



Community • Independence • Empowerment

Jeffrey W. Patton
Chief Executive Officer

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(269) 553-8000

Administrative Services:
610 South Burdick Street
Kalamazoo, MI 49007

24-HOUR CRISIS HOTLINE or NON-EMERGENCY CLINICAL SERVICES: (269) 373-6000

2025 Budget Public Hearing Instructions

Public Hearing/Proposed FY 2025/2026 Budget

- a) Chair (Karen Longanecker) will say: "The Public Hearing on the *Integrated Services of Kalamazoo*, Proposed FY25/26 Budget is now open." Call on Chief Executive Officer, Jeff Patton.
- b) The Chief Executive Officer (Jeff Patton) will say: "Act 43 of the 1963 Public Acts, as amended, requires the Authority to hold a public hearing on its proposed FY25/26 budget prior to its final adoption."

"In accordance with the statutes, notice of this public hearing was published in the Kalamazoo Gazette, a newspaper of general circulation within the community on September 12, 2025, and copies of the proposed budget have been available at the Administrative Offices and County Board of Commissioners Office for inspection by the public. Copies of the proposed budget are now available for any persons present who want to have a copy."

- c) Chair (Karen Longanecker): Call on the Chief Financial Officer, Amy Rottman, to present the budget.
- d) The Chief Financial Officer presents the budget.
- e) Chair (Karen Longanecker) will say: "Is there anyone present who desires to ask any questions, or to make any comments?"
- f) Chair (Karen Longanecker) will say after comments (if any): "I hereby declare that the Public Hearing for *Integrated Services of Kalamazoo*, Proposed FY25/26 Budget closed."
- g) Chair (Karen Longanecker) will call for MOTION.

INTEGRATED
SERVICES OF
KALAMAZOO



Fiscal Year 2026

Proposed Budget

INTEGRATED SERVICES OF KALAMAZOO

Statement of Revenue, Expenses and Change in Net Position

	2025 Budget	2025 Projection	Proposed 2026 Budget	Difference from 2025	Difference from Projection
Operating revenue					
Medicaid:					
Traditional Capitation	\$ 71,759,922	\$ 74,839,709	\$ 86,641,701	\$ 14,881,779	\$ 11,801,992
Healthy Michigan Capitation	13,011,361	4,996,731	9,119,193	(3,892,168)	4,122,462
State General Fund:					
Formula Fundings	3,900,516	3,900,516	3,900,516	-	-
CCBHC Demonstration	35,053,525	39,609,506	34,258,759	(794,765)	(5,350,746)
CCBHC Quality Bonus	-	1,326,190	1,326,190	1,326,190	(0)
County Allocation	1,550,400	1,550,400	1,550,400	-	-
Client Fees	620,500	1,082,862	1,069,711	449,211	(13,151)
SUD Block Grant	-	523	-	-	(523)
Other grant revenue	8,558,938	8,239,558	6,780,003	(1,778,934)	(1,459,554)
Other earned contracts	3,974,361	2,348,403	1,958,805	(2,015,556)	(389,599)
COFR	-	-	-	-	-
Interest	181,000	152,750	157,232	(23,768)	4,482
Local revenue	610,000	611,928	508,606	(101,394)	(103,322)
Total operating revenue	\$ 139,220,522	\$ 138,659,076	\$ 147,271,116	\$ 8,050,594	\$ 8,612,041
Operating expenses					
Salaries and wages	\$ 32,439,500	\$ 28,868,348	\$ 32,403,237	(36,263)	3,534,889
Employee benefits	11,472,088	9,475,291	12,643,544	1,171,456	3,168,253
Staff development	301,171	163,354	300,933	(238)	137,579
Payments to providers	88,887,199	89,056,084	93,008,476	4,121,277	3,952,392
Administrative contracts	10,183,932	10,516,821	8,262,621	(1,921,311)	(2,254,200)
IT software and equipment	926,784	887,019	928,129	1,345	41,110
Client transportation	50,280	26,018	52,900	2,620	26,882
Staff travel	389,228	354,296	386,676	(2,552)	32,380
Office expenses	646,434	530,175	685,668	39,234	155,493
Insurance expense	158,746	176,678	168,769	10,023	(7,909)
Depreciation expense	535,265	540,123	585,704	50,439	45,580
Utilities	358,571	371,823	363,874	5,303	(7,949)
Facilities	49,039	55,355	36,265	(12,774)	(19,090)
Local match	305,108	305,108	305,108	-	(0)
Total operating expenses	\$ 146,703,345	\$ 141,326,493	\$ 150,131,903	\$ 3,428,558	\$ 8,805,410
Loss	(7,482,823)	(2,667,417)	(2,860,787)	\$ 4,622,036	\$ (193,370)
Uncollectible amount due from SWMBH	6,448,857	11,694,872	1,358,451	(5,090,406)	(10,336,421)
Change in net position	(1,033,966)	9,027,455	(1,502,336)	(468,371)	(10,529,791)

