



COUNTY ADMINISTRATOR
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TO: Al Robinson, Chair
Ways & Means Committee

THROUGH: Robert E. Guenzel
County Administrator

FROM: Kathleen Reynolds, Director
Community Mental Health

DATE: June 9, 1999

SUBJECT: Resolution to Approve the Creation of Washtenaw Community Health Organization
through an Urban Cooperation Agreement with the University of Michigan

BOARD ACTION REQUESTED:

The Board is requested to approve the creation of Washtenaw Community Health Organization, a separate governmental entity created through an Urban Cooperation Agreement with the University of Michigan.

BACKGROUND:

The proposed integration of services between Washtenaw County Community Mental Health and the University of Michigan has been presented in working session on two occasions in the past year and the Washtenaw County Board of Commissioners held three public hearings; April 21,1999, May 5, 1999 and May 19, 1999. All comments received at the public hearings were in support of the new organization. When approved by the Attorney General and Governor, the agreement would become effective January 1, 2000.

DISCUSSION:

The attached Urban Cooperation Agreement defines the parameters of the proposed integration of Washtenaw County Community Mental Health and the University of Michigan. The project will provide integrated health care for individuals with developmental disabilities, mental illness and individuals with a substance abuse problem. Having a single community Board set health care policy for these high need individuals will result in a higher quality of care that is more accessible and more responsive to their needs.

This project also provides Washtenaw County with a distinct advantage with the pending competitive bid for Community Mental Health Services. It positions CMH for all possible configurations of that bid: single county or regional bid, full risk or shared risk, carve out or carve in. It provides a degree a flexibility few can duplicate.

The Board of Commissioners is asked to approve two versions of the Urban Cooperation Agreement. At the present time the Attorney General has not issued an opinion on which public act takes precedence in establishing the governing board of the new Organization; the Urban Cooperation Act or the Michigan Mental Health Code. If the Urban Cooperation Act takes precedence then the new Board has six representatives appointed by the University of Michigan and six representatives appointed by the Board of Commissioners. If the Mental Health Code takes precedence the Board of Commissioners needs to appoint all twelve members. In that case the University of Michigan would recommend six appointees to the Commission and the Commission would formally appoint all twelve members. This would be similar to appointments that are currently made to the Workforce Development Board.

The only difference in the two versions is Section 3.1 of the agreement where governing board appointments are discussed. When the Attorney General's Office provides its ruling the agreement which complies with that opinion will be submitted immediately for final Attorney General sign

off. This action allows the department to respond immediately with submission of the document. This is particularly important with the summer schedule of the Board beginning on June 9, 1999. Should the Attorney General request any other changes the document would be brought back for Board of Commissioner approval.

The project was approved by the Regents of the University of Michigan on May 21, 1999.

IMPACT ON HUMAN RESOURCES:

There are presently no plans for the new Organization to hire its own employees. All employees of Washtenaw County remain Washtenaw County employees. The same is true for the University.

IMPACT ON BUDGET:

Once created, all funds that had traditionally come to the Mental Health Board will flow to the new Organization. The new Organization will in turn contract with Community Mental Health for administrative and direct services.

IMPACT ON INDIRECT COSTS:

None.

IMPACT ON OTHER COUNTY DEPARTMENTS OR AGENCIES;

This agreement does not impact other County Departments. Once implemented all current CMH non-profits will contract with the new Organization rather than CMH.

CONFORMITY TO COUNTY POLICIES:

This action conforms with all appropriate County policies.

ATTACHMENTS:

Urban Cooperation Agreement

A RESOLUTION TO APPROVE THE CREATION OF WASHTENAW COMMUNITY HEALTH ORGANIZATION, A SEPARATE GOVERNMENTAL ENTITY CREATED THROUGH AN URBAN COOPERATION AGREEMENT WITH THE UNIVERSITY OF MICHIGAN.

