Mid-State Health Network

Board of Directors Meeting ~ May 4, 2021 ~ 5:00 p.m.

Board Meeting Agenda

Video Conference: Click HERE; Meeting ID: 379 796 5720
If prompted for a password, enter: 2269274
Meeting URL: https://zoom.us/j/3797965720
Teleconference: (Call) 1. 312.626.6799; Meeting ID: 379 796 5720
(You do not need to call in if you are using computer audio to participate)

PUBLIC NOTICE

This meeting of the Mid-State Health Network Board of Directors is being held virtually under 2020 PA 254, Section 3a.(1) (b) which permits an electronic meeting of a public body due to a local state of emergency declared for the area which the public body usually holds its meetings in order to protect the health and safety of the board, staff and members of the public that participate in this meeting of this public body. MSHN offices are located in Ingham County, and this is the "usual meeting location" and the board has chosen in prior years to rotate its meetings among member counties. On April 27, 2021, the Ingham County Board of Commissioners continued its declaration of a county-wide state of emergency through May 31, 2021. The videoconferencing technology used for this meeting is intended to permit two-way communication for all meeting participants. If special accommodations are needed, please contact Joseph Sedlock at Mid-State Health Network as soon as possible.

1. Call to Order
2. Roll Call
3. **ACTION ITEM:** Approval of the Agenda

   MSHN 20-21-026: Motion to Approve the Agenda of the May 4, 2021 Meeting of the MSHN Board of Directors *(No Roll Call)*
4. **ACTION ITEM:** FY 20 Audit Presentation (Item 4, Pages 3-34)
   (Derek Miller, CPA, Partner; Roslund, Prestage and Company)

   MSHN 20-21-027: Motion to Receive and File the FY 20 Audit Report of Mid-State Health Network completed by Roslund, Prestage and Company. *(Roll Call Vote)*
5. Public Comment (3 minutes per speaker)
6. **ACTION ITEM:** 2020 Board Self-Assessment *(Item 6, Pages 35-37)*

   MSHN 20-21-028: Motion to Receive and File the 2020 Board Self-Assessment *(Roll Call Vote)*
7. Chief Executive Officer's Report *(Item 7, Pages 38 - 48)*
8. Deputy Director's Report *(Item 8, Pages49- 55)*
9. Chief Financial Officer's Report *(Item 9, Pages 56 - 63)*

   MSHN 20-21-029: Receive and File Preliminary Statement of Net Position and Statement of Activities for the Period ended March 31, 2021 *(Roll Call Vote)*
10. **ACTION ITEM:** Contracts for Consideration/Approval *(Item 10, Pages 64 - 67)*

    MSHN 20-21-030: The MSHN Board of Directors Approve and Authorizes the Chief Executive Officer to Sign and Fully Execute the FY 2021 Contracts, as Presented on the FY 2021 Contract Listing *(Roll Call Vote)*

MSHN
Mid-State Health Network

OUR MISSION:

To ensure access to high-quality, locally-delivered, effective and accountable public behavioral health and substance use disorder services provided by its participating members

OUR VISION:

To continually improve the health of our communities through the provision of premiere behavioral healthcare & leadership. MSHN organizes and empowers a network of publicly funded community partnerships essential to ensure quality of life while efficiently, and effectively addressing the complex needs of the region's most vulnerable citizens.

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Board of Directors Meeting Materials:
Click **HERE**
or visit MSHN's website at:
https://midstatehealthnetwork.org/stakeholders-resources/board-councils/board-of-directors/FY2021-meetings

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Upcoming FY21 Board Meetings

Board Meetings convene at 5:00pm unless otherwise noted

May 6, 11 and 18, 2021
***STRATEGIC PLANNING DAYS**
5-7 PM
Virtual Meetings

July 6, 2021
Location/format to be determined.

September 14, 2021
Location/format to be determined.

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Policies and Procedures

Click HERE or Visit
https://midstatehealthnetwork.org/provider-network-resources/provider-requirements/policies-procedures/policies

11. Executive Committee Report

12. Chairperson's Report

13. **Action Item:** Consent Agenda *(Items 13.1 to 13.7.17 , Pages 68 - 126)*

MSHN 20-21-031: Motion to Approve the documents on the Consent Agenda *(Roll Call Vote)*

13.1 Approval Board Meeting Minutes, March 2, 2021 (Page 68)
13.2 Receive SUD Oversight Policy Advisory Board Minutes, February 2021 (Page 73)
13.3 Receive Board Executive Committee Minutes, March 19, 2021 and April 16, 2021 (Page 78, 80)
13.4 Receive Policy Committee Minutes, April 6, 2021 (Page 82)
13.5 Receive Operations Council Key Decisions March 15, 2021 and April 19, 2021 (Page 84, 86)
13.6 Receive Nominating Committee Minutes, April 14, 2021 (Page 88)
13.7 Approve the following policies:

13.7.1. Board Member Compensation (Page 89)
13.7.2. Cash Management (Page 91)
13.7.3. Cash Management – Advances (Page 93)
13.7.4. Cash Management - Budget & Oversight (Page 96)
13.7.5. Cash Management - Cost Settlements (Page 98)
13.7.6. Costing Policy (Page 100)
13.7.7. Finance Management (Page 102)
13.7.8. Fixed Assets Depreciation (Page 105)
13.7.9. Food Purchases (Page 107)
13.7.10. Investment (Page 109)
13.7.11. PA 2 Fund Use (Page 112)
13.7.12. PA 2 Interest Allocation (Page 114)
13.7.13. Procurement (Page 115)
13.7.14. Risk Management - Internal Service Fund (Page 118)
13.7.15. SUD - Income Eligibility & Fees (Page 120)
13.7.16. Transfer of CMHSP Care Responsibility (Page 122)
13.7.17. Travel (Page 124)

14. Other Business

15. Public Comment (3 minutes per speaker)

16. Adjourn

Background

Pre-paid Inpatient Health Plans (PIHP) must have an annual financial review by an independent auditing firm and must comply with laws, regulations, and the contract provisions related to the Medicaid Contract. Examples of these would include, but not be limited to: the Medicaid Contract, the Mental Health Code (Michigan Compiled Laws 330.1001 – 330.2106), applicable sections of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards located at 2 CFR 200, the Medicaid Provider Manual, and Generally Accepted Accounting Principles (GAAP). The independent auditing firm is retained by and responsible to the board of directors. The auditing firm's responsibility is to express an opinion on whether MSHN's financial statements are free from material misstatement.

The Financial Audit was conducted in January 2021 for fiscal year 2020 by Roslund Prestage & Company. The report is due to MDHHS by March 31, 2021.

The opinion rendered by Roslund Prestage & Company, is that MSHN's financial statements present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Entity, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Recommended Motion:

The MSHN Board of Directors receives and files the Fiscal Year 2020 Financial Audit.

Mid-State Health Network

Financial Statements
September 30, 2020

RPC
Roslund Prestage & Company
Certified Public Accountants

525 WEST WARWICK DRIVE, SUITE A, ALMA, MICHIGAN 48801

Mid-State Health Network
Table of Contents
September 30, 2020

RPC
Roslund Prestage & Company
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Members of the Board
Mid-State Health Network
Lansing, Michigan

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Mid-State Health Network (the Entity), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Entity, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in

the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report issued March 30, 2021, on our consideration of the Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CMHSP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Entity's internal control over financial reporting and compliance.

Sincerely,

Roslund, Prestage & Company, P.C.

Roslund, Prestage & Company, P.C.
Certified Public Accountants

March 30, 2021

MANAGEMENT'S DISCUSSION
AND ANALYSIS

MID-STATE HEALTH NETWORK
Management's Discussion and Analysis

The summary financial information contained in this analysis is presented for the period of October 1, 2019 through September 30, 2020. This analysis will help provide a context for the reader and assist in understanding the financial position of Mid-State Health Network (MSHN).

Mid-State Health Network was formed by the Community Mental Health Services Providers (CMHSP) Participants to serve as the prepaid inpatient health plan (PIHP) for the twenty-one counties designated by the Michigan Department of Health and Human Services (MDHHS) as Region 5. The CMHSP Participants include Bay-Arenac Behavioral Health; Clinton-Eaton-Ingham Community Mental Health Authority; Community Mental Health for Central Michigan; Gratiot Community Mental Health Authority; Huron County Community Mental Health Authority; Ionia County Community Mental Health Authority; LifeWays Community Mental Health Authority; Montcalm County Community Mental Health Authority; Newaygo County Community Mental Health Authority; Saginaw County Community Mental Health Authority; Shiawassee County Community Mental Health Authority; and Tuscola Community Mental Health Authority.

Financial Highlights

- Unearned revenue at year end was $44,129,979 which consists of $34,473,979 of Medicaid and Healthy Michigan Plan savings and $9,656,000 of Public Act 2 (PA2) savings.

- The internal service fund (ISF) at year end was $45,936,153 which consists of $39,994,238 for Medicaid risk management and $5,941,915 for Healthy Michigan Plan risk management. The ISF is funded at the maximum amount allowed per the MDHHS contract.

- The total net position at year end was $50,674,965 which includes $4,531,245 in Performance Bonus Incentive Payment (PBIP) funds for activities related to various performance metrics. PBIP funds earned are considered restricted local and may be used for the benefit of the public behavioral health system. MSHN disburses earned funds to its CMHSPs based on Operating Agreement requirements.

Operational Highlights

General

Fiscal Year 2020 presented unique and unprecedented challenges for MSHN, CMHSPs, Substance User Disorder (SUD) providers and persons served. The challenges stem from the COVID-19 global pandemic response. To assist with the challenges and risks associated with in-person service delivery during the pandemic the Centers for Medicare & Medicaid Services (CMS) and MDHHS adjusted many contract requirements, operational requirements, and service delivery standards including telehealth rules which require a two-way audio/video platform and allowed audio only contacts.

Even with adjusted performance and service delivery expectations, the pandemic has impacted the number of services provided to consumers for various reasons. For example, complexities around group therapy are not conducive to a telehealth format and limited minutes on consumer phone plans also impacted video and audio only services. Effective April 1, 2020, MDHHS developed fiscal provider stabilization mandates to ensure provider networks were able to continue as going concerns. Although MDHHS mandated provider stabilization payments, the expectation was for PIHPs to cover the expenditures through existing capitation funding. For FY2020, MSHN disbursed stabilization payments totaling $7.5M for behavioral health providers and $1.7M for SUD providers. In addition, premium payments were required for direct care worker (DCW) staff delivering specified in-person services. MDHHS provided additional funding to cover DCW premium payments. MSHN's funding totaled $19.7M and $14.8M was disbursed; the unspent portion will be returned to MDHHS. Specific details related to the formulary for provider stabilization payments and DCW premium payments can be found on the MSHN website.

Almost innumerable adjustments to operational requirements, service delivery policies, and thousands of other considerations in relation to the behavioral health systems' response to the COVID-19 pandemic have been coordinated within and between regions. There have also been three MDHHS revenue rate adjustments during FY2020. For many services, at the onset of the pandemic in Michigan in early 2020, utilization temporarily dropped; for other services, utilization increased. For residential based services, many providers reduced capacity in order to implement social distancing requirements, resulting in decreased utilization and increased demand. Risks of infection, actual infection, and the potential for spread of the virus to their family members have impacted the regional workforce, especially those working in residential settings, making delivery of some required services strained as unprecedented retention, recruitment and replacement of affected workforce members has continued to worsen during the pandemic period.

All MSHN responsibilities have been successfully carried out remotely during the pandemic response period after an initial time of adjustment. Many CMHSPs have operated in a similar remote manner for staff not providing in person services. The MSHN workforce is to be applauded along with our CMH Participants and our SUD prevention, treatment and recovery provider partners for their commitment to continued service delivery during the pandemic response.

Compliance
In FY2019, the MSHN Compliance Officer began attending the tri-annual meetings between MDHHS-OIG and all PIHP Compliance Officers for the purpose of ongoing training related to fraud, waste and abuse referrals, submission of the quarterly reports and continued coordination of services between the MDHHS-OIG and the PIHPs. These joint meetings have continued through FY2020.

There were new reporting requirements implemented by MDHHS-OIG starting in FY2019 and continued through FY2020 that require a quarterly submission of all the program integrity activities performed region wide that included the following:

- Number of complaints and referrals received;
- Data mining/algorithms applied to identify potential fraud, waste or abuse, including analysis of paid claims, number of audits performed and the number of referrals to the OIG based on the results;
- Audits performed, identifying those that resulted in overpayments and referrals to the OIG;
- Overpayments collected including those authorized by the OIG when fraud was identified;
- Identification and investigation of fraud, waste and abuse;
- Number of corrective action plans implemented as a result of program integrity activities;
- Number of providers disenrolled region wide for cause; and
- Number of contract terminations region wide

The quarterly submission requirements resulted in a total of 579 program integrity activities reported during FY2020. The MDHHS-OIG reported that they will be making additional changes to the quarterly program integrity report during FY2021, which will most likely increase monitoring and oversight by the MDHHS-OIG, but those changes have not yet been communicated.

Home and Community Based Services
Preceding approval of the 1115 Demonstration Waiver, MDHHS operated its Managed Specialty Service & Supports Waiver (MSS&SW) through a §1915(b) Managed Care Waiver. The 1115 Demonstration Waiver: "Pathway to Integration" was created to allow MDHHS to integrate the coverages of all services and supports for eligible populations served through the multiple 1915(b) and 1915(c) waivers that serve individuals with serious mental illness, substance use disorders, intellectual and developmental disabilities, and serious emotional disturbance. These changes were intended to improve physical and behavioral health integration, strengthen SUD continuum of services, and promote further value-based payment methodologies between Medicaid Health Plans (MHPs) and PIHPs. The consolidated waiver resulted in improved coordination of care and addressed cost

effectiveness related to the §1915(b) Managed Specialty Service and Supports Waiver. The Children's Waiver Program (CWP) and the Waiver for Children with Severe Emotional Disturbance (SEDW) were both connected to the MSS&SW as fee for service (FFS) programs.

The Pathway to Integration Waiver combined under a single waiver authority all services and eligible populations served through its current §1915(b), State Plan, and its multiple §1915(c) waivers, which included CWP and SEDW programs. CMS approved the 1115 Demonstration Waiver, which became effective October 1, 2019. CWP and SEDW moved from FFS to managed care oversight and administration by the PIHPs and the Managed Specialty Service System.

- Established staffing and model for review and approval of CWP and SEDW initial and recertification requests by the CMHSPs.
- Standing CWP and SEDW workgroups to address program transition and application of 1115 Demonstration Waiver requirements.
- Utilization of data to track program requirements and engage CMHSPs in continual improvement.
- Prior Review and Authorization Request (PRAR) applied throughout the region.
- Completion of CWP and SEDW program oversight and corrective remediation.
- Completion of CWP and SEDW trainings with CMHSPs as warranted.
- Behavior treatment plans and review committee enhancements and coordination with MDHHS and the CMHSPs.
- Complete analysis, planning, and hiring of Waiver staff to support new demands related to the CWP, SEDW, Habilitation Supports Waiver (HSW) and the Autism Benefit work.
- Submission of monthly and quarterly reports on the Waivers and the Autism Benefit.
- Attend MDHHS meetings and trainings to provide input and leadership to address questions, issues, and concerns related to the new transition.
- Waiver Support Application (WSA) processes updated to include CWP and SEDW PIHP responsibilities as well as approval of CMHSP requests for system access.

Provider Network Management

The MSHN region functions as a highly delegated model, including provider network management. MSHN and its CMHSPs recognize that the provider system benefits from reciprocity policies and procedures that create efficiencies for both the funding organizations and the service providers. As a result, MSHN and its CMHSPs continuously look for opportunities to standardize requirements that impact the provider system or accept the work of another appropriately authorized organization (PIHP or CMHSP) to avoid duplication. The following projects demonstrate MSHNs ongoing commitment to implementing systems for achieving reciprocity, often through standardization:

- Regionally standardized contract templates;
- Regionally organized provider performance monitoring systems;
- Uniform level of care standards;
- Regional minimum training requirements;
- Implementation of statewide training reciprocity processes;
- Common provider network application which is currently in development.

This work continues to evolve and expand into other areas of provider network management.

Mental Health Parity and Addictions Equity Act of 2008

MSHN continues to work with the PIHPs in Michigan to ensure compliance with Mental Health Parity and Addictions Equity Act of 2008 as defined in the MDHHS Parity Action Plan to CMS. Essentially, the rule states there can be no more restrictive limitations on a mental health or substance use disorder than on the same classification of medical/surgical benefits. In order to meet the requirements, PIHPs purchased software (MCG Guidelines) to be utilized for authorizations for acute care services. In FY2020, the PIHP Parity Workgroup along with the MCG development team, implemented a consistent configuration for statewide application of the MCG

integration software into the electronic health record. Utilization Management is a CMHSP-delegated function in the MSHN region; therefore, training was provided to the CMHSPs for all staff that complete screenings, assessments and authorization for inpatient, crisis residential and continuing stay reviews. During FY2020, three CMHSPs in the MSHN region elected to use MCG Criteria with 100% of individuals in need of acute services. The remaining nine CMHSPs continued to conduct retrospective reviews of a sampling of acute care cases.

Services to Individuals Under the Supervision of the Michigan Department of Corrections
On April 1, 2020, MSHN assumed responsibility for managing medically necessary community-based substance use disorder treatment services for individuals under the supervision of the Michigan Department of Corrections (MDOC). It should be noted that MDOC estimates that 90% of parolees/probationers are covered under Medicaid or Healthy Michigan Plan at the time of their release, making their SUD treatment needs the responsibility of the public SUD treatment system managed by Michigan's PIHPs. Capitation rates were adjusted to include funding specific to the MDOC population and the anticipated increase in SUD expenditures. Between March and May 2020, MSHN successfully completed onboarding, orientation, and training activities with eight (8) new MDOC service providers virtually.

Overview of Financial Statements
Mid-State Health Network's financial statements include the statement of net position and the statement of revenues, expenditures and changes in net position. These provide both long-term and short-term information and present the overall financial status in a manner similar to a private sector business. Information presented in these statements is on the accrual basis of accounting.

The Statement of Net Position presents information on MSHN's assets and liabilities with the difference between assets and liabilities being reported as net position. Changes in net position serve as a useful indicator in determining whether the financial position is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how net position changed during the fiscal year. Reporting of activities is on an accrual basis meaning that the change in net position is reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related movement of cash.

The Statement of Cash Flows is a financial statement that shows how changes in balance sheet accounts and income affect cash and cash equivalents, and breaks the analysis down to operating, investing and financing activities. The statement captures both the current operating results and the accompanying changes in the balance sheet. As an analytical tool, the statement of cash flows is useful in determining the short-term viability of a company, particularly its ability to pay bills.

Fund Financial Statements
A fund is a grouping of related accounts that is used to maintain control over resources segregated for specific activities or objectives. MSHN, similar to state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of MSHN may be divided into two proprietary fund categories: Enterprise Fund and Internal Service Fund.

Proprietary Funds - Enterprise Funds
Enterprise funds account for revenues and expenditures in a separate fund with its own financial statements rather than being commingled with revenue and expenses of the internal service fund. MSHN currently has one enterprise fund in which all financial transactions occur. At year end, activity associated with the internal service fund is reported separately as referenced below. MSHN adopts an annual budget for the enterprise fund and tracks variances between budgeted and actual revenue and expenditures.

Proprietary Funds – Internal Service Funds
Internal service funds are used to account for assets held as a reserve against potential liabilities relative to and as allowed by its contract with MDHHS. Pursuant to these contractual provisions, MSHN's risk management plan has been reviewed and approved by MDHHS.

Notes to Financial Statements
The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The accompanying notes are an integral part of the financial statements and must be reviewed in conjunction with the information reported on the financial statements to provide a full understanding of MSHN's financial situation.

Proprietary Funds Financial Analysis – Summary of Net Position
The following summarizes the assets, liabilities and net position on an agency-wide basis for the years ended September 30, 2019 and September 30, 2020.

STATEMENT OF NET POSITION

	FY2020	FY2019	Change
Total Assets	$ 134,987,014	$ 87,648,433	$ 47,338,581
Total Liabilities	$ 84,312,049	$ 40,029,525	$ 44,282,524
Restricted Net Position	50,467,398	47,616,938	2,850,460
Net Investment in Capital Assets	258,315	119,590	138,725
Unrestricted Net Position	(50,748)	(117,620)	66,872
Total Net Position	$ 50,674,965	$ 47,618,908	$ 3,056,057
Total Liabilities and Net Position	$ 134,987,014	$ 87,648,433	$ 47,338,581

Total assets consist primarily of cash and investments and amounts due from CMHSP Participants and MDHHS. Cash totaling $39,951,488, or 29.6% of total assets, is unrestricted and available for operations. Cash and investments totaling $43,791,153, or 32.4% of total assets, is restricted for risk management purposes.

Total liabilities consist of accounts payable, accrued payroll and compensated absences, and amounts due to CMHSP Participants and MDHHS. Liabilities also include unearned revenue consisting of Medicaid and PA2 savings. Amounts due to CMHSP Participants and MDHHS total $11,780,818 and represent 14.0% of total liabilities. Unearned revenue totals $44,129,979 and represents 52.3% of total liabilities.

There was an increase of $2,850,460 in restricted net position as a result of funding the internal service fund and an increase in the performance bonus incentive program outlined in the Medicaid Managed Care Specialty Services Program Contract.

Proprietary Funds Financial Analysis – Summary of Activities
The following summarizes the revenues, expenses and changes in net position on an agency-wide basis for the years ended September 30, 2019 and September 30, 2020.

CHANGE IN NET POSITION

	FY2020	FY2019	Change
Total Revenue	$ 633,217,139	$ 608,938,716	$ 24,278,423
Total Expenses	$ 630,695,615	$ 608,058,904	$ 22,636,711
Change in Net Position	2,521,524	879,812	1,641,712
Net Position:			
Beginning of year	47,618,908	45,765,163	1,853,745
Prior Period Adjustment	534,533	973,933	(439,400)
End of year	$ 50,674,965	$ 47,618,908	$ 3,056,057

Total revenue consists of funding received from MDHHS, CMHSP Participants, and local counties and increased $24,278,423, or 4.0%, as compared to FY2019.

Total expenses consist of funding provided for the delivery of mental health and substance use disorder services throughout the MSHN region along with administrative expenses. Total expenses increased $22,636,711, or 3.7%, as compared to FY2019.

Capital Asset and Debt Administration
Capital assets consists of implementation costs related to the regional managed care information system and the purchase of a mobile care unit. MSHN has no long-term debt.

Future Outlook

Financial
Rate Setting and Revenue Analysis: MSHN, along with all PIHPs and various stakeholders, is engaged with MDHHS and Milliman to develop a more equitable rate setting process. There are noted concerns with the current configuration resulting in disproportionate fund distribution. MSHN will analyze all changes to determine the overall impact on the region and make necessary operational adjustments to ensure consumers continue to receive medically necessary services. In addition, MSHN will be fully engaged in the FY2021 rate setting process to understand COVID-19 implications associated with reduced utilization and higher unit rates.

Standard Cost Allocation: Beginning in FY2020, MDHHS along with their actuarial firm Milliman implemented a Standard Cost Allocation (SCA) infrastructure for the entire state of Michigan. The intent of the SCA process is to reduce variability with service unit rates resulting simply from a CMHSP or PIHP using different allocation methods. Individuals participating the SCA workgroup defined expense account structures, appropriate recording of administration versus service costs, and a structured process for applying fringe benefits and other costs to service rates. PIHPs and CMHSPs must implement SCA guidelines in FY2022. Complimenting the efforts of the SCA workgroup, an Independent Rate Model (IRM) workgroup was tasked with determining specific cost drivers associated with service unit rates. The group defined elements such as staff time, supervisor time, and indirect costs

to establish guidelines for appropriate rate development. MDHHS has stated IRM unit rates will not impact future rate setting.

Value-Based Pilots: Throughout FY2021, MSHN will develop Value Based Purchasing (VBP) with SUD providers to incentivize achievement of mutually agreed upon metrics. Although the goal is to expand VBP to a broader provider base, MSHN is continuing work throughout FY2021 with one provider operating under an incentivized arrangement. MSHN has restructured this provider's current plan to address many issues that arose from the FY2020 contract such as payment disposition for partial goal accomplishments. MSHN will continue its efforts to educate relevant staff on VBP agreements including nationally recognized successful formats.

General Administration

Planning for Public Behavioral Health System Redesign: In FY2019, MDHHS announced its intention to begin a large-scale redesign of the public behavioral health system. Due to the COVID-19 pandemic response, MDHHS has indicated that it does not intend to initiate major system design changes; however, the public behavioral health system remains engaged in care integration and service improvement initiatives. Examples are plentiful but include the development and implementation of State Innovation Model (SIM), Behavioral Health Homes, Opioid Health Homes, Certified Community Behavioral Health Centers. MSHN is investing its efforts in making these innovations effective and the public system stronger by focusing on better health, better care, better value, and better providers.

Contact Information

As always, questions, comments, and suggestions are welcomed from interested parties. These can be directed to the Mid-State Health Network Finance Department located at 530 W. Ionia Street, Suite F, Lansing, Michigan 48933.

BASIC FINANCIAL STATEMENTS

Mid-State Health Network
Statement of Net Position
September 30, 2020

	Enterprise Fund	Internal Service	
	Behavioral Health Operating	Medicaid Risk Reserve	Total Proprietary Funds
Current assets			
Cash and cash equivalents - unrestricted	$ 39,951,488	$ -	$ 39,951,488
Cash and cash equivalents - restricted	-	40,792,120	40,792,120
Investments - restricted	-	2,999,033	2,999,033
Due from affiliate partners and other agencies	33,334,651	-	33,334,651
Due from MDHHS	15,421,917	-	15,421,917
Due from other funds	-	2,145,000	2,145,000
Prepaid expenses	84,490	-	84,490
Total current assets	88,792,546	45,936,153	134,728,699
Noncurrent assets			
Capital asset being depreciated, net	258,315	-	258,315
Total noncurrent assets	258,315	-	258,315
Total assets	89,050,861	45,936,153	134,987,014
Current liabilities			
Accounts payable	25,680,966	-	25,680,966
Accrued wages and related liabilities	229,717	-	229,717
Due to affiliate partners	1,321,574	-	1,321,574
Due to MDHHS	10,459,244	-	10,459,244
Due to other funds	2,145,000	-	2,145,000
Unearned revenue	44,129,979	-	44,129,979
Compensated absences	345,569	-	345,569
Total current liabilities	84,312,049	-	84,312,049
Net position			
Net investment in capital assets	258,315	-	258,315
Restricted for risk management	-	45,936,153	45,936,153
Restricted local - PBIP	4,531,245	-	4,531,245
Unrestricted	(50,748)	-	(50,748)
Total net position	$ 4,738,812	$ 45,936,153	$ 50,674,965

The notes to the financial statements are an integral part of this statement.

Mid-State Health Network
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2020

	Enterprise Fund	Internal Service	
	Behavioral Health Operating	Medicaid Risk Reserve	Total Proprietary Funds
Operating revenues			
State funding			
Medicaid capitation	$ 464,875,325	$ -	$ 464,875,325
Healthy Michigan	86,152,897	-	86,152,897
Autism	51,801,751	-	51,801,751
PA2 revenues	5,178,035	-	5,178,035
DHS incentive	2,155,559	-	2,155,559
Incentive payments	5,404,459	-	5,404,459
Community grant - Substance use disorder	2,690,460	-	2,690,460
Total State funding	618,258,486	-	618,258,486
Federal funding			
Community grant	6,267,097	-	6,267,097
Prevention	2,177,033	-	2,177,033
Opioid State Targeted Response	1,179,458	-	1,179,458
Michigan State Opioid Response	1,442,401	-	1,442,401
State Opioid Response Supplemental	230,961	-	230,961
Michigan Youth Treatment Improvement	3,190	-	3,190
Partnerships for Success 2015-2020	183,596	-	183,596
Block grants	139,071	-	139,071
Total Federal funding	11,622,807	-	11,622,807
Contributions - Local match drawdown	3,140,208	-	3,140,208
Other operating revenues	44,450	-	44,450
Total operating revenues	633,065,951	-	633,065,951
Operating expenses			
Contractual obligations			
Funding for affiliate partners	547,220,706	-	547,220,706
HRA and IPA taxes	21,472,017	-	21,472,017
Local match expense	3,140,208	-	3,140,208
Total other contractual obligations	571,832,931	-	571,832,931
Substance use services			
Prevention	5,068,609	-	5,068,609
Outpatient	12,167,211	-	12,167,211
Recovery Support	5,626,104	-	5,626,104
Medication-Assisted Treatment	5,241,271	-	5,241,271
Withdrawal management	2,502,445	-	2,502,445
Residential	13,299,199	-	13,299,199
Women's Specialty	4,545,795	-	4,545,795
Other contractual agreements	2,756,952	-	2,756,952
Total substance use services	51,207,586	-	51,207,586
Administrative expense			
Board per diem	23,660	-	23,660
Depreciation expense	88,258	-	88,258
Dues and memberships	5,828	-	5,828
Insurance	24,990	-	24,990
Other	27,310	-	27,310
Professional contracts	913,447	-	913,447

Mid-State Health Network
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2020

	Enterprise Fund	Internal Service	
	Behavioral Health Operating	Medicaid Risk Reserve	Total Proprietary Funds
Rent and utilities	$ 82,615	$ -	$ 82,615
Salaries and fringes	5,386,357	-	5,386,357
Software maintenance	836,884	-	836,884
Supplies	199,275	-	199,275
Travel and training	66,474	-	66,474
Total administrative expense	7,655,098	-	7,655,098
Total operating expenses	630,695,615	-	630,695,615
Operating income (loss)	2,370,336	-	2,370,336
Non-operating revenues (expenses)			
Interest income	3,814	134,237	138,051
Investment income	-	13,137	13,137
Non-operating income (loss)	3,814	147,374	151,188
Income before transfers	2,374,150	147,374	2,521,524
Transfers in (out)	(2,145,000)	2,145,000	-
Change in net position	229,150	2,292,374	2,521,524
Net position, beginning of year	4,509,662	43,109,245	47,618,907
Prior period adjustment	-	534,534	534,534
Net position, end of year	$ 4,738,812	$ 45,936,153	$ 50,674,965

The notes to the financial statements are an integral part of this statement.

