



Community

MENTAL HEALTH
CLINTON • EATON • INGHAM

FINANCE COMMITTEE

Meeting Minutes

Wednesday, May 10th, 2023

5:30 p.m.

812 E. Jolly Rd, Atrium

Lansing, MI 48910

Committee Members Present:

Joe Brehler

Kay Randolph-Back

Tim Hanna

Committee Members Absent:

Ryan Sebolt

Dianne Holman

Staff Present:

Darby Vermeulen, Sara Lurie, Sue Panetta, Joyce Tunnard, John Peiffer, Joanne Holland, Amy Rottman, Jana Baylis, KC Brown

Public Present:

Bill Tucker – Maner Costerisan

Other Board Members Present:

Dwight Washington

Call to Order:

The meeting was called to order by Chairperson Joe Brehler at 5:30 p.m.

Previous Meeting Minutes:

MOVED by Kay Randolph-Back and SUPPORTED by Tim Hanna to approve the meeting minutes of April 12th, 2023.

MOTION CARRIED unanimously.

Adoption of Agenda:

MOVED by Tim Hanna and **SUPPORTED** by Kay Randolph-Back to adopt the amended agenda of May 10th, 2023 with the change of moving the Audit Presentation by Bill Tucker of Maner Costerisan to the top of the agenda, prior to Business Items.

MOTION CARRIED unanimously.

Public Comment on Agenda Items:

None.

BUSINESS ITEMS:

Expense Contract Amendment: Protocall Services, Inc.

Joyce Tunnard presented this item for a rate amendment with Protocall Services.

ACTION:

MOVED by Tim Hanna and **SUPPORTED** by Kay Randolph-Back that the Finance Committee recommends that the Board of Directors of Community Mental Health Authority of Clinton, Eaton, and Ingham Counties authorize CMHA-CEI to amend the contracted dollar amount with Protocall Services, Inc. to purchase afterhours phone screenings to determine if a call is routine (handled by Access next business day) or urgent (needing Crisis Services intervention), as required by MDHHS and MSHN contracts, from Protocall Services, Inc. starting July 1, 2023 and now pay \$2,400 monthly for 100 monthly prepaid calls and an additional call charge of \$26.50 for those services.

MOTION CARRIED unanimously.

Lease Contract Renewals

MOVED by Tim Hanna and **SUPPORTED** by Kay Randolph-Back that the Finance Committee recommends that the Board of Directors of Community Mental Health Authority of Clinton, Eaton, and Ingham Counties authorize CMHA-CEI to enter into the following lease renewals based on the fact that the information has been reviewed and the proposals are in line with agency responsibilities:

Lease Renewal Contract: 2316 S. Cedar Lansing

CMHA-CEI will renew the lease for 3,000 square feet of property located at 2316 South Cedar Street, Ingham County, Lansing, Michigan 48910 from the County of Ingham, P.O. Box 319 Mason, Michigan 48854 to be used by CMHA-CEI for the period of June 1, 2023 through May 31, 2028 and pay as follows:

CMHA-CEI shall pay to the lessor for the premises during the following five-year lease period:

<u>Year</u>	<u>Lease Rate/Sq. Ft</u>	<u>Monthly Payment</u>	<u>Annual</u>
Year 1:	\$17.22	\$4,305.00	\$51,660.00
Year 2:	\$17.56	\$4,390.00	\$52,680.00
Year 3:	\$17.90	\$4,475.00	\$53,700.00
Year 4:	\$18.25	\$4,562.20	\$54,750.00
Year 5:	<u>\$18.60</u>	<u>\$4,650.00</u>	<u>\$55,800.00</u>

Lease Renewal Contract: 706 Curtis Street Mason, Michigan

CMHA-CEI will renew the lease property at 706 Curtis Street in Mason, Michigan, formally known as the House of Commons, from Ingham County, for the period of June 1, 2023 through May 31, 2043 at a monthly rate of \$1.00 per month.

