MINUTES

BAY ARENAC BEHAVIORAL HEALTH
BOARD OF DIRECTORS
FINANCE COMMITTEE MEETING

Wednesday, August 12, 2026 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	X			Kathy Niemiec	X			BABH: Marci Rozek, Chris Pinter, Karen Amon, and Sara McRae
Sally Mrozinski, V Ch, Ex Off		X		Pam Schumacher	X			
Richard Byrne	X			Pat McFarland, Ex Off	X			
Patrick Conley	X			Robert Pawlak, Ex Off	X			Legend: M-Motion; S-Support; MA-Motion Adopted; AB-Abstained
Christopher Girard		X						

	Agenda Item	Discussion	Motion/Action
1.	Call To Order & Roll Call	The Committee Chair, T. Banaszak, called the meeting to order at 5:00 pm.	On the motion by R. Pawlak and support by P. McFarland, C. Girard was excused. The motion passed unanimously. On the motion by R. Byrne and support by R. Pawlak, S. Mrozinski was excused. The motion passed unanimously.
2.	Public Input (Maximum of 5 Minutes)	There were not any members of the public present.	
3.	Unfinished Business	There was not any unfinished business.	
4.	New Business 4.1) Investment earnings reports for the period ending July 31, 2026 4.2) Finance August 2026 contract list	4.1) M. Rozek reviewed the reports noting the interest rate, average daily cash balance, and the increase in cash balance due to the Midstate Health Network (MSHN) advance. 4.2) M. Rozek reviewed the contract list with the Committee. There were general discussions related to the clarification of "spend-down", the cost of one-day expenditures for housing high needs individuals, the benefits of having a high-needs facilities in Bay County, individual therapy costs, and billing code clarifications.	4.1) On the motion by P. Conley and support by R. Byrne, the investment earnings reports for the period ending July 31, 2026 were referred to the full Board for information. The motion was adopted unanimously. 4.2) On the motion by P. Schumacher and support by P. McFarland, the Finance August 2026 contract list was referred to the full Board for approval. The motion was adopted unanimously.

	4.3) Bid Report for Van Lift	4.3) M. Rozek reported a Habilitation Supports Waiver (HSW) individual needs a lift for their van. M. Rozek also reported that the family received three quotes, and this is a permittable expense under the waiver. There were general discussions regarding the covered Medicaid benefit, the process for Board approval, as well as the location of Mobility Works, and their reputation.	4.3) On the motion by P. Schumacher and support by P. Conley, purchasing a van lift for a HSW Beneficiary from Mobility Works in the amount of $26, 086.72 was referred to the full Board for approval. The motion was adopted unanimously.
	4.4) Michigan Municipal Risk Management Authority Updated Limits & Annual Distribution	4.4) M. Rozek reviewed the history of insurance distribution amounts and premium costs. M. Rozek also reviewed the increased insurance limits recently approved by the Michigan Municipal Risk Management Authority (MMRMA) board.	4.4) No action was necessary
	4.5) 2026 Do-All Contract	4.5) M. Rozek reported Do-All, Inc. recently requested additional funding. Do-All's leadership reported the organization is operating at a significant deficit for this fiscal year (FY). M. Rozek reported Do-All does have reserves available but if they utilized these reserves for the deficit, it would be depleted in the next few months. M. Rozek reviewed the recent funding and operating history of transitioning Do-All from a cost-settlement contract to a fee for service contract in FY 2025. In addition, Do-All recently took over the Arenac Opportunities Inc. (AOI) contract. There were general discussions related to the number of consumers served, services provided by Do-All include skill building and community living supports (CLS), other provider contracts and pricing, performance based outcomes contracts versus cost settlement contracts, the history and overall savings of consolidating skill building and CLS providers, and the possibility of a proposal being presented to the full board next week related to this issue.	4.5) No action was necessary
	4.6) 2026 Residential Vacancy Rates	4.6) M. Rozek reported leadership completed an analysis of residential home vacancy rates. BABHA had a policy change and stopped paying for these vacancies recently. There were six residential group homes in the provider network identified that have a 25% or higher vacancy rate. M. Rozek reported potential reasons for vacancies and recommended two homes that should receive additional payments for these vacancies. M. Rozek reported the history and reasons for changing the policy, the providers that have worked to address vacancies, the impact of behavioral needs individuals, and the referral process. The Committee agreed with the	4.6) No action was necessary

		recommendation and requested a proposal with figures for the additional payments to be submitted to the full board meeting for consideration.	
	4.7) Preliminary Planning Final 2026 Budget & Initial 2027 Budget Forecast	4.7) M. Rozek reviewed the historical budget information related to revenue and expenditures noting the trend is consistent that expenditures have increased at a higher rate than revenue, particularly since 2022. C. Pinter reported the most significant impact to expenses are autism services. Leadership is also preparing for the impact of HR1 in 2027. It is anticipated HR1 will significantly decrease Healthy Michigan funding, which will subsequently increase community mental health service programs (CMHSPs) general fund expenses. C. Pinter also reported that although MSHN has savings and reserves to easily cover BABH's Medicaid expenses, the trend for BABH under the current funding model has been $10-12 million deficit in the last few fiscal years. BABHA leadership will present more ideas on how to reduce expenses for autism and Healthy Michigan and improve BABH's overall financial performance in the region. M Rozek reported the FY2027 rates are anticipated to be released mid-August.	4.7) No action was necessary
	4.8) Joint Representation Agreement	4.8) C. Pinter reported the community mental health agencies and prepaid inpatient health plans (PIHPs) that sued the Michigan Department of Health and Human Services (MDHHS) regarding the request for proposals (RFP) in 2025 are having preliminary strategic discussion with Miller Johnson in case the state releases a new RFP contrary with state law. Several CMHSPs have agreed to a joint representation agreement with Miller Johnson to provide privilege protections in case of future litigation. Pinter reviewed the proposed letter of engagement with Miller Johnson that would move forward with the joint representation arrangement, noting that BABH could rescind at any time.	4.8) No action was necessary
5.	Adjournment	On the motion by P. McFarland and support by R. Pawlak, the meeting adjourned at 6:01 pm. The motion passed unanimously.	

Tim Banaszak, Committee Chair