GRAND TRAVERSE COUNTY
DEPARTMENT OF HEALTH AND HUMAN SERVICES BOARD

Grand Traverse Pavilions Medical Care Facility
1000 Pavilions Circle, Traverse City, MI 49684

MINUTES OF THE NOVEMBER 23, 2026 MEETING

PRESENT:	Carol Crawford, Karen Griggs, Mary Marois	Board
	Darrell Lavender, Mellissa Hilliard-Johnson, Kory Hansen Darcey Gratton	Staff
	TJ Andrews	Commission
ABESENT:	None	
GUESTS:	Christopher Anderson, Forefront Director Isaac Franklin, Senior Accountant	

The regular meeting of the Grand Traverse County Department of Health and Human Services Board was called to order at 9:00am by Board Chair Mary Marois at Garfield Township Hall.

Roll Call: Crawford – yes; Griggs – yes; Marois – yes

First Public Comment – None

County Liaison Report – Commissioner Andrews reported that the County continues to work on its budget, operations audit, and justice facility project. Andrews noted that the justice facility project involves more than the jail and requires careful coordination with other County facilities, including shared spaces with the City Police Department and County Sheriff's Office. While progress has been slower than anticipated due to the complexity of the project, planning continues to move forward.

Approval of Agenda – Chair Crawford asked if there were additions, changes or corrections to the agenda.

> **Motion** was made by Griggs to approve the agenda as presented. Seconded by Marois and carried unanimously.

Consent Calendar – The purpose of the Consent Calendar is to expedite business by grouping items to be dealt with by one Board motion without discussion. Any member of the Board or staff may ask that any item on the Consent Calendar be removed and placed elsewhere on the agenda for discussion. Such requests will be automatically respected.

> **Review and File**
> (1) Draft Minutes of the 10/29/26 Board Meeting
> (2) October Resident Council Minutes
> (3) October Let's Talk Food Minutes
>
> **Motion** was made by Marois to approve the Consent Calendar as presented. Seconded by Griggs and carried unanimously.

Items Removed From Consent Calendar – None.

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Chairman Report – Chair Crawford reported on her attendance at the October conference on Mackinac Island, along with members of Administration. She noted that the conference provided valuable information on industry trends, financing, workforce recruitment, and innovative approaches to addressing challenges in long-term care. She also acknowledged ongoing work on the budget, which would be discussed later in the meeting.

Chair Crawford announced her intention to resign from the PACE North Foundation Board due to potential conflicts with her other board commitments. She explained that following PACE North's acquisition by One Senior Care, the organization is now privately operated and separate from Grand Traverse Pavilions. She noted that DHHS Board representation is no longer designated to the PACE North boards; however, individuals interested in serving on the Foundation or Advisory Board may apply independently.

Foundation Board Report – Marois was unable to attend the November 20th Foundation Board meeting; therefore, CEO Darrell Lavender provided the following update.

Lavender reported that two Make a Better Place grant proposals were selected: a tent covering for the Child Care Center's outdoor area and a rocking wheelchair for the skilled nursing facility. Pavilions employees will be given the opportunity to vote on the proposals in an effort to encourage greater employee engagement with the Foundation.

Landscaping improvements completed by Summit Landscaping and the Maintenance Department have been finalized for 2026. Lavender expressed appreciation for the Foundation's financial support of the project.

The Foundation reported year-to-date net income of approximately $194,000 through September, primarily attributed to investments, the annual golf outing, and Concerts on the Lawn.

Lavender also reported that the Foundation declined a request to fund a freezer, citing concerns about establishing a precedent for funding operational equipment purchases.

Looking ahead to 2027, the Foundation is considering enhancements to Concerts on the Lawn, including changes to the musical lineup, opportunities for local performers to serve as opening acts, improved signage, and expanded donation options. The annual golf outing is also expected to continue.

Service Excellence Awards – Crawford reviewed October's Service Excellence Awards. Carrie Delk, Admissions Coordinator won the Employee of the Month for October.

Dining & Nutritional Services Presentation – Christian Anderson, Forefront Director – Anderson presented an overview of the department's scorecard, operational improvements, and goals for 2027.

Anderson highlighted several initiatives to improve resident dining satisfaction, including earlier meal preparation, improved meal delivery times, and expanded menu options. Since September, the department has maintained at least 95% on-time meal cart delivery compliance. A new fall and winter menu was introduced on November 16, along with updated alternative meal selections.

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The MealSuite Touch digital ordering program, implemented in the Rehabilitation Unit in June, has improved meal satisfaction and streamlined kitchen operations. Additional expansion of the program is being considered. Anderson also emphasized improved communication with clinical staff through regular interdisciplinary team meetings.

The cafeteria underwent renovations in February, followed by expanded food and beverage offerings in October, including daily homemade soups, weekly hot lunch specials, and additional grab-and-go meals. Cafeteria revenue totaled $49,434 toward an annual goal of $55,000, with increased sales reported on days offering hot meals.

