MSMS Task Force on Reorganization
Frequently Asked Questions

Task Force Composition

Can you provide additional background information on the Task Force members?

Resolution 16-25 asks that "MSMS create a Task Force of physicians across the state, in both county and state society leadership." No other criteria are included. The MSMS Board of Directors appointed six current Board members who have previously served in county leadership and as county delegates (Stork, Bozyk, Komorowski, Larson, Uren and Waters). Two are former Board members who served as county delegates prior to and after serving on the Board (Schultz and Siddiqui). They are currently seated delegates for their respective counties. Four have no current affiliation with the MSMS Board, are active in county leadership and are also seated delegates (Sarafa, Whalen, Zacharek and Fletcher).

Overall Plan Questions

What is the Task Force's Vision for MSMS and County Medical Societies?

The proposed reforms—modern governance, flexible membership, financial stabilization, and enhanced engagement—represent a realistic, forward-looking approach to rebuilding MSMS into a more efficient, inclusive, and resilient organization prepared for the next era of organized medicine in Michigan.

What will be the value of joining MSMS once these changes are implemented?

These changes put MSMS in a position to decrease expenses, increase membership and increase revenue. Meaning no major cuts to advocacy or services, or the reasons physicians have told us why they join MSMS (see survey below). If these structural changes are not made and trends continue as they have, then additional cuts to advocacy and services would need to begin.

QUESTION 1: What are the most important reasons you choose to be an MSMS member?

Reason	Count	Percent
Educational opportunities (CME, webinars, etc.)	203	63%
Advocacy at the state level	200	62%
Legal and regulatory updates	132	41%
Staying connected to organized medicine	120	37%
Professional networking	91	28%
Discounts or member-only benefits	51	16%
Practice management support	46	14%
AMA advocacy	44	14%
Physician wellness resources	41	13%
MSMS House of Delegates	38	12%
Other	9	3%

Do we know the MSMS staff is working in the physicians' best interest?

In response to the financial challenges of the organization, MSMS has reduced in size from 154 staff members to 20. Only 11 are dedicated to the business of MSMS, while nine are employed by the subsidiaries. Current staff are life-long proponents of advocating for our mission to advocate for physicians in Michigan, so they can provide the best care possible for the people of Michigan. If delegates do not pass these essential updates to bylaws, MSMS will need to reduce this expert group of staff which will result in a reduction of essential membership benefits. The MSMS Board has heard a plan from staff leadership to decrease remaining staff sequentially, to reduce membership benefits, and reduce subsidiaries, over the next several years. With current trends and if no action is taken, MSMS will drop to 1,000 members in the next 4-5 years. The MSMS Board and physician leadership know that our dedicated staff do not want this, and we trust their expertise in assisting to manage the Society.

