

HEALTHWEST

FINANCE COMMITTEE MEETING MINUTES

October 17, 2025

8:00 a.m.

CALL TO ORDER

The regular meeting of the Finance Committee was called to order by Committee Chair Fortenbacher at 8:00 a.m.

ROLL CALL

Committee Members Present: Jeff Fortenbacher, Janet Thomas, Thomas Hardy, John M. Weerstra, Charles Nash, Remington Sprague, M.D.

Also Present: Rich Francisco, Holly Brink, Gina Manaici, Brandy Carlson, Kristi Chittenden, Amber Berndt, Shannon Morgan, Gary Ridley, Helen Dobb, Gina Kim, Gordon Peterman, Jason Bates, Linda Wagoner, Linda Anthony, Melina Barrett, Carly Hysell, Kim Davis, Chris Yeager, Mickey Wallace, Jen Hoeker, Casey Olson

Guests Present: Mark Eisenbarth

ITEMS FOR CONSIDERATION

A. Approval of Minutes

It was moved by Ms. Thomas, seconded by Mr. Hardy, to approve the minutes of the September 12, 2025, meeting as written.

MOTION CARRIED

B. Approval of Expenditures for August 2025

It was moved by Mr. Hardy, seconded by Ms. Thomas, to approve expenditures for the month of August 2025, in the total amount of \$11,798,574.65.

MOTION CARRIED

C. Monthly Report from the Chief Financial Officer

Ms. Carlson, Chief Financial Officer, presented the August report, noting an overall cash balance of \$5,467,170.10 as of August 31, 2025.

D. Approval to Contract with Southridge Behavioral Health Hospital

It was moved by Mr. Hardy, seconded by Dr. Sprague, to authorize the HealthWest Executive Director to sign a contract with BH JV Grand Rapids, LLC dba Southridge Behavioral Health Hospital effective October 1, 2025, through September 30, 2027, to provide Adult Inpatient Services to eligible HealthWest consumers. The funding is within the HealthWest Community Inpatient Budget of \$7,000,000.00.

MOTION CARRIED

E. Approval to Contract with Rehmann, LLC

It was moved by Mr. Hardy, seconded by Commissioner Nash, to approve HealthWest to contract with Rehmann LLC, 675 Robinson Road, Jackson for consulting services for FY2026.

MOTION CARRIED

F. Approval to Contract with Clinically AI

It was moved by Dr. Sprague, seconded by Mr. Hardy, to approve HealthWest to enter into a sole-source agreement with Clinical Notes AI, Inc. dba Clinically AI at an estimated cost of \$171,305 for year 1 and estimated \$213,305 for year 2 and authorize the HealthWest Director to sign the two-year agreement.

MOTION CARRIED

OLD BUSINESS

There was no old business.

NEW BUSINESS

There was no new business.

COMMUNICATIONS

There was no communication.

DIRECTOR'S COMMENTS

Rich Francisco, Executive Director provided an update:

- **PIHP Procurement** – On 10/14, Judge Yates that presided over the hearing held on 10/9 between the PIHP/CMHSPs vs. MDHH/DTMB released an order and his conclusion on the case (25-000143-MB). I have attached a summary of the Opinion and Order.
 - **3 of our partners** – Allegan, West Michigan and N180 have passed resolutions to form regions.
- **FY26 Spending Plan** – at the Finance ROAT and at the Ops team the topic of discussion has been around the new budget revenue projections released by the LRE. The LRE used the Milliman Rate letter and updated the projections for the region. HW submitted our spending plan back in July and now it does not align with the new LRE projections. CMHs will have to review their spending plan and resubmit by Nov. 6 to the LRE in time for the LRE to complete their Risk Management Plan by Nov. 10.
- **Community Development and Strategic Planning Committee** – Brandy and I attended the committee, and I presented updates to our strategic plan for FY25 and also include plans for FY26. I shared a summary of achievements and accomplishments that met the following goals below for FY25:
 - **Improve Experience of Care and Health Outcomes**
 - a. **Expand data collection and real-time feedback to better identify and respond to community needs, ensuring timely, high-quality, and fiscally responsible care.**
 - **Ensure Long-Term Sustainability**
 - a. **Objective: Evaluate funding streams and program offerings to maintain consistent, adequate services and responsible fiscal planning.**

We received great feedback after the meeting from several people, and I want to thank and give a shoutout to HW staff as a whole, as these accomplishments are their doing from supervisors to directors and managers to the front line and support staff.

