LAKESHORE REGIONAL ENTITY

Meeting Agenda
BOARD OF DIRECTORS
Lakeshore Regional Entity
August 26, 2026 – 1:00 PM
GVSU Muskegon Innovation Hub
200 Viridian Dr, Muskegon, MI 49440

1. Welcome and Introductions – Ms. Gardner
2. Roll Call/Conflict of Interest Question – Ms. Gardner
3. Public Comment (Limited to agenda items only)
4. Consent Items:
   Suggested Motion: To approve by consent the following items.
   - August 26, 2026, Board of Directors meeting agenda *(Attachment 1)*
   - July 22, 2026, Board of Directors meeting minutes *(Attachment 2)*

5. Reports –
   a. CEO – Ms. Marlatt-Dumas *(Attachment 3)*
   b. COO – Ms. VanDerKooi (Attachment 4)

6. Chairperson's Report – Ms. Gardner (*Attachment 5)*
   a. August 19, 2026, Executive Committee

7. Action Items –
   i. LRE Governance Committee Appointments
   Suggested Motion: To approve the Board members below to the LRE Board Governance Committee for the purpose of making a recommendation to the full board for the 2026/2027 LRE Board slate of officers and Executive Committee.

   ii. LRE Strategic Plan
   Suggested Motion: To approve the LRE 2027-2030 (3-year) Strategic Plan as presented.

   iii. LRE Substance Use Disorder (SUD) Strategic Plan
   Suggested Motion: To approve the LRE 2027-2030 (3-year) SUD Strategic Plan as presented and submit to MDHHS per requirements pending approval by the LRE Oversight Policy Board.

   iv. MDHHS/PIHP FY27 Contract *(Attachment 6)*
   Suggested Motion: To approve LRE CEO to fully execute the FY27 MDHHS/PIHP contract.

5000 Hakes Drive, Norton Shores MI 49441
Phone: 231-769-2050
Fax: 231-269-2071

v. PIHP/CMHSP FY27 Contract

Suggested Motion: To approve LRE CEO to fully execute the FY27 PIHP/CMHSP contract.

vi. FY2027 LRE Contracts *(Attachment 7)*

Suggested Motion: To approve LRE CEO to fully execute contracts to allocate funds for the purposes and amounts defined in Attachment 7.

8. Financial Report and Funding Distribution – Ms. Chick *(Attachment 8)*
    a. FY2026, July Funds Distributions *(Attachments 9)*

    Suggested Motion: To approve the FY2026, July Funds Distribution as presented.

    b. Statement of Activities as of 6/30/2026 with Variance Reports *(Attachments 10)*
    c. Monthly FSR *(Attachments 11)*

9. Board Member Comments
10. Public Comment
11. Upcoming LRE Meetings
    - September 16, 2026 – Executive Committee, 1:00PM
    - September 23, 2026 – LRE Executive Board Work Session, 11:00 AM
      The Delta Hotel Convention Center, Mona Lake Room
      939 3rd St., Muskegon, MI 49440
    - September 23, 2026 – LRE Executive Board Meeting, 1:00 PM
      The Delta Hotel Convention Center, Mona Lake Room
      939 3rd St., Muskegon, MI 49440
12. Adjourn

LAKESHORE REGIONAL ENTITY

Meeting Minutes
BOARD OF DIRECTORS
Lakeshore Regional Entity
July 22, 2026 – 1:00 PM
GVSU Muskegon Innovation Hub, 200 Viridian Dr, Muskegon, MI 49440

WELCOME AND INTRODUCTIONS – Ms. Gardner
Ms. Gardner called the July 22, 2026, LRE Board of Directors meeting to order at 1:02 PM.

ROLL CALL/CONFLICT OF INTEREST QUESTION – Ms. Gardner
In Attendance: Jon Campbell, Bob Davis, Michelle Ferris, Patricia Gardner, Janice Hilleary, Richard Kanten, Alice Kelsey, O'Nealya Gronstal, Dave Parnin, Stan Stek, Janet Thomas, Craig Van Beek.
Online: Ron Bacon
Absent: Andrew Sebolt, Jim Storey

PUBLIC COMMENT
No public comment.

CONSENT ITEMS:
LRE 26-11 Motion: To approve by consent the following items.

- July 22, 2026, Board of Directors meeting agenda
- May 27, 2026, Board of Directors meeting minutes

Moved: Dave Parnin Support: Janice Hilleary

MOTION CARRIED

LEADERSHIP BOARD REPORTS
CEO Report
The CEO report was included in the Board packet.

- Ms. Moran, LRE Executive Assistant, announced her retirement effective October 31, 2026.
- Carson Boyink, LRE IT, recently married and was away on his honeymoon. The Board offered congratulations.
- Ms. Marlatt-Dumas reported that the FY22 cost settlement hearing is scheduled for August 6, 2026, at 11:00 AM in Detroit, and the LRE Executive Team plans to attend.
- The lawsuit filed by four PIHPs against the State has been ordered to mediation. LRE is not a party but will monitor outcomes that may affect PIHP/MDHHS discussions.

- Ms. Marlatt-Dumas summarized the needs-based funding analysis, which reviewed LRE-responsible capitation and compared CMH served consumers, revenues, and expenditures. The analysis is directional, not final, and supports exploring whether actuarial review is warranted.
    - Mr. Stek supported further review and asked about cost. Ms. Marlatt-Dumas stated she would seek staged cost information from Wakely and noted that any final decision may depend on the MDHHS RFP process.
    - Ms. Gronstal asked whether Chart could assist. Ms. Marlatt-Dumas stated that actuarial expertise is likely needed, though Chart recommendations are informing UM guidelines.
    - Mr. Davis emphasized the need for consistent measures. Ms. Marlatt-Dumas noted the region is assessing enhanced health and safety cases, including 17 individuals identified by Michael costing approximately $5.2 million.
    - Ms. Kelsey questioned investing in the analysis during a significant deficit. Ms. Marlatt-Dumas stated the information may support advocacy and demonstrate regional underfunding.
    - Ms. Gardner stated the Board was directing Ms. Marlatt-Dumas to explore cost and next steps, not authorizing a contract.
    - Mr. Stek noted the analysis may identify consistent measures and potential efficiencies, even without creating new revenue.
- The autism framework is in effect and showing early positive results. An ABA provider meeting is scheduled for the third week of August before the school year begins. The LRE Autism Team developed training on transition and discharge criteria to improve consistency and access. An autism provider group requested a meeting on the UM guidelines. LRE will reinforce that the guidelines support quality, consistency, appropriate intensity, and equitable access.
- The FY26 tobacco cessation campaign used Snapchat, Gmail, and YouTube and generated approximately 1.28 million impressions.
- Board members will receive a strategic plan survey link by email. The August work session will review the LRE and SUD strategic plans.
- Ms. Marlatt-Dumas provided an update on House Bill 6022, which has been reviewed by two committees. Related hearing links were included in the packet.
- The UPIC audit by Covenant Bridge continues, with autism providers contacted directly by fax for FY22 case information. Ms. Marlatt-Dumas emphasized protecting the ABA benefit through appropriate UM.
- The FY27 conference report and legislative update were included in the packet; Alan Bolter may be invited for a future update.

CHAIRPERSON'S REPORT

July 15, 2026, Executive Committee meeting minutes are included in the packet for information.

- Discussed the governance policies.

ACTION ITEMS

LRE 26-12 Motion: To approve LRE Governance Policies and Procedures and recommended by the Executive Committee:

- 10.5 Code of Conduct
- 10.6 Open Meetings Act
- 10.6a Open Meetings Act Procedure
- 10.13 Communication and Counsel
- 10.17 Management Delegation
- 10.17a Compensation and Benefits Procedure

Moved: Janet Thomas Support: Bob Davis
MOTION CARRIED

FINANCIAL REPORT AND FUNDING DISTRIBUTION

CFO Report is included in the Board packet for information.

FY2026 May and June Funds Distribution

LRE 26-13 Motion: To approve the FY2026, May and June Funds Distribution as presented.

Moved: Stan Stek Support: Jon Campbell
MOTION CARRIED

FY26 Budget Amendment #3

LRE 26-14 Motion: To approve the FY26 LRE Budget Amendment #3 as presented.

Moved: Janet Thomas Support: Bob Davis
MOTION CARRIED

Statement of Activities as of 4/30/2026 and 5/31/2026 with Variance Report

Ms. Chick reviewed the May report as the most current financial information. Through May, the region was under budget by approximately $16.7 million, largely due to timing differences in grants, PA2 liquor tax funds, and hospital rate adjuster payments. The HRA was approximately $3.8 million under budget due to delayed state payments pending CMS approvals, but it is expected to come closer to budget by year-end. Expenditures were under budget by approximately $19.2 million, including timing differences related to HRA and Medicaid/HMP payments. Ms. Chick noted that budget adjustments were included in the approved amendment, and projections are expected to move closer to budget by year-end.

Monthly FSR-

Included in the Board packet for information.

Ms. Chick reviewed the May FSR. Through May, the region had an actual surplus of approximately $4 million; however, CMHs anticipate later-year expenses will reduce that amount. Projections continue to worsen, with the regional deficit increasing from approximately $15.3 million in March to nearly $19 million in May. Based on historical trends, the year-end deficit may approach the CMH spending plans/budgets of approximately $21.2 million, which may require a revised Risk Management Strategy Plan if the trend continues.

LRE's unresolved FY25 ISF balance is approximately $30.3 million, including the disputed FY22 cost settlement amount of approximately $13.7 million. Ms. Marlatt-Dumas noted that if the disputed funds are not retained and the projected deficit reaches approximately $21 million, the region could exhaust the ISF and end the year in a negative position.

Ms. Marlatt-Dumas and Board members discussed Crisis Stabilization Unit (CSU) funding. Network180 advocated for $8 million in state funding, while the current budget appears to include approximately $5 million in one-time GFGP funding, with distribution still unclear. Members noted that CSUs are clinically effective but underfunded. Mr. Ward, CEO from Network180, reported that the average CSU stay costs approximately $4,400 compared to approximately $14,000 for inpatient hospitalization, with an average CSU stay of 41 hours compared to approximately 10 inpatient days.

Ms. Marlatt-Dumas reported that LRE's contracted partner, the Red Project in Grand Rapids, recently announced a leadership change. LRE will continue monitoring the transition to ensure naloxone distribution and other contracted services continue.

BOARD MEMBER COMMENTS

- Mr. Stek stated that Ms. Marlatt-Dumas' CSU comments reflected the financial challenge associated with the shift to CSU services. He emphasized that CSU care is superior, more cost-effective in the long run, and the right service model, although the lack of adequate state funding remains a significant concern.
- Ms. Kelsey stated that her local board is frustrated by the ongoing funding challenges and continued deficits. She shared that local discussions include whether CMHs should maintain their own ISF so that funds retained through diligent budgeting are not redistributed to cover deficits elsewhere in the region.
- Ms. Ferris stated that CSU-level care is an important and effective service, but she is concerned that there is not a more concrete, formal strategic plan outlining the steps being taken to reduce the regional deficit.
- Mr. Stek noted that, under the capitated system, funding connected to CSU services may be distributed across the region even though Network180 is currently the only member operating a CSU. He stated that this is another example of why a needs-based funding analysis may help the Board better understand regional funding differences.

PUBLIC COMMENT

- None.

UPCOMING LRE MEETINGS

- August 19, 2026 – Executive Committee, 1:00PM
- August 26, 2026 – LRE Executive Board Work Session, 11:00 AM
  GVSU, Muskegon Innovation Hub, 200 Viridian Dr, Muskegon, MI 49440
- August 26, 2026 – LRE Executive Board Meeting, 1:00 PM
  GVSU, Muskegon Innovation Hub, 200 Viridian Dr, Muskegon, MI 49440

ADJOURN

Ms. Gardner adjourned the July 22, 2026, LRE Board of Directors meeting at 2:13 PM.

_____ _____

Ron Bacon, Board Secretary

Minutes respectfully submitted by:
Marion Moran, Executive Assistant

LAKESHORE REGIONAL ENTITY

CEO Report
August 26, 2026

Thank you for the opportunity to provide this month's update for the Lakeshore Regional Entity (LRE).

1. **PIHP UPDATE**
   - The CMHA Fall Conference is scheduled for October 26–27, 2026. LRE Board member attendance is encouraged. Board members interested in attending should contact me or Marion so that lodging and conference registration can be coordinated.

   - LRE received notice from MDHHS that it has been placed under a Corrective Action Plan related to the FY24 Financial Compliance Audit and the Medical Loss Ratio comparison, which have not yet been completed. This matter is connected to the FY22 settlement and the $13.7 million at issue. I have consulted with legal counsel and will develop a proposed strategy to present to the Board of Directors next month.