Mid-State Health Network
Statement of Cash Flows
For the Year Ended September 30, 2020

	Enterprise Fund	Internal Service	
	Behavioral Health Operating	Medicaid Risk Reserve	Total Proprietary Funds
Cash flows from operating activities			
Receipts from the State and other governments	$ 661,833,187	$ -	$ 661,833,187
Payments to employees	(5,267,611)	-	(5,267,611)
Payments to affiliates and other governments	(599,615,458)	-	(599,615,458)
Payments to providers and suppliers	(41,812,964)	-	(41,812,964)
Net cash provided by (used in) operating activities	15,137,154	-	15,137,154
Cash flows from noncapital financing activities			
Transfers (to)/from other funds	(1,349,933)	1,349,933	-
Net cash provided by (used in) noncapital fin. activities	(1,349,933)	1,349,933	-
Cash flows from capital activities			
Purchase of capital assets	(226,983)	-	(226,983)
Net cash provided by (used in) capital activities	(226,983)	-	(226,983)
Cash flows from investment activities			
Interest income	3,814	134,237	138,051
Investment income	-	13,137	13,137
Sale (purchase) of investments	-	4,597,200	4,597,200
Net cash provided by (used in) investment activities	3,814	4,744,574	4,748,388
Net increase in cash and cash equivalents	13,564,052	6,094,507	19,658,559
Cash and cash equivalents, beginning of year	26,387,436	34,697,613	61,085,049
Cash and cash equivalents, end of year	$ 39,951,488	$ 40,792,120	$ 80,743,608
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	$ 2,370,336	$ -	$ 2,370,336
Depreciation expense	88,258	-	88,258
Changes in assets and liabilities:			
Due from other governmental units	(30,845,222)	-	(30,845,222)
Prepaid expenses	36,325	-	36,325
Accounts payable	11,538,780	-	11,538,780
Accrued wages and related liabilities	54,785	-	54,785
Due to other governments units	4,606,651	-	4,606,651
Unearned revenue	27,223,280	-	27,223,280
Compensated absences	63,961	-	63,961
Net cash provided by (used in) operating activities	$ 15,137,154	$ -	$ 15,137,154

The notes to the financial statements are an integral part of this statement.

NOTES TO THE
FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mid-State Health Network (the Entity) was formed by the Community Mental Health Services Providers (CMHSP) participants to serve as the prepaid inpatient health plan ("PIHP") for the twenty-one counties designated by the Michigan Department of Health and Human Services as Region 5. The CMHSP participants include Bay-Arenac Behavioral Health, Clinton-Eaton-Ingham Community Mental Health Authority, Community Mental Health for Central Michigan, Gratiot Community Mental Health Authority, Tuscola Community Mental Health Authority, Huron County Community Mental Health Authority, Ionia County Community Mental Health Authority, LifeWays Community Mental Health Authority, Montcalm County Community Mental Health Authority, Newaygo County Community Mental Health Authority, Saginaw County Community Mental Health Authority, and Shiawassee County Community Mental Health Authority.

Mid-State Health Network is a regional entity, which was formed pursuant to 1974 P.A. 258, as amended, MCL §330.1204b, as a public governmental entity separate from the Entity Participants that established it.

Financial Statement Presentation

Under GASB 34, the Entity is considered a special purpose government and has elected to present the basic statements as an Enterprise Fund (a type of proprietary fund) which is designed to be self-supporting. Enterprise Funds distinguish operating revenues and expenses from nonoperating items. The principal operating revenues of the Entity are charges related to serving its customers (including primarily "per member per month" capitation and state and county appropriations). Operating expenses for the Entity includes cost of services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses including investment income and interest expense.

As a general rule, the effect of interfund activity has been eliminated when presenting total proprietary fund activity. All amounts shown are in U.S. dollars.

Fund Accounting

The accounts of the Entity are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, and expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Entity reports the following major enterprise fund:

Behavioral Health Operating – This fund is used to account for those activities that are financed and operated in a manner similar to private business relating to revenues earned, costs incurred, and/or net income. This fund of the Entity accounts for its general operations.

In addition, the Entity reports the following major internal service fund:

Medicaid Risk Reserve – This fund is used to cover the risk of overspending the Medicaid Managed Care Specialty Services Program Contract within the established risk corridor. This contract provides for the use of Department of Health and Human Services funding for the establishment of Internal Service Funds. Expenses from this fund will occur when, in any one fiscal year, the Entity finds it necessary to expend more to provide services to carry out the contract requirements than revenue provided by the contract.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenue and expenses are recognized in the accounts and reported in the financial statements. The proprietary funds are accounted for using the full accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The proprietary funds are accounted for on a cost of services or economic resources measurement focus. This means that all assets and all liabilities associated with their activity are included on the statement of net position.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the

date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
The Entity's cash and cash equivalents are considered to be cash on hand, money market funds, demand deposits, and certificates of deposit.

Investments
Investments for the Entity are reported at fair value (generally based on quoted market prices).

Accounts Receivable/Payable
Accounts receivable/payable in all funds report amounts that have arisen in the ordinary course of business. Accounts receivable is stated net of allowances for uncollectible amounts, if any.

Due from/Due to Other Governmental Units
Due from/due to other governmental units consist primarily of amounts due from/to the Entity Participants and the State of Michigan.

Inventories
The Entity does not recognize supplies inventory as an asset. The cost of these supplies is considered immaterial to the financial statements and the quantities are not prone to wide fluctuation from year to year. The costs of such supplies are expensed when purchased.

Prepaid Expenses
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

Capital Assets
Capital assets are defined by the Entity as individual assets with an initial cost equal to or more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Entity are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Construction in progress	Not depreciated
Computers and software	3
Vehicles	5

The Entity reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred, the asset is written down to its net realizable value and a related expense is recognized in the current year.

Accrued Wages and Related Liabilities
Accrued wages and related liabilities relate to salaries and wages earned in September but not paid until October.

Unearned Revenue
The Entity reports unearned revenue when revenue does not meet either the "measurable" and "available" criteria for recognition in the current period, or when resources are received by the Entity before it has a legal claim to them, such as when grant money is received prior to the incurrence of qualifying expenses. In subsequent periods, when both revenue recognition criteria are met, or when the Entity has legal claim to the resources, the liability for

unearned revenue is removed and the revenue is recognized.

Compensated Absences
The Entity's policy permits employees to accumulate earned but unused vacation and sick benefits, which are eligible for payment upon separation from the Entity's service. The liability for such leave is reported as incurred in the financial statements. The liability for compensated absences includes salary related benefits, where applicable.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Entity has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Entity has no items that qualify for reporting in this category.

Net Position
Net investment in capital assets
This category consists of capital asset balances, net of accumulated depreciation, less outstanding balances of debt related to those assets.

Restricted
Net position in this category is reported as restricted when constraints placed on net position use is either:
- Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or
- Imposed by law through constitutional provisions or enabling legislation.

Unrestricted
If net position does not meet the criteria for the above categories, it is reported as unrestricted.

In addition, the Entity will first use restricted resources when an expense is incurred for purposes for which either restricted or unrestricted net position is available.

Restrictions on Net Position
Behavioral Health Operating
A portion of the net position has been restricted in the Behavioral Health Operating fund in accordance the requirements of the Performance Bonus Incentive Pool (PBIP). These PBIP funds must be used for the benefit of the public behavioral health system. As of September 30th, the amount of this restriction was $4,531,245.

Internal Service Fund
A portion of the net position has been restricted in the internal service fund to fund the net uninsured exposure of potential shortfalls of contract revenues. As of September 30th, this amount was $39,994,238 for Medicaid risk management and $5,941,915 for Healthy Michigan risk management.

Internal Service Fund
The Entity authorized the establishment of an internal service fund. This fund is used to cover the risk of overspending the Managed Care Specialty Services Program Contract within the established risk corridor. This contract provides for the use of Department of Health and Human Services funding for the establishment of Internal Service Funds.

Expenses from this fund will occur when, in any one fiscal year, the Entity finds it necessary to expend more to provide services to carry out the contract requirements than revenue provided by the contract.

MDHHS Revenue
The Entity serves as the PIHP for the area that includes Arenac, Bay, Clare, Clinton, Eaton, Gladwin, Gratiot, Hillsdale, Huron, Ingham, Ionia, Isabella, Jackson, Mecosta, Midland, Montcalm, Newaygo, Osceola, Saginaw, Shiawassee, and Tuscola Counties. The Entity contracts directly with the MDHHS to administer mental health and

substance abuse revenues for covered services provided to eligible residents of these counties.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Michigan's statutory authority allows governmental entities to invest in the following investments:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified institution.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investments Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

At September 30th the carrying amount of the Entity's cash and cash equivalents are as follows:

Description	Amount
Checking, Money Market, & Liquid Asset Accounts – Unrestricted	39,951,488

Cash and Cash Equivalents - Restricted

Cash and cash equivalents have been restricted in the Internal Service Fund for the expected future risk corridor requirements of the MDHHS contract.

Description	Amount
Checking, Money Market, & Liquid Asset Accounts – Restricted for ISF	40,792,120

Interest Rate Risk

State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The Entity's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the summary of significant accounting policies. The Entity's investment policy does not have specific limits in excess of state law on investment credit. The ratings for each investment are identified above for investments held at year-end.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Entity's deposits may not be returned. State law does not require and the Entity does not have a policy for deposit custodial credit risk. As of year-end $80,523,657 of the Entity's bank balance of $80,773,657 was exposed to custodial credit risk because it was uninsured and uncollateralized. Deposits which exceed FDIC insurance coverage limits are held at local banks.

The Entity believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Entity evaluates each financial institution with which it deposits funds and assesses the level of risk at each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

Concentration of Credit Risk

State law limits allowable investments but does not limit concentration of credit risk as identified in the summary of

significant accounting policies. The Entity's investment policy does not have specific limits in excess of state law on concentration of credit risk.

Investments - Restricted
As of September 30th, the Entity had the following restricted investments:

Investments - restricted	Amount
U.S. treasuries	2,999,033

Investments
State statutes authorize the Entity to invest in obligations and certain repurchase agreements of the United States Treasury and related governmental agencies, commercial paper, banker's acceptances of the United States banks, obligations of the State of Michigan or any of its political subdivisions, and mutual funds composed entirely of the above investments. See above for a listing of the Entity's investments. The Entity's investment policy complies with the state statutes and has no additional investment policies that would limit its investment choices.

Interest Rate Risk – Investments
Under state statutes, investment in commercial paper is limited to maturities of not more than 270 days after the date of purchase. The Entity's investment policy does not place any further limitations on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Investments
Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Entity will not be able to recover the value of its investments that are in the possession of an outside party. The Entity requires all security transactions, including collateral for repurchase agreements, to be made on a cash basis or a delivery vs. payment basis. Securities may be held by a third party custodian and must be evidenced by safekeeping receipts. The Entity does not have any additional policies for custodial credit risk over investments.

Credit Risk - Investments
State statutes limit investments in commercial paper to be rated at the time of purchase within the three highest classifications established by not less than two standard rating services. Investments in obligations of the State of Michigan or its political subdivisions must be rated as investment grade by not less than one rating service. Investments in bonds, obligations, or repurchase agreements must be made with the U.S. Treasury and banker's acceptances with United States banks. The Entity's investment policy limits investments to be made with prudent judgment as to the safety of the invested capital and probable outcome of income.

Concentration of Credit Risk - Investments
The Entity's investment policy places no limit on the amount it may invest in any one issuer. At September 30th, concentrations in securities of any one issuer greater than 5% of investment fair value were as follows:

Investment Type	Issuer	% of Portfolio
U.S. Treasuries	United States Treasury	100%

Fair Value of Investments
The Entity measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At year-end, the Entity had the following recurring fair value measurements.

Description	Value as of Sept 30th	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt Securities				
U.S. treasuries	2,999,033	2,999,033	-	-
Total debt securities	2,999,033	2,999,033	-	-

NOTE 3 - DUE FROM AFFILIATE PARTNERS AND OTHER AGENCIES

Due from affiliate partners and other agencies as of September 30th consists of the following:

Description	Amount
Bay-Arenac Behavioral Health	1,507,217
CMHA of Clinton, Eaton, and Ingham Counties	12,602,987
Community Mental Health for Central Michigan	4,258,456
Gratiot Integrated Health Network	502,080
The Right Door for Hope, Recovery and Wellness	1,505,249
Montcalm Care Network	2,193,510
Newaygo County Mental Health	1,633,235
Saginaw County Mental Health Authority	5,561,298
Shiawassee Health and Wellness	216,587
Tuscola Behavioral Health Systems	1,617,172
Due from Counties	1,440,452
Other	296,408
Total	33,334,651

NOTE 4 - DUE FROM MDHHS

Due from MDHHS as of September 30th consists of the following:

Description	Amount
FY2020 Withhold Payments	5,404,459
Hospital Rate Adjustment (HRA) Payments	4,134,900
Capitation Payments	2,954,031
DHHS Incentive Payments	968,969
Other MDHHS Contracts	1,950,477
Prior Year Cost Settlements	9,081
Total	15,421,917

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated					
Construction in process	25,000	-	-	(25,000)	-
Total capital assets not being depreciated	25,000	-	-	(25,000)	-
Capital assets being depreciated					
Computers and software	189,180	-	-	-	189,180
Vehicles	-	226,983	-	25,000	251,983
Total capital assets being depreciated	189,180	226,983	-	25,000	441,163
Accumulated depreciation					
Computers and software	(94,590)	(63,060)	-	-	(157,650)
Vehicles	-	(25,198)	-	-	(25,198)
Total accumulated depreciation	(94,590)	(88,258)	-	-	(182,848)
Net capital assets being depreciated	94,590	138,725	-	25,000	258,315
Net capital assets	119,590	138,725	-	-	258,315

NOTE 6 - DUE TO AFFILIATE PARTNERS

Due to affiliate partners as of September 30th consists of the following:

Description	Amount
Huron Behavioral Health	357,451
LifeWays Community Mental Health Authority	964,123
Total	1,321,574

NOTE 7 - DUE TO MDHHS

Due to MDHHS as of September 30th consists of the following:

Description	Amount
Insurance Provider Assessment (IPA)	1,343,756
FY2020 MDHHS Settlement	8,680,512
Prior Year Cost Settlements	434,976
Total	10,459,244

NOTE 8 - UNEARNED REVENUE

The amount reported as unearned revenue represents revenues received in advance of the period earned as follows:

Description	Amount
Medicaid Savings Carryforward	34,404,397
PA2 Carryforward	9,656,000
MDHHS Contract Withhold	69,582
Total	44,129,979

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS
As of September 30th, the composition of net investment in capital assets was comprised of the following:

Net investment in capital assets	Amount
Capital asset being depreciated, net	258,315

NOTE 10 – RETIREMENT AND OTHER POST EMPLOYMENT BENEFIT PLANS

Defined Contribution Retirement Plan – 401(a)
Plan Description
The Entity offers all employees a retirement plan created in accordance with the Internal Revenue Code, Section 401(a). The assets of the plan were held in trust for the exclusive benefit of the participants (employees) and their beneficiaries. MERS acts as the custodian for the plan and holds the custodial account for the beneficiaries of this Section 401(a) plan.

The assets may not be diverted to any other use. MERS are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. Plan balances and activities are not reflected in the Entity's financial statements.

Plan provisions are established or amended by Board resolution. This plan is funded by both employer and employee contributions.

Eligibility
All full time employees are eligible (excluding leased, independent contractors and part time employees).

Contributions
The Entity contributes 10% of the employee's compensation (defined as W2 wages) regardless of the employee contribution.

Normal Retirement Age & Vesting
Retirement age as defined by the plan is 60 years of age. Contributions are 100% vested immediately.

Forfeitures
Contributions are 100% vested immediately therefore there are no forfeitures of contributions.

Funding
For the year ended September 30th, employer contributions amounted to $387,961 and employee contributions amounted to $139,768. The outstanding liability to the plan at year-end was $0.

Deferred Compensation Retirement Plan – 457(b)
Plan Description
The Entity offers all employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plan were held in trust, as described in IRC Section 457(b) for the exclusive benefit of the participants (employees) and their beneficiaries. MERS acts as the custodian for the plan and holds

the custodial account for the beneficiaries of this plan.

The assets may not be diverted to any other use. MERS are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Entity's financial statements.

Plan provisions are established or amended by Board resolution. Under the plan, employees may elect to defer a portion of their wages, subject to Internal Revenue Service limits. This plan is funded solely by employee contributions.

Eligibility
All full time employees are eligible (excluding leased, independent contractors and part time employees).

Contributions
Pre-tax employee deferrals and catch up contributions are allowed (up to maximum allowed by law). Contributions are deposited every payroll period. Rollovers are allowed from all participants.

Normal Retirement Age & Vesting
Retirement age as defined by the plan is 60 years of age. All contributions are 100% vested immediately.

Forfeitures
Contributions are 100% vested immediately therefore there are no forfeitures.

Funding
For the year ended September 30th, contributions by employees amounted to $154,112. The outstanding liability to the plan at year-end was $0.

Defined Contribution Retirement Plan – Social Security Alternative
Plan Description
The Entity offers all employees a retirement plan created pursuant with the Internal Revenue Code. The assets of the plan were held in trust for the exclusive benefit of the participants (employees) and their beneficiaries. MERS acts as the custodian for the plan and holds the custodial account for the beneficiaries of this plan.

The assets may not be diverted to any other use. MERS are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. Plan balances and activities are not reflected in the Entity's financial statements. Plan provisions are established or amended by Board resolution.

Eligibility
All employees are eligible.

Contributions
Employees contribute a mandatory 1.3% of their wages to this plan. The Entity contributes 6.2% of employee wages to the plan.

Normal Retirement Age & Vesting
Normal retirement age as defined by the plan is 60 years of age.

Forfeitures
Contributions are 100% vested immediately therefore there are no forfeitures.

Funding
For the year ended September 30th, employer contributions amounted to $240,083 and employee contributions amounted to $54,525. The outstanding liability to the plan at year-end was $0.

Health Care Savings Program

Plan Description

The Health Care Savings Program (defined contribution OPEB) is for eligible full time employees that have opted out of the Entity's health care coverage. In consideration for opting out of health care coverage, the Entity provides certain benefits to this covered employee group as noted below. The plan is administered by MERS.

Eligibility

Full time employees that have opted out of the Entity's health care coverage

Contributions

The Entity makes the following employer contributions to each eligible Plan participant's account: 30% of a single person premium on a bi-weekly basis. The employee contributes to the plan as follows: 1% of the employee's compensation on a pre-tax basis.

Vesting

All contributions are 100% vested immediately.

Forfeitures

Contributions are 100% vested immediately therefore there are no forfeitures.

Funding

For the year ended September 30th, employer contributions amounted to $10,876 and employee contributions amounted to $3,329. The outstanding liability to the plan at year-end was $0.

NOTE 11 - OPERATING LEASES

The Entity has entered into various operating leases for the use of real and personal property. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreements are not reflected in the financial statements. Lease expense for the fiscal year was approximately $ 71,792.

The future minimum lease obligations as of September 30th, were as follows:

Year Ending September 30th	Amount
2021	72,531
2022	73,879

NOTE 12 - RISK MANAGEMENT

MMRMA

The Entity is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters. The Entity participated in the public entity risk pool – Michigan Municipal Risk Management Authority (MMRMA) for auto and general liability, property and crime and vehicle physical damage coverage.

MMRMA, a separate legal entity, is a self-insured association organized under the laws of the State of Michigan to provide self-insurance protection against loss and risk management services to various Michigan governmental entities.

As a member of this pool, the Entity is responsible for paying all losses, including damages, loss adjustment expenses and defense costs, for each occurrence that falls within the member's self-insured retention. If a covered loss exceeds the Entity's limits, all further payments for such loss are the sole obligation of the Entity. If for any reason MMRMA's resources available to pay losses are depleted, the payment of all unpaid losses of the Entity is the sole obligation of the Entity. Settled claims have not exceeded the amount of coverage in any of the past three years.

The Entity's coverage limits are $10,000,000 for general liability, $10,000,000 for public officials' liability, and approximately $257,500 for personal property.

Medicaid Risk Reserve

The Entity covers the costs up to 105% of the annual Medicaid and Healthy Michigan contract. The entity and MDHHS equally share the costs between 105% to 110% of the contract amounts. Costs in excess of 110% of the contract are covered entirely by MDHHS.

The Entity has established a Medicaid Risk Reserve Fund, in accordance with Michigan Department of Health and Human Services guidelines, to assist in managing any potential operating shortfalls (as noted above) under the terms of its contract with the MDHHS.

NOTE 13 – CONTINGENT LIABILITIES

Under the terms of various federal and state grants and regulatory requirements, the Entity is subject to periodic audits of its agreements, as well as a cost settlement process under the full management contract with the State of Michigan. Such audits could lead to questioned costs and/or requests for reimbursement to the grantor or regulatory agencies. Cost settlement adjustments, if any, as a result of compliance audits are recorded in the year that the settlement is finalized. The amount of expenses which may be disallowed, if any, cannot be determined at this time, although the Entity expects such amounts, if any, to be immaterial.

NOTE 14 – ECONOMIC DEPENDENCE

The Entity receives over 90% of its revenues from the State of Michigan directly from MDHHS.

NOTE 15 – PRIOR PERIOD ADJUSTMENT

The prior period adjustment in these financial statements consists of the following items:

Description	Amount
Adjustment related to FY16 DHHS settlement	534,534

NOTE 16 - UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 84, Fiduciary Activities, was issued by the GASB in January 2017 and will be effective for the CMHSP's 2020-2021 fiscal year. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. CMHSPs with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

GASB Statement No. 87, Leases, was issued by the GASB in June 2017 and will be effective for the CMHSP's 2021-2022 fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Members of the Board
Mid-State Health Network
Lansing, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Mid-State Health Network (the Entity), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements, and have issued our report thereon dated March 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Entity's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Entity's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

Roslund, Prestage & Company, P.C.

Roslund, Prestage & Company, P.C.
March 30, 2021

Mid-State Health Network
Financial Statements
September 30, 2020

MSHN Board of Directors Annual Self-Evaluation: Trending Report (FY16-FY20)	Yes				No				Needs Improvement				Unsure			
	16/17	17/18	18/19	19/20	16/17	17/18	18/19	19/20	16/17	17/18	18/19	19/20	16/17	17/18	18/19	19/20
Mission, Vision and Strategic Direction																
1. The Board participates in strategic planning	80%	88%	93%	95%	0%	0%	0%	0%	13%	12%	7%	5%	7%	0%	0%	0%
2. The Board has a clear sense of needs and priorities for the region	67%	59%	77%	82%	7%	1%	0%	5%	13%	35%	23%	5%	7%	1%	0%	8%
3. MSHN has a clear sense of direction	87%	59%	92%	86%	0%	1%	0%	0%	0%	29%	8%	5%	13%	1%	0%	9%
4. The Board is advised on national, state and local trends for their effect on behavioral health services	73%	88%	93%	100%	7%	0%	0%	0%	13%	12%	7%	0%	0%	0%	0%	0%
5. The Board is presented with information about the strengths and weaknesses of MSHN	73%	80%	85%	86%	0%	0%	0%	0%	13%	18%	15%	14%	13%	1%	0%	0%
6. The Board receives adequate information, analysis, plans, proposals and background materials that enable decision making	80%	71%	100%	86%	0%	1%	0%	0%	20%	24%	0%	9%	0%	0%	0%	5%
7. MSHN's strategic priorities are clear, specific and measurable	80%	88%	69%	73%	7%	0%	0%	0%	7%	12%	7%	9%	7%	0%	24%	19%
8. The Board evaluates progress of opportunities for improvement that are identified	87%	88%	69%	77%	0%	0%	0%	5%	0%	12%	0%	5%	13%	0%	0%	13%
Comments: 1) When new information is imminent our leadership supplies us with information needed to make an informed decision about anything that comes to the board; **2)** Not sure how priorities are measured; **3)** Overall, yes. But, at times the board becomes confused on this, so the understanding may not be deep enough. **4)** We are on point with this; **5)** Excellent strategic planning efforts; **6**) Please provide regular updates on regional and MSHN DEI initiatives; **7)** I believe we are given info during meetings ,in-between meetings., to inform of changes which have been quite the rocky rd. in 2020, also starting out to 2021. To keep informed of changes so we can make the right decisions; **Specific to questions: #6** We receive the information, but sometimes it's confusing. We also don't always get it with enough time to look at it prior to decision time.																	
CEO/Board Roles & Responsibilities																
10. The Board asks "What" and "Why" and Expects the CEO to provide the "How"	93%	80%	93%	86%	7%	0%	0%	5%	0%	18%	7%	9%	0%	1%	0%	0%
11. There is a mutual respect and open discussion between the Board and the CEO	100%	65%	93%	100%	7%	1%	0%	0%	0%	29%	7%	0%	0%	0%	0%	0%
112. Board communication to staff and providers is channeled through the CEO	100%	88%	93%	91%	0%	0%	0%	0%	0%	0%	7%	0%	0%	12%	0%	9%
13. Revisions to all policies are reviewed and approved by the Board	93%	94%	93%	100%	0%	0%	0%	0%	0%	0%	0%	0%	7%	6%	7%	0%
14. The Board receives timely and accurate communication	73%	71%	79%	86%	7%	12%	0%	0%	13%	6%	21%	9%	7%	11%	0%	1%
Comments 1) Joe gives us information in between meetings; **2**) We are so lucky to have the leadership that we have. He is able to give information to the board and encourages discussion also to let us know what the alternatives are and the response for each decision; **3**) Good communication between board and CEO; **4**)See no problems here; **5**) Joe knows!! He is the shining star as a CEO. ,He knows how to keep us informed so we can question decisions that are made **Specific to questions #10**: There is still some confusion on this as evidenced by the board's discussion at the last meeting re-whether to pre-approve MSHN's cuts re-substance abuse; **#10**: Much of the time we do receive timely & accurate communication, but it would be nice to get some of the material earlier to better prepare for meetings																	

MSHN Board of Directors Annual Self-Evaluation: Trending Report (FY16-FY20)		Yes				No				Needs Improvement				Unsure			
		16/17	17/18	18/19	19/20	16/17	17/18	18/19	19/20	16/17	17/18	18/19	19/20	16/17	17/18	18/19	19/20
Resource Utilization & Risk Management	16. Board members are advised of key laws, rules and regulations and the implications for MSHN	94%	94%	69%	91%	0%	0%	0%	0%	0%	0%	31%	9%	6%	6%	0%	0%
	17. The Board has established policies, by-laws and operating agreements to reduce the risk of liability for the Board and MSHN	100%	81%	100%	91%	0%	0%	0%	0%	0%	19%	0%	0%	0%	0%	0%	9%
	18. Annually, or more often, the Board establishes priorities for the use of resources	81%	87%	93%	77%	0%	6%	0%	9%	13%	6%	7%	9%	6%	0%	0%	5%
	19. The Board receives routine financial reports including investment and risk management strategies	94%	87%	100%	100%	0%	0%	0%	0%	0%	13%	0%	0%	6%	0%	0%	0%
	20. The Board has an approved compliance plan and receives routine updates of compliance monitoring activities	94%	100%	93%	91%	0%	0%	0%	0%	0%	0%	0%	0%	6%	0%	7%	9%
	21. The Board receives regular reports of external quality review, audits and other monitoring activities inclusive of planned corrective action	94%	100%	93%	95%	0%	0%	7%	0%	0%	0%	0%	0%	6%	0%	0%	5%
	Comments:1) We are apprised of results of what is going on with our committees, how they contribute to the goals MSHN have established. We review the positive and negative results and provided what has been established to make the necessary corrections to keep us in compliance with the state and federal mandates;**2**) I see no problems here; **3**)One of our strengths; **4**) Yearly have strategic planning day ,plus in between to see if on right track; **5**) Executive committee operates without board involvement. **Specific to Questions: #19**: We receive the information, but it's not clear how many members are actually reviewing it. It doesn't come early enough to review it prior to the board meeting. So individuals must be asking questions directly between meetings. If this isn't occurring, then board members may not be looking at the reports.**#16**: The board does this in the form of approving the annual budget and at the time of each 3-yr goal setting cycle. But, it may be an improvement to do this as a standalone step																
Public Trust	23. The public has opportunities to address concerns to the Board	88%	94%	100%	95%	0%	0%	0%	0%	6%	6%	0%	5%	6%	0%	0%	0%
	24. Public requests for action/change are addressed as appropriate	75%	93%	77%	68%	0%	0%	0%	0%	6%	0%	0%	0%	19%	6%	23%	32%
	25. Board members provide information and support Board positions with the media, key local/ state decision makers and legislators	69%	47%	62%	59%	6%	6%	16%	5%	6%	12%	0%	9%	19%	35%	16%	27%
	26. The Board reviews customer satisfaction feedback and evaluates concerns	67%	73%	93%	59%	6%	0%	0%	0%	6%	0%	0%	14%	19%	27%	7%	27%
	Comments: 1) No problems here; **2**)It appears that we have a lot of public confidence and trust; **3**) Public have meeting dates/times to allow 3min for ea. public comment; c; **Specific to Questions**: **#21:** I put unsure as I am not aware of any public (or don't remember); **#22**: As far as I know, this is going well. In general, we let MSHN handle media concerns.																

	MSHN Board of Directors Annual Self-Evaluation: Trending Report (FY16-FY20)	Yes				No				Needs Improvement				Unsure			
		16/17	17/18	18/19	19/20	16/17	17/18	18/19	19/20	16/17	17/18	18/19	19/20	16/17	17/18	18/19	19/20
Boardmanship	28. Members refrain from intruding on administrative issues that are the responsibility of the Mid- State Health Network CEO/staff except to monitor results and prohibit methods that conflict with policy	56%	53%	62%	77%	0%	0%	0%	0%	38%	41%	28%	18%	6%	6%	10%	5%
	29. Members do not exercise authority apart from the authorization of the full Board	88%	70%	77%	64%	6%	0%	0%	0%	0%	18%	8%	5%	6%	12%	8%	32%
	30. Members serve the best interest of Mid-State Health Network rather than personal or other professional interests	75%	60%	93%	77%	0%	6%	7%	0%	6%	22%	0%	18%	19%	12%	0%	5%
	31. Members are respectful of one another	88%	94%	100%	100%	0%	0%	0%	0%	12%	6%	0%	0%	0%	0%	0%	0%
	32. I am satisfied with the personal contribution I make to the Board	88%	100%	69%	55%	0%	0%	7%	5%	15%	0%	14%	32%	0%	0%	0%	8%
	Comments: 1) We can always use reminders about boardmanships; **2**) I am relativity new to board ,so am learning the process. fellow board members are very receptive to questions asked; **3**) Sometimes we stray into administrative issues, but usually this gets sorted out. **4**) I would like to make more contributions ,am working on that.																
Board Evaluation of Support Staff	34. I am satisfied that meetings are set up efficiently and in a timely manner	94%	88%	100%	100%	0%	0%	0%	0%	0%	6%	0%	0%	6%	6%	0%	0%
	35. I am satisfied that Board Packets are sent in a timely and complete manner and copies are made accessible	100%	82%	100%	86%	0%	0%	0%	9%	0%	18%	0%	5%	0%	0%	0%	0%
	36. Responsiveness to information requested is adequate, of good quality and timely	94%	94%	100%	100%	0%	6%	0%	0%	6%	0%	0%	0%	0%	0%	0%	0%
	37. Board member requests are handled in a polite, friendly and professional manner	100%	88%	100%	100%	0%	6%	0%	0%	0%	6%	0%	0%	0%	0%	0%	0%
	38. Board meeting minutes are accurate and presented in a timely manner	88%	88%	100%	100%	0%	0%	0%	0%	12%	12%	0%	0%	0%	0%	0%	0%
	Comments: 1) Merre should be given the 5 star rating for all she does. Her support of new members is so wonderful. She puts herself out there for questions /protocols and makes you feel that every request is important, regardless of it's importance**.2)** I'd like two weeks to review some of the material prior to board meetings due to the volume of material. A few sensitive items are sent on the day of the meeting. Usually, I don't see these items, due to work. **3**) Always well done **4**) outstanding!!; **5)**Merre is the other shining star which makes MSHN shine, everything well organized and made available meeting material ahead so the board meeting are more informative																

Community Mental Health Member Authorities

Bay Arenac Behavioral Health
•
CMH of Clinton.Eaton.Ingham Counties
•
CMH for Central Michigan
•
Gratiot Integrated Health Network
•
Huron Behavioral Health
•
The Right Door for Hope, Recovery and Wellness (Ionia County)
•
LifeWays CMH
•
Montcalm Care Center
•
Newaygo County Mental Health Center
•
Saginaw County CMH
•
Shiawassee Health and Wellness
•
Tuscola Behavioral Health Systems

Board Officers

Ed Woods
Chairperson

Irene O'Boyle
Vice-Chairperson

James Anderson
Acting Secretary

Kurt Peasley
Immediate Past Officer

REPORT OF THE MSHN CHIEF EXECUTIVE OFFICER
TO THE MSHN BOARD OF DIRECTORS
March/April 2021

Together with the MSHN Leadership Team, Deputy Director Amanda Ittner and I want to acknowledge with gratitude the ongoing efforts of our staff, our CMHSP partners, our SAPTR provider partners, and our MDHHS/BHDDA colleagues in meeting the challenges of supporting beneficiaries, stakeholders, and our provider system workforce from the very beginning of our pandemic response. Our staff and partners have remained engaged, committed and highly effective in supporting beneficiaries, our PIHP and our region. Services and supports to individuals, their families and supports, and communities across the region could not continue to be provided without the dedication and commitment of everyone involved against incredible risks and barriers.

