



BOARD OF DIRECTORS Minutes

Meeting Date: January 24, 2012 at Mount Olive College in Mount Olive, North Carolina

Members: (noted **PRESENT** with an "X" mark)

- | | |
|---|--|
| <input checked="" type="checkbox"/> - Lee Smith, Committee Chair (Wayne County) | <input checked="" type="checkbox"/> - J. W. Simmons (Sampson County) |
| <input checked="" type="checkbox"/> - Rita Hodges, Vice-Chair (Lenoir County) | <input checked="" type="checkbox"/> - Rebecca Judge (Duplin County) |
| <input checked="" type="checkbox"/> - Dr. John Fisher (Wayne County) | <input checked="" type="checkbox"/> - Floyd McCullough, (Wayne County) |
| <input checked="" type="checkbox"/> - Zettie Williams (Duplin County) | <input checked="" type="checkbox"/> - Albert Kirby, Jr. (Sampson County) |
| <input checked="" type="checkbox"/> - John Bell (Wayne County) | <input checked="" type="checkbox"/> - Emily Moore (Lenoir County) |
| <input checked="" type="checkbox"/> - Tom Fleetwood (Wayne County) | <input checked="" type="checkbox"/> - Anne Turner (Wayne County) |
| <input checked="" type="checkbox"/> - David Sanderson (Duplin County) | <input checked="" type="checkbox"/> - Wanda Boyette (Sampson County) |
| <input checked="" type="checkbox"/> - Eric Rouse (Lenoir County) | |

Staff:

- | | |
|---|---|
| <input checked="" type="checkbox"/> - Ken Jones, Director and Chief Executive Officer | <input checked="" type="checkbox"/> - Dr. Bryan Spader, Medical Director |
| <input checked="" type="checkbox"/> - Bob Canupp, Chief Financial Officer | <input checked="" type="checkbox"/> - Anna North, DMA Contract Manager |
| <input type="checkbox"/> - Becky Cale, Provider Relations Director | <input checked="" type="checkbox"/> - Nancy Moore, CFAC Chair |
| <input type="checkbox"/> - Venessia Hill, Ombudsman & CFAC Liaison | <input checked="" type="checkbox"/> - Jose Coker, Board Attorney |
| <input type="checkbox"/> - Dr. Susan Corriher, Clinical Director | <input checked="" type="checkbox"/> - Connie W. Price, Adm. Asst./Minutes Clerk |
| <input checked="" type="checkbox"/> - Jonathan Charleston, Board Attorney | |

Others: Beverly Bell, Eastpointe Division Liaison

▪ **Agenda Items Presented:**

1. Approval of Minutes
2. Director's Report
3. Business Office Report
4. Policy Committee Report
5. Client Rights Committee Report
6. Consumer Family Advisory Committee Report

▪ **CALL TO ORDER & INVOCATION:**

The Eastpointe Board of Directors met in regular session on January 24, 2012 in the *James T. Best Conference Room* at Mount Olive College. Chairman Lee Smith called the meeting to order at 6:00 p.m., and welcomed the Board members, staff, and guests to the meeting. All fifteen Board members were present at the January meeting. Tom Fleetwood delivered the invocation.

ORIGINAL

- **INSTALLATION OF NEW OFFICERS:**
Lee Smith, newly elected Chair, and J. W. Simmons, newly elected Vice-Chair, were asked to come forward to take the Oaths of Office as new officers of the Eastpointe Board for 2012. Connie W. Price, Notary Public of Wayne County, administered the Oaths of Office.

- **COMMUNITY INPUT:**
There was no community input for the month of January. However, Emily Moore expressed her appreciation to Mr. Jones and Eastpointe staff for the wonderful Christmas party provided for the Board on December 13th.

- **APPROVAL OF MINUTES:**
The Minutes of the December 13, 2011 Board meeting (Attachment 1) were presented for approval. No corrections were noted.

Wanda Boyette made a motion to approve the December Minutes. Dr. John Fisher made a second. The motion carried.

- **CHIEF EXECUTIVE OFFICER'S REPORT:**
Ken Jones welcomed everyone to the January meeting, and thanked the Board for their continued support of Eastpointe staff and management as the LME moves toward future endeavors. Mr. Jones commented on the items listed below which were contained in the Board packets:
 - Attachment 7-A:* Article entitled “*The Atlantic – a Great Depression*” which addresses thoughts on why mentally ill patients aren’t being treated, even though psychiatric emergencies are on the increase while State budgets continue to be slashed.