WASHTENAW COUNTY BOARD OF COMMISSIONERS

June 9, 1999

WHEREAS, Washtenaw County Community Mental Health and the University of Michigan have been negotiating for two years on the creation of the Washtenaw Community Health Organization; and

WHEREAS, the Michigan Mental Health Code and Urban Cooperation Act require three public hearings prior to the creation of a new governmental entity and those hearings were held on April 21, 1999, May 5, 1999 and May 19, 1999; and

WHEREAS, the Washtenaw County Board of Commissioners has reviewed the project and the draft Urban Cooperation Agreement in working session; and

WHEREAS, the Regents of the University of Michigan approved the creation of Washtenaw Community Health Organization on May 20, 1999; and

WHEREAS, the Attorney General's office has informally reviewed the document and will identify which public act takes precedence in the appointment of the governing board; and

WHEREAS, this has been reviewed by the Washtenaw County Community Mental Health Board, the Finance Office, Corporation Counsel, Human Resources, the County Administrator's Office and the Ways and Mean Committee

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners hereby authorizes the creation of Washtenaw Community Health Organization, a separate governmental entity created through an Urban Cooperation Agreement with the University of Michigan, to be filed with the County Clerk upon review of Corporation Counsel.

BE IT FURTHER RESOLVED that the Washtenaw County Board of Commissioners hereby agrees to appoint members of governing board of the new Organization in compliance with the Urban Cooperation Act (Version A) or the Michigan Mental Health Code (Version B), as on file with the County Clerk/Register.

BE IT FURTHER RESOLVED that once the Attorney General's Office decides which Public Act governs the appointment of board members for the new Organization (either the Urban Cooperation Act which is Version A or the Michigan Mental Health Code which is Version B) that Version which is rejected by the Attorney General's Office shall automatically be null and void.

(VERSION A)

Agreement Creating

a Washtenaw Community Health Organization

This agreement is entered into as of this _____ day of _____, 1998 by the County of Washtenaw (County), a Michigan Municipal Corporation and the Regents of the University of Michigan and its University of Michigan Health System (UMHS), a Michigan Constitutional Corporation. By this agreement, the parties, pursuant to M.C.L.A. 124.501 et. seq., create a legal entity to be known as the Washtenaw Community Health Organization (Organization).

ARTICLE ONE - PURPOSE

The County and the Regents of the University of Michigan and its University of Michigan Health System desire to establish an integrated health care delivery system to provide mental health, substance abuse and primary and specialty health care to Medicaid, low income and indigent consumers as defined by the Mental Health Code and Medicaid eligibility guidelines. This entity will be designated as the County's Community Mental Health Board.

ARTICLE TWO - DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

2.1 Board: the Board of Directors of the Organization, as described in this agreement.

2.2 Budget: the annual fiscal plan regarding anticipated revenues and expenditures of the Organization adopted by the Board.

2.3 Fiscal Year: the budget year is October 1 through September 30.

2.4 Horizontal Integration of Services: the combining of the parties similar services to and across defined service markets, requiring functional skills identical to those already in the organization.

2.5 Organization: the separate legal entity that is formed by this agreement; a Community Mental Health program established as a public governmental entity separate from the County that establishes it (Section 330.1204 of the Michigan Mental Health Code)

2.6 Primary Consumer: an individual who has received or is receiving services from the Department of Community Health or a community mental health services program or services from the private sector equivalent to those offered by the Department of Community Health or a community mental health program.

2.7 Secondary Consumer: the family member of an individual receiving services from one of the parties to this agreement.

2.8 Vertical Integration of Services: the integration of key functional activities for enhanced planning, productivity, information systems and coordinated clinical and administrative services.

ARTICLE THREE - GOVERNANCE

From the date of this agreement, until the creation of the new Organization, the parties will work together to create a Community Mental Health Organization.

3.1 Board of Directors. By January 1, 1999 the parties shall appoint a 12 member Board of Directors that complies with the composition requirements of the Urban Cooperation Act. The Washtenaw County Board of Commissioners shall appoint six members and the University of Michigan Regents shall appoint six members. Such members shall serve at the will of the entity that appoints.

3.1.1 The initial appointment of the twelve Board members shall be for staggered terms with four members appointed for 1 year terms, four members appointed for two year terms, and four members appointed for three year terms. All subsequent appointments will be for three year terms commencing on April 1 of each year.

3.1.2 Each party agrees to appoint and maintain the appointment of at least one primary and one secondary consumer to the Board.

