

METROCARE SERVICES

**BOARD OF TRUSTEES
MEETING MINUTES OF**

January 22, 2009

METROCARE SERVICES

REGULAR MONTHLY MEETING

of the BOARD OF TRUSTEES

MINUTES OF January 22, 2009

A Regular Meeting of the Board of Trustees of Metrocare Services convened at 1:30 p.m. on Thursday, January 22, 2009 at 1360 River Bend Drive, Dallas, Texas 75247

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
Ms. Noble
Mr. Orr
Ms. Walton-Brooks
Ms. Rodriguez
Ms. Ringle
Dr. North
Mr. Jeffery
Mr. Allbright

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 4, 2008 – Regular Board Meeting:

Mr. Cooper called for comments or corrections to the meeting minutes of December 4, 2008. Mr. Orr moved to approve, seconded by Ms. Walton-Brooks. All were in favor. Motion carried.

Chairman's Report:

- **Board Liaison Report:** Ms. Noble presented a written summary of The Texas Council of Community MHMR Centers meeting she attended in Austin, Texas from January 16 through 17, 2009.

Ms. Noble said she enjoys participating in these meetings and thanked the Board for this opportunity. She said when she attends these meetings it provides her a bigger picture to see all the state agencies.

Ms. Noble said the state is now going into its 81st Legislative Session. With the defeat of Tom Craddick as Speaker of the Texas House of Representatives there are more changes expected in the House of Representatives as newly elected Representative Joe Strauss of San Antonio selects his committee.

Ms. Noble indicated that the center might need to start educating new leaders once Rep. Strauss selects his committees. She emphasized the importance of Board participation in these training exercises for our elected representatives

Crisis services redesign received high marks in an evaluation by Texas A&M Public Policy Research on its first-year evaluation. Ms. Noble said that the findings and their recommendations are on her report. One of the recommendations was the need to provide support for ongoing mental health services after crisis resolution. Ms. Noble said that having an independent agency presenting this to our Legislatures is a positive step.

The Council voted on the weighted voting methodology recommendation and this was accepted with a vote of 27 for (including proxies), 6 against and one absent. The weighted vote will be available when requested by a director. Restructuring of the committees will also take place to provide representation from small, medium and large centers. The Executive Committee will have one representative elected from each of the centers size-groups." All the other committees will have 3 people to represent each group-size. This will help to improve communication. In response to Ms. Ringle's question Ms. Noble said that the 6 votes against were from rural centers.

At Ms Noble's request, Dr. Baker presented information on the Mental Health First Aid Program (MHFA) that is to be rolled out by the National Council. Dr. Baker said that this program is intended to reframe first aid for a mental health crisis to parallel first aid for health care issues. This is intended as a program on what to do when you come across someone in crisis. It is a train-the-trainer format. Dr. Baker suggested our consumer advocates provide the training as public education by the center. Ms. Noble said this would help get rid of the stigma.

There were no other questions posed for Ms Noble.

- **CEO Search Committee:** Mr. Cooper said he appointed a search committee to help with the search for a new CEO. The committee members are Mr. Orr, Chairman, Ms. Noble and Ms. Ringle. ~~The committee has met and~~ several applications have been received. Advertisements have already been placed throughout the state.

~~Mr. Orr said the committee had a working session two weeks ago and that~~ The human resources department had developed a draft of a job posting. ~~The committee suggested some changes and~~ Mr. Munson then posted it in the major newspapers around the state. ~~The Committee met with~~ Mr. Munson met with Mr. Orr and Ms. Noble to develop a process to narrow down the applicants. Mr. Munson said that a log file has been created to capture every application. He indicated that not only are we receiving local applications from within the state of Texas, but also from the rest of the states. He described the process he will use to log the applicants: 1) current or most recent position; 2) the firm or company; 3) if their no longer in that position, why they left it; 4) yes or no feel as to whether they meet the general qualifications of the job posting. The information obtained will be available for review at any point. An electronic copy will be retained of each of these applicants for review and distribution.

