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Finance Committee Meeting
DWIHN Administration Building
8726 Woodward Avenue
Detroit, MI 48202
Wednesday, June 4, 2025
1:00 p.m.
AGENDA

I. **Call to Order**

II. **Roll Call**

III. **Committee Member Remarks**

IV. **Approval of Agenda**

V. **Follow-Up Items –** Provide information on the Mental Health Act fund; Defer to Program Compliance Committee any programs including SUD Programs that were impacted by loss of COVID grants. Provide analysis on the number of contracts over the last 2 years that have gone to Board between $50K - $100K.

VI. **Approval of Minutes –** May 7, 2025

VII. **Presentation of the Monthly Finance Report**

VIII. **FY26 Budget Submission Timeline**

IX. **Unfinished Business:**
Staff Recommendations:
A. BA#25-25 (Revision 4) FY25 Detroit Wayne Integrated Health Network Operating Budget

X. **New Business:**
Staff Recommendations: **None**

XIII. Good and Welfare/Public Comment
Members of the public are welcome to address the Board during this time for no more than two minutes. (The Board Liaison will notify the Chair when the time limit has been met.) Individuals are encouraged to identify themselves and fill out a comment card to leave with the Board liaison; however, those individuals that do not want to identify themselves may still address the Board. Issues raised during Good and Welfare/Public

Comment that are of concern to the general public and may initiate an inquiry and follow-up will be responded to and may be posted to the website. Feedback will be posted within a reasonable timeframe (information that is HIPAA-related or of a confidential nature will not be posted but rather responded to on an individual basis).

XIV. Adjournment

FINANCE COMMITTEE

MINUTES **MAY 7, 2025** **1:00 P.M.** **DETROIT WAYNE INTEGRATED HEALTH NETWORK**
8726 WOODWARD AVENUE

MEETING CALLED BY	Ms. Dora Brown, Chair called the meeting to order at 1:11 p.m.
TYPE OF MEETING	Finance Committee Meeting
FACILITATOR	Ms. Dora Brown, Chair
NOTE TAKER	Carmen Smith
ATTENDEES	**Finance Committee Members Present:** Dora Brown, Chair Kevin McNamara, Vice Chair Karima Bentounsi Eva Garza Dewaelsche Bernard Parker Kenya Ruth **Committee Members Excused:** None **Board Members Present:** **Staff:** Ms. Stacie Durant, VP of Finance; Ms. Toni Jones, Audit Manager and Provider Fiscal Oversight; Ms. Jean Mira, Procurement Manager; Ms. Monifa Gray, Associate VP of Legal Affairs, Mr. Jody Connally, VP of Human Resources; Mr. Keith Frambro, VP of IT Services; Ms. Sheree Jackson, VP of Compliance and Mr. Ron Slater, Associate VP of IT Services **Staff Attending Virtually:** Mr. Manny Singla, Executive VP of Operations; Ms. Yolanda Turner, VP of Legal Affairs; Ms. Brooke Blackwell, VP of Government Affairs; and Grace Wolf, VP of Crisis Services; and Mr. Mike Maskey, Executive Director of Facilities **Guests:** Ms. Alisha Watkins and Mr. Josh Richards, Plante Moran **Virtual Guests:** Brian Langepfeffer, Allen Law Group (Zoom)

AGENDA TOPICS

I. Call to Order
The meeting was called to order by the Chair, Ms. Dora Brown at 1:11 p.m.

II. Roll Call
Roll Call was taken by Ms. Lillian M. Blackshire, Board Liaison and a quorum was present.

III. Committee Member Remarks
The Chair, Ms. Brown called for Committee member remarks. Ms. Ruth acknowledged Teacher Appreciation Week and asked that people acknowledge their favorite teachers.

IV. Approval of Agenda
The Chair called for a motion on the agenda. **Motion:** It was moved by Ms. Dewaelsche and supported by Ms. Bentounsi approval of the agenda. There were no changes or modifications requested to the agenda. **Motion carried.**

V. Follow-up Items
The Chair stated there was one follow-up item. Committee members requested that DWIHN Procurement and Legal staff provide an explanation on how to improve the policies and procedures for the purchase of goods and services within Wayne County.

VI. Approval of the Meeting Minutes
The Chair, Ms. Brown called for a motion on the Finance Committee minutes from the meeting of April 2, 2025. **Motion:** It was moved by Mr. McNamara and supported by Ms. Ruth to approve the minutes of and April 2, 2025. There was no further discussion. **Motion carried.**

VII. Presentation of FY24 Financial Statement, Single Audit and Compliance Examination Reports – Plante Moran
The Chair called for the Report of the Auditors. Ms. Durant provided a brief overview of the documents being presented. The first document was the AU260 Report, which is a document communicated to the Board of Directors and is a standard document that outlines any issues encountered during the audit, any past audit adjustments, how the audit went and any adjustments that were proposed and booked.

Ms. Durant stated that the second document is the Financial Statement report, which is dictated by the Department of Treasury which requires organizations to submit an audit within six months after their fiscal year. The next document is the Federal Award Supplemental Information. This is the single audit of all the Federal awards that are received, either directly from the federal government or through the State from the federal government. The final audit is the Compliance Examination, which is dictated by our CM and with the State of Michigan's Department of Health and Human Services.