3.2 Powers. The Board shall perform all functions expressly granted to such an entity by the Michigan Mental Health Code section 330.1226 and the Urban Cooperation Act section 124.501:507, including, but not limited to:

3.2.1 Enter into contracts;

3.2.2 Apply for, receive, and administer grants, gifts, bequests, or assistance funds;

3.2.3 Approve the Organization's annual budget;

3.2.4 Employ, engage, compensate, transfer or discharge personnel of the Organization as necessary; At the time of implementation of this agreement, employees of Washtenaw County remain Washtenaw County employees and employees of the University of Michigan remain employees of the University of Michigan.

3.2.5 Construct, acquire, manage, own, use, operate, maintain, lease or sell real or personal property;

3.2.6 Dispose, divide or distribute any property acquired through the execution of this agreement;

3.2.7 Obtain insurance coverage for the Organization;

3.2.8 Manage all mental health and substance abuse funds provided to Washtenaw County as part of the State Department of Community Health Carve Out Plans;

3.2.9 Manage the primary and specialty medical care dollars that come to the University of Michigan Hospital and Health Centers (UMHHC), from M-Care, for Medicaid consumers in Washtenaw County and such other programs as determined by the parties to this agreement;

3.2.10 Create policies and procedures for the Organization

3.3 The Board shall not have the authority to bind, commit or encumber funds of the creating parties.

3.4 The Board shall meet at least monthly. The Board may meet more frequently as needed. Board members may participate by phone in meetings called and convened in compliance with the Open Meetings Act. The Board shall elect a Chair, a Vice-Chair, a Secretary and a Treasurer from its membership to serve for one year terms which can be renewed.

3.4.1 The Board Chair shall be elected at the April meeting and shall preside over Board meetings.

3.4.2 The Vice-Chair will carry out the duties of the Chair in the event the Chair is absent and/or unable to carry out his/her duties and responsibilities. The Vice-Chair will also perform such duties as may be designated by the Chair.

3.4.3 The Secretary will ensure that minutes of all meetings are taken, maintained and distributed to all Board members.

3.4.4 The Treasurer shall be responsible for the review of the finances of

the Organization and the presentation of the monthly revenue and expenditure reports of the Organization.

3.4.5 In the absence of both the Chair and the Vice-Chair the meeting will be conducted by the Secretary; and in the absence of all three, the meeting shall be conducted by the Treasurer.

3.5 Quorum and Majority. The Board shall not take action except at a properly convened meeting in compliance with the Open Meetings Act, at which a quorum is present. A quorum is defined as nine members. Action is to be taken by the affirmative vote of at least nine of the Board members participating in the meeting. Each Board member shall have one vote and proxy voting is not permitted.

3.6 Minutes. Minutes shall be kept by the secretary and distributed to each member along with the agenda three days in advance of the Board meeting.

3.7 Executive Director. The Board of Directors shall appoint an Executive Director to conduct the daily activities of the Organization.

3.8 Staff Executive Committee: Upon the implementation of the Organization a Staff Executive Council shall be formed. Each party shall appoint an equal number of staff representatives to the Staff Executive Committee. The Chief Executive Officer of the Organization shall chair this Committee. The Committee shall be responsible for developing, reviewing and monitoring the Organization's fiscal, administrative and clinical operations.

3.9 Policies and Procedures. Policies and procedures are established by the Organization's Board of Directors and implemented by the Executive Director.

3.8.1 Executive Director of the Organization is directly responsible to the Board for implementing policies and procedures adopted by the Board, and other duties as directed by the Board.

3.10 Compensation. Board members shall be compensated at a rate of \$25 per meeting for a maximum of two meetings a month.

3.11 Reserve Powers. The parties to this agreement reserve the powers delineated below:

(1) Approve, prior to any changes taking effect, changes to the membership, Articles of Incorporation or bylaws of the Organization;

(2) Receive and advise the Organization, in advance of implementation, on the Organization's needs assessment, annual plan, budget and external requests for funds;

(3) Review and advise the Organization on executive director candidates prior to appointment of an executive director by the Board.

4.1. Upon appointment of the Board of the Directors the new Organization shall assume the responsibility for all fiscal functions of the Organization. At that point, the Operations Council shall cease to exist. At that time, Washtenaw County and the University of Michigan Health System agree to transfer the following funds to the organization:

Washtenaw County shall contribute the following funds:

(1) Any and all capitated Medicaid funds received for the provision of mental health and substance abuse services in Washtenaw County.

