GRAND TRAVERSE COUNTY
DEPARTMENT OF HEALTH AND HUMAN SERVICES BOARD

1000 Pavilions Circle, Traverse City, MI 49684

MINUTES OF THE OCTOBER 29, 2026 MEETING

PRESENT:	Mary Marois, Karen Griggs	Board
	Darrell Lavender, Mellissa Hilliard-Johnson, Kory Hansen	Staff
	Darcey Gratton	
	TJ Andrews	Commission
ABESENT:	Carol Crawford	Board
GUESTS:	Dan Butler, Information Systems Director	

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 Carol Crawford in the Grand Traverse Pavilions Board Room.

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

First Public Comment – None.

County Liaison Report – Commissioner Andrews provided an update on current County initiatives, noting that the jail, justice, and general facilities project remains a significant priority. She explained that the projects are interconnected, with aging infrastructure and ongoing maintenance needs presenting challenges for the County.

Andrews also reported that the County recently approved participation in Michigan's Tri-Share Child Care Program as an employee recruitment and retention benefit. The program divides eligible child care costs equally among the State, employer, and employee for services provided by licensed child care providers. The benefit may also apply to summer programs and before- and after-school care.

The County has allocated $250,000 in its 2027 budget to support the program, with participation available on a first-come, first-served basis. Andrews encouraged the Pavilions to explore whether the program could provide an additional child care benefit for its employees, noting that eligibility and reimbursement considerations would need to be reviewed.

Approval of Agenda – Vice Chair Marois asked if there were any additions, changes, or corrections to the agenda. Following discussion regarding Board Member Griggs' reappointment by the County in late September, the Board agreed to add Election of Officers under Business as Item D(1), prior to the financial reports.

> **Motion** was made by Griggs to approve the agenda with the changes and additions. Seconded by Marois. Motion carried.

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 09/24/26 Board Meeting
(2) Closed Minutes of the 9/24/26 Board Meeting
(3) September Resident Council Minutes
(4) September Let's Talk Food Minutes

Motion was made by Griggs to approve the Consent Calendar as presented. Seconded by Marois. Motion carried.

Items Removed From Consent Calendar – None.

Chairman Report – None

Foundation Board Report – None

Service Excellence Awards – Marois reviewed September's Service Excellence Awards. Angela Monte De Ramos, RN won the Employee of the Month for September.

Director Presentation – Administrative Services & Information Services

Administrative Services Director Darcey Gratton provided an overview of the Administrative Services Department, Employee Child Care Center, and departmental scorecard.

Gratton highlighted the department's responsibilities, including executive support, Board coordination and recordkeeping, FOIA administration, and front desk operations. She discussed expanded front desk coverage, improvements to visitor management and building security, and the department's emphasis on cross-training and collaboration to support other areas of the organization. She also recognized her administrative team for their flexibility, dedication, and contributions.

Regarding the Employee Child Care Center, Gratton discussed the program's role in supporting employees and their families while providing meaningful intergenerational experiences for residents through weekly age-exchange activities. She shared that the Child Care Center recently received a Certificate of Merit from LeadingAge's *Mission in Motion* recognition program for its contributions to aging services.

Gratton reported that child care enrollment has temporarily declined due to children transitioning to school and employees on maternity leave. Staffing levels have been adjusted accordingly, with two vacant positions being held until enrollment increases. She also highlighted efforts to manage operational expenses, reporting that child care expenses were approximately $57,000 below target through September. Child care rates were adjusted in March to help offset rising operating costs while maintaining affordability for employees.

During discussion, the Board inquired about child care enrollment, rates, operating costs, and the program's potential impact on employee recruitment and retention. Gratton explained the Center's flexible scheduling and hourly rate structure, along with efforts to accommodate employees' needs. The Board also discussed opportunities to further evaluate the program's impact on employee retention.

In response to a question regarding the departmental scorecard's "Love Meter" measure, Gratton explained that monthly visitor reports generated through the visitor kiosk are shared

with Life Enrichment staff to help identify residents who may benefit from additional visits and engagement.

Information Systems Director Dan Butler provided an overview of departmental initiatives and scorecard highlights, focusing on technology improvements, security, cost management, and long-term infrastructure planning.