Ms. Ringle requested to see all of the applications. Mr. Orr said that Mr. Munson will log all of the applications, but if an applicant does not meet the basic requirements of the posting, the application will be set aside. Mr. Munson will refer the rest to the committee to start the process. In addition, potential applicants who did not respond will be sent letters inviting them to apply.

In response to a question from Mr. Albright around the committee's guidelines on determining candidates, Mr. Orr said that these were in the posting, which Mr. Munson distributed to the Board. Mr. Orr said that all Board members have access to the applications. The committee will take those not logged and start a formal process with them. Ms. Walton-Brooks asked the goal as to when to have a new CEO. Mr. Orr said that the commitment to Dr. Baker is to diligently pursue the replacement in a reasonable timeframe, but with no definitive date set.

There were no other questions posed for this item.

- **Election of Officers:** Mr. Cooper reminded the Board members that next month is the month for the election of officers. Mr. Cooper said that he would not run for re-election as Chair. He will continue as a Board member, but not as an officer of the Board.

Chief Executive Officer's Report:

Consideration of Acceptance of Chief Executive Officer's Report: Dr. Baker referred to page 10855 saying that in December much energy was spent primarily in the implementation of the first tier of budgetary changes intended to address revenue shortfalls in mental health for the first quarter. Starting in mid-December the center did see a consistent per-day increase in revenue, especially significant during the last couple of weeks of the month. The numbers in December indicate we are moving in the right direction.

Dr. Baker met with ValueOptions (V/O) to talk about the expired contract and to explore ideas of incorporating increased revenue or decreased cost-of-services into the contract. Most of these changes would require approval of the Department of State Health Services as well, especially ideas that would reduce centers costs. V/O has shown willingness to increase rates for group-based services. V/O has already agreed to an increase in certain pharmacy services that started January 1st.

Dr. Baker said staff was very excited in the progress made with the WW Caruth Jr. Foundation Fund of Communities Foundation of Texas Grant. The apartments, as well as the consumers have been located and staff is being hired.

There were no questions posed for this item.

Mr. Cooper entertained a motion to accept the centerwide benchmark report. Ms. Ringle moved to approve, seconded by Ms. Noble. All were in favor, motion carried.

Finance and Administration Committee

Mr. Orr asked Mr. Munson to present all of his reports in order.

Consideration of Approval of Financial Report for November 2008 (unaudited): Mr. Munson referred to page 10864 of his report and said that during the month of November the center reported a loss of (\$229K). In the same month the center put an aggressive plan in place to address the revenue shortfall in mental health. Staff turnover, vacant positions and unauthorized services attributed to this loss. The HR department and Dr. Graves are working.

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very hard to address productivity and get vacancies filled.

Consideration of Approval of Financial Report for December 2008 (unaudited): Mr. Munson referred to page 10867 of his report and said that during the month of December the center saw an increase in productivity. There were changes made in management positions and clinical functions, which lead to significant impact on revenues. This is a 20% improvement over November on a per-day basis. Management is also focused on helping staff understand unauthorized services and their impact on the center. The IT department is developing charting tools to assist in assuring services are authorized.

On January 1st changes in reimbursement of 340B pharmacy services were implemented that will have a positive impact of \$30-50K per month.

There were no questions posed for this item. (Please refer to the January 22, 2009 Board packet for a detailed account of this report).

Consideration of Approval of Revision to Board Policy on Fiscal Management 4.01: Mr. Munson referred to page 10868 and said that center policy requires a review of all Board policies on a five-year cycle. On this particular policy there were minor revisions, including changes to reflect the current name of the center, verification of current statutory references, references to mission statement and reference to TDMHMR.

There were no questions posed for this item. (Please refer to the January 22, 2009 Finance and Administration Committee packet for a detailed account).