2. **REGIONAL UPDATE**
   - CMH/PIHP contracts are ready to be distributed to the CMH directors. The CMHs provided feedback to LRE regarding the proposed changes, and LRE incorporated that feedback into the latest version of the FY27 contract. The LRE CEO will request BOD approval to execute the CMH contracts.

   - MDHHS/PIHP Contract: The PIHP contract includes several changes; however, the changes appear to be manageable through revisions to LRE language or policy. The CEO recommends executing the contract before the September 10 MDHHS deadline and will request BOD approval to execute. A summary of changes is included in the Board packet.

   - FY22 Cost Settlement
     LRE and its legal counsel have not filed a lawsuit at this time. Counsel, in coordination with the Attorney General's (AG) office, continues to pursue resolution without litigation. MDHHS has recouped $4.8 million from the region's HSW payment, and has agreed not to recoup additional amounts of the remaining $13.7 million without providing 21 days' notice. This notice period would allow LRE counsel time to file in the Court of Claims, if necessary. Counsel continues to communicate with the AG to determine whether MDHHS is fully considering the information provided or whether the parties are at an impasse. The AG filed a motion for summary disposition on July 13, and LRE

confirmed it will not consent to dismissal. LRE counsel responded by August 13. The motion has been fully briefed, and we are awaiting the court's ruling.
LRE continues to await the Court's decision on the motion. No explanation has been provided for the delay, and counsel has limited ability to influence timing. While counsel could request a status conference, the value of doing so is unclear.
Considerations: potential increased legal costs, the possibility of an unfavorable ruling, and the risk of immediate additional recoupment of funds.
Potential benefit: obtaining a definitive decision. However, if the RFP proceeds, MDHHS may ultimately recoup the funds regardless.
Given these factors, the potential benefits do not appear to outweigh the associated risks at this time.
UPDATE: Court was held at the Court of Appeals in Detroit on August 6 at 11:00 a.m. for oral argument regarding the FY22 Cost Settlement issue. Based on the hearing, it appears Judge Patel may intend to consolidate LRE's case with the related NorthCare case for purposes of judicial efficiency and due to the overlapping issue of the 7.5% cap on the ISF. The central question is whether the 7.5% cap is actuarially sound.

- FY25 MDHHS/PIHP Contract Lawsuit
    - Four of the five PIHPs that did not sign the original contract filed a complaint against MDHHS. The motion for summary disposition has been fully briefed, and the PIHPs are awaiting either oral argument or a ruling from the court.
    - LRE redlined and signed the FY25 PIHP/MDHHS contract; however, LRE did not join the lawsuit referenced above.
    - The lawsuit filed by the other four PIHPs has not had material movement in the courts since May 2025. The hearing was held on March 26. An opinion and order was issued on April 29, 2026.

        What was dismissed:

        - The Court dismissed claims related to the FY25 Contract, concluding there was never a meeting of the minds and therefore no FY25 Contract existed. Ironically, the Court later suggested that by signing the FY24 Contract, the PIHPs may have "waived" certain challenges to terms in that contract.
        - The Court also dismissed claims premised on a right to continued funding beyond the FY24 transition period. This was not a major surprise given Judge Yates's ruling, which Judge Patel cited extensively. The Court distinguished between MDHHS "terminating" a contract (which would

trigger due process protections) and the FY24 Contract simply expiring while no FY25 Contract was ever formed.

What remains: The Court denied the motion in all other respects, preserving the key substantive issues and allowing discovery to proceed. The remaining claims include:

- ISF Account Limits (Count I): The Court found the FY24 Contract's ISF cap language is ambiguous and that factual questions exist regarding actuarial soundness, whether the restrictions constitute an impermissible direction of expenditures, and whether MDHHS waived its position by accepting Risk Management Strategies showing ISF balances above 7.5%.
- ISF Funds for Prior-Year Services (Count I): The Court found a valid claim that the prohibition on using ISF funds for prior-year services violates federal restrictions on directing expenditures.
- Bonus Payments as Sanctions (Counts I and VI): The Court found a valid claim that withholding bonus payments for ISF noncompliance functions as a sanction, triggering notice-and-hearing protections. Whether these are discretionary bonuses or owed funding is a factual dispute for discovery.
- Waskul Settlement / CLS Fee Schedule (Count II): The Court found viable claims that the Waskul minimum fee schedule impermissibly directs Medicaid expenditures, and that the PIHPs are entitled to discovery on MDHHS's claimed APA exemption.
- CCBHC Demonstration Responsibilities (Count III): The Court found that CMHPSM and Region 10 stated valid claims that MDHHS shifted new CCBHC responsibilities onto them without additional funding and without following APA procedures.
- Headlee Amendment (Count IV): The Court found that CMHPSM and Region 10 stated a valid unfunded-mandate claim.
- The SUDHH preliminary injunction remains in full force and effect.

Noted: Legal for the PIHPs filed a motion for reconsideration, which essentially asks the court to reconsider its decision regarding the obligation to continue funding.

UPDATE: The court has ordered the parties to participate in mediation. The initial mediation date was scheduled but later canceled based on Judge Patel's closing remarks during the LRE hearing and the possibility that LRE may be added to the lawsuit. If LRE is added, LRE would need to participate in the mediation process. Mediation has not yet been rescheduled and is unlikely to occur until Judge Patel issues a decision regarding LRE's oral argument.

- Legislative and Advocacy Committee - The purpose of the Legislative and Advocacy Committee (LAC) is to provide a structured forum for the LRE Board of Directors to monitor, study, prioritize, and respond to legislative, policy, and advocacy matters affecting services provided through the Lakeshore Regional Entity. The LAC will support regional alignment by identifying advocacy opportunities, confirming consensus where possible, and recommending shared approaches to the Board for consideration.
  ASK: Board members are asked to indicate their interest in serving on this committee. LRE is seeking one-to-two Board members with a strong interest in advocacy on behalf of the organization. Once nominees are identified, this matter will be brought back to the LRE Board of Directors in September for approval. The proposed committee charter is attached to this report.

- Lakeshore Regional Entity received a joint letter from five Specialized Residential Providers in the region. The letter is attached to the CEO Report and provided to the LRE Board of Directors for review.

3. STATE OF MICHIGAN/STATEWIDE ACTIVITIES

- COVENT BRIDGE AUDIT
  - Currently LRE along with 4 other PIHPs and 5 MHPS across the state are involved with an ongoing audit initiated by the Centers for Medicare and Medicaid Services (CMS). Approximately 14 months ago LRE was identified for review and was required to submit substantial documentation. Concerns continue regarding the auditor's understanding of Michigan's behavioral health system and reimbursement structure. Recent activity included case review requests related to autism services in some areas of the state, raising awareness of potential increased scrutiny given national concerns involving autism programs. No recent outreach has been reported among regional CMHs, and monitoring efforts will continue.
    Update: LRE continues to receive requests from Covent Bridge related to the UPIC audit. These requests continue to raise concerns regarding the company's understanding of Michigan's public behavioral health system.

- MICHIGAN 2026 PRIMARY ELECTION RECAP ATTACHED.

Report by Mary Marlatt-Dumas, CEO, Lakeshore Regional Entity

LAKESHORE REGIONAL ENTITY

LRE EXECUTIVE BOARD SUB-COMMITTEE

NAME: LEGISLATIVE AND ADVOCACY COMMITTEE (LAC)
LRE DESIGNEE: Chief Operating Officer
ADOPTED: Proposed
REVIEWED:

This charter shall constitute the structure, operation, membership, and responsibilities of the Lakeshore Regional Entity (LRE) Legislative and Advocacy Committee (LAC).

Purpose of the LAC

The purpose of the Legislative and Advocacy Committee (LAC) is to provide a structured forum for the LRE Board of Directors to monitor, study, prioritize, and respond to legislative, policy, and advocacy matters affecting services provided through the Lakeshore Regional Entity. The LAC will support regional alignment by identifying advocacy opportunities, confirming consensus where possible, and recommending shared approaches to the Board for consideration.

Responsibilities and Duties

The responsibilities and duties of the LAC shall include the following:

a. **For the Committee:** Monitor policy changes and legislative efforts impacting all services provided through the LRE.

b. **For the Board:** Study and prioritize issues for regional focus and recommend a course of engagement or action to the LRE Board of Directors.

c. **For the Public:** Educate the public and support grass-roots community engagement to positively influence policies and legislation.

Decision-Making Context and Scope

1. General Decision-Making Process: Consensus shall be the primary mode of decision making and efforts shall be made to extend dialogue and gather information toward consensus to the extent possible.

   Should consensus not be achieved, any member of the LAC may call for a vote of the members. A vote of the body is not binding on the LRE CEO, rather it is used to further inform as to the strength of the members' position on the subject. Any decision made subsequent to a vote of the LAC, including any items referred to the LRE Board of Directors (BOD), shall reflect both the majority and minority opinions on that matter. The CEO shall inform LAC members of the final decision/recommendation before further action is taken.

2. Specific authority/process: The LAC shall provide council to the LRE CEO and BOD on the Strategic planning, LRE Policies and procedures, legislative monitoring related Public Policy of mental health and substance use disorder. Advice and counsel shall be achieved through sharing of ideas, solution focused dialogue, and research.

Defined Goals, Monitoring, and Reporting

The LAC shall establish goals and monitoring criteria to evaluate progress and report to the LRE BOD on the following primary goals:

- Support and coordinate efforts with local Member Community Mental Health Service Programs by identifying advocacy opportunities, confirming regional consensus, and defining a shared approach before action is taken.

- Assess and respond to the regional impacts of HR1 and other legislative or policy changes affecting the public behavioral health system.

- Monitor and respond to potential PIHP Request for Proposal opportunities and related system redesign activities.

- Adapt LRE operations and advocacy priorities in response to changes in Certified Community Behavioral Health Clinic (CCBHC) funding and structure.

- Elevate and support opportunities for local solutions by identifying innovations, exploring emerging regional needs, and developing regional responses to potential system threats.

Membership

a. The LAC shall be comprised of the designated members and the LRE designee.

   Proposed: FY27 membership shall include approximately six to seven participants:

   - One (1) member of the LRE Board Executive Committee;
   - one to two (1-2) members of the LRE Board of Directors;
   - one (1) member of the Oversight Policy Board;
   - LRE Chief Operating Officer, who will serve as facilitator and LRE designee;
   - legislative staff support to the Chief Operating Officer; and
   - the Executive Assistant, who will provide recording and administrative support.

   Member: Is an appointed participant of the LAC as identified by the LRE BOD and CEO. The appointed member is a voting member. The members are responsible to ensure information and decisions from the Committee are communicated back to the LRE BOD. The Members should be prepared and willing to actively engage in discussions and work group charges that are presented to the Committee from the BOD and/or LRE CEO/Designee.

   Others in attendance are by invitation (not regularly attending), should have a clearly defined purpose for attendance, are not intended to offer commentary on other agenda topics, and may be excused when they have completed their purpose for meeting attendance. Subject matter expert (SME) may be invited by the LAC for a specific agenda topic.

Roles and Responsibilities

a. LRE Designee – Advises on the agenda, facilitates the meeting and maintains order; when requested, is accountable for representing and making reports on behalf of the LAC. Serves as the staff support to the Committee, prepares the agenda, provides guidance and direction, serves as a conduit for other planning/action occurring at LRE, and serves as the point of contact with the Board of Directors.

b. Recorder –The recorder shall capture discussions, problem solving and planning of the LAC in an unbiased manner and shall prepare the “Snapshot” following each meeting. The recorder is not a voting member of the LAC.

c. Member – An appointed participant of the LAC as designated above. An appointed member is a voting member. All members shall participate in the committee in accordance with established ground rules.

d. Subject Matter Experts – Individuals may participate in a LAC meeting for the purpose of providing information, consultation, etc. Participation as a subject matter expert does not constitute authority to participate in decision making.

Shared Expectations for Participation

Members of the LAC seek a meeting culture that is professional, productive, and comfortable. To that end, the following expectations have been adopted:

1. Respect of others:
    - **One person speaks at a time.** Participants will allow others to finish their comments before responding, with the goal of ensuring everyone has an opportunity to be heard.
    - **Speak from your own perspective.** Participants are encouraged to share their own views and experiences and to avoid speaking on behalf of others or assuming another person's intentions.
    - **Keep communication open and direct.** Questions, concerns, and differing perspectives should be addressed openly with the group whenever possible, supporting transparency and constructive dialogue.
    - **Share the conversation.** Participants are encouraged to be mindful of the amount of time they use when speaking so that everyone has a meaningful opportunity to participate.
    - **Focus on ideas, not individuals.** Differences of opinion are expected and welcomed. Participants will challenge ideas, proposals, or positions respectfully rather than making comments about individuals.
    - **Listen with the intent to understand.** Participants will make a good-faith effort to understand different perspectives and the concerns underlying them. Questions for clarification are encouraged, particularly when they can help move the discussion forward.
    - **Recognize both common ground and differences.** Participants will look for areas of shared interest and potential solutions while respecting legitimate differences of opinion. Everyone is encouraged to consider the interests and needs of the group as a whole when evaluating options and proposals.
2. Meeting Efficiency
    - **Materials are provided in advance.** The agenda and related materials will be distributed in advance whenever possible, so members have an opportunity to review and prepare.
    - **Come prepared to participate.** Members are encouraged to review the agenda and supporting materials in advance and complete any related assignments within the requested timeframe.
    - **Keep discussions focused and productive.** Members will make a good-faith effort to remain focused on the agenda, address the matters before the group, and help move discussions toward meaningful outcomes.
    - **Share responsibility for the work.** Members are encouraged to contribute equitably to the work of the group and support one another in accomplishing its responsibilities.
3. Decision Making
    - **Respect the agreed-upon decision-making process.** Members will follow the established decision-making process and support decisions reached by the group, while recognizing and respecting

differing or minority perspectives.

