

**METROCARE SERVICES**

**BOARD OF TRUSTEES  
MEETING MINUTES OF**

**January 24, 2008**

# METROCARE SERVICES

## REGULAR MONTHLY MEETING of the BOARD OF TRUSTEES

### MINUTES OF January 24, 2008

A Regular Meeting of the Board of Trustees of Metrocare Services convened at 1:30 p.m. on Thursday, January 24, 2008 at 1360 River Bend Drive, Dallas, Texas.

#### I. Call To Order/Roll Call

Mr. Cooper, Chairperson, called the meeting to order at 1:30 pm. A quorum was present.

The following Trustees were present:

Mr. Cooper  
Mr. Driver  
Mr. Migl  
Mrs. Noble  
Mr. Orr  
Mrs. Ringle  
Ms. Rodriguez  
Ms. Walton-Brooks  
Dr. North

**Staff Present:** Dr. Baker, Linda Thompson, Dr. Graves, Kyle Munson, Sandy Stephens and other Metrocare staff.

II. **CITIZENS' COMMENTS:** The procedure for public comments was available at the meeting for those interested. No public comment was received.

#### III. ISSUES TO BE CONSIDERED:

##### **Approval of the Meeting Minutes of December 6, 2007 – Regular Board Meeting:**

**Board Action:** Mr. Cooper, Chairperson, called for any comments or corrections to the meeting minutes of December 6, 2007. There were no comments or corrections presented. Mr. Cooper made a motion to approve the minutes. The minutes were approved as presented.

##### **Chairman's Report:**

**MR Planning Advisory Committee/Network Advisory Committee Report (MR PAC/NAC):** Ms. Walton-Brooks, Board Liaison for the MR PAC/NAC asked the Chairperson of the committee Ms. Gracie Sifuentez to present the report.

Ms. Sifuentez said a quorum was present for the MR PAC/NAC committee of January 8, 2008 with two new members present. At the meeting, Linda Thompson provided updates on the MR Authority and Quality Management. This included a review of abuse and neglect allegations and findings.

010296

Mr. David Aston then presented an update on various issues in MR provider services, including the negotiations with EduCare Community Living Corporation for the purchase of six ICF/MR facilities and vendor numbers and the grant submitted with the Autism Treatment Center to serve 30 children age 3-8 years in a therapeutic day program.

There were no questions posed for this item.

**Board Liaison Report:** Mrs. Noble presented a written report and said that she attended the second session of the Executive Directors' Consortium (ED Consortium) on January 18-19, 2008, as well as the two sessions of the Texas Council of MHMR Centers Board of Directors (Texas Council) meeting in Austin. She said Dr. Jim McDermott, chair of the ED Consortium is working very closely with the new Texas Council CEO to share information between the two groups.

On January 18<sup>th</sup> the focus of the ED Consortium was on criminal justice. Dee Wilson, Executive Director of the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI), Stuart Jenkins, Director of the Parole Division for the Texas Department of Criminal Justice, and Bonita White, Director of Criminal Justice Assistance Division of the Texas Department of Criminal Justice (TDCJ) spoke. Afterwards, Commissioner Dr. David Lakey and Joe Vesowate from the Department of State Health Services (DSHS) reported on the jail diversion part of crisis services redesign. Barry Waller and Gary Jessee from the Department of Aging and Disabilities Services (DADS) presented an update on the legislative appropriations request and strategic plan for the Community Living Options plan.

Two "red flag" issues were discussed: 1) the Health Opportunity Pool, which is the unmatched local and state monies that may be diverted from indigent to match federal funds as part of the state's Medicaid redesign. Ms. Noble said this is a good opportunity for the uninsured, but it is a threat in that the plan may not provide funding for people we are currently serving; 2) the federal rule from the Centers for Medicare and Medicaid Services issued in 2007 that could greatly restrict what kind of entities can receive dollars through Medicaid administrative claiming.

There were no questions posed for Mrs. Noble.

**Next Committee/Board Meeting:** Mr. Cooper announced that the next committee meetings will take place on Thursday, February 21, 2008 starting at 11:30. The next full Board meeting will be on February 28<sup>th</sup> starting with Board training at 1:00 pm. Officers will be elected and committee appointments made at the full board meeting.

Mrs. Sue Ringle announced the installation of a traffic signal with a push button cross walk across from the Westmoreland clinic. She was informed by Dallas City staff that this would take place within a 4-6 month period. Mrs. Ringle said this would help consumers to safely cross from the bus stop to the clinic.

#### **Chief Executive Officer's Report:**

**Success Story: Texas Correctional Office on Offenders with Medical or Mental Impairments Intensive Case Management (TCOOMMI-ICM) Andrea Brown, presenter.**

Dr. Baker asked Ms. Brown to share a success story from this program.