AUDIENCE PARTICIPATION

There was no audience participation.

ADJOURNMENT

There being no further business to come before the committee, the meeting adjourned at 8:35 a.m.

Respectfully,

Jeff Fortenbacher
Committee Chair

/hb

**PRELIMINARY MINUTES
To be approved at the Finance Meeting on
November 14, 2025**



FINANCE COMMITTEE

October 17, 2025 – 8:00 a.m.
376 E. Apple Ave. Muskegon, MI 49442

<https://healthwest.zoom.us/j/92330401570?pwd=TFNHMWlnQmF5NVAybWRQVG54Tk1GZz09>

One tap mobile: (309)205-3325, 92330401570# Passcode: 428623

Committee Chair: Jeff Fortenbacher
Committee Vice-Chair: Janet Thomas

AGENDA

- | | | |
|----|--|-------------|
| 1. | Call to Order | Quorum |
| 2. | Approval of Agenda | Action |
| 3. | Items for Consideration | |
| A. | Approval of the Minutes of September 12, 2025
(Attachment #1 pg. 1-4) | Action |
| B. | Approval of the Expenditures for August 2025
(Attachment #2 pg. 5) | Action |
| C. | Monthly Report from the Chief Financial Officer
(Attachment #3 pg. 6-9) | Information |
| D. | Approval to Contract with Southridge Behavioral Health Hospital
(Attachment #4 pg. 10-11) | Action |
| E. | Approval to Contract with Rehmann, LLC
(Attachment #5 pg. 12) | Action |
| F. | Approval to Contract with Clinically AI
(Attachment #6 pg. 13-17) | Action |
| 4. | Old Business | |
| 5. | New Business | |
| 6. | Communication | |
| 7. | Director's Comments | Information |
| 8. | Audience Participation | |
| 9. | Adjournment | Action |

/hb

HEALTHWEST

FINANCE COMMITTEE MEETING MINUTES

**September 12, 2025
8:00 a.m.**

CALL TO ORDER

The regular meeting of the Finance Committee was called to order by Committee Chair Fortenbacher at 8:01 a.m.

ROLL CALL

Committee Members Present: Jeff Fortenbacher, Janet Thomas, Thomas Hardy, John M. Weerstra

Committee Members Absent: Charles Nash, Remington Sprague, M.D.

Also Present: Rich Francisco, Holly Brink, Gina Manaici, Brandy Carlson, Christy LaDronka, Kristi Chittenden, Amber Berndt, Gary Ridley, Helen Dobb, Gina Kim, Gordon Peterman, Jason Bates, Linda Wagoner, Linda Anthony, Melina Barrett, Mickey Wallace

Guests Present: Matt Farrar

ITEMS FOR CONSIDERATION

A. Approval of Minutes

It was moved by Mr. Hardy, seconded by Mr. Weerstra, to approve the minutes of the August 15, 2025, meeting as written.

MOTION CARRIED

B. Approval of Expenditures for July 2025

It was moved by Mr. Hardy, seconded by Ms. Thomas, to approve expenditures for the month of July 2025, in the total amount of \$8,327,423.44.

MOTION CARRIED

C. Monthly Report from the Chief Financial Officer

Ms. Carlson, Chief Financial Officer, presented the July report, noting an overall cash balance of \$5,203,371.57 as of July 31, 2025.

D. Finance Update Memorandum

Ms. Carlson, Chief Financial Officer, presented the Finance Update Memorandum for the Board review.

E. Approval of Grant Funded Agreement

It was moved by _____, seconded by _____, to approve acceptance of the attached grants and the requirements withing, for a total of \$5,338.045 for Fiscal Year 2026.

MOTION CARRIED

F. Approval to Increase FY25 Five Funding Sources

It was moved by Mr. Hardy, seconded by Ms. Thomas, to approve the HealthWest Board of Directors to approve the FY25 contracted Vendors/Providers listed under the five funding sources. The total budget for the five funding services is \$50,852,923 effective September 19, 2025, through September 30, 2025.