Ms. Durant introduced Ms. Toni Jones, Audit Manager, who facilitated the annual Audit with Plan Moran. She commended Ms. Jones and the Finance Department team for a job well done and presented the auditors from Plante Moran who would be presenting the auditing report.

The record reflects that Mr. Parker joined the meeting.

Ms. Alicia Watkins, Plante Moran, thanked Ms. Durant and staff for their assistance with the audit. She stated that this year was more of a workout for the team because DWIHN had one of the largest Federal Awards audits and five major programs required to be tested. She introduced Josh Richards, a principal of Plante Moran's Healthcare Practice. Ms. Watkins stated that they were providing a PowerPoint presentation and rather than going through the separate documents, they combined everything they believed was a key takeaway from each audit, as well as required community and some other financial highlights.

Ms. Watkins began the presentation by walking the committee through the highlights of what would be required in the presentation, including the scope of work, reporting framework, auditing standards that must be followed, and an overview of all the reports and deliverables issued by Plante Moran. The first slide spoke on the difference between Plant Moran's responsibility vs. the responsibility of management. She stated that Plante Moran's responsibility is to come in and issue an opinion on DWIHN's financial statements so the board and other stakeholders know they are materially correct and follow the rules and regulations DWIHN is required to follow. She added that although Plante Moran compiles some of the reports on behalf of DWIHN, is does not alleviate management's responsibility for the financial documents. She stated that Plante Moran has a robust process to assess and make sure they stay independent as auditors for DWIHN and was pleased to issue an unmodified opinion on each of the audits conducted, which means their opinions are without exception, which is the highest level of assurance that can be provided on these deliverables.

Ms. Watkins discussed the required communication surrounding accounting policies, estimates and disclosures in the financial statements, explaining there was not too much of significance or difference from what has been seen in the past. It pointed to two key accounting policies, reminds that while there are not many significant estimates included in the financial statements, the deferred revenue number would be among one that would be a bit more sensitive and that Plante Moran looked at closely with staff in conjunction with review of the FSR. She also stated that they considered the disclosures and financial statements to be relatively standard and there was nothing they would flag as being particularly sensitive or significant.

Ms. Watkins stated they did not find any internal control findings or deficiencies. There were no material weaknesses. She stated that it was a clean audit with no audit findings for the three audits. They did identify a couple of items that needed to be brought to the attention of the board but did not rise to the level of being a significant finding. The first was regarding an accrual related to payroll that was due as of the end of the year and dispersed to employees during the subsequent year was not recorded. This was a liability given the size of the balance sheet, but was not material to the financial statements and would not change a user's opinion of the financial statements. This was corrected by the Finance team. There was an additional item that was identified that management decided to pass on recording regarding the opioid settlement. There have been variations of settlements, but through the end of the fiscal year that was audited DWIHN received about $2 million, so that was recognized in accordance with gap accounting rules which would say that since DWIHN has been awarded the money and doesn't have any eligibility criteria to earn that, it should all be recorded as revenue. The DWIHN team felt otherwise.

Ms. Durant provided explanation on the adjustments. For the first instance, it was an item that was paid in October, but staff related it to September. For accrual based accounting, you're supposed to accrue it and then reverse your accrual on the next day, the first day of the new fiscal year. Ms. Durant stated that there are errors made during the course of the audit, as well as errors she finds throughout the year. These audits do find things but it must be material enough to reach the level where it's considered to be a finding. Given that DWIHN is a billion dollar organization, that threshold must be pretty high and that finding does not meet the threshold.

Ms. Durant stated that on the area of the opioid litigation settlement, she chose not to record all $5 that DWIHN may be eligible for, but only the $2 million we actually got in the door. Because of several bankruptcies, and we don't know the impact of those bankruptcies, she didn't want to record $5 million dollars in revenue and then have to remove some of that from the balance sheet or income statement or net assets because we did not actually get it. She added that once DWIHN gets the revenue, we book it as revenue.

Ms. Watkins thanked Ms. Durant for the explanation and stated that ultimately Plante Moran didn't take exception to that position, but had the responsibility to make sure the governing body was informed.

Ms. Watkins discussed that last item under "other matters". During the audit, Plante Moran identified that during the year for the State Opioid Federal grant program, one of the five programs that they tested, they audited the numbers but have a lot of work to do, including looking at processes, controls and procedures surrounding grant dollars, surrounding financial reporting, etc. For this program, they found a gap in the information they reviewed. This was caused after there was a departure of the team member who was previously responsible for those review controls where, it transitioned to a new person who may have done things differently and less formally, so Plante Moran identified that because we weren't seeing the same level of documentation and sign off that we had been seeing prior to that period. The team was able to explain the different format. Plante Moran was comfortable with the explanation provided by staff but does recommend putting those formal procedures back in place because that is what the granting agencies look for if they audit. Overall, Plante Moran was comfortable that the mitigating controls in place were sufficient. Ms. Durant provided a brief update on what caused the recommendation.

Mr. Josh Richards reported on the numbers included in the presentation. He stated he would cover the information from a high level, but wanted to point out some relationships, and then some of the bigger changes year over year. And, as Ms. Watkins noted, there were some requests that some of this information be comparative, because the financial statements that were distributed to the board are for single years. Plante Moran lined up the current year and the prior year in each of these next few slides that were presented.

