

## Region 10

Genesee • Lapeer • Sanilac • St. Clair Counties

**DRAFT**

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GROUP MEETING: Region 10 PIHP Board

PLACE: Region 10 PIHP – Summit Conference Room  
3111 Electric Ave., Port Huron, MI

Date: November 19, 2021

TIME: 9:00 a.m.

PRESIDING: Lori Curtiss, Chairperson

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PRESENT: Ronald Barnard, Kathryn Boles, Lori Curtiss, Joyce Johnson, Robert Kozfkay, Elva Mills, Edwin Priemer, Wayne Strandberg, Nancy Thomson, Bobbie Umbreit

ABSENT: Wanda Cole, Dr. Niketa Dani, DeElla Johnson, Gary Jones

ALSO PRESENT: *Region 10 PIHP Staff:* Jim Johnson, CEO; Kelly VanWormer, COO; Richard Carpenter, CFO; Robin Kalbfleisch, Recording Secretary

*CMH Staff:* Wil Morris, Sanilac County CMH; Lauren Emmons, Lapeer CMH (arrived at 9:19 a.m.); Dan Russell, GHS (arrived at 9:22 a.m.)

GUESTS: NBS: Nick Mighion, Architect; Dale Moeller, Project Director; and Mark Sawchuk, VP Construction Solutions.

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I. CALL TO ORDER

The meeting was called to order at 9:00 a.m. by Chairperson Curtiss.

II. CITIZENS WISHING TO ADDRESS THE BOARD

None.

III. AGENDA CHANGES (*Action*)

It was moved by Ms. Mills, seconded by Ms. Joyce Johnson, to approve the meeting agenda as presented. **MOTION CARRIED** by roll call vote. Ayes: Ronald Barnard, Kathryn Boles, Lori Curtiss, Joyce Johnson, Robert Kozfkay, Elva Mills, Edwin Priemer, Wayne Strandberg, Nancy Thomson, Bobbie Umbreit; Nays: None.

IV. APPROVAL OF PREVIOUS MEETING MINUTES (*Action*)

It was moved by Mr. Priemer, seconded by Mr. Strandberg, to approve the October 15, 2021, meeting minutes as presented. **MOTION CARRIED** by roll call vote. Ayes: Ronald Barnard, Kathryn Boles, Lori Curtiss, Joyce Johnson, Robert Kozfkay, Elva Mills, Edwin Priemer, Wayne Strandberg, Nancy Thomson, Bobbie Umbreit; Nays: None.

V. A. FY2021 Budget

1. Monthly Finance Report – September 2021 (*Action*)

Presented by Mr. Carpenter. The fiscal year is still in the process of being closed, so the numbers will change prior to the final report submission that is due to the Department in February 2022. Eligibility and revenue remain high compared to the prior year and prior months due to the public health emergency that has been declared and extended multiple times. It is anticipated that it will stay high through FY2022. Traditional Medicaid has a surplus of about \$38 million and Healthy Michigan has a surplus of about \$10 million. Approximately \$20 million will be put into ISF and Medicaid Savings. There will be a potential lapse of about \$28 million. It was discussed that this level of surplus is occurring throughout the state of Michigan, including with the Medicaid Health Plans.

It was moved by Mr. Kozfkay, seconded by Ms. Mills, to approve the Monthly Finance Report for September 2021 as presented. **MOTION CARRIED** by roll call vote. Ayes: Ronald Barnard, Kathryn Boles, Lori Curtiss, Joyce Johnson, Robert Kozfkay, Elva Mills, Edwin Priemer, Wayne Strandberg, Nancy Thomson, Bobbie Umbreit; Nayes: None.

2. Monthly Payment Report – September 2021 (*Action*)

Presented by Mr. Carpenter.

It was moved by Mr. Barnard, seconded by Ms. Joyce Johnson, to approve the Monthly Payment Report for September 2021 as presented. **MOTION CARRIED** by roll call vote. Ayes: Ronald Barnard, Kathryn Boles, Lori Curtiss, Joyce Johnson, Robert Kozfkay, Elva Mills, Edwin Priemer, Wayne Strandberg, Nancy Thomson, Bobbie Umbreit; Nayes: None.