MOTION CARRIED

G. Approval to Increase FY26 Five Funding Sources

It was moved by Mr. Hardy, seconded by Mr. Weerstra, to approve the HealthWest Board of Directors to approve the FY26 budget for the contracted Vendors/Providers listed under the five funding sources effective October 1, 2025. The total budget for the five funding services is \$51,008,811. The agreements are dated October 1, 2025, through September 30, 2027.

MOTION CARRIED

H. Approval to FY26 Recommended Budget for Revenue and Expenditures

It was moved by Mr. Hardy, seconded by Ms. Thomas, to approve the HealthWest FY2026 Recommended Budget in the amount of \$114,363,368 for both revenues and expenditures.

MOTION CARRIED

I. Approval to FY25 Projected Budget for Revenue and Expenditures

It was moved by Ms. Thomas, seconded by Mr. Hardy, to approve the HealthWest FY2025 Projected Budget in the amount of \$110,832,720 for both revenues and expenditures.

MOTION CARRIED

J. Approval to Contract with MDHHS

It was moved by Mr. Hardy, seconded by Ms. Thomas, to approve the HealthWest Executive Director to sign the contract between Michigan Department of Health and Human Services and HealthWest for Managed Mental Health Supports and Services for the period of October 1, 2025 through September 30, 2026.

MOTION CARRIED

K. Approval to FY26 Vendors / Providers

It was moved by Mr. Hardy, seconded by Ms. Thomas, to approve the HealthWest Board of Directors to approve the Vendors listed on Attachment A and further authorize the payment of the contracts.

MOTION CARRIED

OLD BUSINESS

There was no old business.

NEW BUSINESS

There was no new business.

COMMUNICATIONS

There was no communication.

DIRECTOR'S COMMENTS

Rich Francisco, Executive Director provided an update:

- **PIHP Procurement** – I provided an update last month on the PIHP procurement, and since that time, there have been a few updates. The most significant update is that three PIHPs and three CMHSPs within those PIHPs have now filed a lawsuit with MDHHS. They are Midstate Health Network, SWMBH, and Region 10. The CMHSPs are Integrated Health of Kalamazoo, St. Clair County CMH, and Saginaw County CMH. I believe this occurred on 9/1/2025. The PIHPs and the CMHSPs are seeking an injunction to halt the PIHP. The hearing for this lawsuit is scheduled for 9/16/2025.
 - [Legal News > Your source for information behind the law](#)
 - a. I have also reached out to various CEOs from other regions, and it seems that most CMHSPs are aligned with CMHA's strategy to halt the RFP. Various CMHSPs are also preparing alternative plans in case procurement goes through. I have heard from the LRE at the Ops meeting this week, that during N180's CMH board meeting this past Monday, West Michigan, N180, and Genesee County are going to work with Carelon (formerly Beacon Health Options, which was purchased by Anthem) to draft a proposal bid for the RFP. The CEOs from these CMHSPs could not comment because they are under an NDA (Non-Disclosure Agreement).
 - b. Another strategy being considered is that Midstate is also preparing a plan to bid for the central region or a portion of it. According to Alan Bolter, who presented on the PIHP procurement, there is an update that MDHHS may be considering more than one PIHP per geographic region. For example, the central region could have more than one regional entity. This may mean that CMHSPs would have to contract with more than one regional entity, which would add additional layers of administration.
- At the director's forum held on September 2 & 3, the discussion surrounding the CCBHC direct payment came up. Some PIHPs, such as Macomb and Oakland, are against this because they have CCBHCs that are not CMHSPs. If the state pays them directly and bypasses the CMHSPs in terms of payment, the PIHP essentially loses that CCBHC funding, which in a way privatizes the system because it takes funds from capitation and gives them to a private CCBHC.
- HealthWest continues to educate staff on CMH Finance 101. Brandy and Kristi have formalized training that they will be delivering to HealthWest teams to foster staff understanding of how CMH finance works. The goal is to cover material that speaks to each department's budget and to get the cost per unit of service data out. The goal is to educate staff to make better decisions when it comes to their respective budgets and to define outcome measures based on the cost per unit of service that their respective teams deliver.

AUDIENCE PARTICIPATION

There was no audience participation.

