

Background

The draft original budget for Fiscal Year (FY) 2027 was developed based on input from MSHN's leadership team and staff, Finance Council (Regional Chief Financial Officers) and the Operations Council (Regional Chief Executive Officers).

The FY 2027 budget includes projected revenues of \$943,851,570 and estimated expenses of \$882,101,734. MSHN expects a surplus of \$61,749,836 (revenue over expense).

MSHN's revenue estimates were based on PIHP assumptions that include FY 26 decreased enrollee trends and an additional Healthy Michigan Program revenue reduction to account for House Resolution (HR) 1 work requirements. PIHP administration expenses increased by \$1,417,676 from the FY 26 Amended Budget and is 1.42% of total FY 2027 regional expenses. Every year since its inception, MSHN has maintained an operations budget under 2%.

A public hearing on the FY 2027 budget was held on September 1, 2026.

MSHN is required to operate under a board approved budget.

Recommended Motion:

Motion to approve the FY 2027 Original Budget as presented.

FY2026 Amended Budget	FY2027 Original Budget	FY2027 Increase (Decrease) from Amended Budget	Notes
--------------------------	---------------------------	---	-------

REVENUES

Prior Year Savings	\$ 13,618,456	\$ 40,456,478	\$ 26,838,022	
Medicaid Capitation SP/iSPA MH	449,865,743	470,133,765	20,268,023	FY2027 rates were not available at the time of budget development; budget based on FY2026 capitation rates with adjustments for enrollment along with 5% reduction to Healthy Michigan Plan in anticipation of HR1 work requirements
Healthy Michigan Plan Capitation MH	63,537,248	52,869,504	(10,667,744)	
Medicaid Waivers (HSW, SED, CWP)	148,609,747	152,917,863	4,308,116	
Medicaid Capitation Autism	109,762,044	105,630,447	(4,131,597)	
Medicaid Capitation SP/iSPA SUD	18,581,640	17,321,937	(1,259,703)	Budget based on projected health home enrollment (450 BHH enrollees and 750 SUDHH enrollees)
Healthy Michigan Plan Capitation SUD	33,288,402	27,607,416	(5,680,986)	
Health Homes (Behavioral and Substance Use Disorder)	5,896,752	6,436,062	539,310	Budget based on MDHHS allocations
Community Grant and Other SUD Grants	13,410,921	13,058,194	(352,727)	
PA2 Liquor Tax SUD	5,177,372	4,544,741	(632,631)	Budget based on OPB approved amounts
Hospital Rate Adjustor	42,230,000	43,074,600	844,600	
Performance Bonus Incentive Payment	6,221,562	4,676,211	(1,545,351)	Budget based on potential inpatient utilization increase
Medicaid DHS Incentive Payment	2,098,906	2,098,906	-	
Local Match Contribution	1,550,876	1,550,876	-	Budget includes Veteran Navigator and Clubhouse Engagement
Other Grants	374,568	374,568	-	
Interest Income	1,100,000	1,100,000	-	
TOTAL REVENUE BUDGET	\$ 915,324,237	\$ 943,851,570	\$ 28,527,333	

EXPENDITURES

ADMINISTRATION:

Salaries and Wages	\$ 6,478,324	\$ 7,249,354	\$ 771,030	Includes additional staff related to increased PIHP responsibilities; assumes vacant positions are filled; includes cost of living adjustment
Employee Benefits	2,187,951	2,442,394	254,443	
Other Contractual Agreements	545,000	638,910	93,910	Includes contract costs such as, but not limited to, IT and access support services
IT Subscriptions and Maintenance	1,196,988	1,225,909	28,921	
Consulting Services	80,600	130,000	49,400	Includes software costs such as, but not limited to, care coordination, data analytics, document sharing, managed care, Microsoft Office, parity
Conference and Training Expense	32,750	62,500	29,750	
Human Resources Fees	68,900	68,900	-	Includes downsizing lease to one suite
Mileage Reimbursement	30,800	44,800	14,000	
Other Expenses	136,500	141,200	4,700	Includes purchasing laptops to replace leased laptops
Building Rent Amortization	40,186	22,875	(17,311)	
Telephone Expense	139,350	175,350	36,000	
Office Supplies	23,120	129,250	106,130	
Printing Expense	35,500	39,000	3,500	
Meeting Expense	13,050	16,000	2,950	
Liability Insurance	30,000	33,700	3,700	
Audit Services	35,000	45,000	10,000	
OPB and Council Per Diems	11,260	19,320	8,060	
Dues and Memberships	9,740	11,418	1,678	
Legal Services	8,000	24,000	16,000	
Internet Services	6,170	6,985	815	
Subtotal Administration	\$ 11,109,189	\$ 12,526,865	\$ 1,417,676	
Percent Administration Expenses to Total Expenses	1.30%	1.42%		

FY2026 Amended Budget	FY2027 Original Budget	FY2027 Increase (Decrease) from Amended Budget	Notes
--------------------------	---------------------------	---	-------

CMHSP and SUD EXPENSES and TAXES:

CMHSP Participant All Funding Sources	715,479,374	\$ 719,367,758	\$ 3,888,384	
CMHSP Participant Other	5,944,896	6,458,562	513,666	Budget includes Performance Bonus Incentive Payments and Clubhouse Engagement grant
SUD Medicaid Contracts	15,200,000	16,200,000	1,000,000	
SUD Healthy Michigan Plan Contracts	31,000,000	31,000,000	-	
Health Homes (Behavioral and Substance Use Disorder)	5,039,952	5,552,046	512,094	Budget based on projected health home enrollment (450 BHH enrollees and 750 SUDHH enrollees)
Community Grant and Other SUD Grants	12,347,532	11,908,825	(438,707)	Budget based on MDHHS allocations
SUD PA2 Liquor Tax	5,177,372	4,544,741	(632,631)	Budget based on OPB approved amounts
Local Match Contribution	1,550,876	1,550,876	-	
Hospital Rate Adjustor	42,230,000	43,074,600	844,600	Budget based on potential inpatient utilization increase
Insurance Provider Assessment	6,944,082	29,917,461	22,973,379	Budget adjusted based on annual assessment
Subtotal CMHSP and SUD Expenses and Taxes	\$ 840,914,084	\$ 869,574,869	\$ 28,660,785	
TOTAL EXPENDITURE BUDGET	\$ 852,023,273	\$ 882,101,734	\$ 30,078,461	
Revenue Over/(Under) Expenditures	\$ 63,300,964	\$ 61,749,836	\$ (1,551,129)	