HealthWest
Muskegon's Behavioral Wellness Connection

TO: **HealthWest Board Members**

FROM: **Janet Thomas, Board Chair, via Rich Francisco, Executive Director**

SUBJECT: **Full Board Meeting**
November 21, 2025
376 E. Apple Ave., Muskegon, MI 49442
https://healthwest.zoom.us/j/92330401570?pwd=TFNHMWhnQmF5NVAybWRQVG54Tk1GZz09
One tap mobile: (309)205-3325, *92330401570# Passcode: 428623*

AGENDA

1) Call to Order — Action

2) Approval of Agenda — Action

3) Approval of Minutes

A) Approval of the Full Board Minutes of October 24, 2025 — Action
(Attachment #1 – pg. 1-5)

4) Public Comment (on an agenda item)

5) Committee Reports

A) Finance Committee — Action
(Attachment #2 – pg. 6-9)

6) Items for Consideration

A) Authorization to Approve the HealthWest Board of Directors 2026 Meeting Schedule — Action
(Attachment #3 pg. 10)

B) Authorization to Approve the Increase of Five Funding Sources — Action
(Attachment #4 pg. 11)

7) Old Business

8) New Business

9) Communication

A) CMHA Update: Alan Bolter, Associate Director — Information
(Attachment #5 pg. 12-41)

B) Enterprise Year in Review: Brandy Carlson, Chief Financial Officer — Information
(Attachment #6 pg. 42-60)

C) December Meeting Notice — Information
(Attachment #7 – pg. 61)

D) Director's Report — Information
(Attachment #8 – pg. 62-63)

10) Public Comment

11) Adjournment — Action

/hb

HEALTHWEST

FULL BOARD MINUTES

October 24, 2025

8:00 a.m.

376 E. Apple Ave.
Muskegon, MI 49442

CALL TO ORDER

The meeting of the Full Board was called to order by Chair Thomas at 8:00 a.m.

ROLL CALL

Members Present: Janet Thomas, Cheryl Natte, Janice Hilleary, Jeff Fortenbacher, John Weerstra, Kim Cyr, Remington Sprague, M.D., Tamara Madison, Thomas Hardy

Members Absent: Charles Nash, Chris McGuigan, Mary Vazquez

Others Present: Rich Francisco, Holly Brink, Gina Maniaci, Brandy Carlson, Christy LaDronks, Kristi Chittenden, Carly Hysell, Gordon Peterman, Amber Berndt, Jennifer Hoeker, Melina Barrett, Jackie Farrar, Kelly Betts, Helen Dobb, Shannon Morgan, Devan Peterson, Linda Anthony, Brandon Baskin, Kara Jaekel, Gina Kim, Casey Olson, Linda Wagner, Brittani Duff, Pam Kimble, Suzanne Beckeman, Stephanie VanDerKooi, Madison Rosel, Mary McGhee, Stephanie Segar

Guests Present: Matt Farrar, Sara Hough

MINUTES

HWB 10-B - It was moved by Mr. Hardy, seconded by Dr. Sprague, to approve the minutes of the September 19, 2025 Full Board meeting as written.

MOTION CARRIED

COMMITTEE REPORTS

Program Personnel Committee

HWB 1-P - It was moved by Mr. Hardy, seconded by Ms. Thomas, to approve the minutes of the August 8, 2025, meeting as written

MOTION CARRIED

Recipient Rights Committee

HWB 2-R - It was moved by Ms. Natte, seconded by Ms. Hilleary, to approve the minutes of the August 8, 2025 meeting as written.

MOTION CARRIED

HWB 3-R - It was moved by Ms. Thomas, seconded by Ms. Natte, to approve the Recipient Rights Reports or August 2025 / September 2025.

MOTION CARRIED

HWB 4-R - It was moved by Ms. Natte, seconded by Ms. Thomas, to approve the HealthWest Recipient Rights Recommended Budget in the amount of $353,032.

MOTION CARRIED

Finance Committee

HWB 5-F - It was moved by Ms. Thomas, seconded by Mr. Hardy, to approve the minutes of the September 12, 2025, meeting as written

MOTION CARRIED

HWB 6-F - 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

HWB 7-F -It was moved by Mr. Hardy, seconded by Dr. Sprague, to authorize the HealthWest Executive Director to sign a contract with BH JC 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

HWB 8-F - 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

HWB 9-F - 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

ITEMS FOR CONSIDERATION

HWB 11-B – It was moved by Mr. Hardy, seconded by Ms. Hilleary, to authorize the HealthWest Executive Director to approve the above landlords for the HUD grant funding for Fiscal Year 2026, at a cost not to exceed the final HUD grant awarded dollars of $341,873.33 and approve departmental signatures of the MSHDAA Agreement.

MOTION CARRIED

OLD BUSINESS

There was no old business.

NEW BUSINESS

There was no new business.

COMMUNICATION

Mr. Hardy provided an update on the Consumer Advisory Council. Kelly Betts provided positive feedback and employee kudos.

DIRECTOR'S COMMENTS

Mr. Francisco, Executive Director, presented his Formal Director's report.

MDHHS Updates:

- **PIHP Procurement:** No update since I present to the Finance Committee on the order and opinion from Judge Yates summarized again below:

  Conclusion and Order
- The court granted summary disposition to the state on the authority to change the procurement system and reduce the number of regions.
- However, summary disposition was denied to both sides regarding the legality of the specific RFP terms, as further review is needed to determine if CMHSPs' statutory obligations are impaired.
- The order is not final; additional claims (especially regarding CMHSPs' ability to operate under the new system) remain unresolved.

In essence:
The state can change how it procures Medicaid mental health services and reduce the number of regions, but the details of the new RFP may still violate Michigan law if they undermine the statutory role of CMHSPs. The court will address those concerns in future proceedings. [20251014 O...and Order]

We are all still waiting on where this lands as it remains unresolved. In addition, I also want to share that 5 other CMHSPs have filed a lawsuit with MDHHS on the same day that the hearing above was held 10/9/2025. The new lawsuit is a little different in that it is more from the perspective of the CMHSP and the Mental Health code.

- **CCBHC direct payment:**
  - MDHHS finally released their final opinion on the Grievance and Appeals process and guidance they are recommending as it relates to the CCBHC services. One consideration I am running past the LRE is if CMHSPs can still contract with the LRE for State Fair hearings as they are already equipped and have the expertise to deal with State fair hearings. Nothing in the documentation that I have read from MDHHS suggests that we cannot do this. I have a question out to CEOs and Mary Dumas to see if this is something we can pursue.

- Internally, we have submitted test encounter files for CCBHC services via Champs. Thanks to HW staff, specifically to Linda Anthony, Director of Health Information and Sheila Hurtubise from Finance for resolving and following up on the errors during the testing phase. HW will monitor the payments/claims as we submit them and monitor them to ensure that we are getting paid close to what we would normally receive in a year for CCBHC payments.
- There are still data issues being figured out to separate out data for CCBHC services in reporting. Ione Myers – LRE CIO presented at the QI ROAT stating that she was at statewide meeting with MDHHS staff and stated that there seems to be a general consensus on the complexity of the data system in terms of separating out CCBHC data reporting. Our systems have run so efficiently over the years that separating them out now will pose issues around BH TEDS and other data points. Jeff Chang – PCE CEO recommendation during the meeting was that they keep one pipeline for data submission so that Episode of Care and the history of consumer data is not disrupted and continuous. MDHHS has yet to respond and see if this would be permissible.

LRE Level Updates:

- LRE at the LRE Executive board meeting presented the results of their Strategic Plan. The LRE improved in almost all areas of their measures. They have done a really great job on their strategic plan goals and objectives.
- HSAG final report was also shared, and the region performed extremely well this go around. HSAG is not an easy audit to do well on. The region scored a total of 92% overall in all the standards measured. There are still a few areas that HSAG would like the LRE to fix via a plan of correction. Overall, this was great for the LRE compared to previous audits.

CMH Level Updates:

- HW continues to work on implementing the new framework for customer services we are calling the HealthWest Way. This involves holding regular meetings with staff supervisors to continue the discussion surrounding how we can improve our focus on the customer and clients. The executive team will continue to meet with supervisors on a regular basis. The executive team will also continue to have “Hot seat” lunches with staff to offer up an opportunity to ask questions. The goal is to ensure that leadership at HW continues to have transparency and foster effective communication throughout the agency.
- HW has also created a newsletter just for supervisor level up to communicate changes more effectively, events and offering strategies to be better leaders. This effort coincides with the goal of improving communication agency wide, and also offering up strategies to become better leaders in the agency.
- HW continues to keep an eye on the changes coming from MDHHS as it relates to government shutdown and communicating that to staff right away. One example we heard on 10/23/2025 is that MDHHS received notice from USDA Food and Nutrition Service (FNS) regarding impacts to Food Assistance programs (FAP) due to the shutdown. MDHHS was informed by FNS that there may not be sufficient funding to

support November FAP benefits nationwide. So MDHHS has issued a temporary pause for November FAP/SNAP benefits until further notice.

- I attended the NACBHDD (National Association of Behavioral Directors and Developmental Disability Directors) Legislative conference this past week. We heard from leaders from various agencies pushing for Behavioral Health agendas. NAMI (National Alliance on Mental Illness), NACO (National Association of Counties), APA and NASDDDS (National Association of State Directors of DD Services). Dan Gillison - NAMI, Matt Chase (NACO), Mary Powers – NASDDDS and Dr. Arhtur Evans from APA (American Psychological Association).
    - Key points from the roundtable discussion were how they see the current landscape unfolding and what priorities they see having. Some of the points brought up are how do we make resources go further, how do we rethink the workforce shortages, and what will their organizations look like if HR 1 (BBB) proceeds with huge cuts to Medicaid.
    - I also heard from Congressman Don Beyer and Congresswoman Salinas who shared their work in bipartisan efforts to continue fighting to maintain Medicaid services.

AUDIENCE PARTICIPATION

There was no audience participation.

ADJOURNMENT

There being no further business to come before the board, the meeting adjourned at 8:24 a.m.