ADJOURNMENT

There being no further business to come before the committee, the meeting adjourned at 8:29 a.m.

Respectfully,

Jeff Fortenbacher
Committee Chair

/hb

PRELIMINARY MINUTES
To be approved at the Finance Meeting on
October 17, 2025

REQUEST FOR HEALTHWEST BOARD CONSIDERATION AND AUTHORIZATION

COMMITTEE Finance Committee	BUDGETED X	NON-BUDGETED	PARTIALLY BUDGETED
REQUESTING DIVISION Finance	REQUEST DATE October 17, 2025	REQUESTOR SIGNATURE Brandy Carlson, Chief Financial Officer	
<u>SUMMARY OF REQUEST (GENERAL DESCRIPTION, FINANCING, OTHER OPERATIONAL IMPACT, POSSIBLE ALTERNATIVES)</u>			
Expenditures for the month of August 2025 totaled \$11,798,574.65. Large or unusual expenditures for the month include: 1. Payments to Beacon Residential Services in the amount of \$248,278.92 for Residential Services 2. Payments to Cherry Street Services Inc. the amount of \$194,870.21 for Substance Use Disorder Services 3. Payments to Flatrock Manor Inc. in the amount of \$198,418.68 for Residential Services 4. Payments to HGA Nonprofit Homes in the amount of \$444,519.29 for Residential Services 5. Payments to Ivy Rehab Michigan LLC Services in the amount of \$163,465.44 for Autism Services 6. Payments to Mercy Health Partners in the amount of \$316,078.04 for Community Inpatient Services 7. Payments to Moka Corporation in the amount of \$1,512,653.80 for Residential and Outpatient Services 8. Payments to Pine Rest in the amount of \$172,753.00 for Community Inpatient Services 9. Payments to Pioneer Resources in the amount of \$496,537.82 for Autism and Residential Services 10. Payments to Professional Rehabilitation Services in the amount of \$109,472.40 for Autism Services 11. Payments to Turning Leaf in the amount of \$323,534.39 for Residential Services 12. Payments to Walloon Lake Recovery Lodge in the amount of \$144,604.18 for Substance Use Disorder Services			
<u>SUGGESTED MOTION (STATE EXACTLY AS IT SHOULD APPEAR IN THE MINUTES)</u>			
I move to approve expenditures for the month of August 2025, in total amount of \$11,798,574.65.			
COMMITTEE DATE October 17, 2025	COMMITTEE APPROVAL _____ Yes _____ No _____ Other		
BOARD DATE October 24, 2025	BOARD APPROVAL _____ Yes _____ No _____ Other		

HealthWest



August 2025

Board Report

**COMMUNITY MENTAL HEALTH
INTERIM BALANCE SHEET 2220
MENTAL HEALTH**

August 31, 2025

ASSETS		
	THIS YEAR	LAST YEAR
Cash in Bank	5,467,170.10	6,894,672.02
Imprest (Petty) Cash	1,600.00	2,700.00
Due from Credit Cards	414.50	-
Accounts Receivable	210,730.03	162,312.67
Due From Other Funds	20,965.42	3,257.43
Prepaid Items	438,356.95	679,313.43
Due from other governments	2,381,759.34	4,006,515.14
Total Assets	\$ 8,520,996.34	\$ 11,748,770.69
LIABILITIES AND EQUITY		
Accounts Payable	\$ 86,303.20	\$ 65,314.37
Undistributed Receipts	7,383.73	25,303.09
Accrued Wages and Fringes	-	12,849.96
Total Liabilities and Equity	\$ 93,686.93	\$ 103,467.42
DEFERRED INFLOWS OF RESOURCES		
Deferred Medicaid fee for services and capitation	\$ 434,929.96	\$ 8,217.16
Fund Balance at beginning of year	942,565.51	(1,855,032.17)
Nonspendable FB-Prepays	420,673.60	
**Total Fund Balance	\$ 1,363,239.11	\$ (1,855,032.17)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,891,856.00	\$ (1,743,347.59)
NET OF REVENUES VS EXPENDITURES	\$ 6,629,140.34	\$ 13,492,118.28
Transferred to County Equipment Revolving Account for:		
Mental Health Center Building (6660-0000-349220)	\$2,368,904.94	\$2,514,737.49
Future Equipment Purchases (6660-0000-349222)	\$86,607.86	\$117,184.04