General Financial Questions

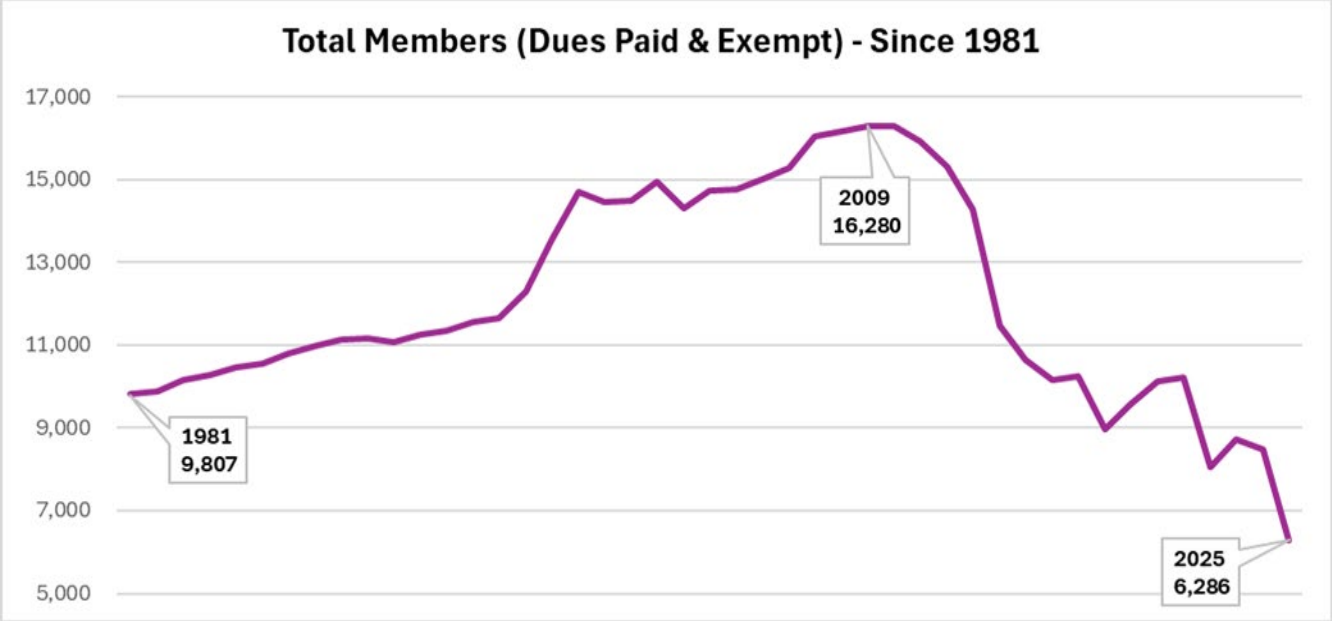
How does the MSMS Board of Directors assure MSMS has appropriate financial management?

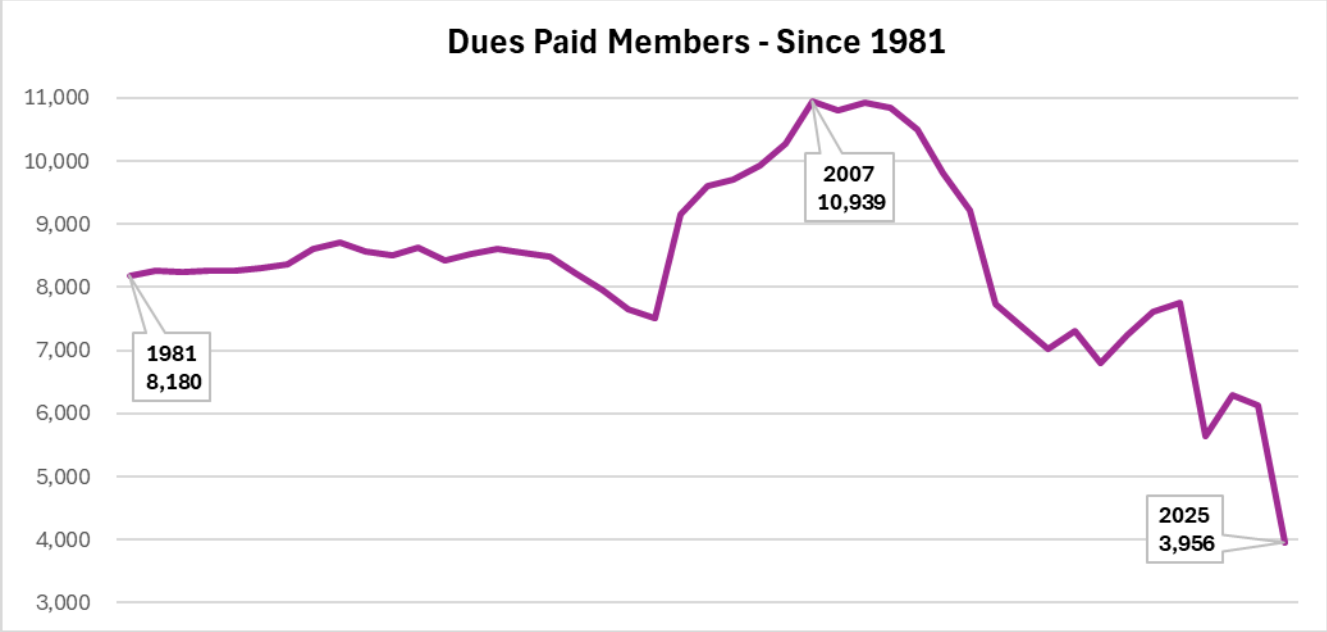
MSMS receives a financial statement audit each year. The audit is conducted by an independent auditing firm. An audit is only possible because MSMS meets rigorous accounting infrastructure, internal control and financial documentation requirements. MSMS has passed every audit for at least the past 3 decades. The MSMS Treasurer speaks directly with the audit partner before every audit. The Finance Committee meets privately with the auditors after the audit concludes. The full audited financials are shared with the Board and are included in the Annual Financial Report to the House of Delegates every year. Regarding the operating budget, the MSMS Budget Development Committee reviews