Respectfully,

Janet Thomas
Board Chair

/hb

HEALTHWEST

FINANCE COMMITTEE REPORT TO THE BOARD

via Jeff Fortenbacher, Committee Chair

1. The Finance Committee met on November 14, 2025.

*2. It was recommended, and I move to approve the minutes of the October 17, 2025 meeting as written.

*3. It was recommended, and I move to approve to approve expenditures for the month of September 2025, in the total amount of $13,080,286.91.

*4. It was recommended, and I move to approve the HealthWest Executive Director to sign a contract with Norton Shores Care Operation, LLC dba Harbor Homes, from December 1, 2025, through September 30, 2027, to provide specialized residential services to eligible HealthWest consumers. The funding is within the HealthWest AFC Specialized Residential Budget of $24,900.000.

/hb

HEALTHWEST

FINANCE COMMITTEE MEETING MINUTES

November 14, 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, Remington Sprague, M.D.
Committee Members Absent:	Charles Nash
Also Present:	Holly Brink, Gina Manaici, Brandy Carlson, Christy LaDronka, Amber Berndt, Gary Ridley, Helen Dobb, Gina Kim, Gordon Peterman, Jackie Farrar, Linda Wagoner, Carly Hysell, Chris Yeager, Mickey Wallace, Jen Hoeker, Casey Olson, Anissa Goodno, Laura Nowak, Laurie Evans
Guests Present:	Angie Gasiewski

ITEMS FOR CONSIDERATION

A. *Approval of Minutes*

It was moved by Mr. Hardy, seconded by Dr. Sprague, to approve the minutes of the October 17, 2025, meeting as written.

MOTION CARRIED

B. *Approval of Expenditures for September 2025*

It was moved by Mr. Hardy, seconded by Dr. Sprague, to approve expenditures for the month of September 2025, in the total amount of $13,080,286.91.

MOTION CARRIED

C. *Monthly Report from the Chief Financial Officer*

Ms. Carlson, Chief Financial Officer, presented the September report, noting an overall cash balance of $8,655,221.00 as of September 30, 2025.

D. *Finance Update Memorandum*

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

E. *Approval to Contract with Norton Shores Care Operations, LLC. dba Harbor Homes*

It was moved by Mr. Hardy, seconded by Dr. Sprague, to authorize the HealthWest Executive Director to sign a contract with Norton Shores Care Operation, LLC dba Harbor Homes, from December 1, 2025, through September 30, 2027, to provide specialized residential services to eligible HealthWest consumers. The funding is within the HealthWest AFC Specialized Residential Budget of $24,900.000.

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** – No recent updates on the PIHP procurement. However, I still want to remind the board that Judge Yates provided his order and opinion on the initial lawsuit by 3 PIHPs and 3 CMHSP against MDHHS. On 10/9, the same time that the judge was hearing the case, another group of 5/6 CMHSPs filed another lawsuit against MDHHS. This lawsuit is different in regards that they are coming more from the perspective of a CMHSP and relying more on the Mental Health Code. The hearing for this is set for December 8th and Judge Yates will again preside over this. It will be at the Hall of Justice in Lansing.

- **FY26 Spending Plan** – My last update to the Finance Committee was that the LRE updated our revenue projections with a significant increase and we needed to update our spending plan. Well, we have come full circle on this issue because the supposed increase and presented in Finance ROAT gave us an additional 9M. However, as of the recent Finance ROAT on 11/10, the projections have changed, bringing us back to no projected increases at all primarily due to a change in projections related to a variable called completion factor, which has decreased from 15% to about 5% and lowering our projection numbers. Thanks to Brandy, we stayed conservative on our spending plan and waited to validate the number. Brandy will be sending balance budget to the LRE in the coming week.

- **LRE Specialized Residential Rates Presentation –** At the LRE Ops meeting on 11/12/2025 the LRE presented their findings on the consultative work completed for Residential Rates per diem analysis. The LRE hired a consultant to review regional level data on the various rates paid to residential providers such as AFC homes. HW is now reviewing the data and the model and will do an analysis to see if our current rates align or do not align with the model proposed. The goal is to better provide CMHSPs with an ability to have rates that are meaningful and account for the various costs that providers expend while providing the service.

AUDIENCE PARTICIPATION

There was no audience participation.

ADJOURNMENT

There being no further business to come before the committee, the meeting adjourned at 8:15 a.m.

Respectfully,

Jeff Fortenbacher
Committee Chair

/hb

PRELIMINARY MINUTES
To be approved at the Finance Meeting on
December 12, 2025

REQUEST FOR HEALTHWEST CONSIDERATION AND AUTHORIZATION

COMMITTEE Full Board	BUDGETED NON-BUDGETED PARTIALLY BUDGETED	
REQUESTING DIVISION Administration	REQUEST DATE November 21, 2025	REQUESTOR SIGNATURE Rich Francisco, Executive Director

SUMMARY OF REQUEST (GENERAL DESCRIPTION, FINANCING, OTHER OPERATIONAL IMPACT, POSSIBLE ALTERNATIVES)

Approval of the 2026 HealthWest Board of Muskegon County Meeting Schedule is being requested. Meetings will be held as follows:

Program/Personnel Committee	Recipient Rights Committee	Finance Committee	Full Board
**	**	January 9, 2026*	January 23, 2026
February 13, 2026	February 13, 2026	February 20, 2026	February 27, 2026
**	**	March 20, 2026	March 27, 2026
April 3, 2026*	April 3, 2026*	**April 17, 2026**	**April 17, 2026*** **
**	**	May 15, 2026	May 29, 2026 *
June 5, 2026*	June 5, 2026*	June 12, 2026*	June 26, 2026
**	**	July 10, 2026*	July 24, 2026
August 14, 2026	August 14, 2026	August 21, 2026	August 28, 2026
**	**	September 11, 2026*	September 18, 2026*
October 9, 2026	October 9, 2026	October 16, 2026	October 23, 2026
**	**	November 13, 2026*	November 20, 2026*
December 4, 2026 *	December 4, 2026 *	**December 11, 2026 ***	**December 11, 2026***

*Due to holiday or event
** Only meets even numbered months
*** Annual Meeting
Finance Committee & Full Board Together

SUGGESTED MOTION (STATE EXACTLY AS IT SHOULD APPEAR IN THE MINUTES)

I move to approve the above proposed 2026 Meeting Schedule of the HealthWest Board of Directors for the 2026 calendar year.

COMMITTEE DATE	COMMITTEE APPROVAL _____ Yes _____ No _____ Other
BOARD DATE November 21, 2025	BOARD APPROVAL _____ Yes _____ No _____ Other

HWB 16-B

REQUEST FOR HEALTHWEST BOARD CONSIDERATION AND AUTHORIZATION

COMMITTEE	BUDGETED	NON BUDGETED	PARTIALLY BUDGETED
Finance Committee	X		

REQUESTING DIVISION	REQUEST DATE	REQUESTOR SIGNATURE
Provider Network	November 21, 2025	Brandy Carlson, Chief Financial Officer

SUMMARY OF REQUEST (GENERAL DESCRIPTION, FINANCING, OTHER OPERATIONAL IMPACT, POSSIBLE ALTERNATIVES)

Authorization is requested for the HealthWest Board to increase the FY2025 five funding sources from $50,852,923 to $51,562,423.

	Previous	Revised	Increase
Specialized Residential	$ 24,522,997.00	$ 24,822,997.00	$ 300,000.00
Community Inpatient	$ 6,937,164.00	$ 7,337,164.00	$ 400,000.00
SUD Services	$ 7,261,533.00	$ 7,261,533.00	$ -
Outpatient Services	$ 9,176,837.00	$ 9,176,837.00	$ -
Autism Services	$ 2,954,392.00	$ 2,963,892.00	$ 9,500.00
Total	$ 50,852,923.00	$ 51,562,423.00	$ 709,500.00

While it is not possible to predict the exact amount of funds providers will require, we can estimate the needs for each funding category. Some services may need more funding, while others need less throughout the fiscal year. This Board motion will allow the HealthWest Chief Finance Officer to monitor expenses within each category and reallocate funds as necessary as required by the needs of the consumers we serve.

Funds will be reallocated throughout the current budget as needed.

SUGGESTED MOTION (STATE EXACTLY AS IT SHOULD APPEAR IN THE MINUTES)

I move to authorize the HealthWest Board of Directors to approve the FY25 contracted Vendors/Providers listed under the five funding sources. The total FY2025 budget for the five funding services is $51,562,423.

COMMITTEE DATE	COMMITTEE APPROVAL
	_____ Yes _____ No _____ Other
BOARD DATE	**BOARD APPROVAL**
November 21, 2025	_____ Yes _____ No _____ Other

HWB 17-B

CMHA Fall 2025 Updates

LOTS of BIG Issues

* General Overview (10,000 ft perspective)
* OBBBA (HR 1) Impact
* FY26 Final Budget
* PIHP Procurement

Divided Government in Michigan

- What impact has a divided legislature had in Lansing?
  - 2025 started with the 9 bills passed in Lame Duck that were not sent to Governor for signature.
    - Increase public employers contributors to employees health insurance costs (change 80/20)
    - Allow correction officers to participate in state police retirement system
    - Protect public assistance from debt collections
    - Allow Wayne County to levy a milage for a history museum
  - Governor Whitmer has signed 1502 bills into law during her first 6 years as governor = 250.3 bills/per
    - In 2025 only 30 bills have passed both chambers and have been signed into law by the Governor
      - 14 are tied to budget or road funding package
- PA 160 of 2019, effective July 2021) mandates the Legislature must pass and present appropriation/budget bills to the governor **by July 1** each year.
  - There is **no penalty** for failing to meet this deadline, rendering it more of a legal expectation than a binding enforcement mechanism.
  - Budget finally completed after a continuation budget was passed on October 1 (funding the state through 10/8) – FY26 budget was finalized on October 3rd.

Double Whammy – Government Shutdowns?