- **Encourage constructive alternatives.** Members are welcome to disagree with a proposal and are encouraged to offer thoughtful alternatives that consider both their concerns and the interests of others.

- **Promote open communication.** Members are encouraged to raise questions or concerns as they arise so they can be addressed openly and constructively. The goal is to avoid surprises and provide the group with an opportunity to fully consider relevant information before reaching a decision.

Meetings

- **Regular Meetings:** The LAC will meet every other month, for approximately six meetings per fiscal year, beginning in October 2026 unless otherwise agreed upon by the group.

- **Special Meetings:** Special meetings may be scheduled when needed, based on the needs of the group and the business requiring attention. Whenever possible, the group will reach consensus regarding the timing and purpose of a special meeting.

- **Attendance at Meetings:** Members are encouraged to attend regularly. When a member is unable to attend, they may designate a representative who is familiar with the work of the group and prepared to participate and provide input on the member's behalf.

- **Agenda:** The LRE designee will coordinate preparation of the agenda and distribute it, along with related materials, in advance of the meeting whenever possible. The agenda will provide context for discussion topics to help members determine when subject matter experts (SMEs) may be helpful and when an alternate representative may be appropriate.

- **Key Decisions and Follow-Up:** The recorder will prepare a meeting summary that captures key decisions, action items, and other important follow-up. Action items will identify what needs to be done, who is responsible, and the anticipated timeframe for completion.

August 17, 2026

Mary Marlatt-Dumas, CEO
Lakeshore Regional Entity
5000 Hakes Dr. #250
Norton Shores, MI 49441

Joint Provider Letter Regarding Residential Rate Sustainability in the Lakeshore Region

Dear Ms. Marlatt-Dumas,

It has now been more than 12 months since we, as residential providers in the Lakeshore Region, first raised concerns that current residential rates are not covering the actual cost of providing quality services. Over the past year, we have continued to participate in discussions and provide input regarding the true costs of delivering residential services.

We appreciate the opportunity to have these conversations. However, we feel it is important to clearly communicate that the concerns we raised more than a year ago have not improved. **They are escalating.**

Residential providers are facing growing financial and workforce pressures that put the long-term sustainability of services at risk. The following trends show the severity of the situation:

- **Residential losses are escalating significantly.** Across our organizations, losses have increased by approximately 30%–70% **compared with the prior year**. A 50% escalation means that a $500,000 loss last year has become a $750,000, an additional $250,000 loss. This is not a temporary fluctuation; it represents a growing structural gap between the cost of providing residential services and the rates paid for those services.
- **Wages have increased approximately 59% since 2019**, while wages and benefits now represent approximately **85% of residential operating costs**. As the largest component of our cost structure, changes in compensation have a direct and substantial impact on the cost of providing care.
- **The direct care workforce shortage continues to intensify.** Overtime rates that historically remained in the single digits are now frequently **exceeding 25%** as providers work to ensure homes remain safely staffed.
- **The available workforce is shrinking.** In the past, we were able to hire approximately **15% of our applicant pool**. We are now often able to hire only about **6%**, demonstrating how much more difficult it has become to find applicants who are available, qualified, and ready to work in these essential positions.
    - Due to the increasing workforce challenges and higher costs related to retention and shift coverage, we are highly concerned about the anticipated impact of

Michigan's January 2027 minimum wage increase on our already struggling applicant pool.

- **Early employee turnover continues to increase.** We are seeing more employees leave within their first 90 days, creating additional instability and requiring providers to repeatedly recruit, onboard, train, and retrain staff.

Importantly, many of the costs associated with this workforce crisis are **variable and are not adequately reflected in the rate methodology or cost discussions**. Overtime, incentives used to fill difficult shifts, recruitment expenses, onboarding, training, retraining, and the operational costs associated with turnover all increase the actual cost of maintaining a safe and stable residential workforce.

These are not simply administrative or business challenges. They directly affect our ability to maintain staffing stability, retain experienced direct care professionals, support people consistently in their homes, and continue operating residential programs that have served individuals and families in our communities for decades.

We also recognize that providers have a responsibility to examine what we can control. We are actively pursuing efficiencies, workforce strategies, technology, consolidation opportunities, and other operational changes to reduce costs where possible without compromising quality. However, there is a limit to what can be achieved through efficiencies when the fundamental cost of delivering the service exceeds the reimbursement available.

We are at a point where the rate gap requires meaningful action.

We respectfully ask the Lakeshore Regional Entity to recognize the urgency of this issue and to work with residential providers on a path toward rates that more accurately reflect the current and actual cost of providing these essential services. We believe this needs to include continued examination of the rate methodology, current workforce realities, and the costs that providers are absorbing outside of the basic direct service rate.

Our goal is not simply to preserve individual programs or organizations. Our goal is to ensure that people who rely on residential services continue to have access to safe, stable, high-quality homes and that providers have the financial capacity to recruit and retain the workforce necessary to deliver them.

We have been raising these concerns for more than a year. The data now demonstrates that the underlying problem is worsening. **We believe the time has come to move from identifying the problem to developing and implementing meaningful solutions.**

We remain committed to working collaboratively with the LRE, CMH system, and other stakeholders to identify those solutions and protect the long-term sustainability of residential services throughout the Lakeshore Region.

Sincerely,

Tracey Hamlet
Executive Director
MOKA

Casey Kuperus
President
David's House Ministries

Jacquie Johnson
President/CEO
Thresholds

Sharon Blain
Executive Director
Spectrum Community Services

Jill Bonthuis
Chief Executive Officer
Pioneer Resources

Cc: Lakeshore Regional Entity Board of Directors

Michigan 2026 Primary Election Recap

Key Results and Takeaways

Michigan's August 5 primary election confirmed a strong anti-establishment mood among Democratic voters, particularly in legislative races. Progressive candidates outperformed expectations in several high-profile contests, especially in Kent, Ingham, Kalamazoo, and Washtenaw Counties. At the same time, many incumbents and several establishment-backed candidates successfully defended their positions, illustrating that while progressive momentum was significant, it was not universal. The election sets up a highly competitive November with major statewide and legislative battles.

Governor

As expected, **Secretary of State Jocelyn Benson** easily secured the Democratic nomination, defeating Genesee County Sheriff Chris Swanson with more than 82% of the vote. On the Republican side, **Congressman John James** defeated Perry Johnson by a comfortable margin. The Benson–James matchup has been anticipated for months and is expected to dominate Michigan politics through November, with Democrats emphasizing experience and Republicans focusing on change following President Trump's 2024 victory in Michigan.

U.S. Senate

The night's marquee contest featured **Abdul El-Sayed** narrowly defeating **Congresswoman Haley Stevens** after an extremely close race. El-Sayed's strength among younger and progressive voters, particularly in Kent, Washtenaw, and Ingham Counties, proved decisive despite Stevens' strong institutional support. Former candidate Mallory McMorrow's endorsement followed shortly after the race was called.

Republican **Mike Rogers**, who ran unopposed, advances to face El-Sayed in what is expected to become one of the nation's most expensive and closely watched Senate races. Republicans have already begun framing El-Sayed as too progressive, while Democrats will attempt to translate grassroots enthusiasm into general election success.

U.S. House

Several congressional races produced significant developments:

- **4th District:** State Sen. Sean McCann defeated progressive challenger Diop Harris II despite El-Sayed's overwhelming performance in Kalamazoo County. McCann now faces incumbent Bill Huizenga.
- **7th District:** William Lawrence capitalized on progressive momentum, defeating two establishment-backed candidates by a wider margin than anticipated. He now challenges Rep. Tom Barrett in one of the country's premier swing districts.
- **8th District:** Republican Thomas Smith unexpectedly won the nomination despite suspending his campaign weeks earlier. Democratic incumbent Kristen McDonald-Rivet remains favored in November.
- **10th District:** Christina Hines won a competitive Democratic primary and will face Republican Mike Bouchard Jr. for the open seat vacated by John James.
- **11th District:** State Sen. Jeremy Moss won decisively and is favored to replace retiring Rep. Haley Stevens.
- **13th District:** State Rep. Donavan McKinney defeated incumbent Shri Thanedar, making Thanedar the only incumbent U.S. House member in Michigan to lose a primary. McKinney is expected to win the safely Democratic seat in November.

State Senate

The Senate primaries showcased some of the strongest anti-establishment sentiment of the election.

Democratic Highlights

- **SD-2:** Abbas Alawieh defeated Rep. Erin Byrnes after receiving Gov. Whitmer's endorsement.
- **SD-7:** Rep. Jason Hoskins won comfortably and is expected to succeed Jeremy Moss.
- **SD-9:** Troy Councilwoman Theresa Brooks won a competitive three-way primary and now faces Republican Sen. Mike Webber in one of the chamber's top battlegrounds.
- **SD-10:** Rep. Natalie Price cruised to victory and is expected to hold the seat for Democrats.
- **SD-28:** Rashida Harrison upset former Whitmer aide Mark Polsdofer despite his endorsement from outgoing Sen. Sam Singh.

- **SD-29:** Abbie Groff-Blaszak defeated sitting Rep. Phil Skaggs, another major victory for progressive Democrats in Kent County.

Republican Highlights

- **SD-20:** Chris Moraitis won by roughly 150 votes in a closely contested Republican primary.
- **SD-25:** Former Rep. Andrew Beeler dominated the Republican field.
- **SD-33:** Rep. Gina Johnsen narrowly won a competitive four-way Republican primary.
- **SD-38:** Rep. David Prestin defeated Beau LaFave after one of the state's most contentious legislative races.

Overall, several House members successfully moved to the Senate, while a number of presumed favorites were defeated by challengers benefiting from the anti-establishment environment.

State House

As is often the case, the House produced numerous surprises.

Democratic Highlights

- **HD-2:** Joanna Whaley decisively defeated former Rep. Frank Liberati.
- **HD-4:** Regina Ross won a crowded Democratic primary.
- **HD-8:** Incumbent Helena Scott suffered one of the night's biggest upsets, losing to Chris Gilmer-Hill.
- **HD-9:** Willie Burton emerged from a crowded nine-candidate field despite former Speaker Joe Tate endorsing another candidate.
- **HD-15:** Jalal Abdallah unexpectedly won the Democratic nomination in an open Dearborn-area seat.
- **HD-41:** Progressive candidate Jen Strebs defeated establishment-backed Jessica Swartz in Kalamazoo.
- **HD-80:** Lily Cheng-Schulting upset establishment favorite Kris Pachla in one of the clearest examples of progressive momentum.
- **HD-82:** Incumbent Kristian Grant easily won a rematch against Robert Womack.

Republican Highlights

- **HD-54:** A razor-thin primary between Roman Gaskey and Jeffrey Omtvedt appeared headed toward a recount.
- **HD-59:** Sylvia Grot emerged from a competitive three-way Republican primary.
- **HD-89:** Joe Moss defeated Patrick Kapenga.
- **HD-90:** Former Rep. Lynn Afendoulis won the Republican nomination and is favored in November.
- **HD-97:** Briar Bearss won a closely watched proxy contest.
- **HD-101:** Jaxon Deur prevailed by just over 100 votes.
- **HD-108:** Larry Johnson won a crowded six-way Republican primary.

Several of these races have effectively determined the eventual winner because they are located in safely Democratic or Republican districts, while others—including HD-28 and HD-31—are expected to be among November's most competitive House contests.

Overall Takeaways

Three overarching themes emerged from the primary:

- **Progressive momentum was real.** Victories by Abdul El-Sayed, William Lawrence, Rashida Harrison, Abbie Groff-Blaszak, Lily Cheng-Schulting, and others demonstrated that grassroots candidates could defeat well-funded or establishment-backed opponents.
- **The trend was not universal.** Candidates such as Sean McCann, Jeremy Moss, Justin Onwenu, and Joanna Whaley showed that strong, well-organized establishment campaigns could still prevail.
- **November's narrative is already taking shape.** Republicans are expected to campaign aggressively against what they characterize as progressive or "socialist" policies, while Democrats will seek to harness the energy generated by the primary electorate. With competitive races for Governor, U.S. Senate, several congressional districts, and legislative control, Michigan is poised to remain one of the nation's premier political battlegrounds through Election Day.