Anderson reviewed improvements made following the CMS survey, including enhanced cleaning procedures and the replacement of noncompliant kitchen equipment. The new freezer is operational. He also discussed ongoing efforts to manage rising nutritional supplement costs, reduce waste, and accommodate specialized dietary needs, particularly within the Cottages. Looking ahead to 2027, departmental priorities include continued improvements in resident dining satisfaction, operational efficiency, and regulatory compliance, with a goal of achieving zero quality and sanitation citations during the next survey.

Anderson concluded by highlighting upcoming holiday dining events for residents and families. Board members expressed appreciation for the department's improvements and positive feedback received.

Draft 2027 Budget – Hansen presented the proposed 2027 operating budgets for Skilled Nursing and the Cottages, along with the five-year capital budget. Hansen introduced Isaac Franklin, Senior Accountant, and acknowledged his contributions to the budget development process.

Skilled Nursing Facility Budget
Hansen provided a handout on the key revenue and expense drivers for 2027, highlighting the following:

- An average daily census of 205 residents, beginning the year at 200 and gradually increasing to 210.
- Medicaid reimbursement rates are expected to remain relatively flat, with an anticipated Medicare rate increase of approximately 2.5% and a potential private-pay rate increase of 5%.
- A more conservative payer mix based on recent trends, with Medicaid representing approximately 66% of the resident population.
- Projected revenue growth of 7.4% over 2026 annualized actual revenue and 8.4% over the 2026 budget.
- Elimination of the previously negotiated union retention bonus expense ending in 2026 of approximately $474,000 and a reduction in MERS pension expenses of approximately $450,000.
- Retiree health insurance benefits will be funded through the established trust fund rather than operating expenses. Hansen clarified that the benefit itself has not been eliminated.
- Employee health insurance expenses are projected to remain relatively flat through increased employee contributions and adjustments to stop-loss coverage.
- Reduced agency staffing expenses, with agency nurse utilization decreasing from four nurses to one.

Total proposed operating expenses for 2027 are $35,797,833, representing a 2.2% increase over the 2026 budget, with projected net income after depreciation of approximately $275,000.

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Cottages Budget
The proposed 2027 Cottages budget reflects resident revenue of approximately $3,949,000, based on an average census of 65 residents and a 1.5% rate increase. The budget also includes $120,000 in Foundation contributions.

Expense reductions are attributed primarily to staffing adjustments, pension savings, and changes in retiree health insurance funding. The proposed budget reflects operating income of $296,518 before depreciation and net income of $16,655 after depreciation.

Five-Year Capital Budget
Hansen reviewed the proposed five-year capital budget, explaining that projects were identified and prioritized through meetings with department directors. The 2027 capital budget focuses on higher-priority needs, including items previously deferred due to financial constraints. Capital expenditures are anticipated to be funded through positive operational cash flow.

The Board discussed census projections, revenue growth, supplemental reimbursement programs, managed care partnerships, employee and retiree health insurance expenses, operational efficiencies, and capital funding. Hansen explained that anticipated census growth is the primary driver of increased revenue, while cost-saving measures and the elimination of certain one-time expenses contribute to limiting expense growth.

The Board expressed appreciation to Hansen and Franklin for the detailed budget presentation, supporting explanations, and involvement of department directors in the budget development process. The draft budget was presented for review and discussion, with anticipated approval at the next month's meeting.

Andrews out 9:55 a.m.

Chief Executive Officer Board Report – CEO Darrell Lavender provided a handout of the updated organizational chart, highlighting changes in reporting structures and departmental responsibilities. Quality, Safety, Compliance and Risk, along with Activities, now report directly to the Administrator. Human Resources has transitioned back under the CEO, and Purchasing/Supply Chain will officially transition to Financial Management effective January 1, 2027. The organizational chart also reflects the addition of the Senior Accountant position. Lavender announced the retirement of Finance Director Kory Hansen, effective December 31, 2026. He expressed appreciation for Hansen’s years of dedicated service, financial leadership, institutional knowledge, and contributions to the organization. Lavender reported that a structured transition plan is underway and that the organization is moving forward with a professional services firm to provide financial leadership and accounting support. The priority remains ensuring continuity of financial operations, organizational stability, and a smooth transfer of responsibilities.

Lavender reviewed the organizational scorecard and operational performance through October, highlighting the following:

- Workforce Retention: Retention remained favorable at 78%, exceeding the target of 74.4%. The Great Place to Work employee survey is anticipated to be distributed by December.

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- Quality and Safety**:** Efforts continue to strengthen quality and safety programs, with the Safety Culture Survey scheduled to conclude at the end of November.

- Census and Occupancy: The Medical Care Facility averaged 198 residents in October, exceeding the target of 190, with November month-to-date census reaching 201. The Cottages averaged 64 residents, below the target of 67. Overall occupancy reached 89% of available beds, exceeding the 85% goal for the fourth consecutive month.

- Financial Performance: October's combined net loss improved significantly to $8,330, compared to a loss exceeding $200,000 in September. Medical Care Facility operating expenses decreased from $524 to $487 per patient day, just $2 above budget. Year-to-date combined expenses remain approximately $632,000 over budget. Cash on hand was reported at 41 days, below the preferred minimum of 60 days.