010297

Ms. Brown said when she first started working in this program she was assigned the case of a client that presented with bipolar, alcohol and anger issues. This particular client had to report to his probation officer on a weekly basis, meaning he was non-compliant with the rules of his probation. He used alcohol on a daily basis and refused to attend AA meetings. He was referred to TCOOMMI by his probation officer, had no family support except from his mother and a bad relationship with his teenage children. His felony charge did not let him find a decent job except for the odd jobs he found here and there. He was not receiving any social security benefits and could barely keep up with the payment on his dwelling and his bills. Except for Parkland Hospital he was unaware of the health benefits available to him in the community.

In the TCOOMMI program it is required that you come into the clinic to report to your caseworker once a week, and they in turn will do one community or home visit a month, visit or call the consumers' family and also visit with his probation officer on a monthly basis. Ms. Brown added that she made it a point to sit in on the clients' and his probation officers meetings to discuss his progress, as well as giving the client the liberty to discuss hers and his sessions.

On her home visits she would discuss issues in his natural environment, here he was more open and at ease. Over the year he started to add more goals to his treatment plan. One of his dreams was to go back to school to finish his bachelor's degree so they started to focus on that, as well as his anger issues and he enrolled in an AA group.

Once he maintained his sobriety they did some research on possibilities for education and they found out that you can have a felony on your background and still be a paralegal. Ms. Brown and the client visited several campuses before he found one he was interested in and filled out his paperwork for financial aid. After eighteen months of sobriety he is at the top of his class and has completed one year of a two-year program and now he only has one more year and a semester of internship to go through before he completes his degree.

The client now feels like he has a future and can accomplish anything. His probation officer is thinking of getting him released early.

There were no questions posed for this item.

**Consideration of Acceptance of Chief Executive Officer Report:** Dr. Baker referred to page 10163 of the centerwide benchmarks.

The month was primarily spent on continuing to work through the adjustments associated with the return to a fee-for-service contract with ValueOptions. Financially there was a negative performance at end of month, but this was anticipated. The month of January shows a week over week improvement.

For the month of January there were several proposals being worked on. Mrs. Sifuentez mentioned one in her report and this involves working in conjunction with the Autism Treatment Center to serve children in a therapeutic day program. Two other proposals involve NorthSTAR outpatient crisis services. They are also working with other partners in the community on a supported housing project for people coming through the Homeless Assistance Center (HAC). A second proposal involving the management of clinical services inside the HAC was awarded to a vendor from out of state.

Dr. Baker asked if there were any questions related to his report.

There were no questions posed for this item. (Please refer to the January 24, 2008 Board packet for a detailed account of this report).

**Committee Recommendation/Board Action:** Mr. Cooper entertained a motion to accept the CEO's report. It was noted that the Business and Finance Committee accepted the report and so it was a committee recommendation and does not require a second. The Board approved the Committee recommendation, motion carried.

## **Business and Finance Committee**

Mr. Driver asked Mr. Munson to present his report.

### **Fiscal Management Reports:**

**Consideration of Approval of Financial Report for November 2007 (unaudited):** Mr. Munson referred to his report on page 10171 saying that the return to a fee-for-service had a significant impact on the financials for the month. The positive outcome for the month was due solely to the center finalizing the sale of the Inwood property.

**Consideration of Approval of Financial Report for December 2007 (unaudited):** Mr. Munson referred to page 10174 of the December financials. Mr. Munson said December did not fare well financially, with a loss of \$244K. On a year-to-date basis the center is still doing well. Both the months of November and December had holidays and this exacerbated the problem. Modifications to business processes are being made to accommodate this new environment.

Mrs. Noble asked if the budget variance was based upon dividing the annual budget by twelve and asked if there was a seasonal way to do this. Discussion ensued.

There were no other questions posed for this item. (Please refer to the January 24, 2008 Board packet for a detailed account of this report).

**Committee Recommendation/Board Action:** Mr. Driver offered a motion to accept the Financial Reports for November and December 2007. This was a committee recommendation and does not require a second. The Board approved the Committee recommendation, motion carried.

**Update on Establishment of Metrocare Foundation:** Mrs. Sandy Stephens described the reasons for a delay in starting the Foundation. She reported successes in raising funds, but these dollars are designated for specific projects and consequently the monies must be expended on those specific projects. No funding is available that can reside in the Foundation portfolio that would not be spent. More time is needed to establish this.

There were no questions posed for this item. (Please refer to the January 24, 2008 Board packet for a detailed account of this report).