Potential Federal Govt Shutdown:

Here are the **major sticking points** fueling the current threat of a potential U.S. federal government shutdown as of **mid-September 2025**:

* Continuing Resolution (CR) & Process – Democrats fear a long extension circumvents the standard appropriations process.
* Specific line-item allocations—especially high-profile or regionally targeted ones—are hotly contested.
  * Proposals to drastically reduce the federal workforce and shift funding priorities heighten tensions.
* Narrow majorities and deep partisan divides make dealmaking especially difficult

* Rs need Dem votes – Although Republicans hold a majority in the **Senate** (approximately 53 of 100 seats), that is **not enough** to pass most legislation because of the 60-vote threshold needed to overcome a filibuster.

OBBBA (HR 1) Impact

The One Big Beautiful Bill Act (OBBBA)—officially known as the reconciliation bill H.R. 1—was signed into law by President Donald Trump on July 4, 2025

Health Coverage Enrollment Impacts

ENROLLMENT CHANGE ESTIMATES: 2025 - 2034 (thousands)												
	Medicaid (Traditional)			Medicaid (ACA Expansion)			Marketplace			Uninsured		
	2025	2034	Change	2025	2034	Change	2025	2034	Change	2025	2034	Change
National	**59,700.0**	**59,118.6**	**(581.4)**	**18,300.0**	**12,060.4**	**(6,239.6)**	**23,000.0**	**16,117.7**	**(6,882.3)**	**27,000.0**	**40,703.3**	**13,703.3**
Michigan	1,562.4	1,548.7	(13.7)	669.6	441.2	(228.4)	502.6	365.4	(137.2)	453.0	832.3	379.3

* Not unexpectedly, the most meaningful impacts are assumed to be in HMP program enrollment and in health coverage access through the Marketplace.
    * The great majority of these disenrolled persons will come from HMP (all of those impacted by community engagement and eligibility redetermination and about 30% those tied to state revenue loss).

OBBBA (HR 1) Impact

State of Michigan Budget Impacts

- Net GF impact of $539 million to $715 million related to new requirement specific to Medicaid for FY26.
  - Meaning the state will need to come up with new GF revenue to maintain the same level of Medicaid services.
  - OBBBA is estimated to eat up 40% of all expected GF growth by 2032
  - Total FY26 impact could be $1.1 billion - $677 million from various tax changes

Factors impacting budget

- losses from the new community engagement requirement., redeterminations, reduced access to coverage but higher budget savings to the state.
- federal disallowance of Michigan's Insurance Provider Assessment – FY26 or FY27?
- impact of new federal requirements on Michigan's HRA and other hospital provider tax programs.

OBBBA (HR 1) Impact – Provider Taxes

New law shifts more Medicaid costs to states

- Biggest change: limits state's ability to use provider taxes to fund Medicaid share

Current Federal Rules

- States may tax health care provider groups up to 6% net patient revenue
- Revenue is used to match federal dollars – most revenue returned as enhanced reimbursement for Medicaid services

Provisions in New Law

- Ban on creating new or increasing existing provider taxes
- Phase-in reduction of the 6% cap for Medicaid expansion states:
  - Fy2028 cap reduced by 0.5% annually
  - FY2032 cap set at 3.5%
- Exemption: provider taxes on nursing homes remain at 6%

Michigan's Medicaid Provider Taxes

- Current taxes: hospitals, nursing homes, health insurers, ambulance providers
- Exempt/Unaffected: nursing homes & ambulance providers
- Impacted: hospitals & health insurers

OBBBA (HR 1) Impact – Provider Taxes

Fiscal Impacts of QAAP Tax Reduction (Hospital Tax)

- Reduced hospital reimbursements:
  - $221 million in FY2029
  - Over $1.7 billion in FY2032

Policy decisions ahead

- Without intervention, hospitals face lower Medicaid reimbursements
- Policymakers must decide whether to:
  - Let hospitals absorb revenue losses or redirect other state revenues to Medicaid to backfill reductions

Elimination of the IPA (Health insurer tax)

- CMS proposed rule would ban Michigan's IPA (Insurance Provider Assessment) once finalized
- IPA generates $630 annually:
  - $450 million offsets state GF/GP revenue for Medicaid match – remaining reimburses Medicaid health plans for tax costs

Consequences of IPA Loss

- Losing IPA requires shifting $450 million GF/GP to Medicaid
- Otherwise, Medicaid faces a $1.5 billion reduction (state + federal match)
- Potential consequences:
  - Lower provider reimbursements
  - Elimination of optional services
  - Stricter Medicaid eligibility limits

OBBBA (HR 1) Impact

DIRECT MEDICAID REVENUE CHANGE: LOW ESTIMATE - MI HEALTH PROVIDERS 2026 -2034 (thousands)										
PROVIDER	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**TOTAL**
Hospital	($276.9)	($494.9)	($893.0)	($1,810.2)	($2,545.4)	($3,013.3)	($3,146.9)	($3,176.3)	($3,274.4)	**($18,631.3)**
Pharmacy	($1.5)	($79.3)	($379.2)	($680.8)	($777.8)	($814.1)	($851.6)	($892.4)	($933.5)	**($5,410.3)**
Ancillary	($0.6)	($17.9)	($84.0)	($150.4)	($171.7)	($179.7)	($188.0)	($197.0)	($206.0)	**($1,195.3)**
Professional	($1.1)	($38.5)	($181.2)	($324.4)	($370.3)	($387.7)	($405.4)	($424.9)	($444.4)	**($2,577.9)**
LTC - Community	($0.9)	($2.3)	($5.0)	($7.1)	($7.7)	($8.1)	($8.4)	($8.7)	($12.2)	**($60.4)**
LTC - Nursing Home	($1.4)	($3.9)	($8.5)	($11.9)	($13.0)	($13.6)	($14.1)	($14.6)	($20.0)	**($100.9)**
Behavioral Health	($2.4)	($33.6)	($147.4)	($260.6)	($328.3)	($354.3)	($359.3)	($383.4)	($400.7)	**($2,270.0)**
TOTAL	**($284.8)**	**($670.5)**	**($1,698.2)**	**($3,245.4)**	**($4,214.2)**	**($4,770.8)**	**($4,973.7)**	**($5,097.3)**	**($5,291.2)**	

State of Michigan Budget and Revenue Pressures

ADJUSTMENT	2026	2027	2028	2029	2030	2031	2032	2033	2034
Medicaid Costs	$527.5	$548.8	$490.6	$462.1	$493.7	$527.6	$537.6	$537.6	$538.5
SNAP Program Costs	$0.0	$100.0	$266.9	$270.3	$273.9	$271.8	$274.6	$278.1	$281.6
H.R. 1 Tax Changes	$677.0	$613.0	$444.0	$366.0	$261.0	$157.0	$79.0	$52.0	$46.0
TOTAL	$1,204.50	$1,261.80	$1,201.50	$1,098.40	$1,028.60	$956.40	$891.20	$867.70	$866.10

FY26 Final Budget

Early morning on October 3 the Michigan State Legislature approved a state budget for Fiscal Year 2025-2026 (FY 26).

* Oct 1 the Legislature approved a continuation budget to fund the state through October 8 to avoid a state government shutdown.

The final FY 26 budget totals $75.95 billion. The General Omnibus budget, House Bill 4706, appropriates $51.8 billion ($12.5 GF/GP). Savings to the state were realized through programmatic lapses from FY 25, programmatic reductions and eliminations, as well as the reduction of 2,000 unfilled full-time employee positions. For the School Aid budget, Senate Bill 166, it appropriates $24.12 billion ($1.56 GF/GP) for K-12 schools, community colleges, and higher education. The K-12 portion of the budget saw a 2.5% increase in funding from FY 25.

The Fiscal Year (FY) 2026 omnibus spending bill is $7 billion smaller overall and $360 million smaller in General Fund spending due, in part, to a loss in federal funding.

* Legislative earmarks went from $815 million two years ago in FY 2024 to $120 million.

Republicans and Democrats both claimed wins.

* For Republicans, the budget is slightly smaller and includes fewer "ghost" state employees. It addresses the empty state office buildings, puts more funding into the roads and creates a transparent process for the legislative earmarks.

* For Democrats, the free breakfast and lunch programs in K-12 school remains. Investments in health care, low-income housing and the social safety net also remain. The Senate also saw 25 percent increases in "at-risk" funding for high-poverty school districts and more money for English learners.

FY26 Final Budget

Passed alongside the FY 26 budget includes legislation to provide new revenue streams for the state, most notably to fund the state's road plan ($1.85 billion). Some of the bills passed include:

* House Bill 4968 modifies requirements for collecting Insurance Provider Assessment revenue.
* House Bill 4961 modifies Michigan's tax policy (decoupling federal tax changes from state law) and allocates a portion of income tax revenue to fund roads.
* House Bills 4180, 4181, 4182, and 4183 make changes to the Motor Fuel Tax Act by exempting fuel at the pump from the sales tax and instead increases the per gallon tax on gasoline and diesel.
* House Bill 4951 imposes a 24% excise tax on the wholesale price of marijuana.

Below are some highlights included in the FY 26 budget, but we have also linked all budget materials for you at the end of this email.