Butler reported that the department is implementing a new IT ticketing and asset management system to improve tracking of service requests, equipment, warranties, and maintenance history. The system will consolidate information previously maintained through emails and spreadsheets, improving efficiency and recordkeeping.

Regarding facility security, Butler reported that additional security cameras have been installed at the Cottages to improve monitoring of entrances and exits and enhance resident and employee safety. He also discussed plans to implement employee photo identification badges with integrated building access capabilities. Due to current financial priorities, implementation has been deferred for consideration in the 2027 budget.

Butler addressed cybersecurity initiatives, including plans to conduct risk analysis and internal and external penetration testing to identify potential system vulnerabilities. Vendor proposals have been obtained, with funding anticipated for consideration in the 2027 budget.

He also discussed efforts to reduce software subscription expenses by evaluating existing licenses, eliminating unnecessary services, and identifying opportunities to share resources across departments.

Additionally, Butler emphasized the importance of developing a five-year capital replacement plan to transition from reactive equipment replacement to proactive infrastructure management. He noted rising technology costs and the need to plan for replacement of aging servers, network equipment, and other essential systems to maintain reliability and cybersecurity.

During discussion, the Board inquired about security camera monitoring, recording capabilities, and access permissions. Butler explained that the cameras operate through a centralized system, with access restricted based on departmental responsibilities. County Commissioner Andrews suggested exploring the City of Traverse City's security camera registry as a potential resource to assist local law enforcement and public safety efforts.

The Board further inquired about the continued use of facility-provided telephones in resident rooms. Butler clarified that these phones are currently limited to the rehabilitation area and discussed evaluating their ongoing necessity as personal cell phone use has become more common.

Pavilions 2025 Financial Audit – Finance Director Kory Hansen presented the Grand Traverse Pavilions portion of the County's 2025 financial audit. He reported that the audit was clean, with no significant findings or recommendations for corrective action.

Hansen explained that the audit included adjustments primarily related to pension and Other Post-Employment Benefits (OPEB), based on annual actuarial valuations. He reviewed the financial statements and accompanying notes, including information regarding pension obligations and employer contributions. It was clarified that the defined benefit retirement plan is closed to new employees.

During discussion, Commissioner Andrews inquired about the status of financial reconciliations with the County Treasurer's Office in preparation for year-end closing. Hansen reported that progress has been made, although delays in recording certain transactions continue to affect timely reconciliations. He noted that additional processes have recently been implemented to improve coordination and expressed optimism that the year-end closing process would be smoother than the previous year.

The audit was presented for informational purposes, with no Board action required.

Chief Executive Officer Board Report – CEO Darrell Lavender reported that he, Administrator Mellissa Hilliard-Johnson, and Board Chair Carol Crawford attended the Michigan County Medical Care Facilities Council Fall Financial Conference. Topics included reimbursement changes, cybersecurity, international recruitment, legal and regulatory updates, audits, and artificial intelligence.

Lavender provided an update on the organization's supply chain and cost optimization initiative, reporting that the first phase has been completed. The project involved evaluating purchasing practices, vendors, contracts, and potential savings opportunities. Preliminary results identified approximately 20% in potential savings across several supply categories, exceeding the original 10% goal. Discussions are underway with a potential primary vendor.

Regarding organizational scorecard initiatives, Lavender reported that the new incident reporting platform went live October 6, with nearly 70 submissions recorded to date. Additionally, the employee Patient Safety Culture Survey launched October 26, with participation goal of at least 60% by the end of November.

Census and Occupancy: Lavender reported that the Medical Care Facility maintained an average daily census of 194 residents in September, with October showing continued positive trends. The Cottages maintained an average daily census of 65 residents for the second consecutive month. Medical Care Facility occupancy reached 87% in September, exceeding the 85% goal for the fifth consecutive month. He also noted that an open house was held at Willow Cottage on October 27 for community referral sources.

Financial Performance: Lavender reported a combined operating loss of approximately $200,000 for September, bringing the year-to-date operating deficit to approximately $478,000. Contributing factors included increased health insurance claims, survey preparation, outsourced billing, and legal expenses. Despite these challenges, cash increased to approximately $3.3 million, supported by the collection of the outstanding PACE North receivable. Accounts receivable days also improved from 70 in April to 62. Lavender emphasized that improving financial performance and implementing sustainable expense reductions remain organizational priorities.