LAKESHORE
REGIONAL ENTITY

August 2026 Board of Directors Presentation.

Stephanie VanDerKooi
Chief Operations Officer

SUD Update-Prevention:

LAKESHORE REGIONAL ENTITY

2026 Tobacco Sales Compliance Check Results

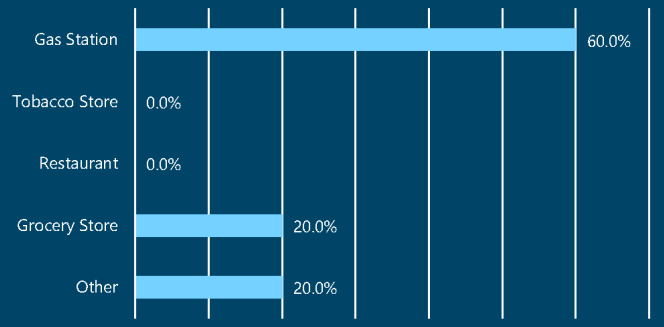
NO CIGS FOR OUR KIDS

Responsible Tobacco Retailing Campaign of Allegan, Kent, Lake, Mason, Muskegon, Oceana, and Ottawa Counties

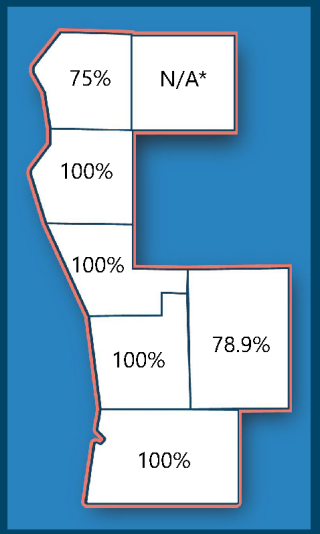
Compliance rate = the percentage of retailers that did not sell a tobacco product to a decoy under the age of 21.

LRE sample selected by MDHHS = 52,
Inspected = 49 (3 ineligible for inspection)

Violation Rate by Vendor Type



Compliance Rates by County



* No compliance checks assigned

SUD Strategic Plan Update:

The **3 Year-SUD Strategic Plan** was covered in detail during the work session.

The **Mental Health Code** mandates the LRE develop a strategic plan for SUD services every 3 years.

Beginning in May of this year, the LRE began working on updating our **SUD Strategic Plan for FY27-FY29**. MDHHS gives the PIHP's guidelines to help this process.

During today's meeting the **LRE Board of Directors will be asked to approve the plan**. The plan will be presented to the Oversight Policy Board in September and sent to MDHHS for final approval.

To see the full report please **CLICK HERE.**

LAKESHORE REGIONAL ENTITY

Credentialing Update:

Credentialing Committee reviewed and approved three new organizational providers, as well as 15 re-credentialing files in July.

The statewide Credentialing Users group continues to meet monthly, and recently reviewed ADA requirements for adding to the Universal Credentialing system.

Quality Team Updates:

In **July**, systematic reviews were completed for Cherry Health SUD Services, St. Mary's PMU Inpatient Hospital, Wedgwood SUD Services, and Family Outreach Center SUD Services.

These reviews supported continued oversight of provider performance, regulatory compliance, and quality improvement efforts across the network.

HealthWest CMH and Reach for Recovery reviews are scheduled for August.

FY 2027 review tools and processes are being updated to support upcoming monitoring activities.

LAKESHORE REGIONAL ENTITY

Autism Updates:

- **Implementation of the Autism Framework** is now underway across the LRE, with early efforts focused on making expectations clear to providers and families. To address the most common questions, the LRE autism team has posted a Q&A on the LRE website. It is treated as a living document and updated as new questions arrive.

- The LRE autism team and the LRE IT team are collaborating to establish a reliable, repeatable method of capturing data, for the Autism Framework.

- The LRE is also applying the framework as a Performance Improvement Project for MDHHS.

To view the Autism Framework **CLICK HERE**

LAKESHORE REGIONAL ENTITY

Provider Network Updates:

As of the reporting date, 236 reports have been submitted timely, with seven reports currently past due and no reports submitted late, resulting in an overall compliance rate of **92.5%**. Report submission performance remains strong overall, with continued follow-up focused on outstanding reports and maintaining timely submission throughout the remainder of the year.

2026 Report Submission Progress Tracking

Report Month	Past Due	Submitted Late	Submitted Timely	Total
January	2	0	47	49
February	0	0	18	18
March	0	0	28	28
April	0	0	44	44
May	0	0	23	23
June	4	0	21	25
July	0	0	45	45
August	1	0	10	23
September	0	0	1	22
October	0	0	0	61
November	0	0	0	39
December	0	0	0	18
Total (to date)	**7**	**0**	**236**	**255**
			COMPLIANCE RATE	92.5%

Veteran Navigator Report
FY26 Q2 & Q3

Outreach-Identify & engage veterans and their families:

- 283 Veteran/Military Families reached.

Support-Work with individual veterans:

- 66 New veterans served

Referrals-Establish a robust referral network to assist veterans:

- 12 Stakeholder Collaborations

Expertise-Training & assistance for local organizations:

- 6 trainings/consults provided

CLICK HERE for full report.

LAKESHORE REGIONAL ENTITY

Veteran Navigator Update cont:

Our Veteran Navigator, **Autumn Hartpence**, uses art as a form of therapy in her life. This year she has a submission in Art Prize called The Ultimate Suncatcher. It is 20ft tall, 16ft long and 6.5ft wide. It contains 14k crystals, glass beads, pendants and solar lights so it shines at night also. It will be located in downtown Grand Rapids in Calder Plaza. The picture shown is what it will look like when finished. Autumn has submitted an application to see if it will be a world record!

Legislative Update:

SB 1115-1122: Series of bills involving Recipient Rights.

HB 5814: Changes to retroactive Medicaid

Olmstead Guidance: Department of Justice updates their opinion on Olmstead decision

Michigan Primary Election recap: See link in full report.

For the full legislative report, CLICK HERE.

LAKESHORE REGIONAL ENTITY

Q&A

LAKESHORE REGIONAL ENTITY

EXECUTIVE COMMITTEE SUMMMARY
Wednesday, August 19, 2026, 1:00 PM

Present: Patricia Gardner, Janet Thomas, Ron Bacon, Craig Van Beek
Absent: Richard Kanten
LRE: Ms. Marlatt-Dumas Marlatt-Dumas, Ms. VanDerKooi VanDerKooi

WELCOME and INTRODUCTIONS

i. Review of August 19, 2026, Meeting Agenda
ii. Review of July 15, 2026, Meeting Minutes

The August 19, 2026, agenda was reviewed as amended. It was noted that last-minute changes had been made and that the agenda displayed during the meeting would not exactly match the packet materials; the changes will be reflected in the minutes. The July 15, 2026, Executive Committee meeting minutes were also reviewed. No opposition was noted to proceeding with the agenda and minutes as submitted.

MDHHS UPDATES

i. FY22 Cost Settlement/Hearing Update
    - The hearing took place in Detroit, and LRE was represented by Chris Ryan. Bill Ward, N180 CEO, also attended. During the hearing, Judge Patel indicated that she intended to combine LRE's matter with the four-PIHP lawsuit related to the 7.5% Internal Service Fund (ISF). The Attorney General's office later contacted LRE's legal counsel and indicated that the existing mediation with the four PIHPs should be postponed so that LRE could be included from the start of mediation. A new mediation date has not yet been scheduled, pending issuance of the judge's order combining the cases.
    - Ms. Marlatt-Dumas reported that Mr. Ryan believes combining the cases should be acceptable because, while there are some differences between the matters, there is substantial overlap regarding whether the 7.5% ISF is actuarially sound. Ms. Marlatt-Dumas noted that the Attorney General acknowledged during closing argument that the 7.5% ISF is not actuarially sound, and she interpreted the hearing as positive for LRE. Mr. Ward added that Judge Patel appeared to state that she does not believe the 7.5% ISF is actuarially sound and that she has already ruled similarly in the NorthCare case.
    - LRE is waiting for the list of financial documentation that was requested from the other PIHPs for mediation. If the list is not received soon, Ms. Marlatt-Dumas plans to have the CFO contact the CFOs at the other PIHPs to determine what was requested so LRE can begin preparing the materials and avoid delaying mediation further.

ii. 4 PIHPs Lawsuit

- The four-PIHP mediation was postponed after the Attorney General's office indicated LRE should be included because Judge Patel intends to combine the cases. The combined mediation will be rescheduled once the judge's order is issued and LRE has an opportunity to provide the requested financial documentation.

iii. PIHP Rebid Update

- Ms. Marlatt-Dumas reported that there was no substantive PIHP rebid update. Mr. Ward noted that the SIGMA procurement posting was updated to include "SUD entity," which he viewed as positive because, based on the Yates case, an SUD entity can only be a PIHP or CMHSP, suggesting that any bid may need to involve a public entity.

GOVERNANCE COMMITTEE

This item will be included on the Board agenda for the meeting next week. One Board member will be asked volunteer from each county to serve on the committee that will recommend Board officers and Executive Committee members. Recommendations are expected to be presented at the September Board meeting.

LEGISLATIVE AND ADVOCACY COMMITTEE

Ms. Marlatt-Dumas reported that the Legislative and Advocacy Committee previously existed but had not continued during the COVID period. She and Ms. VanDerKooi have discussed whether now is an appropriate time to reactivate the committee given ongoing financial challenges, questions about regional underfunding, utilization management efforts, and upcoming changes in elected leadership. Ms. Marlatt-Dumas noted the need for focused advocacy with legislators, particularly around preserving the public PIHP system. The prior charter has been updated along with the proposed membership to better reflect current needs.

The proposed committee membership includes representation from the LRE Executive Committee, LRE Board of Directors, Oversight Policy Board, LRE leadership, and administrative support. Ms. Marlatt-Dumas also expressed interest in having one or two CMH directors participate so that the committee reflects the CMH perspective and is value added to the system. The Executive Committee supported reactivating the committee. Board members and other participants would likely be identified through self-nomination or expressions of interest, particularly from individuals interested in advocacy, meeting with legislators, and related activities such as a possible legislative breakfast.

LRE BOARD SURVEY RESULTS AND NEXT STEPS

Ms. VanDerKooi reviewed the Board survey results. Most Board members completed the survey, and the results were anonymous. Overall, most Board members reported satisfaction with how the Board is functioning, and results improved in most areas compared to prior years. Areas scoring well included Board leadership, the relationship between the Board and Executive Director, ethical standards, meeting organization, agenda clarity, consensus building, and overall Board effectiveness.

Areas identified for continued attention included role clarity for Board members, diverse and skilled membership, strategic focus, accountability and evaluation, engagement and participation, and risk management and financial oversight. Ms. VanDerKooi noted that role clarity did not improve from the prior year and that this theme also surfaced during strategic planning discussions. Potential next steps include strengthening Board orientation materials, considering a Board retreat, encouraging attendance at CMHA conferences and board-track training, and using work sessions for topics that benefit from more open discussion. Ms. Gardner asked that Ms. Marlatt-Dumas include upcoming conference information in her CEO report and invite interested Board members to attend. The Committee also discussed the possibility of having the next Executive Committee attend a conference together to build shared understanding, communication, and alignment on roles and goals.

BOARD MEETING AGENDA ITEMS

i. Action Items:

- Governance Committee Appointments
- LRE Strategic Plan Approval
  - This will be reviewed in the Work Session with approval during the Board meeting.
- LRE SUD Strategic Plan Approval
  - This will be reviewed in the Work Session with approval during the Board meeting.
- MDHHS/PIHP Contract
  - MDHHS released the PIHP contract last week and requested that it be signed by September 10. The notification referenced provider network changes but did not include a redline version, so LRE staff are reviewing the contract section by section. Ms. Marlatt-Dumas reported that most changes appear manageable through policy or procedure updates, but any areas of concern will be brought to the Board. The Board Association (CMHAM) strongly recommended signing by September 10, particularly given the possibility of a PIHP RFP. A summary of identified changes will be included in the Board packet to support the Board's review and guidance for approval of the CEO to sign.

- LRE Contracts
  - These are contracts over $100,000. This is a month earlier than before to ensure LRE meets timelines.
  - The Committee discussed year-end cost settlement and regional funding concerns. Ms. Marlatt-Dumas clarified that FY25 cost settlement has been completed, with unspent PMPM funds returned to the PIHP and regional funds distributed to CMHs that were over their PMPM. FY26 cost settlement will not occur until approximately June 2027. Ms. Marlatt-Dumas expressed concern about FY27 sustainability unless rates increase, especially as HMP enrollment declines while service costs remain steady. The State's rate meeting was moved from Friday to Monday, and Ms.

