



Detroit Wayne Integrated Health Network

707 W. Milwaukee St.
Detroit, MI 48202-2943
Phone: (313) 833-2500
www.dwihn.org

FAX: (313) 833-2156
TDD: (800) 630-1044 RR/TDD: (888) 339-5588

FINANCE COMMITTEE MEETING
Detroit Wayne Integrated Health Network
Administration Bldg.
8726 Woodward, 1st Floor Board Room
Wednesday, August 7, 2024
1:00 p.m. – 3:00 p.m.
Agenda

- I. Call to Order**
- II. Roll Call**
- III. Committee Member Remarks**
- IV. Approval of Agenda**
- V. Follow-Up Items**
 - a. BA#24-70 Considine Little Rock Life Center – Facilities to provide a transition plan to Finance Committee within 90 days. *(Full Board-July)*
- VI. Approval of Minutes – July 3, 2024**
- VII. Presentation of the Monthly Finance Report**
- VIII. Unfinished Business:**
Staff Recommendations: **None**
- IX. New Business:**
Staff Recommendations: **None**
- X. 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).
- XI. Adjournment**

Board of Directors

Dr. Cynthia Taueg, Chairperson
Karima Bentounsi
Jonathan C. Kinloch

Kevin McNamara, Vice Chairperson
Angela Bullock
Bernard Parker

Dora Brown, Treasurer
Lynne F. Carter, MD
William Phillips

Eva Garza Dewaelsche, Secretary
Angelo Glenn
Kenya Ruth

Manny Singla, Interim President and CEO



FINANCE COMMITTEE

MINUTES

JULY 3, 2024

1:00 P.M.

8726 WOODWARD AVE.
DETROIT, MI 48202
(HYBRID/ZOOM)

MEETING CALLED BY	Ms. Dora Brown, Chair called the meeting to order at 1:03 p.m.
TYPE OF MEETING	Finance Committee Meeting
FACILITATOR	Ms. Dora Brown, Chair
NOTE TAKER	Ms. Nicole Smith, Finance Management Assistant
ATTENDEES	<p>Finance Committee Members Present: Ms. Dora Brown, Chair Ms. Eva Garza Dewaelsche Ms. Kenya Ruth</p> <p>Committee Members Excused: Mr. Kevin McNamara, Vice Chair Mr. Angelo Glenn</p> <p>Board Members Present: Dr. Cynthia Taueg, Board Chair and Mr. Bernard Parker</p> <p>Board Members Attending Virtually: Ms. K. Bentounsi</p> <p>SUD Oversight Policy Board Members Attending Virtually: Mr. Thomas Adams, Chair</p> <p>Board Members Excused: None</p> <p>Staff: Ms. Stacie Durant, VP of Finance; Mr. Manny Singla, Interim President and CEO; Ms. Brooke Blackwell, VP of Governmental Affairs and Chief of Staff; Dr. Shama Faheem, Chief Medical Officer; Ms. Monifa Gray, Associate VP of Legal Affairs; Ms. Sheree Jackson, VP of Corporate Compliance; Mr. Keith Frambro, VP of IT Services; Mr. Jody Connally, VP of Human Resources; Mr. Mike Maskey, VP of Facilities; and Ms. Tiffany Devon, Director of Communications</p> <p>Staff Attending Virtually: Ms. Dhannetta Brown, Assoc. VP of Finance; Mr. Jeff White, Associate Vice President of Operations; and Ms. Yolanda Turner, VP of Legal Affairs</p> <p>Guests: None</p>

AGENDA TOPICS

- I. **Roll Call** Ms. Lillian Blackshire, Board Liaison

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II. Roll Call

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

III. Committee Member Remarks

Ms. Brown, Chair called for Committee member remarks. S. Durant congratulated the Board on their selection of the interim CEO which was Mr. Singla. She noted that she was unable to attend the Special Full Board meeting and looked forward to working with her colleague and friend. There were no additional committee remarks.