Lease Renewal Contract: 9120 Eaton Hwy, Roxand Township

CMHA-CEI will lease 9120 Eaton Hwy in Mulliken from William and Barbara Alberts for the period of June 1, 2023 through May 31, 2026 at a monthly rate of \$1779.84 per month.

MOTION CARRIED unanimously.

Medicaid Revenue Update

Sue Panetta presented the Medicaid Revenue report through April. Sue said she anticipates this will be very similar to the budget to actual when Amy presents the Financial Statements. We will see the Medicaid recertification beginning in June and then will start to see changes in these numbers. Joe said we talk about Medicaid renewals but he doesn't expect this will affect our consumer numbers very much? He believes the bigger issue will be the capitation rate.

Kay asked about meeting the needs of our clients who won't remain on Medicaid but will still need our services. Sue said Pam Flory is going to be coming to the Board meeting to discuss this issue; her Eligibility staff are highly trained and prepared to assist those who are falling off Medicaid. The likelihood of these folks having another funding source to cover are high. Sue said we have reporting through Smartcare where we can track those who are coming off of Medicaid.

Kay said there may be questions about the ability of clients to make their copayments. Amy said she is part of a workgroup at the State level to evaluate the ability to pay and the requirements around it now that CCBHC is in place. The CMH system has asked the State what options are available to clients. The challenge is that the State has funds to coverage under/uninsured, but this amount is capped and we are unsure whether we will be able to use GF to cover the rest of the amount. Amy said the system needs to be compliant by 10/1/2023, so we are waiting for more guidance from legal on how to implement. Kay said there could be folks before 10/1 that don't have any way to pay, and she wants to know what the plan is in this case. Amy said each CMH has the ability to use local dollars during this time while we wait to hear from the State. Sara said there could be situations where we generate an invoice but don't collect on it, but the bigger issue is how we pay for that at the end of the day. Kay asked if CCBHC dollars figure into this equation? Amy said yes, they do.

Unfinished Business:

None

New Business

a. Maner Costerisan FY22 Audit Review

Bill Tucker presented the audit from September 30, 2022. He noted the handouts everyone received, including the financial statements and single audit, the letter from Maner to the Board of Directors regarding the audit, and the audit presentation outline. Bill wanted to thank Sue, Amy and her team, and the rest of the group that helped to get the audit completed on-time.

Bill then reviewed the Statement of Net Position. He noted that the position is very similar to last year's. The pension plan is currently at 82.4% funded.

Bill said CEI's total operating revenues are at \$170M. Medicaid and HealthyMI Plan were up \$10M from the previous year. The total operating expenses were just under \$172M, which included increases in wages, inflation, and provider rate increases. This was an increase of 12.1% compared to the previous year.

Lastly, Bill reviewed the findings of the FY22 audit. There were no material weaknesses or significant deficiencies identified.

b. Financial Statement Review – Amy Rottman

Amy reviewed the financial statements through March. She noted that the year to date budget is not scientific; it is half of the adopted budget. Total operating revenues show we are over budget by \$200,000. The larger shifts within this amount include Medicaid

and Healthy MI contracts, because of the change in the Public Health Emergency end date. Amy noted the Mid-State Capitation Settlement dollars of \$6.6M, which we would not have to pay back until after the fiscal year if we were unable to use them. Discussion ensued regarding this topic.

Amy went over the Provider Network expenses for each clinical program. She discussed the dollars each program has incurred but not been billed for yet.

The budget to actual consideration by population details the operating expenses by functional area (clinical and admin).