**Consideration of Approval of Revision to Board Policy 5.10 on Salary Administration:** Mr. Munson referred to page 100176 of his report and said that the modifications to this board policy reflect the change to the current name of the center and verification of references to current statutes in the Texas Health and Safety Code and the Texas Administrative Code. Mr. Munson said the new policy also removes the requirement that an Annual Compensation Plan require the total number of employees and their salaries.

Ms. Ringle referred to page 10180 and asked if the name on the heading on top of the page should read Metrocare Services and not Dallas Metrocare Services. Also, on the second paragraph under "Relationship to Mission/Goals/Values," this should read: "The mission of

Metrocare Services is to provide quality supports..." (rather than Dallas Metrocare Services).

There were no additional questions posed for this item. (Please refer to the January 24, 2008 Board packet for a detailed account of this report).

**Committee Recommendation/Board Action:** Mr. Driver entertained a motion to accept the Revision to Board Policy 5.10 on Salary Administration as corrected. This was a committee recommendation and does not require a second. The Board approved the Committee recommendation with changes noted, motion carried.

### **Service and Program Committee**

Mrs. Noble said these reports were presented in their entirety at the Service and Program Committee last week. Mrs. Noble asked Dr. Graves to present a summary of his report for the month of December.

**Consideration of Acceptance of Service Delivery Report for December 2007:** Dr. Graves said this report was presented in its entirety at the committee meeting and he would present updates.

He said that Dr. Baker and Mr. Munson previously reported on the most significant issue, that is, the revenue problems associated with the return to a fee-for-service environment. Both mental health services and the developmental disability provider services reported a deficit in revenue versus budget, but there is progress each week. In the most recent week mental health was only \$21K short of target.

Dr. Graves discussed ideas suggested by Mrs. Noble and Mr. Cooper at the committee meeting regarding recognition to consumers who keep their appointments and show up on time. He said they will be working to roll something out.

There were no questions posed for this item. (Please refer to the January 24, 2008 Board packet for a detailed account of this report).

Mrs. Noble said that the Service and Program Committee recommended the acceptance of the Service Delivery Report for December 2007. This was a committee recommendation and does not require a second. The Board approved the committee recommendation, motion carried.

### **Quality Management Reports:**

Mrs. Noble asked Mrs. Thompson to present her management report for the month of December.

**Consideration of Acceptance of Quality Management Report for December 2007:** Mrs. Thompson said that there were no changes to her report since she presented it at the Service and Program Committee meeting. She said that the Department of Aging and Disability Services provided training to staff that would be providing the Community Living Options information to families. She also noted subcontracts with Denton County MHMR and the Betty Hardwick Center in Abilene to conduct the explanations to the families in this area so that their staff won't have to travel so far.

Staff continues to work on their corrective action plans dealing with timeliness and data verification. Focus is on programs that continue to have issues in these particular areas.

There were no other questions posed for this item. (Please refer to the January 24, 2008 Board packet for a detailed account of this report).

**Committee Recommendation/Board Action:** Mrs. Noble reported that the Service and Program Committee recommended the acceptance of the Quality Management Report for December 2007. This was a committee recommendation and does not require a second. The Board approved the committee recommendation, motion carried.

**Consideration of Acceptance of Revision to Board Policy 2.02 on Consumer Privacy and Protected Health Information (PHI):** Mrs. Thompson said the updates to this policy include the current name change, and updates to the statutory references. The body of the actual information remained the same.

There were no other questions posed for this item. (Please refer to the January 24, 2008 Board packet for a detailed account of this report).

**Committee Recommendation/Board Action:** Mrs. Noble reported that the Service and Program Committee recommended the acceptance of the Revisions to Board Policy 2.02 on Consumer Privacy and Protected Health Information. This was a committee recommendation and does not require a second. The Board approved the committee recommendation, motion carried.

#### **Audit Committee**

**Consideration to Receive FY 2007 Audited Financial Statements:** Mr. Migl said that the Audit Committee met on Thursday with this one item on the agenda. He asked Mr. Munson to present this report.

Mr. Munson said that, just as in years past, Mr. Tommy Nelson from the auditing firm of Scott, Singleton, Fincher and Company, PC would present the various reports his firm has prepared for this center. He said that this is the last year that Mr. Nelson's firm will present, as this is the sixth year his firm did the external audit and, according to our performance contract with the Department of Aging and Disability Services, one firm cannot perform the audit for more than six consecutive years.

Mr. Nelson said that his firm appreciated working with Metrocare staff and Board.

Mr. Nelson said that his firm issued three opinions. The first opinion is on the financial statements. Referring to page 10200 of the Board packet where the first opinion is documented, he said the firm issued a clean opinion, or unqualified opinion on the financial statements, meaning that the financial statements and the related footnote disclosures are in conformity with generally accepted accounting principles as they apply to an governmental entity.