(2) Any and all capitated general funds received for the provision of mental health and substance abuse services in Washtenaw County.

(3) Any and all grant and other revenues generated in the provision of mental health and substance abuse services in Washtenaw County.

(4) Any and all Substance Abuse Federal Block grant funds received.

The University of Michigan shall contribute the following funds:

(1) Any and all capitation received by UMHHC, from M-CARE for the provision of services to the Medicaid population.

(2) Any and all capitation received from the Washtenaw County Public Health Department as part of indigent health care services for Washtenaw County residents.

The Organization agrees to complete and present an annual budget to the Washtenaw County Board of Commissioners and the Chief Executive Officer of the UMHS, acting on behalf of the Regents of the University of Michigan, no later than September 1 of each fiscal year.

4.2 Contracting. The Organization may contract with other agencies interested in receiving mental health, substance abuse and primary and specialty care services from the Organization. The Organization may also contract with the County, UMHS, or other public or private agencies for support services, including, but not limited to, finance, legal and personnel administration as well as the direct provision of mental health, substance abuse and/or primary and specialty medical care.

Washtenaw County agrees to maintain its Community Mental Health Department and to provide specified mental health and substance abuse services as requested by the Organization.

4.3 Risk Financing. Upon appointment of the Board of Directors the new Organization

shall assume the risk associated with any and all contracts. The parties agree to share equally in the risk and benefit corridors established by the contract with the State for County Mental Health and Substance Abuse funding. The parties further agree to share risk equally on the primary and specialty care funding using the same risk and benefit corridors the State has established for mental health and substance abuse funding. The University of Michigan Health System will hold the risk and benefit above the established corridors for the primary and specialty care dollars.

The parties further agree that risk sharing begins on FY 1998/99 actuals, by each fund source. Neither party shall be responsible to share risk on pre-existing deficits in any capitated plan.

Any and all agreements entered into between the WCCMH Board and the County Board of Commissioners regarding the deficit reduction plan for WCCMH remain intact. The County also agrees to transfer any funds in the Internal Service fund of WCCMH to the Organization.

The Organization shall not assume any liabilities related to claims from activities of Washtenaw County or the University of Michigan prior to implementation of this agreement.

4.4 Annual Audit. In accordance with Michigan State law the Organization's revenues and expenditures shall be subject to a complete, annual audit, which will include an audit opinion without qualifications, to be performed by the certified public accountant of the entity providing fiduciary services. Either party can request a change in auditors, which must be reviewed by the Board. Either party may access the audit work papers.

4.5 Savings and Reinvestment: The new Organization will develop and implement a reinvestment strategy for all Medicaid and general fund savings realized. The reinvestment strategy shall direct Medicaid savings to the Medicaid population and Michigan Department of Community Health general funds provided to the organization to the indigent population. The funds may be used to financially support any or all of the following:

1. New Treatment, support or service models

2. Expansions of existing treatment, support and/or service models

3. Community education, prevention and/or early intervention

4. Treatment, support and/or service model research and evaluation.

ARTICLE FIVE - MISCELLANEOUS

5.1 Extent of Agreement. This Agreement constitutes the complete expression of the Agreement between the parties on mental health substance abuse and primary and specialty medical care.

5.2 Severability. This Agreement shall be interpreted under Michigan law. If any portion is held to be illegal, invalid, or unenforceable, the remainder of the Agreement shall be deemed severable and shall remain in full force an effect.

5.3 Non Waiver. By participation in the Organization the County and UMHS do not waive any of their legal rights or defenses with respect to any third party or parties. Moreover, the County and UMHS do not expressly or impliedly assume any liability for each other or any third party,

5.4 Duration. This Agreement shall continue in force for ten years, provided, however, that the County or UMHS upon giving one year written notice to the other party may terminate this agreement. In the event either party is no longer the recipient of funding included in this agreement or there is a material change in any aspect of this agreement, the parties have 30 days to negotiate modifications to the Organization's business plan and functions. In the event an agreement is not reached, either party can provide 90 days written notice to terminate the agreement.