The first section presented was the net position or the assets. Some funds that were held with the bank related to the Milwaukee and the Woodward projects will be released as those projects are finished, so they don't need to be held or restricted by the bank. He provided an overview of the figures included in the written report, including the restricted funds, depreciation, investments, etc. He highlighted $10 million in the not subject to depreciation line, which is largely related to the 7 Mile Project.

Mr. Richards reviewed the Statement of Net Position which is the liabilities on the net position side. This is what DWIHN owes. There was not a tremendous amount of movement, with a little bit of decrease in some of the payables and the unearned revenue. Some of this is out of DWIHN’s control, based on the timing of some of the agreements and contracts.

Mr. Richards went through Liquidity Ratio as requested by the board. This was completed by Ms. Durant and included in the financial statements. Plante Moran trended it for the last several years; there was a significant increase in the current year. This has a positive impact and he articulated that the main reasons are accounts payables are down, along with the unearned revenue number being down.

Mr. Richards discussed the Net Position. This is essentially the accumulation of the earnings of the organization over the last several years. He highlighted a couple of the bars included in the graph. All these bars are going up into the right, and this means the financial strength of the organization is continuing to remain very strong, and that that's good to see. He stated that in his review of the financing, and with 100,000 plus people being served by the organization, and having this sound financial footing allows DWIHN to serve the community members and invest in the 7 Mile Project and the West Jefferson Project that are ongoing. He stated the funds are needed to be able to reinvest in the community and continue to fulfill the mission so it’s very positive to see those amounts move in the direction that they're moving.

Ms. Durant highlighted a few things under Net Investments in Capital Assets that represent the net position or net worth of the organization. She also noted non-current liabilities, $19 million, that is related to the Flagstar loans DWIHN has as an organization. DWIHN is a billion dollar organization and is only $19 million in debt, which is noteworthy. She went through the restricted for substance abuse disorder, PA2 balance that is outstanding that DWIHN has available in reserves. It's considered restricted because it must be used for substance abuse services per the Public Act, $60 million restricted for risk financing, which is the Medicaid that is per our PIHP contract. We are required to maintain 7.5% of Medicaid reserves to cover for risk financing. In the event that we overextend and we don't have the revenue, this pot of money is what is tapped into. So, we are in full compliance of our PIHP contract.

She provided brief update restricted cash collateral is the cash held by Flagstar for the loans. We are in the process getting those funds released and put into our normal pool cash. But right now, they are considered restricted, and they sort of are held in a separate cash account, growing earning interest on it. But it's restricted, and we don’t currently have access to it.

The next item restricted for the Opioid Settlement. That is the $2 million that we received in opioid dollars during FY24. That is the outstanding amount that is remaining. It is also restricted because you must use the funds for someone with an opioid use disorder, so it's considered to be restricted. The unrestricted is our excess local funds.

We have almost $75 million in local funding. And what local funding does is allow us to tap into it for general fund overrun or if we deplete our ISF, we would have to utilize local funds to cover Medicaid overruns.

Mr. McNamara asked where the local funds come from. Ms. Durant responded that investment earnings are part of local funds. We get an annual performance bonus from the State where our Medicaid funds convert to local if we meet certain benchmarks. We also get local funds from the County. However, we utilize those for specific costs that are required of us by the Mental Health Code, such as our Medicaid draw-down payment, as well as the local portion of State facility costs for persons that are in State Hospitals.

Mr. Parker asked about the unrestricted funds going up $10.5 million and what caused it to go up that amount? Ms. Durant responded that it was the $6 million dollars primarily that we got from the performance improvement incentive bonus that the State gives us, as well as investment earnings of around $12 million, although not all of that is in this number, because any portion of the investment earnings that pertain to the Medicaid ISF must be put in the ISF, so we can't take the earnings on that $68 million; we are not allowed to take the investment earnings on that amount and put it in local.

Ms. Dewaelsche asked if DWIHN gets foundation grants other private grants and whether those would be considered local funds. Ms. Durant responded that those are considered local, however, the local grants that we receive are for specific purposes and expenses. There is no excess funds from local grants.

Mr. Richards continued the Plante Moran presentation. He discussed the Statement of Revenue, Expenses and Changes in Position, which remained relatively consistent. Looking at the year over year, overall operating revenues are up a little over 5-1/2%. He discussed the various “buckets” that make it up, the largest being the funding received from the State. Expenses are up about 8%. He stated this dynamic is something they see, not just with DWIHN or healthcare, The inflationary pressures on expenses are really challenging organizations, and it's certainly a testament to management's oversight that DWIHN is still able to have a positive margin. There was discussion with respect to the investment income.

Mr. Richards discussed the Federal Awards Audit Schedule findings and question cost. He stated this is one of the more important pages of the document. There were no financial statement findings and no Federal program audit findings. He also went through the Compliance Audit page. There were no material weaknesses and no material non-compliance was identified.

Ms. Brown asked for questions or comments from the Committee members. Ms. Dewaelsche commended Mr. Durant, the Finance team and the audit team for a job well done. Ms. Durant stated that it’s important to know that this report does not say that no mistakes were found, as mistakes do happen throughout the year, however, they are found and corrected. Ms. Brown again congratulated Ms. Durant and her team, and particularly Toni Jones, the Audit Manager, for a job well done.

Ms. Durant stated that she invited Plante Moran to do a short presentation at the upcoming Full Board to give all board members the opportunity to ask questions. Ms. Brown stated there have been in-depth discussions, as it relates to the rotations, and how many eyes or different people are looking at this audit on a consistent basis, whether it's annually or every other year.