Mr. Nelson said that Metrocare staff drafts the financial statements, and Mr. Joe Corlew provides these reports to the auditing firm for review and to make any changes that may or may not be required.

Mr. Nelson referred to page 10205 for the Single Audit Report. He said the other two opinions are found in this section of the report. One opinion is with regard to whether any weaknesses were found in the internal controls in relation to financial reporting. The other opinion is with regard to whether there were any regulations with which the center was not complying that would have a serious effect on the financial statements. The firm did not have any findings of these kinds to report.

010301

Mr. Nelson said there is a standard that was raised effective for the year ending December 2006. This standard says that the auditors can no longer be part of the system that creates the financial statements. He said the standards require the auditor to report any adjustment made to the financial statements as a result of their audit as a "material weakness". He said this has never been a problem with this center in the past six years. He just wanted to make the Board aware that the bar had been raised for our internal financial recording requirements. He said this center has passed that test.

The auditing firm also issued a report on the center's compliance with two major federal and state funded programs. He said the firm does not test every federal and state program every year, but item 7 lists all of those programs. The auditors determine which programs they think should be the ones tested each year. This year the State general revenue (which funds mental retardation services) and the Early Childhood Intervention Program (ECI) are the programs on which they are issuing their opinions.

With regard to these to programs, Mr. Nelson said his firm's opinion is clean on material compliance. The audit showed no material weaknesses on internal controls that assure material compliance with our major state and federal programs. There were two findings (but not material findings) that must be reported to the Board under OMB Circular A-133. He said these were not significant enough to affect their opinion.

One of the findings was the requirement for a physical inventory of all assets every two years. Representatives from the Department of Aging and Disability Services made a recommendation that the Center complete such an inventory in order to comply with Uniform Grants Management Standards (UGMS). The second finding was \$12,000 owed to ECI due to contracted services that lacked documentation to meet ECI guidelines. Management has already responded to both of these findings.

Mr. Nelson then reviewed the center's financial performance. Regarding the Proprietary Funds, he noted total operating revenues were \$39,196,305, total operating expenses were \$36,536,039, thus leaving an operating income of \$2,660,266. The result was an increase in net assets in the Proprietary Fund for the year of \$2,466,030. At the beginning of the year the center had a deficit of (\$1,938,068), so the total assets for the enterprise fund at the end of the year was \$527,422. This fund is positive for the first time since his firm has been auditing the center's financials.

Under the General Fund, total revenues in 2007 were \$19,066,210. The total expenditures were \$20,050,482 leaving an operating deficit of (\$984,272). The sale of an ICF property netted \$396,683, leaving a deficit for the year of (\$587,589). The fund balance at the end of the year was \$4,801,309. Mr. Nelson said that the results can be attributed to Medicaid programs, and that he understood that the center was in the due diligence phase of selling its ICF/MR licenses in order to stop the losses occurring in those programs.

Returning to the management letter, Mr. Nelson said that it discusses how the center has made significant progress. He said that he went back over three years to look at the progress in net assets and debt. In August 2004, the center had liabilities of just over \$13 million. At the end of August 2007, that number was reduced to just over \$7 million. That is, the center had decreased its debt by almost \$6 million in three years. In addition, significant restricted assets are available for that debt, so that in a way it is also already taken care of once these funds are applied.

Also over the past three years, the center's total net assets have increased to \$6.9 million, an increase of \$2.5 million dollars.

Mr. Nelson finished by commenting that the Center is making progress and he hopes that we keep this up.

Mr. Orr noted that this is still a draft copy. Mr. Nelson said that it is draft only until the Board approves it, and then a final copy will be provided.

Mr. Cooper asked if there were any questions that the Board should have asked regarding the audit that they had not. Mr. Nelson said that he was unaware of anything that the Board should have asked that it had not asked.

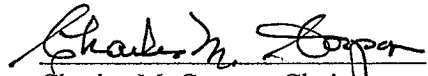
There were no other questions posed for this item. (Please refer to the January 24, 2008 Board packet for a detailed account of this report).

**Committee Recommendation/Board Action:** Mr. Migl reported that the Audit Committee recommended receipt of the Audited Financial Statements for FY 2007. This was a committee recommendation and does not require a second. The Board approved the committee recommendation, motion carried.

**EXECUTIVE SESSION:** There were no issues to discuss.

**IV. MEETING ADJOURNMENT:** There being no further business to come before the Board, on motion duly made, seconded and carried, the meeting adjourned at 2:30 pm.

Minutes approved by:

  
Charles M. Cooper, Chairperson

Minutes recorded, transcribed and distributed by:  
Martha L. Toscano  
Assistant to the CEO and Metrocare Board of Trustees