$13.0 Million/\$14.5 Million (\$1.5 Million)

### Total Combined projected Year End FY2026 Medicaid Revenue/Expense/Variance:

**\$69.2 Million/\$72.8 Million (\$3.6 Million)**

### Total Projected General Fund variance FY2026:

**\$1.6 Million/\$3.0 Million (\$1.4 Million)**

### Summary of FY2026 Implemented Cost Reduction Strategies

- Eliminated payments for vacant bed days to encourage providers to increase current occupancy rates
- Reducing duplicative CLS arrangements shared across licensed and non-licensed settings
- Established revised, post-covid rates for vocational providers fee for service contracts
  - Consolidate down to two providers: Do-All and New Dimensions
- Transition of Bay City Crisis Residential Unit to a fee-for-service contract effective 1/1/26
- Evaluation of autism service and utilization trends to identify options for reducing overall expense
- Proposed more restrictive utilization parameters for General Fund services
  - Reduce the number of GF exceptions for outpatient services

### Summary of Planned FY2027 Cost Reduction Strategies

- Consolidate Autism professional and behavioral technician services into a smaller number of provider organizations via competitive procurement
  - Investigate possibility of discontinuing \$66 per hour autism rate if removed from 2027 MDHHS Budget Boilerplate.
- Close a residential facility and consolidate bed capacity
- Continue to reduce routine authorizations for North Bay CLS services and transition to external providers
- **Revise eligibility criteria for Healthy MI mental health services to reflect the assumed mild to moderate acuity of the Medicaid expansion population**
  - **Offer only Emergency services, inpatient hospitalization, consumer-run/clubhouse, peer support and limited group therapy or vocational services**
  - **Eliminate CLS and Residential services from Healthy MI authorizations**

### **Federal Medicaid Changes 2027**

- The One Big Beautiful Bill Act or H.R. 1, the budget reconciliation bill signed into law in July of 2025, included many important changes to the Medicaid program, including the mandatory implementation of work requirements for adults ages 19 to 64 who have Medicaid coverage through the Affordable Care Act (ACA) expansion.
- H.R. 1 requires that expansion/waiver applicants and enrollees work, attend school, or participate in other specified activities as a condition for receiving Medicaid coverage unless they qualify for an exemption, such as being parents of children age 13 or younger or being medically frail.
- The work requirement and six-month redetermination provisions of H.R. 1 will result in lower enrollment in every expansion state, with the relative size of state-level enrollment declines varying within a given scenario based on differences in the characteristics of each state's Medicaid policy.
- The combined effects of these two provisions will result in lower Medicaid enrollment in every expansion state, with projections specific to Michigan ACA/Healthy MI enrollment falling by as much as 50% in the low mitigation scenario, by 40% in the medium mitigation scenario, and by 24% in the high mitigation scenario.<sup>1</sup>

### **Projected Reductions to Healthy MI Revenue 2027 and beyond**

- FY2026 Healthy MI revenue projects to \$6.7 Million with a slight surplus
- Full year implementation of H. R. 1 in 2027-2028 projects between a 24-50% revenue loss depending upon Michigan's mitigation strategy; this estimates for BABHA to an annual Healthy MI revenue loss of between \$1.5 and \$3 Million after full implementation.
- FY2026 General Fund currently projects to \$1.6 Million revenue with a deficit of \$1.4 Million for \$3.0 million in total expense. However, BABHA earned revenue and claim adjustments will offset a significant portion of this deficit.
- In worst case scenario, erosion of Healthy MI enrollment may **double** our current GF expenses after 2028.

### **Other Possible Factors**

- MDHHS increases Healthy MI rates and/or revises eligibility criteria
- Legislature increases CMHSP general fund appropriation

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<sup>1</sup> HEALTH POLICY Projected Reductions in Medicaid Expansion Enrollment Under OBBBA's Work Requirements and Six-Month Redeterminations National and State Estimates for 2028, Urban Institute, March 2026