Two MSHN CMHSP Partners have been featured in the news. Related stories can be viewed by clicking the links that follow: Clinton-Eaton-Ingham CMH and Montcalm Care Network.

PIHP/REGIONAL MATTERS

1. **COVID-19 MSHN Internal Operations Status:**
   - MSHNs suite of three offices within the Michigan Optometric Association building have been closed since March 16, 2020.
   - All MSHN personnel remain engaged in the work of supporting our region, its providers, and beneficiaries. All MSHN personnel are working from remote locations 100% of the time, except for the one employee that is office-based.
   - Mid-State Health Network internal operations will continue to be performed and conducted via away from office (remote) work arrangements for an indeterminate period, for all employee classifications unless specific operational or business requirements mandate that a specific employee or group of employees be deployed for in-person work at either the MSHN office location(s) or at provider or community-based site(s). We remain in regular communication directly with MSHN staff and through leadership team members.
   - Please note that the office of Governor Whitmer has extended emergency workplace restrictions until at least October.

2. **MSHN Regional Operations Status:**
- CMHSPs: All CMHSPs in the region remain functional and capable of delivering all essential services and supports to beneficiaries, families, and communities. CMHSPs in the region are at various tiers and in various stages of office-based services reengagement. Most are continuing with a blend of telehealth and in-person services.
- SUD Prevention, Treatment and Recovery Providers: All SUD providers remain functional and capable of delivering all essential services and supports to beneficiaries, families and communities. In all cases, services and supports that can be delivered telephonically or by means of video or other alternatives to in-person/face-to-face have been developed and deployed (as authorized under State guidance).

3. **Provider Stabilization Update:**

- Previous board reports have provided background on regional provider stabilization activities. As of February 28, 2021 and reported to MDHHS in March, MSHN CMHSP networks have been supported with a cumulative $9.9M in stabilization support. MSHN has also provided a cumulative total of $1.7M in support to its substance abuse treatment network. The region has not identified any providers at risk of COVID-related closure.
- MDHHS is requiring that the PIHP Provider Network Stabilization Plans be continued through all of FY21 (through 09/30/21). The regional plan is located on the MSHN Coronavirus Page at this link.

4. **Substance Abuse Prevention and Treatment Block Grant (SABG):**

Mid-State Health Network (MSHN) has been informed by the Behavioral Health and Developmental Disabilities Administration (BHDDA), Office of Recovery Oriented Systems of Care (OROSC) of its intention to provide a supplemental SAPT Block Grant allocation as authorized under recent federal legislation. While this is good news, the federal legislation places limits, COVID-related objectives, and separate reporting requirements on potential grantees. In other words, these new funds are not the same block grant funds providers are used to operating from and in many ways the new funding is different in purpose, scope, and intent. OROSC has not yet released definitive guidance on these considerations.

MSHN has implemented a region-wide block grant reduction strategy to absorb OROSC-initiated reductions that were effective January 1, 2021. MSHN does not yet have the necessary information to judge the effectiveness of those reductions and is not yet in a position to estimate remaining block grant allocation revenue for the rest of the current fiscal year. MSHN anticipates being able to conduct the necessary analysis in May/June. By that time, we also anticipate having the necessary federal and/or state parameters for the new COVID-specific SAPT Block Grant funding.

While MSHN is eager to ease the block grant funding reduction burden on beneficiaries served across the region and our provider partners, these variables make it impossible for us to make the necessary decisions at this time. We will move forward with revising our funding plans when solid information is available. Until then, MSHN asks that your organization continue to implement the current regional block grant strategy.

As solid information develops, we will get word to you through direct communication, our weekly constant contact updates (subscribe here), and in our future board meetings. Meanwhile, we are available to respond to your questions or comments and to otherwise assist you.

Unconfirmed block grant allocations proposed for the MSHN region are as follows:

Title	Type	Allocation $
Prevention II COVID	Allocation	614,981.00
Substance Use Disorder Administration COVID	Allocation	50,000.00
Treatment COVID	Allocation	1,320,111.00
Women's Specialty Services COVID	Allocation	474,832.00
TOTAL		**2,459,924.00**

MSHN reduced block grant expenditures region-wide by more than $5M. As noted above, even if all of the new block grant funds could be used to offset previous reductions, the region would still have a multi-million-dollar deficit.

5. **MSHN Board Strategic Planning:**

- MSHN Board strategic planning sessions are scheduled for May 6, May 11, and May 18 from 5-7 PM each date.
- All sessions will be recorded and made available to any board members that cannot be present for one or more of the meetings.
- General plan for each session follows. Each member of the MSHN Leadership team will provide information for board discussion.:
  - Session 1 – May 6: Key assumptions, key questions, overview of issues, environmental scan and strategic priorities.
  - Session 2 – May 11: Strategic goals for better health and better equity
  - Session 3 – May 18: Strategic goals for better care, better provider systems and better value.
- The board will not be asked to make any decisions during these planning meetings. Rather, this is a time for board members to provide input and to shape our strategic priorities, goals and objectives. All input gathered during the planning process, which began in 2020, will be used to develop a recommended strategic plan for the region, which will be presented for board consideration in September 2021.

STATE OF MICHIGAN/STATEWIDE ACTIVITIES

6. **Michigan seeing uptick in opioid, other drug overdose deaths:**

Overdose deaths between January and June 2020 were 16 percent higher than overdose deaths tallied during the same period the year prior, with opioid deaths increasing by 20 percent in the same period, the Department of Health and Human Services said Thursday.
The data notes that overdose deaths may again be climbing after two years of consecutive decreases in the number of deaths caused by opioids or other drugs, the department said in a statement.
Between the first six months of 2020, the state saw 1,340 overdose deaths, up from the 1,155 overdose deaths during the same period in 2019. Opioid overdose deaths during the first half of 2020 were tallied at 1,045, up from the 874 reported during the same period the previous year.

7. **Suicide Prevention Commission Initial Report:** (excerpted from Press Release of Governor Whitmer, 4/12/21)

The Michigan Suicide Prevention Commission Initial Report is from a group appointed by Gov. Gretchen Whitmer in March 2020.

"In Michigan, anyone who needs help should be able to get it," said Gov. Whitmer. "This task force will do critical work to collect data, expand resources, and implement best practices so we can save lives. We must work together to reduce suicide rates in Michigan and make sure that everyone knows that it's OK to not be OK and help is always here."

The recommendations address the commission priorities of:

- Minimizing risk for suicidal behavior by promoting safe environments, resiliency and connectedness.
- Increasing and expanding access to care to support Michiganders who are at-risk.

- Improving suicide prevention training and education.
- Implementing best practices in suicide prevention for health care systems.
- Enhancing suicide-specific data collection and systems.

8. **Michigan preparing for "9-8-8" implementation:**

The Michigan Department of Health and Human Services is planning for the implementation of 988, a new, national, three-digit number for mental health crisis and suicide response. The 988-crisis line is set to launch in July 2022. To support implementation, the State of Michigan has established a 988-planning coalition.

The coalition is seeking perspectives from **people who have experienced suicidal thoughts or behaviors, accessed crisis services, contacted a crisis line, or lost a loved one to suicide** to help inform the 988-implementation plan by participating in a virtual listening session. If you have these experiences and are interested in sharing your input, please register at https://publicsectorconsultants.com/988-listening-session/.

9. **Michigan Crisis and Access Line (MiCAL):**

The Michigan Crisis and Access Line (MiCAL) was created under state law (Michigan PA 12 of 2020). The State will "operate a command center that provides crisis response services through omni-channel communication methods (e.g., phone, text, chat, email) to support Michiganders in crisis whilst facilitating coordinated access to care to all essential services cited in the Michigan Mental Health Code at MCL 330.1206. It also requires MiCAL to refer and connect individuals requiring mental health or substance use disorder services to mental health professionals, including, but not limited to, CMHSPs and PIHPs." Please see the attached memo from the BHDDA Director Alan Jansen detailing some PIHP/CMHSP Care coordination requirements for more information. More information is also available on a dedicated state-operated website at this link.

10. **Certified Community Behavioral Health Clinics (CCBHCs):**

The Behavioral Health and Developmental Disabilities Administration (BHDDA – of MDHHS) has released a draft CCBHC operational concept paper and also a revision which incorporated some feedback from the field. The concept paper is under review by potentially affected PIHPs and CMHSPs and has not been authorized for release beyond those entities.

The MSHN region has three potential demonstration CCBHC sites that if certified would be included in the demonstration referenced above: CMH for Clinton-Eaton-Ingham; Saginaw County Community Mental Health Authority; and The Right Door for Hope, Recovery and Wellness (Ionia). The MSHN region has one direct SAMHSA grantee, LifeWays, which is not included in the demonstration.

Roles and responsibilities of the state, regional entities/PIHPs, CCBHC sites, and other parties are beginning to take shape (in part via the concept paper and related feedback coming back to BHDDA from the field). It is also important to note that the State is considering directly operating the demonstration rather than operating through the PIHPs – a decision which has not yet been made. The target implementation date is 10/01/2021 – but there is significant pressure to stand up the CCBHCs by 07/01/21.

Please note that Amanda Ittner, MSHN's Deputy Director, is our regional lead for this work. MSHN also notes that time is of the essence, especially if PIHP-level personnel are required and/or PIHP-level systems need to be built to accommodate any required roles for the PIHPs. Ms. Ittner has provided additional detail in her written board report included in the May board meeting packet.

11. **Gearing Toward Integration – Sen. Shirkey's proposal to turn the public behavioral health system over to management by private insurance companies.**

    MSHN and the CMH Association have previously distributed the current proposal to dismantle the public system. The proposal, which is not on state letterhead nor signed, is based on many of the flawed and problematic principles we have been responding to and fighting for years and is more about money and politics than anything else. The CMH Association has also released its advocacy plan, which was also distributed to the MSHN Board.

12. **Health Insurers posted big profit margins in the first nine months of 2020:**

    Michigan Health Insurer profits are up 4.6% in the first three quarters of 2020, up from 3.9% the previous year while their average medical expenses dropped by 2.4%. According to a Crain's Detroit Business article published 4/5/21, the three largest Michigan Medicaid HMOs – Meridian Health Plan, Molina Healthcare and UnitedHealthcare Community plan saw their medical loss ratios drop from 81.6% to 76.4%. An "MLR" of 85% is a required performance benchmark. (MLR is the measure of the percentage of premiums spent on actual healthcare services). By comparison, MSHN's MLR for FY 19 was 96.51%.

FEDERAL/NATIONAL ACTIVITIES

13. **Changes to 42 CFR 2 (SUD Records Confidentiality Rules):**

    SAMHSA has issued a press release entitled *Statement on 42 CFR Part 2 Amendments Process*. It notes that "SAMHSA is working with the HHS Office for Civil Rights on a Notice of Proposed Rulemaking to address the changes required by the CARES Act, to the 42 CFR part 2 regulations governing the confidentiality of substance use disorder patient records. We intend to publish these amendments later this year in the Federal Register, and we will be seeking comments from the public. Until new regulations are promulgated, the current 42 CFR part 2 regulations remain in effect. We know that many stakeholders are eagerly awaiting these revisions and appreciate your patience as we work to provide a thoughtful and thorough review of these provisions and amendments."

    A legal firm's summary of the SAMHSA lineage on addressing part 2 is available at this link.

14. **Federal Budget:** (Contributions by Capitoline Consulting)

    The Biden Administration has released its recommended FY2022 federal budget. The letter of transmittal from OMB with an agency by agency summary is available at this link. Highlights of the selected components of the Health and Human Services version is included below while its entirety is available at the original document's pages 10-15.

Department of Health and Human Services

The Department of Health and Human Services (HHS) is responsible for protecting the health and well-being of Americans through its research, public health, and social services programs. The 2022 discretionary request: builds upon investments already made to respond to the COVID-19 pandemic by prioritizing investments to prepare for future public health emergencies and advance global health security; addresses the opioid crisis; expands biomedical capabilities; promotes health and social service equity; expands access to childcare and early learning programs; strengthens social services; supports survivors of domestic violence; and invests in

civil rights enforcement. The President's 2022 discretionary request includes $131.7 billion for HHS, a $25 billion or 23.5-percent increase from the 2021 enacted level. This request includes appropriations for 21st Century Cures Act and program integrity activities.

Advances the Goal of Ending the Opioid Crisis. The COVID-19 pandemic has exacerbated the deadly opioid crisis in America. Drug overdoses, including those that involve opioid use, contributed to the loss of 70,630 lives in 2019. The discretionary request provides a historic investment of $10.7 billion, an increase of $3.9 billion over the 2021 enacted level, to help end the opioid crisis, including funding for States and Tribes, medication-assisted treatment, research, and expanding the behavioral health provider workforce.

Commits to End the HIV/AIDS Epidemic. The discretionary request includes $670 million, an increase of $267 million over the 2021 enacted level, to support the critical effort to end the HIV/AIDS epidemic in the United States. Investments in CDC, the Health Resources and Services Administration (HRSA), the Indian Health Service (IHS), and NIH aim to reduce new HIV cases aggressively while increasing access to treatment, expanding use of pre-exposure prophylaxis (also known as PrEP), and ensuring equitable access to services and supports.

Prioritizes Mental Health. The COVID-19 pandemic has increased the prevalence of mental health disorders and further strained the Nation's mental healthcare system. The discretionary request includes historic increases in annual appropriations for mental health. The discretionary request provides $1.6 billion, more than double the 2021 enacted level, for the Community Mental Health Services Block Grant, supports the particular needs of those who are involved in the criminal justice system, provides funding for partnerships between mental health providers and law enforcement, and expands suicide prevention activities.

Promotes Health Equity by Investing in Services for American Indians and Alaska Natives. The discretionary request proposes to begin redressing long-standing health inequities experienced by American Indians and Alaska Natives by dramatically increasing funding for IHS. The discretionary request includes $8.5 billion in discretionary funding for IHS in 2022, an increase of $2.2 billion.

Promotes Health Equity by Addressing Racial Disparities. The discretionary request provides additional funding to increase the diversity of the healthcare workforce and expand access to culturally competent care. The discretionary request also includes $153 million for CDC's Social Determinants of Health program, an increase of $150 million over the 2021 enacted level, to support all States and Territories in improving health equity and data collection for racial and ethnic populations.

Addresses the Public Health Epidemic of Gun Violence in America. The Administration is committed to addressing gun and other violence as a public health issue. Almost 40,000 people die as a result of firearm injuries in the United States every year, while homicide is the third leading cause of death for people ages 10-24. The crisis is particularly acute in communities of color, as Black men make up six percent of the population but over 50 percent of gun homicide victims, and American Indians/Alaska Natives and Latinos are also disproportionately impacted. To address the violence epidemic, the discretionary request doubles funding for firearm violence prevention research at CDC and NIH and includes $100 million for CDC to start a new Community-Based Violence Intervention initiative—in collaboration with Department of Justice—to implement evidence-based community violence interventions locally.

Enables Older Americans and People with Disabilities to Live Independently in Their Communities. The discretionary request builds on significant investments provided in the American Rescue Plan Act of 2021 by providing additional resources for the Administration for Community Living to help older adults and people

with disabilities maximize their independence and well-being. The discretionary request provides relief to caregivers and families, including $551 million for home and community-based services, doubles funding for the Lifespan Respite Care program, increases resources for meal programs for older Americans, and expands services for individuals with disabilities.

Protects Rural Healthcare Access and Expands the Pipeline of Rural Healthcare Providers. The discretionary request prioritizes investments in programs that help rural communities by providing access to quality healthcare and health professionals. Within HRSA, the discretionary request increases funding to help rural healthcare providers stay open and care for their rural communities, increase funding for rural residency programs, and ensure coal miners and their families receive health benefits. The discretionary request also funds efforts to increase the number of individuals from rural areas going to medical school or other training programs and returning or staying in rural communities to provide care, with a focus on primary care physicians, nurses, nurse practitioners, nurse anesthetists, and other in-demand providers.

15. **Biden-Harris Administration Announce First Year Drug Policy Priorities (4/1/2021):**

The following is a reprint of a message from the President's Office of National Drug Control Policy issued 4/1/21:

Dear Partners:

It is my pleasure to share the Biden-Harris Administration's Statement of Drug Policy Priorities which lays out the urgent, first-year steps that must be taken to address the Nation's overdose and addiction epidemic. The implementation of these priorities will complement both President Biden's tireless efforts to give American families the tools they need to build back better and implement the American Rescue Plan, which includes an investment of nearly $4 billion in behavioral health services.

As we strive to face a unique set of challenges in addressing the COVID-19 pandemic in our Nation, we must simultaneously address the worsening addiction and overdose epidemic. These actions are critical at a moment when the latest provisional data from the Centers for Disease Control and Prevention shows that 88,000 people died of an overdose in the 12-month period ending in August 2020,[i] a 26.8% increase, year-over-year. Similarly, overdose rates are also increasing in certain communities of color, underscoring historic racial inequities.[ii]

That's why the Biden-Harris Administration is taking a focused, whole-of-government approach to reducing overdoses and saving lives. In the next year, the Office of National Drug Control Policy (ONDCP) will work across the government to implement the following seven priorities:

- Expanding access to evidence-based treatment.
- Advancing racial equity in our approach to drug policy.
- Enhancing evidence-based harm reduction efforts.
- Supporting evidence-based prevention efforts to reduce youth substance use.
- Reducing the supply of illicit substances.
- Advancing recovery-ready workplaces and expanding the addiction workforce.
- Expanding access to recovery support services.

ONDCP is committed to working with other White House components, Federal partners, Congress and stakeholders like you to address addiction in this country. This issue is a bridge across party lines, across our communities, and across geographic divides – and the common factor is our humanity. In our work, we both grieve for those we've lost and celebrate those who are living beautiful lives in recovery because they were

able to get help when they needed it. We need more individuals and families to see these joyous outcomes, and I'm confident we can achieve that when we come together.

Please accept my sincere thanks for your continued efforts to address the overdose and addiction epidemic, and please keep in touch with my team at OELA@ondcp.eop.gov.

16. **Federal Poverty Level Guidelines Updated 3/18/21:**

Federal Poverty Level (FPL) guidelines have been revised by the federal government. These guidelines are used in many health, social and human services programs – including MSHN. The 2021 guidelines reflect a 1.2% increase over 2019 and 2020. The guidelines can be found at this link.

Submitted by:

Joseph P. Sedlock, MSA
Chief Executive Officer
Finalized: 04/21/2021

Attachments:

- Michigan Crisis and Access Line (MiCAL) and PIHP/CMHSP Care Coordination Requirements

Links to Other Reports:

SUD Prevention, Treatment and Recovery FY 21 Q2 Report

[i] Centers for Disease Control and Prevention. National Vital Statistics System, Vital Statistics Rapid Release. "Provisional Drug Overdose Death Counts." Accessed March 15, 2021. https://www.cdc.gov/nchs/nvss/vsrr/drug-overdose-data.htm
[ii] Centers for Disease Control and Prevention, National Center for Health Statistics. Multiple Cause of Death 1999-2019 on CDC WONDER Online Database, released December 2020. Data are from the Multiple Cause of Death Files, 1999-2019, as compiled from data provided by the 57 vital statistics jurisdictions through the Vital Statistics Cooperative Program. Accessed at http://wonder.cdc.gov/mcd-icd10.html on Dec 22, 2020 9:33:50 AM.

STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ELIZABETH HERTEL
DIRECTOR

MEMORANDUM

DATE: April 14, 2021

TO: CEOs, Prepaid Inpatient Health Plans (PIHPs) and Community Mental Health Services Programs (CMHSPs)

FROM: Allen Jansen, Senior Deputy Director, BHDDA/MDHHS
Jon Villasurda, MPH, State Assistant Administrator, BHDDA/MDHHS

SUBJECT: Michigan Crisis and Access Line (MiCAL) and PIHP/CMHSP Care Coordination Requirements

Please receive this document as a formal notice of care coordination and information sharing requirements between MiCAL and PIHPs/CMHSPs. This document should be retained until its contents are integrated into the State's applicable Administrative Rules, policies, and/or the PIHP and CMHSP contracts.

Background

Effective April 26, 2020, Michigan Public Act 12 of 2020 created a new behavioral health integrated crisis and access system called MiCAL. The law codifies MiCAL into Michigan's Mental Health Code at MCL 330.1165, requiring the Michigan Department of Health and Human Services (MDHHS) to contract with a vendor to develop and operate a command center that provides crisis response services through omni-channel communication methods (e.g., phone, text, chat, email) to support Michiganders in crisis whilst facilitating coordinated access to care to all essential services cited in the Michigan Mental Health Code at MCL 330.1206. It also requires MiCAL to refer and connect individuals requiring mental health or substance use disorder services to mental health professionals, including, but not limited to, CMHSPs and PIHPs.

Disclaimer of MiCAL Vendor

The MiCAL vendor is an actor of the State and is required through its contract with the state to provide crisis and access line services to individuals in coordination with PIHPs, CMHSPs, and other providers as appropriate. MiCAL will provide crisis intake and stabilization support, peer warmline services, and serve as a suicide prevention resource as an affiliate to the National Suicide Prevention Lifeline (NSPL). In addition, MiCAL will provide information and coordinate referrals to behavioral health and necessary social services. MiCAL, however, is not a therapy or treatment line; any support provided through phone, text, or chat from MiCAL does not constitute mental health or substance use disorder care or treatment. Moreover, MiCAL is not a covered entity under 42 CFR Part 2.

MiCAL will act as a business associate of MDHHS. MiCAL, as a business associate of MDHHS under the Health Insurance Portability and Accountability Act (HIPAA), is permitted to receive any protected health information (PHI) that would otherwise be shared with MDHHS for purposes within the scope of MiCAL's work as a business associate. See 45 CFR 164.502(e)(1).

Care Coordination Requirements

In accordance with Michigan Public Act 12 of 2020 (MCL 330.1165) and with consideration of best practice standards outlined in SAMHSA's National Guidelines for Behavioral Health Crisis Care: Best Practice Toolkit, MDHHS will require care coordination protocols between MiCAL and the PIHPs/CMHSPs for Michiganders needing PIHP/CMHSP services, including the activation of real-time face-to-face crisis services (e.g., crisis stabilization, mobile crisis, etc.). Care Coordination protocols will be streamlined to ensure the person in need receives the quickest and most direct support, as appropriate. MDHHS requires the protocols to include, at a minimum, the following:

- Receive crisis alerts from PIHPs/CMHSPs for individuals who are within the geographic boundaries of the PIHP/CMHSP and likely to go into crisis. MiCAL staff will use the crisis alert guidance to prospectively plan for providing support to the individual. MiCAL staff will also provide follow up reports to the PIHP/CMHSP for any support provided to the individual including a safety plan if one was developed. (Please note that each 42 CFR Part 2 covered entity is responsible for ensuring that any information they share with MiCAL meets 42 CFR Part 2 requirements.)

- Provide daily activity reports to PIHPs/CMHSPs for callers who:
    - Call in on the PIHP/CMHSP crisis/access line while it is forwarded to MiCAL and share relevant information, including but not limited to, protected health information for purposes of care coordination;
    - Call, chat, or text MiCAL or the National Suicide Prevention Lifeline (NSPL), report they receive services from a PIHP/CMHSP, and would like information on the support provided by MiCAL to be shared with a PIHP/CMHSP;
    - Call, chat, or text MiCAL or the NSPL, receive services from a PIHP/CMHSP as determined by Active Care Relationship and/or Admission-Discharge-Transfer data and do not specifically prohibit information being shared with a PIHP/CMHSP.

- Share an individual's information with relevant parties as necessary to trigger face to face crisis interventions in crisis situations.

- Provide afterhours or emergency crisis coverage for PIHPs/CMHSPs through the forwarding of PIHP/CMHSP phone lines or other mediums of crisis inquiry.

- Receive in real time all necessary crisis service information from the PIHPs/CMHSPs to directly trigger the provision of face-to-face crisis services, including not limited to the afterhours on call process, preadmission screening process, mobile crisis, and other crisis stabilization services.

- Receive in real time all necessary service information from the PIHPs/CMHSPs to make warm handoffs and referrals from MiCAL to the PIHPs/CMHSPs in the most efficient and effective manner for the person in need.

MDHHS looks forward to partnering with all CMHSPs, PIHPs, and MiCAL to successfully implement MiCAL statewide. As always, please do not hesitate to contact us with any questions or comments at the MiCAL inbox: MDHHS-BHDDA-MiCAL@michigan.gov.

REPORT OF THE MSHN DEPUTY DIRECTOR
to the Board of Directors
March/April 2021

Community Mental Health Member Authorities

Bay Arenac Behavioral Health

CMH of Clinton.Eaton.Ingham Counties

CMH for Central Michigan

Gratiot Integrated Health Network

Huron Behavioral Health

The Right Door for Hope, Recovery and Wellness (Ionia County)

LifeWays CMH

Montcalm Care Center

Newaygo County Mental Health Center

Saginaw County CMH

Shiawassee Health and Wellness

Tuscola Behavioral Health Systems

Board Officers

Ed Woods
Chairperson

Irene O'Boyle
Vice-Chairperson

Kurt Peasley
Secretary

Jim Anderson
Immediate Past Officer

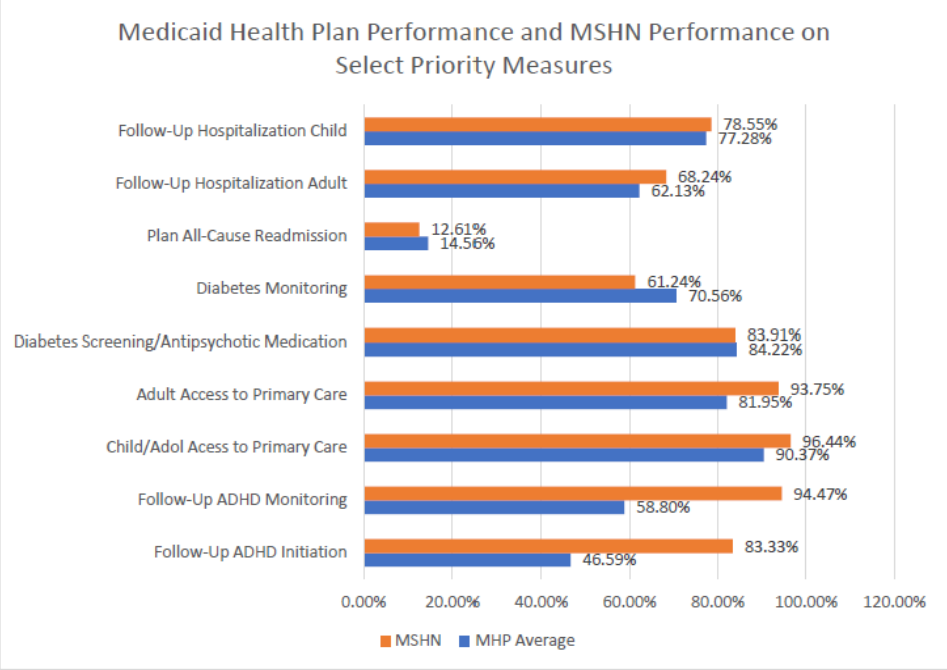
OPERATIONAL UPDATES

Population Health & Integrated Care

MSHN continues to focus on regional population health and integrated care activities. Meetings with the Medicaid Health Plans (MHP) to review individual care plans occur monthly and as of March 2021, there are 56 open care plans across the region. Individuals are identified through a high-risk stratification criteria, including such items as chronic health conditions, high emergency room visits and lack of primary care visits.

In addition, MSHN monitors regional performance on selected HEDIS (Healthcare Effectiveness Data and Information Set) measures against state and national averages as well as Medicaid Health Plans as noted in the below graph and throughout MSHN's Balanced Scorecard reporting.

Lastly, MDHHS has incentivized PIHPs and MHPs to reduce racial disparities on integrated health performance metrics during FY21 (Follow-Up After Hospitalization for Mental Illness and Follow-Up After Emergency Department Visit for Alcohol and Other Drug Dependence.) Beyond contractual requirements to address racial and ethnic disparities, MSHN is committed to identifying and addressing other health disparities where they exist in the region and ensuring all individuals have the resources and opportunities needed to be healthy, especially if they belong to socially disadvantaged or marginalized groups. The board will hear more about MSHN's plan to address racial disparities during the Board strategic planning meetings where our Leadership hopes to obtain valuable input and feedback into the draft plan. ***For more details on MSHN's population health activities, see the link below.***



Complex Care Management Proposal for the Unenrolled (Fee-for-Service)

As indicated in the February MSHN Board Newsletter, MSHN continues to participate in a workgroup to develop the design concept for providing complex care management (CCM) services to the unenrolled population (not enrolled in a Medicaid Health Plan – but Medicaid Eligible). In addition, MSHN along with TBD Solutions, Inc. developed a summary of the multiple behavioral health initiatives occurring throughout Michigan and the newly developing initiatives, such as CCBHC (below). The summary provides valuable information in identifying counties where CCM is not occurring for the unenrolled population and/or certain subpopulation groups. Over the last few weeks, the draft concept paper has been presented to the Community Mental Health Association of Michigan for feedback with the plan to present to the advocacy community as well. Once the final edits have been incorporated, the intent is to present the final version to MDHHS Director Elizabeth Hertel. Our region is supportive of these efforts to increase the care coordination and integrated services for the Medicaid and Healthy Michigan population. MSHN intends to work with the CMHSPs to engage and activate people, their providers, and natural supports to better understand and manage their health and wellness including non-medical social determinants, drivers of poor health, and avoidable spending. ***See the link below for the full proposal and the behavioral health initiatives.***

Certified Community Behavioral Health Clinic (CCBHC) Update

MDHHS issued a revised CCBHC concept paper on March 30, 2021. MSHN along with the other PIHPs are reviewing the revisions to provide feedback to MDHHS as they have indicated they are open to further feedback and plan to meet with the PIHPs to review any outstanding questions, add clarity to the PIHP role and work through any final edits to the paper. MDHHS has asked that PIHPs not publicly share the concept paper until it is finalized, which is expected to be late spring/early summer. MSHN will provide the final version to the Board as soon as it is available.