the draft budget. The budget is then reviewed by the Finance Committee. Finally, the Board receives the budget and votes on approval. Regarding reserve investments, MSMS contracts with an independent registered investment advisor who oversees the management of the investment funds per the investment policy statement. The Finance Committee reviews the investment policy statement with the advisor and recommends any changes to the Board for approval. The investment advisor presents to the Finance Committee each year.

There is some confusion about historical membership numbers with specific reference to the Annual Financial Report included in the House of Delegates handbook. Can this be clarified?

In 2009, total membership (dues paid and exempt) was 16,280 and is the highest total membership MSMS has had since at least 1981 (see chart below). The membership numbers in the prior Annual Financial Reports were total membership approximately every 20 years from 1936 to current. It is trend data, not a statement of highest membership. Regarding dues paying members, 2007 was the highest year at 10,939 (see chart below).





How will these changes together impact the finances?

Direct Cost Savings

Summary of Direct Cost Savings	
Eliminate mandatory dual membership between MSMS and CMS'	20,000
Eliminate HOD, replace with policy committee/membership at large	18,000
Reduce board size to 13	7,000
Total direct cost savings	45,000

Direct Cost Savings Summary. It should be noted that staff have been asked to find cost savings anywhere they can regardless of amount. After 25 years of declining membership, any cost savings are critically important, even if it is just $500 or $1,000. Eliminating mandatory dual membership between MSMS and the CMS' will allow MSMS to downsize the current Association Management System (AMS). Billing CMS dues requires a more advanced and costly AMS. Therefore, the savings on downsizing the AMS more than offsets the elimination of the CMS dues billing fees. The net cost savings are $20,000. Moving the HOD to a virtual live meeting in 2026 saved $42,000 in costs related to meeting space, food/beverage, hotel, mileage, AV, audience response system, moving costs and presidential reception. However, eliminating the HOD altogether and moving policy making to year-round via a policy committee and membership at large will negate the need for additional IT and legal counsel support saving an additional $18,000. Reducing the Board size to 13 directors saves $7,000 on food/beverages and travel reimbursements for the board meetings. While these are identified direct cost savings, they do not account for indirect and in-kind costs such as staff time which is addressed below.

Staff Time Savings (Administrative Simplification)

Summary of Staff Time Savings (Measured in FTE's)	
Eliminate mandatory dual membership between MSMS and CMS'	1.5
Eliminate HOD, replace with policy committee/membership at large	0.7
Reduce board size to 13	0.8
Total staff time savings measured in FTE's	3.0
% of total FTE's (20 staff currently)	15%

Staff Time Savings (Administrative Simplification) Summary. MSMS has historically had staff who were dedicated to the CMS', HOD and the Board. Those dedicated positions have been eliminated due to the 25 years of declining membership revenue. With staff being reduced by 43% over the past 3 years (going from 35 to 20) without a reduction in services, staff are exhausted and in need of administrative simplification. All administrative work, including governance, needs to be simplified and reduced. The total staff time savings above represent many staff working in these areas. As measured in FTE's, it is estimated that MSMS will save staff time that equates to around 3.0 FTE's or 15% of total staff time. This time will be allocated to focus on growing membership and revenue. With 25 years of declining membership, freeing up this administrative time to focus on revenue is fiscally responsible.