INTEGRATED SERVICES OF KALAMAZOO

Statement of Revenue, Expenses and Change in Net Position

	Specialty Services	Healthy Michigan	Totals
	2026 Budget	2026 Budget	2026 Totals Budget
Operating revenue			
Medicaid:			
Traditional Capitation	\$ 86,641,701	\$ -	\$ 86,641,701
Healthy Michigan Capitation	-	9,119,193	9,119,193
Client Fees	7,270	82	7,352
Total operating revenue	\$ 86,648,971	\$ 9,119,275	\$ 95,768,246
Operating expenses			
Internal services	\$ 2,265,584	\$ 13,956	\$ 2,279,539
External services	76,245,129	5,201,590	81,446,719
Delegated managed care	12,565,687	834,751	13,400,439
Total operating expenses	\$ 91,076,400	\$ 6,050,297	\$ 97,126,697
Loss	(4,427,429)	3,068,978	(1,358,451)

This financial report is for internal use only. It has not been audited, and no assurance is provided.

INTEGRATED SERVICES OF KALAMAZOO

Statement of Revenue, Expenses and Change in Net Position

	State General Fund	CCBHC	Other Funding Sources	Total
	2026 Budget	2026 Budget	2026 Budget	2026 Budget
Operating revenue				
General Fund	\$ 3,900,516	\$ -	\$ -	\$ 3,900,516
Projected GF Carryforward	-	-	-	-
CCBHC Demonstration	-	37,310,505	-	37,310,505
Other Federal and State Grants	-	-	6,109,683	6,109,683
Earned Revenue	-	-	1,064,490	1,064,490
COFR Revenue	-	-	-	-
Interest	-	-	157,232	157,232
County Allocation	-	-	1,550,400	1,550,400
Local Revenue	7,122	-	508,606	515,728
Transfer from GF	-	73,899	-	73,899
Settlement Revenue (Expense)	-	-	-	-
Total operating revenue	\$ 3,907,638	\$ 37,384,404	\$ 9,390,411	\$ 50,682,454
Operating expenses				
Internal Programs	\$ 886,527	\$ 38,330,126	\$ 2,781	\$ 39,219,435
External Programs	2,430,004	-	656,500	3,086,504
Other Federal and State Grants	-	-	6,718,137	6,718,137
HUD Grants	-	-	1,821,870	1,821,870
Managed Care Administration	517,209	-	-	517,209
Homeless Shelter	-	-	385,516	385,516
Transfer from GF	73,899	-	-	73,899
Local match expense	-	-	305,108	305,108
Non-DCH Activity Expenditures	-	-	57,113	57,113
Total operating expenses	\$ 3,907,639	\$ 38,330,126	\$ 9,947,025	\$ 52,184,790
Change in net position	(0)	(945,722)	(556,614)	(1,502,336)

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INTEGRATED SERVICES OF KALAMAZOO