Center for Rehabilitation: Lavender reported stable inpatient rehabilitation activity, while outpatient therapy visits declined in September. Aquatic therapy visits decreased approximately 19% from July, although private insurance outpatient visits increased. Efforts continue to improve scheduling, productivity, and consistency in service utilization.

Staffing: September reflected the strongest recruitment and retention results in the past six months, with 18 hires or rehires and six separations, bringing total employment to 347 employees.

Lavender discussed the upcoming health insurance renewal with Priority Health. Grand Traverse Pavilions transitioned to a self-insured health insurance model in 2026, allowing employee premiums to remain unchanged. As GTP finalizes its 2027 renewal, continued increases in healthcare costs present financial challenges for both the organization and its employees. Adjustments to employee premium contributions are expected for 2027. Leadership recognizes the financial impact these changes may have on employees and is committed to thoughtful and transparent communication. He emphasized the importance of competitive, comprehensive health insurance benefits while achieving a more sustainable sharing of costs and maintaining compliance with the collective bargaining agreement. Employee communication regarding the proposed changes is anticipated in the coming weeks.

Environmental Services: Lavender reported that two wheelchair-accessible swings funded by the Foundation have been installed in the Birch and Cherry courtyards. Installation of the new outdoor freezer is also underway.

Board Discussion: The Board requested that future financial reporting provide a more comprehensive breakdown of the Center for Rehabilitation's revenues and expenses, including both inpatient and outpatient services. Lavender acknowledged the request and agreed to consider revisions to the reporting format for 2027 to provide greater transparency regarding the Center's overall financial performance and contribution to the organization.

Administrator Report – Administrator Mellissa Hilliard-Johnson provided updates on operational initiatives, regulatory compliance, resident engagement, and staffing. Hilliard-Johnson briefly discussed information shared at the Michigan County Medical Care Facilities Council Fall Financial Conference, particularly the importance of understanding potential biases when utilizing artificial intelligence and ensuring information is obtained from reliable sources.

She reported that the organization continues to address findings from the recent State survey, with particular focus on dietary services and Life Enrichment programming. Interviews are underway for a Life Enrichment Coordinator position, with an emphasis on strengthening person-centered programming and providing meaningful daily activities that enhance residents' quality of life.

Hilliard-Johnson also reported that regular rounding with residents and employees has been going well, providing opportunities to identify concerns, address issues promptly, and strengthen communication and engagement throughout the facility.

Staffing and Recruitment: During discussion, the Board inquired about ongoing nursing recruitment and staffing needs. Hilliard-Johnson explained that management is evaluating staffing levels, employee absences, and overtime utilization to better determine appropriate staffing requirements. This includes reviewing the impact of Family and Medical Leave Act (FMLA) and Earned Sick Time Act (ESTA) absences on scheduling and overtime costs. CEO Lavender added that a comprehensive overtime analysis is underway, with overtime currently averaging approximately 2.7%, primarily concentrated on Friday and Saturday evening shifts. Lavender noted an updated overtime report is expected to be provided to the Board by year-end.

Management has also established weekly staffing stabilization meetings to evaluate scheduling practices, employee leave utilization, and staffing needs based on resident census and acuity.

The upcoming employee survey will include questions regarding shift preferences to help identify opportunities to improve recruitment and retention.

Hilliard-Johnson emphasized that the goal is to ensure appropriate staffing levels while improving scheduling efficiency, reducing unnecessary overtime, and maintaining quality resident care.

Business

(1) **Election of Officers**

Motion made by Marois to nominate Crawford as Chair, seconded by Griggs and carried unanimously.

Motion made by Marois to nominate Griggs as Vice Chair, seconded by Griggs and carried unanimously.

Roll Call - Marois – yes; Griggs – yes.

(2) **September Financial Report** – Finance Director, Hansen presented the September financial statements, reporting combined operating revenue of approximately $3.222 million and expenses of $3.426 million, resulting in a net operating loss of approximately $203,000, unfavorable to budget by $196,000. Cash on hand increased approximately $370,000 to just under $3.3 million, primarily due to receipt of the $624,000 PACE North payment.