Update on Hillside Campus Sale Inquiry: Mr. Munson said that at the Finance and Administrative Committee meeting of November, INCAP representatives and Jones, Lang, and LaSalle (JLL) presented a proposal to acquire the Hillside Campus. At that meeting the Board asked management to obtain an MAI Appraisal and also to obtain a cost estimate for replacement of those facilities.

Mr. Munson then presented the results of the appraisal performed by the firm of Joseph J. Blake & Associates, Inc. The initial appraisal of this property is an estimated \$4.4M.

A meeting has been scheduled with center representatives to discuss the next step. Staff is also working on the cost to the center for the acquisition of properties that would replace Hillside if the property is sold.

Ms. Ringle said that she wondered why the comps all came from outside Dallas County. Mr. Orr concurred.

Mr. Albright asked if, in November, Board had directed management to obtain separate representation. Dr. Baker said the Finance meeting minutes show that while the issue was discussed, it was decided to ask for the appraisal first.

Consideration to Receive FY 2008 Audited Financial Statements: Mr. Munson introduced Ms. Diane Terrell from the Auditing Firm of Davis, Kinard & Co., P.C from Abilene, Texas. Ms. Terrell thanked the Board for choosing her firm to perform the fiscal year 2008 audit. Ms. Terrell said it had been a pleasure working with Mr. Munson, Mr. Joe Corlew, and staff. Everything had been made ready for them so that there were no audit adjustments proposed for Metrocare.

Ms. Terrell presented from the same written report that she had used at the Finance and Administration meeting, and said that she would highlight some of the findings that she had presented the prior week. She said that her firm has issued an unqualified opinion on the

financial statements of the center for the year ending August 31, 2008. The financial statements were presented in all material respects in accordance with generally accepted accounting principles.

Ms. Terrell referred to page 10 of the Statement of Net Assets. She said these are the Governmental and Business-type Activities that this center participates in. The governmental activities column represents the center's general fund. These are MR Services, the Early Childhood Intervention Program (ECI), and capital assets and long-term debt related to MR, all in one column, allowing a view of the Center's MR Services separate from its business account.

The column for Business-type Activities presents the center's mental health services. The center reported Total Net Assets of governmental activities of \$8.6M, of which 77% represents unrestricted net assets. The Business-type Activities or mental health has total negative net-assets of approximately \$1.4M. The center as a whole has only \$83,600 in unrestricted net assets. What this means is that of this center's total net assets, the center has \$5.8M tied up in capital assets. This is the original cost less depreciation. This \$5.8M is going to be depreciated over the assets remaining use. The center has \$1.3M restricted for debt service. Only \$83K remains for future operations of this center.

Ms. Terrell said that although this does not sound very positive, it is an improvement over last year. She said it was her understanding that this is the first time since the NorthSTAR pilot that the center had positive unrestricted net-assets. Last year the center had a total negative of \$1.4M in unrestricted net-assets. This was an overall improvement over last year.

Referring to page (11), Ms. Terrell said this shows the statement of activities. This also is a government-wide statement that presents the operating activities of the center on a full accrual basis. On this basis the center had an increase in net assets of governmental activities (MR and ECI) of \$2.7M. Of this, \$1.5M was due to the gain on the sale of the ICF/MR program.

Mental Health or Business Like Activities experienced a decrease in net assets of almost \$2M. This brought the net assets into a negative. The center's net-assets combined increase \$754K this year. This is associated with the sale of the ICF/MR program.

Page 12 refers to the Balance Sheet for the General Fund (MR/ECI), which has a total fund balance of over \$8M. Of these amounts all but \$626K is reserve or unavailable to the center to fund future operations.

Regarding the Statement of Revenues and Expenditures for the General Fund (MR/ECI), the general fund had an excess of revenues over expenditures of \$104K. This is before the \$3.1M proceeds of the ICF/MR program. The \$104K is after the center retired over \$1.5M of its bonds payable.