VI. **BUILDING PRESENTATION** (*Action*)

Ms. VanWormer presented a history of Region 10's current lease agreement with St. Clair CMH, and the need for a new building for Region 10 due to St. Clair CMH's need for additional space. There were several properties considered that were narrowed down to two to present to the PIHP Board because they met most of Region 10's criteria: adequate square footage; accessibility to RESA fiber lines; location in Port Huron to retain current staff; adequate number of parking spaces; and spatial needs that allow for larger workspaces and collaboration between departments.

Ms. VanWormer introduced representatives from NBS who were engaged to provide a feasibility study on the properties located in Port Huron Township and Kimball Township. Mr. Mighion presented the NBS feasibility study which included a site analysis of each of the two properties. Project costs were presented by Mr. Moeller on each which included purchase price, furniture, fixtures and equipment, technology, and construction. Mr. Sawchuk reviewed the pros and cons of each property. The cost of purchasing and renovating to suit the needs of Region 10 would be approximately \$165 per square foot as compared to a new construction that would be approximately \$250 per square foot.

The property in Port Huron Township was found to have more pros over the Kimball Township property, including less cost for purchase and construction, better location, and shorter timeline for occupancy. There was additional discussion about the pros and cons, and other possible locations that are available but unsuitable for various reasons.

It was discussed that these two properties are available for purchase only, not lease. Mr. Carpenter explained that Region 10 would use funds that we currently have and there would be no adverse effect on funding for the region or the CMHs as our cash flow is extremely strong. Mr. Carpenter prefers

purchasing rather than leasing as it reduces the risk of not getting the renovation costs back, as building renovations would be required whether it is leased or purchased. Chairperson Curtiss stated that there are CMHs in the region who are concerned that purchasing a building would be an additional expense for the remaining CMHs should the system become privatized. Mr. Carpenter explained that, if the PIHP is no longer in existence, the proceeds from the sale of the building would be split between the CMHSPs after all liabilities and obligations are taken care of. There is always risk when locking cash into an asset; however, in the meantime, we are getting the benefit of the asset by being able to charge the depreciation to our Medicaid contract with the Department. The funds for purchase would come from the Performance Based Incentive Payment (PBIP) funding, which currently has a balance of \$6 million. Every year, as we depreciate, we would replenish the PBIP funds. There would be about \$3 million of PBIP funds still available for the CMHSPs to use for general fund losses and/or state facilities. There was additional discussion about depreciation of the land and building and replenishment of the PBIP funds.

The letter from the GHS, Lapeer CMH, and Sanilac CMH CEOs regarding their concerns of purchasing a property was discussed. Mr. Carpenter stated that funds from the sale of the property would be split between CMHs in accordance with the Mental Health Code and the Operating Agreement should the PIHP cease to exist. When the PIHP contract ends, the PIHP will still operate for at least 24 months and would keep some of the Medicaid funding and would also continue to depreciate and replenish some of those funds. After that, the PIHP would not be fully dissolved until all liabilities are completed and all assets are liquidated.

Ms. Deb Johnson stated that she does not agree with the letter from the other regional CMH CEOs. She said that St. Clair CMH is in desperate need of more space as they have over 100 more staff than they did last year. She is not concerned with the use of the PBIP funding as there should be additional funds earned each year as well as the replenishment from the depreciation.

Mr. Johnson discussed the status of the system redesign plans. Representative Whiteford will likely be making updates to her plans and will eventually introduce to the legislature. Senator Shirkey's proposals have been introduced and have been to committee for review. His bills will likely be moved out of Senate to the House. For the sake of argument, if his bills were passed by the House and signed by the Governor, his plans would have a three-phase implementation with an ending timeline of 2030.

