

HIGHLAND RIVERS HEALTH
BOARD OF DIRECTORS MEETING

August 26, 2014

Highland Rivers Health – Bartow Mental Health Center
650 Joe Frank Harris Parkway, Cartersville, GA 30120

MINUTES

Members Present: Chantel Adams, Carol Franklin, Jim Mehaffey, Lori Rakes, Jean Smilie, Rhonda Wallace, Faye Ward, Donna Whitener, Allen Wigington, Nancy Wood
CEO Jason Bearden

Members Absent: Jonathan Blackmon, Linda Crawford, Billy Hayes, Bill Weaver

Staff Present: Candace Baldwin, Georgia Bennett, Stephanie Collum, Melanie Dallas, Ann Davies, Dena Payne, Mark Phillips, Kathleen Varda, Amanda Winters

1. CALL TO ORDER

Chairwoman Carol Franklin called the meeting to order at 10:43 a.m.

2. APPROVAL OF AGENDA

Chairwoman Franklin announced adjustments to the agenda including the addition of Resource Council Property discussion as Item 5 and administration of the oath of office for new board member Rhonda Wallace upon her arrival.

Action: The amended agenda was approved on unanimous vote of motion by Allen Wigington and second by Nancy Wood.

3. APPROVAL OF JUNE 17, 2014 MINUTES

Minutes were approved as presented on unanimous vote of motion by Nancy Wood and second by Allen Wigington.

4. OATH OF OFFICE FOR BOARD MEMBER RHONDA WALLACE

As Pickens County Probate Judge, Allen Wigington administered the oath of office for Rhonda Wallace, who joins Jim Mehaffey as Floyd County's second representative to the Board in keeping with passage of Senate Bill 349 which changed the makeup of community service boards of directors. Introductions were made by staff and board members.

Rhonda is a banker with Citizens First Bank of Rome. She was elected three years ago as a member of the Floyd County Board of Commissioners and this year is running unopposed for re-election. Rhonda stated, "I love what Highland Rivers does and I am honored to be on this Board". Rhonda was welcomed to the Board and thanked for her willingness to serve.

5. RESOURCE COUNCIL PROPERTIES DISCUSSION

CEO Jason Bearden explained that the Resource Council is a six-member board which has been associated with Highland Rivers for over 30 years as a support foundation. The Council owns five properties that it leases back to Highland Rivers at very low cost. Since the Resource Council is

currently considering divesting of the properties and changing direction of its support in order to focus more directly on the service aspect, consideration is being given to deeding the properties directly to Highland Rivers. If the Highland Rivers board is not in favor of receiving the properties, an alternative would be for the Council to sell. Jason pointed out this could be problematic for Highland Rivers particularly in regard to the Cherokee facility as it is located in a premium real estate development area and new ownership would most probably result in much higher lease payments.

CFO Mark Phillips noted that ownership of the properties would mean a savings of approximately \$150,000 per year in rent. He also noted that ownership would allow Highland Rivers to “control our own destiny” and said it “would obviously help the balance sheet”, giving flexibility and enhancing ability to obtain a bank line of credit if needed. All properties are in good repair at the moment since the Council has made significant investment over the last two years to maintain and renovate the buildings. The 2005 appraised value of all properties, excluding Springview which was purchased at a later date, was \$2,385,730 with annual cost of maintenance between \$60,000 and \$70,000. Ownership of the properties may mean an additional person would have to be hired for maintenance and additional capital repairs may be required on older properties.

Reaction by board members to deeding of the properties was positive with appreciation for the generous nature of the potential gift. The CEO requested a formal vote designating authority to move forward. **Action:** On unanimous vote of motion by Allen Wigington and second by Lori Rakes, CEO Jason Bearden was authorized to engage in negotiations with the Resource Council for transfer of donated properties including the Dalton Administration office, the Dalton Stone Street Apartments, Cherry Log facility, Cherokee facility in Canton and Springview Home in Rome.

6. RATIFICATION OF DEPARTMENT OF BEHAVIORAL HEALTH & DEVELOPMENTAL DISABILITIES (DBHDD) CONTRACTS

CFO Mark Phillips presented the grant in aid contracts received and executed for ratification by the Board. Biggest change is in the funding for FY15 in the amount of \$1,433,349 for the new Pickens 20-bed residential program known as Highland Recovery Center. The Developmental Disabilities contract at \$1,754,623 carries similar funding to the previous year and there was no change in the TANF Ready for Work (RFW) Women’s Outreach contract for \$2,537,337. Total core service funding is \$21,911,662 for FY15 compared to \$19,921,833 for FY14.

Action: The FY15 Adult Core Mental Health and Addictive Disease Contract # 441-93-1531AAS in the amount of \$17,619,702 was ratified on unanimous vote of motion by Allen Wigington and second by Lori Rakes.

Action: The FY15 Developmental Disabilities Contract # 441-93-1531AAY in the amount of \$1,754,623 was ratified on unanimous vote of motion by Allen Wigington and second by Nancy Wood.