 - Attachment 7-B:* Email notice announcing that Ken Jones and Lee Smith were selected to served on the DHHS Waiver Advisory Committee which meets monthly in Raleigh to provide input and consultation on the Medicaid Waiver Implementation process and progress.

 - Attachment 7-C:* Document prepared by the N.C. Council of Committee Programs which addresses recommended governance statute changes to strengthen Medicaid Waiver management capabilities, and also contains comments from the N.C. Association of County Commissioners.

 - Attachment 7-D:* DHHS Secretary Lanier Cansler’s letter announcing his resignation effective January 31, 2012. The Governor has appointed Al Delia who will assume his new post in February.

 - Attachment 7-E:* Updated List of Eastpointe Board Committees for 2012.

MERGER UPDATES

Mr. Jones reported that the Governance / Merger Committee for The Beacon Center, Eastpointe and Southeastern Regional met on Thursday, January 19, 2012 at Mount Olive College. It was decided that henceforth this Committee would be referred to as the “Merger Committee”. The

following information that was shared with the Merger Committee was also presented to the Board members:

- **Merger Plan / Agreement** – The Merger Committee reviewed a draft copy of the “Plan of Merger and Agreement between the Beacon Center, Eastpointe Human Services, and Southeastern Regional”. The document addressed: the purpose of merging the three LMEs; the surviving entity; the new Area Board; the role of the Merger Committee; principal office and local presence; management and organization chart information; employees; financial disclosure; assets; liabilities; fund balances; general liability insurance; Directors and Officers’ insurance; County appropriations; covenants; conditions precedent for parties to close; compliance requirements; Waiver; retired employees; litigation claims, and equipment leases. The Merger Agreement must be signed by all Counties, including Board Chairs, CEOs, and County Commissioners, as well as by the Secretary of Health and Human Services prior to the merger date.

Mr. Jones touched on several sections of the draft Merger Agreement, and pointed out that “timing is our biggest challenge”. It is our goal is to get all County signatures by March, and once signed, a set of By-Laws can be recommended for the new LME Board. The By-Laws Committee can begin to meet within the next few weeks after members have been identified, but will also need direction from the Merger Committee. Items to be determined by the By-Laws Committee include: number of Board members serving from each County; ex-officio members; voting by proxy; and County Advisory Groups. Each LME will submit copies of their respective By-Laws to be reviewed and conformed into one proposed draft for the By-Laws Committee, and later will be presented to all three LME Boards. The Merger Committee appointed Lee Smith, Albert Kirby, Carol McCall, and Pearl Finch to serve on the By-Laws Committee.

Mr. Jones stated that all three LME Directors are in agreement that the LMEs are ready to move forward with merger plans. The Merger Committee discussed the pros and cons of changing the merger date from October 1st to July 1st, and the need to have the document reviewed by each of the three LME attorneys. Several Committee members expressed concerns about sections in the draft Merger Agreement dealing with: a) Board composition, b) when Board members should resign their current terms, c) determining final decisions on unresolved issues, and d) how County appropriations should be spent.

Based on those discussions, the following recommendations to the draft “Plan of Merger and Agreement” document were made by the Merger Committee:

- a) **Board Composition** - That the number of total Board members for the new LME Board be changed from 15 members to 27 members.
- b) **Board Member Resignations** - That “all” Board members from the Beacon Center, Southeastern Regional and Eastpointe resign their position from the local Boards effective the merger date.
- c) **Final Decisions** - That in the event the Governance / Merger Committee reaches an impasse, the matter should be referred back to the three LME Boards to cast one vote each, and the majority votes shall be binding.

- d) County Appropriations - That County appropriated funds shall be dedicated as funds for citizens of *that* County, and that these funds shall not be supplanted.
- e) Merger Plan – That the draft “Plan of Merger and Agreement” be taken back to the three LME Boards and three Board attorneys for consideration, including recommended changes from the Merger Committee; and once approved, the document shall be presented to the twelve Boards of County Commissioners, and to the State prior to July 1, 2012.
- f) Merger Date – That the Beacon Center, Southeastern Regional, and Eastpointe merge together into one Local Management Entity effective July 1, 2012.