**COMMUNITY MENTAL HEALTH
INTERIM BALANCE SHEET 7930
CMH CLIENT FUNDS**

August 31, 2025

ASSETS		
	THIS YEAR	LAST YEAR
Cash	\$ 612,183.01	\$ 401,231.03
Imprest Cash	\$ -	\$ 47,717.03
Accounts Receivable	\$ -	\$ -
Total Assets	\$ 612,183.01	\$ 448,948.06

LIABILITIES AND EQUITY		
Due to Fund 2220 HealthWest	\$ 10,690.53	\$ 2,418.83
Accounts Payable	\$ -	\$ -
Due to Other Funds	\$ -	\$ -
Undistributed Receipts	\$ 601,492.48	\$ 446,529.23
	\$ 612,183.01	\$ 448,948.06

HealthWest

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget to Actual

For the Period from October 1, 2024 through August 31, 2025

	Revised Budget	YTD Budget	YTD Actual	Over (Under) YTD Budget
Revenues				
Medicaid funding:				
Medicaid capitation	\$ 62,473,956	\$ 57,267,793	\$ 56,699,880	\$ (567,913)
Medicaid - Autism capitation	12,759,501	11,696,209	11,832,974	136,765
Medicaid capitation - settlement	-	-	(8,810,927)	(8,810,927)
Healthy Michigan Plan	7,503,148	6,877,886	6,892,047	14,161
Healthy Michigan Plan - settlement	-	-	4,645,541	4,645,541
CCBHC Supplemental	17,432,250	15,979,563	16,814,136	834,573
State General Fund:				
Formula Fundings	2,066,287	1,894,096	1,894,097	1
Settlement	-	-	-	-
Grant Revenue	6,671,771	6,115,790	5,067,723	(1,048,067)
Local revenue:				
County appropriation	706,819	647,917	647,917	-
Client and third party fees	782,725	717,498	538,145	(179,353)
Interest income	269,568	247,104	205,719	(41,385)
Other revenue	166,695	152,804	259,368	106,564
Total revenue	110,832,720	101,596,660	96,686,620	(4,910,040)
Expenditures				
Salaries and wages	30,344,253	27,815,565	27,085,847	(729,718)
Fringe benefits	18,439,436	16,902,816	15,985,715	(917,101)
Staff professional development	595,332	545,721	378,817	(166,904)
Contractual expense	54,746,279	50,184,089	48,814,553	(1,369,536)
Overhead expense	3,327,474	3,050,185	2,761,590	(288,595)
Supplies	763,810	700,159	519,218	(180,941)
Utilities	301,800	276,650	242,452	(34,198)
Insurance	434,334	398,140	434,334	36,194
Capital outlay	2,000	1,833	-	(1,833)
Other expenses	1,240,588	1,137,206	833,230	(303,976)
Transfers	287,010	263,093	232,932	(30,161)
Total expenditures	110,482,316	101,275,457	97,288,688	(3,986,769)
Net change in fund balance	350,404	321,203	(602,068)	(923,271)
Fund balance, beginning of year	1,363,240	1,363,240	1,363,240	-
Fund balance, end of year	\$ 1,713,644	\$ 1,684,443	\$ 761,172	\$ (923,271)