How could these changes drive an increase in revenue?

The price of the dual membership has exceeded the perceived value. Delinking automatically provides a lower price for counties and the state providing options of one or both.

- MSMS lost 53 groups in the last 5 years, 17 in 2025, and 3 already this year. The most common reason is cost.
- In the last 3 years, MSMS has met with 70 groups representing 13,000 physicians, they are clear the cost of dual membership price is a barrier to joining.

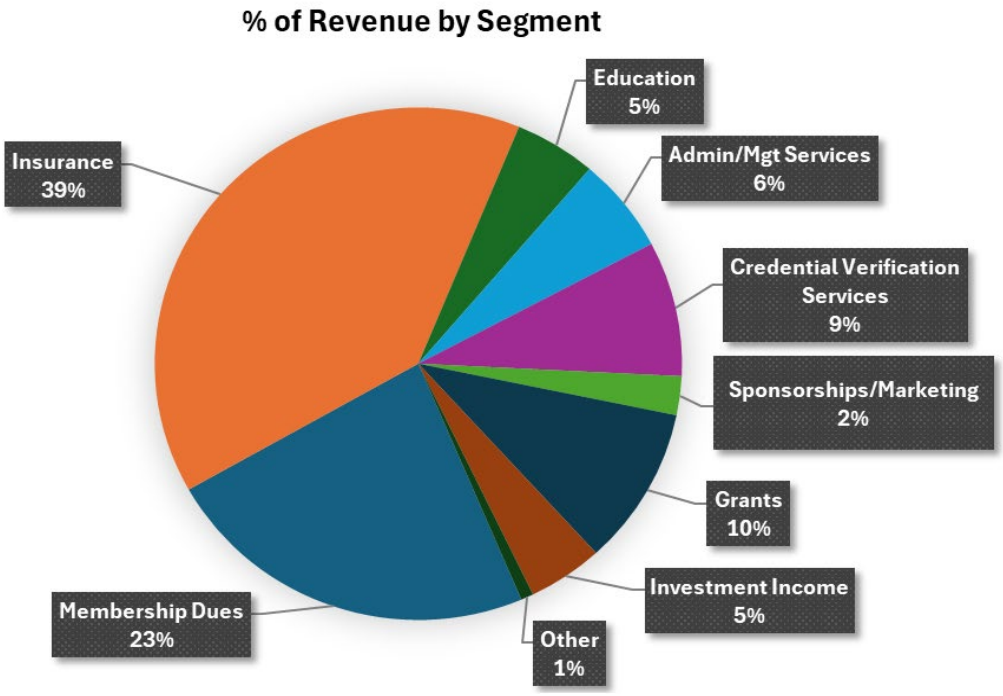
MSMS believes it could conservatively close five percent of these leads, which would add more than $650,000 of new revenue.

Additionally, MSMS has tracked 150 non-members in 2025, when presented the option of free CME with membership, chose to purchase education rather than membership. In these cases, the physician was willing to pay $495 but not the additional cost of county dues. The cost of dual membership exceeds the value of even free unlimited CME. This is $74,000 in lost member revenue.

Eliminating the county dues also allows MSMS the flexibility to research, pilot and implement other dues models outside of individual membership. Options might include pricing for health systems, groups, practice type, limited services.

What are the sources of non-dues revenue to MSMS?

The subsidiaries fund half of MSMS's annual revenue. These include: Physicians Insurance Agency, Professional Credentialing and Verification Service, Physician Services Inc and MSMS Education. See chart below (also see Annual Financial Report).



Have the subsidiaries also experienced budget and staff cuts?