Marlatt-Dumas indicated it is unlikely staff will have sufficient time to provide a detailed rate update by the Board meeting.

- Ms. Marlatt-Dumas also reported concerns regarding autism funding. She noted proposed budget language reducing autism funding by $10 million while also creating an RFP opportunity for a private entity to manage quality and utilization management. LRE has been contacted by an organization seeking a letter of support for its anticipated bid, but Ms. Marlatt-Dumas has not yet acted and is seeking input from other PIHPs. She also reported that recent discussions with CMHs and autism providers indicated that CMHs are implementing agreed-upon utilization management expectations, and LRE staff supported the direction being taken.

BOARD WORK SESSION AGENDA

i. Compliance Training
   - Compliance training will be included as part of the Board Work Session agenda.

ii. LRE Organizational Strategic Plan
   - The LRE Organizational Strategic Plan will be reviewed during the Work Session and presented for approval during the Board meeting.

iii. LRE SUD Strategic Plan.
   - The LRE SUD Strategic Plan will also be reviewed during the Work Session and presented for approval during the Board meeting.

EXECUTIVE COMMITTEE/CEO SESSION (STANDING ITEM)

UPCOMING MEETINGS

- August 26, 2026 – LRE Executive Board Work Session, 11:00 AM
  GVSU, Muskegon Innovation Hub, 200 Viridian Dr, Muskegon, MI 49440
- August 26, 2026 – LRE Executive Board Meeting, 1:00 PM
  GVSU, Muskegon Innovation Hub, 200 Viridian Dr, Muskegon, MI 49440
- September 16, 2026 – Executive Committee, 1:00PM
- September 23, 2026 – LRE Executive Board Work Session, 11:00 AM
  The Delta Hotel Convention Center, Mona Lake Room
  939 3rd St., Muskegon, MI 49440
- September 23, 2026 – LRE Executive Board Meeting, 1:00 PM
  The Delta Hotel Convention Center, Mona Lake Room
  939 3rd St., Muskegon, MI 49440

ADJOURN

FY27 MDHHS/LRE PIHP Master Contract Executive Summary

Overview and History

Lakeshore Regional Entity (LRE) has completed a detailed review of the proposed FY27 Michigan Department of Health and Human Services (MDHHS) Prepaid Inpatient Health Plan (PIHP) Master Contract. The FY27 agreement will govern LRE's administration of Medicaid specialty behavioral health services for the period of October 1, 2026 through September 30, 2027.

The review included a line-by-line comparison of the FY26 and FY27 agreements, including the Standard Contract Terms, Statement of Work, HIPAA Business Associate Agreement, definitions, reporting requirements, and related schedules. Approximately 100 distinct language changes were identified and evaluated for their potential contractual, operational, financial, compliance, and Member CMHSP impacts.

Many of the identified changes are administrative, technical, clarifying, or otherwise do not materially change LRE's existing responsibilities. Other changes formalize or expand requirements that LRE and its Member CMHSPs already perform in some capacity. A smaller group represents more significant changes that will require coordinated implementation work during FY27.

LRE has also reviewed the FY27 changes against the draft LRE/Member CMHSP Agreement. Where updates to the CMHSP agreement were warranted, the revisions were limited and targeted, primarily aligning terminology, timelines, and existing delegated responsibilities with the FY27 MDHHS requirements rather than substantially changing the underlying responsibilities of the parties. Other implementation needs will be addressed through LRE policies and procedures, delegated-function oversight, reporting specifications, and operational workflows, as appropriate.

Summary of Changes

The most significant FY27 changes generally fall into several areas:

- Updated 1915(i) State Plan Amendment requirements;
- Revised prior authorization and adverse benefit determination requirements;
- New U.S.-based performance and offshore restrictions;
- Expanded digital accessibility requirements;
- Expanded provider directory, network reporting, and language access requirements;
- Added and updated contract definitions;
- Expanded provider incentive arrangement requirements; and
- Updated health information systems and reporting requirements, including CRM use.

Some of these requirements are sufficiently detailed for LRE to begin implementation immediately. Others will require additional discussion with applicable LRE departments, Member CMHSPs, or MDHHS to determine the intended operational approach.

Recommendation

LRE Contracts Team recommends that LRE execute the FY27 MDHHS/PIHP Master Contract.

The review identified several significant changes that will require implementation work, including updates to contracts, policies, procedures, data specifications, systems, and operational workflows. Certain provisions also warrant clarification from MDHHS regarding the intended scope or method of implementation. These issues, however, do not present a basis to withhold execution of the FY27 agreement.

The MDHHS/PIHP Master Contract is the contractual and funding framework through which LRE performs its PIHP responsibilities and administers the Medicaid specialty behavioral health benefit for Region 3. The legal, financial, operational, and continuity-of-care consequences associated with not executing the agreement would substantially exceed the risks associated with executing the agreement while completing the necessary implementation work.

LRE has an established structure for translating MDHHS requirements into regional contracts, policies, procedures, reporting requirements, and delegated-function oversight. LRE will use that structure to coordinate implementation of the FY27 changes, seek MDHHS clarification where necessary, and monitor completion of required actions.

LAKESHORE REGIONAL ENTITY

Priority Implementation Items

Area	Significant FY27 Change	LRE Response / Consideration
1915(i) State Plan Amendment	Incorporates updated language for 1915(i) State Plan Amendment.	Relevant changes have been incorporated into the FY27 CMHSP agreement where appropriate. Additional LRE policy, procedure, delegation, and oversight requirements will need to be developed or updated.
Prior Authorization and Adverse Benefit Determinations	Incorporates updated requirements and timeframes for Prior Authorization and Adverse Benefit Determination Notices.	Review with Utilization Management and Customer Services; and as needed, update applicable policies, procedures, notices, system workflows, and monitoring processes.
U.S.-Based Performance / Offshore Restrictions	New provisions require applicable data centers and downstream subcontracted activities to remain within the United States.	Review with CIO. Collaboration with Member CMSHPS and/or MDHHS may be necessary to ensure compliance.
Digital Accessibility	New and expanded requirements apply digital accessibility standards to websites, applications, software, documents, spreadsheets, presentations, and other digital deliverables.	Conduct review of existing accessibility requirements in Policy/Procedures and contracts. Incorporate appropriate requirements as necessary.
Provider Directory and Network Reporting	Provider-directory data requirements are expanded and provider-network composition changes must be reported more broadly and within State-established timeframes.	Review current reporting workflows; establish sufficient upstream timelines to allow LRE to meet MDHHS requirements. Clarification will be needed from MDHHS on Network Notification requirement.
Language Access	The threshold for translation of vital documents is reduced from greater than 5% to 3% or more of the applicable population, and more specifically addresses vital documents and related language-access requirements.	Review with Customer Services and update policy, delegated responsibilities, document standards, as necessary.
Added/Updated Definitions	FY27 adds/updates some of the definitions outlined in the agreement.	FY27 CMHSP agreement definitions have been updated.
Provider Incentive Arrangements	More detailed requirements for physician/provider incentive agreements.	Review existing regional and CMHSP incentive arrangements and update policies, procedures, and contract standards where applicable.
Health Information Systems / Reporting	FY27 adds prior-authorization metrics, expands CRM-related requirements, and creates additional data expectations.	Confirm data ownership, collection methodology, reporting responsibility, and system capability with applicable operational and IT.

Other Operational and Compliance Updates

- Shortened HIPAA / Privacy response timeframes;
- Updated State Fair Hearing implementation timeframes;
- New Consumer Experience Survey requirements;
- Expanded CAP / financial withhold considerations related to 1915(i)SPA;
- Expanded Autism / State-Directed Payment documentation requirements;
- Updated Sentinel Event definition; and
- Technical updates to Customer Services requirements

Implementation Status and Next Steps

LRE has already begun incorporating FY27 requirements and actions will include:

Action	Approach
Complete FY27 CMHSP Agreement updates	Resolve the limited number of remaining items requiring FY27 contract language and identify items appropriate for the FY28 contract cycle.
Update LRE policies and procedures	Revise affected authorization, customer service, network management, accessibility, 1915(i)SPA, privacy, reporting, and other policies as necessary.
Review operational workflows	Engage responsible LRE departments to assess current practices against new timeframes, documentation requirements, and reporting obligations.
Update reporting and data specifications	Revise CMHSP/provider reporting instructions and technical specifications where additional data elements or shorter reporting timelines are necessary.
Seek MDHHS clarification	Identify provisions for which the State's intended operational expectation is unclear and obtain clarification before establishing final regional requirements.

The FY27 contract contains meaningful changes, but the majority can be addressed through LRE's existing contract-management, policy, delegated-oversight, and compliance processes. LRE will prioritize those provisions with the greatest operational impact and will continue working collaboratively with Member CMHSPs and MDHHS to achieve and maintain compliance during FY27.

Approval of FY27 Contracts Exceeding $100,000

in Accordance with LRE Policy 10.17 – Management Delegation and Executive Limitations

FY27 Grant Agreements

The FY27 Grant Agreements listed below reflect allocations approved by MDHHS; however, the final agreements and associated funding have not yet been released. The agreements are being presented for advance Board approval in accordance with Policy 10.17, with execution contingent upon finalization of the State budget and formal release of funds by MDHHS.

Motion

To approve the FY27 Grant Agreements exceeding $100,000, as presented, contingent upon finalization of the State budget and release of the applicable funds by MDHHS, in accordance with Policy 10.17.

Contractor Name	Description	Contract Total
Arbor Circle Corporation	Hispanic Behavioral Health Services, Prevention, State Opioid Response 4 - Prevention, and Michigan Gambling Disorder Prevention Project	$425,957.00
Community Mental Health of Ottawa County	Clubhouse Engagement, Peer Driven Tobacco Cessation, SUD Treatment, Women's Specialty Services, Healing and Recovery Community Engagement and Infrastructure, SUD Access Management, Alcohol Use Disorder Treatment, and SUD Administration	$875,548.00
District Health Department #10	Prevention, State Opioid Response 4 - Prevention, and Michigan Gambling Disorder Prevention Project	$128,878.00
Grand Rapids Red Project	SUD Treatment, and State Opioid Response 4 (Overdose Education and Naloxone Distribution with Harm Reduction ("OEND"), and Mobile Care Unit)	$197,950.00
Network180	Prevention, State Disability Assistance, SUD Treatment, Women's Specialty Services, Healing and Recovery Community Engagement and Infrastructure, SUD Access Management, Alcohol Use Disorder Treatment, SUD Administration, and State Opioid Response 4 (Jail-based MOUD Expansion, Peer Outreach and Linkage)	$3,270,471.00
Kent County Health Department	Prevention	$246,055.00
HealthWest	Clubhouse Engagement, Peer Driven Tobacco Cessation, Prevention, State Disability Assistance, SUD Treatment, Women's Specialty Services, Healing and Recovery Community Engagement and Infrastructure, Michigan Gambling Disorder Prevention Project, Substance Use Disorder Administration, SUD Access Management, and State Opioid Response 4 (Jail-based MOUD Expansion, Prevention, Overdose Education and Naloxone Distribution with Harm Reduction ("OEND"), OUD/StUD Recovery, Alcohol Use Disorder Treatment, Peer Outreach and Linkage, and OUD/StUD Treatment)	$2,160,217.00
OnPoint	Peer Driven Tobacco Cessation, Prevention, State Disability Assistance, SUD Treatment, Women's Specialty Services, Substance Use Disorder Administration, SUD Access Management, Alcohol Use Disorder Treatment, and State Opioid Response 4 (Prevention, Jail-based MOUD Expansion, Overdose Education and Naloxone Distribution with Harm Reduction ("OEND"), OUD/StUD Recovery, Peer Outreach and Linkage, OUD/StUD Treatment, and Recovery Housing)	$889,787.00
West Michigan Community Mental Health System	Alcohol Use Disorder Treatment, Peer Driven Tobacco Cessation, State Disability Assistance, SUD Treatment, Women's Specialty Services, Healing and Recovery Community Engagement and Infrastructure, Substance Use Disorder Administration, SUD Access Management, and State Opioid Response 4 (Overdose Education and Naloxone Distribution with Harm Reduction ("OEND"), OUD/StUD Recovery, OUD/StUD Treatment, and Recovery Housing)	$579,403.00

FY27 CMHSP Medicaid Agreements

The FY27 CMHSP Medicaid Agreements are presented for Board approval. These agreements do not establish fixed contract totals; rather, they outline the capitation reimbursement model under which the CMHSPs are paid. The projected contract totals shown are estimates based on current FY27 draft projections and are subject to change.

Motion

To approve the FY27 CMHSP Medicaid Agreements, including the draft projected budgets, as presented, in accordance with Policy 10.17.

