



BOARD OF DIRECTORS Minutes

Meeting Date: August 28, 2012 at Mount Olive College, Mount Olive, North Carolina

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

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|--|--|
| <input checked="" type="checkbox"/> - Lee Smith (Wayne County) | <input checked="" type="checkbox"/> - James Prevatte (Columbus County) |
| <input checked="" type="checkbox"/> - John Bell (Wayne County) | <input checked="" type="checkbox"/> - Paul Russ (Columbus County) |
| <input checked="" type="checkbox"/> - Nancy Moore (Wayne County) | <input checked="" type="checkbox"/> - Pearl Finch (Nash County) |
| <input type="checkbox"/> - Zettie Williams (Duplin County) | <input checked="" type="checkbox"/> - Kirk Scott (Nash County) |
| <input checked="" type="checkbox"/> - Rebecca Judge (Duplin County) | <input type="checkbox"/> - Lou Richardson (Nash County) |
| <input checked="" type="checkbox"/> - J. W. Simmons (Sampson County) | <input checked="" type="checkbox"/> - Bill James Brewington (Robeson County) |
| <input checked="" type="checkbox"/> - Albert Kirby, Jr. (Sampson County) | <input checked="" type="checkbox"/> - Bobbie Britt (Robeson County) |
| <input checked="" type="checkbox"/> - Eric Rouse (Lenoir County) | <input type="checkbox"/> - Jerry Stephens (Robeson County) |
| <input checked="" type="checkbox"/> - Emily Moore (Lenoir County) | <input checked="" type="checkbox"/> - Stephanie Monroe (Scotland County) |
| <input checked="" type="checkbox"/> - Emery White (Bladen County) | <input checked="" type="checkbox"/> - Carol McCall (Scotland County) |
| <input checked="" type="checkbox"/> - Billy Ray Pait (Bladen County) | <input checked="" type="checkbox"/> - Kim Hands (Wilson County) |
| <input checked="" type="checkbox"/> - Addie Carmon (Edgecombe County) | <input checked="" type="checkbox"/> - Rob Boyette (Wilson County) |
| <input checked="" type="checkbox"/> - Charlie Harrell (Edgecombe County) | <input checked="" type="checkbox"/> - James Shackelford (Greene County) |
| | <input checked="" type="checkbox"/> - Jerry Jones (Greene County) |

Staff/Others:

- | | |
|---|---|
| <input checked="" type="checkbox"/> - Ken Jones, Director and Chief Executive Officer | <input checked="" type="checkbox"/> - Dr. Susan Corriher, Chief of Clinical Operations |
| <input checked="" type="checkbox"/> - Bob Canupp, Chief of Business Operations | <input checked="" type="checkbox"/> - Jeanette Jordan-Huffam, Chief of Quality Management |
| <input checked="" type="checkbox"/> - Karen Salacki, Chief of External Operations | <input checked="" type="checkbox"/> - Theresa Edmondson, Director of H.R. & Compliance |
| <input checked="" type="checkbox"/> - Jose Coker, Board Attorney | <input checked="" type="checkbox"/> - Connie W. Price, Board Clerk |
| <input checked="" type="checkbox"/> - Jonathan Charleston, Board Attorney | |

Guests:

Mark Grimaldi from the Division of Mental Health; Thomas Johnson from Crossroads Support Services; Eric Clubin from ACTS; Carol Choate from A Caring Heart; Ben Parrish from the Duplin Sheriff's Department; and Barbara Byers from the Wayne County 4-H Office.

Agenda Items:

1. Approval of Minutes
2. CEO/Director's Report
3. Business Office Report
4. Committee Reports

▪ **CALL TO ORDER & INVOCATION:**

The Eastpointe Board of Directors met in regular session on August 28, 2012 in the "James R. Best Conference Room" at Mount Olive College in Mount Olive, North Carolina. Chairman Lee Smith called the meeting to order at 4:30 p.m., and welcomed the Board members, staff, and other special guests. There were twenty-four Board members present at the meeting, and three were absent. Jerry

Stephens and Lou Richardson were absent due to prior commitments. Zettie Williams was absent due to illness. Paul Russ delivered the Invocation.