Yes, both. MSMS and its subsidiaries have reduced both staff and non-staff costs over the years to balance the budget. As MSMS has eliminated association staff, the same is true for subsidiary staff. In the last 3 years, MSMS reduced staff by 15 and more than half of that was subsidiary staff. At this point, any additional subsidiary staff cuts would significantly affect subsidiary revenue and in turn MSMS revenue. For example, MSMS Physicians Insurance Agency employs 2 FTEs. Together they are responsible for 28 million in insurance premiums. Close to 1 million is returned annually to the MSMS operating budget in the form of revenue and expense sharing. If MSMS eliminates one of these positions, the agency could not function and would begin losing customers and revenue resulting in the need to start downsizing MSMS. The subsidiaries fund half of MSMS's annual revenue. Please see the Annual Financial Report for more information on the potential future downsizing of MSMS and its subsidiaries.

Why not close subsidiary companies?

The subsidiaries fund half of MSMS's annual revenue. Closing the subsidiaries would require MSMS to eliminate half of their staff and half of their services to members. MSMS would be dependent on just membership revenue which currently is just over 1 million. In

the Task Force report, the section titled “Other Options to Reorganization” outlines this scenario whereas the association consists of 3 staff funded solely by dues. Please also see the Annual Finance Report for more information on the potential future downsizing of MSMS and its subsidiaries.

Counties

What happens to the future of county medical societies?

From what has been learned from other states, active counties with clear value propositions thrive. Counties with fewer membership benefits and higher dues did not survive. The Task Force data shows some counties have taken a proactive approach to assessing their membership benefits and dues structures. Counties need strong physician leadership and executive decision making to make difficult decisions about what happens within their counties.

Will there still be collaboration between the State and County Medical Societies?

Yes! Ongoing communication between state and counties remains essential to the mission, vision, and values of the organizations supporting Michigan physicians. MSMS and the County Medical Societies are stronger together. Ending mandatory dual membership does not change our relationship or partnership. This is not being proposed and will not change. All organizations will continue to work on policy and advocacy together.

Does this mean CMS can do whatever they want with advocacy?

Counties already manage their own advocacy. As separate organizations, they can choose to be active or not in MSMS policy initiatives. MSMS values coalition work and has been successful in legislative and payer advocacy efforts with the partnership of other physician associations. As MSMS has government relations experts and lobbyists, we would encourage the counties to continue to participate in these activities with MSMS, specialty societies, physician organizations and other physician groups.

Why didn’t the Task Force recommend other potential actions other than eliminating the charter and removing the dual dues?

MSMS has no authority to recommend or enforce CMS to change any aspect of their business. Only County leadership can decide to decrease dues, change or add member benefits, or regionalize for cost and efficiency. As a separate company, MSMS’s only option in regard to CMS is delinking. Over the years, many suggestions have been made at the House of Delegates and Membership Committees to encourage counties to consider efficiencies and modernization. Ultimately, it is the county leadership that needs to make those decisions.

MSMS has had the same law firm for years, what has changed that there are now concerns with the State and County relationship?

For years, MSMS was not made aware of any major issues involving county medical society business operations. In the last five, and more so the last three, numerous incidents have come to MSMS's attention that made leadership and legal counsel evaluate this risk and mitigation.

MSMS was previously informed of county medical societies not obtaining or maintaining state or federal tax status and did nothing. Why do they care now?

MSMS and County Medical Societies are separate organizations, with separate tax IDs, and varying oversight from executive directors and physicians. MSMS could not and can not make a county file their taxes. Now it is known that more than 10 counties are also in that situation. This is one of the many reasons MSMS is asking the House of Delegates to eliminate the charter requirement.

It has been reported that MSMS has experienced several incidents involving financial operations. Can MSMS explain?