Contractor Name	Description	Projected Contract Total
OnPoint	FY27 CMHSP Medicaid Agreement. FY27 Draft Projections for Medicaid, Healthy Michigan Plan, Autism, Waiver.	$32,540,981.00
Community Mental Health of Ottawa County	FY27 CMHSP Medicaid Agreement. FY27 Draft Projections for Medicaid, Healthy Michigan Plan, Autism, Waiver.	$53,820,405.00
Network180	FY27 CMHSP Medicaid Agreement. FY27 Draft Projections for Medicaid, Healthy Michigan Plan, Autism, Waiver.	$193,783,955.00
HealthWest	FY27 CMHSP Medicaid Agreement. FY27 Draft Projections for Medicaid, Healthy Michigan Plan, Autism, Waiver.	$79,183,981.00
West Michigan Community Mental Health System	FY27 CMHSP Medicaid Agreement. FY27 Draft Projections for Medicaid, Healthy Michigan Plan, Autism, Waiver.	$27,122,208

FY27 Public Act 2 Liquor Tax (PA2) Agreements

The FY27 PA2 Agreements listed below are presented for Board approval. Although oversight of PA2 funds is vested in the LRE Oversight Policy Board, agreements exceeding $100,000 are subject to approval by the LRE Board of Directors under Policy 10.17.

Motion

To approve the FY27 PA2 Agreements exceeding $100,000, as presented, in accordance with Policy 10.17.

Contractor Name	Description	Contract Total
Arbor Circle Corporation	PA2 - Prevention, PA2 - Prevention Reserve	$374,177.00
Community Mental Health of Ottawa County	PA2 - Treatment, PA2 - Prevention, PA2 - Special Projects	$797,997.00
District Health Department #10	PA2 - Prevention, PA2 - Prevention Reserve	$190,108.00
Kent County Health Department	PA2 - Prevention, PA2 - Prevention Reserve	$276,263.00
HealthWest	PA2 - Treatment, PA2 - Prevention	$476,062.00
Network180	PA2 - Treatment, PA2 - Prevention, PA2 - Special Projects	$2,521,524.00
OnPoint	PA2 - Treatment, PA2 - Prevention, PA2 - Special Projects	$351,515.00
Wedgwood Chirstian Services	PA2 - Prevention, PA2 - Prevention Reserve	$117,184.00
West Michigan Community Mental Health System	PA2 - Treatment	$126,528.00

Lakeshore Regional Entity Board
Financial Officer Report for August 2026
8/26/2026

- **Disbursements Report** – A motion is requested to approve the July 2026 disbursements. A summary of the disbursements is included as an attachment.

- **Statement of Activities** – Report through June is included as an attachment. These figures are draft and will not be final until after the audit is complete.

- **LRE Combined Monthly FSR –** The June LRE Combined Monthly FSR Report is included as an attachment for this month's meeting. Expense projections, as reported by each CMHSP, are noted. An actual **surplus** fiscal year-to-date through June of **$3.1 million**, a projected annual **deficit** of **$15.3 million**, and a budgeted **deficit** of **$18.8 million** regionally (Medicaid and HMP) is shown in this month's report. All CMHSPs have an actual **surplus** except Network180 who has a **deficit** of **$8.3 million** and CMH of Ottawa with a **deficit of $1.3 million**. HealthWest, OnPoint, and West Michigan CMH have a projected **surplus**. Network180 and CMH of Ottawa have projected **deficits**. All CMHSPs have a budgeted **surplus or breakeven**, except Network180 with a budgeted **deficit** of **$15 million** and CMH of Ottawa with a budgeted **deficit** of **$7.1 million**.
  The projected **deficit** from May to June was reduced by **$3.7 million** primarily due to a reduction in expense projections reported by West Michigan CMH, who also submitted a revised spending plan/budget with a **surplus of $3 million**.

- **Cash Flow Issues** – The **$6 million** cash advance to Network180 has been repaid to LRE upon completion of the FY25 Medicaid/HMP Cost Settlement. No other cash flow issues have been reported.

- **FY2027 Rate Setting** – MDHHS has not provided any updated information regarding FY27 rate setting and has rescheduled/canceled meetings on the topic multiple times. No meeting is currently set for review.

- **FY27 CMHSP Spending Plans/Budgets** – Spending Plans/Budgets were due from the CMHSPs to LRE on July 31, 2026. FY26 Revenue Projections were used as the basis of the FY27 initial revenue projections due to lack of updated information from MDHHS. The net of the CMHSP spending plans/budgets show a regional **deficit of $14.7 million**. A summary is attached to this report.

- **FY2026 Revenue Projections** – The FY26 July Revenue Projection shows no significant changes from FY26 June Revenue Projections. MDHHS continues to pay waivers at FY25 rates therefore, the projections include a -$1.38 million adjustment for expected waiver recoupments. Most of the overpayment comes from the children's waiver, with rates dropping by more than 40% from FY25 to FY26. MDHHS is working to resolve the waiver payment issue and plans to recoup the waiver revenue and repay it at the correct rates.

- **FY26 Finance Site Review Summary –** LRE has reviewed four out of five CMHSP Members as well as four contracted SUD providers. Below is a summary of the current standing of those reviews.

Community Mental Health Providers

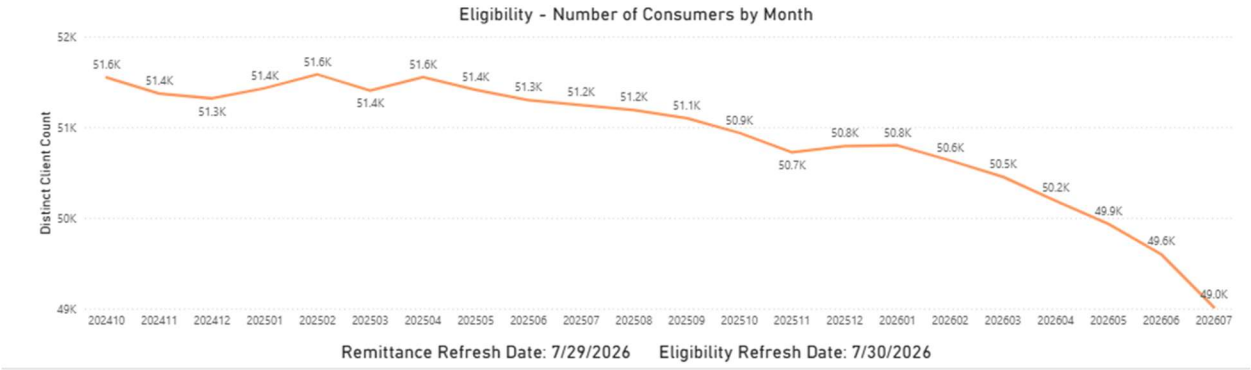
Provider	Review Date	Score	Change from Prior Year	Findings
West Michigan CMH	6/1/26–6/3/26	36/38 or 94.74%	Increase of 12.24%	2 repeat findings 0 new findings
HealthWest	6/22/26–6/24/26	27/42 or 64.29%	Decrease of 17.53%	5 new findings 5 repeat findings
OnPoint	7/13/26–7/15/26	32/40 or 80%	Decrease of 10%	4 new findings 2 repeat findings 1 repeat recommendation
Ottawa Co CMH	8/3/26-8/5/26	29/38 or 76.32%	Increase of 3.59%	1 new finding 6 repeat findings
Network 180	Starts 8/17/26	Not available	Not available	Not available

SUD Providers

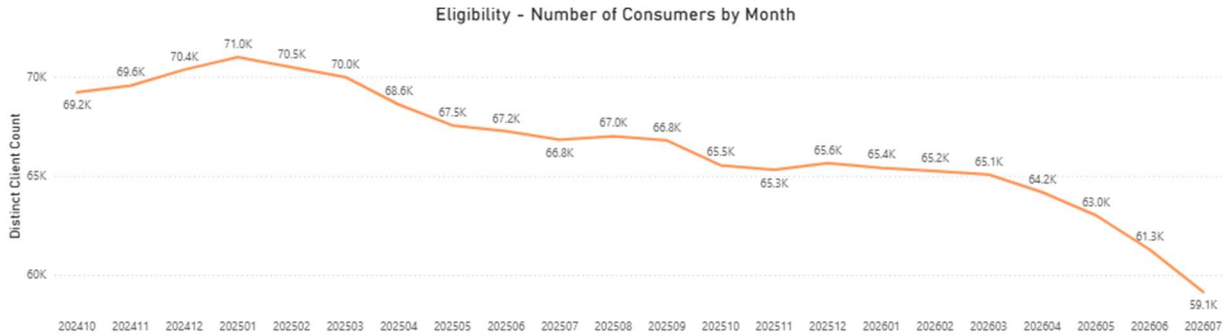
Provider	Review Date	Score	Change from Prior Year	Findings
District Health Department 10	6/8/26–6/10/26	17/20 or 85%	Increase of 20%	0 new findings 3 repeat findings
Wedgwood	7/21/26–7/23/26	16/20 or 80%	Increase of 9%	0 new findings 2 repeat findings
Kent County HD	7/30/26–8/1/26	Not available	Not available	Not available
Trinity Health	7/30/26–8/1/26	Not available	Not available	Not available
Arbor Circle	9/9/26–9/11/26	Not available	Not available	Not available
Ottawa Health Department	8/26/26–8/28/26	Not available	Not available	Not available
Red Project	8/31/26–9/2/26	Not available	Not available	Not available

- **Financial Data/Charts** – The charts below show regional eligibility trends by population. The number of Medicaid eligible individuals in our region determines the amount of revenue the LRE receives each month. Data is shown for October 2024 – June 2026. The LRE has experienced a decline in enrollments for DAB, TANF, and HMP, mirroring patterns observed throughout the state.

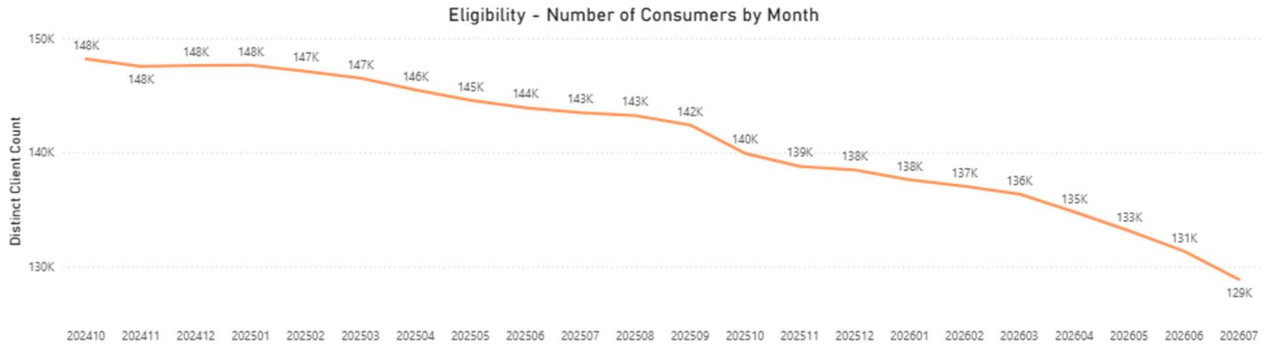
DAB



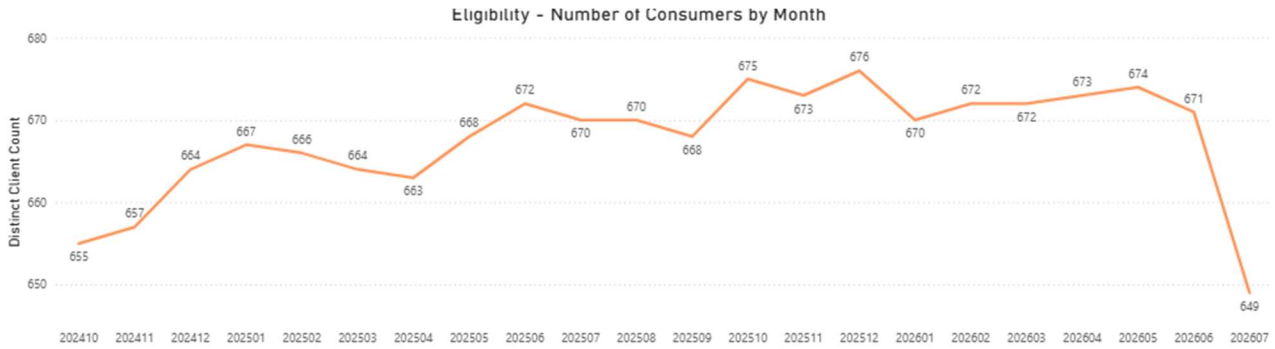
HMP



TANF



HSW



LRE has been closely tracking missing HSW payments, and per MDHHS requirements, those missing payments are reported to MDHHS four months after the missing payment occurred.