The Chair called for a motion to move the FY 24 Audit to Full Board. **Motion:** It was moved by Mr. Parker and supported by Ms. Dewaelsche to move the FY24 Financial Statement, Single Audit and Compliance Examination to Full Board for approval. There was no further discussion. **Motion carried.**

VIII. Presentation of the Monthly Finance Report

Ms. Durant presented the 6-month Financial Report for the period ended March 31, 2025. She gave a caption on audit since we became an Authority. The information was provided in the written report. The information is for DWIHN and does not include the MCPN findings. Staff was notified at the end of March that several COVID grants would be ending and we had until April 30 to get providers paid for services incurred through March

31st, which was about six days later, and get it billed to the State. She went through the grants: The Mental Health Act Grant, we received 538,000 and were able to bill $108, leaving a balance at March 31st of $429,000; on the Mental Health COVID grant, we had an allocation of $174,000. We were able to get our providers paid $106,000 and billed, leaving $68,000 unpaid; on Behavioral Health Workforce, we were able to spend all the funds of the $68,000 grant. There were the SUD grants 2 ARPA programs - prevention and treatment. The allocation was $974,000 and we were able to get billed $653,000, leaving a balance of $320,000. We were able to get out approximately 55-60% of all the grant dollars. It's 50% of the fiscal year, (March 31st), so we were pretty much on track and spent half of the funding within half of the fiscal year.

Ms. Dewaelsche asked about the Mental Health Act funds, which didn’t appear to be 50%. Ms. Durant stated she would have to defer to someone else on staff to speak on that program. She stated she would get the information and provide follow-up at the upcoming board meeting. Ms. Brown asked if this was money that that would need to be sent back, and Ms. Durant responded that it was reimbursement only after the services were provided. There was further discussion.

Mr. Parker asked if there are programs that will be affected and Ms. Durant responded that she would defer to program staff for that information. She stated she believed that the Interim SUD Director has plans to go before SUD board for any provider that incurred expenses they weren't able to bill to use PA 2 funding. Mr. Parker stated that this issue should be referred to the Program Compliance Committee to find out what programs might be affected by the loss of these dollars.

Ms. Bentounsi asked for clarification as far as incurred expenses through March 31 and that we got reimbursed for them up to the March 31st deadline. Ms. Durant responded that any expenses incurred through March 31st were covered and DWIHN was reimbursed. Ms. Bentounsi asked for clarification that people were notified of the March 31 cutoff but because of previous commitments, they continued to incur expenses past that date and those are the ones that would be impacted. Ms. Brown stated this would be an issue for Program Compliance as this could be one of those issues where we must make a decision for possible supplemental funding.

Motion: It was moved by Mr. Parker and supported by Ms. Garza Dewaelsche that the issue of whether the grants that are not continuing past March 31st be moved to the Program Compliance Committee to see what impact it might have on our consumers. There was no further discussion. **The motion carried.**

Ms. Durant presented the Balance Sheet, Income Statement and Cash Flow documents. Under Item A, she noted that there was a significant receivable that we have accrued from the State, as well as a payable to hospitals related to the HRA payment. HRA is hospital rate adjustment. It's pass through funds that we get from MDHHS that passes through us to the hospitals. She stated that since we’re in May, DWIHN should have received communication as it relates to the second quarter, however, we still haven’t received word on the first quarter or second quarter. From her understanding and reading some articles, it appears that the Federal Government is looking at those HRA payments. The payments are for essentially for an additional payment to hospitals for Medicaid beds. DWIHN has a negotiated rate with our hospitals, and in addition to the normal negotiated payment that we give them for inpatient beds, the State of Michigan also sets aside Medicaid funds to pay an additional amount. It was $300 a day prior to Fiscal 24. In Fiscal 24, it was increased to like $600 per day in addition to the payment that we give them through the normal contracted rate. While this item is under scrutiny by Federal Government, we must continue until someone tells us we're not paying it. We continue to accrue it on the income statement on the revenue side and the expense side because it is a pass through. She explained that is why we have some significant amounts that are accrued for in that $58,000 that amount shouldn't generally be that high. There were no other items that were particularly noteworthy.

There was no further discussion. The Finance Monthly Report was received and filed.

IX. Presentation on Procurement Policy Revisions

Ms. Brown stated the next item is Presentation of the Procurement Policy. Ms. Durant stated that the Committee had requested that our Legal and Procurement Departments take a look at what is allowable by law in terms of what we can include in our Procurement Policy. She introduced Brian Langepfeffer (on Zoom) from Allen Law Group, who has been instrumental in this discussion along with our Legal and Procurement teams in trying to pull together the things that make sense for us to include in our Procurement Policy. She also introduced Ms. Jean Mira, Procurement Administrator, to present some of the recommendations that we are making to the Procurement Policy.

Ms. Mira stated that the Purchasing Division along with Finance, Legal, and the CEO, are proposing to revise the Procurement Policy to add equalization credits for the goal of promoting diversity and removing barriers for some of our smaller contractors. If you look at the Procurement Policy, it will include new definitions found in keywords numbers number 9, 18 and 22, which is mentor, venture, small business concern, and veterans' enterprises. They are now included to encourage different types of entities to do business with DWIHN by creating a fairer bidding process and promoting types of businesses to obtain advantages with credits and to offer a mechanism for greater competition on types of certified businesses that are permissible when using the Federal Medicaid funding.