FY 2026 Budget Highlights:

* The Health and Human Services budget allocates $30 billion Gross ($7.1 GF/GP), $7.62 billion less than FY 25.
* No deposit in the Rainy Day Fund
* The elimination of more than 2,000 unfilled full-time employee positions, including 827 in the Department of Health and Human Services (DHHS) budget and 453 in the Department of Corrections budget.
* Constitutional revenue sharing is down $63 million and statutory revenue sharing is flat, but in its place is $95 million in grants to public safety, firefighters and prosecutors.
* Instead of mandating that all state employees return to the office, the state must make sure each state building is at least 80% occupied, or it's to be sold.
* 25 percent cut ($690.7 million) to the Department of Labor and Economic Opportunity, which saw the complete deletion of money from the Strategic Outreach and Attraction Reserve (SOAR) Fund

FY26 Final Budget

Specific Mental Health/Substance Abuse Services Line items

	FY'25 (Final)	FY'26(Exec Rec)	FY'26(House)	FY'26 (Conference)
-CMH Non-Medicaid services	$125,578,200	$125,578,200	$125,578,200	$125,578,200
-Medicaid Mental Health Services	$3,387,066,600	$3,422,415,900	***$3,352,643,500***	$3,188,847,900
-Medicaid Substance Abuse services	$95,650,100	$98,752,100	***$88,323,300***	$96,323,300
-State disability assistance program	$2,018,800	$2,018,800	$2,018,800	$2,018,800
-Community substance abuse (Prevention, education, and treatment programs)	$79,626,200	$80,207,900	$78,626,200	$79,207,900
-Health Homes Program	$53,418,500	$53,239,800	***$25,000,000***	$50,239,800
-Autism services	$329,620,000	$458,715,500	***$467,644,200***	$467,644,200
-Healthy MI Plan (Behavioral health)	$527,784,600	$535,508,300	***$531,044,900***	$438,267,500
-CCBHC	$525,913,900	$916,062,700	***$565,286,700***	$916,062,700
-Total Local Dollars	$10,190,500	$9,943,600	***$246,900***	$9,943,600

FY26 Final Budget

Other Highlights of the FY26 Final Budget (Conference Report):

There is NO PIHP procurement language included – either to withdraw the RFP (as we pushed for) or the House language which allowed the RFP to move forward, the FY26 remains silent on the issue.

Sec. 1009. Medicaid Behavioral Health RFP – NOT INCLUDED

House requires the Medicaid behavioral health RFP to includes specific performance measures of improved behavioral health outcomes, conflict of interest provisions, uniform standards and reduced administrative costs; requires a report on the process and rationale DHHS used to award the new contracts. Conference does not include.

PIHP Funding to One-Time Basis (NOT INLCUDED)

Conference report **did NOT** include the House proposal to transfers 6 Medicaid PIHP behavioral health services line items from the ongoing Behavioral Health Services unit to the One-Time Basis unit. Line items include, Autism Services, CCBHCs, Health Homes, Healthy Michigan Plan – Behavioral Health, Medicaid Mental Health Services, and Medicaid Substance Use Disorder Services.

Certified Community Behavioral Health Clinics (CCBHCs)

Conference report concurs with the Executive budget and adds $39.3 million Gross ($6.3 million GF/GP) for utilization and cost adjustments for the CCBHC demonstration program. Also includes a net $0 transfer of $350.8 million Gross ($75.7 million GF/GP) of base CCBHC payments currently within the Medicaid Mental Health and Healthy Michigan Plan – Behavioral Health lines into the supplemental payments CCBHC line.

* Budget does include language – **Sec. 1002 — CCBHC Demonstration**
  Department may not use funds to expand the CCBHC demonstration.

FY26 Final Budget

Medicaid Direct Care Agency Rate Reduction (NOT INCLUDED)

Conference report **did NOT** include the House proposal to reduce $215.8 million Gross ($74.9 million GF/GP) from reducing the direct care agency rates by $4.56 per hour. Rate reduction would have to come from agency overhead costs and not from direct care work wages paid through agencies.

Medicaid Methadone Rate Reduction (NOT INCLUDED)

Conference report **did NOT** include the House proposal to reduce $16.0 million Gross ($4.0 million GF/GP) to reduce the Medicaid methadone reimbursement rates from boilerplate section 965.

Medicaid Mental Health Local Match (NOT INCLUDED)

Conference report **did NOT** include the House proposal to remove $9.9 million of local funding, and associated federal reimbursement, used for Medicaid mental health services. Local funds were originally added to increase Medicaid mental health rates. Section 928 is related boilerplate.

Behavioral Health Lapse Savings

Conference report reduces a total of $4.0 million GF/GP from health homes ($3.0 million) and community substance use disorder($1.0 million).

Mobile Crisis

Conference report reduces a total of $4,148,200 GF/GP for mobile crisis services based on anticipated utilization being lower than appropriations.

FY26 Final Budget

Medicaid Pre-Release Services Demonstration (NOT INCLUDED)

Conference report **did NOT** include the Executive proposal to include $40.0 million Gross ($20.0 million GF/GP) for startup costs for correctional and other facilities, staffing, outreach, and IT costs of a new Medicaid demonstration program to provide 90 days of Medicaid covered pre-release services, including: case management, medication assisted treatment, pharmaceutical services, practitioner services, and diagnostics. Services that would begin in the following fiscal year.

Autism Benefit Managed Care Carve-Out (NOT INCLUDED)

Conference report **did NOT** include the Senate proposal to transfer $25.0 million Gross ($8.7 million GF/GP, which is a net GF/GP increase of $2.6 million GF/GP) from the CCBHC line for the department to make payments to PIHPs and CMHSPs for autism services outside of the managed care per-capita payment process.

FY26 Final Budget

BOILERPLATE SECTIONS

Sec. 902. Contracts Between DHHS and CMHSPs/PIHPs – RETAINED Requires final authorizations to CMHSPs or PIHPs be made upon the execution of contracts between DHHS and CMHSPs or PIHPs; requires DHHS to report if there are new contracts or amendments to contracts with CMHSPs or PIHPs that would affect rates or expenditures. (Document from the State Budget Office dated September 3 noted this section is unenforceable.)

Sec. 912. Salvation Army Harbor Light Program – RETAINED Requires DHHS to contract with the Salvation Army Harbor Light Program for providing non-Medicaid substance use disorder services, if program meets standard of care. (Document from the State Budget Office dated September 3 noted this section is unenforceable.)

Sec. 917. Michigan Opioid Healing and Recovery Fund and Report – REVISED Conference revises by updating allocation to $55.0 million and outlines distributions. (Sec. 1930. outlines the distribution of the one-time portion.)

Sec. 920. Rate-Setting Process for PIHPs – RETAINED Requires the Medicaid rate-setting process for PIHPs include any state and federal wage and compensation increases.

Sec. 924. Autism Services Fee Schedule – RETAINED Requires DHHS to maintain a fee schedule for autism services by not allowing expenditures used for actuarially sound rate certification to exceed the identified fee schedule, also sets behavioral technician fee schedule at not less than $66.00 per hour. (Document from the State Budget Office dated September 3 noted this section is unenforceable.)

FY26 Final Budget

Sec. 994. National Accreditation Review Criteria for Behavioral Health Services – NEW House requires DHHS to seek, if necessary, a federal waiver to allow a CMHSP, PIHP, or subcontracting provider agency that is reviewed and accredited by a national accrediting entity for behavioral health care services to be in compliance with state program review and audit requirements; requires a report that lists each CMHSP, PIHP, and subcontracting provider agency that is considered in compliance with state requirements; requires DHHS to continue to comply with state and federal law not initiate an action by negatively impacts beneficiary safety; defines "national accrediting entity." Conference concurs with updated reporting dates.

Sec. 1002. CCBHC Organization Criteria – REVISED Language now states that Department may not use funds to expand the CCBHC demonstration.

Sec. 1005. Health Home Programs – RETAINED Requires DHHS to maintain the number of behavioral health homes in PIHP regions and the number of opioid health homes in PIHP regions, and permits expansion into additional PIHP regions; requires a report. House revises to require any expansions to be made through the submission of a request to the legislature.

Sec. 1007. Autism Benefit Carve-Out – NOT INCLUDED Senate requires DHHS to make payments for autism services separate from per-capita payments to PIHPs and CMHSP.

Sec. 1009. Medicaid Behavioral Health RFP – NOT INCLUDED House requires the Medicaid behavioral health RFP to includes specific performance measures of improved behavioral health outcomes, conflict of interest provisions, uniform standards and reduced administrative costs; requires a report on the process and rationale DHHS used to award the new contracts.

Sec. 1034. PIHP Performance Incentives – NEW House conditions eligibility of PIHP performance incentives funded in part 1 on compliance with the provider rates for autism services and direct care in section 924 and 1031; requires the inspector general to audit claims and utilization data to verify compliance. Conference requires DHHS to seek CMS approval to condition PIHP performance incentives on compliance with the provider rates for autism services and direct care in section 924 and 231.

Sec. 1051. Third-Party Payments and Revenue Recapture Project – RETAINED Requires DHHS to continue a revenue recapture project to generate additional third party revenue from cases that are closed or inactive.

PIHP Procurement

Timeline of procurement process

* **Feb 28, 2025 — MDHHS announces initiative & opens public survey.**
  MDHHS launches an initiative to "strengthen behavioral health care access, quality, and choice" and opens an **online survey** to inform a competitive procurement for PIHP contracts.
* **Mar 31, 2025 — Survey window closes.**

* **May 23, 2025 — Survey results released; procurement pillars & pre-RFP info posted.**
  MDHHS publishes survey findings (noting **2,600+ responses**) and outlines four strategic pillars to shape the procurement. It also posts **anticipated contract requirements** and a **recorded webinar** with additional details; the release states the RFP is targeted for **summer 2025** with a **service start date of Oct 1, 2026**.