After Eastpointe Board members discussed the pros and cons of the revised version of the “Plan of Merger and Agreement” as submitted by the Merger Committee, Eastpointe’s Board recommended the following additional changes to the document:

- Page 3, Section 3 in (f): include the word “automatically” when referring to Board members resigning so that all Board members will not have to individually submit separate letters of resignation.
- Page 3, Section 4 in (a): delete the “last sentence” because it is repeated in letter (g) on Page 4.
- Page 3, Section 4 in (e): reword the “entire paragraph” to clarify specifically what the Merger Committee will do *versus* what goes back to the three LME Boards for decision making.
- Page 6, Section 11: add language about “no undisclosed liabilities”.
- Page 7, Section 12: add language about “professional liability insurance for Physicians” and “recording endorsement / tail coverage”. Also add language about “Directors and Officers insurance coverage”.
- Page 7, Section 14: change second sentence in the revised section to read “The funds allocated by the County shall supplement...” rather than as currently shown “These funds shall supplement other County ...”. Also add language about “indemnification statement”.
- Page 8, Section 16: change word “another” LME or agency to “either” LME or agency.
- Page 8, Section 17: add phrase about “no one being disqualified”.
- Project Plan - Mr. Jones reviewed the “Merger Project Plan” document which addressed key areas of finance, information technology, human resources, clinical operations, external operations, quality management, and training. Eastpointe is currently working on three projects at the same time (Merger, Waiver, and URAC accreditation). URAC staff will

conduct their on-site visit during the week of March 5th. A "mock review" to assist with staff preparation will be conducted by BHM Management Consultants the week of February 6th. After Waiver implementation, our organization will be managing somewhere between \$33 million and \$38 million. We will receive approximately \$12.50 per member per month (PMPM) from the State, plus 2% to manage the State's funds; however, it was pointed out that some of this will be put back into risk reserves for the organization. The three LME Finance Departments are working diligently on inventories, contracts, and budgets. Information Technology Departments continue to make progress in the areas of communications, merging phone systems and data, and modifications to the MCO Systems Development.

Mr. Jones introduced Ann Taylor, BHM Consultant specializing in Human Resources, who has been assisting the three LMEs with Human Resources issues. At the present time, Eastpointe is advertising externally for a H. R. Director with expertise in managing an organization with 300 plus employees. Mr. Jones talked about the positions on the proposed organizational chart; the tiered process for the recruitment plan; comparison of LME benefits plans; competitiveness of labor market salary survey; and communications with staff. Management is speeding up the hiring process. This is indicated by using the tiered approach which shows: a) Chiefs being identified first; b) Directors by February 1, 2012, c) Managers by March 1, 2012, and d) non-Supervisory positions by April 1, 2012. The Employee Benefits Plans for all three LMEs were also compared. Management is currently working with a broker for renewal rates, and hopefully will be completed by June 1, 2012.

Ms. Taylor elaborated on the salary survey that was conducted at market rate, which includes all positions on the organizational chart. All job descriptions have been updated. The survey also includes extensive collection of salary data from other LMEs, local Governments, Value Options, Magellan, BCBS of N.C., and other general sources. Basic duties, education requirements, experience requirements, and licensure/certification were all considered in the process. The proposed Salary Scale that will be submitted to the three LME Boards shows a projected 8% to 13% total increase as compared to Eastpointe's current salary scale. Ms. Taylor pointed out that this is due to being competitive in nature, particularly in the areas of licensed/certified and information technology candidates which are hard to recruit. Ms. Taylor also explained the need for Eastpointe to receive "substantially equivalent" status from the State for the purpose of qualifying our own applicants, particularly those related to the new positions that will be created for the Medicaid Waiver function. She reviewed the process and General Statutes provisions associated with how to petition the State to become "substantially equivalent". It will be necessary for each of the four Boards of County Commissioners to support Eastpointe's petition; policies and procedures will need to be developed indicating how the agency will meet the requirements; and a letter from Eastpointe's Board indicating our request to apply for "substantially equivalent" status will be required.

Wanda Boyette made a motion to grant CEO Ken Jones authority to prepare a Resolution for Eastpointe to receive "substantially equivalent" status from the State, and thereafter present the Resolution to each of the four Boards of County Commissioners for approval; and petition the State for same. Emily Moore made a second. The motion carried.