Other concerns noted by the board during the discussion:

- Some Board members felt they were being pressured to make a decision now, when we could wait until we know if Shirkey's bills will be passed. Mr. Johnson stated that we need to move forward as if we have a future, especially for the employees of Region 10.
- The timing is not good due to the threat from the Health Plans.
- The funds to purchase a building could be going to individuals served. Mr. Johnson replied that the utilization of these funds will not reduce our service dollars.
- There was no Board Committee to review properties like we did in the past. Ms. VanWormer stated she has reviewed multiple properties since June and has reviewed several with Mr. Johnson, but they did not want to bring any to the Board that did not meet the needs of Region 10.
- It was asked if the PBIP funds belong to the CMHs? Mr. Johnson reported that these funds are part of the PIHP contract and are the only source of local funds that the PIHP has access to. The incentive money would be divided among the CMHs if the PIHP is dissolved. Mr. Carpenter reminded the Board of the current PBIP policy and the utilization of PBIP funds to date by CMHSPs.

Mr. Sawchuk stated that even a leased space would require improvements to suit our needs, and when making improvements to a leased space, the more TI dollars the landlord is willing to give for improvements, the longer the lease commitment will need to be. A lease commitment could be required for up to ten years. In addition, all improvements made are at the benefit of the landlord and there would be no return on any of the improvements made.

It was moved by Mr. Kozfkay, seconded by Ms. Mills, to table the matter of purchasing a building for Region 10 for one month to allow Board members who are absent to vote. **MOTION FAILED** by roll call vote. Ayes: Joyce Johnson, Robert Kozfkay, Elva Mills; Nays: Ronald Barnard, Kathryn Boles, Lori Curtiss, Edwin Priemer, Wayne Strandberg, Nancy Thomson, Bobbie Umbreit.

It was moved by Ms. Umbreit, seconded by Mr. Barnard, to move forward with the purchase of the building in Port Huron Township. The Board will go into a closed session later in the meeting to discuss financial parameters of the offer. **MOTION CARRIED** by roll call vote. Ayes: Ronald Barnard, Lori Curtiss, Robert Kozfkay, Edwin Priemer, Wayne Strandberg, Nancy Thomson, Bobbie Umbreit; Nays: Kathryn Boles, Joyce Johnson, Elva Mills.

*Ms. Mills and Mr. Morris left at 11:05 a.m.*

VII. RELOCATION LETTER FROM CMH CEOs

Discussed with previous agenda topic.

VIII. PERSONNEL UPDATE

Ms. VanWormer reported on several personnel topics, including additional recruitment activities, employee referral bonus, sign-on bonus, and new benefits for employees that include a YMCA membership and AFLAC supplemental insurance.

She reported that incoming applications have increased 51% since the end of the last quarter. There has been one employee referral since the program started in October.

Open enrollment for benefits started this month. The BCBS plans remain the same with an increase of only 1.9% for 2022 benefits and a hard cap increase of 3.7%. This has meant a decrease in premium rates for employees. Region 10 continues to pay 100% of the cost of dental and vision insurance for employees.

Mr. Johnson reported that we are still waiting to hear from MDHHS on allowing a severance package for staff should the PIHP cease to exist.

Ms. VanWormer noted that starting pay rates have been increased for several positions.

IX. SUBSTANCE USE DISORDERS

A. Meeting Minutes (11.2.2021)

Presented by Mr. Johnson

B. Approval of New SUD Advisory Board Member

Olivia DeMoss has applied for the open position on the SUD Advisory Board. She was recommended by Ms. O'Brien who recently left the board. The SUD Advisory Board has approved her appointment.

Mr. Johnson reported there are two ways to become a SUD Advisory Board member: appointment by the County Board of Commissioners or by applying to be a member with approval required by both the SUD Advisory Board and the PIHP Board.

It was moved by Ms. Joyce Johnson, seconded by Mr. Strandberg, to approve the appointment of Olivia DeMoss to the SUD Advisory Board. **MOTION CARRIED** by roll call vote. Ayes: Ronald Barnard, Kathryn Boles, Lori Curtiss, Joyce Johnson, Robert Kozfkay, Edwin Priemer, Wayne Strandberg, Nancy Thomson, Bobbie Umbreit; Nays: None.