Balanced Scorecard (BSC) FY21 Metrics

MSHN staff along with the regions councils and committees have been reviewing key performance indicators (KPIs) for FY2021. The KPI's have been presented to Operations Council in April for final review and approval through our monitoring process called the Balance Scorecard (BSC). The Balanced Scorecard includes the current strategic priority areas approved by our Board, categorized as Better Health, Better Care, Better Value and Better Provider Systems. MSHN has also presented a draft BSC for the Board of Directors that includes selected metrics from the councils and committees. In addition, new this year, MSHN has included a BSC for the CCBHC initiative as identified above. MSHN leadership is interested in input and feedback from our Board of Directors including any strategic priorities board members would like added to the scorecard. ***The Board of Directors and the CCBHC BSC has been attached to this report with a link to the BSC for all our councils/committees provide below.***

Please provide feedback to Joseph Sedlock at Joseph.Sedlock@midstatehealthnetwork.org; or Amanda Ittner at Amanda.Ittner@midstatehealthnetwork.org.

Provider Network Adequacy Assessment of 2020

In accordance with MDHHS contractual requirements, MSHN must assure the adequacy of its network to provide access to a defined array of services for specified populations over its targeted geographical area. The focus is both MSHN's mental health and substance use disorder provider networks. MDHHS (per CMS regulations) requires the PIHP to ascertain certain areas of the network such as:

- sufficient in number, mix, and geographic area
- expected utilization of services
- range of preventative, primary care and specialty services, and
- training, experience, and specialization

While the assessment demonstrates MSHN has the required capacity to serve the expected enrollment in its 21-county service area in accordance with Michigan Department of Health and Human Services (MDHHS) standards for access to care, MSHN and its Provider Network has developed a set of recommendations to improve our adequacy in areas such as inpatient access and crisis capacity. ***For the full report and related recommendations, see the link below.***

Annual Disclosure of Ownership, Controlling Interest, and Criminal Convictions

MSHN is contractually responsible for monitoring ownership and control interests within its provider network and disclosing criminal convictions of any staff member, director, or manager of MSHN, any individual with beneficial ownership of five percent or more, or an individual with an employment, consulting, or other arrangement with MSHN. Therefore, Board of Directors must complete an annual disclosure statement that ensures MSHNs compliance with the contractual and federal regulations to obtain, maintain, disclose, and furnish required information about ownership and control interests, business transactions, and criminal convictions.

In short order, Board Members will receive an email from Carolyn Tiffany, MSHN's Director of Provider Network Management Systems, with a request to complete and electronically sign a disclosure form (via DocuSign). The form can be completed on a smart phone or computer. Common questions that arise when completing the form:

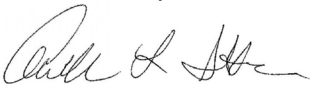
- ***Do I have to provide my social security number?*** 42 CFR § 455.104 requires names, address, DOB, and Social Security numbers in the case of an individual.

- ***How will my information be kept confidential and secure?*** MSHN maintains policies and practices that protect the confidentiality of personal information, including Social Security numbers, obtained from its providers and associates in the course of its regular business functions. MSHN is committed to protecting information about its providers and associates, especially the confidential nature of their personal information. Access to this, and other confidential documentation, is limited to MSHN staff who need to access information in order to perform their duties, relative to monitoring disclosures.

- ***What does MSHN do with the information it obtains through disclosure statements?*** MSHN is required to ensure it does not have a 'relationship' with an 'excluded' individual and must search the Office of Inspector General's (OIG) exclusions database to ensure that the provider entity, and any individuals with ownership or control interests in the provider entity (direct or indirect ownership of five percent or more or a managing employee), have not been excluded from participating in federal health care programs. MSHN must search the OIG exclusions database monthly to capture exclusions and reinstatements that have occurred since the last search, or at any time new disclosure information is provided.

MSHN understands this is a new platform to obtain the information, so if Board members have questions about the disclosures or need assistance completing the electronic form, please feel free to reach out to Carolyn Tiffany. She is more than willing to take questions or assist as needed.

Submitted by:



Amanda L. Ittner
Finalized: 4.23.21

Links to referenced documents:
Population Health and Integrated Care Report
Complex Care Management Proposal 2.2021 and PIHP Roles/Behavioral Health Initiatives
Balanced Scorecard FY21 Metrics
Network Adequacy Assessment 2020

Links to Reports:
Critical Incidents Report FY21Q1
Follow Up to Hospitalization FY21Q1
Information Technology Department Report FY21Q1
Provider Network Management Department Report FY21Q1
Utilization Management Department Report FY21Q1

MSHN FY21 - Board of Directors and Operations Council - Balanced Scorecard

Key Performance Areas	Key Performance Indicators	Aligns with	Actual Value (%) as of March 2021	Target Value	Performance Level	Target Ranges		
BETTER HEALTH	The percentage of consumers 18-64 years of age with schizophrenia or bipolar disorder, who are monitored for diabetes.	2019 HEDIS Measure Specifications; FY19 PIHP/MDHHS Contract, Attachment P7.9.1 (QAPIP)		A 7 percent increase over previous measurement period		>=39%	0	<36%
	The percentage of individuals 25 to 64 years of age with schizophrenia or bipolar disorder who were prescribed any antipsychotic medication and who received a cardiovascular screening during the measurement year.	Aligns with strategic plan goal to establish clear criteria and practices that demonstrate improved primary care coordination and with Performance Measure Portfolio	46%	78.5% (2017 National data)		>=78.5%	54.4%-78.4%	<54.4%
	Expand SUD stigma reduction community awareness	MSHN WILL SUPPORT AND EXPAND SUD-RELATED STIGMA REDUCTION EFFORTS THROUGH COMMUNITY EDUCATION						
	Increase health information exchange/record sets	MSHN will improve and standardize processes for exchange of data between MSHN and MHPs; CMHSPs and MSHN. Using REMI, ICDP and CC360 as well as PCP, Hospitals, MHPs.	0	2		3	2	1
	Increase rate of follow-up care individuals receive within 30 days following an emergency department visit for alcohol or other drugs	MDHHS/PIHP Contracted, Integrated Health Performance Bonus Requirements	NEW					
BETTER CARE	Will obtain/maintain no statistical significance in the rate of racial/ethnic disparities for follow-up care within 30 days following a psychiatric hospitalization (adults and children)	MDHHS/PIHP Contracted, Integrated Health Performance Bonus Requirements	NEW					
	Behavior Treatment Plan standards met vs. standards assessed from the delegated managed care reviews.	MDHHS Technical Requirement for Behavior Treatment Plans.	NEW	95% or greater		95-100%	90-94%	<90%
	Engagement of AOD Treatment. The percentage of patients who initiated treatment and who had two or more additional services with a diagnosis of AOD within 30 days of the initiation visit.		Initiation: 64.66% Engagement: 48.44% (10/1/19-9/30/20) (updated 1-20-2021)	Above Michigan 2020 levels; I: 40.8%; E: 12.5% (2016)		Increase over National levels	No change from National levels	Drop below National levels
	Integrate standardized assessment tools into REMI	MSHN ensures a consistent service array (benefit) across the region and improves access to specialty behavioral health and substance use disorder services in the region		2		3	2	1
	Service utilization remains consistent or increases over previous year due to improved access to services through the use of telehealth	MSHN Strategic Plan FY19-FY20	NEW	0% Decrease over FY20		1-10% Decrease	11-19% Decrease	20% or more Decrease
	Percent of care coordination cases that were closed due to successful coordination.	MSHN Strategic Plan FY19-FY20, MDHHS/PIHP Contract, Integrated Health Performance Bonus Requirements		100%		>=50%	25%-49%	<25%

MSHN FY21 - Board of Directors and Operations Council - Balanced Scorecard

Key Performance Areas	Key Performance Indicators	Aligns with	Actual Value (%) as of March 2021	Target Value	Performance Level	Target Ranges		
BETTER VALUE	MSHN Administrative Budget Performance actual to budget (%)	MSHN's board approved budget	98%	≥ 90%		≥ 90%	> 85% and < 90%	≤ 85% or >100%
	MSHN reserves (ISF)	MSHN WILL WORK WITH ITS CMHSPS AND BOARD OF DIRECTORS TO ESTABLISH A RESERVE'S TARGET SUFFICIENT TO MEET FISCAL RISK RELATED TO DELIVERY OF MEDICALLY NECESSARY SERVICES AND TO COVER ITS MDHHS CONTRACTUAL LIABILITY.		7.5%		> 6%	≥ 5% and 6%	< 5%
	Develop and implement Provider Incentives (VBP, ER FU, Integration)	MSHN will develop methodologies, within established rules, to incentivize providers to cooperate with the PIHP to improve health or other mutually agreeable outcomes.		2		2	1	0
	MSHN's Habilitation Supports Waiver slot utilization will demonstrate a consistent minimum or greater performance of 95% HSW slot utilization.	The MDHHS requirement of 95% slot utilization or greater.	95.60%	95% or greater		95-100%	90-94%	<90%
	Consistent regional service benefit is achieved as demonstrated by the percent of outliers to level of care benefit packages	MSHN Strategic Plan FY19-FY20, Federal Parity Requirements		<= 5%		<=5%	6%-10%	>=11%
Better Provider Systems	Providers demonstrate increased compliance with the MDHHS/MSHN Credentailing and Staff Qualification requirements. (SUD Network and CMHSP Network)	QAPIP Goal; HSAG and MDHHS reviews	Awaiting HSAG 2021 review	80%		>80%	70-79%	<70%
	Managed Care Information Systems (REMI) Enhancements	Provider portal, Patient Portal, GAIN, Authorization Data, Site Review Module, WSA, Critical Incidents/Grievance and Appeals Module		4		3	2	1
	MSHN and its CMHSP participants develop and implement a regional provider application	Reciprocity & Efficiency Standards	75%	100%		100%	70-99%	<70%
	Improve data availability	MSHN FY20-21 Strategic Plan - Staff, Consumers, Providers, and Stakeholders						
	CMHSP Participants fully implement Electronic Visit Verifcation in accordance with MDHHS requirements (CMHSP Network)	Committee Goals; Cures Act, CMS	awaiting MDHHS	12		12	8-11	<8

MSHN FY21 - CCBHC Metrics - Balanced Scorecard

Key Performance Areas	Key Performance Indicators	Aligns with	Actual Value (%) as of March 2021	Target Value	Performance Level	Target Ranges		
CCBHC Metrics	Follow-Up After Hospitalization for Mental Illness (adult age groups)	CCBHC Concept Paper - March 2021; NCQA/HEDIS						
	Follow-Up After Hospitalization for Mental Illness (child/adolescents)	CCBHC Concept Paper - March 2021; NCQA/HEDIS						
	Adherence to Antipsychotics for Individuals with Schizophrenia	CCBHC Concept Paper - March 2021; NCQA/HEDIS						
	Initiation and Engagement of Alcohol and Other Drug Dependence Treatment	CCBHC Concept Paper - March 2021; NCQA/HEDIS						
	Adult Major Depressive Disorder (MDD): Suicide Risk Assessment	CCBHC Concept Paper - March 2021; AMA-PCPI						
	Child and Adolescent Major Depressive Disorder (MDD): Suicide Risk Assessment	CCBHC Concept Paper - March 2021; AMA-PCPI						
	Note: Per March 2021 concept paper, CMS is currently revising the metrics utilized in the CCBHC Demonstration, which could alter the measures; thus, they should be considered tentative)							
Other PIHP Reporting	Monitor, collect, and report grievance, appeal, and fair hearing information	Contractual Reporting Oversight						
	Collect and report access data quarterly to include, by CCBHC, the number of individuals requesting services and the number of individuals receiving their first service	Contractual Reporting Oversight						
	Develop a process to collect CCBHC "encounters" for the non-Medicaid population	Contractual Reporting Oversight						
CCBHC Timeliness Standards	Screening identifies an emergency/crisis need; Mobile crisis response is delivered within 3 hours	CCBHC Concept Paper - March 2021						
	Screening identifies an urgent need; Initial evaluation completed within 1 business day	CCBHC Concept Paper - March 2021						
	Screening identifies routine needs; Initial evaluation completed within 10 business days	CCBHC Concept Paper - March 2021						
	Completion of comprehensive evaluation; Within 60 days of first request for services	CCBHC Concept Paper - March 2021						
	Initiation of Ongoing Services; Within 14 days of completion of initial evaluation	CCBHC Concept Paper - March 2021						
	Update of initial assessment; Every 90 days	CCBHC Concept Paper - March 2021						

ITEM 9

Background:

In accordance with the MSHN Board of Directors to review financials, at a minimum quarterly, the Statement of Net Position and Statement of Activities for the Period Ending March 31, 2021 have been provided and presented for review and discussion.

Recommended Motion:

The MSHN Board of Directors receives and files the Statement of Net Position and Statement of Activities for the Period Ending March 31, 2021 as presented.

Mid-State Health Network
Statement of Activities
As of March 31, 2021

	Budget Annual	Actual Year-to-Date	Budget Year-to-Date	Budget Difference	Budget Variance	
	FY 21 Original Bdgt		FY 21 Original Bdgt			
Revenue:						
Grant and Other Funding	$ 450,769	91,664	225,384	(133,720)	(59.33) %	1a
Medicaid Use of Carry Forward	$ 23,175,056	34,473,979	11,587,528	22,886,451	197.51 %	1b
Medicaid Capitation	634,480,358	350,684,058	317,240,180	33,443,878	10.54 %	1c
Local Contribution	3,140,208	1,570,104	1,570,104	0	0.00 %	1d
Interest Income	218,000	15,962	109,000	(93,038)	(85.36) %	1e
Change in Market Value	0	25	0	25	0.00 %	
Non Capitated Revenue	21,249,929	6,520,971	10,624,964	(4,103,993)	(38.63) %	1f
Total Revenue	682,714,320	393,356,763	341,357,160	51,999,603	15.23 %	
Expenses:						
PIHP Administration Expense:						
Compensation and Benefits	6,575,012	2,752,070	3,287,506	(535,436)	(16.29) %	
Consulting Services	130,000	61,955	65,000	(3,045)	(4.68) %	
Contracted Services	96,040	26,323	48,020	(21,697)	(45.18) %	
Other Contractual Agreements	630,615	183,009	315,308	(132,299)	(41.96) %	
Board Member Per Diems	18,060	4,830	9,030	(4,200)	(46.51) %	
Meeting and Conference Expense	117,815	15,301	58,907	(43,606)	(74.03) %	
Liability Insurance	37,433	27,502	18,717	8,785	46.94 %	
Facility Costs	158,791	88,392	79,395	8,997	11.33 %	
Supplies	325,350	185,555	162,675	22,880	14.06 %	
Depreciation	81,927	40,963	40,964	(1)	(0.00) %	
Other Expenses	972,400	550,221	486,200	64,021	13.17 %	
Subtotal PIHP Administration Expenses	9,143,443	3,936,121	4,571,722	(635,601)	(13.90) %	2a
CMHSP and Tax Expense:						
CMHSP Participant Agreements	554,299,329	315,337,373	277,149,664	38,187,709	13.78 %	1b,1c
SUD Provider Agreements	53,626,941	22,517,132	26,813,471	(4,296,339)	(16.02) %	1c,1f
Benefits Stabilization	2,498,500	1,249,250	1,249,250	0	0.00 %	1b
Tax - Local Section 928	3,140,208	1,570,104	1,570,104	0	0.00 %	1d
Taxes- IPA/HRA	21,833,596	10,195,131	10,916,798	(721,667)	(6.61) %	2b
Subtotal CMHSP and Tax Expenses	635,398,574	350,868,990	317,699,287	33,169,703	10.44 %	
Total Expenses	644,542,017	354,805,111	322,271,009	32,534,102	10.10 %	
Excess of Revenues over Expenditures	$ 38,172,303	$ 38,551,652	$ 19,086,151			

Mid-State Health Network
Preliminary Statement of Net Position by Fund
As of March 31, 2021

	Behavioral Health Operating	Medicaid Risk Reserve	Total Proprietary Funds	
Assets				
Cash and Short-term Investments				
Chase Checking Account	37,455,736	0	37,455,736	1a
Chase MM Savings	16,810,685	0	16,810,685	
Savings ISF Account	0	42,802,794	42,802,794	1b
Savings PA2 Account	8,908,834	0	8,908,834	1c
Investment ISF Account	0	2,999,753	2,999,753	1b
Total Cash and Short-term Investments	$ 63,175,255	$ 45,802,547	$ 108,977,802	
Accounts Receivable				
Due from MDHHS	9,570,349	0	9,570,349	2a
Due from CMHSP Participants	7,516,867	0	7,516,867	2b
Due from CMHSP - Non-Service Related	8,750	0	8,750	2c
Due from Other Governments	52,466	0	52,466	2d
Due from Miscellaneous	240,481	0	240,481	2e
Due from Other Funds	0	145,000	145,000	2f
Total Accounts Receivable	17,388,913	145,000	17,533,913	
Prepaid Expenses				
Prepaid Expense Rent	4,529	0	4,529	2g
Prepaid Expense Other	6,533	0	6,533	2h
Total Prepaid Expenses	11,062	0	11,062	
Fixed Assets				
Fixed Assets - Computers	189,180	0	189,180	2i
Accumulated Depreciation - Information Tech	(173,415)	0	(173,415)	
Fixed Assets - Vehicles	251,983		251,983	2j
Accumulated Depreciation - Vehicles	(50,396)		(50,396)	
Total Fixed Assets	217,352	0	217,352	
Total Assets	**$ 80,792,582**	**$ 45,947,547**	**$ 126,740,129**	
Liabilities and Net Position				
Liabilities				
Accounts Payable	$ 9,192,236	$ 0	$ 9,192,236	1a
Current Obligations (Due To Partners)				
Due to State	8,680,512	0	8,680,512	3a
Other Payable	4,502,412	0	4,502,412	3b
Due to State HRA Accrual	3,575,264	0	3,575,264	1a, 3c
Due to State-IPA Tax	1,700,847	0	1,700,847	3d
Due to CMHSP Participants	1,152,022	0	1,152,022	3e
Due to other funds	145,000	0	145,000	3f
Accrued PR Expense Wages	140,742	0	140,742	3g
Accrued Benefits PTO Payable	392,068	0	392,068	3h
Accrued Benefits Other	49,685	0	49,685	3i
Total Current Obligations (Due To Partners)	20,338,552	0	20,338,552	
Deferred Revenue	7,950,610	0	7,950,610	1b 1c 2b 3b
Total Liabilities	37,481,398	0	37,481,398	
Net Position				
Unrestricted	43,311,184	0	43,311,184	3j
Restricted for Risk Management	0	45,947,547	45,947,547	1b
Total Net Position	43,311,184	45,947,547	89,258,731	
Total Liabilities and Net Position	**$ 80,792,582**	**$ 45,947,547**	**$ 126,740,129**	

Mid-State Health Network
Notes to Financial Statements
For the Six-Month Period Ended,
March 31, 2021

Please note: The Statement of Net Position contains Fiscal Year (FY) 2020 cost settlement figures between the PIHP and Michigan Department of Health Human Services (MDHHS) as well as each Community Mental Health Service Program (CMHSP) Participants. CMHSP Cost settlement figures were extracted from fiscal year-end Financial Status Reports (FSR)submitted to MDHHS March 2021. In addition, MSHN's Financial Audit is complete. Minor adjustments may occur if noted in MSHN's or any CMHSP's Compliance Examination.

Statement of Net Position:

1. Cash and Short-Term Investments
    a) The Cash Chase Checking and Chase Money Market Savings accounts is the cash available for operations. A portion of cash available for operations will be used to cover accounts payable and taxes.
    b) The Savings Internal Service Fund (ISF) and Investment ISF reflect designated accounts to hold the Medicaid ISF funds separate from all other funding per the MDHHS contract.
    c) The Savings PA2 account holds PA2 funds and is also offset by the Deferred Revenue liability account.
2. Accounts Receivable
    a) Due from MDHHS balance represents amounts owed to MSHN for HRA payments made to hospitals for the 2nd quarter of the fiscal year and Performance Bonus Incentive Pool (PBIP). In addition, approximately 10% of the balance in this account stems from Block Grant and other various grants funds owed to MSHN.
    b) Due from CMHSP Participants reflects FY 20 cost settlement activity as well as cost settlement for other fiscal years. Note that of the $31.5 M originally due, about $4.9 M is associated with unspent Direct Care Worker Premium Pay (see note 3a below).

CMHSP	Other	Cost Settlement	Payments/Offsets	Total
Bay	-	1,507,216.69	900,202.00	607,014.69
CEI	102,173.00	12,500,814.19	8,925,000.00	3,677,987.19
Central	-	4,258,455.75	4,026,819.00	231,636.75
Gratiot	-	502,080.07	383,312.00	118,768.07
Huron	-	-	-	-
The Right Door	-	1,505,249.03	1,306,783.00	198,466.03
Lifeways	-	-	-	-
Montcalm	18,941.00	2,174,569.26	2,193,510.26	-
Newaygo	-	1,633,235.19	985,813.00	647,422.19
Saginaw	-	5,544,148.31	3,772,985.00	1,771,163.31
Shiawassee	-	216,237.16	233,501.00	(17,263.84)
Tuscola	-	1,617,172.00	1,335,500.00	281,672.00
Total	**121,114.00**	**31,459,177.65**	**24,063,425.26**	**7,516,866.39**

c) Due from CMHSP – Non-Service Related reflects the balance for MSHN's performance of Supports Intensity Scale (SIS) assessment billed to CMHs in the region.
d) Due from Other Governments is the account used to track PA2 Billing to the 21 counties in MSHN's region. The amount represents dollars owed through FY 20 quarter four.
e) Approximately 50% of the balance in Due from Miscellaneous represents amounts owed from providers for Medicaid Event Verification (MEV) findings. The remaining amount represents advances made to Substance Abuse and Treatment (SAPT) providers to cover operations.
f) Due from other funds is the account used to manage anticipated ISF transfers. MSHN can retain up to 7.5 % of current FY revenue to manage risk. This amount is in addition to the allowable 7.5% for savings generated when Medicaid and Healthy Michigan revenue exceed expenses.
g) Prepaid Expense Rent balance consists of security deposits for three MSHN office suites.
h) The Prepaid Expense Other represents payments made in FY 21 for FY 22 Relias training. The Relias contract cycle is November through October. MSHN has a regional contract which includes the CMHSPs and they are billed directly for their portion of Relias seats.
i) This is an account used to track Managed Care Information System (MCIS) costs associated with PCE. Amounts in this account are being depreciated.
j) Fixed Asset Vehicle contains the total cost for MSHN's Mobile Unit. The Mobile Unit will be used to provide Substance Use Disorder services and tele-psychiatry as needed. Amounts in this account are being depreciated.

3. Liabilities
   a) Due to State account balance contains the outstanding amount for FY 20 Direct Care Worker (DCW) lapse and FY 20 lapse.
      - MDHHS issued revenue between April and September to cover a $2 per hour DCW premium pay for workers providing specific in-person services during COVID-19. The revenue also included 24 cents to offset administrative expenses associated with the salary increase. Based on CMHSP extracted from final FSRs submitted in March, MSHN lapse $4.9 M.
      - The FY 20 lapse is $3.8 M based on final FSR amounts. The lapse amount indicates we have a fully funded ISF and that savings will fall within the second tier (above 5%). Per contractual guidelines MDHHS will receive half of every dollar generated beyond this threshold until the PIHP's total savings reach the 7.5% maximum.
   b) This amount is related to SUD provider payment estimates and is needed to offset the timing of payments.
   c) The HRA (Hospital Rate Adjustor) is a pass-through account for dollars sent from MDHHS to cover supplemental payments made to psychiatric hospitals. The HRA payments are intended to incentivize hospitals to have available psychiatric beds as needed. Total HRA payments are calculated based on the number of inpatient hospital services reported.

d) Due to State - IPA Tax contains funds held for tax payments associated with MDHHS Per Eligible Per Month (PEPM) funds. Insurance Plan Assessment taxes are applied to Medicaid and Healthy Michigan eligible.
e) Due to CMHSPs represent an amount an FY 20 cost settlement owed to two regional partners.
f) Due to other funds is the remaining amount for the FY 20 ISF transfer (see 2f).
g) Accrued payroll expense wages represent expense incurred in March and paid in April.
h) Accrued Benefits PTO (Paid Time Off) payable is the required liability account set up to reflect paid time off balances for employees. In addition, a small portion of the balance is PTO expense incurred in March and paid in April.
i) Accrued Benefits Other represents retirement benefits expense incurred in March and paid in April.
j) The Unrestricted Net Position represents the difference between total assets, total liabilities, and the restricted for risk management figure.

Statement of Activities:

1. Revenue
    a) This account tracks SIS revenue earned from CMHSPs and grant revenue. Actual expenses are lower than expected as new grant activities generating revenue have yet to occur in FY 21. In addition, other existing grants have not generated the expected revenue due to ongoing pandemic concerns.
    b) Medicaid Use of Carry Forward represents FY 20 savings. Medicaid savings is generated when prior year revenue exceeds expenses for the same time period. A small portion of Medicaid Savings is sent to the CMHSPs as Benefit Stabilization for 24/7/365 SUD activities which include access, prevention, and customer services. FY 20 Medicaid Carry Forward must be used as the first revenue source for FY 21.
    c) Medicaid Capitation – This account's variance results from $10 M of unanticipated MDHHS DCW revenue to cover FY 21 quarter one premium payments and another $6.7 M for January and February 2021 distribution. In addition, Medicaid Eligibles are increasing as there is a moratorium on disenrollments. Medicaid Capitation dollars are disbursed to CMHSPs based on per eligible per month (PEPM) payment files and paid to SUD providers based on service delivery.
    d) Local Contribution is flow-through dollars from CMHSPs to MDHHS. Typically, revenue equals the expense side of this activity under Tax Local Section 928. Local Contributions were scheduled to reduce over the next few fiscal years until completely phased out. Legislators did not approve an FY 21 reduction thus the amounts collected from CMHSPs will be equal to those in FY 20.
    e) Interest income reflects interest earned on investments and changes in principle for investments purchased at discounts or premiums. The "change in market value" account records activity related to market fluctuations. Actual interest income is less than anticipated due to ongoing low interest rates and fewer investment opportunities to generate this revenue.
    f) This account tracks non-capitated revenue for SUD services which include Community Grant and PA2 funds. There will be a significant variance in this account based on the reduction to Community Grant funds allocation which occurred after completion and Board presentation of the FY 21 budget.
2. Expense
    a) Total PIHP Administration Expense is slightly under budget. The line items with the largest variances are compensation and other contractual agreements.
        - MSHN's compensation includes vacant Home and Community Based Waiver positions expected to be filled by the end of FY 2021 pending MDHHS's transfer of responsibilities to the PIHP.
        - Other expenses line item has a large variance because the full FY 21 payment of more than $100 k was made to MiHIN.
    b) IPA/HRA actual tax expenses are slightly under the budget amount however the variance is minimal. IPA estimates are impacted by variability in the number of Medicaid and Healthy Michigan eligibles. HRA figures will vary throughout the fiscal year based on inpatient psychiatric utilization. (Please see Statement of Net Position 3c and 3d).

MID-STATE HEALTH NETWORK
SCHEDULE OF INTERNAL SERVICE FUND INVESTMENTS
As of March 31, 2021

DESCRIPTION	CUSIP	TRADE DATE	SETTLEMENT DATE	MATURITY DATE	CALLABLE	AMOUNT DISBURSED	PRINCIPAL	AVERAGE ANNUAL YIELD TO MATURITY
UNITED STATES TREASURY BILL	912796SP5	4.23.19	4.25.19	10.24.19	no	988,182.64	1,000,000.00	2.365%
UNITED STATES TREASURY BILL	912796SP5	4.23.19	4.25.19	10.24.19			(1,000,000.00)	
FEDERAL HOME LOAN MTG CORP	3137EAEF2	5.2.19	5.3.19	4.20.20	no	624,605.01	630,000.00	2.331%
FEDERAL HOME LOAN MTG CORP	3137EAEF2						(630,000.00)	
UNITED STATES TREASURY BILL	912796RN1	6.7.19	6.10.19	12.5.19	no	1,979,752.50	2,000,000.00	2.068%
UNITED STATES TREASURY BILL	912796RN1						(2,000,000.00)	
UNITED STATES TREASURY BILL	912796TF6	8.14.19	8.15.19	2.13.20	no	2,972,607.48	3,000,000.00	1.823%
UNITED STATES TREASURY BILL	912796TF6						(3,000,000.00)	
UNITED STATES TREASURY BILL	912796TK5	9.12.19	9.12.19	3.12.20	no	991,043.07	1,000,000.00	1.788%
UNITED STATES TREASURY BILL	912796TK5						(1,000,000.00)	
FEDERAL FARM CREDIT BANK	3133ELCD4	12.2.19	12.3.19	6.2.21	yes	2,000,092.22	2,000,000.00	1.660%
FEDERAL FARM CREDIT BANK	3133ELCD4						(2,000,000.00)	
UNITED STATES TREASURY BILL	912796UC1	2.12.20	2.13.20	1.28.21	no	2,959,268.75	3,000,000.00	
UNITED STATES TREASURY BILL	912796UC1						(3,000,000.00)	
UNITED STATES TREASURY BILL	912796C56	1.28.21	1.28.21	7.29.21	no	2,999,590.50	2,999,727.74	0.027%
JP MORGAN INVESTMENTS							2,999,727.74	
JP MORGAN CHASE SAVINGS							42,293,359.97	0.050%
							$ 45,293,087.71	

U.S. Treasury Bills – Treasury Bills, or T-Bills, are sold in terms ranging from a few days to 52 weeks. T-Bills are short-term debt issued and backed by the full faith and credit of the United States government. T-Bills are typically sold at a discount from the par amount (par amount is also called face value). You can hold a T-Bill until it matures or sell it prior to maturity. When a T-Bill matures, you are paid the par amount. Assuming the T-Bill is held to maturity, the difference between the par amount at maturity and the original cost is the amount of interest earned. **Source: U.S Treasury Direct**

U.S. Agencies – An agency security is a low-risk debt obligation that is issued by a U.S. government-sponsored enterprise (GSE). A Government-Sponsored Enterprise (GSE) bond is an agency bond issued by such agencies as Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage (Freddie Mac), Federal Farm Credit Banks Funding Corporation, and the Federal Home Loan Bank. Unlike Treasury securities, government agency bonds are not expressly backed by the full faith and credit of the U.S. government, but they do carry an implied backing due to the continuing ties between the agencies and the U.S. government. Most agency securities pay a semi-annual fixed coupon. **Source: Investopedia**

Background

In accordance with the MSHN Operating Agreement, Article VI, Contracts that state the following:

> The Entity Board must approve the execution of any contract exceeding $25,000 in value. This includes any contract involving the acquisition, ownership, custody, operation, maintenance, lease, or sale of real or personal property and the disposition, division or distribution of property acquired through execution of the contract.