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

REQUEST FOR HEALTHWEST BOARD CONSIDERATION AND AUTHORIZATION

COMMITTEE Finance Committee	BUDGETED X	NON BUDGETED	PARTIALLY BUDGETED
REQUESTING DIVISION Provider Network Management	REQUEST DATE 10/17/2025	REQUESTOR SIGNATURE Gina Kim, Provider Network Specialist	
<u>SUMMARY OF REQUEST (GENERAL DESCRIPTION, FINANCING, OTHER OPERATIONAL IMPACT, POSSIBLE ALTERNATIVES)</u> HealthWest Board Authorization is requested to contract with BH JV Grand Rapids, LLC dba Southridge Behavioral Health Hospital: BH JV Grand Rapids, LLC dba Southridge Behavioral Health Hospital located at 6291 Venture Hills Blvd. SW Byron Center, MI 49315-7601 to provide Adult Inpatient Services effective October 1, 2025, through September 30, 2027. This vendor will be paid with Medicaid funding within the approved HealthWest Community Inpatient budget of \$7,000,00.00. Location Name: Southridge Behavioral Health Hospital Daily Rate \$1100.00 Number of Beds 96 (12 are currently available) opening in stages as they add additional staff and units			
<u>SUGGESTED MOTION (STATE EXACTLY AS IT SHOULD APPEAR IN THE MINUTES)</u> I move to authorize the HealthWest Executive Director to sign a contract with BH JV Grand Rapids, LLC dba Southridge Behavioral Health Hospital effective October 1, 2025, through September 30, 2027, to provide Adult Inpatient Services to eligible HealthWest consumers. The funding is within the HealthWest Community Inpatient Budget of \$7,000,000.00.			
COMMITTEE DATE October 17, 2025	COMMITTEE APPROVAL _____ Yes _____ No _____ Other		
BOARD DATE October 24, 2025	BOARD APPROVAL _____ Yes _____ No _____ Other		

September 23, 2025

BH JV Grand Rapids, LLC dba Southridge Behavioral Hospital
Attn: Megan DeJonge
6291 Venture Hills Blvd W
Byron Center, MI 49315-7601

Megan.Dejonge@uhsinc.com

Dear Megan:

Provisional credentialing/re-credentialing of Southridge Behavioral Hospital has been approved as a provider with Lakeshore Regional Entity. This allows you to pursue a contract with the following agencies: *HealthWest, Network180, OnPoint, Ottawa County Community Mental Health Services, and West Michigan CMH System.*

Verification prior to full Credentialing:

— Completion of Universal Credentialing (UC) online credentialing process

The Credentialing Committee meets at the end of each month, when your file will be reviewed for full credentialing. Your provisional credentialing has been approved for a period not to exceed 150 days. It is your responsibility to notify us if there are any things that come up in the next 150 days that may affect your credentialing.

Provisional Approval: 9/23/25

The Lakeshore Regional Entity would like to thank you for providing quality service to our participants. If you have any questions about this process, please let me or your CMHS Provider Network representative know.

Sincerely,

Pam Bronson

Pamela K. Bronson
Credentialing Specialist

cc: Provider Network Staff:
*HealthWest
Network180
OnPoint
Ottawa County Community Mental Health Services
West Michigan CMH System*

REQUEST FOR HEALTHWEST BOARD CONSIDERATION AND AUTHORIZATION

COMMITTEE Finance Committee	BUDGETED X	NON BUDGETED	PARTIALLY BUDGETED
REQUESTING DIVISION Full Board	REQUEST DATE October 17, 2025	REQUESTOR SIGNATURE Brandy Carlson, Chief Financial Officer	
<u>SUMMARY OF REQUEST (GENERAL DESCRIPTION, FINANCING, OTHER OPERATIONAL IMPACT, POSSIBLE ALTERNATIVES)</u> HealthWest authorization is requested to contract with Rehmann LLC, 675 Robinson Road, Jackson for consulting services as a single source for a total amount estimated at \$100,000 for FY2026. Since FY2023, Rehmann has provided consulting services to HealthWest, supporting the implementation of the new MDHHS Standard Cost Allocation Methodology as well as the transition to a new general ledger and chart of accounts. Given their deep familiarity with our systems and their proven expertise with other CMH organizations, transitioning to another firm at this stage would be financially prohibitive and operationally disruptive. Rehmann will provide consultation and support to CMH, its Executive Director and its Chief Financial Officer on an as needed basis for the following: • Meet bi-weekly with the Finance Director to consult on finance topics and review reports • Prepare monthly financial reports • Prepare MDHHS & PIHP required financial reports • Provide training and assistance as requested, including, but not limited to, budgeting and internal rate calculations • Other consulting as requested by the Executive Director or Chief Financial Officer			
<u>SUGGESTED MOTION (STATE EXACTLY AS IT SHOULD APPEAR IN THE MINUTES)</u> I move to authorize HealthWest contract with Rehmann LLC, 675 Robinson Road, Jackson for consulting services for FY2026.			
COMMITTEE DATE October 17, 2025	COMMITTEE APPROVAL _____ No _____ Other		
BOARD DATE October 24, 2025	BOARD APPROVAL _____ No _____ Other		