▪ **INSTALLATION OF NEW BOARD MEMBERS:**

Addie Carmon, Eric Rouse, Billy Ray Pait, and Bill James Brewington were unable to attend the July 9th Board meeting at which time the new Eastpointe Board members took their oath of office. During the August 28th Board meeting Ms. Carmon, Mr. Rouse, Mr. Pait and Mr. Brewington were asked to stand and take their Oath of Office as new members of the Eastpointe Board of Directors for year 2012-2013. Connie W. Price, Notary Public of Wayne County and Board Clerk, administered the Oath of Office.

▪ **COMMUNITY INPUT:**

There was no community input for the month of August. However, J.W. Simmons and Officer Ben Parrish presented Ken Jones with a framed certificate in appreciation of Eastpointe's support to the "*Gangs Across the Carolinas*" initiative. Eastpointe was recognized for receiving the "*Special Achievement Award*" at the 3rd Annual Gangs Across the Carolinas Conference which was held on August 14th in Greensboro. Officer Parrish stated that the award was a small token of their appreciation for the support and coalition efforts Eastpointe has contributed to this initiative. The certificate was signed by members of the N.C. Gang Investigators Association.

▪ **COUNTY PROCLAMATION:**

Chairman Smith informed the Board that September is "*National Alcohol and Drug Addiction Recovery Month*". Eastpointe would like to recognize this disability by adopting a Proclamation supporting September as "*National Alcohol and Drug Addiction Recovery Month*". He referenced the Proclamation contained in the Board packets, and indicated that if adopted by the Board, the Proclamation would be sent to the County Managers of Eastpointe's twelve counties for approval by their County Commissioners with a request that the Proclamation be posted in their respective counties.

Motion was made by John Bell to adopt the Proclamation recognizing September as "*National Alcohol and Drug Addition Recovery Month*". Emily Moore made a second. The motion carried.

▪ **APPROVAL OF MINUTES:**

The Minutes of the July 9, 2012 Board meeting (Attachment 1) were presented for approval. Two items on Page 6 were pointed out by Paul Russ dealing with incorrect grammar.

Motion was made by Rob Boyette to approve the July Minutes with noted revisions. Paul Russ made a second. The motion carried.

▪ **CHIEF EXECUTIVE OFFICER'S REPORT:**

Ken Jones welcomed everyone to the August meeting, and shared the following updates:

- **County Allocations** - During the next two months Mr. Jones plans to meet with each of the County Managers in Eastpointe's catchment area to review County allocations and Eastpointe's budget.
- **Mercer Reviews** – The Mercer Government Human Services Consulting Agency (Mercer) will conduct an onsite visit at Eastpointe on September 20th. Mercer representatives will be reviewing Eastpointe's finance, information technology, clinical, claims, and provider

enrollment processes to determine our progress on the 1915 (b)(c) Waiver. If Mercer identifies issues, then a plan of correction will be issued. They will subsequently return on November 15th to conduct a 45 day review prior to the Waiver implementation date of January 1, 2013. If Mercer decides Eastpointe is not ready, then they will recommend that the State postpone Eastpointe's implementation date, or they may recommend moving the function to another Managed Care Organization (MCO). Eastpointe's immediate staffing needs prior to the Waiver implementation include: eight licensed staff for the Call Center; two licensed staff for Utilization Management, four licensed staff for Care Coordination, one Data Analyst, and a full-time Medical Director.

- **Western Highlands** – This particular MCO is currently experiencing clinical, financial and information technology issues. The Division is working with Western-Highlands and is encouraged that they can turn things around. There are several concerns regarding co-mingling of Medicaid and State funds, not using Managed Care reports, and not reporting losses to the Board of Directors. Western-Highlands has been put under a plan of correction, and will be monitored on a weekly basis. Some of the important factors in Western Highlands' failure include:
 - IBNR (incurred but not recorded) Report not being accurate;
 - Management did not meet weekly or timely to review reports and identify problem areas;
 - Management did not identify and work toward managing problem areas such as Psychiatric Residential Treatment Facilities (PRTF);
 - Financial reports showed co-mingling of funds;
 - Claims edit issues and claims being paid twice;
 - Claim adjustments being voided;
 - Clean claims did not match Division of Medical Assistance (DMA) clean claims;
 - Third party liability was not being coordinated; and
 - Out-patient discharges approving blocks of services rather than determining medical necessity.

Mr. Jones stated that Eastpointe is putting systems and processes in place to ensure we do not experience similar issues that occurred at Western Highlands.