Discussion ensued regarding the definition of a mentor venture. A mentor venture is a joint venture where one of the parties it could be a larger corporation, but they actually mentor a small business agency, a small business, who is certified and give them the status of becoming a mentor venture. Mr. Langepfeffer stated it would require that the small business perform at least 30% of the work and they would also share proportionately in the profits and losses. Mr. McNamara asked for clarification. If you are a small business concern, a mentor venture, and you can have a veteran enterprise, could you attain 15%? Ms. Mira responded that the maximum credit would be 10%. They would have to produce 30% of the work. The 10% credit would be only in the evaluation phase; the price that they actually submit they would obtain. But during the evaluation phase, they would get a 10% credit, so that when they're being evaluated, either by bid, which is price only, or by a formal evaluation committee in the pricing, they would get that advantage, and it would be counted towards the lower price. There was further discussion.

Mr. Langepfeffer noted thar he believed the small business doing 30% of the work only applies to qualifying as a mentor venture. Mr. McNamara asked how it's determined whether they're a small business, concern a mentor, venture, or veteran enterprise? Ms. Mira referred him to Pages 17 and 18 in the policy to show how the equalization credits have been done. He also asked about the mentor venture certification and Ms. Mira explained that the City of Detroit, Wayne County and the State of Michigan all have that certification available. Mr. Parker asked if there was any reason Wayne County firms were not given preference. Mr. Langepfeffer stated that when using federal dollars, you cannot give geographical preferences that are based on state or local boundaries. Mr. Parker asked if a project was done with totally local funding, could we add that preference and, if so, he would like it included in the Policy. There was further discussion.

Mr. Parker reiterated that he would hope that some language can be added stating that provisions could be made if no federal funds are used.

Ms. Turner stated that when we vetted this, we looked at the funds available, a lot of our funding that is not Medicaid funds is typically funding that is grant funds that come with specific terms and conditions. She stated it wasn't added based on the belief that there weren't enough funds to identify for something like that. Ms. Mira stated the language could be added if it is 100% local funding. Ms. Durant stated that staff will work on language.

Ms. Durant stated that as a result of staff reviewing the Procurement Policy, she asked for this body to amend two other things in the Procurement Policy. One of them relates to the Federal threshold. The federal requirements allow us to enter into or not require a public bid for any contracts up to $250,000 and rising to $350,000 in a couple of months. DWIHN's current threshold is that any contract above $50,000 requires a public solicitation. Staff is asking that the threshold be increased $100,000.She stated that the $50,000 amount has been in place for a number of years, and with the cost of living over time, $50,000 makes pretty much everything have to go for a public solicitation. There is a lot of work and administrative costs involved. and we believe that we can garner the same benefit from getting quotes opposed to formal solicitation. We have a Care Center where this is causing issues, so Finance and Facilities butt heads constantly because we've got things that are taking time when we have to do a formal solicitation, and their needs are critical. This situation will not get better as we open more care centers.

Staff is also requesting that board actions of $100,000 opposed to $50,000 come to the board. Our counterparts in Oakland, and many PIHPs that are much smaller than us have higher thresholds. With Oakland, for example, their board actions are at $100,000. In Region 10 it was believed their board actions are $250,000. We're just merely asking for something that's a little bit less cumbersome, and that will align also with the procurement process of $100,000, and those things will come to the board.

Mr. Parker stated he doesn't have a problem with the public solicitation but does have a little concern about the board giving the administration the authority to go up to $100,000 for contracts that would not come to the board. He stated that's quite a bit, particularly when you talk about consulting, or you talk about hiring somebody. He added that he was concerned about not seeing the contracts. Ms. Durant responded that the board would still see the contracts in the Quarterly procurement report.

Ms. Durant reiterated that DWIHN is a billion dollar organization. We've got organizations that are less than half of our size, including our neighboring Oakland County, who have $100,000 that goes to the board. She stated that she believed that like everything else cost of living, that add cost of living increases to $50,000 over more than 10-year period, you would be at over $100,000. She stated she strongly requests that this is considered. Ms. Dewaelsche stated that she agrees with Mr. Durant. DWIHN is large enough that $100,000 is not that much. And, as long as staff is following all of the procurement procedures and policies that we have approved $100,000 shouldn't be a problem. Ms. Durant added that we just had an audit report, and my finance report that notes the number of findings that we've had over the last 10 years, and procurement is an area that is under audit.

Mr. McNamara requested clarification that this is just for discussion right now and no vote is being taken. Ms. Durant responded that it was her understanding that the Finance Committee wanted to discuss and then it would go before the Policy Committee for review and approval to move to the full board. They wanted it to come to finance. There was further discussion.

Mr. Parker suggested that before it goes to the Policy Committee, that there's some analysis of how many contracts were under $100,000, but over $50,000. This would help know what type of impact we're talking about. Ms. Durant will pull the information together for the last two years.

Ms. Durant summarized the request. The Policy will be presented to the Policy Committee for review, it will include language regarding non-federal funding equalization credits, as well as a list of all contracts in the last two years that were between $50,000 and $100,000.

The Chair called for a motion to refer the Procurement Policy recommendations, as amended, to the Policy Committee for consideration. It was moved by Mr. Parker and supported by Mr. McNamara. There was no further discussion. The motion carried.