IV. Approval of Agenda

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

V. Follow-up Items

The Chair called for any follow-up items. There was one follow-up item that has been completed which was to send to the Board a list of leadership positions that had American Express cards along with the limits. The list was sent directly following the Finance Committee meeting on June 5, 2024.

VI. Approval of the Meeting Minutes

The Chair, Ms. Brown called for approval of the minutes from the meeting on Wednesday, June 5, 2024. **Motion:** It was moved by Ms. Ruth and supported by Ms. Garza Dewaelsche approval of the Finance Committee minutes from the meeting on Wednesday, June 5, 2024. There were no corrections to the minutes. **Motion carried.** Minutes accepted as presented.

VII. Presentation of the Monthly Finance Report

S. Durant, VP of Finance presented the Monthly Finance report. A written report for the eight months ended May 31, 2024, was provided for the record. The DWIHN Finance accomplishments and noteworthy items to report were:

DWIHN received the appraisals back from Flagstar to finalize the loan agreement and Woodward valuation was lower than expectations. DWIHN requested another appraisal and await the results.

Discussion ensued regarding the Woodward building appraisal not appraising at value. Ms. Durant informed the Committee, that Manny Singla, Interim CEO rejected the initial Flagstar bank appraisal and requested a second appraisal opinion. Flagstar has ordered another appraisal of the Woodward building, and we are awaiting the results.

DWIHN is projecting a general fund shortfall of approximately \$10 million due to an increase in spenddown and overall uninsured services. The amount is \$6 million more than the planned budgeted shortfall of \$4 million. DWIHN has sufficient local funds to cover the shortfall.

Discussion ensued regarding the shortfall. Ms. Durant stated the projected shortfall is a direct effect of the budget cuts from the State of Michigan. The CFO is hoping reports of the overruns to the State of Michigan, will let them know DWIHN needs more General funds.

In light of the recent \$40 million fraud scheme at a local nonprofit organization, CFO and Plante Moran will present an overview on segregation of duties in place at DWIHN. Specific questions and concerns should be sent directly to Lillian by July 19, 2024 to ensure we incorporate in the presentation. Discussion ensued regarding the incident and actions that we taken by the individual that participated in the fraud. The presentation will be a part of the monthly report from the Ms. Durant, VP of Finance.

Cash and Investments – comprise of funds held by three (3) investment managers, First Independence CDARS, Comerica, Huntington Bank, and Flagstar accounts. This amount includes the \$21.9 million cash held in collateral for the two building loans.

Due from other governments – comprise various local, state and federal amounts due to DWIHN. Approximately \$5.3 million in SUD and MH block grant due from MDHHS. Approximately \$16.0 million for April and May 2024 pass- through HRA revenue. Finally, \$3.1 million due from MDHHS for FY23 CCBHC cost settlement.

Prepayment and deposits – DWIHN advanced Starfish \$1 million in May 2024. This amount represents one month of service delivery to members. Finance will reduce future payments to recoup the advance.

IBNR Payable – represents incurred but not reported (IBNR) claims from the provider network; historical average claims incurred through May 31, 2024, was approximately \$584.5 million however actual payments were approximately \$531.5 million. The difference represents claims incurred but not reported and paid of \$53.1 million.

The Chair, Ms. Brown, noted that the Finance Monthly Report was received and filed.