▪ **BUSINESS OFFICE REPORTS:**

- Human Resources - Ken Jones gave an update on the "Recruitment and Personnel Actions as of January 18, 2012" report. There were no new hirings or resignations during this time period. We are currently advertising for Utilization Review Clinicians to serve

in the Mental Health / Intellectual Developmental Disability area. The SOAR (SSI Outreach, Access, and Recovery) Trained Benefits Specialist position for the Housing Department is still on hold. The Waiver Personnel Actions as of January 18, 2012 report identified Albert Barron as being selected to fill the Director of Housing position and Linda Isbell to fill the Director of Network Operations effective July 1, 2012. Mr. Jones pointed out that the 13 positions listed on the "Waiver Recruitment Actions as of January 18, 2012" report are purely for informational purposes only, and lists positions that have been identified for implementation of the Medicaid Waiver function. Those positions include: Director of the Utilization Management, Director of Quality Management, Director of Management Information Systems, Director of Customer Services, Director of Care Coordination, Claims Manager; Director of Human Resources, Waiver Contract Manager, Director of Communications, Director of Community Relations, Director of Financial Operations, Director of Training, and Director of Grievance & Appeals.

J. W. Simmons made a motion to approve the Human Resources Recruitment and Personnel Actions Report. Tom Fleetwood made a second. The motion carried.

- Finance Committee - Bob Canupp, Eastpointe's CFO, gave a report on the January 10th Finance Committee meeting. Finance Committee members reviewed the proposed Eastpointe LME 2011-2012 Salary Schedule (Attachment 3-B-2) that will need the Board's approval. If approved, the proposed salary schedule will be implemented for MCO (managed care organization) purposes. For current employees the Salary Schedule will be effective July 1, 2012.

Rita Hodges made a motion to approve the Eastpointe LME 2011-2012 Salary Schedule as presented. Tom Fleetwood made a second. The motion carried.

Mr. Canupp also mentioned that Eastpointe owns an old Heilig-Meyers building located in the Town of Wallace. Neuse Enterprises is interested in purchasing the property. Mr. Canupp pointed out that as a Managed Care Organization, Eastpointe does not need to be in the "real estate business", and leasing properties to potential Medicaid providers. However, Eastpointe will need to advertise the property for an upset bid.

Wanda Boyette made a motion to direct the Finance Committee to move forward with the sale of the Heilig-Meyers building. Emily Moore made a second. The motion carried.

- Fiscal Monitoring Report - Mr. Canupp distributed copies of the "Quarterly Fiscal Monitoring Report for period ending December 31, 2011" to the Board for review (Attachment 3-B-3). The report shows Total Revenues of \$5,355,784 and Total Expenditures of \$6,438,796 for a change in cash balance of (\$1,083,012). Mr. Canupp stated that the Division is allocating funding differently than in the past and the State has changed their accounting system which has decreased the cash flow periodically for services. Eastpointe is also expending more than usual due to the Waiver and Merger; however, Mr. Canupp indicated that Eastpointe is in good shape at this point.

David Sanderson made a motion to approve the Fiscal Monitoring Report for Quarter Ending 12/31/11. Dr. John Fisher made a second. The motion carried.

- Audit Report - Dean Horne, CPA from Pittard, Perry & Crone, gave an update on Eastpointe's audit for year ending June 30, 2011. Original copies of the "Eastpointe Human Services Financial Statements for Year Ending June 30, 2011" were distributed to Board members. Mr. Horne pointed out that the State of North Carolina is a party to the audit contract, which is a three-party contract consisting of the auditor, Eastpointe, and the State. Once completed, the audit goes to the Local Government Commission in Raleigh for review. The audit is not considered complete until accepted by the Commission. Eastpointe's report dated November 17, 2011 has been accepted by the State with no material findings, and received an "unqualified opinion" which is the highest rating. Mr. Horne explained the auditing process, and asked the Board to pay special attention to the "Independent Auditor's Report" referenced on Page 5. He also discussed Page 15 which addressed Eastpointe's Balance Sheet – Governmental Funds; and Pages 36-39 Eastpointe's General Fund – Statement of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, for year ending June 30, 2011. Mr. Horne pointed out it is important for Eastpointe to document expending of all the single stream funds so no payback will be required. Mr. Horne stated that the fund balance remains at acceptable levels per the Division and the N.C. Local Government Commission (which dictates the fund balance requirements that the LME must meet). In Eastpointe's case, the LME is in full compliance and has sufficient reserves to undertake Merger and Waiver activities. Mr. Horne offered to come back to a future Board meeting should members have additional questions after they have had time to review the audit findings. Chairman Smith thanked Mr. Horne for his audit presentation.