Delinking mitigates risks for CMS and MSMS. Several years ago, a phishing incident occurred at MSMS in which MSMS and CMS dues were redirected to a scam account. The scammer deceived the group into transferring the dues payment to the scammer's account rather than MSMS' account. This was a revenue diversion attack, not an attack on MSMS' financial infrastructure. The auditors were made aware of this attack, investigated and concluded that the attack was outside of MSMS' financial infrastructure resulting in a clean audit opinion. MSMS followed internal IT standard operating procedures which identified the issue, informed the group to contact their bank to try to get the funds reversed and filed a claim with our cyber insurance policy. The insurance pay-out was not the full amount of dues loss resulting in MSMS and several counties recovering approximately 70 percent. The MSMS Board of Directors provided oversight and approval of this situation. This phishing incident does make the case for separating MSMS and County finances.

If MSMS and CMS break up, what happens to MSMS's assets? Will the counties receive a share of assets?

The counties do not own MSMS and therefore do not have any claim to MSMS assets. MSMS' assets are used to fund MSMS operations. County assets are used to fund the county operations. There will be no change if dues are separated. .

Do you have examples of other state medical societies' experiences after delinking?

There is not a source that collects data on state medical societies. MSMS did reach out to all state CEO's and asked for their experiences. Below are those that responded.

- **Arkansas -** We delinked from the counties a long time ago because their processes for enrolling members was burdensome and many of the counties were becoming inactive. Our numbers increased as a result.

- **Arizona -** Does not require joint membership.

- **Iowa -** There are very few county medical societies remaining in Iowa, none of which are unified.

- **Ohio -** We delinked about 15 years ago. It certainly makes things easier to sell and market. All but a handful of our counties have ceased operations. We just have Cincinnati, Columbus, Cleveland, Dayton and a few other smaller ones. In terms of our group sales, we have added one large independent group due to a discount in our 2026 recruitment and have made presentations to six large systems with two more scheduled. None have signed a check yet but nobody has told us no yet either. Our hope is to add two in 2026. In my opinion delinking is a natural progression and should happen but I realize these things are hard.

- **Vermont -** We delinked when I came on board several years ago. Our county societies were largely defunct and no longer even had leadership or bylaws that could be identified.

- **Virginia -** We do not have unified counties.

- **Requested Anonymity -** We delinked from the counties. We still offer the option to bill for them but only a handful take us up on it. Since delinking we have seen several counties cease operations. There are 5-7 counties that remain active, but a couple struggle with their purpose. What is interesting is delinkage was attempted a few times before and it was a third rail. We engaged an outside consultant to build a medical group membership sales program. They did some surveys and interviews, and their findings said that if we do not delink, do not bother trying to recruit groups because they perceive no value in county membership. We have a few large groups operating across multiple counties, so achieving agreement when we were linked was impossible. Since delinking we have had positive year-over-year growth, with the exception of the second year of COVID. We now have a dedicated staff person recruiting groups. We have brought in one state specialty as a group, an ER group that operates statewide, and a very large multispecialty operating throughout the suburbs. None of these would have been feasible when we were unified with the counties.

Is MOA also running into this situation?

MOA does not link dues with their county medical associations.

Does MSMS have recommendations for counties without staff to bill dues?

MSMS will assist counties in locating a billing service. MSMS has relationships with several small association management and billing companies who are interested in working with CMS.

Board of Directors

Please provide more details about the structure of the proposed smaller Board.

The recommendation is 13 skill-based board members.

- Board members will be chosen by skill set and qualifications, there are no slated seats for section, geographic or group representation.
- Candidates would complete an application. Board Officers/Nominating Committee would administer the application process.
- Board Officers/Nominating Committee would recommend a slate to be **approved by members** via electronic vote.

There are five officers.

- Chair, Vice-Chair, and Treasurer/Secretary are elected by the Board.
- President and President-Elect are elected by membership.

What would be the timeline for new Board?

With approval in April, the proposed timeline is as follows:

- April 20 - May 15: Nominating Committee develop application and review process
- May 15 - June 15: Open call for applications
- June 16 – June 30: Nominating Committee Review and Recommend Slate
- June 30 – July 15: Member Vote
- Late July: First Board meeting

What about concern for geographic diversity?
A Board of Directors of 36 members is inefficient for a membership advocacy organization. The intent is to have a Board with all types of diversity including specialty, practice type and geography. Most importantly, the MSMS Board needs competencies related to financial and strategic expertise. The Nominating Committee will attempt their best to create a Board with all the necessary competencies and experiences.