Action: The FY15 TANF RFW Contract # 441-93-1531ABC in the amount of \$2,537,337 was ratified on unanimous vote of motion by Allen Wigington and second by Chantel Adams.

Action: The FY15 Community Support Team (CST) contract # 44100-261-0000050874 in the amount of \$292,728 was ratified on unanimous vote of motion by Allen Wigington and second by Jean Smilie.

Action: A new expense-based Intensive Case Management (ICM) Contract # 44100-261 in the amount of \$503,000 for two ICM teams operating in Paulding, Polk, Bartow and Haralson Counties was ratified on unanimous vote of motion by Allen Wigington and second by Nancy Wood.

Action: The expense-based FY15 Intensive Case Management (2nd year) Contract # 44100-261-0000051854 in the amount of \$391,000 for 10 case management positions was ratified on unanimous vote of motion by Allen Wigington and second by Faye Ward.

Action: The expense-based FY15 Case Management Contract # 44100-261-0000052621 in the amount of \$64,000 for two case management positions was ratified on unanimous vote of motion by Allen Wigington and second by Jean Smilie.

7. CFO / FINANCE COMMITTEE REPORT

CFO Mark Phillips reported the Finance Committee had a “great meeting” and he distributed to the board copies of a financial summary which had also been used in the committee’s meeting to highlight major components of the financial statements. Mark reported that as of June 30, 2014 Highland Rivers had net income of \$3.27 million which includes non-reoccurring revenue in the amount of \$2.73 million received in May 2014 as part of an “infrastructure investment from DBHDD”. Excluding the one-time revenue, results were still positive with a net income of \$535,000, \$163,000 short of the budgeted net income of \$698,000, Mark commented.

For the month of June 2014, results reflect a loss of \$455,947, mainly due to \$607,000 of year-end construction and repair projects. The capital expenditures included contract funded renovations to Pickens clinic to house the new 20-bed residential and substance abuse intensive outpatient program and unfunded costs of construction on the new Gilmer outpatient and AIM facility and remediation of mold issues at the Crisis Cedartown facility.

Mark said he was “proud” to point out that administrative costs came in at 11.07% of total expenses. This is very low compared to other CSBs that run well above 12% of total expense.

Lori Rakes thanked Mark for a “great job” and said that the Finance Committee was very pleased with the new summary of financial statements. “This summary allows the Finance Committee to do a deep dive” into the overall financial picture, Lori stated.

8. CORPORATE COMPLIANCE COMMITTEE REPORT

Corporate Compliance Officer Stephanie Collum stated that fiscal year end reporting requirements were one focus of the committee meeting. Two of the annual reports, “Quality Improvement” and “Risk Management” were distributed and on the committee’s recommendation will also be sent to remaining board members for informational and review purposes.

The agenda item for CARF Review was moved at this point for inclusion in the compliance committee discussion. Stephanie reported that the preliminary results as discussed during the CARF exit conference showed 17 recommendations for areas of improvement. She stated this is a moderate number and plans are already being developed to address and correct deficiencies cited. Stephanie added that it is expected Highland Rivers will receive a full, three-year accreditation as a

result of the review. Over the next three years planning and work will be ongoing to have the Board become CARF accredited during the 2017 review.

9. ANNUAL REPORT

Director of Strategy and Business Development Kathleen Varda distributed copies of the draft Highland Rivers Health Annual Report, an overview of FY14 goals and accomplishments. Finalized version will be completed after review and is expected to be published in September. The Annual Report will be disseminated to all community stakeholders and will also be available on line. Kathleen requested that board members make her aware by email of any recommended changes to the report and/or names of community groups/individuals to also receive the report.

10. BENEFIT & COMPENSATION CHANGES

Chief Operating Officer (COO) Melanie Dallas explained that benefit equalization is a proposal to bring what is a “fairly antiquated” system up to “contemporary” status. The plan seeks to close the gap between benefits received by Highland Rivers employees versus those received by Healthcare Staffing (HCS) employees. Melanie stated that the plan also relates to fiscal responsibility in the disparity between paid leave for the two employee groups. Changing to paid time off (PTO) plan requires a balancing act to make needed adaptations while recognizing and respecting a culture that is invested in generous state holiday and leave benefits. Board member Lori Rakes suggested putting a new PTO plan in place through a multi-year phase-in. CEO Jason Bearden agreed that a two to three-year strategy for implementation will work best and said management is looking at beginning the transition to a new system by January 1, 2015. A final plan for the Board to review and approve will be presented during the October board meeting.

11. CEO REPORT

Jason presented the following highlights from his CEO report included in the board information packet.