HWB 8-F

REQUEST FOR HEALTHWEST BOARD CONSIDERATION AND AUTHORIZATION

COMMITTEE Finance Committee	BUDGETED X	NON BUDGETED	PARTIALLY BUDGETED
REQUESTING DIVISION Full Board	REQUEST DATE October 17, 2025	REQUESTOR SIGNATURE Kristi Chittenden, Chief Information Officer	
<u>SUMMARY OF REQUEST (GENERAL DESCRIPTION, FINANCING, OTHER OPERATIONAL IMPACT, POSSIBLE ALTERNATIVES)</u> HealthWest authorization is requested to contract with Clinical Notes AI, Inc. dba Clinically AI as a sole-source agreement for clinical documentation and compliance software. Clinically AI offers a mobile app and Google plug-in for our existing electronic health record, PCE, that leverages augmented intelligence to significantly reduce the time burden to complete clinical documentation in PCE. Given the need to support our staff to meet documentation deadlines and productivity standards to achieve finance performance, it is recommended that the board authorize a sole-source agreement with Clinically AI for its PCE software add-on product. Clinically AI is the only product found that integrates with PCE and provides a scribe and compliance solution for multiple disciplines allowing us the ability to use it for over 300 clinical staff. Year One Cost: At Contract Signature (Cohort 1 – 100 users): - Clinical Notes AI: $100 \times \\$480 = \\$48,000$ - Comply $325 \times 167.40 = \\$54,405$ - Implementation (one-time): \$12,000 - Integration Fee (annual): \$2,900 Cohort 2 (Month 6 – 225 users, prorated 6 months): - Annual Rate: $225 \times \\$480 = \\$108,000$ - Prorated for 6/12 months: \$54,000 Grand Total for Year One = \$171,305 Year Two Cost: 325-user annualized total of \$213,305/year (includes Clinical Notes AI, Comply, and integration fee). See attached for Sole-Source Justification.			
<u>SUGGESTED MOTION (STATE EXACTLY AS IT SHOULD APPEAR IN THE MINUTES)</u> I move to authorize HealthWest to enter into a sole-source agreement with Clinical Notes AI, Inc. dba Clinically AI at an estimated cost of \$171,305 for year 1 and estimated \$213,305 for year 2 and authorize the HealthWest Director to sign the two-year agreement.			
COMMITTEE DATE October 17, 2025	COMMITTEE APPROVAL _____ No _____ Other		
BOARD DATE October 24, 2025	BOARD APPROVAL _____ No _____ Other		



Clinical Notes AI

Clinical Notes AI, Inc. dba Clinically AI

435 E 10th Ave
Escondido, CA 92025

September 16, 2025

To: HealthWest (Muskegon County CMH)
Attn: Procurement / Purchasing
376 East Apple Ave
Muskegon, MI 49442

Re: Sole Source Justification — Clinically AI: PCE Systems–Integrated Clinical Documentation & Compliance AI

Dear Procurement Officer:

Clinical Notes AI, Inc. dba Clinically AI respectfully submits this Sole Source Justification to support HealthWest's non-competitive procurement of our chart-aware clinical documentation and compliance platform, fully integrated with PCE Systems, Inc. (CRCT) Electronic Health Record (EHR).

Summary of need

HealthWest requires a production-ready solution that (1) captures, structures, and writes clinical documentation directly into PCE using HealthWest's exact discrete fields and program forms, (2) enforces Golden-Thread alignment across assessments, treatment plans, progress notes, and claims artifacts, and (3) provides real-time and retrospective AI compliance auditing tuned to Michigan and HealthWest requirements.

Basis for sole source determination

Under Muskegon County/HealthWest procurement policy ([Muskegon County Procurement Policy](#)), a sole source (non-competitive) award is permissible when only one vendor possesses the unique and singularly available capability to meet the requirement, when proprietary technology is involved, and/or when compatibility with an existing system is essential. Clinically AI qualifies on all three grounds, as outlined below and per *Procurement Policy & Procedure Manual* §§2.5, 2.5.1, 2.5.2.