Therefore, MSHN presents the attached FY21 Contract Listing for Board approval and authorization of the Chief Executive Officer to sign.

Recommended Motion:

The MSHN Board authorizes its Chief Executive Officer to sign and fully execute the contracts as presented and listed on the FY21 contract listing.

MID-STATE HEALTH NETWORK
FISCAL YEAR 2021 NEW AND RENEWING CONTRACTS
May 2021

CONTRACTING ENTITY	CONTRACT SERVICE DESCRIPTION	CONTRACT TERM	ORIGINAL FY21 CONTRACT AMOUNT	FY21 TOTAL CONTRACT AMOUNT	FY21 INCREASE/ (DECREASE)
PIHP ADMINISTRATIVE FUNCTION CONTRACTS					
			-	-	-
			$ -	$ -	$ -

CONTRACTING ENTITY	SUD PROVIDERS COST REIMBURSEMENT SOR PROJECTS/PROGRAM DESCRIPTION	CONTRACT TERM	ORIGINAL SOR COST REIMBURSEMENT CONTRACT AMOUNT	TOTAL SOR COST REIMBURSEMENT CONTRACT AMOUNT	SOR INCREASE/ (DECREASE)
CONTRACTS LISTED IN THIS SECTION ARE ALL SOR GRANT FUNDED PROGRAMS					
			-	-	-
			$ -	$ -	$ -

CONTRACTING ENTITY	SUD PROVIDERS COST REIMBURSEMENT PROJECTS/PROGRAM DESCRIPTION	CONTRACT TERM	ORIGINAL FY21 COST REIMBURSEMENT CONTRACT AMOUNT	FY21 TOTAL COST REIMBURSEMENT CONTRACT AMOUNT	FY20 INCREASE/ (DECREASE)
Eaton RESA	Partnership for Success	11.1.20 - 9.30.21	45,000	**63,000**	**18,000**
			-	-	-
			$ 45,000	**$ 63,000**	**$ 18,000**

CONTRACTING ENTITY	SUD PROVIDERS PROJECTS/PROGRAM DESCRIPTION	CONTRACT TERM	ORIGINAL FY21 COST REIMBURSEMENT CONTRACT AMOUNT	FY21 TOTAL COST REIMBURSEMENT CONTRACT AMOUNT	FY21 INCREASE/ (DECREASE)
CONTRACTS LISTED IN THIS SECTION ARE ALL ASAM CONTINUUM ASSESSMENT TRAINING RELATED (LOA'S)					
Addiction Solutions Counseling Center	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Addiction Treatment Services	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Arbor Circle Counseling	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Bear River Health at Walloon Lake	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Boysville of Michigan dba Holy Cross Services	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Catholic Charities of Jackson Lenawee and Hillsdale Counties	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Catholic Charities of Shiawassee & Genesee Counties	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Catholic Charities West Michigan	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Catholic Human Services	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Cherry Street Services	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Child and Family Charities	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
CMHA for CEI	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Community Programs dba Meridian Health Services	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Cristo Rey Community Center	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-

DOT Caring Centers	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Family & Children's Services of Mid-Michigan	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Family Services & Children's Aid	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Flint Odyssey House	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Great Lakes Recovery Centers	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Harbor Hall	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
HealthSource Saginaw	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Kalamazoo Probation Enhancement Program (KPEP)	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Lansing CTC	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
LIST Psychological Services	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
McCullough Vargas & Associates	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Michigan Therapeutic Consultants	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Mid-Michigan Recovery Services	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Mindful Therapy	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
New Paths, Inc. (19882)	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
North Kent Guidance	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Our Hope Association (386)	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Professional Psychological & Psychiatric Services	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Recovery Pathways	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Sacred Heart	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Saginaw Odyssey House, Inc.	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Saginaw Psychological Services	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Salvation Army Turning Point (360)	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Samaritas - OP Charlotte (21366)	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Sunrise Centre (422)	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Ten16	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Victory Clinical Services	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-

W.A. Foote Memorial dba Henry Ford Allegiance	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
Wedgwood Christian Services	ASAM Continuum Training/Certification ($45/Hr./Clinician up to 8 hrs.)	6.1.21 - 9.30.21	-	-	-
			-	-	-
			$ -	$ -	$ -
CONTRACTING ENTITY	**SUD PROVIDERS FFS PROGRAM DESCRIPTION**	**CONTRACT TERM**			
			-	-	-
			$ -	$ -	$ -
CONTRACTING ENTITY	**CONTRACTED PROGRAM DESCRIPTION**	**CONTRACT TERM**	**FY21 ORIGINAL CONTRACT AMOUNT**	**FY21 TOTAL CONTRACT AMOUNT**	**FY21 INCREASE/ (DECREASE)**
			-	-	-
			$ -	$ -	$ -
CONTRACTING ENTITY	**CONTRACT SERVICE DESCRIPTION (Revenue Contract)**	**CONTRACT TERM**	**FY21 ORIGINAL CONTRACT AMOUNT**	**FY21 TOTAL CONTRACT AMOUNT**	**FY21 INCREASE/ (DECREASE)**
Michigan Department of Health & Human Services (EGrAMS)	Peers as Health Coaches	10.1.20 - 9.30.21	100,675	**81,725**	**(18,950)**
	Strategic Partnership for Success	11.1.20 - 9.30.21	200,000	**63,000**	**(137,000)**
	SUD - Tobacco II	5.1.21 - 9.30.21	4,000	**4,000**	-
	Michigan State Opiod Response	10.1.20 - 9.30.21	1,804,657	**1,469,191**	**(335,466)**
	State Opiod Response II	10.1.20 - 9.30.21	1,091,979	**1,494,004**	**402,025**
	Prevention II COVID	4.1.21 - 9.30.21	614,981	**614,981**	-
	SUD Administration COVID	4.1.21 - 9.30.21	50,000	**50,000**	-
	Treatment COVID	4.1.21 - 9.30.21	1,320,111	**1,320,111**	-
	Women's Specialty Services COVID	4.1.21 - 9.30.21	474,832	**474,832**	-
			$ 5,661,235	**$ 5,571,844**	**$ (89,391)**

Mid-State Health Network (MSHN) Board of Directors Meeting

Tuesday, March 2, 2021

Zoom Video/Audio Conference

Meeting Minutes

1. **Call to Order**

   Chairman Ed Woods opened the meeting by requesting a moment of silence to reflect upon the hardship(s) endured over the last year due to COVID-19 pandemic and give thanks for the ability to meet together.

2. **Roll Call**

   Ms. Merre Ashley, MSHN Executive Assistant, conducted the Roll Call for Board Members in attendance.

   Board Member(s) Present: Jim Anderson (Bay-Arenac), Brad Bohner (LifeWays), Joe Brehler (CEI), Bruce Cadwallender (Shiawassee), Craig Colton (Huron), David Griesing (Tuscola), Tina Hicks (Gratiot), John Johansen (Montcalm), Steve Johnson (Newaygo), Jeanne Ladd (Shiawassee), Pat McFarland (Bay-Arenac), Rhonda Matelski (Huron), Deb McPeek-McFadden (Ionia), Gretchen Nyland (Ionia), Irene O'Boyle (Gratiot), Kurt Peasley (Montcalm), Tracey Raquepaw (Saginaw), Kerin Scanlon (CMH for Central Michigan), Leola Wilson (Saginaw) and Ed Woods (LifeWays)

   Board Member(s) Absent: Ken DeLaat (Newaygo), Dan Grimshaw (Tuscola), Dianne Holman (CEI), and Joe Phillips (CMH for Central Michigan)

   Staff Members Present: Joseph Sedlock (CEO), Amanda Ittner (Deputy Director), Leslie Thomas (Chief Financial Officer), Kim Zimmerman (Director of Quality, Compliance and Customer Service), and Merre Ashley (Executive Assistant)

3. **Approval of Agenda for March 2, 2021**

   Board approval was requested for the Agenda of the March 2, 2021 Regular Business Meeting.

MSHN 20-21-021 MOTION BY BRAD BOHNER, SUPPPORTED BY DAVID GRIESING, FOR APPROVAL OF THE AGENDA OF THE MARCH 2, 2021, REGULAR BUSINESS MEETING, AS PRESENTED. MOTION CARRIED: 19-0.

4. Public Comment

There was no public comment.

Mr. Joe Brehler joined the meeting at 5:20 p.m.

5. CEO Report

Mr. Joe Sedlock began his report with information pertaining to the MSHN's annual board strategic planning sessions, which will occur in May 2021. Traditionally, in-person/all-day event, MSHN's board executive committee recommended the meeting occur virtually and be divided into three (3) 2-hour sessions. For ease of scheduling, and to best accommodate board member's schedule(s), Mr. Sedlock shared an online 'instant' poll and asked each member participating via video to participate by indicating their preferred date/time for the meetings to occur.

Dates chosen for the 2021 Strategic Planning sessions included:

- May 6, from 5-7pm
- May 11, from 5-7pm
- May 18, from 5-7pm

Chairman Woods directed MSHN staff to distribute invitations to board members for the dates chosen. Members with scheduling conflicts should contact MSHN Administration via email or call to Joe Sedlock or Merre Ashley.

Mr. Sedlock included information and highlights on other topics to include:

- State Update re Open Meetings Act
- CCHBC
- SUD Community Block Grant Reduction Plan
- FY20 Performance Bonus Incentive

6. Deputy Director Report

Ms. Amanda Ittner highlighted items in the report, provided within board meeting packets.

- Update to SUD Oversight Policy Advisory Board Membership
- FY20 Performance Bonus Incentive
- Compliance Summary
- SIS Assessments
- Compliance, Grievance and Appeals Report

7. Quality Assessment and Performance Improvement Program (QAPIP) of October 1, 2020 to September 30, 2021 and Annual Effectiveness Evaluation for the Period of October 1, 2019 to September 30, 2020

Ms. Kim Zimmerman provided an overview of the information included within the QAPIP and Annual Effectiveness Evaluation, included within board meeting packets and recommended for board approval.

MSHN 20-21-022 MOTION BY DEB MCPEEK-MCFADDEN, SUPPORTED BY BRAD BOHNER, TO APPROVE THE QUALITY ASSESSMENT AND PERFORMANCE IMPROVEMENT PROGRAM (QAPIP) FOR THE PERIOD OF OCTOBER 1, 2020 TO SEPTEMBER 30, 2021 AND THE ANNUAL EFFECTIVENESS EVALUATION REPORT FOR THE PERIOD OF OCTOBER 1, 2019 TO SEPTEMBER 30, 2020. VOTING IN FAVOR: JIM ANDERSON, BRAD BOHNER, JOE BREHLER, BRUCE CADWALLENDER, CRAIG COLTON, DAVID GRIESING, TINA HICKS, JOHN JOHANSEN, STEVE JOHNSON, JEANNE LADD, PAT MCFARLAND, RHONDA MATELSKI, DEB MCPEEK-MCFADDEN, GRETCHEN NYLAND, IRENE O'BOYLE, KURT PEASLEY, TRACEY RAQUEPAW, KERIN SCANLON, LEOLA WILSON, AND ED WOODS; VOTING AGAINST: N/A. MOTION CARRIED: 20-0.

8. Chief Financial Officer's Report

Ms. Leslie Thomas provided an overview of the financial reports included within board meeting packets and recommended board action to receive and file.

MSHN 20-21-023 MOTION BY LEOLA WILSON, SUPPORTED BY DAVID GRIESING, TO RECEIVE AND FILE THE STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES FOR THE PERIOD ENDING JANUARY 21, 2021, AS PRESENTED. VOTING IN FAVOR: JIM ANDERSON, BRAD BOHNER, JOE BREHLER, BRUCE CADWALLENDER, CRAIG COLTON, DAVID GRIESING, TINA HICKS, JOHN JOHANSEN, STEVE JOHNSON, JEANNE LADD, PAT MCFARLAND, RHONDA MATELSKI, DEB MCPEEK-MCFADDEN, GRETCHEN NYLAND, IRENE O'BOYLE, KURT PEASLEY, TRACEY RAQUEPAW, KERIN SCANLON, LEOLA WILSON, AND ED WOODS; VOTING AGAINST: N/A. MOTION CARRIED: 20-0.

9. Contracts for Consideration/Approval

Ms. Ittner provided an overview of the FY21 contract listing, Item 9.2 within board meeting packets. She brought attention to an error within the document; the line item indicating Montcalm Care Network as the contracting entity should read Mid-Michigan Health Department. Ms. Ittner requested the board approve MSHN's CEO to sign and fully execute the contracts listed on the FY21 contract listing with noted amendment.

MSHN 20-21-024 MOTION BY JIM ANDERSON, SUPPORTED BY DAVID GRIESING, TO AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO SIGN AND FULLY EXECUTE THE CONTRACTS LISTED ON THE FY21 CONTRACT LISTING, WITH AMENDMENT AS NOTED. VOTING IN FAVOR: JIM ANDERSON, BRAD BOHNER, JOE BREHLER, BRUCE CADWALLENDER, CRAIG COLTON, DAVID GRIESING, TINA HICKS, JOHN JOHANSEN, STEVE JOHNSON, JEANNE LADD, PAT MCFARLAND, RHONDA MATELSKI, DEB MCPEEK-MCFADDEN, GRETCHEN NYLAND, IRENE O'BOYLE, KURT PEASLEY, TRACEY RAQUEPAW, KERIN SCANLON, LEOLA WILSON, AND ED WOODS; VOTING AGAINST: N/A. MOTION CARRIED: 20-0.

10. Executive Committee Report

Chairperson Woods reported the executive committee met with Mr. Sedlock and Ms. Ittner to discuss and review items including:

- Board Nominating Committee Appointments
- Appointment of a Board Member Voting Delegate for CMHAM Spring Conference: Members interested in serving should contact Chairman Woods or Mr. Sedlock
- Strategic Planning Meetings
- MSHN Annual Litigation Report:
    - MSHN remains free from litigation
    - Report may be viewed by board members, but it must be done in a confidential manner. Those interested should contact Mr. Sedlock or Ms. Ittner.
- Performance Bonus Incentive
- Next Board Executive Committee Meeting scheduled for March 19, 2021

11. Chairperson's Report

Chairperson Woods provided information to the following:

- Item 11.1: Letter of appreciation sent to Shiawassee Health and Wellness on behalf of the Board and all of the Mid-State Health Network Region for handling all logistics related to receiving and distributing personal protective equipment (PPE). The board applauded the entire Shiawassee Health and Wellness team for stepping up to provide the life-saving equipment to the far corners of Region 5.

- Board Nominating Committee Appointments:
  - Deb McPeek-McFadden
  - Steve Johnson
  - Leola Wilson

12. Approval of Consent Agenda

Board approval was requested for items on the consent agenda as listed in the motion below, and as presented.

MSHN 20-21-025 MOTION BY DEB MCPEEK-MCFADDEN, SUPPORTED BY BRAD BOHNER, TO APPROVE THE FOLLOWING DOCUMENTS ON THE CONSENT AGENDA: APPROVE DRAFT MINUTES OF THE JANUARY 12, 2021 BOARD OF DIRECTORS MEETING; RECEIVE SUD OVERSIGHT POLICY ADVISORY BOARD MEETING MINUTES OF DECEMBER 16, 2020; RECEIVE BOARD EXECUTIVE COMMITTEE MEETING MINUTES OF FEBRUARY 19, 2021, RECEIVE OPERATIONS COUNCIL KEY DECISIONS OF FEBRUARY 22, 2021. VOTING IN FAVOR: JIM ANDERSON, BRAD BOHNER, JOE BREHLER, BRUCE CADWALLENDER, CRAIG COLTON, DAVID GRIESING, TINA HICKS, JOHN JOHANSEN, STEVE JOHNSON, JEANNE LADD, PAT MCFARLAND, RHONDA MATELSKI, DEB MCPEEK-MCFADDEN, GRETCHEN NYLAND, IRENE O'BOYLE, KURT PEASLEY, TRACEY RAQUEPAW, KERIN SCANLON, LEOLA WILSON, AND ED WOODS; VOTING AGAINST: N/A. MOTION CARRIED: 20-0.

13. Other Business

Mr. Joe Brehler made comment to the MDHHS contract specific to education and prevention of gambling addiction. Following discussion, Mr. Sedlock asked Chairman Woods if it would please the board to learn more about MSHN's prevention efforts in this area. Chairman Woods, on behalf of the board, voiced his wholehearted agreement to the opportunity of hearing additional information around the topic. Mr. Sedlock stated he would work with MSHN's Prevention Team to schedule and prepare a presentation on gambling addiction for board development and education at a future meeting.

14. Public Comment

15. Adjournment

The MSHN Board of Directors Regular Business Meeting adjourned at 6:14 p.m.

Minutes respectfully submitted by:
MSHN Executive Assistant

Mid-State Health Network SUD Oversight Policy Advisory Board
Wednesday, February 17, 2021, 4:00 p.m.
Zoom Meeting

Meeting Minutes

1. Call to Order

Chairperson Debbie Thalison called the MSHN SUD Regional Oversight Policy Board (OPB) of Directors Organizational Meeting to order at 4:02 p.m.

Board Member(s) Present: Jim Anderson (Bay), Nichole Badour (Gratiot), Bruce Caswell (Hillsdale), Steve Glaser (Midland), John Hunter (Tuscola), Bryan Kolk (Newaygo), Robert Luce (Arenac), Jim Moreno (Isabella), Vicky Schultz (Shiawassee), Todd Tennis (Ingham), Deb Thalison (Ionia), Kim Thalison (Eaton), David Turner (Osceola), Dwight Washington (Clinton) and Ed Woods (Jackson)

Board Member(s) Absent: John Bodis (Huron), Susan Guernsey (Mecosta), Christina Harrington (Saginaw), Tom Lindeman (Montcalm), and Leonard Strouse (Clare)

Alternate Members Present: John Kroneck (Montcalm)

Staff Members Present: Amanda Ittner (Deputy Director), Joe Sedlock (CEO), Dr. Dani Meier (Chief Clinical Officer), Leslie Thomas (Chief Financial Officer), Carolyn Tiffany (Director of Provider Network Management Systems), Dr. Trisha Thrush (Lead Treatment Specialist), Jill Worden (Lead Prevention Specialist), Michael Scott (Veterans Navigator), and Merre Ashley (Executive Assistant)

2. Roll Call

Ms. Merre Ashley provided the Roll Call for Board Attendance.

3. Approval of Agenda for February 17, 2021

Board approval was requested for the Agenda of the February 17, 2021 Regular Business Meeting, as presented.

ROPB 20-21-004 MOTION BY BRYAN KOLK, SUPPORTED BY STEVE GLASER, FOR APPROVAL OF THE FEBRUARY 17, 2021 REGULAR BUSINESS MEETING AGENDA, AS PRESENTED. MOTION CARRIED: 15-0.

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4. Approval of Minutes from the December 16, 2020 Regular Business Meeting

   Board approval was requested for the draft meeting minutes of the December 16, 2020 Regular Business Meeting.

ROPB 20-21-005 MOTION BY JIM MORENO, SUPPORTED BY STEVE GLASER, FOR APPROVAL OF THE MINUTES OF THE DECEMBER 16, 2020 MEETING, AS PRESENTED. ROLL CALL VOTE: VOTING YES: JIM ANDERSON, BRUCE CASWELL, STEVE GLASER, JOHN HUNTER, BRYAN KOLK, JOHN KRONECK, ROBERT LUCE, JIM MORENO, VICKY SCHULTZ, TODD TENNIS, DAVID TURNER, DEB THALISON, KIM THALISON, DWIGHT WASHINGTON, AND ED WOODS. VOTING NO: N/A. MOTION CARRIED: 15-0.

Ms. Nichole Badour joined the meeting.

5. Public Comment

   There was no public comment.

6. Board Chair Report

   - Welcomed New Members:
     - Jim Anderson (Bay County)
     - Jim Moreno (Isabella County)
     - Todd Tennis (Ingham County)
     - David Turner (Osceola County)
   - Annual Organizational Meeting

     Announced opening of the 2021 Organizational Meeting's Board Officer Election, beginning with nominations for Board Chairperson:

   Election of Board Chairperson:

   Nomination from the Floor: Chairperson Thalison called for nomination from the floor, for the office of Chairperson:

ROPB 20-21-006 MOTION BY DEB THALISON, SUPPORTED BY BOB LUCE, TO NOMINATE JOHN HUNTER FOR THE OFFICE OF CHAIRPERSON. ROLL CALL VOTE: VOTING YES: JIM ANDERSON, NICHOLE BADOUR, BRUCE CASWELL, STEVE GLASER, JOHN HUNTER, BRYAN KOLK, JOHN KRONECK, ROBERT LUCE, JIM MORENO, VICKY SCHULTZ, TODD TENNIS, DAVID TURNER, DEB THALISON, KIM THALISON, DWIGHT WASHINGTON, AND ED WOODS. VOTING NO: N/A. MOTION CARRIED: 16-0.

ROPB 20-21-007 MOTION BY ED WOODS, SUPPORTED BY BOB LUCE, TO CLOSE NOMINATIONS AND CAST UNANIMOUS BALLOT CAST FOR JOHN HUNTER AS BOARD CHAIRPERSON. ROLL CALL VOTE: VOTING YES: JIM ANDERSON, NICHOLE BADOUR, BRUCE CASWELL, STEVE GLASER, JOHN HUNTER, BRYAN KOLK, JOHN KRONECK, ROBERT LUCE, JIM MORENO, VICKY SCHULTZ, TODD TENNIS, DAVID TURNER, DEB THALISON, KIM THALISON, DWIGHT WASHINGTON, AND ED WOODS. VOTING NO: N/A. MOTION CARRIED: 16-0.

Mr. John Hunter invited Ms. Thalison to lead the remainder of the meeting.

Election of Board Vice-Chairperson

- Nominations from the Floor: Ms. Thalison called for nominations from the floor, for the office of Vice-Chairperson:

ROPB 20-21-008 MOTION BY BRYAN KOLK, SUPPORTED BY JOHN HUNTER TO CLOSE NOMINATIONS AND CAST UNANIMOUS BALLOT FOR DEB THALISON TO THE OFFICE OF VICE CHAIRPERSON. ROLL CALL VOTE: VOTING YES: JIM ANDERSON, NICHOLE BADOUR, BRUCE CASWELL, STEVE GLASER, JOHN HUNTER, BRYAN KOLK, JOHN KRONECK, ROBERT LUCE, JIM MORENO, VICKY SCHULTZ, TODD TENNIS, DAVID TURNER, DEB THALISON, KIM THALISON, DWIGHT WASHINGTON, AND ED WOODS. VOTING NO: N/A. MOTION CARRIED: 16-0.

Election of Board Secretary:

- Nominations from the Floor: Ms. Thalison called for nominations from the floor, for the office of Secretary.

ROPB 20-21-009 MOTION BY DEB THALISON, SUPPORTED BY JIM MORENO TO NOMINATE AND CAST UNANIMOUS BALLOT FOR BRUCE CASWELL AS BOARD SECRETARY. ROLL CALL VOTE: VOTING YES: JIM ANDERSON, NICHOLE BADOUR, BRUCE CASWELL,

STEVE GLASER, JOHN HUNTER, BRYAN KOLK, JOHN KRONECK, ROBERT LUCE, JIM MORENO, VICKY SCHULTZ, TODD TENNIS, DAVID TURNER, DEB THALISON, KIM THALISON, DWIGHT WASHINGTON, AND ED WOODS. VOTING NO: N/A. MOTION CARRIED: 16-0.

7. Deputy Director Report

Ms. Amanda Ittner provided an overview of the written report distributed separate from the meeting packet, and available on the MSHN website. Ms. Ittner reviewed additional information specific to the direct care premium pay increase, block grant reductions, and PA2 fund projections will be brought to the board in April and June.

8. Chief Financial Officer Report

Ms. Leslie Thomas provided an overview of the financial reports included in board meeting packets:

- FY2021 PA2 Funding and Expenditures by County
- FY2021 PA2 Use of Funds by County and Provider
- FY2021 Substance Use Disorder (SUD) Financial Summary Report of December 2020

9. FY21 Substance Use Disorder PA2 Contract Listing

Ms. Carolyn Tiffany provided an overview and information on the FY21 Substance Use Disorder PA2 Contract listing, recommended for board approval, as presented.

ROBP 20-21-010 MOTION BY JOHN KRONECK, SUPPORTED BY JIM MORENO, TO APPROVE THE FY21 SUBSTANCE USE DISORDER PA2 CONTRACT LISTING, AS PRESENTED. ROLL CALL VOTE: VOTING YES: JIM ANDERSON, NICHOLE BADOUR, BRUCE CASWELL, STEVE GLASER, JOHN HUNTER, BRYAN KOLK, JOHN KRONECK, ROBERT LUCE, JIM MORENO, VICKY SCHULTZ, TODD TENNIS, DAVID TURNER, DEB THALISON, KIM THALISON, DWIGHT WASHINGTON, AND ED WOODS. VOTING NO: N/A. MOTION CARRIED: 16-0.

10. Operating Update

Dr. Dani Meier provided an overview and information on the following:

- Block Grant Reductions
- SOR-2 Grant Funding

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- SUD Strategic Planning

11. Other Business

No other business was brought forward.

12. Public Comment

Ms. Sandra Bristol announced she had been appointed by the Clare County Board of Commissioners to fill the seat vacated by Leonard Strouse. She announced official notice from Clare County would be forwarded ahead of the April meeting.

13. Board Member Comment

There were no comments.

14. Adjournment

Vice Chairperson Thalison adjourned the February 17, 2021, MSHN Substance Use Disorder Oversight Policy Advisory Board Meeting at 5:24 p.m.

Meeting minutes submitted respectfully by:
MSHN Executive Assistant

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MSHN
Mid-State Health Network

Mid-State Health Network Board of Directors
Executive Committee Meeting Minutes
Friday, March 19, 2021, 9:00 a.m.

Members Present: Ed Woods, Chairperson; Irene O'Boyle, Vice-Chairperson; James Anderson, Interim Secretary; Kurt Peasley, Ex-Officio

Guest Board Members Present: None

Staff Present: Amanda Ittner, Deputy Director; Joseph Sedlock, Chief Executive Officer

1. **Call to order:** This meeting of the MSHN Board of Directors Executive Committee was called to order by Chairperson Woods at 9:00 am

2. **Approval of Agenda:** Motion by J. Anderson supported by I. O'Boyle to approve the meeting agenda as presented. Motion carried.

3. **Guest Board Member Comments:** None

4. **Board Matters:**
   - 4.1. Results of 2021 Board Self Evaluation: The Executive Committee reviewed the result of the 2021 board self-evaluation. The participation rate was the highest ever, with 20 of 24 board members participating (83%). The committee acknowledged that the results are generally very good. The committee members expressed gratitude for their relationships with fellow board members and acknowledged that it takes the commitment each of them demonstrates to make the board effective. The committee also acknowledged the contributions of MSHN staff and leadership to board effectiveness. The Executive Committee requested that this item be added to the agenda as a discussion item for the May board meeting.
   - 4.2. Elections Error Correction Discussion; Nominating Committee Timeline: Mr. Sedlock corrected his statement made at the March board meeting that elections would be held in May. The bylaws require that elections be held at the annual meeting in September. Mr. Sedlock will be in communication with the appointees to the nominating committee to establish an organizational meeting, time frame and action steps in the near future. The committee requested that Mr. Sedlock send an email to the full board indicating that this error had occurred and to provide the correct information.
   - 4.3. May 2021 Board Strategic Planning – Discussion of Initial Outline/Schedule: Ms. Ittner and Mr. Sedlock presented a working draft of the board strategic planning process over three, two-hour videoconference meetings in May 2021. Administration will record the sessions and make them available to board members that did not/could not attend. The committee supports the general outline and approach and provided input and feedback. It should be noted that holding these strategic planning meetings by virtual means is permissible under the Open Meetings Act provided no decisions are made.
   - 4.4. Open Meetings Act; Provisional Planning Considerations if In-Person Required: Mr. Sedlock reported that the extension of authorization for meetings of public bodies by remote means for any reason under the Open Meetings Act is unlikely to be extended by the legislature, based on reports from the CMH Association and the Michigan Association of Counties. MSHN is working to identify a venue that has enough space for at least half of the board to be physically present (along with key staff and members of the public) while maintaining social distancing and other protective measures. Administration intends at this time to contact board members and request a commitment to attend in person, hoping that at least 16 will commit to doing so (anticipating that at least a required quorum of 13 board members will be present). Remaining board members will be video-conferenced in. It is anticipated that these contacts will begin

mid-April so as not to be too far ahead of the scheduled May 4 board meeting.

5. **Administrative Matters:**
   5.1 Updates: Mr. Sedlock and Ms. Ittner reported that the breach of the PrismHR product has been resolved without loss of or access to any protected data. Nonetheless, MSHN has made available identity protection to all MSHN employees for one year as an employee benefit (at MSHN expense). Mr. Sedlock provided a very brief update on internal matters being addressed by administration.

6. **Other**:
   6.1. Any other business: None
   6.2. Next Executive Committee Meeting: Friday, April 16, 2021

7. **Guest Board Member Comments:** None

8. **Adjournment**: This meeting of the MSHN Board of Directors Executive Committee was adjourned by 9:23 am.

MSHN
Mid-State Health Network

Mid-State Health Network Board of Directors
Executive Committee Meeting Minutes
Friday, April 16, 2021, 9:00 a.m.

Members Present: Ed Woods, Chairperson; Irene O'Boyle, Vice Chairperson; James Anderson, Secretary; Kurt Peasley, Ex Officio

Other Board Members Present: Ken DeLaat

Staff Present: Amanda Ittner, Deputy Director; Joseph Sedlock, Chief Executive Officer

1. **Call to order:** This meeting of the MSHN Board of Directors Executive Committee was called to order by Chairperson Woods at 9:00 a.m.

2. **Approval of Agenda**: Motion by I. O'Boyle and supported by K. Peasley to approve the agenda. Motion carried.

3. **Guest Board Member Comments:** The Chairperson welcomed Mr. DeLaat who had no comments on items under consideration by the Executive Committee.