VIII. FY 24/25 Budget Highlights Overview

The Chair, Ms. Brown requested an overview of the FY24/25 CEO Recommended Budget. Ms. S. Durant, VP of Finance reported on highlights of the budget as the budget hearing is scheduled for Wednesday, August 7, 2024. A copy of the budget was sent to the Board per the budget timeline and a hard copy of the budget was provided to the committee. It was also noted that the highlights may assist in the board submitting questions and concerns to her department by July 10th. Ms. Durant presented the overview which indicated that the FY2025 Recommended Operating Budget approximates \$1.165 billion which is 2% (\$23.5 million) more than the FY 2024 amended budget. The increase is primarily related to \$20 mill of state grant funds budgeted for the new integrated Care Center (7 Mile and Downriver). The State of Michigan is the primary source of revenue for DWIHN and the Michigan Department of Health and Human Services (MDHHS) budget allocations generally are not finalized until late September. There is no reduction in programs. The mental health code notes that a budget be approved and adopted by October 1st of each fiscal year. When developing the budget there were some key assumptions that had to be made and those were discussed with the committee. Highlights were provided on how Medicaid was determined; it was noted that the State did a midyear rate adjustment in April of 2024. It was also noted that an application had been made for Detroit Wayne to be a CCBHC. The assumptions regarding the hospital rate adjustment, general fund not being cut; the expenses projected for general fund for 2024 continuing in 2025; the county's match which is mandated by State Law remaining the same as well as the state giving us \$4.7 million in PA2 funds. The Wayne County programs will remain funded at the same levels as fiscal year 2024. The 7 Mile and Downriver projects are estimated to be approximately \$26 million dollars in construction cost and other capital outlay related to those two projects; also with the administrative staff there is a 4% cost of living adjustment that has been applied to all full-time employees were discussed. In addition, the fringe amount includes an assumption that the PA152 waiver will continue to be a 90/10 split. Schedules A-1 Network Expenses; A-3 Revenue were highlighted and a brief discussion took place. Discussion ensued about the general fund and the State estimating that with the rate adjustment there would be at least \$130 million dollars in fiscal 24 that would get pushed to the PIHP's. The Department sent communications to MDHHS noting that the money had not been received. It was also noted that local, state and Federal grants went up by \$11.7 million dollars includes an additional \$20 million of grant funds for 7-Mile and Downriver project costs, offset by \$5.5 million decrease in COVID grant funding, \$1.4 million decrease in opioid settlement funds and decrease of \$1.6 million SAMHSA Mobile Crisis grant funds. The administration budget went up \$5.9 million dollars

relates to a 4% cost of living adjustment (\$20 million) and \$2.5 million net expenses budgeted for debt service and facility maintenance costs for Woodward and 707 W. Milwaukee. It was noted that the new Budget Administrator went through all the purchase orders for each department and as a result there were some increases because the fiscal 24 budget did not have enough money in that budget line item.

At this time Ms. Gray, Associate VP of Legal noted that the Board Building Committee was scheduled to begin at 2:00 p.m. It was suggested that the Finance Committee Chair take a recess at the Call of the Chair; allow the Building Committee to gavel in and if that Chair agrees, recess that meeting and the Finance Committee Chair can come out of recess and continue her meeting. The Finance Committee Chair recessed the meeting at 2:02 p.m. The Finance Committee came out of recess at 2:15 p.m.

Ms. Durant, VP of Finance continued with the highlights of FY2025 budget and the variance of Substance abuse that primarily related to the elimination of several SUD Covid grants and the reduction to grant programs of a million dollars which is primarily the SAMHSA Mobile grant. Direct Services, there is an increase of \$672,000 and this represents an additional five direct service employees that are added to the fiscal 25 budget. Information was provided on the Care Center increase of \$2.4 million; and the general fund spreadsheet where the amounts were significantly increased. It was noted that the questions were due by July 10th and should be sent to the Board Liaison so that they could be incorporated as part of the budget presentation. There was no further discussion on the FY24/25 CEO Recommended Budget.