Amy then reviewed the Bucket Report, which breaks out expenses by type of funding. CCBHC has added to the complexity of funding at CCBHC sites. The report details numbers through March 31, 2023, as well as projects these numbers out for the rest of FY23. This report projects what we may have to lapse to MSHN. Amy said CCBHC funds services based on a PPS-1 rate, which is paid per day, per person. In this report, the rate is \$521 per person, per service day. The actuaries have revealed that this rate is already included in the capitation amount that the State has sent to MSHN and has been sent to us. Previously, there was a base payment as well a supplemental amount. This year, the whole payment is coming from capitation. This same idea applies to Healthy MI, as well. Amy said at the end of the day, we would be returning about \$331,000 for CCBHC, which Amy said doesn't necessarily mean a loss. Amy clarified we don't get a PPS-1 rate for non-Medicaid individuals. MDHHS has arranged for ARPA funds and general fund dollars through the demonstration years. The expectation is that we would use our surpluses in net position to cover the losses in the non-Medicaid population. Overall, this is a positive change from last year when the PPS-1 rate was substantially lower. Amy said there is still about a \$2.5M surplus, even with losses in the non-Medicaid bucket. She went on to say the SUD programs have traditionally lost money and we have historically used GF to cover these losses.

The total projected surplus is \$3.2M. Amy said one thing to watch over the next 18 months is for the non-Medicaid cost in service to go up with the Medicaid disenrollment. Discussion ensued about the barriers to what mental health services are covered under commercial insurance.

Amy discussed the projected lapse of \$10.7M to MERS. She said large payments disproportionately impact our internal costs. If we contribute \$5M, only about \$500k impacts our lapse, and the rest hit the CCBHC, grants, general fund, etc. Therefore, this effectively creates a deficit of \$1.5M. As it stands now, a smaller contribution doesn't change the amount of funds that are still sent back to MSHN.

**c. Standard Cost Allocation Requirements and Impacts on Payroll Software
– Sue Panetta**

About three years ago, the State started discussing moving towards Standard Cost Allocation. The State had found that certain PIHPs were running out of funds and their ISFs were becoming depleted. There has been lots of conversation on how to report costs and a lot of learning on how the system generates data for the cost setting process, and ultimately it was found that all 47 CMHs in the State were costing differently. This led to the creation of a standardized system, SCA. However, there has been a lot of discussion on how to actually implement this process because it effects how CMHs capture costs in every area. One solution was to cost services according to the service code billed out rather than a team of people completing a set of service codes. There have been many iterations on how to complete this over the course of the last three years, and it has become more and more clear that the State is going in this direction, which means we need staff to record their time differently than what is currently happening. This is a large undertaking for the payroll system.

Sue said there is a lot of instability on how our current payroll software reports data. The timekeeping piece in Connect does not work for some of our programs whatsoever, including the 24/7 staff. Even though the Connect Oracle system was a very large expense, Sue wants to open the discussion on moving to different software. There are limited vendors who can meet our Union contract requirements in payroll, so our options would be more restricted. Sue said the current system has caused several large issues from the time of implementation.

Sue and Amy have been doing a lot of work on using productivity to isolate issues in Smartcare. Joe asked if SCA was a way for the State to tell us our costs are too high? Amy said that might be the case. It has been discussed and has been a concern of the system. The State is currently taking unit costs and trying to do a comparison and the comparison doesn't make sense because everyone is costing differently. Amy said not complying to SCA also is a risk. Sara mentioned that the new payroll system would also impact our HR system.

***d. Select Vice Chair for Finance Committee as of May 1, 2023**

ACTION:

MOVED by Kay Randolph-Back and SUPPORTED by Dwight Washington that Tim Hanna become Vice Chair for the Finance Committee.

MOTION CARRIED unanimously.

*e. Select Date and Time for Finance Committee as of May 1, 2023

Joe suggested keeping the current date and time for Finance Committee.

ACTION:

MOVED by Tim Hanna and **SUPPORTED** by Kay Randolph-Back to keep the current date and time of the Finance Committee meetings for the next year (second Wednesday of each month at 5:30 p.m.).

MOTION CARRIED unanimously.

Public Comment:

Sara wanted to express her appreciation to Sue and Amy for an amazing job with the audit and the timely financials so we can keep our Board more aware of our current financial situation. Kay, Joe and Tim all expressed their appreciation as well.

Adjournment:

The meeting was adjourned at 7:19 p.m. The next regularly scheduled Finance Committee meeting is June 14th, 2023 at 5:30 p.m., 812 E. Jolly Rd, Atrium.

Minutes Submitted by:

Darby Vermeulen
Finance Administrative Assistant