4. **Board Matters:**

   4.1. Nominating Committee Update: Leola Wilson could not serve on the Nominating Committee. Kerin Scanlon was appointed to sit on the Committee. The Nominating Committee held its first meeting on April 14, 2021. The Committee is undertaking its work and will meet again in early summer to review results of activities that are noted in the Nominating Committee minutes.

   4.2. May 2021 Board Meeting Draft Agenda: Executive Committee reviewed the draft agenda and discussed plans for holding a virtual meeting or possibility of cancellation. The Chairperson requested more information related to population health and the PIHP statewide proposal to deliver complex care management services to the unenrolled. Deputy Director Ittner will include pertinent information in her written report. Population health will also be discussed in one of the scheduled board strategic planning sessions in May 2021.

   4.3. Local COVID States of Emergency, Open Meetings Act; Provisional Planning Considerations if In-Person Required: MSHN's offices are located in Ingham County, which has been under various COVID-related states of emergency since March 2020. The current Ingham County COVID-related state of emergency expires at the end of April. It is anticipated that the Ingham County Commission will renew/extend its state of emergency at its April 27, 2021 meeting. If this occurs, MSHN will plan to hold a virtual meeting. If it is not extended, MSHN has a hold on a conference facility in Mt. Pleasant and will commence with plans for a hybrid in-person meeting (requiring at least 13 members to be physically present; all others can be video conferenced). The action by the Ingham County Commission occurs on the evening that the board meeting packet is to be released, so this could cause a delay in packet distribution to board members.

5. **Administrative Matters:**

   5.1 Updates:
   - Ms. Ittner reported that the SUD Oversight Policy Board Meeting was cancelled by its officers and MSHN due to lack of action items.

- Ms. Ittner reported that MSHN has added domestic partners to health insurance coverage available to its employees. There was no cost to make this change.

- Mr. Sedlock reported on SAPT Block Grant. The regional reduction plan continues to be implemented. MSHN has been informed of new COVID-related block grant funding and a message was sent to all board members and other stakeholders announcing this and the path MSHN will follow in evaluating the new funding, including its use in restoring some of the previously implemented reductions.

6. **Other**:

6.1. Any other business to come before the Executive Committee.
- Executive Assistant search process is underway. There will be some minor duty shifts between support staff but no major changes are planned.

6.2. Next Executive Committee Meeting is scheduled for Friday, May 21, 2021

7. **Guest Board Member Comments:** None

8. **Adjourn**: This meeting of the MSHN Board of Directors Executive Committee was adjourned by Chairperson Woods at 9:20 AM.

MID-STATE HEALTH NETWORK

BOARD POLICY COMMITTEE MEETING MINUTES

TUESDAY, APRIL 6, 2021 (TELECONFERENCE)

Members Present: John Johansen, Irene O'boyle, Kurt Peasley (10:03am), Jim Anderson and Jeanne Ladd

Members Absent: N/A

Staff Present: Amanda Ittner (Deputy Director)

1. CALL TO ORDER

Chairperson John Johansen called the Board Policy Committee Meeting to order at 10:00 a.m. and welcomed our new policy committee members, Jim Anderson and Jeanne Ladd.

2. APPROVAL OF THE AGENDA

Chairperson Johansen added Appointment of Chairperson under New Business to the agenda.

MOTION by Jim Anderson, supported by Leanne Ladd, to approve the April 6, 2021 Board Policy Committee Meeting Agenda, as amended. Motion Carried: 4-0.

3. POLICY FOR DISCUSSION No Policies presented for further discussion.

4. POLICIES UNDER BIENNIAL REVIEW

Chairperson Johansen invited Ms. Ittner to inform members on the revisions made to the policy being presented under biennial review. Ms. Ittner provided an overview of the substantive changes within the policies.

CHAPTER: FINANCE

1. Board Member Compensation
2. Cash Management
3. Cash Management - Advances
4. Cash Management - Budget & Oversight
5. Cash Management - Cost Settlements
6. Costing Policy
7. Finance Management
8. Fixed Assets Depreciation
9. Food Expense
10. Investment
11. PA 2 Fund Use
12. PA 2 Interest Allocation
13. Procurement
14. Risk Management - Internal Service Fund
15. SUD - Income Eligibility & Fees
16. Transfer of CMHSP Care Responsibility
17. Travel

MOTION by Irene O'boyle, supported by Kurt Peasley, to approve and recommend the policies under biennial review and the policy under discussion to the full board, as presented. Motion carried: 5-0.

5. New Business

Appointment of Chairperson: Chairperson Johansen reviewed the roles and responsibilities of the Policy Committee Chairperson and indicated his willingness to continue to serve in this role but wanted to offer other members the chance to serve as the chairperson. Members were asked to think about the appointment of chairperson, and it will be added to the June meeting agenda.

6. Adjourn

Chairperson Johansen adjourned the Board Policy Committee Meeting at 10:12 a.m.

Meeting minutes respectfully submitted by:
MSHN Deputy Director

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REGIONAL OPERATIONS COUNCIL/CEO MEETING
Key Decisions and Required Action
Date: March 15, 2021

Members Present: Chris Pinter; Lindsey Hull; Maribeth Leonard; Carol Mills; Sharon Beals; Tracey Dore; Tammy Warner; Kerry Possehn; Michelle Stillwagon; John Obermesik; Sandy Lindsey; Sara Lurie

Members Absent:

MSHN Staff Present: Joseph Sedlock; Amanda Ittner;

Agenda Item	Action Required				
Strategic Planning Discussion: **A. Key Assumptions** **B. Key Questions** **C. Environmental Scan** **D. Strategic Priorities** **E. Strategic Goal: Better Health**	A. Federal MH & SUD Block Grant New Funding; Preparing for use and expansion. A. Strong commitment to CCBHC and Health Homes A. Impact of KB Lawsuit Settlement A. Discussion with MDHHS about FY20 anomaly year A. Need for surveillance of other regional activities in the Behavioral Health Space, e.g. MiHIA B. No edits or feedback on this portion B. Concerns about effort with NCQA, support for the CMHs and position to provide better care, strengthen system. C. Strengths – Board collaborative model C. Weakness – Lean and collaborative model is a process and takes time to implement/approval C. Weakness – Lean also occurs at CMHs, struggling with staffing/retention, labor – strategy to increase wages across the state, including direct care, not necessarily just wages but ability to staff. C. Weakness – integration at the service level with SUD C. Threats – impact of COVID on BH issues – MH and SUD increased demand C. Opportunities – Continue to look at possible system designs in preparation for the future, including support for the local communities. D. No other feedback or edits on the priorities. E. BH: Increase health equity language as opposed as reducing disparities. E. BH: may need to move value based to Better value. E. Activities: impact of coding difference, metrics, etc. The rest of the goals will be reviewed in April				
	N/A	By Who	N/A	By When	N/A

Agenda Item	Action Required				
Consent Agenda	E. Question on next steps and action. Amanda clarified MSHN UMC and CLC was reviewing and will be monitoring in an effort to be in front of any edits to the Medicaid Provider Manual. H. Upset with department for releasing the guidance prior to acknowledging the contract issues; CFI and PIHP contract negotiations had a meeting to discuss and requested a meeting with the department. MDHHS has began training on the guide already.				
	Approved as presented	By Who	N/A	By When	N/A
MSHN Regional Training Grid (especially in re: Fiscal Management Services/Self-Directed Services Worker training requirements)	C. Tiffany reviewed the MSHN training grid changes and recommended moving those forward. Originally presented in December. Concerns still about the training requirements and state's implementation guide. S. Beals recommended adding the one change effective March 1., regarding aids to add IPOs training. C. Tiffany will update the memo to explain it will go through a review process and evaluating the changes.				
	C. Tiffany will follow up with revised memo and update CMHSP CEOs to send out to their FMS on their letterhead	By Who	C. Tiffany CMH CEOs	By When	3.20.21 3.27.21
A. Upcoming Strategic Planning Meeting (2 hours, April 19, 2021) •	• Strategic Goal: Better Care (30 minutes) • Strategic Goal: Better Value (30 minutes) • Strategic Goal: Better Provider Systems (30 minutes) • Strategic Goal: Better Equity (30 minutes)				
	Informational Only	By Who	N/A	By When	N/A
COVID Check-In	Next meeting is March 26 to discuss COVID planning OMA Public Board meeting CMHs reporting back to F2F with telehealth as an exception (Montcalm, Newaygo, Gratiot) MIOSHA covering employees who can still work from home (mostly administrative staff) CEICMH mid-April moving back to normal (instead of rotation in office), groups moving back on site BABH extensive effort to vaccinate; ability to still work remote, F2F available Space and PPE still a concern Discussion on how CMHs are building telehealth into their services or is it back to usual?				

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REGIONAL OPERATIONS COUNCIL/CEO MEETING
Key Decisions and Required Action
Date: April 19, 2021

Members Present: Chris Pinter; Lindsey Hull; Maribeth Leonard; Carol Mills; Sharon Beals; Tracey Dore; Tammy Warner; Kerry Possehn; Michelle Stillwagon; John Obermesik; Sandy Lindsey; Sara Lurie

Members Absent:

MSHN Staff Present: Joseph Sedlock; Amanda Ittner; For applicable section: Dr. Todd Lewicki

Agenda Item	Action Required				
Strategic Planning Discussion: **A. Strategic Goal: Better Care** **B. Strategic Goal: Better Value** **C. Strategic Goal: Better Provider Systems** **D. Strategic Goal: Better Equity** **E. All other planning considerations**	A. Addition of Crisis Stabilization Units to strategic goal; Suggestion related to PTRF; Children's Crisis; B. Thoughts about increasing the CAP; Pg 16 change "Explore VBP…" Concern on pg 15… cost allocation and "will be followed" C. Add MiCAL with partner with MDHHS, PRTFs, Crisis Stabilization; Under ensure internal capacity – clarify to the extent as required by MDHHS D. Strong collaboration with CMHSPs, addition of regional; Surveillance of other initiatives; Add social determinates Data Other: Gearing Towards Integration – Group shared concerns for the public system				
Agenda Adjustments	Add: Under letter E – Discuss Gearing Towards Integration Under section 5 Added Discussion Items: **E.** Randy's House **F.** Standard Cost Allocation	By Who	N/A	By When	N/A
Consent Agenda	No items removed for further consideration.				
	Consent agenda approved	By Who	N/A	By When	N/A
Regional Crisis Residential Unit Update	Dr. Lewicki reviewed the status of the RFP for the CRU; the related questions with CMHs as a party to the contract; They would pay claims, auths, etc. Recommend use of unspent/excess funds to support this effort				
	Operations Council support a joint contract with MSHN	By Who	T. Lewicki	By When	5.30.21
MDHHS Data Requests Overview/Concerns	Add memo: Reporting to the key decisions. A. Ittner reviewed the report requests from MDHHS, HSAG and related timing concerns; Will share information request and copy Ops; Looking at an automated system of capturing items				
	Informational and discussion	By Who	N/A	By When	N/A

Agenda Item	Action Required				
Balanced Score Card Proposed Metrics	A. Ittner reviewed the FY21 edited Balanced Scorecard being proposed for approval that has been reviewed and edited by each MSHN Council and Committee. A new report includes the CCBHC metrics in draft form until final CCBHC metrics have been determined along with the role of the PIHP. Final version will be presented to Board in May/July for reporting.				
	Feedback by Ops should be sent to Amanda or Joe	By Who	CMHSPs	By When	6.15.21
Randy's House (Carol Mills)	C. Mills discussed the concern about losing a recovery house in Newaygo area due to the Block Grant reductions and requirements related to not being able to use Medicaid or HMP (nonaccredited). Newaygo is meeting with MSHN this week to work on a plan to keep this provider viable.				
	Discussion Only	By Who	N/A	By When	N/A
Standard Cost Allocation Work	L. Hull discussed they are preparing for the new reporting structure October 1, 2021; Wondered if other CMHs are also prepping for this change. C. Mills indicated a request can be made to extend it but Milliman is moving forward.				
	Discussion Only	By Who	N/A	By When	N/A
		By Who		By When	
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Mid-State Health Network Board of Directors
Nominating Committee Meeting Minutes

Wednesday, April 14, 2021 – 2:00 PM

Members Present: Steve Johnson, Deb McPeek-McFadden, Kerin Scanlon

Staff Present: Joseph Sedlock, Chief Executive Officer

1. **Call to order:** This meeting of the MSHN Board of Directors Nominating Committee was called at 2:04 PM.

2. **Roll Call:** All members present

3. **Appointment of Committee Chairperson:** The Nominating Committee discussed committee chairpersonship. Kerin Scanlon was selected to serve as the Nominating Committee Chair.

4. **Review of MSHN Bylaws and Policies:** The Committee reviewed the Board Nominations and Election Procedure, Board Governance Policy and Articles 6.1 and 6.2 of the MSHN Bylaws all of which are applicable to the committee's work.

5. **Review of Proposed Timeline:** The Nominating Committee considered the timeline prepared by MSHN staff for the nominations and election process for 2021. The Committee requested that staff redraft the timeline to reflect discussion of the approach to be used for nominations (see below).

6. **Review/Approval of Draft Board Survey:** The Committee reviewed the survey that was used last time MSHN held officer elections to ask seated board members of their interest in or nominees for officer positions. The nominating committee asks that rather than a paper survey that staff use a survey tool (i.e., SurveyMonkey) to ask these questions of all board members.

7. **Nominations Process for 2021 Elections:** The Nominating Committee agreed on the following process for 2021 Elections, to be held at the September 2021 board meeting:

    - Nominating Committee Chairperson Kerin Scanlon will contact current MSHN Board Officers to determine their interest, if any, in continuing to serve. Ms. Scanlon will send an email to committee members after those contacts have occurred.
    - MSHN Staff will prepare and send a survey to all board members asking whether current board members are interested in service as an officer and whether current board members would like to nominate another individual for election as an officer. Anticipated survey date is shortly after the May 4 board meeting (so that the Chair can announce at the May 4 board meeting to expect a survey and encourage members to respond promptly).
    - MSHN staff will compile and distribute the result to the Nominating Committee members near the end of May 2021.
    - MSHN staff will contact Nominating Committee members near the end of June 2021 to schedule a meeting of the committee in July 2021 to conduct any follow-up that may be needed based on the board member survey and also to review and prepare a draft slate of officers.
    - After this July 2021 committee meeting, MSHN staff will prepare the slate and ballots for use at the September 2021 board meeting.

8. **New Business:** None

9. **Adjournment**: This meeting was adjourned at 2:30 PM

Chapter:	Finance		
Title:	Board Member Compensation		
Policy ☒ Procedure☐ Page: 1 of 2	Review Cycle: Annually Author: Chief Financial Officer	Adopted Date: 02.04.2014 Review Date: 07.09.2019 Revision Eff. Date:	Related Policies: Travel

Purpose:
To establish mechanisms regarding all per diem payments and expense reimbursements made to Board members and others for Mid-State Health Network (MSHN) related work.

Policy:

A. The amount of compensation paid to Board member and non-Board members (as defined by the Operating Agreement) shall be established by the Board through this policy.

B. Board members shall not receive more than one per diem per day regardless of the number of meetings attended. No Board member will be compensated by MSHN if also compensated by a CMHSP for the same meeting.

C. Board members shall receive a per diem of $70 for Board meetings, Standing Committees, and Ad Hoc Committee meetings. In order for Board members to be eligible to receive per diem compensation for these meetings, they must be appointed to such a committee by the Executive Committee of the Board of Directors or Board Chairperson, as per the by-laws of the organization. The minutes for each meeting shall provide documentation that the Board members did in fact participate in the meeting for which he/she is being compensated. Participation can be in person, by phone or by video conference.

D. Board members shall be eligible to receive a per diem for ad hoc Board work sessions as called by the Board Chairperson and for attendance at MSHN committees (made up of representatives from the Board of Directors, consumers, Board members of the Affiliation CMHSPs, advocates, staff, labor, and/or other stakeholders) when the Board members have been appointed to these committees by the Executive Committee or the Board Chairperson. An attendance sheet will provide documentation of attendance. When attendance at MSHN committees to which a Board member has been appointed requires travel outside of the Board member's county of residence, the Board member can receive mileage reimbursement for travel to the meeting. The reimbursement will be at the rate as established by the Board for all MSHN employees and paid in accordance with MSHN Travel Policy.

E. Board members, representing MSHN are eligible to receive a per diem and reimbursement for all conference related expenditures (conference registration, lodging, meals, and travel) for up to two statewide Community Mental Health Association of Michigan (CMHAM) conferences and one National Conference per year. These conferences must be those (typically held in the winter, spring, and fall of each year) during which a CMHAM Member Assembly or Executive Board meeting is held. Reimbursement will be paid in accordance with MSHN Travel Policy.

F. Attendance at other events in support of MSHN, such as: community dialogues, educational offerings, town hall meetings, retirement / recognition events, and program visits are not eligible for per diem compensation.

G. There shall be no monthly or yearly cap on the number of meetings for which Board members may receive compensation.

H. Non-Board members and/or alternates who are appointed to participate as members of a Board committee shall be paid the same per diem, as Board members, for meetings and Board meetings attended. Non-Board appointed members shall not receive more than one per diem per day.

I. Board members and appointees to committees of the Board of Mid-State Health Network who are paid on a per diem basis are considered employees of Mid-State Health Network for income tax withholding purposes only, per Internal Revenue Code (IRC) 3401 (c) and the regulations there under, and not for any other purpose, including but not limited to conflict of interest.

Applies to:
☒ All Mid-State Health Network Staff
☐ Selected MSHN Staff, as follows:
☐ MSHN's CMHSP Participants: ☐ Policy Only ☐ Policy and Procedure
☐ Other: Sub-contract Providers

Definitions:
Attendance: Board meeting attendance eligible for a per diem includes in person, by phone and via electronic medium.
CMHAM: Community Mental Health Association of Michigan (formerly MACMHB)
CMHSP: Community Mental Health Service Program

References/Legal Authority:
IRC 3401 (c) and the regulations there under

Change Log:

Date of Change	Description of Change	Responsible Party
02.04.2014	New policy	Chief Financial Officer
11.06.2015	Policy update	Chief Financial Officer
05.24.2017	Policy update	Chief Financial Officer
03.2018	Policy update	Chief Financial Officer
03.2019	Policy update	Chief Financial Officer
01.2021	Biennial Review	Chief Financial Officer

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POLICIES AND PROCEDURES MANUAL

Chapter:	**Finance**		
Section:	**Cash Management**		
Policy: ☐ **Procedure:** ☐ **Page:** 1 of 2	**Review Cycle:** Annually **Author:** Finance Council	**Adopted Date: 11.22.2013** **Review Date:** 07.09.2019 **Revision Eff. Date:**	**Related Policies:** Financial Management

Purpose

To ensure the appropriate control of cash disbursements on behalf of Mid-State Health Network (MSHN).

Policy

It is the policy of MSHN that cash disbursements are made with good internal controls and in accordance with generally accepted accounting principles (GAAP).

A. All disbursements of the Entity's funds are made by check, electronic funds transfer, or purchasing card, and are recorded in such a manner as to clearly show to which budget category they are charged.
B. The Entity disburses funds through either the accounts payable system, or electronic funds transfer.
C. Checks issued through the accounts payable system shall be signed by the Chief Executive Officer and the Deputy Director. Signature plates or electronic signatures may be utilized.
D. Electronic funds transfer (EFT) and checks are processed through the payables system.
E. Purchasing Cards may be issued to permanent employees to be used for MSHN expenditures only.
F. The purchasing card is the property of MSHN and shall not be used for personal purchases.
    1. Restrictions by individual will be maintained by the Deputy Director limiting the dollar limit per cycle, dollar limit per transaction, number of transactions allowed per day, and number of transactions allowed per cycle.
    2. Purchasing card users shall be required to sign a Purchasing Card Holder Agreement (*see Exhibit A*) before obtaining card which in part states that "misuse or fraudulent use of the card may result in disciplinary actions and may be grounds for dismissal".

Applies to:

☒ All Mid-State Health Network Staff
☐ Selected MSHN Staff, as follows:
☐ MSHN's CMHSP Participants: ☐ Policy Only ☐ Policy and Procedure
☐ Other: Sub-contract Providers

Definitions:

EFT: Electronic Funds Transfer; the transfer of money from one account to another, either within a single financial institution or across multiple institutions, through computer-based systems
GAAP: Generally Accepted Accounting Principles; a collection of commonly followed accounting rules and standards for financial reporting

Other Related Materials

Audit Procedure

References/Legal Authority

N/A

Change Log:

Date of Change	Description of Change	Responsible Party
11.2013	Policy Update	Chief Financial Officer
10.05.2015	Policy Update	Chief Financial Officer
03.20.2017	Policy Update	Chief Financial Officer
3.2018	Annual Review	Chief Financial Officer
03.2019	Policy Update	Chief Financial Officer
01.2021	Biennial Review	Chief Financial Officer

Exhibit A – Purchasing Card Holder Agreement:

MID-STATE HEALTH NETWORK (MSHN)
PURCHASING CARD HOLDER AGREEMENT

Participating Employee
Acknowledgment of Responsibilities

By participating in MSHN Purchasing Card Program as a Cardholder, you assume responsibilities pertaining to the operation and administration of the Purchasing Card Program. These responsibilities include, but are not limited to, the following:

MSHN Purchasing Card is to be used for business expenditures only. MSHN Purchasing Card may not be used for personal purposes.

The Purchasing Card will be issued in the name of the employee. By accepting the Card, the employee assumes responsibility for the Card and will be responsible for all charges made with the Card. The Card is not transferable and may not be used by anyone other than the Cardholder.

MSHN Purchasing Card must be maintained with the highest level of security. If the Card is lost or stolen, or if the Cardholder suspects the Card of Account Number to have been compromised, the Cardholder agrees to immediately notify JP Morgan Chase at 1-800-316-6056, and the MSHN Chief Finance Officer.

All charges will be billed to and paid directly by MSHN. On a bi- monthly basis, the Cardholder will receive a statement listing all activity associated with the Card. This activity will include purchases and credits made during the reporting period. While the Cardholder will not be responsible for making payments, the Cardholder will be responsible for the verification and reconciliation of all Account activity within **seven (7)** days of receiving the statement.

Cardholders' accounts may be subject to periodic internal control reviews and audits designed to protect the interests of MSHN. By accepting the Card, the Cardholder agrees to comply with these reviews and audits. The Cardholder may be asked to produce the Card to validate its existence, and will be required to produce statements and receipts to verity appropriate use.

Parameters and procedures related to the Purchasing Card Program may be updated or changed at any time. MSHN will promptly notify all Cardholders of these changes. The Cardholder agrees to and will be responsible for the execution of and compliance with any program changes.

The Cardholder agrees to surrender and cease use of their Card upon termination of employment whether for retirement, voluntary separation, lay off, resignation, or dismissal. In the event of transfer within MSHN, the card may be canceled or modified to reflect that change. The Cardholder may also be asked to surrender the Card at any time deemed necessary by management.

MSHN reserves the sole and absolute discretion to deny the issuance of a Purchasing Card to any employee.

Misuse or fraudulent use of the Card may result in disciplinary actions and may be grounds for dismissal.

By signing below, I acknowledge that I have read and agree to the terms and conditions of this document. I certify that, as a participating Cardholder of MSHN, I understand and assume the responsibilities listed above.

Employee signature _____ Title _____

_____ _____

POLICIES MANUAL

Chapter:	Finance		
Title:	Cash Management - Advances		
Policy: ☒ Procedure: ☐ Page: 1 of 3	Review Cycle: Annually Author: Chief Financial Officer Chief Executive Officer	Adopted Date: 07.05.2016 Review Date: 07.09.2019 Revision Eff. Date: 07.11.2017	Related Policies: Financial Management

Purpose

To establish consistent guidelines related to unplanned requests for funds from Community Mental Health Service Programs (CMHSP) Participants and the Substance Use Disorder Provider Network (SUDPN).

Policy

It is the policy of Mid-State Health Network (MSHN) that approval of accelerated payments or cash advance disbursements are made with good internal controls and in accordance with generally accepted accounting principles (GAAP). MSHN will consider requests for advance disbursements (accelerated payments or cash advances), as defined in this policy, within the cash flow requirements of MSHN.

1. **Definitions – Applicable to CMHSP Participants**
   a) ***Accelerated Payment*** Definition: An *accelerated payment* is defined as funds requested by a CMHSP Participant and distributed prior to MSHN's receipt of Medicaid, Healthy Michigan Plan, Habilitation Supports Waiver or Autism capitation payments from Michigan Department of Health and Human Services (MDHHS). Typically, this payment is due to the CMHSP, it is simply being requested that MSHN provide the funds on an accelerated basis, which means prior to receipt of said funds by MSHN. These are typically very short-term arrangements covering a time period of several days to several weeks; these arrangements may span across to monthly reporting periods, but never beyond.
   b) ***Cash Advance*** Definition: A *cash advance* is a disbursement of funds, requested by the CMHSP, to manage short-term cash flow problems. A cash advance is for funds above budgeted current fiscal year disbursements to the CMHSP taking into consideration Medicaid and Healthy Michigan savings for benefit stabilization. Cash advances do not increase the CMHSPs current fiscal year budget nor does a cash advance carry over from one fiscal year to another.
   c) ***Interim Payment*** definition: An *interim payment* is the initial 85% of the current year budgeted Medicaid/Healthy Michigan Program payment sent to CMHSP participants upon MSHN's receipt of funds from MDHHS. The interim payment allows CMHSP participants to receive the majority of their anticipated Per Eligible Per Month (PEPM) immediately upon receipt by MSHN. The remaining budgeted disbursement (up to 15%) due to the CMHSP is made after eligibility file process completion and is typically made within three-to-five business days of the initial interim payment.
2. **Request Process**: While MSHN reserves the right to request additional documentation/information of justification, requests for consideration under this policy must:
   a) Be submitted in writing to the MSHN Chief Financial Officer and
   b) Include supporting information and documentation.
3. **Approval – CMHSP Participants:**
   a) MSHN will consider all requests for accelerated payments or cash advances from CMHSP participants. MSHN will assess regional cash requirements, MSHN cash requirements, bank balances, projected expense payments and all other related factors in making a determination of whether MSHN can support the CMHSP request. MSHN reserves the right, in its sole discretion, to approve, deny, modify or otherwise make decisions based on all available information in the best interests of the region.
   b) The CMHSP will be notified of the decision of MSHN as soon as possible but not later than 30 days after satisfactory submission of all information needed to make a decision.
   c) Approved cash advances will be paid within CMHSP's specified "need by" date if possible or as soon as MSHN can process said request.

4. **Repayment – CMHSP Participants**
    a) An accelerated payment made by MSHN to a CMHSP will be repaid by withholding the funds from the next scheduled interim payment due to the CMHSP once funds are received by MSHN from MDHHS. These are typically very short-term arrangements covering a time period of several days to several weeks; these arrangements may span across to monthly reporting periods but never beyond.
    b) A cash advance may be repaid to MSHN by the CMHSP on a mutually agreeable time frame, which is as short in duration as possible, provided that all repayments must occur on or before September 30 of the fiscal year within which the advance was approved and made. CMHSPs unable to meet the repayment requirements will have their organization's outstanding cash advance balance funds deducted from the last PEPM payments of the fiscal year to meet the fiscal year-end deadline net of any amounts due to CMHSP from MSHN.
5. **Definition – Applicable to SUDPN (Fee for Services/Cost Reimbursement Arrangements)**
   Cash Advance Definition: A *cash advance* is defined as a request for funds from contracted providers that is financed on a fee-for-service or cost reimbursement basis where service provision has not yet occurred.
    a) Cash Advance Requests must:
        i. Be submitted in writing to the MSHN CFO and
        ii. Include supporting information on MSHN's clinical criteria practice model form
6. **Approval – SUDPN (Fee for Services/Cost Reimbursement Arrangements)**
   MSHN will consider all requests for cash advances from MSHN contractors financed on a fee for service or cost reimbursement basis. MSHN will assess regional cash requirements, MSHN cash requirements, bank balances, projected expense payments and all other related factors in making a determination of whether MSHN can support the request. MSHN reserves the right, in its sole discretion, to approve, deny, modify or otherwise make decisions based on all available information in the best interests of the region.
    a) The contractor will be notified of the decision of MSHN as soon as possible but not later than 30 days after satisfactory submission of all information needed to make a decision.
    b) Approved advances will be paid within the specified "need by" date if possible or as soon as MSHN can process said request.
7. **Repayment – SUDPN (Fee for Services/Cost Reimbursement Arrangements)**
   Repayments must be made within 60 days unless another mutually agreed upon time frame exists. All repayments must be made by September 30 of the fiscal year in which the advance was approved and made net of balances due to SUDPN, if any. Repayments may also be deducted from future payments to the contractor, in order to secure the repayment balance due.

General: A cash advance should be considered a rare exception and other revenue sources to cover cash flow issues should be pursued.

All payments must comply with Office of Management and Budget (OMB) 2 CRF 200.305 which requires minimum time elapsing between the transfer of funds from MSHN to the CMHSP participant or the SUDPN vendor. MSHN payment methods consist of Automated Clearing House (ACH), bank wire, or check.

Applies to:
☒ All Mid-State Health Network Staff
☐ Selected MSHN Staff, as follows:
☒ MSHN's CMHSP Participants: ☒ Policy Only ☒ Policy and Procedure
☒ Other: Sub-contract Providers

Definitions:
ACH: Automated Clearing House; system that accomplishes electronic money transfers
CFO: Chief Financial Officer
CMHSP: Community Mental Health Service Program
GAAP: Generally Accepted Accounting Principles; A collection of commonly followed accounting rules and standards for financial reporting
MDHHS: Michigan Department of Health and Human Services
MSHN: Mid-State Health Network
OMB: Office of Management and Budget
PEPM: Per Eligible Per Month
SUDPN: Substance Use Disorder Provider Network

Other Related Materials:
Clinical Criteria Practice Model

References/Legal Authority:
N/A

Change Log:

Date of Change	Description of Change	Responsible Party
12.11.2015	New Policy	Chief Financial Officer
05.31.2016	Annual Review	Chief Financial Officer
06.20.2016	Revised, Endorsed by Operations Council	Chief Executive Officer
03.2017	Auditor recommended change	Chief Financial Officer
03.2018	Annual Review	Chief Financial Officer
03.2019	Annual Review	Chief Financial Officer
01.2021	Biennial Review	Chief Financial Officer

MSHN
Mid-State Health Network

POLICIES AND PROCEDURES MANUAL

Chapter:	Finance		
Title:	**Cash Management – Budget and Oversight Policy**		
Policy: ☒ **Procedure:** ☐ **Page: 1 of 2**	**Review Cycle:** Annually **Author:** Chief Financial Officer, Finance Council	**Adopted Date: 09.12.2017** **Review Date: 03.03.2020** **Revision Eff. Date:**	**Related Policies:** Financial Management

Purpose

To establish consistent guidelines for Community Mental Health Service Programs (CMHSP) Participants related to Medicaid including Autism and Healthy Michigan Plan (HMP) budgeting and projected cost overruns.