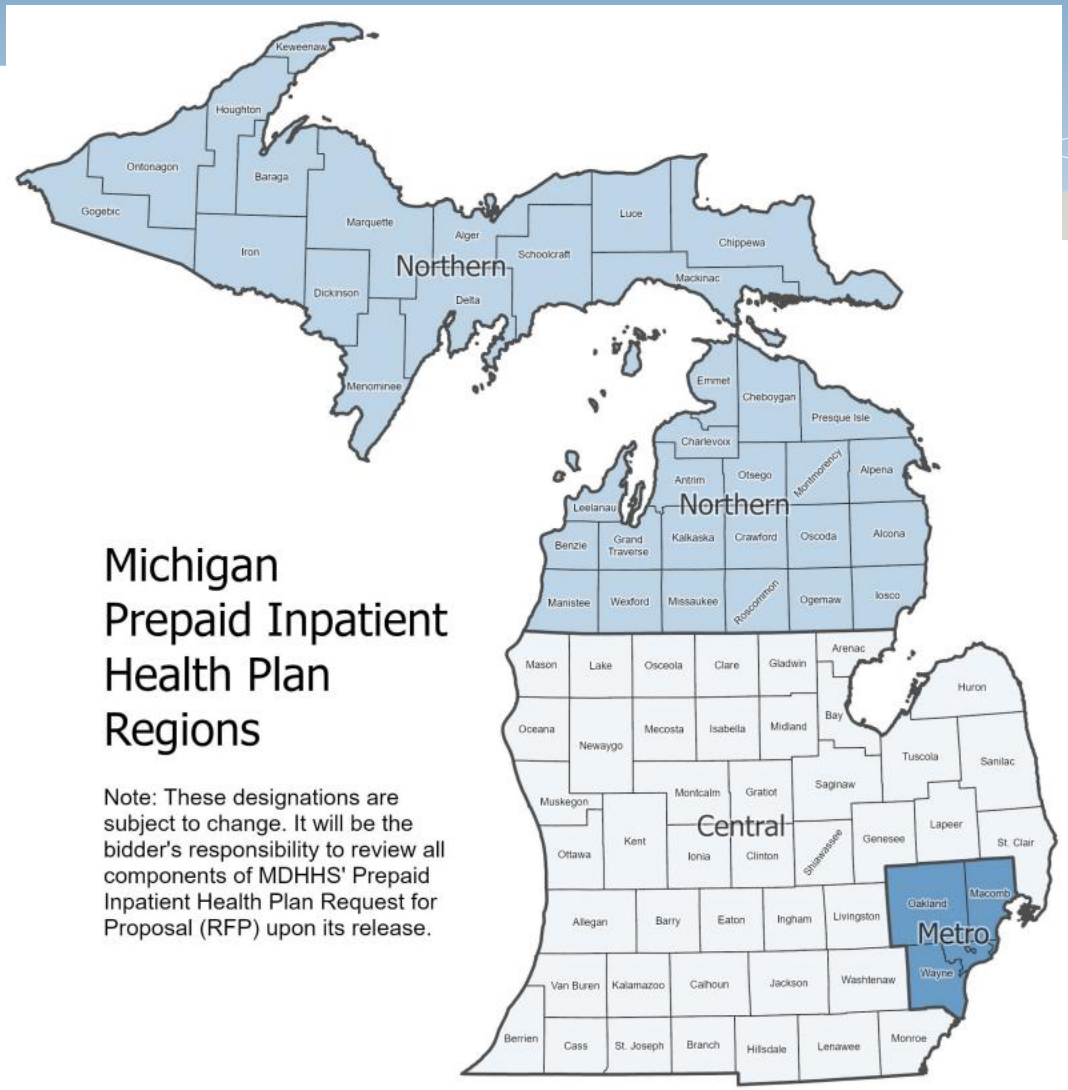
* **Aug 4, 2025 — RFP released; press release seeks proposals.**

  - **Aug 11:** Optional **Rate Setting Meeting** and **Bidder's Conference**
  - **Aug 20 (noon ET): Vendor questions due**
  - **Aug 29 (5:00 p.m. ET): State posts Q&A** on SIGMA VSS – DELAYED TWICE NOW 9/12
  - **Sept 29 (11:50 a.m. ET): Proposals due – PUSHED BACK TO 10/6**

* **Feb 24, 2026 — Anticipated contract signature & transition start.**
  The Proposal Instructions identify this as the **anticipated** date to sign contracts and begin transition.

* **Oct 1, 2026 — Contract effective date (services begin).**
  Target **go-live** for the new PIHP contracts.

PIHP Procurement



Michigan Prepaid Inpatient Health Plan Regions

Note: These designations are subject to change. It will be the bidder's responsibility to review all components of MDHHS' Prepaid Inpatient Health Plan Request for Proposal (RFP) upon its release.

PIHP Procurement

Who is eligible to bid?

* Nonprofit Organization – this includes HAP, Priority Health, UP Health Plan, McLaren Health, BCBS
* Public Body / Governmental Entity – This includes counties, municipalities, public authorities, and regional intergovernmental entities.
* Public University – which include: "The University of Michigan, Michigan State University, Wayne State University, and other state universities governed by an elected or governor-appointed board with constitutional autonomy."

Board Composition & Governance

* At least one-third (33%) of the governing body must consist of individuals with lived experience in Michigan's specialty behavioral health system.
* The board must be no larger than 15 voting members.
* PIHPs are required to adhere to the Michigan Open Meetings Act and the Freedom of Information Act (FOIA).
* Bidders must establish and maintain governance that is entirely independent and distinct from any providers they contract with, as well as from owners who hold direct or indirect interests in those providers.
  * Separation from Service Providers – Entities responding to the RFP must establish governance fully independent from any providers with which they contract.
  * The contractor **must operate exclusively as a payor entity**

PIHP Procurement

The BIG question everyone wants to know – WHY ARE WE DOING THIS?

"Michigan Medicaid beneficiaries deserve access to behavioral health care services when and where they need them," said Elizabeth Hertel, MDHHS director. "The department is changing to a competitive procurement process for the state's Prepaid Inpatient Health Plan contracts to help create a more accessible and person-centered system of care dedicated to ensuring Michigan residents a healthier future."

The survey results will be used to inform **four strategic pillars of the upcoming procurement**, which include:

- Provide high-quality, timely services.
- Improve choice and consistency across regions.
- Ensure accountability and transparency.
- Simplify the system with reduced bureaucracy.

Director Hertel's comments on the August 22 MichMash Podcast:

- Strengthening the CMH system
- Reducing the number of regions so people are able to get the services regardless of what county they are in
- Giving people CHOICE of payor
- Listened to concerns and took feedback from the survey in February
  - In that survey people said they want more transparency & accountability
- This redesign will actually add more accountability
  - None of the current PIHPs have advocates or persons served on their boards and this will require 1/3 of the board members being a primary or secondary consumer.

PIHP Procurement

Significant concerns with the process

* MDHHS is doing this behind closed doors – this has not been an open transparent process
  * SB 597 & 598 and section 298 all done in a more transparent fashion.
* Our members support change and improving the system but we must be at the table and part of the solution
  * MDHHS selected who they wanted at the table as they were developing this proposal – they did not include all the key stakeholders, **1 meeting with the director since February launch.**
* MDHHS is going to make a major system change w/o legislative approval or oversight
  * 2014 process 18-10 PIHPs legislature was involved (CA consolidation along with PIHP).
* They are making these changes as they are walking out the door – these contracts would go into effect 30 days before the next election for the next governor. This administration will not be held accountable for their decisions, they will leave a mess for the next group coming in
* Change could be made w/o procurement – CMS was NOT forcing MDHHS to go through with a competitive procurement process.

PIHP Procurement

RFP Procurement strongly favors private sector

- Public system must build a new vehicle / entity – private sector does not
- Upper limit reserves – caps on public no upper limit cap on private sector
- Financial liability – if this fails who is financially responsible (state pushed away the shared risk responsibilities)
  - any liabilities stemming from cost overruns or performance failures—rests squarely on the contractors.

PIHP Procurement

Impact on recipient rights process?

Michigan Mental Health Code states: Every community mental health services program and licensed hospital must maintain a dedicated **Office of Recipient Rights (ORR).**

- ORR is tied to CMHSPs and the provider network that they manage (not providers outside of the CMHSP network)
- This proposal would remove all managed care functions from providers (including CMHs) at keep it at the payor entity, which would remove the oversight functions given to CMHs in the MHC.
- CMHSPs will not provide ORR responsibilities for clients they don't serve.
- Where does the ORR fall under proposal?
- **Director Hertel at the September RR Conference stated that the department knows the recipient rights language in the RFP is bad and they will have to "fix it" in the contract.**

PIHP Procurement

What is at risk / how are counties impacted by this proposal?

* For more than 60 years, Michigan's locally governed Community Mental Health (CMH) system—rooted in state law and constitutional authority—has been a lifeline for over 300,000 residents.

* The *Mental Health Code* gives counties roles in establishing, governing, and funding CMHSPs; sets requirements for how they are structured; provides for state financial support; and lays out rights, procedures, etc.

    * Local Control – local counties / regions through their CMHSP boards have decision-making power over how mental health services are delivered in their communities, how priorities are set, etc
        * Decisions are made about your community behind closed doors w/o your input
        * Stranded assets – county leases for buildings, county emergency services, agreements for administrative services
        * Local control of PA2 funds

* This proposal threatens to transfer the responsibility for over 90% of the funding for the delivery of public mental health services from county-based governmental organizations to unelected commercial/non-public interests that would have no direct accountability to local constituent processes

PIHP Procurement

3-Pronged Approach

- **Advocacy – fighting the RFP process**
  - Continue to grow our list of allies
  - Action alerts
  - Infographics
  - WAM rally & Press conference
  - Open letter from allies
  - Letters being circulated by legislators
  - Possible legislation being introduce to generate attention
  - County resolutions in opposition – almost 30 passed
- **Legal challenges to state action**
  - Cannot void an exiting contract – when you are meeting all the conditions of the contract
  - MHC outlines the CMH right to determine their regional entity partnership – MDHHS cannot force a county level organization who they must partner with.
- **Developing successful bids (if RFP process continues)**

PIHP Procurement

Court of Claims Rulings

Tuesday, October 14 Judge Christopher Yates issued a decision relating to the RFP. The Court determined that:

(1) MDHHS has the unilateral authority to shift to a competitive procurement model for Medicaid behavioral health services; and

(2) MDHHS can reduce the number of regions.

"The court concludes that a competitive procurement system is not only compatible with state law but also regarded as the preferred nationwide model. The federal preference for competitive procurement is so strong that, for years, the MDHHS has had to obtain federal authorization in the form of a waiver of governing provisions in the Social Security Act," he wrote. "The MDHHS is simply taking proactive steps to bring Michigan into compliance with the federal mandate of competitive procurement."

The Court also said that it could not issue a final decision in the case because the RFP may violate Michigan law:

* in assigning functions to PIHPs that belong to local CMHs
* in not funding CMHs so that they can fulfill their statutory obligations. The lawsuit will continue and will likely focus on these areas.