- **Staff Meeting** - On July 20th Eastpointe employees attended a “meet and greet” staff event held at Wallace which also included team building exercises and trainings related to the MCO. The event proved to be very successful and was the first such meeting involving all staff. Additional activities included rewriting Eastpointe's Mission Statement, reviewing the organization's values, and focusing on what we want Eastpointe's vision to be in the future.
- **Council News Update** – Mr. Jones referenced articles in the May/June 2012 edition of the *N.C. Council Community News Bulletin*. The State Budget includes a \$20 million reduction to MH/DD/SA community services (non-recurring). Local Management Entities/ Managed Care Organizations (LMEs/MCOs) will receive an additional allocation of \$1.7 million in the DMA budget to account for scheduling delays in the 1915 (b)(c) Waiver implementation. However, \$8.5 million will be cut to the LME/MCO administration section in the MH/DD/SAS budget to account for cost savings of mergers and implementation of the Waiver. There was also an \$8 million cut in the Substance Abuse Prevention and Treatment Block Grant which resulted in a significant cut to Eastpointe. In addition, there will be a \$4.3

million transfer of Social Services Block Grant funding from LMEs to the Department of Social Services to cover the cost of taking responsibility for guardianship clients. Mr. Jones discussed concerns about adult care homes. A new commission called the “Blue Ribbon Commission” has been established to look at the transition to community living for clients living in adult care homes. The commission is charged with examining the State’s system of community housing and supports for individuals with severe mental health disabilities, and those with intellectual and/or developmental disabilities. The commission will be asked to develop polices that will move the State away from institutionalization, along with a variety of other tasks.

- **Press Releases** – Eastpointe placed notices in several local newspapers advertising the recent merger of The Beacon Center, Southeastern Regional and Eastpointe LMEs. Advertisements appeared in the following newspapers: *Duplin Times, Wallace Enterprises, Kinston Free Press, Sampson Independent, Goldsboro News-Argus, Rocky Mount Telegram, Wilson Daily Times, Standard Laconic, Tabor-Loris Tribune, Bladen Journal, Laurinburg Exchange, Daily Southerner, The News Reporter, Nashville Graphic, The Robesonian, St. Paul Review, Mt. Olive Tribune, and Red Springs Citizen.*
- **Community Forums** – Eastpointe is sponsoring several trainings and public meetings across the twelve counties to address the Innovation Waivers. The public meetings will be held in Rocky Mount, Wallace, Wilson, Lumberton, Laurinburg, Goldsboro, Kinston and Whiteville. Information concerning the meetings was mailed out to all CAP-MR/DD recipients and families. The trainings, which include information on the CAP Waiver as well as the 1915 (b)(c) Waiver, have been very effective and beneficial to clients and their families. To date, approximately 300 family members have attended the trainings and meetings offered during August. Additional meetings are planned for September, November and December.
- **Board Meeting Calendar** – Copies of the *2012-2013 Eastpointe Board of Directors Calendar* were distributed. Mr. Jones explained that because Eastpointe covers a twelve county area, we plan to use our time wisely. Therefore, the full Board will not meet every month; but will meet during the months of October, January, March, May and June. There will be no meetings of the full Board held in September, November, February or April. The date for the December meeting will be announced at a later time. Mr. Jones added that should a need arise that requires items to be approved prior to the regular meeting dates of the full Board, then the Executive Committee will meet in the alternate months to review those items. Thereafter, the Executive Committee will report any decisions or recommendations to the full Board at the regular meeting dates. However, Mr. Jones pointed out that should an issue arise which will require a called meeting of the Executive Committee, only the Executive Committee will be allowed to vote on recommendations. In the event the Executive Committee does meet, notice will be given in advance to the full Board as well as to the public, and all Board members are welcome to attend the Executive Committee meetings.
- **Executive Committee** – Board members appointed to serve on the 2012-2013 Executive Committee represent all twelve counties, as well as all disability groups. Members are as follows: Emery White, Bladen County; James Prevatte, Columbus County; Zettie Williams, Duplin County; Addie Carmon, Edgecombe County; Jerry Jones, Greene County; Emily Moore, Lenoir County; Kirk Scott, Nash County, Jerry Stephens, Robeson County; Albert

Kirby, Sampson County; Carol McCall, Scotland County; Lee Smith, Wayne County; and Rob Boyette, Wilson County. The Chair of the Executive Committee will be Lee Smith.