Page 17 shows the Statement of Net Assets for mental health services. As mentioned previously, mental health had a negative \$1.4M in net assets. The assets section shows that mental health has \$2.5M tied up in accounts receivable.

Page 18 shows the activities for mental health. Mental health had a net decrease in net assets of just below \$2M. Although earned and local revenue increased slightly from prior year the personnel expense increased \$2.3M. Pharmaceutical cost increased \$2M.

In addition to the financial reports she just went over, they also performed what is called a Single Audit. This is the term given for testing compliance under federal awards internal

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control over financial reporting.

Ms. Terrell referred to page 58 for a summary of these findings:

The auditor's report expresses an unqualified opinion on the compliance with grants requirements. They do not report any findings on their test of grants compliance. Nor do they have any finding on Report on Internal Control Over Financial Reporting.

Ms. Terrell said they have specific things they look for in their audit, which is probably quite different to what the state looks at when they come in to audit.

She said there is something to say there, her firm did their best, but they did not come across anything.

The programs tested as major programs were:

Federal - CFDA #93.150 Projects for Assistance in Transition Homelessness (PATH)
CFDA #14.235 Supportive Housing

State - General Revenue (MR) passed through DADS
In Home Family Support

Ms. Terrell referred to the audit reporting package and said that there are certain matters they are required to provide to the governing board. They are pleased to report that there were no disagreements with management regarding accounting issues or regarding estimates made in the financial statements. There were no difficulties performing audit. Ms. Terrell said it was a pleasure working with staff. A new requirement is that if they propose any audit adjustments they are required to go over those with the governing board or to report the event in this communication. There were no proposed audit adjustments in the report. Ms. Terrell said this demonstrates the excellent job our financial department does on a regular basis. She said there were no advisory comments for this year.

Ms. Terrell said the state requires a management letter and this was included in the packet. There were no material weaknesses on internal controls reported.

Mr. Albright said that auditors are hired to find something and the fact that they did not find anything speaks highly of the staff. He commended everyone for a job well done.

Page 59 provides a report of last year's recommendations. Prior year findings have been resolved.

Dr. Baker commended Mr. Joe Corlew for his hard work, as well as other staff involved in preparing for this audit.

There were no questions posed for Mr. Munson's reports.

Mr. Orr moved to accept the Financial Report for November and December 2008, to approve the Revision to Board Policy 4.01 on Fiscal Management, to accept the Update on the Hillside Campus Sale Inquiry, and to accept the 2008 Audit report.

Mr. Cooper said all these items were committee recommendations and do not require a second. All were in favor. Motion carried.

Mr. Orr asked that the minutes reflect the commendation made to Mr. Joe Corlew.

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Report of the Provider Services Committee

Mr. Cooper asked Ms. Rodriguez to present the Provider Services Committee report. Ms. Rodriguez said that the committee had met the prior Thursday. She asked Dr. Graves to present a summary of his report.

Consideration of Acceptance of Service Delivery Report for December 2008: Dr. Graves said that per-day revenue continues to increase in the mental health division. He said that at this time the center has 45 medical staff positions filled, and two additional medical staff are coming on board. He thanked the HR department for their effectiveness and said they have had many applications.

Another focus has been on unauthorized services. Dr Graves said approximately a third of the staff received intensive training related to this issue. A slight decrease in unauthorized services already has been noted.

Dr. Graves said that the focus is on three clinical outcome measures: 1) stable housing; 2) persons who want jobs have them; 3) percentage of families with basic needs met. All the clinical staff received training from internal staff from our housing programs. The Career Design and Development Services provided training on vocational services, as well.

There were no other questions posed for this item. (Please refer to the January 22, 2009 Board packet for a detailed account of this report).

Developmental Disabilities Provider Services:

Early Childhood Intervention (ECI): Additional staff has been hired. The state re-audited the program. The center is waiting for the final results. The state still has concerns about our performance on the 45-day timeline for providing initial services. The auditors commented on the significant amount of services and were pleased with the increase in census.