Michigan law does not empower DHHS to change the Mental Health Code by permitting a PIHP to directly provide or contract out services that a mental health agency is legally required to provide. The RFP states PIHPs are expected to provide managed care functions to beneficiaries and those functions cannot be delegated.

* Yates wrote that declaring functions non-delegable appears to conflict with the Mental Health Code, which assigns those functions to the mental health agencies, not the PIHPs. Further the RFP does not require a PIHP to provide Medicaid funds to a mental health agency.

Myths vs. Facts about PIHP Procurement

* **Myth:** Switching to private insurance companies eliminates an administrative layer and saves costs.
  Fact: It actually **replaces a single payer per region with multiple payers**, each with higher overhead. Private insurers spend **15% on overhead**, while the public system spends only **2%**. This higher overhead would cut services by **$500 million**.

* **Myth:** The proposal keeps the CMH system intact.
  Fact: The proposal **strips funding from local CMHs**, diverts dollars to private organizations, and violates the Michigan Mental Health Code by prohibiting CMHs from managing their provider networks and overseeing contracts. It forces CMHSPs into regional entities against their will—**dismantling the foundation of the public mental health system**.

* **Myth:** MDHHS survey results indicate a demand for competitive bidding of system management.
  Fact: Survey results actually highlighted **workforce shortages, lack of transparency, long-term care gaps, funding issues, and client rights concerns**—none of which are addressed by competitive bidding.

Myths vs. Facts about PIHP Procurement

* **Myth:** The current system just wants no change.
  Fact: The public system **supports bold and dramatic change**—but it wants reforms to be **open, transparent, inclusive of all stakeholders, and protective of Michigan's mental health safety net**.

* **Myth:** The federal government (CMS) requires competitive bidding.
  Fact: CMS has **never required competitive bidding**. Since 1997, CMS has approved Michigan's sole-source contracts with public health plans. In 2014, when Michigan reduced PIHPs from 18 to 10, CMS fully supported the sole-source approach.

* **Myth:** This RFP proposal would improve accountability by mandating that one-third of board members in new entities be individuals served by the mental health system or their family members, asserting that no current PIHPs meet this threshold.
* **Fact:** That claim is entirely inaccurate—every PIHP already meets this requirement, and some currently have as many as half of their board members made up of primary or secondary consumers.

Contact Information

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(517) 374-6848

enterprise FLEET MANAGEMENT

10/27/2025

ANNUAL CLIENT REVIEW

Healthwest

AGENDA

1. Client Experience & Partnership Summary
2. Industry Update
3. Fleet Health/ Utilization
4. Fleet Plan Review
5. Next Steps

enterprise FLEET MANAGEMENT

THE CLIENT EXPERIENCE

"CUSTOMER SERVICE IS OUR WAY OF LIFE" – JACK TAYLOR

enterprise FLEET MANAGEMENT

PHONE CALL - ENTERPRISE SERVICE QUALITY INDEX - 2 QUESTIONS

CSM: Jade Albrecht

AFC: Casey Davis

Review of your dedicated local team:

- **How is your service?**
- **What do you enjoy about our partnership?**
- **Where can we improve?**
- **What can we do to make your life easier?**

Healthwest

Fleet Profile

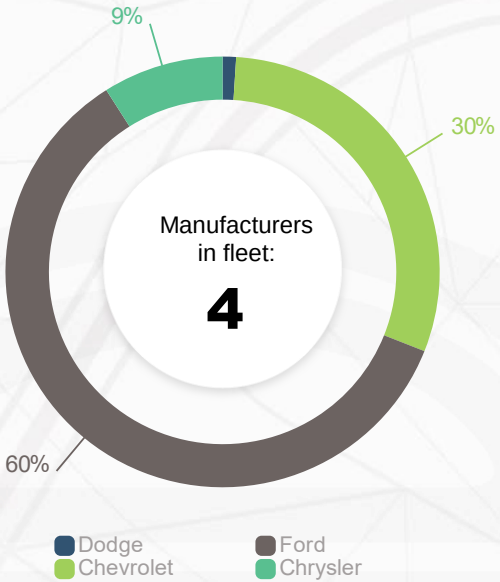
March 2025

Total fleet size: **97**

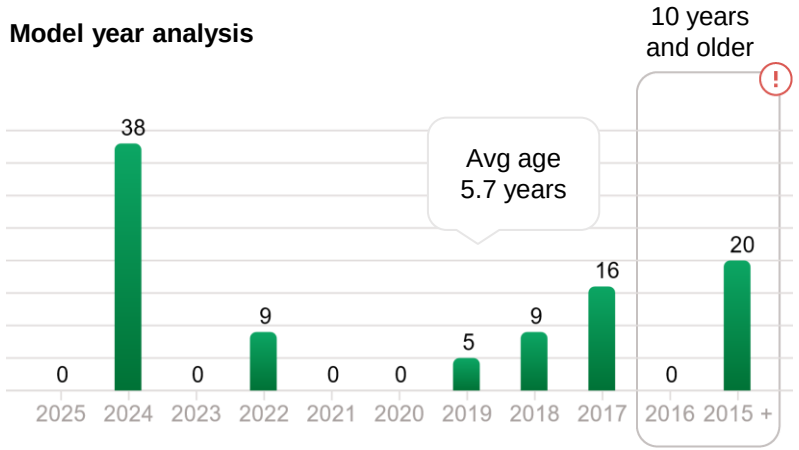
Total fleet value: **$1,347,277**

enterprise FLEET MANAGEMENT

Manufacturer breakdown



Model year analysis

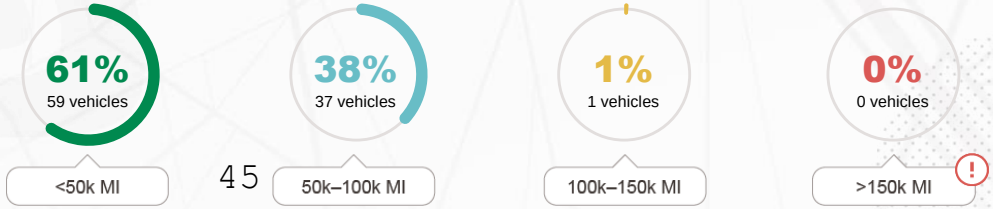


Avg holding Period (in years)
10.3

Avg annual acquisitions
9.4

Odometer distribution

Average Odometer: 36,088



Healthwest

Fleet Profile

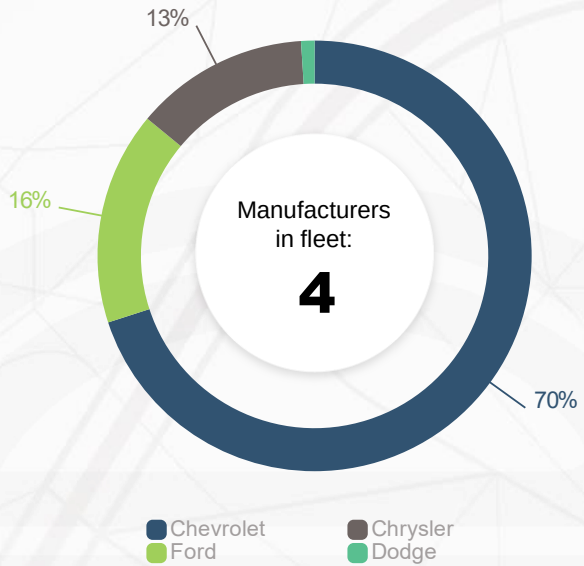
October 2025

Total fleet size: **94**

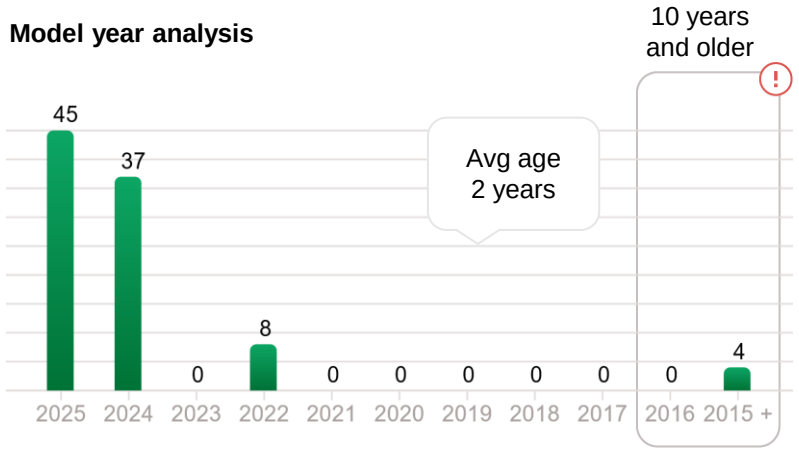
Total fleet value: **$2,200,195**

enterprise FLEET MANAGEMENT

Manufacturer breakdown



Model year analysis



Avg holding Period (in years)
5.2

Avg annual acquisitions
18

Odometer distribution

Average Odometer: 12,129

<50k MI	50k–100k MI	100k–150k MI	>150k MI
96%	3%	1%	0%
90 vehicles	3 vehicles	1 vehicles	0 vehicles

PARTNERSHIP SUMMARY (1 OF 2)

Partnership Start Year: April 2024

TOTAL FLEET SIZE

85 → 91

THIS IS 7% GROWTH

AVERAGE MODEL YEAR OF VEHICLE

2015 → 2024

THE AVERAGE AGE OF YOUR FLEET IS NOW 2 YEARS

AVERAGE ODOMETER

59,726 → 11,952

TOTAL ANNUAL MILES

595,000 → 696,759

EQUITY IN OWNED FLEET VS ENTERPRISE AT TERM

$511,622→
$665,000

ANNUAL MAINTENANCE SPEND

$56,916→
$4,790

ANNUAL FUEL COST

$89,647 →
$88,895

PARTNERSHIP SUMMARY (2 OF 2)