5.5 Termination, Distribution of Assets. If this Agreement is terminated and/or dissolved, the Organization's capital assets and liabilities shall be distributed equally between the County and UMHS as defined in the Organization's bylaws.

5.6 Amendments. Amendments to this Agreement must be in writing with prior approval by both parties.

**University of Michigan Health Washtenaw County, a
System a Public Institution Michigan Municipal Corp.**

By: _____ By: _____

**The Regents of the University Christina Montague, Chair
Of Michigan Washtenaw County Board of
Commissioners**

Attested To:

By: _____ By: _____

Peggy M. Haines, Clerk

Approved As To Form: Approved As To Form:

By: _____ By: _____

**Edward B. Goldman Curtis N. Hedger,
Health System Attorney Corporation Counsel**

(VERSION B)

Agreement Creating

a Washtenaw Community Health Organization

This agreement is entered into as of this _____ day of _____, 1998 by the County of Washtenaw (County), a Michigan Municipal Corporation and the Regents of the University of Michigan and its University of Michigan Health System (UMHS), a Michigan Constitutional Corporation. By this agreement, the parties, pursuant to M.C.L.A. 124.501 et. seq., create a legal entity to be known as the Washtenaw Community Health Organization (Organization).

ARTICLE ONE - PURPOSE

The County and the Regents of the University of Michigan and its University of Michigan Health System desire to establish an integrated health care delivery system to provide mental health, substance abuse and primary and specialty health care to Medicaid, low income and indigent consumers as defined by the Mental Health Code and Medicaid eligibility guidelines. This entity will be designated as the County's Community Mental Health Board.

ARTICLE TWO - DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

2.1 Board: the Board of Directors of the Organization, as described in this agreement.

2.2 Budget: the annual fiscal plan regarding anticipated revenues and expenditures of

the Organization adopted by the Board.

2.3 Fiscal Year: the budget year is October 1 through September 30.

2.4 Horizontal Integration of Services: the combining of the parties similar services to and across defined service markets, requiring functional skills identical to those already in the organization.

2.5 Organization: the separate legal entity that is formed by this agreement; a Community Mental Health program established as a public governmental entity separate from the County that establishes it (Section 330.1204 of the Michigan Mental Health Code)

2.6 Primary Consumer: an individual who has received or is receiving services from the Department of Community Health or a community mental health services program or services from the private sector equivalent to those offered by the Department of Community Health or a community mental health program.

2.7 Secondary Consumer: the family member of an individual receiving services from one of the parties to this agreement.

2.8 Vertical Integration of Services: the integration of key functional activities for enhanced planning, productivity, information systems and coordinated clinical and administrative services.

ARTICLE THREE - GOVERNANCE

From the date of this agreement, until the creation of the new Organization, the parties will work together to create a Community Mental Health Organization.

3.1 Board of Directors. By January 1, 1999 the parties shall appoint a 12 member Board of Directors that complies with the composition requirements of the Michigan Mental Health Code (MCLA 330.1212). The University of Michigan shall recommend six members and Washtenaw County shall recommend six members for the Board. The Washtenaw County Board of Commissioners shall appoint all twelve members. A request for removal of any Board member shall be acted upon within 30 days of such request.

3.1.1 The initial appointment of the twelve Board members shall be for staggered terms with four members appointed for 1 year terms, four members appointed for two year terms, and four members appointed for three year terms. All subsequent appointments will be for three year terms commencing on April 1 of each year.

3.1.2 Each party agrees to recommend and maintain at least one primary and one secondary consumer representative on the Board.

3.2 Powers. The Board shall perform all functions expressly granted to such an entity by the Michigan Mental Health Code section 330.1226 and the Urban Cooperation Act section 124.501:507, including, but not limited to:

3.2.1 Enter into contracts;

3.2.2 Apply for, receive, and administer grants, gifts, bequests, or assistance funds;

3.2.3 Approve the Organization's annual budget;

3.2.4 Employ, engage, compensate, transfer or discharge personnel of the Organization as necessary; At the time of implementation of this agreement, employees of Washtenaw County remain Washtenaw County employees and employees of the University of Michigan remain employees of the University of Michigan.