Are there other options for involvement for current Board members not interested or not chosen for the new Board of Directors?

Current Board members not interested or chosen for the new Board would be given priorities for serving on the new *Ad Hoc Board Advisory Committee* and any of the existing MSMS Committees, Task Forces and other Boards.

Would the Speaker and/or Vice speaker still automatically be part of the board as the heads of the new committee, or would this be two separate elections?

The current Speaker and Vice Speaker will be appointed Chair and Vice-Chair of the inaugural policy committee by the Board of Directors. Moving forward, these positions as well as Policy Committee members will be appointed by the Board, like all other MSMS Committees. These positions will not be slotted positions on the Board of Directors. If interested, Policy Committee Chairs would need to apply for the Board.

Judicial Commission

Would MSMS still have the ability to revoke membership for legitimate cause?

The current MSMS bylaws require CMSs to maintain a standing Peer Review and Ethics Committee and for MSMS to maintain a standing Judicial Commission. Most if not all, CMSs are in non-compliance with this bylaw. The Judicial Commission would be activated by a referral from a CMS Peer Review and Ethics Committee that has recommended an action against one of its members. These processes predate the development of modern boards of medicine and osteopathy.

Many state and specialty medical societies have eliminated these committees or commissions and instead direct complainants to the appropriate licensing body. If a member's professional license is suspended, their membership is automatically suspended.

With the dissolution of Peer Review and Ethics Committees and Judicial Commissions, state medical societies have deferred to their boards to handle disciplinary matters with language such as, "The Board of Directors shall have full power and authority to refer to a committee or task force or hear and decide all questions of discipline affecting the conduct of members of this association. Its decisions in all cases, including questions regarding the right of membership in this association, shall be final."

House of Delegates

Who would have voting rights? Are all votes equal - including students?

All MSMS members of any membership category would have one vote.

Provide an outline for the new policy review process.

The new Policy Committee would function like a larger Reference Committee.

- Resolutions are collected year-round.

- MSMS processes these two to three times per year.
- Testimony is collected via an online written forum, like the one currently used.
- Policy Committee meets to review and develop recommendations
- Recommendations are sent to all members for an electronic vote.

How does MSMS intend to engage all members when participation in the current House of Delegates is already limited and how will this lead to member recruitment and retention?

This policy program is based on other states' successes with the same model. The all-online model, rather than an in-person meeting is the reason for increased engagement. All types of associations know if an individual contributes to an organization through policy, committee, education, etc., they are more likely to remain a member. Member engagement directly correlates to member recruitment and retainment.

MSMS has shared "Policy Link" as an example of an online policy forum. What is the cost to implement?

Policy Link is one option some states have utilized. MSMS already has and used the technology in place to accept resolutions, host an online forum and facilitate a member vote. So, there would be no additional cost for the new policy forum.

<u>General Process Questions</u>

How will this be presented and voted on at the House of Delegates?

While these recommendations are interdependent and intended to be adopted as a unified reform plan rather than individually. For purposes of an organized deliberation and vote at the House, each recommendation will be its own resolved statement and will be taken one at a time. This will be the process for the Reference Committee and the general session of the House.

Bylaws require a second reading. How will that work if the House supports these changes?

As allowed in bylaws, the MSMS Board of Directors called a second session of the House of Delegates for the bylaws changes associated with the Reorganization Report on April 18, 2026.

What is the timeline for implementing these major structural changes?

- Board of Directors – This would need to happen first, from April through July 2026.
- Organization Partnerships – MSMS committed to billing for counties through the 2027 dues cycle. The turnover would take place in August 2027 for 2028 dues.

- House of Delegates – The Policy Committee would be created in the fall 2026 and be ready to accept resolutions January 2027. First cycle of review would begin March 2027.