1. Single-source capability (uniqueness of requirements & integration)

Clinically AI is the only vendor that currently delivers deep, field-level integration with PCE Systems (CRCT) that writes to and reads from HealthWest's discrete data



elements—including checkboxes, dropdowns, radio buttons, conditional fields, and program-specific forms—across assessments, progress notes, and care plans, without middleware or manual re-entry. This capability is required to preserve data integrity, reporting, and claims workflows inside HealthWest’s existing PCE environment and regional exchanges. (PCE/CRCT is widely deployed across Michigan CMH networks.)

2. Proprietary & HealthWest-specific AI models

Our solution includes specific AI models prompted and aware of HealthWest program offerings, templates, and documentation standards; and Custom Compliance AI modules that perform real-time and post-encounter chart auditing against Golden-Thread expectations and payer/regulatory rules. These models combined with HealthWest - specific instructions are proprietary to Clinically AI and not available from other vendors in combination with the PCE discrete-field write-back described above. This satisfies the policy provision for patented/copyrighted/proprietary functionality when no equivalent can meet the overall need.

3. Compatibility with existing systems & continuity of operations

Clinically AI’s Chart-Aware AI context consumes client-, program-, and episode-level data captured by Clinically AI (diagnoses, problem lists, goals, interventions, prior notes) to enforce Golden-Thread alignment and reduce compliance risk. Selecting any vendor without this native PCE compatibility would materially degrade documentation quality, create duplicate data stores, and require risky, manual reconciliation—contrary to policy provisions authorizing sole source where compatibility to an existing system is required.

4. Avoidance of unacceptable delay and duplication of cost

Attempting to replicate these integrations and models with a general-purpose vendor would require custom interfaces, validation, and re-training would be very costly, time consuming, and there aren’t vendors with the specific skillsets to accomplish within a reasonable amount of time. Competing solutions do not offer parity with Clinically AI PCE integration. Policy permits sole source when competition is inadequate or when only a single qualified source exists and a good-faith review shows no equivalent alternatives. ([Muskegon County](#))

Detailed scope uniquely provided by Clinically AI

- Deep Integration with PCE Systems, Inc. (CRCT): Read/write of all discrete data elements (checkboxes, dropdowns, radio controls, conditional fields), including assessments, progress notes, and care plans, mapped to HealthWest’s live forms and



tables.

- **HealthWest-Specificly prompted and Fine-Tuned AI Models:** Models tuned to HealthWest programs (e.g., CMH service arrays, LOCUS/ASAM contexts as applicable, and local documentation norms).
- **Custom Compliance AI (real-time & retrospective):** Automated checks for Golden-Thread alignment, medical necessity, time/units consistency, and payer/regulatory assertions, with evidence lines saved in the record.
- **Chart-Aware AI Context:** In-line use of PCE data (problems/goals/interventions, diagnoses, prior visit context) for aligned narrative generation and audit readiness.

Market research (good-faith review)

To support this justification, Clinically AI understands HealthWest's procurement staff has (or will) conduct reasonable market research (e.g., vendor scans, discussions with regional CMH peers, and PCE partner outreach). To date, no other supplier has demonstrated **field-level CRCT write-back and HealthWest-tuned compliance AI** as an integrated product that satisfies all required outcomes. Documentation of this review can be retained in the procurement file per County policy.

Price reasonableness & terms

Clinically AI will provide itemized pricing, including one-time integration/configuration and subscription/support, and will cooperate with Procurement to perform any required price or cost analysis to evidence fair and reasonable pricing for a non-competitive award.

Contracting & approvals

We understand that HealthWest Board approval (or other appropriate County authority) may be required for awards at or above the formal threshold, and that a Bid Waiver/Sole Source Justification must accompany the requisition per County procedures. Clinically AI will promptly supply any additional technical memoranda, data maps, security/BAA documentation, or attestations needed to complete the file.

Period of performance



Clinical Notes AI

Agreement for a 12-month term, with implementation commencing upon approval and following HealthWest's change-management plan.

If you need further technical exhibits (integration matrix, field-mapping catalog, compliance rule library), we will provide them for inclusion in HealthWest's procurement record.

Sincerely,

Ross Young

CEO

Clinical Notes AI, Inc. dba Clinically AI

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