X. Non-competitive Fiscal year 25, Second Quarter Purchasing Non-competitive and Cooperative report

Ms. Mira presented the 2nd Quarter Purchasing Non-Competitive and Cooperative Report for all non-competitive solicitations, cooperatives and emergencies. For the actual percentages, the total was $1,806,970.42, with the Wayne County total being $208,232 and IT total being $1,332,191.13. The contract percentages overall total was Wayne County at 11.52% and out county at 88.48% Looking at the funding percentages without IT, Wayne County would be 43.86%. and out county at 56.14%. She noted that one of those was a cooperative purchase for IT for over $1,000,000 and that's why those percentages are so different.

Mr. Parker asked about the low percentage of Wayne County firms and whether they include Wayne Couty firms when they do solicitations. Ms. Mira responded that when it's a solicitation, we're all inclusive with Wayne County and all firms in general. We ask for a courtesy list on most things that are bid out. These are all non-competitive or cooperative, the cooperative being that it's already solicited by another agency, i.e., MiDeal and/or Sourcewell or Omnia partners. It's something that has already been publicly bid, but not from DWIHN.

The comparable source and sole source usually have reasons, sole source being that it's the only one that can provide the service or good, and the comparable source being that they have a history with us and provide good price basing, etc. There was no further discussion.

XI. Unfinished Business – Staff Recommendations: None

XII. New Business – Staff Recommendations: None

XIII. Good and Welfare/Public Comment – The Chair read the Good and Welfare/Public Comment statement. There were no members of the public requesting to address the committee.

XII. Adjournment – There being no further business; The Chair, Ms. Brown called for a motion to adjourn. Motion: It was moved by Mr. McNamara and supported by Mr. Parker to adjourn the meeting. Motion carried. The meeting was adjourned at 2:44 p.m.

FOLLOW-UP ITEMS

1) Refer to Program Compliance Committee to discuss whether programs were affected by the loss of COVID grant funds.
2) Provide analysis to Policy Committee on contracts between $50,000 and $100,000 over the last two years.

DWIHN Division of Management and Budget
Monthly Finance Report
For the seven months ended April 30, 2025

DWIHN Finance accomplishments and noteworthy items:

1. CMS approved HRA payments to hospitals and increased the per diem amount from $608 to $728 or 20%. Prior to the approval, there were discussions that the federal government may eliminate this payment. Refer to budget adjustment for certification of additional revenue and offsetting expenses.

2. DWIHN is experiencing an increase in costs and utilization. DWIHN is projected to approximately $30 million of the $70 million ISF for the fiscal year ended September 30, 2025. However, MDHHS announced on May 29th, a rate amendment that will distribute approximately $148 million statewide due to increases in inpatient, Autism and community living supports. Historically DWIHN receives 20% (or $29.5 million) of funding for similar rate adjustments.

3. DWIHN has projected to overspent General Fund again for approximately $12 million. Current year local funds will cover the overspend without spending local reserves.

4. Effective October 1, 2025, MDHHS announced that they will directly manage and oversee all CCBHC's statewide. DWIHN estimates the FY26 budget will be reduced by approximately $50 million and $49.1 million of capitated Medicaid and HMP and pass through supplemental Medicaid and HMP, respectively related to the seven (7) CCBHC's in our region. The expenses will be reduced by the same amount.

5. On May 29, 2025, the cash collateral held for the construction loans were released by Flagstar and transferred to the depository; the funds are no longer restricted.

Financial analysis- (refer to Authority balance sheet and income statement)

- Cash flow is very stable and should continue to remain strong throughout the year as liquidity ratio = 1.69.

	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR
DWIHN	2.48	2.40	2.12	2.74	2.74	2.28	2.33	2.05	1.92	1.69

(A) Cash and investments – represent amount of cash held with three (3) investment managers, First Independence Bank, Flagstar and Huntington Bank. The gradual reduction in liquidity is due to the increased costs and utilization as estimated in the IBNR calculation.

(B) Due from other governments – comprise various local, state and federal amounts due to DWIHN. Approximately $2.3 million in SUD and MH block grant due from MDHHS. Approximately $44.6 million for Quarter 1 and 2, and April **pass- through** HRA revenue. The remaining amount is due to the CCBHC cost settlement of $5 million.

(C) IBNR Payable – represents incurred but not reported (IBNR) claims from the provider network; historical average claims incurred through April 30, 2025 were approximately $564.6 million. However, actual payments were approximately $470.2 million. The difference represents claims incurred but not reported and paid $94.4 million.

(D) State contracts and contracts - $11.9 million variance relate primarily to the 7 Mile construction project estimated to be underway. DWIHN expects construction to pick up in the latter part of the fiscal year.

(E) Contracted services – The combined various of $28 million related to SUD, Autism, Adult, Children and IDD costs are increasing as DWIHN utilization continues to increase to reflect the needs in the community.