Policy

MSHN and all CMHSPs in the region are expected to operate within a contractually established per eligible per month (PEPM) payment beginning Fiscal Year (FY) 2020. This policy outlines region-wide fiscal responsibilities and available remedies and actions when anticipated or actual expenditures exceed PEPM revenue.

MSHN Responsibilities

- Provide CMHSPs with projected revenue obtained from actuarial data and other relevant reports versus actual amounts received annually for budgeting purposes and throughout the fiscal year as rebasing occurs.
- MSHN distributes revenue pursuant to the specifications in the MSHN Operating Agreement, or as otherwise adopted from time to time.
- As it is contractually required to do, MSHN will cost settle as defined in current policy to the allowable expenses and is required to cover allowable expenses totaling more than the PEPM
- MSHN will allow redirection of funding to cover shortfalls/overages between Healthy Michigan and Medicaid expenditures above straight capitation.
- After MSHN's Board of Directors approve the next fiscal year's budget, MSHN will request written cost containment plans from CMHSPs with expenditures projecting to exceed Medicaid and HMP PEPM revenue by more than one (1) percent of total combined revenue. MSHN will operate under a cost containment plan based on the same CMHSP criteria outlined directly above. MSHN will monitor quarterly projections and provide reports to the Finance and Operations Councils. MSHN may request an interim cost containment plan from a CMHSP with projected expenditures exceeding Medicaid and HMP revenue by more than (1) percent of total combined revenue. MSHN will operate under a cost containment plan based on the same CMHSP criteria outlined directly above.
- MSHN may elect to waive cost containment plans when the ISF is fully funded and the anticipated Savings is above the 5% MDHHS threshold or other circumstances warrant such an action. CMHSPs projected to overspend will be reviewed on a case by case basis. A MSHN cost containment plan may be waived based on the criteria outlined directly above.

CMHSP Responsibilities

- CMHSPs will provide Medicaid and HMP budgets less than or equal to projected Medicaid and HMP revenue and establish mechanisms internally to contain expenses within the capitation provided by MSHN. If budgeted expenses exceed revenue, then CMSHPs will submit a balanced budget using all funding sources, with an indication of the amount of anticipated redirect.
- CMHSPs must cooperate with and implement necessary actions and strategies that contain Medicaid and HMP costs within available revenues. The cost containment plan must identify savings targets in dollars to be achieved by specified dates. The strategy must be sufficiently detailed to ensure cost containment strategies do not adversely impact or reduce medically necessary services.
- CMHSP may redirect funding in excess of their PEPM based on the approved spending plan
- CMHSPs anticipating spending in excess of PEPM for both Medicaid and HMP may receive an apportioned benefit stabilization payment based on available funding.

Applies to:
☒ All Mid-State Health Network Staff
☐ Selected MSHN Staff, as follows:
☒ MSHN's CMHSP Participants: ☒ Policy Only ☒ Policy and Procedure
☒ Other: Sub-contract Providers

Definitions:

Other Related Materials:

References/Legal Authority:
N/A

Change Log:

Date of Change	Description of Change	Responsible Party
06.23.2017	New Policy	Chief Financial Officer
03.2018	Policy Update	Chief Financial Officer
12.19.2018	Policy Update	Chief Financial Officer
11.14.2019	Policy Update	Chief Financial Officer
01.2021	Biennial Review	Chief Financial Officer

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POLICIES AND PROCEDURES MANUAL

Chapter:	Finance		
Title:	Cash Management – Cost Settlement		
Policy: ☒ Procedure: ☐ Page: 1 of 2	Review Cycle: Annually Author: Chief Financial Officer & Finance Council	Adopted Date: 05.03.16 Review Date: 07.09.2019 Revision Eff. Date:	Related Policies: Financial Management

Purpose

To ensure Mid-State Health Network (MSHN) complies with Michigan Department of Health and Human Services' (MDHHS) contract, the Operating Agreement, and the Medicaid Subcontract Agreement related to cost settlement funds.

Policy

It is the policy of MSHN to establish a consistent practice for cost settlement activities that are in accordance with good internal controls and generally accepted accounting principles (GAAP).

MSHN will perform annual preliminary cost settlement activities after the interim Financial Status Report (FSR) report is submitted to MDHHS. Community Mental Health Service Program (CMHSP) Participants are expected to provide preliminary cost settlement figures to the PIHP and return 85% of the anticipated lapse to the PIHP within 15 days of the agency's FSR submission to MSHN unless both parties agree to an alternative arrangement. MSHN will make preliminary cost settlement payments of 85% for CMHSPs whose funding does not cover expected expenditures as soon as sufficient funding is available (either through savings or receipt of unexpended funds)

CMHSP's should submit to MSHN final fiscal audits within 6 months after the close of the fiscal year in question by their independent auditor or firm. Final cost settlement activities will generally occur in April or May following the fiscal year. This allows time for completion of MSHN's and its CMHSPs' Compliance Examinations which may impact cost settlement figures. These activities include development of a cost settlement spreadsheet containing detailed amounts and account information as well as a formal Cost Settlement and Contract Reconciliation letter from MSHN to each CMHSP's Chief Executive Officer (CEO). Remaining cost settlement funds are due within 30 days of the cost settlement letter referred to above.

Applies to:

☒ All Mid-State Health Network Staff
☐ Selected MSHN Staff, as follows:
☒ MSHN's CMHSP Participants: ☒ Policy Only ☐ Policy and Procedure
☐ Other: Sub-contract Providers

Definitions:

CEO: Chief Executive Officer
CMHSP: Community Mental Health Service Program
FSR: Financial Status Report
GAAP: Generally Accepted Accounting Principles: A collection of commonly followed accounting rules and standards for financial reporting
MDHHS: Michigan Department of Health and Human Services
MSHN: Mid-State Health Network
PIHP: Pre-paid Inpatient Health Plan

Other Related Materials

N/A

References/Legal Authority
MDHHS Contract
Operating Agreement
Medicaid Subcontract Agreement

Change Log:

Date of Change	Description of Change	Responsible Party
12.11.2015	New Policy	Chief Financial Officer
03.20.2017	Annual Review	Chief Financial Officer
03.2018	Annual Review	Chief Financial Officer
03.2019	Annual Review	Chief Financial Officer
01.2021	Biennial Review	Chief Financial Officer

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POLICY & PROCEDURE MANUAL

Chapter:	Finance		
Title:	Costing Policy		
Policy: ☐ Procedure: ☐ Page: 1 of 2	Review Cycle: Annually Author: Chief Financial Officer and Finance Council	Adopted Date: 11.04.2014 Review Date: 07.09.2019 Revision Eff. Date:	Related Policies: Financial Management

Purpose:

The Mid-State Health Network (MSHN) costing policy is established to:

- Define responsibility for a unit costing system;
- Define the responsibility for comparison of member Community Mental Health Service Program (CMHSP) rates with other Prepaid Inpatient Health Plan (PIHP) rates within the state; and
- Define the responsibility for regular review of unit cost data to ensure that unit costs are reasonable and customary.

Policy:

A. Each Community Mental Health Services Program Participant (CMHSP) will calculate unit costs on an annual basis:
   1. Unit costs will be calculated using full accrual accounting and encounter data services
   2. Unit costs will be calculated based on total costs, which are reflective of staff time, associated with services provided, less any delegated Pre-Paid Inpatient Health Plan (PIHP) administrative cost allocation.

B. Each CMHSP will incorporate unit costs into ~~annual Utilization Net Cost (UNC)~~Encounter Quality Initiative (EQI) reports:
   1. Each CMHSP will submit ~~UNC~~ EQI reports to the PIHP based on the schedule identified in the Michigan Department of Health and Human Services (MDHHS) contract~~annually~~; and
   2. The PIHP will compile data into one PIHP report for submission to ~~Michigan Department of Health and Human Services (~~MDHHS~~)~~.
   ~~2.~~3. Beginning in Fiscal Year (FY) 2022, CMHSPs will incorporate as applicable Independent Rate Model (IRM) and Standard Cost Allocation (SCA) MDHHS guidelines into costing and unit rate methodology.

C. PIHP will compare regional rates to rates throughout the state on an annual basis:
   1. Annual submission by MDHHS of EQI~~UNC~~ data by region will be reviewed by PIHP if available to determine codes where the MSHN region is a cost outlier.
   2. For those codes where the MSHN region is a cost outlier:
      a. PIHP will determine, from EQI~~UNC~~ reports, which CMHSP(s) within the region is an outlier; and
      b. Request from outlier CMHSP(s) steps that will be taken to bring costs within range; or
      c. Request from outlier CMHSP(s) reasons for which their program cannot or should not be modified, including an analysis of a wide range of data (program model, business model, clinical model, other client services, geographic disparities, and/or productivity issues). PIHP may determine outliers not needing review if the regional costs of such services ~~is~~ are not material.

D. PIHP will provide opportunities to learn from others by providing comparison data of PIHPs across the state and comparison data of CMHSPs within the region.

Applies to:

☒All Mid-State Health Network Staff
☐Selected MSHN Staff, as follows:
☒MSHN's CMHSP Participants: ☐Policy Only ☒Policy and Procedure
☐Other: Sub-contract Providers

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Definitions

CMHSP: Community Mental Health Service Program
MDHHS: Michigan Department of Health and Human Services
MSHN: Mid-State Health Network
PIHP: Pre-paid Inpatient Health Plan
UNC: Unit Net Cost

References/Legal Authority

Michigan Department of Health and Human Services Contract for ~~Medicaid Managed Specialty Supports and Services Concurrent 1915(b)/(c) Waiver Program(s), the Healthy Michigan Program, and Substance Use Disorder Community Grant Programs~~1115 Behavioral Health Demonstration Waiver Program, the Health Michigan Plan and relevant approved Waivers (Children's Waiver Program (CWP), Habilitation Supports Waiver (HSW), Serious Emotional Disturbance (SED))

Change Log:

Date of Change	Description of Change	Responsible Party
06.24.2014	New policy	Chief Financial Officer
10.05.2015	Policy update	Chief Financial Officer
03.20.17	Policy update	Chief Financial Officer
03.2018	Policy update	Chief Financial Officer
03.2019	Annual Review	Chief Financial Officer
01.2021	Biennial Review	Chief Financial Officer

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POLICIES AND PROCEDURES MANUAL

Chapter:	Finance		
Title	Financial Management		
Policy: ☐ Procedure: ☐ Page: 1 of 3	Review Cycle: Annually Author: Chief Financial Officer	Adopted Date: 11.22.2013 Review Date:07.09.2019 Revision Eff. Date:	Related Policies: Cash Management Travel

Purpose

To ensure that MSHN maintains an accurate and consistent financial system, financial data reporting, and risk management program. Supporting procedures will address the details of each responsibility stated. Where applicable, each Community Mental Health Services Program (CMHSP) Participant shall adopt policies and/or procedures that meet, at a minimum, the requirements stated in this policy.

Policy

Mid-State Health Network (MSHN), a regional entity operating as the Prepaid Inpatient Health Plan (PIHP), shall ensure accurate and consistent financial systems, financial data reporting and risk management. All MSHN financial practices shall comply with requirements established by federal and state laws and contracts (including, but not limited to, the Medicaid, Substance Use Disorder, and grant contracts approved by the board), and the Medicaid Provider Manual.

Budgeting – General Accounting and Financial Reporting

A. MSHN shall develop the necessary infrastructure and procedures to ensure that the organization meets all budgeting, accounting, and financial reporting requirements imposed by federal and state laws and contracts (including but not limited to the Medicaid, Substance Use Disorder, and grant contracts approved by the Board), along with the Medicaid Provider Manual.
B. MSHN shall prepare, at a minimum, quarterly financial statements for board review that accurately report the financial position of the PIHP.
C. MSHN shall ensure that all contracts and operating agreements with CMHSP Participants and/or subcontractors include requirements necessary to support the budgeting, accounting, and financial reporting infrastructure and procedures developed. At a minimum, these requirements will include references to applicable laws, contracts, and sections of the Medicaid Provider Manual, and will indicate the required information and timelines for reporting to MSHN.

Revenue Analyses

A. MSHN shall develop procedures to analyze and project revenues/funding received through federal, state, and local contracts, and agreements. These procedures shall be adequate to ensure that all revenues due to the PIHP are recorded properly and timely, that errors or exclusions are identified, and all reasonable and appropriate steps are taken to correct them.
B. MSHN shall ensure that all contracts and operating agreements with CMHSP Participants and/or other subcontractors include requirements necessary to support the revenue analysis procedures developed.

Expense Monitoring and Management

A. MSHN shall assure and CMHSPs shall develop procedures to monitor expenses to ensure they are reasonable and necessary to meet the needs of the programs and consumers for which MSHN and CMHSP participants are responsible. All expenses, including those incurred by MSHN, must meet federal, state and local requirements, including, but not limited to, Office of Management and Budget Circular 2 CFR 200 Subpart E Cost Principles, applicable federal and state laws and contracts, and other policies and restrictions imposed by the MSHN Board of Directors.
B. MSHN shall ensure that all contracts and operating agreements with CMHSP Participants and/or other subcontractors include requirements necessary to support the expense monitoring and management procedures developed. At a minimum, these requirements will include provisions for MSHN monitoring of the CMHSP Participants and/or subcontractors, available sanctions to MSHN for inappropriate or undocumented expenses, and an appeals process. All expense monitoring requirements will be uniformly applied to all MSHN CMHSP Participants.

Service Unit and Recipient-Centered Cost Analyses, and Rate-Setting

A. MSHN shall develop procedures to analyze costs and rates at a level meaningful to the service unit being provided and the recipient of the service. At a minimum, MSHN will perform biennial market rate analysis studies by comparing other PIHP rates, Medicaid Health Plan fee schedules, and commercial insurance reimbursement amounts for like services. MSHN will also consider historical provider arrangements meeting specified costing requirements to ensure best value for all services.

B. MSHN shall ensure that all contracts and operating agreements with CMHSP Participants and/or other subcontractors include requirements necessary to support the cost analysis and rate setting process. At a minimum, these requirements shall include the specific information and timeline for reporting to MSHN. All cost analysis and rate setting procedures will be uniformly applied to all MSHN CMHSP participants.

Risk Analyses, Risk Modeling and Underwriting

A. MSHN shall develop a risk management plan that addresses the various risks involved with managing services to eligible consumers as determined by federal and state laws and contracts.

B. MSHN shall ensure that all contracts and operating agreements with CMHSP Participants and/or other subcontractors include requirements necessary to support the risk analysis procedures developed. At a minimum, these requirements shall indicate the extent that CMHSP Participants and/or subcontractors hold risk related to the populations they serve, and any financial incentives or terms related to the transfer of risk.

Insurance, Re-insurance, and Management of Risk Pools

A. MSHN shall develop procedures to determine the need for, and to participate in insurance, re-insurance, and risk pools sufficient to mitigate risk, in accordance with the Medicaid Contract, GASB Statement 10 (as amended) and generally accepted accounting principles. MSHN may purchase insurance or self-insure against losses and future funding shortfalls.

B. MSHN shall ensure that all contracts and operating agreements with CMHSP Participants and/or other subcontractors include requirements necessary to support the insurance, re- insurance and management of risk pools.

Supervision of Audit and Financial Consulting Relationships

A. MSHN shall develop procedures adequate to ensure supervision of audit/monitoring and financial consulting relationships in the event that these functions are not performed by employees of MSHN.

B. MSHN shall ensure that all contracts and operating agreements with CMHSP Participants and/or other subcontractors include requirements necessary to support the supervision of the audit and financial consulting relationships procedures developed. At a minimum, these requirements shall include the expected interactions/relationship between the audit, financial consultants, and the CMHSP/subcontractor.

Claims Adjudication and Payment

A. MSHN shall develop procedures adequate to ensure that claims adjudication and payment are complete, accurate and timely.

   l) CMHSP Participants and subcontractors may be contracted on a basis not conducive to claims adjudication and payment (i.e. sub-capitation or net-cost arrangements). When this occurs, the procedures shall include the mechanisms necessary to initiate payment under these arrangements, and a process by which claims will be captured and associated with the payments. This may require individual or aggregate reporting of activity over the course of a fiscal year.

B. To the extent that claims adjudication and payment functions are delegated to CMHSP Participants and/or subcontractors, the procedures shall include how these functions will be monitored at the CMHSP or subcontractor to ensure compliance with requirements of federal and state laws and contracts, and the Medicaid Provider Manual.

C. MSHN shall ensure that all contracts and operating agreements with CMHSP Participants and/or other subcontractors include requirements necessary to support the claims adjudication and payment procedures developed. At a minimum, the contract shall specify the required information, and timeframes for reporting to MSHN, and in the case of delegation, shall indicate the claims adjudication and payment functions that are being delegated to the CMHSP Participant or subcontractor.

Audits

A. MSHN shall develop procedures to adequately accommodate audits of the PIHP to ensure completion in accordance with federal and state laws and contracts. These audits may include, but are not limited to, audits performed by the State of Michigan Office of Inspector General, the Michigan Department of Health and Human Services, other federal and state departments and agencies, and independent auditors.

B. The Chief Financial Officer (CFO) of MSHN shall prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America. These financial statements shall be subjected to an audit in accordance with generally accepted government auditing standards issued by the U.S. Government Accountability Office. The financial statements, with the audit opinion and any additional letters of comments and recommendations (the reporting package), shall be completed in sufficient time to be delivered to all federal, state and local agencies in accordance with agreed timelines, but no later than six months after the end of the fiscal year. The reporting package will be presented to the MSHN Board and remitted to the CMHSP Participants at the next meeting following completion.

C. MSHN shall ensure that all contracts and operating agreements with CMHSPs and/or other subcontractors include requirements necessary to support the audit procedures developed. At a minimum, the requirements shall include the specific information to be provided and timelines for reporting to MSHN.

Applies to:

☐All Mid-State Health Network Staff Selected MSHN Staff, as follows:

☐MSHN's CMHSP Participants: ☒Policy Only ☐ Policy and Procedure

Definitions:

GASB: Governmental Accounting Standards Board
CMHSP: Community Mental Health Service Program
MDHHS: Michigan Department of Health & Human Services
PIHP: Prepaid Inpatient Health Plan

Other Related Materials:

Audit Procedure
Capitation Payments and Budget Development Procedure Claims Procedure
Investment Policy Procedure Costing Procedure
Risk Management Procedure MSHN Compliance Plan

References/Legal Authority:

N/A

Change Log:

Date of Change	Description of Change	Responsible Party
11.2013	New Policy	Chief Financial Officer
11.2014	Policy Update	Chief Financial Officer
11.2015	Annual Review	Chief Financial Officer
03.2017	Policy Update	Chief Financial Officer
03.2018	Annual Review	Chief Financial Officer
03.2019	Annual Review	Chief Financial Officer
01.2021	Biennial Review	Chief Financial Officer

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Mid-State Health Network

POLICIES AND PROCEDURE MANUAL

Chapter:	Finance		
Title:	Fixed Asset Depreciation		
Policy: ☒ Procedure: ☐ Page: 1 of 2	Review Cycle: Bi-Annually Author: Chief Financial Officer	Adopted Date: 03.03.2020 Review Date: Revision Eff. Date:	Related Policies:

Purpose
The purpose of this policy is to ensure Mid-State Health Network (MSHN) follows regulatory requirements when accounting for fixed assets and recording depreciation.

Policy
It is the policy of MSHN to record depreciation expense as outline in Governmental Accounting Standards Board (GASB) 34 and in accordance with the below Fixed Asset Depreciation Schedule.

- All equipment purchased with agency funds is the property of the MSHN.
- A fixed asset inventory record will be maintained for any item purchased or donated with an original cost, or if donated an assessed value at the time of acquisition, of $5,000 or greater.
- Limited personal use of MSHN equipment is subject to guidelines approved by the Chief Executive Officer
- Depreciation will be expensed in accordance with GASB 34 and other pertinent accounting standards for all Fixed Assets.
- MSHN will dispose of all items of equipment that is no longer useful to the PIHP's operations. Methods of disposal may include trade-in, transfer to another governmental agency, or other methods that are consistent with agency values. Items of equipment that are no longer in usable condition will be scrapped. MSHN will ensure all Protected Health Information (PHI) is removed prior to disposal and follow Michigan Department of Health and Human Services (MDHHS) contractual guidelines related to equipment disposition.

Fixed Asset Depreciation Schedule:

- Computer Equipment and Software: 3 years
- Vehicles: 5 years
- Office Equipment and Furniture: 5 years
- Building Improvements: 20 years
- Buildings: 30 years

Applies to:
☒All Mid-State Health Network Staff
☐Selected MSHN Staff, as follows:
☐MSHN's Affiliates: ☐Policy Only ☐Policy and Procedure
☐Other: Sub-contract Providers

Definitions:
Equipment: Durable items having a useful life of more than one year.
Fixed Assets: Durable items costing $5,000 or more, having a useful life of more than one year, and are depreciated.

Other Related Materials:
N/A

References/Legal Authority:
National Council of Governmental Accounting
Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants in 1989
2 CFR Section 200
Governmental Accounting Standard Bulletin (GASB) 34
~~The Medicaid Managed Specialty Supports and Services~~Michigan Department of Health and Human Services Contract for 1115 Behavioral Health Demonstration Waiver Program, the Health Michigan Plan and relevant approved Waivers (Children's Waiver Program (CWP), Habilitation Supports Waiver (HSW), Serious Emotional Disturbance (SED))
~~1115 Demonstration Waiver, 1915 (c)/(i) Waiver Program(s), the Healthy Michigan Program, the Flint 1115 Waiver and Substance Use Disorder Community Grant Programs Contract~~

Change Log:

Date of Change	Description of Change	Responsible Party
12.04.2019	New Policy	Chief Financial Officer
01.2021	Biennial Review	Chief Financial Officer

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POLICIES AND PROCEDURES MANUAL

Chapter:	**Finance**		
Title:	**Food Purchases**		
Policy: ☒ **Procedure:** ☐ **Version: 1.0** **Page:** 1 of 2	**Review Cycle:** Annually **Author:** Chief Financial Officer	**Adopted Date: 03.05.2019** **Review Date:** **Revision Eff. Date:**	**Related Policies:** Financial Management

Purpose
The purpose of this policy is to establish consistent guidelines for the purchase of food for internal and external meetings.

Policy
During the process of conducting official business, Mid-State Health Network (MSHN) staff may purchase food for internal and external meetings.

Please Note: This policy does not supersede food purchases occurring during conference attendance and travel. Purchases in this category should follow MSHN's travel reimbursement policy.

Internal Meetings
An internal meeting is defined as a gathering primarily of MSHN staff. The purchase of food for such meetings are generally specific to mandatory annual trainings. Food purchases must be reasonable in nature based on guidelines in 2 Code of Federal Regulations (CFR) 200 Subpart E. Food purchases for internal meetings other than those defined for training must be approved in advance by MSHN's Chief Executive Officer (CEO) or Deputy Director (DD).

External Meetings
An external meeting is defined as a gathering primarily of Community Mental Health Service Program (CMHSP) Participants, Board of Directors, and/or Stakeholders with MSHN staff for the purpose of official business. Examples of external meetings as defined in this section include but are not limited to MSHN Board of Directors, Operations Council, Oversight Policy Board (OPB) meetings, as well as meetings of business partners, providers, legislators, state or local officials for business purposes. The purchase of food for such meetings must be reasonable in nature based on guidelines in 2 CFR 200 Subpart E.

Reasonable in Nature
MSHN deems purchases reasonable in nature to include prepared sandwiches, pre-ordered meals, snacks, non-alcoholic beverages, and other miscellaneous food items.

Applies to:
☒ All Mid-State Health Network Staff
☐ Selected MSHN Staff, as follows:
☐ MSHN's CMHSP Participants: ☐ Policy Only ☒ Policy and Procedure
☐ Other: Sub-contract Providers

Definitions:
CEO: Chief Executive Officer
CFR: Code of Federal Regulations
CMHSP: Community Mental Health Service Program
DD: Deputy Director
OPB: Oversight Policy Advisory Board

Other Related Materials:
N/A

References/Legal Authority:
2 CFR 200 Subpart E

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Change Log:

Date of Change	Description of Change	Responsible Party
11.26.2018	New Policy	Chief Financial Officer
01.2021	Biennial Review	Chief Financial Officer

POLICIES AND PROCEDURE MANUAL

Chapter:	Finance		
Section:	Investment		
Policy: ☐ Procedure: ☐ Page: 1 of 3	Review Cycle: Annually Author: Chief Financial Officer	Adopted Date: 02.04.2014 Review Date: 07.09.2019 Revision Eff. Date:	Related Policies: Financial Management

Purpose:
To provide investment parameters for Mid-State Health Network's (MSHN) Chief Financial Officer (CFO) and banking institutions performing investment transaction. The primary objectives, in priority order, of MSHN investment activities shall be:

1. Safety – Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.
2. Diversification – The investments shall be diversified by security type and institution with the objective that potential losses on individual securities not exceed the income generated from the remainder of the portfolio.
3. Liquidity – The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
4. Return on Investment – The investment portfolio shall be designed with the objective of obtaining a reasonable market rate of return throughout budgetary and economic cycles, taking into consideration the investment risk, legal constraints and the cash flow characteristics of the portfolio.

Policy:
It is the policy of MSHN to invest its funds in a manner that provides the highest investment return, with maximum security, while meeting the daily cash flow needs of the entity and in compliance with all regulatory requirements governing the investment of public funds.

Prudence: The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Ethics and Conflicts of Interest: Officers, employees and agents, including but not limited to, investment managers, involved in the investment process shall refrain from personal business activity that conflicts with the proper execution of the investment program, or impairs their ability to make impartial investment decisions. They shall disclose any material financial interests that could be related to the performance of MSHN's investment portfolio. They shall also comply with all applicable Federal and State laws governing ethics and conflict of interest.

Delegation of Authority: The responsibility for the investment policy is hereby delegated to the Chief Executive Officer (CEO) and the CFO who shall establish a written procedure and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to safekeeping, delivery vs. payment, investment accounting, collateral/depository agreements and banking service contracts. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by MSHN. The CFO is delegated as the Investment Officer.

Authorized Investments: The Investment Officer is limited to investments authorized by Act 20 PA of 1943, as amended, and may invest in the following:

1. Bonds, securities and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2) of Act 20 PA of 1943, as amended.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
4. Repurchase agreements consisting of instruments listed in subdivision (a) of Act 20 PA of 1943, as amended.
5. Bankers' acceptances of United States banks.
6. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
7. Mutual funds registered under the investment company act of 1940, title one of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
8. Obligations described in subdivisions listed above if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
9. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
10. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141. to 129.150.

Safekeeping and Custody: All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by MSHN shall be on a cash (or delivery vs. payment) basis. Securities may be held by a designated third-party custodian and evidenced by safekeeping receipts as determined by the Investment Officer. All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

1. Audited financial statements
2. Proof of National Association of Securities Dealers (NASD) certification
3. Proof of state registration
4. Completed broker/dealer questions
5. Certification of having read and understood and agreeing to comply with the MSHN Investment policy, (See Attachment #1)

Applies to:

☒ All Mid-State Health Network Staff
☐ Selected MSHN Staff, as follows:
☒ MSHN's CMHSP Participants: ☐ Policy Only ☒ Policy and Procedure
☐ Other: Sub-contract Providers

Definitions:
CEO: Chief Executive Officer
CFO: Chief Financial Officer
CMHSP: Community Mental Health Service Program
MSHN: Mid-State Health Network
NASD: National Association of Securities Dealers
PIHP: Pre-paid Inpatient Health Plan
Prudent Person Rule: A standard that requires that a fiduciary entrusted with funds for investment may invest such funds only in Securities that any reasonable individual interested in receiving a good return of income while preserving his or her capital would purchase.

References/Legal Authority
Act 20 PA of 1943, as amended

Change Log:

Date of Change	Description of Change	Responsible Party
02.04.2014	New policy	Chief Financial Officer
11.06.15	Policy update	Chief Financial Officer
03.20.17	Policy update	Chief Financial Officer
03.2018	Annual Review	Chief Financial Officer
03.2019	Annual Review	Chief Financial Officer
01.2021	Biennial Review	Chief Financial Officer

POLICIES AND PROCEDURE MANUAL

Chapter:	Finance		
Title:	Use of Public Act 2 Dollars		
Policy: ☒ Procedure: ☐ Page: 1 of 2	Review Cycle: Annually Author: Chief Executive Officer Chief Financial Officer	Adopted Date: 01.05.2016 Review Date: 07.09.2019 Revision Eff. Date:	Related Policies: Financial Management

Purpose

Per Public Act 206 of 1893, Section 24e, Paragraph 11, as amended, Mid-State Health Network (MSHN) receives liquor tax funds, also known as PA2 funds, from each of the counties in the region. The funds are for local use in treatment, intervention and prevention of substance use disorder (SUD) services. This policy stipulates the authority for and the approved use of PA2 funds.

Policy

Pursuant to and in accordance with MCL 211.24e, MSHN shall receive, administer and use PA2 funds in accordance with the law and at the direction of the Substance Use Disorder (SUD) Oversight Policy Advisory Board (OPB). PA2 funds shall be accounted for by county of origin and shall be used exclusively in the county from which they were derived. PA2 fund balances must be accounted for by each county and planned use must occur in the county of origin. Interest income from PA2 funds is considered local income and, at the direction of the SUD OPB, must be used to support SUD treatment, intervention and prevention activities or the related proportionate share of administrative costs.

> *MCL 211.24e: (11) If the sum of a county's operating property tax levy for the ensuing fiscal year plus the county's distribution to be received pursuant to section 10 of the state convention facility development act, 1985 PA 106, MCL 207.630, exceeds the product of the county's taxable value for the ensuing fiscal year times the greater of the county's base tax rate or concluding fiscal year's operating millage rate, then an amount equal to the lesser of 50% of the excess or 50% of the state convention facility development act distribution shall be used for substance abuse treatment programs within the county. The proceeds received by the taxing unit shall be distributed to the coordinating agency designated for that county pursuant to section 6226 of the public health code, 1978 PA 368, MCL 333.6226, and used only for substance abuse prevention and treatment programs in the county from which the proceeds originated.*

At least annually the SUD OPB shall approve a plan and budget for the use of PA2 funds. The plan and budget shall include the amount of planned funding to be expended; the intended purpose for SUD treatment, intervention or prevention; and the identified primary contractor(s). The MSHN Chief Financial Officer (CFO) shall prepare and provide the SUD OPB with a bi-monthly report of PA2 funds received and disbursed.