- **Legal Expenses –** Below, this chart contains legal expenses of the LRE that have been billed to the LRE to date for FY2022 through FY2026.

Lakeshore Regional Entity
Legal Expenses Report

Fiscal Year	Managed Care / MDHHS Contract	By-Laws Operating Agreement	Health West Litigation	N180 Litigation	General	State Fair Hearings	Compliance	CCBHC	ISF Litigation	Total
FY22	$ 187,807.86	$ 12,200.00	$ 30,555.94	$ -	$ 325.00	$ -	$ -	$ 812.50	$ -	$ 231,701.30
FY23	$ 149,640.86	$ -	$ 10,720.00	$ 52,874.13	$ 10,250.00	$ -	$ -	$ -	$ -	$ 223,484.99
FY24	$ 9,186.40	$ -	$ 387.20	$ 1,154.40	$ 50,000.00	$ -	$ -	$ -	$ -	$ 60,728.00
FY25	$ 24,018.83	$ -	$ -	$ -	$ 178,998.45	$ 18,802.00	$ -	$ -	$ 74,954.20	$ 296,773.48
FY26	$ -	$ -	$ -	$ -	$ 76,118.00	$ -	$ 2,304.00	$ -	$ -	$ 78,422.00
Total	**$ 370,653.95**	**$ 12,200.00**	**$ 41,663.14**	**$ 54,028.53**	**$ 315,691.45**	**$ 18,802.00**	**$ 2,304.00**	**$ 812.50**	**$ 74,954.20**	**$ 891,109.77**

As of July 31, 2026

Lakeshore Regional Entity FY2027 Initial Spending Plan Summary

	HealthWest	Network180	OnPoint	Ottawa	West Michigan	TOTAL	
Capitated Revenue							
Medicaid	59,212,304	140,929,808	23,797,574	38,527,897	20,800,385	283,267,967	
Autism	13,299,098	34,198,808	6,008,067	10,165,513	3,892,346	67,563,833	
Healthy Michigan	6,672,053	18,655,340	2,735,340	5,104,834	2,429,478	35,597,045	
SUD Health Home				22,160		22,160	
Total Budgeted Capitated Revenue	**79,183,455**	**193,783,955**	**32,540,981**	**53,820,405**	**27,122,208**	**386,451,005**	
Capitated Expense							
Medicaid	48,694,732	126,771,265	24,659,763	40,820,939	20,779,299	261,725,998	
Medicaid - MCO Admin	6,166,342	10,029,313	3,813,512	1,703,511	1,662,923	23,375,601	8.20%
Autism	8,462,700	37,454,805	1,755,639	11,258,198	2,335,450	61,266,792	
Autism - MCO Admin	1,071,653	2,901,624	271,501	379,189	186,836	4,810,803	7.28%
Healthy Michigan	10,939,913	23,242,455	2,628,105	6,363,674	1,997,872	45,172,019	
Healthy Michigan - MCO Admin	1,634,700	2,065,870	692,838	209,657	159,830	4,762,894	9.54%
SUD Health Home				86,989		86,989	
Total Budgeted Capitated Expense	**76,970,040**	**202,465,332**	**33,821,358**	**60,822,157**	**27,122,209**	**401,201,096**	**8.21%**
Budgeted Surplus (Deficit)	**2,213,415**	**(8,681,376)**	**(1,280,377)**	**(7,001,753)**	**(0)**	**(14,750,091)**	
Medicaid Surplus (Deficit)	4,351,230	4,129,229	(4,675,701)	(3,996,553)	(1,641,837)	(1,833,631)	
Autism Surplus (Deficit)	3,764,745	(6,157,621)	3,980,928	(1,471,874)	1,370,060	1,486,238	
Subtotal Medicaid & Autism Surplus (Deficit)	8,115,975	(2,028,392)	(694,773)	(5,468,427)	(271,776)	(347,393)	
Healthy Michigan Surplus (Deficit)	(5,902,560)	(6,652,985)	(585,603)	(1,468,497)	271,776	(14,337,869)	
Total Medicaid & Healthy Michigan Surplus (Deficit)	**2,213,415**	**(8,681,376)**	**(1,280,377)**	**(6,936,924)**	**(0)**	**(14,685,262)**	
MCO Admin							
Medicaid	11.24%	7.33%	13.39%	4.01%	7.41%	8.20%	
Autism	11.24%	7.19%	13.39%	3.26%	7.41%	7.28%	
Healthy Michigan	13.00%	8.16%	20.86%	3.19%	7.41%	9.54%	
Total MCO Admin	11.53%	7.41%	14.13%	3.77%	7.41%	8.21%	

LAKESHORE REGIONAL ENTITY

BOARD ACTION REQUEST
Subject: July 2026 Disbursements
Meeting Date: August 26, 2026

RECOMMENDED MOTION:

To approve the July 2026 disbursements of $53,626,557.18 as presented.

SUMMARY OF REQUEST/INFORMATION:

Disbursements:	
Allegan County CMH	$2,944,521.48
Healthwest	$6,988,233.39
Network 180	$30,374,389.71
Ottawa County CMH	$9,719,755.52
West Michigan CMH	$2,457,993.30
SUD Prevention Expenses	$104,723.10
SUD Public Act 2 (PA2)	$495,179.70
Administrative Expenses	$541,760.98
Total:	**$53,626,557.18**

98.07% of Disbursements were paid to Members and SUD Prevention Services.

I affirm that all payments identified in the monthly summary above are for previously appropriated amounts.

STAFF: *Stacia Chick* **DATE:** ***8/17/2026***

LAKESHORE REGIONAL ENTITY

Statement of Activities - Actual vs. Budget
Fiscal Year 2025/2026
6/30/2026

	Year Ending 9/30/2026	6/30/2026		
	FY26 Budget *Amendment 2*	Budget to Date	Actual	Actual to Budget Variance
Operating Revenues				
Medicaid, HSW, SED, & Children's Waiver	301,000,095	225,750,071	226,298,481	548,409
DHS Incentive	471,247	353,435	291,221	(62,214)
Autism Revenue	67,445,656	50,584,242	53,144,481	2,560,239
Healthy Michigan	36,154,699	27,116,024	29,212,291	2,096,266
Performance Bonus Incentive	2,648,663	1,986,497	-	(1,986,497)
Hospital Rate Adjuster (HRA)	23,383,692	17,537,769	11,781,738	(5,756,031)
Member Local Contribution to State Medicaid	1,007,548	755,661	755,661	-
Health Homes (BHH/SUDHH)	27,700	20,775	22,256	1,481
MDHHS Grants	10,798,608	8,098,956	6,663,741	(1,435,215)
PA 2 Liquor Tax	5,166,548	3,874,911	1,243,312	(2,631,599)
Interest Earnings	1,365,174	1,023,881	305,432	(718,448)
Use of ISF/Savings	16,476,076	12,357,057	-	(12,357,057)
Miscellaneous Revenue	5,500	4,125	-	(4,125)
Total Operating Revenues	**465,951,207**	**349,463,405**	**329,718,299**	**(19,745,107)**
Expenditures				
Salaries and Fringes	8,006,979	6,005,234	3,759,747	(2,245,487)
Office and Supplies Expense	316,958	237,719	151,788	(85,931)
Contractual and Consulting Expenses	1,025,954	769,465	512,320	(257,145)
Managed Care Information System (PCE) *	345,200	258,900	221,400	(37,500)
Legal Expense *	229,000	171,750	78,422	(93,328)
Utilities/Conferences/Mileage/Misc Exps	3,998,465	2,998,849	874	(2,997,975)
Grants - MDHHS & Non-MDHHS	637,422	478,067	378,253	(99,814)
Hospital Rate Adjuster / Taxes	28,295,860	21,221,895	14,221,131	(7,000,764)
Prevention Expenses - Grant & PA2	3,214,006	2,410,505	2,098,737	(311,767)
SUD Treatment Expenses - Grants	693,492	520,119	329,682	(190,437)
Member Payments - Medicaid/HMP	406,936,648	305,202,486	295,989,674	(9,212,813)
Member Payments - PA2 Treatment	3,838,837	2,879,127	2,077,593	(801,535)
Member Payments - Grants	7,404,838	5,553,629	4,650,814	(902,815)
Local Contribution to State Medicaid	1,007,548	755,661	755,661	(0)
Total Expenditures	**465,951,207**	**349,463,405**	**325,226,095**	**(24,237,310)**
Total Change in Net Assets	**(0)**	**(0)**	**4,492,203**	**4,492,203**

*** The categories of Managed Care Information Systems (PCE) and Legal are Net of amounts applied to Grants**

For internal use only. This report has not been audited, and no assurance is provided.

LAKESHORE REGIONAL ENTITY

Statement of Activities
Budget to Actual Variance Report

For the Period ending June 30, 2026

As of Date: 6/30/26

Operating Revenues

Medicaid/HSW/SED/CWP	N/A - Closely aligned with the current budget projections.
DHS Incentive	This revenue is received quarterly beginning in April.
Autism Revenue	Revenue is increasing based on latest projections.
Healthy Michigan	Revenue is increasing based on latest projections.
Performance Bonus Incentive	FY26 Revenue will be received after the end of the fiscal year if health plan performance metrics are met.
Hospital Rate Adjuster	HRA is typically paid quarterly. First quarter HRA payment was delayed, pending CMS rate approval. First payment received in April.
Member Local Match Revenue	N/A - Closely aligned with the current budget projections.
MDHHS Grants	SUD grant payments are received quarterly. First payment received in February.
PA 2 Liquor Tax	PA2 revenues are received quarterly, after the Department of Treasury issues payments to the counties. Quarter 1 was withheld for the state's debt service requirements.
Interest Revenue	Interest is down with 2 CDs maturing. Reinvestment is pending.
Use of ISF/Savings	Revenue will likely be applied to CMHSP Member deficits at year end, as needed, per the Board approved FY26 Revised Risk Management Strategy Plan.
Miscellaneous Revenue	Revenue may be received throughout the year, but the budgeted amount is not guaranteed.

Expenditures

Salaries and Fringes	Some expenses in this category will occur later in the fiscal year. Will be monitored for adjustments during the next amendment.
Office and Supplies	Some expenses in this category will occur later in the fiscal year. Will be monitored for adjustments during the next amendment.
Contractual/Consulting	Some expenses in this category will occur later in the fiscal year. Will be monitored for adjustments during the next amendment.
Managed Care Info Sys	Some expenses in this category will occur later in the fiscal year. Will be monitored for adjustments during the next amendment.
Legal Expense	Some expenses in this category will occur later in the fiscal year. Will be monitored for adjustments during the next amendment.
Utilities/Conf/Mileage/Misc	This line item includes LRE's contingency fund and will be monitored for adjustments during the next amendment.
Grants - MDHHS & Non-MDHHS	Expenditures under due to some MDHHS grant amendment and payment delays.
HRA/Taxes	HRA is typically paid quarterly. First quarter HRA payment was delayed, pending CMS rate approval. First payment received in April.
Prevention Exps - Grant/PA2	MDHHS SUD grant payments are made quarterly.
Member Med/HMP Payments	N/A - Closely aligned with the current budget projections.
Member PA2 Tx Payments	Billings against this line item typically occur after other grant funding is applied.
Member Grant Payments	Most of these payments are billed to LRE and paid by MDHHS 45-60 days in arrears. In addition, as noted above, some grants are being paid quarterly.
Local Contribution to State Medicaid	N/A - Closely aligned with the current budget projections.

For internal use only. This report has not been audited, and no assurance is provided.