DETROIT WAYNE INTEGRATED HEALTH NETWORK
Statement of Net Position
As of April 30, 2025

Assets

Cash and investments	$ 190,364,451	A
Investments in Internal Service Fund	71,717,179	A
Receivables		
Due from other governmental units	53,662,185	B
Accounts receivable	5,699,206	
Less: allowance for uncollectible	(73,424)	
Prepayments and deposits	5,099,128	
Total current assets	326,468,725	
Capital assets, net of accumulated depreciation	62,540,985	
Total Assets	**$ 389,009,710**	

Liabilities and Net Position

Liabilities		
Accounts payable	$ 52,935,475	
IBNR Payable	94,390,339	C
Due to Wayne County	574,177	
Due to other governments	5,161,926	
Accrued wages and benefits	(128,829)	
Unearned revenue	374,258	
Accrued compensated balances	2,119,980	
Total current liabilities	155,427,326	
Notes Payable	20,685,775	
Total Liabilities	**176,113,101**	
Net Position		
Net investment in capital assets	40,694,434	
Restricted Opioid Settlement	1,917,349	
Restricted - PA2 funds	9,883,957	
Restricted Cash Collateral	22,674,428	
Internal Service Fund	68,944,031	
Unrestricted	68,782,410	
Total Net Position	**212,896,609**	
Liabilities and Net Position	**$ 389,009,710**	

DETROIT WAYNE INTEGRATED HEALTH NETWORK
Statement of Revenues, Expenses and Changes to Net Position
For the Seven Months Ending April 30, 2025

	April 2025			Year to Date			
	Budget	Actual	Variance	Budget	Actual	Variance	
Operating Revenues							
Federal grants	$ 2,395,180	$ 1,829,655	$ (565,525)	$ 16,766,260	$ 13,108,265	$ (3,657,995)	
State grants and contracts	95,888,930	93,246,404	(2,642,526)	671,222,510	659,283,284	(11,939,226)	D
Prior Year Medicaid savings	-	-	-	-	12,730,844	12,730,844	
MI Health Link	1,046,020	955,893	(90,127)	7,322,140	7,195,099	(127,041)	
Local grants and contracts	2,572,158	2,927,817	355,659	18,005,106	13,545,992	(4,459,114)	
Use of Revenues	1,314,173	-	(1,314,173)	9,199,211	-	(9,199,211)	
Other charges for services	3,333	378	(2,955)	23,331	32,394	9,063	
Total Operating Revenues	**103,219,794**	**98,960,147**	**(4,259,647)**	**722,538,558**	**705,895,878**	**(16,642,680)**	
Operating Expenses							
Salaries	$ 2,661,450	$ 2,195,088	$ 466,362	$ 18,630,150	$ 15,374,474	$ 3,255,676	
Fringe benefits	1,062,000	844,021	217,979	7,433,996	6,332,577	1,101,419	
Substance abuse services	5,259,195	6,127,154	(867,959)	36,814,365	37,878,156	(1,063,791)	E
Autism Services	8,575,482	11,872,125	(3,296,643)	60,028,374	64,625,049	(4,596,675)	E
MI HealthLink	1,025,100	135,453	889,647	7,175,700	4,728,984	2,446,716	
Adult Services	35,836,444	44,965,997	(9,129,553)	250,855,130	257,106,392	(6,251,262)	E
Children Services	4,910,509	6,587,840	(1,677,331)	34,373,563	38,363,308	(3,989,745)	E
Care Center	2,188,459	1,715,715	472,744	15,319,213	12,229,559	3,089,654	
Direct Services	1,075,444	541,258	534,186	7,528,112	3,788,854	3,739,258	
Intellectual Developmental Disabled	34,220,600	37,271,099	(3,050,499)	239,544,200	251,748,213	(12,204,013)	E
Grant Programs	1,237,715	1,436,323	(198,608)	8,664,005	4,715,946	3,948,059	
State of Michigan	1,458,137	1,290,481	167,656	10,206,959	10,028,601	178,358	
Depreciation	248,333		248,333	1,738,331	1,816,245	(77,914)	
Other operating	1,843,456	3,068,633	(1,225,177)	12,904,192	9,473,833	3,430,359	
Total Operating Expenses	**101,602,324**	**118,051,187**	**(16,448,863)**	**711,216,290**	**718,210,191**	**(6,993,901)**	
Operating Revenues over (under) Expenses	1,617,470	(19,091,040)	12,189,216	11,322,268	(12,314,313)	(23,636,581)	
Non-operating Revenues (Expenses)							
Investment Earnings	563,333	1,068,884	505,551	3,943,331	4,707,418	764,087	
Total Non-operating Revenues (Expenses)	**563,333**	**1,068,884**	**505,551**	**3,943,331**	**4,707,418**	**764,087**	
Change in Net Position	**2,180,803**	**(18,022,156)**	**12,694,767**	**15,265,599**	**(7,606,895)**	**(22,872,494)**	
Net Position - Beginning of year					220,503,504	220,503,504	
Net Position - End of Year	**$ 2,180,803**	**$ (18,022,156)**	**$ 12,694,767**	**$ 15,265,599**	**$ 212,896,609**	**$ 197,631,010**	

DETROIT WAYNE INTEGRATED HEALTH NETWORK
Statement of Cash Flows
For the Seven Months Ending April 30, 2025