Applies to:

☒ All Mid-State Health Network Staff
☐ Selected MSHN Staff, as follows:
☐MSHN's CMHSP Participants: ☐ Policy Only ☐Policy and Procedure
☒ Other: MSHN SUD Oversight Policy Board

Definitions:

CFO: Chief Financial Officer
MSHN: Mid-State Health Network
OPB: Oversight Policy Advisory Board
PA2 Funds: Public Act 2 Liquor Tax Funds
SUD: Substance Use Disorder

Other Related Materials:
N/A

References/Legal Authority:
Public Act 206 of 1893, Section 24e, Paragraph 11, as amended; MCL 211.24e
Michigan Department of Health and Human Services Contract for 1115 Behavioral Health Demonstration Waiver Program, the Health Michigan Plan and relevant approved Waivers (Children's Waiver Program (CWP), Habilitation Supports Waiver (HSW), Serious Emotional Disturbance (SED))
~~Medicaid Managed Specialty Supports and Services Concurrent 1915(b)/(c) Waiver Program(s), the Healthy Michigan Program, and Substance Use Disorder Community Grant Programs~~

Change Log:

Date of Change	Description of Change	Responsible Party
TBD	New Policy	Chief Executive Officer
11.06.15	Update Policy – Original not Board approved	Chief Financial Officer
03.20.17	Policy Update	Chief Financial Officer
03.2018	Policy Update	Chief Financial Officer
03.2019	Annual Review	Chief Financial Officer
01.2021	Biennial Review	Chief Financial Officer

POLICIES AND PROCEDURE MANUAL

Chapter:	Finance		
Title:	**Public Act 2 Dollars Interest Allocation**		
Policy: ☒ **Procedure:** ☐ **Page:** 1 of 1	**Review Cycle: Annually** **Author:** Chief Financial Officer	**Adopted Date: 09.06.2016** **Review Date:** 07.09.2019 **Revision Eff. Date:**	**Related Policies:** Financial Management Use of Public Act 2 Dollars

Purpose

Per Public Act 206 of 1893, Section 24e, Paragraph 11, as amended, Mid-State Health Network (MSHN) receives liquor tax funds, also known as PA2 funds, from each of the counties in the region. The funds are for the expressed purpose of local use in treatment, intervention and prevention of substance use disorder (SUD) services. Interest earned on PA2 funds will be allocated to each county within MSHN's region.

Policy

It is the policy of Mid-State Health Network that interest earned on PA2 funds during the fiscal year will be determined annually at September 30. MSHN earns interest on all revenue sources including, Medicaid, Healthy Michigan, Block Grant, and PA2. Interest attributable to PA2 will be allocated to each county proportionately based on fiscal year end balances. A financial report by county will be presented to the Substance Use Disorder Oversight Policy Board (OPB) designating the revenues received, disbursements made, and interest earned.

Applies to:

☒All Mid-State Health Network Staff
☐ Selected MSHN Staff, as follows:
☐ MSHN's Affiliates: ☐ Policy Only ☐ Policy and Procedure
☒Other: MSHN SUD Oversight Policy Advisory Board

Definitions:

CFO: Chief Financial Officer
MSHN: Mid-State Health Network
OPB: Oversight Policy Board
PA2 Funds: Public Act 2 Liquor Tax Funds
SUD: Substance Use Disorder

References/Legal Authority:

Public Act 206 of 1893, Section 24e, Paragraph 11, as amended; MCL 211.24e
Michigan Department of Health and Human Services Contract for
1115 Behavioral Health Demonstration Waiver Program, the Health Michigan Plan and relevant approved Waivers (Children's Waiver Program (CWP), Habilitation Supports Waiver (HSW), Serious Emotional Disturbance (SED))
~~Medicaid Managed Specialty Supports and Services Concurrent 1915(b)/(c) Waiver Program(s), the Healthy Michigan Program, and Substance Use Disorder Community Grant Programs~~

Change Log:

Date of Change	Description of Change	Responsible Party
08.08.2016	New Policy	Chief Financial Officer
03.20.17	Annual Review	Chief Financial Officer
03.2018	Policy Update	Chief Financial Officer
03.2019	Policy Update	Chief Financial Officer
01.2021	Biennial Review	Chief Financial Officer

POLICIES AND PROCEDURES MANUAL

Chapter:	**Finance**		
Section:	**Procurement Policy**		
Policy: ☐ **Procedure:** ☐ **Page:** 1 of 3	**Review Cycle: Annually** **Author:** Chief Financial Officer	**Adopted Date: 09.02.2014** **Review Date:** 07.09.2019 **Revision Eff. Date:**	**Related Policies:** Financial Management Cash Management Procurement through RFP

Purpose

To provide guidance to Mid-State Health Network (MSHN) staff involved in purchasing goods and services to assure:

A. That the MSHN obtains the best possible price and terms for all goods and services;
B. That a wide range of qualified vendors are notified of impending purchases;
C. That specifications are not so needlessly complex or restrictive that they would exclude qualified vendors; and
D. That staff are encouraged to exercise discretion in the purchasing process.

Policy

A. Oversight and Supervision of the Purchasing Process Shall be as Follows:
   1. **$0.00 -- $1,999**: Purchase of goods or services valued within this range may be purchased without written cost quotations or proposals. The responsible staff person shall solicit verbal quotations, and the purchase shall be made from the vendor best able to provide necessary goods or services based upon price, availability of goods, and delivery schedule.
   2. **$2,000 -- $24,999**: Purchase of goods or services valued within this range shall be preceded by the solicitation of cost proposals as described herein and approved by the Chief Financial Officer (CFO) or Chief Executive Officer (CEO). The purchase shall be made from the vendor best able to provide the necessary goods or services with price being the primary consideration. Staff must document and include in the accounts payable file the reasons for all purchases made where the low-cost proposal is not accepted.
   3. **$25,000 and higher**: Purchase of goods or services valued within this range shall be preceded by the solicitation of cost proposals as described in the Procedure: Procurement through Request for Proposal (RFP). The purchase shall be made from the vendor best able to provide the necessary goods or services with price being the primary consideration. The Administrative Officer responsible for the purchase shall prepare a Board Background and Motion (BB&M) containing sufficient background information and underlying rationale to support the purchase recommendation to the Board of Directors.

   Items or services previously approved by the Board shall be brought back to the Board for review and approval if there is a dollar amount variance from the original BB&M of more than ~~of 5%, or~~ $10,000.

   Exceptions:
   1. Properties/facilities and maintenance purchases shall be bid out when the annualized or per item cost/value exceeds $10,000.
   2. Computer Hardware and Software: The purchase of computer items or services valued less than $5,000 shall not be subject to this policy / procedure. The purchase may be approved when, in the judgment of the Chief Information Officer (CIO), the purchase is made from the vendor best able to provide necessary goods or services based upon price, availability of goods, and delivery schedule.
   3. Computer Services: The purchase of computer services valued less than $20,000 may be approved by the CIO, when the provider of that service has already been selected to provide similar services within the previous 24 months via a documented bid or cost comparison process. Such approval may be made when, in the judgment of the CIO, the vendor continues to be best able to provide necessary services based upon price, performance and schedule.

4. Computer Hardware and Software and Employee/Physician Insurances: Purchases of $25,000 and higher may not follow the RFP process if the responsible Administrative Officer determines a solicitation of cost proposals is more appropriate.

Exclusions:

1. The purchase of food and consumable supplies.
2. Goods or service contracts entered under, or based upon, the State of Michigan MI Deal program or the US Federal Government's GSA program(s).

B. Staff shall obtain cost proposals from qualified vendors for goods and services specified in this policy. Proposals may be obtained by means of direct solicitation or by advertising through newspapers, professional periodicals, or otherwise appropriate publications with the express purpose of notifying a wide range of vendors. The use of direct solicitation or published advertisements to affect an efficient and expeditious vendor response shall be left to the discretion of the department making the purchase. Generally, the receipt of at least three cost proposals shall be required prior to making a purchase, however, the receipt of fewer proposals shall be acceptable, provided that a reasonable staff effort and solicitation process is documented and approved.

C. MSHN may maintain a list of qualified vendors for solicitation purposes for routine or regular purchases. This list may be developed from a variety of sources, including vendor requests, telephone book listings, professional or trade organizations, and past MSHN experience. The qualification of vendors may include verifying appropriate insurances, licensure, past performance based upon written recommendations and comments from previous customers, and the vendor's size and experience relative to MSHN's project and needs.

D. MSHN shall develop specifications for cost proposals that are sufficiently complete so that all vendors provide quotations that are comparable. Specifications shall not be designed to favor a particular brand or type of product, or to exclude a particular vendor, without good cause. Good cause for narrow or restrictive specifications may include, but is not limited to, compatibility with existing systems or equipment, particular or specific needs of MSHN that few vendors are capable of fulfilling, professional or technical judgment of MSHN staff, and previous MSHN experience with vendors of products. The reasons for restrictive or narrow specifications must be clearly defined and filed with all other cost and proposal documents. Staff may also make purchases without obtaining cost proposals, if only one vendor or product exists, or if proposals for identified products were received within the past twelve (12) months.

E. Staff shall maintain records sufficient to detail the significant history of a procurement decision. These records shall include, but are not limited to, information pertinent to the rationale for the method of provider selection or rejection and the basis for the cost or price. The files shall be maintained with MSHN's Provider Network department.

F. It is the responsibility of the designated staff person to confirm that funds have been allocated and are available prior to the purchase.

G. All audits required by the MSHN shall be obtained by direct solicitation or by advertising, which shall adhere to the principles stated herein. The length of the initial audit period shall not exceed three years. The CFO shall approve the audit specifications and proposal process. All responses to audit cost proposals shall be reviewed and approved by the Board of Directors. MSHN may authorize staff to extend audit services beyond the original audit period without soliciting additional cost proposals, provided that any extensions do not exceed three (3) years. The cost for any extension may be negotiated at the time the extension is authorized.

H. Sole Source Exceptions: Under certain circumstances, the agency may contract with vendors or providers through single-source procurement without executing a competitive bid process. These circumstances may include any one or more of the following:

1. The goods or services are available only from a single source;
2. There is an urgent or emergent need for the goods or service;
3. After solicitation through a number of sources, there is a lack of qualified provider candidates;

4. The goods or services sought are unique or highly specialized;
5. The services sought are professional services of limited quantity or short duration (e.g. Psychological testing);
6. Through the person-centered planning process, the consumer has chosen a qualified non-network provider as his/her provider of choice.

I. For the purchases funded with federal funds, the MSHN shall be in compliance with requirements of the Davis-Bacon Act, the Copeland "Anti-Kickback" Act, and the Contract Work Hours and Safety Standards Act.
J. MSHN funds may not be utilized for the purchase of alcohol or tobacco products.

Applies to:
☒ All Mid-State Health Network Staff
☐ Selected MSHN Staff, as follows:
☐ MSHN's CMHSP Participants: ☐ Policy Only ☐ Policy and Procedure
☐ Other: Sub-contract Providers

Definitions:
Administrative Officer: MSHN officer of administrative services (Chief Executive Officer, Deputy Directory, Chief Financial Officer, Chief Information Officer, Chief Clinical Officer)
BB&M: Board of Directors' Background and Motion
CEO: Chief Executive Officer
CFO: Chief Financial Officer
CIO: Chief Information Officer
CMHSP: Community Mental Health Service Program
GSA: General Services Administration; The executive agency responsible for supervising and directing the disposal of surplus personal property
MI Deal: Extended purchasing program which allows Michigan local units of government to use state contracts to buy goods and services
RFP: Request for Proposal

References/Legal Authority
2 CFR 200; Subpart D; Sections 318 through 326
Michigan Department of Health and Human Services Contract for Medicaid Managed Specialty Supports and Services Concurrent 1915(b)/(c) Waiver Program(s), the Healthy Michigan Program, and Substance Use Disorder Community Grant Programs – Procurement Technical Requirement

Change Log:

Date of Change	Description of Change	Responsible Party
09.2014	New Policy	Chief Financial Officer
11.2015	Annual Review	Chief Financial Officer
03.20.17	Policy Update	Chief Financial Officer
03.2018	Annual Review	Chief Financial Officer
03.2019	Policy Update	Chief Financial Officer
01.2021	Biennial Review	Chief Financial Officer

PO LICIES AND PROCEDURE MANUAL

Chapter:	Finance		
Title:	Risk Management – Internal Service Fund		
Policy: ☐ **Procedure:** ☐ **Page:** 1 of 2	**Review Cycle: Annually** **Author:** Chief Financial Officer	**Adopted Date: 07.01.2014** **Review Date:** 07.09.2019 **Revision Eff. Date:**	**Related Policies:** Financial Management Investments

Purpose:
Mid-State Health Network (MSHN) will establish an internal service fund (ISF) as a method for securing funds as part of the region-wide strategy for managing Medicaid risk exposure under the MDHHS/PIHP Medicaid Managed Specialty Supports and Services Contract. The funding of the ISF will be maintained at a level that sufficiently covers the projected overall risk of the Pre- Paid Inpatient Health Plan (PIHP), yet ensures maximum funds are directed to consumer services.

Policy:

A. As an integral part of risk management planning, the PIHP shall determine the necessity and the optimal funding amounts for an ISF, with the input and analysis provided by the MSHN Finance Council.
B. The ISF shall be maintained by the PIHP in accordance with the MSHN Investment Policy and in compliance with MDHHS/PIHP Services and Supports Contract with the Michigan Department of Health and Human Services consistent with the following criteria:
    1. Contributions to the ISF shall retain their character as state funds in accordance with the Mental Health Code. Beginning Fiscal Year 2017, MDHHS allows Medicaid and Healthy Michigan Plan (HMP) reserves may be used interchangeably to cover cost overruns in both funding stream. The use of funds to cover cost overruns assumes the funding stream in question exhausted its reserves prior to the redirection.
    2. Funds used to finance the ISF shall not be used as local funds or used to match federal cost sharing.
    3. ISF funds will be invested in accordance with the MSHN Investment Policy.
    4. Interest earnings from the investment of ISF funds shall be used to fund the risk reserve and shall be maintained in the fund.
C. MSHN shall determine at least semi-annually the optimum ISF funding level using the following criteria:
    1. The expected risk based on historical costs experience or reasonable cost assumptions.
    2. The funds contributed to the ISF determined in compliance with reserve requirements as defined by GAAP and applicable federal and state provisions, as stated in the MDHHS Services and Supports Contract.
    3. Charges allocated to the various programs/cost categories based on the relative proportion of the total contractual obligation.
D. MSHN shall review the costs charged against the ISF using the following criteria:
    1. Costs are restricted to the defined purpose of the ISF and no expenses can be charged to these funds
    2. The proper share of the risk corridor is charged to the ISF

E. MSHN shall review the total funding level of the ISF to ensure that:
    1. If the ISF becomes over-funded, it shall be reduced within one fiscal year through the abatement of current charges.
    2. If abatements are inadequate to reduce the ISF to the appropriate level, it shall be reduced through refunds in accordance with OMB Circular 2 CFR 200 Subpart E Cost Principles.

3. Upon dissolution of the ISF, any funds remaining in the ISF after all of its claims and related liabilities have been liquidated shall be refunded pursuant to OMB Circular 2 CFR 200 Subpart E Cost Principles.

Applies to:
All Mid-State Health Network Staff
Selected MSHN Staff, as follows:
MSHN's Affiliates: ☐ Policy Only ☐ Policy and Procedure Other: Sub-contract Providers

Definitions:
GAAP: Generally Accepted Accounting Principles
ISF: Internal Service Fund; Risk reserve fund that can be used by the PIHP to cover Medicaid and Healthy Michigan Plan risk corridor financing, if necessary, per the shared risk contract with MDHHS
MDHHS: Michigan Department of Health and Human Services
MSHN: Mid-State Health Network
OMB: Office of Management and Budget
PIHP: Pre-paid Inpatient Health Plan

Other Related Materials
MSHN Investment Policy

References/Legal Authority
The following federal and state statues, contracts, and technical specifications establish the standards for Mid-State Health Network's Risk Management – ISF procedure.

A. The Balance Budget Act of 1997
B. OMB Circular 2 CFR 200 Subpart E Cost Principles
C. Mental Health Code
D. Michigan Department of Health and Human Services Contract for ~~Medicaid Managed Specialty Supports and Services Concurrent 1915(b)/(c) Waiver Program(s), the Healthy Michigan Program, and Substance Use Disorder Community Grant Programs Attachment Internal Service Fund Technical Requirements~~1115 Behavioral Health Demonstration Waiver Program, the Health Michigan Plan and relevant approved Waivers (Children's Waiver Program (CWP), Habilitation Supports Waiver (HSW), Serious Emotional Disturbance (SED))
E. Generally Accepted Accounting Principles

Change Log:

Date of Change	Description of Change	Responsible Party
04.01.2014	New policy	Chief Compliance Officer
07.07.2015	Annual Review	Chief Financial Officer
07.05.2016	Annual Review	Chief Financial Officer
03.20.2017	Policy Update	Chief Financial Officer
03.2018	Policy Update	Chief Financial Officer
03.2019	Policy Update	Chief Financial Officer
01.2021	Biennial Review	Chief Financial Officer

POLICIES AND PROCEDURE MANUAL

Chapter:	Finance		
Title:	Substance Use Disorder Treatment – Income Eligibility & Fees		
Policy: X Procedure: ☐ Page: 1 of 2	Review Cycle: Annually Author: Chief Financial Officer and Finance Manager	Adopted Date: 11.2015 Review Date:07.09.2019 Revision Eff. Date:	Related Policies: Financial Management

Purpose:
Per contractual requirements with the Michigan Department of Health & Human Services (MDHHS) Mid-State Health Network (MSHN) is required to establish and maintain an income eligibility policy and procedure. The policy is intended to assure compliance with contractual obligations.

Policy:
MSHN requires use of a standardized income eligibility fee policy and procedure for all substance use disorder (SUD) treatment services. This policy is applicable to all treatment service modalities.

General Information:
Application of First and Third-Party Fees: The contract provisions with respect to the collection and reporting of first and third-party fees earned by a SUD Provider will be the first source of funding for the consumer. If benefits are exhausted or if the person needs a service not covered by that third party insurance, community block grant funds may be applied. It will be the SUD Provider's responsibility to develop and maintain policies and procedures regarding the collection and reporting of consumer fees and accounts receivable.

Consumer Eligibility: The income eligibility scale shall use a consumer's current annualized household income and the family size to determine the consumer's financial eligibility for a SUD treatment benefit from MSHN. Household income would include the income of the consumer's spouse, if living in the same home. It would also include the income of a significant other, if that consumer is cohabitating with the consumer and is engaged in the consumer's treatment process. Income would be excluded for estranged or separated spouses, for parents of any college-age consumer or adults living with parents if the parents only provide room and board. Income would also be excluded for adult children living at home if the parent is in treatment. Consumers whose family income falls at or below the guidelines identified in the attached "Income Eligibility for MSHN Benefits are eligible for a benefit subsidy as identified. Exceptions for income requirements may be made for consumer safety issues, continuity of care issues, and other items as reviewed and approved by MSHN staff. All exclusions should be documented in the consumer chart. The provider retains the authority to grant waivers to this policies and related procedures. If a waiver of income eligibility and fees is granted it shall be documented in the fee section of the consumer record.

- Income Verification: An Income Verification/Fee Agreement is to be completed at admission for each MSHN consumer that is funded through Community Block Grant dollars and signed by the consumer. In addition, proof of income must be documented in the consumer file (i.e., current pay stub, latest income tax return). Income should represent only legally obtained income. Annual gross income can be used, however, the most recent ninety (90) day period prior to admission should be reviewed to include any changes in employment.

Failure to secure and retain these items in the consumer's file will be grounds for non-reimbursement of services. If a consumer reports no income but is physically able to work, employment should be addressed as a treatment issue in the consumer's treatment plan.

An individual will not be denied service because of an inability to pay for services.

Non-allowable uses Block Grant:

- Inpatient hospital services except under conditions specified in federal law
- Cash payments to intended recipients of services
- Purchase, improve, or build (as applicable):
  - Land
  - Buildings and other facilities
  - Major medical equipment
- Satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of funds
- Pay the salary of an individual in excess of Level I of the Federal Executive Schedule

Applies to:

☐All Mid-State Health Network Staff
☐ Selected MSHN Staff, as follows:
MSHN's Affiliates: ☐Policy Only ☒ Policy and Procedure
☒ Other: Sub-contract Providers

Definitions:

MDHHS: Michigan Department of Health & Human Services
MSHN: Mid-State Health Network
SUD: Substance Use Disorder

Other Related Materials:

- Financial Eligibility Worksheet
- MSHN Eligibility Procedure w. Attachment A (Income Verification Agreement)
- Financial Eligibility & Waiver Worksheet

References/Legal Authority:

- Michigan Mental Health Code
- Michigan Department of Health and Human Services Contract for Medicaid Managed Specialty Supports and Services Concurrent 1915(b)/(c) Waiver Program(s), the Healthy Michigan Program, and Substance Use Disorder Community Grant Programs

Change Log:

Date of Change	Description of Change	Responsible Party
08.2015	New Policy	Finance Manager
06.16.16	Policy Update	Chief Financial Officer
03.20.17	Policy Update	Chief Financial Officer
03.2018	Policy Update	Chief Financial Officer
03.2019	Policy Update	Chief Financial Officer
~~05.2021~~01.2021	~~Bi-Annual Review~~Biennial Review	Chief Financial Officer

POLICIES AND PROCEDURES MANUAL

Chapter:	Finance		
Title:	Transfer of CMHSP Care Responsibility		
Policy:☒ Procedure ☐ Page: 1 of 2	Review Cycle: Annually Author: Operations Council	Adopted Date: 03.07.2017 Review Date: 07.09.2019 Revision Eff. Date:	Related Policies:

Purpose

Lack of statutory clarity with respect to establishing County of Financial Responsibility (COFR) has, in some cases, resulted in delays of appropriate services to consumers, protracted disputes and inconsistency of resolution across the state. This is particularly true for consumers who have never received services from a state operated facility and for whom financial responsibility is thus not addressed directly by Chapter 3 of the Mental Health Code. Community Mental Health Services Programs (CMHSPs) are statutorily responsible for serving persons 'located' in their jurisdiction even when responsibility for payment is in question.

In order to respect the residency preferences of persons served in the geographic area, offer seamless regional access to specialty mental health services and reduce administrative burden, the Mid-State Health Network (MSHN) Prepaid Inpatient Health Plan (PIHP) and its CMHSP Participants have agreed to a regional Transfer of Care Responsibility policy as a supplement to existing COFR practices for Medicaid and Healthy Michigan Plan (HMP) recipients.

Policy

1. As a general rule, MSHN and its CMHSP Participants will abide by the County of Financial Responsibility Technical Requirement for CMHSPs of the Michigan Department of Health and Human Services/CMHSP Managed Mental Health Supports and Services Contract. This document is incorporated to this policy by reference and will be applied to all existing service arrangements and new service requests received by CMHSPs in the MSHN region.
2. MSHN and its CMHSP Participants will consider exceptions to the general COFR rule in section II.A of the County of Financial Responsibility Technical Requirement for CMHSPs regarding change in residency of persons that have an established COFR in the 21 county MSHN PIHP geographic area, provided all of the following requirements are met:
    a. Person requesting the change is an adult and has a personal or familial interest in the residency change that is unrelated to specialty mental health services and supports.
    b. Person is presumed competent or if not, the change is authorized by a duly established legal guardian or representative.
    c. Person is seeking a change in residency to another county within the MSHN region.
    d. Person intends to reside in the county permanently or indefinitely.
3. CMHSP Participants that have persons in service that meet exception requirements to the general COFR rule will discuss the potential change in care responsibility during the contract negotiation process with the destination CMHSP in the MSHN region. CMHSP Participants will work collaboratively to obtain a consensus that supports the person's change in residency and ensures a seamless transition of services.
4. The CMHSP Participants will establish a mutually agreeable timeline for permanent change in the CMHSP care and financial responsibility that honors the person's desired timeline for change in residency but will not exceed 6 months.
5. CMHSP Participants that are unable to reach mutual agreement regarding permanent transfer of COFR within the MSHN region may pursue remedy through the Dispute Resolution Process as outlined in the MSHN Operating Agreement, Article VIII.

Applies to:
☒All Mid-State Health Network Staff
☐Selected MSHN Staff, as follows:
☒MSHN's Affiliates: ☐Policy Only ☒Policy and Procedure Other:
☐ Sub-contract Providers

Definitions:
CMHSP: Community Mental Health Services Program; A program operated under Chapter 2 of the Michigan Mental Health Code-Act 258 of 1974 as amended.
COFR: County of Financial Responsibility; As defined in Section 1306 of the Mental Health Code, the county of financial responsibility is the county in which the individual maintained his or her primary place of residence at the time he or she entered 1 of the following: (a) A dependent living setting, (b) A boarding school or (c) A facility.
MSHN: Mid-State Health Network; A regional entity formed for the purpose of carrying out the provisions of Section 1204b of the Mental Health Code relative to serving as the prepaid inpatient health plan to manage Medicaid specialty supports and services.
PIHP: An organization that manages Medicaid specialty services under the state's approved Concurrent 1915(b)/1915(c) Waiver Program, on a prepaid, shared-risk basis, consistent with the requirements of 42 CFR part 401, as amended, regarding Medicaid managed care.

Other Related Materials:
"County of Financial Responsibility Technical Requirement for CMHSPs", of the Michigan Department of Health and Human Services/Community Mental Health Services Program Managed Mental Health Supports and Services Contract

References/Legal Authority:
1. The Social Welfare Act, Act 280 of 1939, MCL 400.32(2), "resident of state" defined.
2. Michigan Mental Health Code, Act 258 of 1974, MCL 330.1306 (1), "determining individual's county of residence".

Change Log:

Date of Change	Description of Change	Responsible Party
August 2016	New Policy	Operations Council
03.2018	Annual Review	Operations Council
03.2019	Policy Update	Chief Financial Officer
01.2021	Biennial Review	Chief Financial Officer

MSHN
Mid-State Health Network

POLICIES AND PROCEDURE MANUAL

Chapter:	Finance		
Section:	Travel		
Policy: ☒ **Procedure:** ☐ **Page:** 1 of 3	**Review Cycle: Annually** **Author:** Chief Financial Officer	**Adopted Date: 02.04.2014** **Review Date:** 07.07.2020 **Revision Eff. Date: 07.07.2020**	**Related Policies:** Financial Management

Purpose

Mid-State Health Network (MSHN) recognizes that employees, students, volunteers and Board members may be required to travel on behalf of MSHN. It is the intent of MSHN to provide for the reasonable expenses associated with that travel.

Policy

It is the policy of Mid-State Health Network (MSHN) that all reasonable expenses for official travel will be reimbursed in accordance with State and Federal laws and the guidelines set forth below. It is recognized that exceptions are on occasion, necessary. Such exceptions shall be approved, in advance, when possible, by the Chief Executive Officer (CEO).

A. All individuals are required to drive their own automobile in the course of their employment. Employees will be reimbursed at IRS Mileage Rate. Mileage will generally be computed from the employee's "official station" (OS) and shall be based on MapQuest calculations. No transportation cost will be allowed between an employee's residence and the OS. When an employee originates work at a location other than their OS, mileage shall be reimbursed if the difference to the destination is greater than the distance to the OS. Reimbursement shall be based on the "lesser rule" in calculating the difference from travel to the OS. The OS of a Board member or volunteer is determined to be their home and reimbursement shall be calculated form that starting location.
B. Should employees/Board members/volunteers attend pre-authorized meetings, conference, conventions, or seminars on behalf of MSHN, the following shall apply:
    1. Travel by private automobile shall be reimbursed at the IRS mileage rate, provided reimbursement shall not exceed tourist air fare, plus an allowance to and from the airport.
    2. If travel is by common carrier, tourist fare will be reimbursed if receipts have been retained and submitted with the expense report.
    3. Reimbursement for meals plus tip will be allowed while traveling out-of-town to/ from or at the place of any meeting, conference, seminar, or convention not to exceed the daily amount established the Internal Revenue Service (IRS). Meals for internal departmental meetings are not covered unless prior approval is given by the CEO. Such allowance shall be on a "per meal" basis and are not to exceed three in one day. Detailed receipts are required to be reimbursed (Credit slips not detailing items purchased are not acceptable). Claims for reimbursement of conference expenses (other than mileage and meals) must be supported with adequate documentation (receipts) for reimbursement to be made. Documentation must include proof of payment: detailed credit card statement; original receipt from conference stating amount paid; or copy of personal check with registration documentation.
    4. Tolls and telephone expense will be reimbursed when it is necessary as part of the trip on behalf of MSHN; taxi fare is reimbursable only if the trip was made by common carrier.
    5. Parking fees during the conference, convention, seminar, or meeting will be reimbursed if receipts are retained and submitted with the expense report.

6. Lodging costs and incidental expenses for overnight stays in the Greater Lansing Area are not permitted unless an exception is authorized by the Chief Executive Officer or designee. However, employees who have a good reason for an exception are encouraged to seek initial approval from their immediate supervisor, who will then forward the request to the CEO (or designee) indicating their rationale for support for an exception.

C. Expense reports shall be submitted to the Chief Financial Officer (CFO) for payment after the appropriate Supervisor approvals and following the convention, conference, seminar, or meeting attended by the employee. A short explanation of each expense must accompany the expense report, along with receipts.

D. Expense Not Reimbursed: MSHN does not reimburse expenses which are not pertinent to required travel unless specific advanced approval has been obtained in writing from the CEO and may include but is not limited to.
   1. Mileage from the employee's home to and from work.
   2. Expenses associated with speeding or parking violations.
   3. Alcoholic beverages.

E. Expense submitted greater than 60 days: All reimbursement requests must be submitted within 60 days of the travel expense being incurred. Per the IRS Publication 463, "Travel, Entertainment, Gift, and Car Expenses," employees must adequately account to MSHN for travel expenses within a reasonable period of time or the amount may become taxable. A reasonable period of time is defined as adequately accounting for your expenses within 60 days of them being incurred. Any reimbursement requests submitted after 60 days require approval of the Chief Executive Officer.

Applies to:
☒ All Mid-State Health Network Staff
☐ Selected MSHN Staff, as follows:
☐ MSHN's CMHSP Participants: ☐ Policy Only ☐ Policy and Procedure
☐ Other: Sub-contract Providers

Definitions:
CEO: Chief Executive Officer
CFO: Chief Financial Officer
CMHSP: Community Mental Health Service Program
IRS: Internal Revenue Service
Lesser Rule: When travel from an employee's home to an alternate work location, or from an alternate location to home, transportation expenses must be reimbursed at the current mileage rate using the lesser of:
1) Mileage between the employee's home and the alternate work location, or
2) Mileage between the employee's official station and the alternate work location.

Official Station (OS): An employee's "official station" is the MSHN office located in Lansing, MI. Some employees, with variable assignments, may have a daily OS assignment, which is defined based on their established work schedule. For the purpose of this policy, the OS for Board members or volunteers is the address provided on their employment forms (or home).

References/Legal Authority
IRS Mileage Rates: http://www.irs.gov/Tax-Professionals/Standard-Mileage-Rates

Change Log:

Date of Change	Description of Change	Responsible Party
02.04.2014	New policy	Chief Financial Officer
11.06.2015	Policy update	Chief Financial Officer
03.20.17	Policy update	Chief Financial Officer
03.2018	Policy update	Chief Financial Officer
03.2019	Annual Review	Chief Financial Officer
02.2020	Added Lansing Area Lodging	Chief Financial Officer
01.2021	Biennial Review	Chief Financial Officer