- Center for Rehabilitation: Medicare Part A volume and aquatic therapy participation increased, while outpatient caseload remained relatively stable. Increasing outpatient referrals, improving therapy utilization, and rebuilding higher-revenue therapy volumes remain priorities.

- Staffing: Ten employees were hired or rehired, compared to seven separations. Total employment increased from 347 to 359. Continued efforts focus on staffing stability, scheduling efficiencies, reducing unnecessary overtime, and effective utilization of clinical personnel.

- Environmental Services: The freezer replacement project was completed, and the new freezer is operational. The Foundation declined funding the project.

Lavender reported that October demonstrated continued progress toward operational and financial recovery, with improved census and occupancy, reduced operating losses, stronger cash balances, and improved expense management. Sustaining expense reductions, strengthening liquidity, improving collections, and increasing Cottages occupancy remain key operational priorities.

Lavender concluded by reminding the Board of the Strategic Planning Study Session scheduled for Thursday, December 3, 2026, at Grand Traverse Pavilions.

Administrator Report – Hilliard-Johnson reported that the Patient Safety Survey is currently underway, with one week remaining and a targeted participation rate of 70%. Hilliard-Johnson has met with multiple employee groups to gather feedback and identify opportunities for process improvements. In collaboration with the Quality Department, a prioritized list of action items has been developed. As improvements are implemented, corresponding resident care policies will be updated and presented to the Board. These initiatives focus on enhancing resident care and improving both resident and employee satisfaction.

Activities programming was identified as an opportunity for improvement through the most recent resident satisfaction survey. Recruitment efforts for an Activities Coordinator have resumed after the previously selected candidate accepted another position. Establishing a consistent activities program remains a priority.

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Regarding the August annual regulatory survey, seven of the ten health citations have been adequately addressed. Efforts continue to address the remaining areas of improvement, including dining with dignity and activities programming.

Hilliard-Johnson also reported that a complaint survey was conducted in early November, during which two processes were identified as requiring additional improvement. The Quality and Compliance Department has since conducted thorough audits and is actively working to strengthen those processes.

Hilliard-Johnson reaffirmed the organization's commitment to listening to feedback, identifying opportunities for continuous improvement, and enhancing the quality of care provided to residents.

Business

(1) **October Financial Report** – Finance Director Kory Hansen presented the October 2026 financial report, highlighting the following:

Combined Operations
Total revenue of $3,372,830, reflecting a favorable budget variance of $81,666.
Total expenses of $3,381,160, reflecting an unfavorable budget variance of $90,264.
Net loss of $8,330, with an unfavorable budget variance of $8,598.

Month-end cash balance of $3,383,000, an increase of approximately $89,000 over the previous month.

Medical Care Facility
Revenue exceeded budget by $98,853, primarily driven by an average daily census of 198 residents, eight above budget. October occupancy was 82.3% of licensed beds and 89% of available beds. Year-to-date occupancy was 79.6% of licensed beds and 86.1% of available beds.

Other revenue reflected an unfavorable variance of $5,896, primarily attributed to the reduction in state Direct Care Worker (DCW) reimbursement effective October 1. Hansen noted that this variance is expected to continue through the remainder of the year.

Operating expenses totaled approximately $2,981,000, reflecting an unfavorable budget variance of $126,471, with insurance-related expenses continuing to be a contributing factor. The Medical Care Facility reported a net loss of approximately $16,000. Accounts receivable days improved to 61, a decrease of one day from the previous month.

Cottages
Revenue totaled $333,964, reflecting an unfavorable budget variance of $17,186. The combined average census was 64 residents, one below the previous month. Operating expenses were below budget, contributing to positive net income of approximately $7,700 and a favorable net income budget variance of $16,645.

The Board discussed the cost-sharing arrangement for the Michigan Department of Health and Human Services outstationed worker, including PACE's anticipated December payment of $19,100. Hansen explained that the cost-sharing arrangement is based on Medicaid

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census. Discussion also took place regarding the timing of the year-end payroll in consideration of the New Year's Day holiday.

Motion made by Griggs to accept the financial operations report for October as presented. Seconded by Marois and carried unanimously.

Roll Call: Crawford – yes; Griggs – yes; Marois – yes

Medical Staff

(1) **Joseph Dixon, MD – Hospice of Michigan**- Hilliard-Johnson reviewed the request for Joseph Dixon, MD from Hospice of Michigan, to have consulting privileges as recommended by Medical Director Dr. April Kurkowski, DO.

Motion was made by Griggs to approve consulting privileges for Joseph Dixon, MD as presented to the board. Seconded by Marois and carried unanimously.

Grand Traverse Pavilions Announcements

(1) December 22, 2026 @ 9:00am Board Meeting @ Garfield Township
(2) December 3, 2026 @ 2:00pm Study Session @ Grand Traverse Pavilions

Second Public Comment – None

Meeting adjourned at 10:31 a.m.

Signature:

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Carol Crawford - Chair
Grand Traverse County Department of Health and Human Services Board

Date: December 22, 2026 Approved
_____ Corrected and Approved

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