68
TOTAL VEHICLES SOLD

$ 511,622
TOTAL EQUITY OBTAINED

$ 5,654
AVERAGE EQUITY ADDED TO NEW LEASES

55%
AVERAGE % ABOVE ORIGINAL ESTIMATED VALUE

$ 570,888
TOTAL SALE PRICE BROUGHT IN BY ENTERPRISE

SPEND OVERVIEW

Spend Category	Current Period	Fleet Average	Cost/Unit	Prior Period	Fleet Average	Cost/Unit	% Change
Lease Expense	$400,927	60	$555.30	$100,314	14	$586.63	299.67% ↑
Fuel	$88,895	82	$69.18	$29,764	25	$25.59	198.66% ↑
Managed Maintenance and Fees	$4,790	41	$9.83	$0	0	$0.00	-
License, Title and Tax	$45	0	$0.04	$936	2	$0.80	95.19% ↓
Other	$-5,007	-	-	$-1,564	-	-	220.17% ↑
Total Spend	**$489,650**	-	**$381.05**	**$129,451**	-	**$111.31**	**278.25%** ↑

**Expenses are tied to the date the transaction occurred.*

***Invoice credits for the sale of vehicles are not reflected in this information.*

- Will be able to compare full YOY expenses next year
- Other is manufacturer interest credit

» MAINTENANCE COSTS & DOWNTIME

INDUSTRY UPDATE

Maintenance costs and downtime

AGING FLEETS

AVG VEHICLE AGE ON ROAD 12.8 YEARS
Increased by 0.2 year from 2024

AVERAGE FLEET REPAIR COST

+7.6% YoY

TECHNICIAN SHORTAGES

TECHNICIAN EMPLOYMENT +13% SINCE 2020
The technician shortage is showing signs of improvement.

RISING PART COSTS

AVG PARTS PRICE +1.2% YOY
This statistic is prior to recent tariffs taking affect.

FEWER TOW TRUCK DRIVERS

ACTIVE JOB OPENINGS:
666.9K

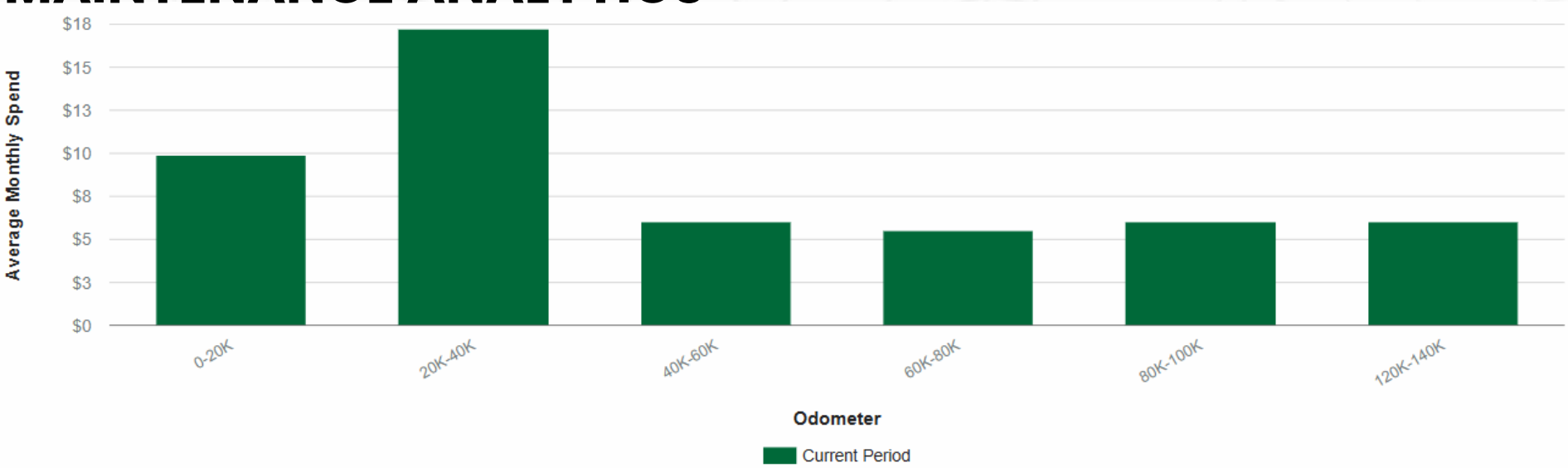
MAINTENANCE OVERVIEW

MAINTENANCE MANAGEMENT SUMMARY

	Current Period
Total Billing	$4,790
Total MMX Miles Driven	314,226
Avg Odometer	10,821
Average Fleet Size on MMX	97
Total Customer Savings	$0
Total Number of ROs	22
Preferred Account %	95.45%
Billing over 100,000 miles	$18
Cost Per Unit Per Month	$9.83
Cost Per Mile	$0.020

- Program has been used 22 times in the last 6 months
  - Need 100% utilization to see benefit
- Example analytics for future expenses seen on next slides

MAINTENANCE ANALYTICS



Odometer Band	Current Period	Units Serviced
0-20K	$9.88	85
20K-40K	$17.24	6
40K-60K	$6.00	5
60K-80K	$5.52	7
80K-100K	$6.00	2
120K-140K	$6.00	1

Vehicle Category	Current Period	Unit Count	Prior Period	Unit Count
1 Ton Cargo (Full Sized Van)	$5.25	2	$0.00	0
3/4 Ton Pick Up	$6.00	1	$0.00	0
Compact SUV and Crossover	$10.36	78	$0.00	0
Mid-Size Car	$6.00	3	$0.00	0
Minivan	$9.41	13	$0.00	0
Wagon (Full Sized Passenger Van)	$6.00	4	$0.00	0
Avg. Monthly Spend	**$9.79**	**101**	**$0.00**	**0**

MAINTENANCE OVERVIEW--example

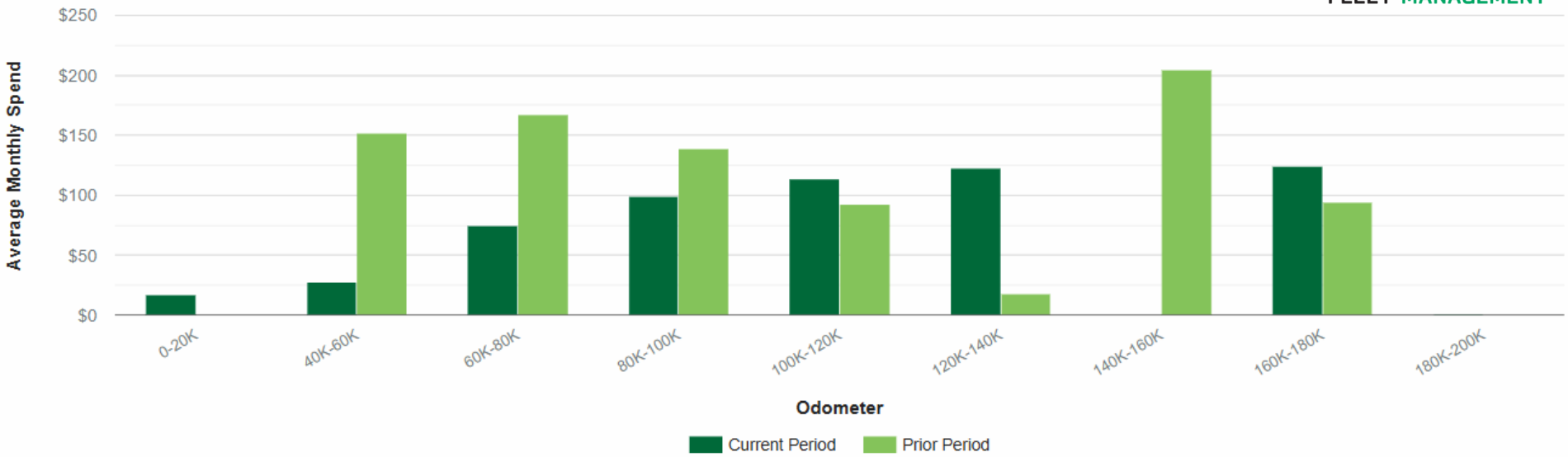
MAINTENANCE MANAGEMENT SUMMARY

	Current Period	Prior Period	% Change
Total Billing	$15,603	$27,812	43.90% ↓
Total MMX Miles Driven	181,014	164,004	10.37% ↑
Avg Odometer	28,595	95,422	70.03% ↓
Average Fleet Size on MMX	16	17	5.88% ↓
Total Customer Savings	$1,465	$3,581	59.09% ↓
Total Number of ROs	44	50	12.00% ↓
Preferred Account %	90.91%	90.00%	1.01% ↑
Billing over 100,000 miles	$7,080	$7,113	0.46% ↓
Cost Per Unit Per Month	$79.61	$135.01	41.03% ↓
Cost Per Mile	$0.090	$0.170	47.06% ↓

OBSERVATIONS:

- Clients fleet has been refreshed like yours and spend has decreased, but still tracking all data
- $6,000 in savings in last 2 years
- .08 CPM decrease year over year