CCBHC

	CCBHC Medicaid	CCBHC Healthy MI	CCBHC Non-Medicaid	CCBHC YTD Totals
Operating revenue				
Revenue	\$ 26,068,645	\$ 8,190,114	\$ -	\$ 34,258,759
CCBHC SAMSHA Grant	-	-	670,320	670,320
CCBHC QBP	-	-	1,326,190	1,326,190
Client fees	527,124	75,343	452,769	1,055,236
Total CCBHC Revenue (PPS-1 of \$318.50 x encounters)	\$ 26,595,769	\$ 8,265,457	\$ 2,449,279	\$ 37,310,505
Operating expenses				
Internal services	\$ 19,406,409	\$ 6,735,869	\$ 4,437,539	\$ 30,579,817
DCO Contracts	5,413,367	1,682,371	654,571	7,750,309
Total operating expenses	\$ 24,819,776	\$ 8,418,240	\$ 5,092,110	\$ 38,330,126
Operating change in net position	1,775,993	(152,783)	(2,642,831)	(1,019,621)
Reclassification to cover Non-Medicaid	-	-	73,899	73,899
Total change in net position	\$ 1,775,993	\$ (152,783)	\$ (2,568,932)	\$ (945,722)

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Integrated Services of Kalamazoo

MOTION

Subject:	<u>ISK FY2025/2026 Budget</u>	
Presented by:	ISK Finance and Compliance Committee	
Meeting Date:	September 22, 2025	<u>Approval Date:</u>
Prepared by:	Amy Rottman	<u>September 22, 2025</u>

Recommended Motion:

"I move approval of the Integrated Services of Kalamazoo FY2025/2026 budget which begins October 1, 2025, in the amount of \$150,131,903.

Summary of Request:

Attached is the budget document.

ROLL CALL VOTE:

ISK Board Member	Yes	No
Chair Karen Longanecker		
Vice Chair Michael Seals		
Member Nkenge Bergan		
Member Patrick Dolly		
Member Pat Guenther		
Member Catherine Huynh		
Member John Taylor		
Member Michael Raphelson		
Member Sharon Spears		
Member Ramona Lumpkin		
Member Melissa Woolsey		
<u>MOTION PASSED</u>		

Need 7 yes votes (2/3 of currently appointed board) no matter how many members are in attendance.

Budget: FY2025/2026
Staff: A.Rottman

Date of Board
Consideration: September 22, 2025



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Integrated Services of Kalamazoo

MOTION

Subject:	2026 Medical Plan Coverage Year	
Meeting Date:	September 22, 2025	Approval Date:
Prepared by:	Chantel Graham	<u>September 22, 2025</u>

RECOMMENDED MOTION:

"I move that the ISK BOARD elects to comply with the requirements of 2011 Public Act 152, the Publicly Funded Health Insurance Contribution Act, by adopting the annual Exemption option for the medical benefit plan coverage year January 1, 2026, through December 31, 2026."

SUMMARY OF REQUEST:

During Open Enrollment premium cost sharing is determined based on PA 152 and staff elect their insurance coverage and agree to pay their share of the premium. For 2026 PA 152 increased by 2.9%. In order to keep healthcare coverage costs flat for ISK staff we intend to increase the 2026 PA 152 hard cap employer contribution amount by approximately 23% which requires a board exemption from PA 152. This increase ensures that employees who elect the base plan do not experience a pay decrease in January 2026 as a result of ISK not giving staff increases in October 2025.

In order to still comply with PA 152, the Board may elect the "Exemption" Option- and exempt itself from the requirements of the Act by an annual 2/3 vote.

Budget: _____
Staff: _____

Date of Board
Consideration: September 22, 2025



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Integrated Services of Kalamazoo

MOTION

Subject:	Motion for Board to Enter Closed Session	
Meeting Date:	September 22, 2025	Approval Date:
Prepared by:	Jeff Patton	September 22, 2025

Recommended Motion

“I move that the ISK Board enter a closed session to discuss pending litigation, as allowed under the Michigan Open Meetings Act, MCL 15.268(1)(e).”

Summary of Request

- ✚ The Michigan Open Meetings Act allows the ISK board to enter closed session to discuss litigation, including settlement strategy.
- ✚ 2/3 of the ISK board must vote to approve a closed session (8 members) and there must be a roll call vote.
- ✚ Once the closed session is completed, the board may conduct a voice vote to return to an open session.

Staff: **Jeff Patton, CEO**

Date of Board

Consideration: [September 22, 2025](#)