



**BOARD OF DIRECTORS
BUDGET HEARING HYBRID MEETING
MINUTES
Thursday, August 21, 2025
4:30 pm
CMHA-CEI
812 E. Jolly Road, G11-C
Lansing, MI 48910**

Staff Present (Via Zoom)

KC Brown, Shana Badgley, Joanne Holland, Sue McCarthy, Amy Rottman, Jennifer Stanley, Gwenda Summers

Excused

None.

Staff Present (In-Person)

Jana Baylis, Aleshia Echols, Drew Kersjes, Sara Lurie, Elise Magen, Sue Panetta, Leticia Taylor

Public Present (In-person)

None

Public Present (via Zoom)

None.

Union Representation

None.

Call to Order:

Board Chair, Jeanne Pearl-Wright at 4:31 pm, called the meeting to order.

Roll Call:

Jeanne Pearl-Wright, Dale Copedge, Dwight Washington, Raul Gonzales, Tim Hanna, Paula Yensen

Board Member(s) Attending via Zoom

None.

Excused:

Paul Palmer
Maxine Thome
Ryan Sebolt
Jason White
Dianne Holman

Adoption of Meeting Agenda:

ACTION:

MOVED by Paula Yensen and SUPPORTED by Raul Gonzales that the Board of Directors of Community Mental Health Authority of Clinton, Eaton and Ingham Counties (CMHA-CEI) approve the Annual Budget Hearing Meeting August 21, 2025 Meeting Agenda as written.

MOTION CARRIED unanimously.

Priority Needs and Planned Actions

Elise Magen, QCSRR Director presented the Priority Needs and Planned Actions for 2025 as the CMHSPs are required to complete an annual needs assessment, annual priority plans, and funding request for MDHHS. Highlights from the presentation included:

- Overview
- Feedback from Stakeholders and Community Partners
- Priority Needs (Affordable and Appropriate Housing; Homelessness, Increase Access to Services to those in Crisis, Increase Access to Outpatient Mental Health Care Services, Build Stronger Community Support and Partnerships, and Build Workforce Capacity).
- References/Regulatory Requirements

Fiscal Year 2026 Budget Presentation

Amy Rottman presented the FY2025/2026 budget narrative which shares the significant assumptions and changes incorporated in the budget process in the current year highlighting the large assumptions, entire budget with revenue and expenses, and lastly reviewed how each are broken out by funding source.

Ms. Rottman explained that there are different funding for the various types of services and commented that although we look at the budget holistically, we also have to break it down by funding source to see where there may be surplus' or deficits in each category.

The revenue funding sources discussed included:

- Medicaid Healthy Michigan Capitation, which comes from MSHN and is "cost settled". This is where revenue is sent to each of the CMHs. Ms. Rottman explained that CMHA-CEI spends dollars through services to individuals, provider network or payroll/facilities and things to provide those services directly, then settle by reporting actual expenses to MSHN and they then take full responsibility. If there were, a lapse in funding CMHA-CEI would send money back to MSHN where they keep a reserve for instances where there might not be sufficient funds. However, if we have a deficit, MSHN would be responsible to make us whole.

Ms. Rottman shared that up until yesterday, we had not heard from the state regarding anticipated funding for 2026. However following the rate setting meeting, the draft report reflects good news as the assumption is that the revenue would be consistent with next year; meaning we will receive a similar dollar amount to what we received this year, which was \$161 million dollars in revenue in 2025 and \$142 million for 2026.

- CCBHC – Earned based on daily visits
Additionally, Ms. Rottman reported that CCBHC revenue is earned based on daily visits and an agreed upon PPS1 rate is established every year based on a cost report; reporting that in 2026 the daily rate that we are paid will decrease based on actual cost and number of services provided (turns out that our cost per day is going down). Therefore, the reimbursement rate will be less.

As we look at revenue, we are projecting a slight increase in 2026 from 54.5 to 55.9 million as we expect to grow and expand services resulting in the hiring of more staff to provide the necessary access to care which will increase the daily visits.