MAINTENANCE OVERVIEW--example

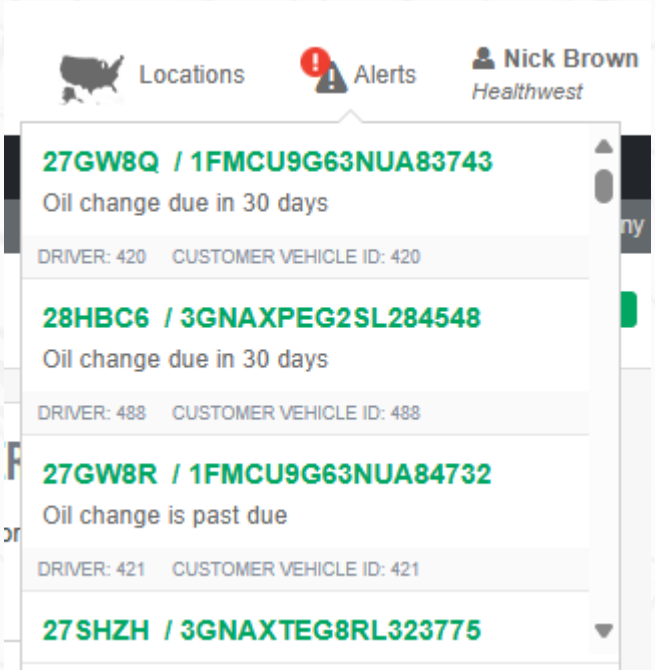


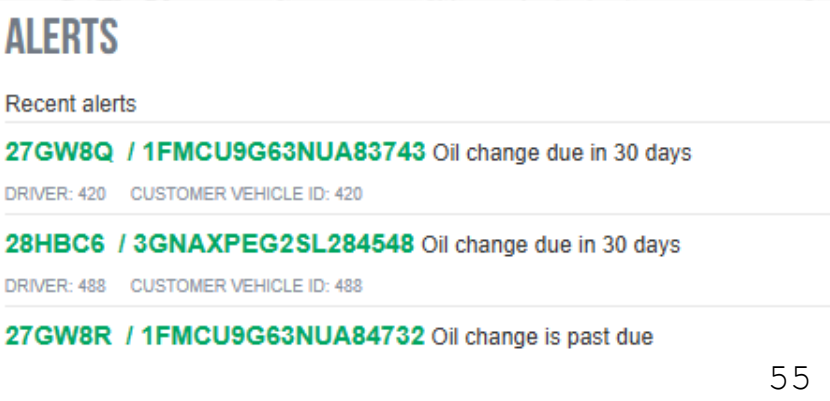
Odometer Band	Current Period	Units Serviced	Prior Period	Units Serviced
0-20K	$16.80	12	$0.00	0
40K-60K	$27.42	1	$151.87	2
60K-80K	$74.32	4	$167.07	5
80K-100K	$99.38	9	$139.03	7
100K-120K	$113.36	7	$92.90	3
120K-140K	$122.65	2	$18.10	2
140K-160K	$0.00	0	$204.90	2
160K-180K	$124.51	1	$93.97	2
180K-200K	$0.00	1	$0.00	0

OBSERVATIONS :

- Data helps drive best financial minded decision making
- Can track how maintenance expenses change YOY as vehicles age and increase in mileage

TECHNOLOGY





FUEL EXPENSE OVERVIEW

	Current Period	Prior Period	% Change
Total Fuel Spend	$88,894.87	$29,764.12	198.66% ↑
Total Gallons	28,466	8,655	228.90% ↑
Average # Assigned Cards	82	25	228.00% ↑
Cost Per Unit Per Month	$90.62	$99.88	9.27% ↓
Non-Fuel Spend	$0.00	$0.00	-
Average Price per Gallon	$3.12	$3.44	9.30% ↓
Total Miles Driven	537,850	199,954	168.99% ↑
Miles Per Gallon	18.89	23.10	18.23% ↓

Fuel Category	Current Period	Prior Period
Unleaded	$87,038.88	$29,487.57
Mid Grade Unleaded	$1,532.37	$201.30
Premium Unleaded	$323.62	$75.25
Total Matched	**$88,894.87**	**$29,764.12**

OBSERVATIONS:

- Good data in=good data out for fuel entries and MPG
- Supported Employment still consistently getting mid-grade fuel--$4.93/gal average vs $3.47
    - Easy cost savings opportunity by having conversation

TELEMATICS

FLEET

- Improve MPG
- Decrease Idling
- Reduce Speeding
- Engine Diagnostics
- Vehicle Maintenance

SAFETY

- Risk & Safety Reports
- In-vehicle Coaching
- Accident Notifications
- Seatbelt Usage
- Driving in Reverse

PRODUCTIVITY

- Customer Svc. Time
- Identify Unplanned Stops
- Drive Time vs. Customer Service Time

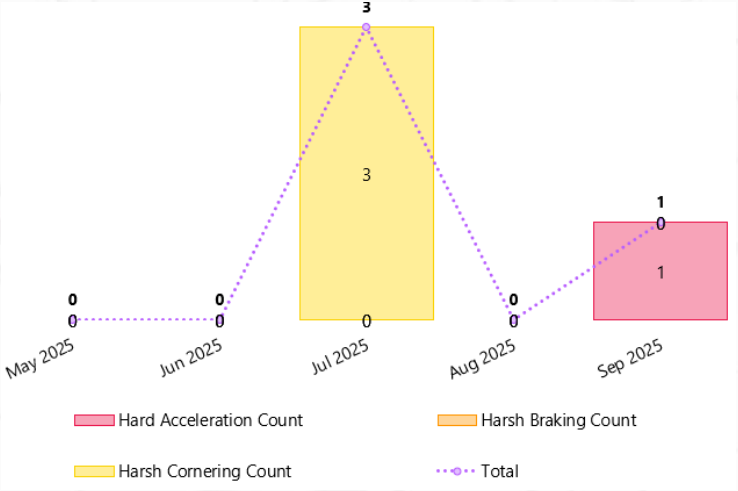
COMPLIANCE

- Hours of Service
- DVIR
- IFTA
- Driver e-logs
- Reduce Paperwork

TELEMATICS OVERVIEW--Safety

Device	Average Max Speed	Average Speeds
444	86	29
421	68	32
419	33	10
288	0	0
289	0	0

Period Start Date	Device Count	Speeding Count	Speeding Violators	Total Distance
May 2025	1	193	1	1339
Jun 2025	2	62	2	317
Jul 2025	2	26	2	729
Aug 2025	3	3	1	975
Sep 2025	3	10	3	2087
Grand Total	**11**	**294**	**9**	**5446**



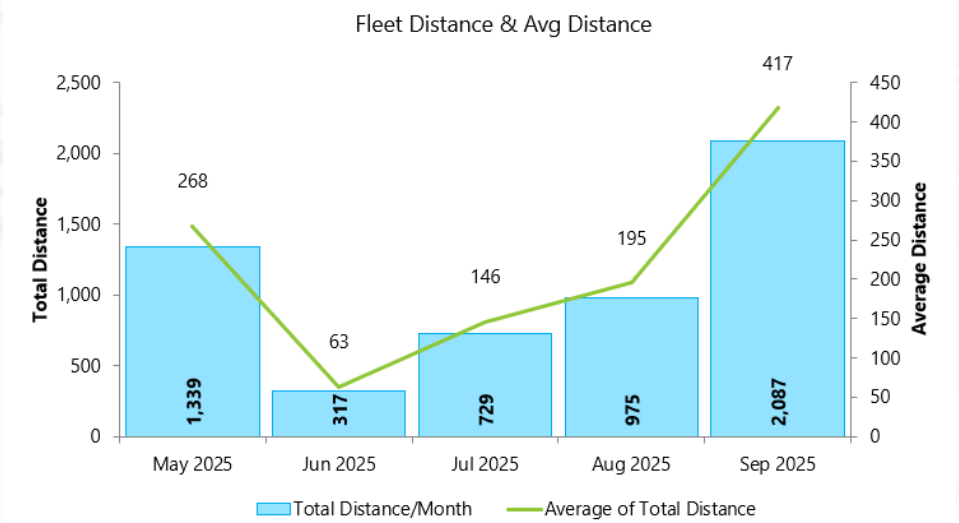
OBSERVATIONS :

- Currently only have 3 active devices so not enough data to truly see what your fleet is doing
- While there is an investment, liability is huge whether clients are in vehicle or not and knowing what your drivers are doing can help big time in the long-run

TELEMATICS OVERVIEW

enterprise FLEET MANAGEMENT

Total Idle Cost		$2.83/Gal	
$70.33			
Avg Individual Idle cost	$14.07	Avg Idle Duration	4:58:13
Tota Idle Duration (HH:mm:ss)		24:51:07	
Above AVG Vehicles	3	Below AVG Vehicles	2
From:	May 01, 2025	To:	Sep 30, 2025



OBSERVATIONS :

- Having all devices on program will help Nick to easily review mileage trends and keep mileage consistent throughout
- Monitoring idle time/cost is another easy conversation/cost savings opportunity

REPLACEMENT VEHICLE FOR 2025

enterprise FLEET MANAGEMENT

Healthwest

Customer: 610810 Fleet Size: 94

	Year	Make	Model	Series	EFM Unit ID	Driver Name	Term	Months in Service	Maint LTD Spend	Monthly Spend	12 Month Maint Totals	Projected Current Odometer	Last Known Odometer Date	Estimated Annual Odometer	12 Month Future Odometer(EST)	Current Market Value	12 Month Marke Value
Vehicle Type: 3/4 Ton Pickup																	
1	2014	Ford	F-250	XL 4x4 SD Super Cab 6.75 ft. box 142 in. WB SRW	27GW72	99	36	5	$36.00	$6.00	$30.00	61,329	10/03/2025	3,278	64,607	$10,050.00	$7,892.00
Totals And Averages									**$36.00**	**$6.00**						**$10,050.00**	**$7,892.00**

November 21, 2025

MEETING NOTICE DECEMBER 2025

The HealthWest Board will meet in the following sessions during the month of December 2025. Please remember we must have a quorum in person for these meetings. If you participate remotely, your vote will not count. If you have any questions, please let me know.

Program Personnel Committee	Friday,	December 5, 2025
Recipient Rights Committee	Friday,	December 5, 2025
Finance Committee	Friday,	December 12, 2025
Full Board Meeting	Friday,	December 19, 2025

The administrative office will contact you via email to remind you of these meetings.

The complete schedule of committee and board meetings for 2025 can be found online at https://healthwest.net/about-us/healthwest-board-agendas-minutes/2023-board-of-directors-schedule/

\hb

cc: HealthWest Board Members

HealthWest
Muskegon's Behavioral Wellness Connection

MEMORANDUM

Date: 11/21/2025

To: HealthWest Board of Directors

CC: Mark Eisenbarth, Muskegon County Administrator
Matt Farrar, Muskegon County Deputy Administrator
Angie Gasiewski, Muskegon County Finance Director

From: Rich Francisco, Executive Director

Subject: **Director's Update**

PLACE HOLDER