IX. Unfinished Business – Staff Recommendations:

- a. BA#21-29 (Revision 3) – Outfront Media Inc. The Chair, Ms. Brown called for a motion. **It was moved by Ms. Ruth and supported by Dr. Taueg approval of BA#21-29 (Revision 3) Outfront Media Inc.** Ms. T. Devon, Director of Communications reporting. DWIHN Administration is requesting board approval to pay an outstanding balance of \$2,601.00 to OutFront Media from their August 2023 invoice. This invoice is under Board Action #21-29 (Revised). Due to a clerical error, the amount due on invoice #05988540 was \$8,795.00, however, there was only \$6,194.00 left on the purchase order, leaving a balance of \$2,601.00 due to Outfront Media. There was no further discussion. **Motion carried.**
- b. BA#21-72 (Revision 3) Plante & Moran PLLC – Annual Financial Statement Audits. The Chair Ms. Brown called for a motion. **It was moved by Ms. Ruth and supported by Ms. Garza Dewaelsche approval of BA#21-72 (Revision 3) Plante & Moran PLLC.** Ms. S. Durant, VP of Finance reporting. This board action is requesting approval for a revision to exercise the two year contract renewal option in the amount not to exceed \$365,000 for the annual financial statement audit, Single Audit and Compliance Examination for the fiscal years ended September 30, 2024 and 2025 consistent with terms of the RFP. The amount includes \$12,000 per year in the event DWIHN has three major programs with the Single Audit. Discussion ensued regarding a policy being in place as to how long an auditor can audit the statements. It was noted that we do not have a policy as it relates to the number of years an auditor can serve and a couple of years ago a document was presented on best practices on having a consistent auditor for a number of years. Discussion ensued regarding the rotation of partners and managers which is what Plante Moran does; the RFP being done in accordance with the procurement policy and the selection process being done in accordance with the best practice and current policy; this being an operating policy

and not necessarily a board governance policy; and CMH work being a very specialized niche and the small number of organization that do this type of audit. There was no further discussion. **Motion carried.**

X. New Business – Staff Recommendations:

a. BA#24-69 – 123.Net Internet Services – Renewal 2024-2027 – The Chair, Ms. Brown called for a motion. **It was moved by Ms. Ruth and supported by Dr. Taueg approval of BA#24-69 123.Net Internet Services-Renewal 2024-2027.** Mr. K. Frambo, VP of IT Services reporting. DWIHN is requesting approval of a three-year contract renewal with 123.Net for fiber Internet Service to increase and maintain available internet speed for business functions for employee remote access to data. 123.Net services are crucial to the interoperability of DWIHN locations between 707 W. Milwaukee and 8726 Woodward, along with the datacenter located in Southfield, Michigan. DWIHN uses multiple internet service providers at the 707 and Woodward locations to ensure data redundancy and availability. The total amount of the contract would not exceed \$77,364 as follows: Year 1 - \$25,788.00; Year 2 - \$25,788.00; Year 3 - \$25,788.00. There was no further discussion. **Motion carried.**

b. BA#24-70 – Leasing Space at Considine Little Rock Life Center –The Chair called for a motion. **It was moved by Dr. Taueg and supported by Ms. Garza Dewaelsche approval of BA#24-70 Leasing Space at Considine Little Rock Life Center.** M. Maskey, VP of Facilities reporting. DWIHN is requesting Board approval to continue leasing space from the Considine Little Rock Life Center (Considine). The requests space allows DWIHN ample community storage adjacent to our Woodward Administration Building for the storing, packaging, and distribution of organizational materials to the public. In addition, we are afforded the opportunity to have community engagement meetings for larger informal gatherings. Considine has been used to hold town hall meetings, community outreach meetings and accessible public gatherings. DWIHN has exclusive use and occupation of its auditorium for hosting public gatherings and community outreach services. This space will additionally help to aid in building community relationships by offering needed community space to members of the local block clubs and neighborhood associations to have access to this space for large community gatherings. The current lease expires on July 31, 2024 and DWIHN has incurred \$42,000 to date on the existing contract. We are requesting a contract extension for an additional period of one-year effective August 1, 2024, with the option for a one-year renewal, at an amount of \$21,000 per year (excludes option), for a total not to exceed \$63,000. Discussion ensued regarding length of time space would be used; storage of materials; DWIHN having several buildings and still not having enough storage space; exercising the renewal options; delivery and logistics of getting materials in and out of facility for distribution; parking; the overlapping of meetings; the option of doing a month-to-month contract; termination of the contract; the out of lease clause and the length of time it would take to give notice. Mr. Maskey noted that they are putting together a summary of what has been stored in the building and requested additional time to put the information together. It was determined that Facilities would explore other options. The committee would renew the contract for a year as long as there is an out clause of 30 or 60 days and once we have a solution we will give notice and end the contract. There was no further discussion. **Motion carried.**

XI. 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 Ms. Garza Dewaelsche and supported by Ms. Ruth to adjourn the meeting. **Motion carried.** The meeting was adjourned at 2:47 p.m.