Lakeshore Regional Entity Combined Monthly FSR Summary
FY 2026
June 2026 Reporting Month
Reporting Date: 8/17/26

ACTUAL:	HealthWest	Network180	OnPoint	Ottawa	West Michigan	LRE	Total
Total Distributed Medicaid/HMP Revenue	60,113,332	149,235,035	25,049,189	41,180,376	20,397,445	4,817,589	300,792,966
Total Capitated Expense	52,316,797	156,273,221	23,323,337	42,414,035	17,401,467	4,817,589	296,546,445
Actual Surplus (Deficit)	7,796,535	(7,038,185)	1,725,852	(1,233,659)	2,995,978	-	4,246,521
% Variance	12.97%	-4.72%	6.89%	-3.00%	14.69%	0.00%	
Information regarding Actual (Threshold: Surplus of 5% and deficit of 1%) ***(Variance Explanation provided by CMHSP)***	Due to the efforts of staff to see individuals face to face more often, meeting the demands of the clients and weekly monitoring by leadership, we saw an increase in expenses; closeing our gap more appropriately.	1. Autism service demand exceeds funding, as regional rate allocations do not reflect county-level needs. 2. The CSU uses an eligible Medicaid rate per MDHHS guidance; however, Network180 cannot determine the amount of funds in the capitation nor if it is adequate to fully fund the service. 3. Utilization remains high and consistent with FY25, driven by inpatient, autism, and CLS/Personal Care in a residential setting.	OnPoint held on provider rate increase until January 1, 2026 to confirm revenue was coming in as expected. Certain utilization has been lower than projected (particularly Autism). Staff annual wage increases happened in April. As noted below, this surplus does not include approximately $240,000 in waiver overpayments due back to LRE/MDHHS.	Unfunded health and safety expenses associated Individuals who require extensive health and safety supports primarily IDD Adults. An increase in inpatient hospitalization for individuals on the Healthy Michigan Plan being served by Medicaid Health Plans. Continued expenditures resulting from emergency rate increases implemented last fiscal year to sustain residential provider operations to prevent residential closures. Please note that the vast majority of the increase in utilization and expenditures noted above are for non-CCBHC eligible services.	WM is expecting excess funding. Please refer to spend plan below.	Less than threshold for explanation.	
LRE Note: Actual revenue is understated/(overstated) by the amount listed due to MDHHS paying FY25 rates for waivers instead of FY26 rates. MDHHS intends to recoup and repay at the correct rates at a later date.	207,210	(1,214,038)	(240,980)	(74,366)	207,865	-	(1,114,309)
Actual Surplus (Deficit)	**8,003,745**	**(8,252,223)**	**1,484,872**	**(1,308,025)**	**3,203,843**	**-**	**3,132,212**

PROJECTION:	HealthWest	Network180	OnPoint	Ottawa	West Michigan	LRE	Total
LRE Revenue Projections as of:							
June							
Total Projected Medicaid/HMP Revenue	79,183,455	193,783,955	32,540,981	53,798,244	27,122,208	13,922,556	400,351,401
	(0)	(0)	(0)	0	-	-	
Total Capitated Expense Projections	76,795,541	207,688,048	32,504,192	60,735,168	24,015,648	13,922,556	415,661,153
Projected Surplus (Deficit)	2,387,915	(13,904,093)	36,789	(6,936,923)	3,106,560	-	(15,309,752)
% Variance	3.02%	-7.18%	0.11%	-12.89%	11.45%	0.00%	
Information regarding Projections (Threshold: Surplus of 5% and deficit of 1%) ***(Variance Explanation provided by CMHSP)***	Less than threshold for explanation.	1. Autism service demand exceeds funding, as regional rate allocations do not reflect county-level needs. 2. The CSU uses an eligible Medicaid rate per MDHHS guidance; however, Network180 cannot determine the amount of funds in the capitation nor if it is adequate to fully fund the service. 3. Utilization remains high and consistent with FY25, driven by inpatient, autism, and CLS/Personal Care in a residential setting.	Less than threshold for explanation.	Unfunded health and safety expenses associated Individuals who require extensive health and safety supports primarily IDD Adults. An increase in inpatient hospitalization for individuals on the Healthy Michigan Plan being served by Medicaid Health Plans. Continued expenditures resulting from emergency rate increases implemented last fiscal year to sustain residential provider operations to prevent residential closures. Please note that the vast majority of the increase in utilization and expenditures noted above are for non-CCBHC eligible services.	Updated WM spending plan utilizating the FY26 Budget Amendment	Less than threshold for explanation.	

PROPOSED SPENDING PLAN:	HealthWest	Network180	OnPoint	Ottawa	West Michigan	LRE	Total
Submitted to the LRE as of:	11/12/2025	3/11/2026	11/10/2025	6/10/2026	8/7/2026		
Medicaid/HMP Revenue			DRAFT ONLY - NOT ACCEPTED AS FINAL				
Total Budgeted Medicaid/HMP Revenue	79,430,870	192,305,302	32,595,722	53,601,952	27,043,915	13,922,556	398,900,317
Total Budgeted Capitated Expense	79,162,747	207,292,460	32,595,722	60,735,168	24,015,648	13,922,556	417,724,301
						-	
Budgeted Surplus (Deficit)	268,123	(14,987,158)	-	(7,133,216)	3,028,267	-	(18,823,984)
% Variance	0.34%	-7.79%	0.00%	-13.31%	11.20%	0.00%	
Information regarding Spending Plans (Threshold: Surplus of 5% and deficit of 1%) ***(Variance Explanation provided by CMHSP)***	Less than threshold for explanation.	1. Autism service demand exceeds funding, as regional rate allocations do not reflect county-level needs. 2. The CSU uses an eligible Medicaid rate per MDHHS guidance; however, Network180 cannot determine the amount of funds in the capitation nor if it is adequate to fully fund the service. 3. Utilization remains high and consistent with FY25, driven by inpatient, autism, and CLS/Personal Care in a residential setting.	Less than threshold for explanation.	Unfunded health and safety expenses associated Individuals who require extensive health and safety supports primarily IDD Adults. An increase in inpatient hospitalization for individuals on the Healthy Michigan Plan being served by Medicaid Health Plans. Continued expenditures resulting from emergency rate increases implemented last fiscal year to sustain residential provider operations to prevent residential closures. Please note that the vast majority of the increase in utilization and expenditures noted above are for non-CCBHC eligible services.	Updated WM spending plan utilizating the FY26 Budget Amendment	Less than threshold for explanation.	

Variance between Projected and Proposed Spending Plan	2,119,792	1,083,066	36,789	196,292	78,293	-	3,514,232
% Variance	2.67%	0.56%	0.11%	0.37%	0.29%	0.00%	
Explanation of variances between Projected and Proposed Spending Plan (Threshold: Surplus of 5% and deficit of 1%) ***(Variance Explanation provided by CMHSP)***	Less than threshold for explanation.	Less than threshold for explanation.	Less than threshold for explanation.	Less than threshold for explanation.	Less than threshold for explanation.	Less than threshold for explanation.	

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Lakeshore Regional Entity
FY2026 FSR Monthly Comparison of Surplus/(Deficit) Detail
(Excluding CCBHC)
June 2026 Reporting Month
Reporting Date: 8/17/26

ACTUAL:	HealthWest	Network180	OnPoint	Ottawa	West Michigan	Total
Distributed Medicaid/HMP						
Medicaid/HMP	3,976,391	(4,937,352)	(1,868,014)	(2,987,707)	1,851,618	(3,965,064)
Autism	4,027,354	(3,314,871)	3,352,886	1,679,682	1,352,225	7,097,276
Total Distributed Medicaid/HMP Revenue	8,003,745	(8,252,223)	1,484,872	(1,308,025)	3,203,843	3,132,212

PROJECTION:	HealthWest	Network180	OnPoint	Ottawa	West Michigan	Total
Distributed Medicaid/HMP						
Medicaid/HMP	(1,304,492)	(7,755,056)	(4,194,013)	(5,467,838)	1,256,719	(17,464,681)
Autism	3,692,407	(6,149,036)	4,230,802	(1,469,085)	1,849,841	2,154,929
Total Distributed Medicaid/HMP Revenue	2,387,915	(13,904,093)	36,789	(6,936,923)	3,106,560	(15,309,752)

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Lakeshore Regional Entity
FY2026 FSR Monthly Comparison of Surplus/(Deficit)

Actual	Nov	Change	Dec	Change	Jan	Change	Feb	Change	Mar	Change	April	Change	May	Change	June	Change	Significant Change Explanations
HW	3,210,521	*3,210,521*	1,880,517	*(1,330,003)*	4,135,097	*2,254,579*	5,539,968	*1,404,871*	6,451,883	*911,915*	8,423,981	*1,972,098*	8,468,495	*44,514*	8,003,745	*(464,749)*	Due to the efforts of staff to see individuals face to face more often, meeting the demands of the clients and weekly monitoring by leadership, we saw an increase in expenses; closeing our gap more appropriately.
N180	(2,499,914)	*(2,499,914)*	(3,522,325)	*(1,022,411)*	(3,796,208)	*(273,882)*	(3,743,865)	*52,342*	(3,807,003)	*(63,138)*	(4,630,644)	*(823,641)*	(7,368,473)	*(2,737,829)*	(8,252,223)	*(883,751)*	1. Autism service demand exceeds funding, as regional rate allocations do not reflect county-level needs. 2. The CSU uses an eligible Medicaid rate per MDHHS guidance; however, Network180 cannot determine the amount of funds in the capitation nor if it is adequate to fully fund the service. 3. Utilization remains high and consistent with FY25, driven by inpatient, autism, and CLS/Personal Care in a residential setting.
OnPoint	369,888	*369,888*	400,276	*30,387*	561,154	*160,878*	793,592	*232,438*	802,046	*8,454*	1,066,231	*264,185*	1,382,625	*316,394*	1,484,872	*102,247*	
Ottawa	1,725,566	*1,725,566*	1,650,528	*(75,038)*	477,495	*(1,173,033)*	(125,262)	*(602,757)*	(1,075,092)	*(949,830)*	(2,576,399)	*(1,501,307)*	(1,295,497)	*1,280,902*	(1,308,025)	*(12,528)*	
WM	1,307,093	*1,307,093*	1,276,611	*(30,481)*	1,452,997	*176,386*	1,896,932	*443,935*	2,059,410	*162,478*	2,209,112	*149,702*	2,809,172	*600,060*	3,203,843	*394,671*	WM is expecting excess funding. Updated WM spending plan utilizating the FY26 Budget Amendment.
Total	**4,113,153**	***4,113,153***	**1,685,607**	***(2,427,546)***	**2,830,536**	***1,144,929***	**4,361,365**	***1,530,830***	**4,431,244**	***69,879***	**4,492,282**	***61,038***	**3,996,322**	***(495,960)***	**3,132,212**	***(864,110)***	

Projection	Nov	Change	Dec	Change	Jan	Change	Feb	Change	Mar	Change	April	Change	May	Change	June	Change	
HW	3,869,714	*3,869,714*	(4,266,494)	*(8,136,208)*	(105,768)	*4,160,726*	1,767,867	*1,873,635*	2,657,114	*889,247*	2,640,934	*(16,180)*	2,124,816	*(516,119)*	2,387,915	*263,099*	Due to the efforts of staff to see individuals face to face more often, meeting the demands of the clients and weekly monitoring by leadership, we saw an increase in expenses; closeing our gap more appropriately.
N180	(2,078,970)	*(2,078,970)*	(2,759,095)	*(680,125)*	(14,987,158)	*(12,228,064)*	(13,284,733)	*1,702,425*	(13,284,733)	*(0)*	(13,284,733)	-	(14,046,782)	*(762,049)*	(13,904,093)	*142,689*	
OnPoint	-	-	(107,520)	*(107,520)*	(107,520)	*0*	(238,361)	*(130,842)*	54,737	*293,098*	54,737	*(0)*	54,737	-	36,789	*(17,947)*	
Ottawa	(3,469,038)	*(3,469,038)*	(3,580,703)	*(111,665)*	(4,276,735)	*(696,032)*	(4,811,845)	*(535,110)*	(4,811,845)	*(0)*	(7,197,836)	*(2,385,990)*	(7,197,836)	-	(6,936,923)	*260,912*	
WM	-	-	50,080	*50,080*	50,080	*0*	90,996	*40,916*	90,996	-	90,996	-	90,996	-	3,106,560	*3,015,564*	WM is expecting excess funding. Updated WM spending plan utilizating the FY26 Budget Amendment.
Total	**(1,678,294)**	***(1,678,294)***	**(10,663,732)**	***(8,985,438)***	**(19,427,101)**	***(8,763,370)***	**(16,476,077)**	***2,951,025***	**(15,293,732)**	***1,182,345***	**(17,695,902)**	***(2,402,170)***	**(18,974,069)**	***(1,278,167)***	**(15,309,752)**	***3,664,317***	

Proposed Spending Plan/Budget	Nov	Change	Dec	Change	Jan	Change	Feb	Change	Mar	Change	April	Change	May	Change	June	Change	Significant Change Explanations
HW	268,123	*268,123*	268,123	-	268,123	*(0)*	268,123	-	268,123	-	268,123	-	268,123	-	268,123	-	
N180	(2,078,970)	*(2,078,970)*	(2,078,970)	-	(14,987,158)	*(12,908,189)*	(14,987,158)	-	(14,987,158)	-	(14,987,158)	-	(14,987,158)	-	(14,987,158)	-	
OnPoint	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ottawa	-	-	-	-	-	-	-	-	-	-	(7,133,216)	*(7,133,216)*	(7,133,216)	-	(7,133,216)	-	
WM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,028,267	*3,028,267*	WM is expecting excess funding. Updated WM spending plan utilizating the FY26 Budget Amendment.
Total	**(1,810,847)**	***(1,810,847)***	**(1,810,847)**	**-**	**(14,719,036)**	***(12,908,189)***	**(14,719,036)**	**-**	**(14,719,036)**	**-**	**(21,852,251)**	***(7,133,216)***	**(21,852,251)**	**-**	**(18,823,984)**	***3,028,267***	

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