Wanda Boyette made a motion to accept the Financial Report and Eastpointe's Annual Audit for 2011. David Sanderson made a second. The motion carried.

The next Finance Committee meeting is scheduled for February 14, 2012 at Lane Tree Country Club in Goldsboro beginning at 10:30 a.m. Board members were reminded they are always welcomed and encouraged to attend the Finance Committee meetings.

- **POLICY COMMITTEE REPORT:**

Anne Turner, Chair of the Policy Committee, reported that the Policy Committee did not meet during the month of January.

- **CLIENT RIGHT COMMITTEE:**

J. W. Simmons, Vice-Chair of the Client Rights Committee (CRC), reported on the Client Rights meetings held in December and January, and referenced the "December 8, 2011 and January 12, 2012 Client Rights Committee Minutes" addressed in Attachments 5-A and 5-B. Mr. Simmons indicated that Carolina Treatment Center of Goldsboro provided a presentation at the December meeting on their services as a Methadone Clinic. Becky Cale, Eastpointe Provider Relations Director, provided a presentation at the January meeting on the "First Quarter Needs Assessment Survey". The usual monthly Monitoring Reports and Incident Reports were reviewed at both meetings. The next CRC meeting will be held on February 9, 2012 at Mount Olive College in the Hunt Presidential Dining Room at 10:30 a.m.

Emily Moore made a motion to accept the CRC report for informational purposes. Floyd McCullough made a second. The motion carried.

▪ **CONSUMER FAMILY ADVISORY COMMITTEE:**

Nancy Moore, Chair of CFAC, referenced the December 14, 2011 CFAC meeting (Attachment 6). Ms. Moore shared thoughts about the December Christmas Social held for consumers of Southeastern Regional and how appreciative they were of the food and gifts. Two Eastpointe CFAC members and Eastpointe's Liaison attended. Ms. Moore also reported on the recent joint CFAC meeting held on January 23rd at Southeastern Regional. She indicated they have a challenge of putting together a new set of By-Laws for the new Consumer Family Advisory Committee. Eastpointe's CFAC meeting is scheduled for February 21st at 1:30 p.m. in the Condon Conference Room at the Eastpointe Goldsboro office.

Rebecca Judge made a motion to accept the CFAC Report for informational purposes. Zettie Williams made a second. The motion carried.

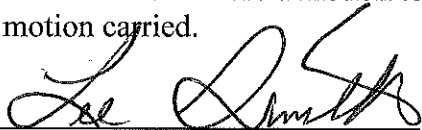
▪ **ANNOUNCEMENTS:**

- Gang Conference - Mr. Jones reported that the 6th annual "Gang Symposium" was held on January 23rd at Lenoir Community College in Kinston, North Carolina. J. W. Simmons spear-headed the event where over 350 community and law enforcement individuals were in attendance. Mr. Simmons pointed out that the conference was an "intervention/preventative based" outreach to let individuals know what is transpiring with the gang movements. He added that Eastpointe was a key player in organizing and sponsoring the Gang Awareness initiative and he expressed his appreciation to Mr. Jones and the Board members.
- Housing Meeting - Mr. Jones, along with Rebecca Judge, attended the December 14th Housing Board Meeting and Christmas Celebration held at Seymour Johnson AFB in Goldsboro. Attendees included landlords, providers, coalition members, as well as housing tenants who shared their personal testimonies. Mr. Jones commended Housing Director Albert Barron for the outstanding job his department does in representing Eastpointe's Housing Department. The event reinforced what Eastpointe does in our communities and displayed many favorable and positive results.

▪ **ADJOURNMENT:**

Chairman Smith asked for any further business to be brought before the Board. There being no other business presented, Chairman Smith requested a motion to adjourn the Board meeting.

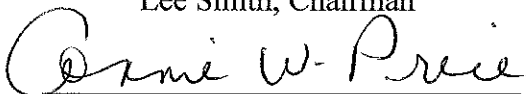
Floyd McCullouch made a motion to adjourn the January meeting. John Bell made a second. The motion carried.



Lee Smith, Chairman

2-28-2012

Date Approved



Connie W. Price, Secretary/Recorder

2-28-2012

Date Approved