X. DIRECTOR'S REPORT

DCW: Mr. Johnson reported that the Direct Care Wage (DCW) increase parameters have been received and verifies that the increase only applies to hours worked.

KB Lawsuit: There has been \$91 million allocated for system transformation as identified by the KB lawsuit.

Local Match: There have been funds allocated for the 2<sup>nd</sup> year of the 5-year phase out of the local match draw-down. There were no funds allocated for the phase out last year.

System Redesign: Senator Shirkey has introduced SB714 to allocate \$348 million of federal dollars into the broader healthcare system. About half goes towards hospital infrastructure. SB714 may somehow be tied to his other bills for system redesign.

Legislature: There are only six session dates left in this calendar year.

OMA: The Open Meetings Act (OMA) requires that board members be physically present after December 31, 2021, in order to vote and allows remote voting for those on military duty only. Beginning January 1, 2022, board members must be present to vote. Representative Green has had discussions regarding an amendment to allow voting remotely due to medical reasons.

CMHA Assessment: Mr. Johnson reported that CMHA is seeking a voluntary assessment to assist with their advocacy efforts. He will discuss with Mr. Carpenter and will bring a recommendation back to the Board next month.

Afghan Nationals: There are projected to be about 50 Afghan nationals settled in Flint if they are approved as a site.

Public Emergency Declaration: The emergency declaration was extended in October, and we expect it to continue throughout the fiscal year. It can only be extended for 90 days at a time. People cannot be taken off the Medicaid rolls while the emergency declaration is in place.

Vaccination Mandate: OSHA has suspended their order due to the stay issued by the 5<sup>th</sup> Circuit Court. This order applied to employers with 100 or more employees. The CMS mandates apply to providers in the Medicare and Medicaid system. Ten states have filed a challenge to the CMS mandate, but there is no stay on the CMS order at this time. Ms. Deb Johnson stated that her legal counsel and the legal counsel of Van Buren County have stated that it does not apply to CMHSPs, only CMHCs.

Federal: Mr. Johnson reported there are discussions occurring regarding an extension of the federal debt ceiling to stave off default, which would occur without action by December 15<sup>th</sup>. There are also discussions about a continuing resolution to keep the government open; the resolution they are operating under now lasts until December 3<sup>rd</sup>. The Build Back Better legislation has a CBO fiscal

assessment of approximately \$367 billion and could be considered by the House next week; it is unlikely to pass in the Senate.

*Ms. Boles left at 11:19 a.m.*

It was moved by Ms. Thomson, seconded by Mr. Priemer, to go into closed session to discuss the negotiations for purchasing the building in Port Huron Township. **MOTION CARRIED** by roll call vote. Ayes: Ronald Barnard, Kathryn Boles, Lori Curtiss, Joyce Johnson, Robert Kozfkay, Edwin Priemer, Wayne Strandberg, Nancy Thomson, Bobbie Umbreit; Nays: None. Moved into closed session at 11:28 a.m.

Reconvened from closed session at 11:48 a.m.

It was moved by Ms. Thomson, seconded by Mr. Kozfkay, to make an offer to purchase the building in Port Huron Township for up to \$1.1 million with contingencies included in the offer as deemed necessary by Ms. VanWormer and Mr. Johnson. **MOTION CARRIED** Ayes: Ronald Barnard, Lori Curtiss, Joyce Johnson, Robert Kozfkay, Edwin Priemer, Wayne Strandberg, Nancy Thomson, Bobbie Umbreit; Nays: None

*Mr. Carpenter left at 11:48 a.m.*

IX. ANY OTHER BUSINESS TO PROPERLY COME BEFORE THE BOARD

A. CEO Evaluation Form

Chairperson Curtiss asked that the Board complete this form and return to Ms. Kalbfleisch within the next two weeks.

X. CITIZENS WISHING TO ADDRESS THE BOARD

None

XI. ADJOURNMENT

With no further business to discuss, Chairperson Curtiss adjourned the meeting at 11:50 a.m.

Respectfully submitted,

Reviewed and approved,

Robin Kalbfleisch  
Recording Secretary

Wanda Cole  
Region 10 Board Secretary