- **Finance Committee** – Five Board members were appointed to serve on the 2012-2013 Finance Committee. Those members include: Emery White, James Prevatte, Lee Smith, Kim Hands, and Nancy Moore (who also represents CFAC interests). There was one non-Board member selected to serve, who is Tommy Hollowell, a County Finance Officer. The Chair of the Finance Committee will be Emery White.
- **Client Rights Committee** – Four Board members were appointed to serve on the 2012-2013 Client Rights Committee (CRC). Those members include: Bobbie Britt, J. W. Simmons, Pearl Finch and Paul Russ (who also represents CFAC interests). The CRC will also include representation from the Eastpointe Provider Network, Quality Improvement, and Clinical Services Departments. The Chair of the CRC will be Bobbie Britt. Lee Smith will also appoint non-Board members to this committee.
- **Policy Committee** – Three Board members were appointed to serve on the 2012-2013 Policy Committee. Those members include: Addie Carmon, Carol McCall, and Rebecca Judge. The Chair of the Policy Committee will be Addie Carmon.
- **Eastpointe Budget** – Copies of the 2012-2013 Total Budget were distributed. The LME Administrative Revenue was listed at \$9,173,686; Other Local Funds at \$338,988; County Funds at \$2,336,500; Medicaid Funds at \$123,422,159, and State & Federal Funds at \$34,226,950. The Total Revenue was listed at \$169,498,279. Mr. Jones pointed out that this amount could go up or down by \$7 million depending on the State's per member per month (PMPM) rate. When this occurs, management will go before the Finance Committee to request a budget revision.

Mr. Jones explained the first part of the budget which addressed the LME Administrative section. The State of North Carolina has reduced its budget somewhat due to the efficiencies of the merger. There is also a significant increase due to the management of Medicaid dollars. The County budget is reflected by the amount of funds each of the counties has committed to in the past. The Financial Assistance budget is based on 1/12 allocations for the providers. The Contracted Services budget will fluctuate, and services may be added or deleted from the list in the future, as this is driven by the needs of our clients.

Mr. Jones discussed the Medicaid budget, and stated that prior to the merger, Eastpointe was doing all the utilization review for its four counties (Duplin, Lenoir, Sampson and Wayne) and was performing the same job as the State's vendor **Value Options**. Eastpointe continues to negotiate with the State on the Medicaid budget, and particularly on the per member per month (PMPM) rate. He pointed out that the projected revenues are for a six month period, and that some of the projected administrative costs will change. Eastpointe feels this is too low and has identified specific areas of concern, which also include the CAP budget.

At this point, discussion was held about the counties who contribute the smaller allocation amounts, and what types of services would be available in those counties. Mr. Jones explained how the budget funds are different from county to county - which also limit some services to those counties who contribute less. The State will no longer approve funds for some services, such as transportation. Mr. Jones indicated that once he has met with the

County Managers, and given an update on Eastpointe's status, then it will be up to the individual county to decide what amount they will contribute. Ultimately, this decision will affect the types of services that are available to those counties.

▪ **BUSINESS OFFICE REPORTS:**

- **Human Resources** – The “Waiver Personnel Status and Waiver Recruitment Status as of August 21, 2012” reports (Attachment 3-A) were discussed. Mr. Jones stated that interviews are on-going on a daily and weekly basis. Employee orientations for new hires were held recently. Approximately thirty-four new staff have been identified for various Waiver positions within the Beulaville, Goldsboro, Lumberton and Rocky Mount sites. The H.R. Department is currently advertising for fourteen additional positions which will be housed throughout the four locations. There have also been a few retirees who left Eastpointe during the months of July and August.

Motion was made by Paul Russ to approve the Human Resources Reports. Emery White made a second. The motion carried.

- **Business/Finance Office** - Bob Canupp explained the following reports contained in the Board packets. Mr. Canupp stated that these are samples of reports that will be used by Eastpointe's on a daily, weekly, or monthly basis in order to track and evaluate where we stand in the Wavier process. There will be many similar reports that will be used to show irregularities and other risk factors.
 - **Attachments 3-B-1:** Total Inpatient Costs Report – addresses inpatient costs for State and community hospitals.
 - **Attachment 3-B-2:** Annualized Utilization per Thousand Report – shows Medicaid utilization per 1,000 by category of service of each rate cell and for the entire Medicaid eligible population.
 - **Attachment 3-B-3:** Authorization Counts by Service Code Report – shows the number of authorized services by procedure code for selected start and end dates.
 - **Attachment 3-B-4:** Rate Volume Variance Analysis Report – compares budgeted to actual costs and utilization by month and fiscal year-to-date.
 - **Attachment 3-B-5:** IBNR (incurred but not reported) Claims Lag Report – shows claims paid by month incurred and the length of time between the provision of service, and the processing and payment of claims.
 - **Attachment 3-B-6:** IBNR (incurred but not reported) Excel Model Report – calculates IBNR claims paid by month, and depicts claims lag triangle & the calculation of completion factors.
 - **Attachment 3-B-7:** Per Member Per Month (PMPR) by Category of Service Report – shows service expenditures and PMPM cost by category of service for each rate cell.