- ▶ Ribbon cuttings and celebrations are being planned to mark the openings this fall of the Highland Recovery Center in Jasper and the Integrated Care Access Point in Gilmer County when construction / renovation projects are complete. Other new programs include the Intensive Residential Treatment Facility beginning service in September and the recently awarded Highland Rivers Peer Support Centers.
- ▶ Significant efforts have been made by executive leadership to attract and maintain a stable physician staff for the outpatient clinics located throughout the Highland Rivers catchment area. On the inpatient service side, five physicians have been with the crisis stabilization units for a number of years. The clinic-based physician recruitment and employment process has proven more problematic but concentrated efforts and ongoing negotiations, including hiring of a physician addictionologist for Highland Recovery Center and the Women’s Outreach Program, are expected to help resolve the situation. Plans are to hire an associate medical director to help manage the physician practice for the outpatient services side.

- ▶ Core Redesign and Other Market Factors – Senate Bill 349 (CSB Reformation Bill) is significantly impacting the Highland Rivers Board of Directors, notably with the expansion to 16 members and the mandate for 4 members to be local governmental officials. Three of the board's currently seated membership meet that criteria and it is expected that Polk County Board of Commissioners will appoint City Manager Bill Fann who has been an enthusiastic supporter of Highland Rivers through partnership of the One Door Polk initiative. Jason said that Kathleen Varda has raised \$800,000 with approximately \$500,000 more to be raised for the facility to become completely operational.

Another change resulting from the legislation is the rotation of financial auditors every three years so a CSB's accounting system and financial statements are reviewed with new perspective and objectivity.

Ensuring greater provider outcomes accountability is a projected result of the core redesign of community service board behavioral health care system. Initially, approaches to improving Georgia's behavioral health care safety net were separated into 4 silos consisting of core redesign, integrated care, health insurance premiums and exchange market. With the input of providers and the CSB Association, Department of Behavioral Health and Developmental Disability (DBHDD) agreed that the foundational components must be joined and coordinated together. Meeting the challenges will necessitate a complex process for resolving the disparate factors of high insurance payments for staff whether or not individuals opt for coverage, federally qualified health care (FQHC) provider relationships which become competitive rather than partner oriented, and the CSB law that hinders service integration with prohibition of medical service provision. Based on FY14 funding and services provided, DBHDD core redesign FY16 projections analysis puts the facility at a deficit of \$(2.1 million) with most CSBs facing a similar scenario. The state has said it is looking at the 25 CSBs as 1, indicating there may be consolidations and mergers. "It will be a challenging couple of years as CSBs manage through some very transformative policy initiatives", Jason said. He added there will be intensive educational efforts over the next year.

- ▶ The Department of Human Services is requesting repayment of an outstanding \$1.4 million advance made by the state to Highland Rivers a number of years ago. Jason anticipates being able to negotiate for a 36-month payback period.
- ▶ Members of the board are invited and encouraged to attend the Georgia Association of CSBs annual Educational Exchange conference at Lake Lanier Islands October 19 – 21. Leadership staff will attend and all arrangements for board members will be handled and paid for by Highland Rivers.

12. EXECUTIVE COMMITTEE & COMMITTEE CHAIRMANSHIP APPOINTMENTS

Chairwoman Carol Franklin announced the composition of the Executive Committee will consist of the current officers with addition of immediate past Chair Linda Crawford as at large member.

Chairwoman Franklin also appointed Allen Wigington to chair the Corporate Compliance Committee and Lori Rakes to chair the Finance Committee.

CEO Jason Bearden announced that Bill Weaver would be honored during the September 8 meeting of the Whitfield County Board of Commissioners with a proclamation by the Commission and presentation from Highland Rivers. Board members were notified earlier in a letter from Bill that he had decided to retire from the Board, effective August 31.

Jason also reported that the Commission will select a member to fill the unexpired term from two highly capable Whitfield County candidates.

Chairwoman Franklin announced the following work groups, their chairs and members who elected to serve on the respective committees in order to carry out the work of the board strategic plan:

- Engage at organizational, community, state and federal levels to provide continuity in sustaining our focus – Chair: Allen Wigington; Members: Chantel Adams, Carol Franklin
- Cultivate visibility and awareness of Highland Rivers Health to improve access to care – Chair: Jean Smiley; Members: Lori Rakes, Faye Ward, Donna Whitener
- Leverage the communities' voices to advance innovative partnerships that support an individual's lifetime of recovery and independence – Chair: Linda Crawford; Members: Jonathan Blackmon, Jim Mehaffey, Nancy Wood
- Evaluate work to be done for Board to be CARF certified – Chair: Carol Franklin; Members: Stephanie Collum; Allen Wigington

13. REVISION OF BYLAWS

Allen Wigington stated that revision of the bylaws requires significant effort to make them current and in line with the mandates of SB 349. Allen said he and Donna Whitener will work to complete a draft revision for review by Legal Counsel and presentation at the October board meeting.

14. PUBLIC COMMENT

There was no public comment. Allen Wigington stated that he would like to see broader advertisement of meetings to encourage community attendance.


15. ADJOURNMENT

The meeting was adjourned at 12:30 PM on unanimous vote of motion by Jim Mehaffey and second by Nancy Wood.

Next regularly scheduled meeting of the Board will be October 28, 2014.



Carol Franklin, Board Chair



Date