Medical Care Facility: Revenue totaled approximately $2.9 million, slightly above budget. The average daily census was 193 residents, with Medicaid census exceeding budget and private-pay census remaining below budget. Occupancy was 87.1% of available beds. Expenses exceeded budget by approximately $224,000, primarily due to increased health insurance claims and settlement expenses. Accounts receivable remained at 62 days outstanding.

The Cottages: Revenue totaled approximately $333,750, below budget by $17,400. The average daily census was 65 residents, including 63 assisted living and two independent living residents. Expenses remained favorable to budget by approximately $19,000, although the Cottages reported a modest operating loss for the month.

Board Discussion: The Board inquired about anticipated Medicaid reimbursement rates and potential private-pay rate adjustments for 2027. Hansen indicated that Medicaid reimbursement is expected to remain relatively flat, while potential private-pay adjustments remain under consideration.

The Board also discussed reimbursement arrangements for PACE North residents following the organization's acquisition by One Senior Care. CEO Lavender reported that management recently met with PACE North representatives to review existing contractual arrangements and explore potential revisions that would be mutually beneficial. Further analysis and discussions are anticipated, with the Board to be included as appropriate.

During discussion, Board members raised concerns regarding potential conflicts of interest associated with Board representation on PACE North's advisory and foundation boards. The importance of maintaining transparency and evaluating any potential need for recusal was discussed.

Lavender also proposed scheduling a Board study session in November or early December to revisit strategic planning initiatives and begin developing the 2027 organizational scorecard. The Board expressed support for scheduling the session before year-end.

> **Motion** made by Marois to accept the financial operations report for September as presented. Seconded by Griggs. Motion carried.
> Roll Call - Marois – yes; Griggs – yes.

(3) **Resolution 2026 – 5 – Implementation of FY2027 Direct Care Worker Wage Funding Changes** – Lavender explained that Public Act 21 of 2026 reduced state-funded wage premiums for direct care workers and nonclinical staff, effective October 1, 2026. He noted that Administration met with union representatives and legal counsel to review the changes and their impact on existing collective bargaining agreements. Given the organization's financial position and the union's decision not to reopen its agreement, Administration will implement the revised state-funded premiums in accordance with applicable requirements.

Resolution 2026-5 acknowledges the legislative changes, ratifies and supports Administration's implementation of the revised wage premiums, and authorizes continued collaboration with labor representatives, MDHHS, provider associations, and state officials regarding the financial and workforce impacts of these changes.

> **Motion** was made by Marois to adopt Resolution 2026 – 5 – Implementation of FY2027 Direct Care Worker Wage Funding Changes as presented. Motion seconded by Griggs. Motion carried.

(4) **Resident Care Policies and Facility Assessment** – Administrator Mellissa Hilliard-Johnson presented the annual review of the Resident Care Policies and Facility Assessment. She explained that the assessment evaluates resident care needs, staffing, regulatory compliance, the physical environment, and emergency preparedness to ensure safe, person-centered care.

The updated Facility Assessment for fiscal year 2027 identifies priorities including recruitment and retention, improved clinical outcomes, addressing State survey findings, meal service timeliness, census growth, and financial performance. Additional emphasis was placed on person-centered care and aligning the assessment with the organization's Quality Assurance and Performance Improvement (QAPI) process and departmental scorecards.

It was clarified that no changes were made to the Resident Care Policies, while the Facility Assessment was updated to reflect current priorities. Board Chair Carol Crawford had previously reviewed both documents and provided input, which was incorporated into the final versions.

During discussion, the Board emphasized the importance of reviewing any future changes to Resident Care Policies prior to approval.

Motion was made by Griggs to approve the Resident Care Policies and the Facility Assessment as presented. Motion seconded by Marois. Motion carried.

Grand Traverse Pavilions Announcements

(1) November 23, 2026 @ 9:00am Board Meeting @ Garfield Township

Second Public Comment – None

Meeting adjourned at 10:35 a.m.

Signature:

Carol J Crawford

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

Date: November 23, 2026 Approved
_____ Corrected and Approved