Mr. Canupp concluded his report by adding that Eastpointe has employed several highly trained consultants that are experts in Medicaid who are assisting Eastpointe in preparing for the Waiver function. He added that accurate monitoring by the use of these reports and many other similar reports will ensure that Eastpointe does not experience the same issues that occurred with Western-Highlands.

▪ **POLICY COMMITTEE REPORT:**

The new Policy Committee will hold its first meeting with the new 2012-2013 Board members sometime in September or October.

▪ **CLIENT RIGHT COMMITTEE:**

The new Client Rights Committee will hold its first meeting with the new 2012-2013 Board members sometime in September or October.

▪ **CONSUMER and FAMILY ADVISORY COMMITTEE:**

Paul Russ, Chair of the Consumer and Family Advisory Committee (CFAC), referenced the July 24, 2012 CFAC Minutes (Attachment 6). Mr. Russ was elected Chair of the committee, and Mike Weaver was elected Vice Chair. CFAC members reviewed their budget and the current stipend rate. CFAC members would like to see the stipend rate increased from \$20 per meeting to \$30 per meeting. Mr. Russ indicated he has been attending the Eastpointe Leadership and Quality Management Committee (QMC) meetings. Mr. Russ also reported on the August 21st CFAC meeting. He stated that Ken Jones attended the August meeting and gave a financial report. Mr. Jones also spoke about the effect the Waiver would have on the populations served by Eastpointe, and how the MCO was investing resources into Care Coordinators. He encouraged CFAC members and family members to attend the upcoming community forums/public meetings. During the August meeting, CFAC members discussed WRAP and Peer Support Trainings. The Complaint/Concern form was reviewed; and a sub-committee has been organized to work on the Relational Agreement. The committee also talked about the effect the Department of Justice case might have on Group Homes. Mr. Russ announced that the next CFAC meeting will be September 18th at Mt. Olive College in the "*James R. Best Conference Room*" beginning at 11:00 a.m.

Motion was made by James Prevatte to accept the CFAC report for informational purposes. Albert Kirby made a second. The motion carried.

▪ **BOARD MEMBER STIPENDS:**

Vice-Chair James Prevatte stated that some Board members felt the current \$20 stipend is too low given the fact that several Board members drive at least 110 miles one way and spend several hours on the road roundtrip in addition to the time spent at the meetings. He recommended that the Board member stipend rate be increased, in addition to reimbursement for mileage. There was discussion among Board members about increasing the stipend to between \$30 and \$50. Board Attorney Jonathan Charleston stated that the N.C. Statutes limit stipends to \$50 per meeting, and that he would like to research the Statutes again. There were also questions about whether 1099 forms would be issued each year for receipt of the stipends.

Motion was made by Billy Pait to adjust the Board member stipend to \$50 per meeting, in addition to mileage reimbursement, contingent to the Board attorney's research of the N.C. Statutes to substantiate same. Emery White made a second. Chairman Lee Smith asked for a vote by show of hands. There were 14 affirmative votes, and 7 negative votes. (NOTE: Board

Member Kirk Scott asked that it be noted in the Minutes that he abstained from voting on this motion).

▪ **NEXT MEETING:**

Eastpointe's Board will not meet in September, but will meet again on Tuesday, October 23, 2012 at Mt. Olive College. Mr. Jones reminded the Board that in the meantime should an emergency arise that needs attention, the Executive Committee will meet, and ample notice of the meeting date and location will be given to the full Board and to the public.

▪ **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.

Motion was made by Eric Rouse to adjourn the August 28th meeting. John Bell made a second. The motion carried. The meeting adjourned at 6:00 p.m.

Lee Smith

Lee Smith, Chairman

October 23, 2012

Date Approved

Connie W. Price

Connie W. Price, Clerk to the Board

October 23, 2012

Date Approved