Cash flows from operating activities	
Cash receipts from the state and federal governments	$ 683,577,855
Cash receipts from local sources and customers	13,578,386
Payments to suppliers	(644,684,540)
Payments to employees	(41,734,406)
Net cash provided by (used in) operating activities	**10,737,296**
Cash flows from capital and related financing activities	
Acquisition of capital assets	(3,057,017)
Principle paid on notes payable	(239,225)
Proceeds from notes payable	1,705,800
Net cash provided by (used in) capital and related financing activities	**(1,590,442)**
Cash flows from investing activities	
Interest received on investments	4,707,418
Proceeds from sale of assets	-
Net cash provided by investing activities	**4,707,418**
Net increase (decrease) in cash and cash equivalents	**13,854,272**
Cash and investments - beginning of period	**248,227,358**
Cash and investments - end of period	**$ 262,081,630**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	$ (12,314,314)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation	1,904,194
Decreases (increases) in current assets:	
Accounts receivable	5,327,209
Prepayments and deposits	(512,598)
Due from other governmental units	(1,477,111)
Due from Wayne County	
Other assets	
Increases (decreases) in current liabilities:	
Accounts and contracts payable	(62,283,027)
IBNR Payable	94,390,339
Accrued wages	(3,947,805)
Due to Wayne County	574,177
Due to other governmental units	2,257,785
Unearned revenue	(13,181,554)
Net cash provided by (used in) operating activities	**$ 10,737,296**

FY26 Budget Submission Timeline

Wednesday, June 11, 2025:	Budget Administrator provides budget templates to CFO
Monday, June 30, 2025:	Initial Budget submission to Finance and PCC
Wednesday, July 9, 2025:	Board return questions to staff
Monday, July 14, 2025:	Staff to complete questions and forward to Finance
Wednesday, July 23, 2025:	Budget with responses to questions submitted to Finance and PCC
Wednesday, August 6, 2025:	Annual Budget hearing (Finance and PCC)
Wednesday, September 3, 2025:	Presentation of Recommended Budget to Finance Committee
Wednesday, September 17, 2025:	Full board approval of Recommended Budget

DETROIT WAYNE INTEGRATED HEALTH NETWORK
BOARD ACTION

Board Action Number: 25-25R4 Revised: Y Requisition Number:

Presented to Full Board at its Meeting on: 6/18/2025

Name of Provider: Detroit Wayne Integrated Health Network

Contract Title: FY 2025 Operating Budget

Address where services are provided: None__

Presented to Finance Committee at its meeting on: 6/4/2025

Proposed Contract Term: 10/1/2024 to 9/30/2025

Amount of Contract: $ 1,261,153,299.00 Previous Fiscal Year: $ 1,150,651,761.00

Program Type: Modification

Projected Number Served- Year 1:_ Persons Served (previous fiscal year):

Date Contract First Initiated: 10/1/2024

Provider Impaneled (Y/N)?

Program Description Summary: Provide brief description of services provided and target population. If propose contract is a modification, state reason and impact of change (positive and/or negative).

The proposed budget amendment serves to certify/ decertify the following revenues and authorize changes to expenditures in a like amount:

1. Certify additional Psychiatric Hospital Rate Adjustment (HRA) revenues totaling $15,275,822 resulting from a 20% rate increase approved by DHHS

2. Decertify $818,520 of COVID and ARPA grant revenue:
   - $320,581 – Substance Use Disorders ARPA treatment and prevention block grant funds
   - $429,676 – ACT and IDDT COVID block grant funds
   - $68,263 – Mental Health COVID supplemental block grant funds

The board action also includes the use of $1,298,468 of Medicaid/ Local Reserves to support the following budgetary needs:

1. $313,700 for janitorial services at the Milwaukee Crisis Care Center (BAs 25-59, 25-62 and 25-63)
2. $163,418 for HealthStream credentialing data conversion and implementation (BA 25-14R)
3. $694,697 for additional administrative salaries and fringes:

- $72,388 salaries and fringes for administrative staff promotions
- $622,309 salaries and fringes for new administrative positions:
  - Integrated Health Population Analyst ($110,269)
  - Recipient Rights Data Analyst ($95,566)
  - Three (3) new Facilities positions ($225,342)
  - Two (2) Human Resources Generalists ($191,132)

4. $126,653 salaries and fringes to fund four (4) new contingent Mobile Crisis positions

The revised FY 2025 Operating Budget of $1,261,153,299 consists of the following revenue:

- $954,388,540 - Medicaid, DHS Incentive, Medicaid-Autism, Children's/SED Waiver, HAB, CCBHC Supplemental
- $152,892,019 - Healthy MI Plan
- $12,552,243 - MI Health Link
- $21,460,905 - State General Funds
- $23,533,633 - Wayne County Local Match Funds
- $4,723,521 - County PA2 Funds
- $38,856,715 - State Grants (MDHHS/ MDHHS SUD, OBRA)
- $27,923,631 - Federal Grants (MDHHS/ MDHHS SUD, SAMHSA)
- $953,543 - Local Grants
- $6,760,000 - Interest Income
- $40,000 - Miscellaneous Revenue
- $17,068,549 - Medicaid/ Local Reserves

Outstanding Quality Issues (Y/N)? _ If yes, please describe:

Source of Funds: Multiple

Fee for Service (Y/N):

Revenue	**FY 24/25**	**Annualized**
MULTIPLE	$ 1,261,153,299.00	$ 1,261,153,299.00
	$	$
Total Revenue	$	$

Recommendation for contract (Continue/Modify/Discontinue): Modify

Type of contract (Business/Clinical): Business

ACCOUNT NUMBER: MULTIPLE

In Budget (Y/N)?

Approved for Submittal to Board:

James White, Chief Executive Officer

Signature/Date:

James White

Signed: Friday, May 30, 2025

Stacie Durant, Vice President of Finance

Signature/Date:

Stacie Durant

Signed: Wednesday, May 28, 2025