3.2.5 Construct, acquire, manage, own, use, operate, maintain, lease or sell real or personal property;

3.2.6 Dispose, divide or distribute any property acquired through the execution of this agreement;

3.2.7 Obtain insurance coverage for the Organization;

8. Manage all mental health and substance abuse funds provided to Washtenaw County as part of the State Department of Community Health Carve Out Plans;

3.2.9 Manage the primary and specialty medical care dollars that come to the University of Michigan Hospital and Health Centers (UMHHC), from M-Care, for Medicaid consumers in Washtenaw County and such other programs as determined by the parties to this agreement;

3.2.10 Create policies and procedures for the Organization

3.3 The Board shall not have the authority to bind, commit or encumber funds of the creating parties.

3.4 The Board shall meet at least monthly. The Board may meet more frequently as needed. Board members may participate by phone in meetings called and convened in compliance with the Open Meetings Act. The Board shall elect a Chair, a Vice-Chair, a Secretary and a Treasurer from its membership to serve for one year terms which can be renewed.

3.4.1 The Board Chair shall be elected at the April meeting and shall preside over Board meetings.

3.4.2 The Vice-Chair will carry out the duties of the Chair in the event the Chair is absent and/or unable to carry out his/her duties and responsibilities. The Vice-Chair will also perform such duties as may be designated by the Chair.

3.4.3 The Secretary will ensure that minutes of all meetings are taken, maintained and distributed to all Board members.

3.4.4 The Treasurer shall be responsible for the review of the finances of the Organization and the presentation of the monthly revenue and expenditure reports of the Organization.

3.4.5 In the absence of both the Chair and the Vice-Chair the meeting will be conducted by the Secretary; and in the absence of all three, the meeting shall be conducted by the Treasurer.

3.5 Quorum and Majority. The Board shall not take action except at a properly convened meeting in compliance with the Open Meetings Act, at which a quorum is present. A quorum is defined as nine members. Action is to be taken by the affirmative vote of at least nine of the Board members participating in the meeting. Each Board member shall have one vote and proxy voting is not permitted.

3.6 Minutes. Minutes shall be kept by the secretary and distributed to each member along with the agenda three days in advance of the Board meeting.

3.7 Executive Director. The Board of Directors shall appoint an Executive Director to conduct the daily activities of the Organization.

3.8 Staff Executive Committee: Upon the implementation of the Organization a Staff Executive Council shall be formed. Each party shall appoint an equal number of staff

representatives to the Staff Executive Committee. The Chief Executive Officer of the Organization shall chair this Committee. The Committee shall be responsible for developing, reviewing and monitoring the Organization's fiscal, administrative and clinical operations.

3.9 Policies and Procedures. Policies and procedures are established by the Organization's Board of Directors and implemented by the Executive Director.

3.8.1 Executive Director of the Organization is directly responsible to the Board for implementing policies and procedures adopted by the Board, and other duties as directed by the Board.

3.10 Compensation. Board members shall be compensated at a rate of \$25 per meeting for a maximum of two meetings a month.

3.11 Reserve Powers. The parties to this agreement reserve the powers delineated below:

(1) Approve, prior to any changes taking effect, changes to the membership, Articles of Incorporation or bylaws of the Organization;

(2) Receive and advise the Organization, in advance of implementation, on the Organization's needs assessment, annual plan, budget and external requests for funds;

(3) Review and advise the Organization on executive director candidates prior to appointment of an executive director by the Board.

4.1. Upon appointment of the Board of the Directors the new Organization shall assume the responsibility for all fiscal functions of the Organization. At that point, the Operations Council shall cease to exist. At that time, Washtenaw County and the University of Michigan Health System agree to transfer the following funds to the organization:

Washtenaw County shall contribute the following funds:

- (1) Any and all capitated Medicaid funds received for the provision of mental health and substance abuse services in Washtenaw County.**
- (2) Any and all capitated general funds received for the provision of mental health and substance abuse services in Washtenaw County.**
- (3) Any and all grant and other revenues generated in the provision of mental health and substance abuse services in Washtenaw County.**
- (4) Any and all Substance Abuse Federal Block grant funds received.**

The University of Michigan shall contribute the following funds:

- (1) Any and all capitation received by UMHHC, from M-CARE for the provision of services to the Medicaid population.**
- (2) Any and all capitation received from the Washtenaw County Public Health Department as part of indigent health care services for Washtenaw County residents.**

The Organization agrees to complete and present an annual budget to the Washtenaw County Board of Commissioners and the Chief Executive Officer of the UMHS, acting on behalf of the Regents of the University of Michigan, no later than September 1 of each fiscal year.