Salary, Wages, Related Fringe Benefits, FICA, and Contracted Service Provider (claims and inpatient)

On the expense side, salary, wages, are the largest expense including fringe benefits and FICA, and is inclusive of some increases negotiated in the 2026 union negotiations, which includes increasing positions. This item is up for review and approval this evening, and therefore is reflected as projected salaries in the budget, as we are filling positions that have been vacant to increase capacity and services in the community so what you see is projected/actual salary and wages is under budget for 2025 due to vacancies, but there is a desire to continue to hire and grow, so that will budget around 84.5 million dollars.

Related fringe benefits and FICA are also increasing in relationship to increase wages and salaries.

Contracted Services reflect payments we make for inpatient expenses, ABA services, and specialized residential homes these services are projected to increase with about a 3% to contractor rates, which matches the increase given to employees, and reflects an equal increase to both parties.

Ms. Rottman reviewed the big picture overview reflected in columns to show what we budgeted for in 2025, where we project to end in 2025 and the preliminary 2026 budget that we are proposing for adoption reflecting operating revenues at \$235 million dollars. Ms. Rottman pointed out that we would be increasing our Medicaid and Healthy Michigan contracts by \$9.4 million dollars and noted that we will be spending more of these dollars to provide services.

Another area pointed out is the federal grant revenues as this is another opportunity to use grant dollars to build and start operating the Crisis Stabilization Unit during FY2026. Again related to that desire to provide necessary services to the community around crisis and access to care. These are grants that we can use this FY and reflects a significant increase since we did not use these grants in 2025.

CCBHC demonstration is at 1.4 million increase as well.

Operating expenses, which includes the increases we discussed above are the largest expenses and total operating expenses for facilities primarily related to facility and space changes that CEI is making we are making relate to the Administrative contracts, additional supplies and utilities that reflect an increase.

Ms. Rottman stated that one important thing to note is that we are seeing that operating expense will outpace the operating revenues with a loss of about \$9.6 million dollar loss and when broken out by fund source what this shows is for Medicaid and Healthy

Michigan capitation, we have sufficient funds that we expect to be able to cover all of the necessary services and still return dollars to MSHN.

Additionally, Ms Rottman noted that many of the direct services to adult and children are in CCBHC column, totaling about \$57 million dollars in revenue that we are earning through those daily visits and at times collecting from individuals. However, the total expense to expand services and space is outpacing that amount in this fiscal year. This is a new situation for CEI as we have seen increases and a surplus. Last year we also saw a surplus, so it is really driven by the fact that our PPS1 rate is expected to go down about \$65 per day and we continue to see many people in the non-Medicaid population and so that has increased our uncompensated care, noting that one of the challenges is the changes in the requirements.

Ms. Rottman pointed out that evaluating service to the non-Medicaid population in this year is critical, noting that this year we are in a position to sustain this type of loss as we work through challenges of requirements, etc.

General Fund has always been available to serve the non-Medicaid population. CEI typically utilizes GF for individuals inpatient, Medicaid spend down for those individuals served in a specialized residential home. Those expenses are expected to be similar. There will be opportunities based on reclassification that would allow us to use some of the surplus funds to cover CCBHC services to the non-Medicaid population, which would allow us to fully utilize the GF dollars that come from the State.

Lastly, Ms. Rottman reviewed the local activity column explaining that this column includes grants, contracts, and SUD services and other services purchased from CEI by the communities that we serve to assist CEI with those contracts that do not quite cover our administrative costs or the cost of SUD treatment. This typically results in a loss, reflected in the 2026 budget bringing that total to the \$9.6 million.

Public Comment:

None.

Board Comment

None.

Adjournment

The meeting adjourned at 5:14 p.m. The next Annual Budget Hearing Meeting is scheduled for Thursday, August 20, 2026 at 4:30 p.m., and will take place at CMHA-CEI, 812 E. Jolly Road, Lansing, MI 48910.

Minutes Submitted by:
Aleshia Echols, Executive Administrative Assistant