FOLLOW-UP ITEMS

1. None.

**DWIHN Division of Management and Budget
Monthly Finance Report
For the nine months ended June 30, 2024**

DWIHN Finance accomplishments and noteworthy items:

Special presentation on internal controls and segregation of duties – Plante Moran and DWIHN CFO

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 = 2.93.

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
DWIHN	2.56	2.53	2.53	2.44	2.44	2.35	2.66	2.72	2.48	2.29	2.93	2.70

- (A) Cash and Investments – comprise of funds held by three (3) investment managers, First Independence CDARS, Comerica, Huntington Bank, and Flagstar accounts. This amount includes the \$21.9 million cash held in collateral for the two building loans.
- (B) Due from other governments – comprise various local, state and federal amounts due to DWIHN. Approximately \$7.3 million in SUD and MH block grant due from MDHHS. Approximately \$24.0 million for 3rd quarter 2024 pass- through HRA revenue.
- (C) IBNR Payable – represents incurred but not reported (IBNR) claims from the provider network; historical average claims incurred through June 30, 2024, was approximately \$651.6 million however actual payments were approximately \$600.0 million. The difference represents claims incurred but not reported and paid of \$51.6 million.

DETROIT WAYNE INTEGRATED HEALTH NETWORK

Statement of Net Position

As of June 30, 2024

Assets

Cash and investments	\$ 183,042,250	A
Investments in Internal Service Fund	73,296,972	A
Receivables		
Due from other governmental units	33,245,975	B
Accounts receivable	3,377,089	
Less: allowance for uncollectible	(73,424)	
Prepayments and deposits	1,406,098	
Total current assets	<u>294,294,960</u>	
Capital assets, net of accumulated depreciation	<u>57,484,800</u>	
Total Assets	<u><u>\$ 351,779,760</u></u>	

Liabilities and Net Position

Liabilities

Accounts payable	\$ 32,457,681	
IBNR Payable	51,624,811	C
Due to Wayne County	1,373,056	
Due to other governments	4,713,253	
Accrued wages and benefits	2,020,336	
Unearned revenue	607,596	
Accrued compensated balances	2,119,980	
Total current liabilities	<u>94,916,713</u>	
Notes Payable	<u>17,168,434</u>	
Total Liabilities	<u><u>112,085,147</u></u>	

Net Position

Net investment in capital assets	37,648,359
Unrestricted - PA2 funds	9,330,007
Restricted Cash Collateral	21,907,338
Internal Service Fund	72,711,318
Unrestricted	<u>98,097,591</u>
Total Net Position	<u><u>239,694,613</u></u>

Liabilities and Net Position	<u><u>\$ 351,779,760</u></u>
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DETROIT WAYNE INTEGRATED HEALTH NETWORK
Statement of Revenues, Expenses and Changes to Net Position
For the Nine Months Ending June 30, 2024