4.2 Contracting. The Organization may contract with other agencies interested in receiving mental health, substance abuse and primary and specialty care services from the Organization. The Organization may also contract with the County, UMHS, or other public or private agencies for support services, including, but not limited to, finance, legal and personnel administration as well as the direct provision of mental health, substance abuse and/or primary and specialty medical care.

Washtenaw County agrees to maintain its Community Mental Health Department and to provide specified mental health and substance abuse services as requested by the Organization.

4.3 Risk Financing. Upon appointment of the Board of Directors the new Organization shall assume the risk associated with any and all contracts. The parties agree to share equally in the risk and benefit corridors established by the contract with the State for County Mental Health and Substance Abuse funding. The parties further agree to share risk equally on the primary and specialty care funding using the same risk and benefit corridors the State has established for mental health and substance abuse funding. The University of Michigan Health System will hold the risk and benefit above the established corridors for the primary and specialty care dollars.

The parties further agree that risk sharing begins on FY 1998/99 actuals, by each fund source. Neither party shall be responsible to share risk on pre-existing deficits in any capitated plan.

Any and all agreements entered into between the WCCMH Board and the County Board of Commissioners regarding the deficit reduction plan for WCCMH remain intact. The County also agrees to transfer any funds in the Internal Service fund of WCCMH to the Organization.

The Organization shall not assume any liabilities related to claims from activities of Washtenaw County or the University of Michigan prior to implementation of this agreement.

4.4 Annual Audit. In accordance with Michigan State law the Organization's revenues and expenditures shall be subject to a complete, annual audit, which will include an

audit opinion without qualifications, to be performed by the certified public accountant of the entity providing fiduciary services. Either party can request a change in auditors, which must be reviewed by the Board. Either party may access the audit work papers.

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1. New Treatment, support or service models

2. Expansion of existing treatment, support and/or service models

3. Community education, prevention and/or early intervention

4. Treatment, support and/or service model research and evaluation.

ARTICLE FIVE - MISCELLANEOUS

5.1 Extent of Agreement. This Agreement constitutes the complete expression of the Agreement between the parties on mental health substance abuse and primary and specialty medical care.

5.2 Severability. This Agreement shall be interpreted under Michigan law. If any portion is held to be illegal, invalid, or unenforceable, the remainder of the Agreement shall be deemed severable and shall remain in full force an effect.

5.3 Non Waiver. By participation in the Organization the County and UMHS do not waive any of their legal rights or defenses with respect to any third party or parties.

Moreover, the County and UMHS do not expressly or impliedly assume any liability for each other or any third party,

5.4 Duration. This Agreement shall continue in force for ten years, provided, however, that the County or UMHS upon giving one year written notice to the other party may terminate this agreement. In the event either party is no longer the recipient of funding included in this agreement or there is a material change in any aspect of this agreement, the parties have 30 days to negotiate modifications to the Organization’s business plan and functions. In the event an agreement is not reached, either party can provide 90 days written notice to terminate the agreement.

5.5 Termination, Distribution of Assets. If this Agreement is terminated and/or dissolved, the Organization’s capital assets and liabilities shall be distributed equally between the County and UMHS as defined in the Organization’s bylaws.

5.6 Amendments. Amendments to this Agreement must be in writing with prior approval by both parties.

**University of Michigan Health Washtenaw County, a
System a Public Institution Michigan Municipal Corp.**

By:_____ By:_____

**The Regents of the University Christina Montague, Chair
Of Michigan Washtenaw County Board of Commissioners**

Attested To

By:_____ By:_____

Peggy M. Haines, Clerk

Approved As To Form: Approved As To Form:

By: _____ By: _____

Edward B. Goldman Curtis N. Hedger,

Health System Attorney Corporation Counsel

[Return to the Board of Commissioners June 9, 1999 Ways and Means Committee Agenda Page](#)