	June 2024			Year to Date		
	Budget	Actual	Variance	Budget	Actual	Variance
Operating Revenues						
Federal grants	\$ 2,660,625	\$ 2,214,193	\$ (446,432)	\$ 23,945,625	\$ 21,862,119	\$ (2,083,506)
State grants and contracts	88,458,761	87,915,172	(543,589)	796,128,849	793,591,144	(2,537,705)
Medicaid savings	-	-	-	-	32,492,867	32,492,867
MI Health Link	1,024,161	507,791	(516,370)	9,217,449	5,759,886	(3,457,563)
Local grants and contracts	2,422,898	2,165,111	(257,787)	21,806,082	17,278,667	(4,527,415)
Other charges for services	3,333	555	(2,778)	29,997	29,325	(672)
Total Operating Revenues	94,569,778	92,802,822	(1,766,956)	851,128,002	871,014,008	19,886,006
Operating Expenses						
Salaries	2,460,798	2,048,666	412,132	22,147,182	20,572,148	1,575,034
Fringe benefits	931,452	789,141	142,311	8,383,067	8,007,082	375,985
Substance abuse services	5,248,438	5,079,459	168,979	47,235,942	46,127,974	1,107,968
Autism Services	7,483,970	7,893,353	(409,383)	67,355,730	69,527,819	(2,172,089)
MI HealthLink	1,023,328	852,275	171,053	9,209,952	8,786,916	423,036
Adult Services	32,221,048	31,874,003	347,045	289,989,432	296,875,896	(6,886,464)
Children Services	5,631,415	6,397,216	(765,801)	50,682,735	46,339,875	4,342,860
Care Center	1,936,667	1,304,434	632,233	17,430,003	7,366,136	10,063,867
Direct Services	484,895	393,256	91,639	4,364,055	2,930,126	1,433,929
Intellectual Developmental Disabled	32,892,299	29,857,169	3,035,130	296,030,691	301,341,691	(5,311,000)
Grant Programs	1,005,538	515,390	490,148	9,049,850	4,497,581	4,552,269
State of Michigan	1,723,533	1,141,539	581,994	15,511,797	13,176,856	2,334,941
Depreciation	147,233	-	147,233	1,325,097	631,362	693,735
Other operating	1,313,531	1,445,479	(131,948)	11,821,779	10,575,019	1,246,760
Total Operating Expenses	94,504,145	89,591,380	4,912,765	850,537,312	836,756,481	13,780,831
Operating Revenues over (under) Expenses	65,633	3,211,442	(6,679,721)	590,690	34,257,527	33,666,837
Non-operating Revenues (Expenses)						
Investment Earnings	416,667	656,883	240,216	3,750,003	7,149,325	3,399,322
Total Non-operating Revenues (Expenses)	416,667	656,883	240,216	3,750,003	7,149,325	3,399,322
Change in Net Position	482,300	3,868,325	(6,439,505)	4,340,693	41,406,852	37,066,159
Net Position - Beginning of year					198,287,761	198,287,761
Net Position - End of Year	\$ 482,300	\$ 3,868,325	\$ (6,439,505)	\$ 4,340,693	\$ 239,694,613	\$ 235,353,920

DETROIT WAYNE INTEGRATED HEALTH NETWORK

Statement of Cash Flows

For the Nine Months Ending June 30, 2024

Cash flows from operating activities	
Cash receipts from the state and federal governments	\$ 834,472,289
Cash receipts from local sources and customers	17,307,993
Payments to suppliers	(843,426,183)
Payments to employees	(40,348,065)
	<u>(31,993,966)</u>
Net cash provided by (used in) operating activities	(31,993,966)
Cash flows from capital and related financing activities	
Acquisition of capital assets	(9,690,551)
Proceeds from notes payable	4,868,581
	<u>(4,821,971)</u>
Net cash provided by (used in) capital and related financing activities	(4,821,971)
Cash flows from investing activities	
Interest received on investments	7,149,325
Proceeds from sale of assets	-
	<u>7,149,325</u>
Net cash provided by investing activities	7,149,325
Net increase (decrease) in cash and cash equivalents	(29,666,611)
Cash and investments - beginning of period	286,005,834
Cash and investments - end of period	<u>\$ 256,339,222</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ 34,257,527
Adjustments to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation	661,566
Decreases (increases) in current assets:	
Accounts receivable	15,848,689
Prepayments and deposits	(524,355)
Due from other governmental units	456,680
Due from Wayne County	
Other assets	
Increases (decreases) in current liabilities:	
Accounts and contracts payable	(94,904,363)
IBNR Payable	51,624,811
Accrued wages	(529,629)
Due to Wayne County	1,373,056
Due to other governmental units	(4,718,852)
Unearned revenue	(35,539,096)
	<u>(31,993,966)</u>
Net cash provided by (used in) operating activities	<u>\$ (31,993,966)</u>