Behavioral Psychiatric Services (BPS) has hired two additional psychologists.

Career Design and Development Services (CDDS): Staff provided training to the adult mental health clinics. A work group has met to try to develop a business plan to aggressively expand vocational services in the mental health side and accessing some funds outside the V/O funding stream.

Center for Children with Autism: One of the main focuses is on increasing the array of funding streams. At this point the program is too dependent on GR funding. Dr. Graves noted that the program hopes to do outreach to obtain grants for patients who do not qualify for GR funding.

Communities Foundation of Texas Grant Award: Dr. Graves said the grant's goal is to move up to 200 consumers out of The Bridge over the course of the next year. This will include providing transitional housing and Assertive Community Treatment team (ACT) like services. Dr. Graves said the center has been very successful in identifying the consumers and that management is in the process of hiring staff for the program.

Ms. Ringle suggested that the Board write hand written thank you notes to the foundation. Ms. Stephens said she would provide the thank you note stationery and would make sure that all of our Board members receive some of these.

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There were no questions posed for this item. (Please refer to the January 22, 2009 Board packet for a detailed account of this report).

Ms. Rodriguez said this was a committee recommendation. Mr. Cooper said this was a committee recommendation and does not require a second. Motion carried.

Report of the Quality and Authority Services Committee

Mr. Cooper asked Ms. Walton-Brooks to present the Quality and Authority Services Committee report. Ms. Walton-Brooks said that the committee had met the prior week and asked Ms. Thompson to present her report.

Consideration of Acceptance of Quality Management Report for December 2008: Ms. Thompson said Metrocare is on track to receive over 300 Home and Community Based (HCS) slot offers for individuals residing in the community. Enrollment efforts continue.

During December, staff worked with the Treatment Foster Care Program (TFC). TFC has contracts with the Juvenile Department and with Child Protective Services, and QM staff helps monitor the services. Youth for Tomorrow, a division out of Child Protective Services responsible for setting the level of need for individuals in that program, reviewed our program. The review went very well. There were 8 findings in the areas of service planning and delivery. This was an improvement over the previous year.

Ms. Thompson provided an update on the Aging and Disability Resource Connection (ADRC) of Dallas County. The Advisory Committee is now active. Ms. Thompson said the following are but a few of the members participating in this resource center: Easter Seals, Alzheimer's, Arc of Dallas, Reach of Dallas, AAA, and the local DADS office. The goal this year is to have 30 partner agencies serving as part of a coalition. To date there are 15 community partners. Ms. Thompson said this is exciting because they are pulling together members from the disability community aside from people with developmental disabilities and the aging community to work together to provide easier access for members of this community. The development of the website is moving along. Ms. Thompson said they are looking to June 1st as their kick off.

During the month of December the center received a \$3,000 sanction for not meeting the 95% threshold for HCS enrollments. In the November meeting, Ms. Thompson reported they were at 85%, but the requirement is 95% for HCS enrollments. Ms. Thompson said there were a couple of staff that did not follow procedures in place. She said she is working with DADS to try to appeal the decision on this sanction. Performance improvement plans are in place to make sure this is not an issue going forward.

During the month of December there was one confirmed complaint. Ms. Thompson said this is the lowest it has ever been since she started to report on this.

There were no questions posed for this item.

Ms. Walton-Brooks said this was a committee recommendation. Mr. Cooper said this was a committee recommendation and does not require a second. Motion carried.

Report of the Philanthropy Committee

Mr. Cooper asked Ms. Ringle to present the Philanthropy Committee report. Ms. Ringle said that the committee had met the prior week and asked Ms. Stephens to present her report.

Consideration of Acceptance of Development and Community Education Report for December 2008: Ms. Stephens referred to her Board Communication and said that her report is divided into departmental staff activities and grant oversight.

On one application submitted, to the Hoblitzelle Foundation, the center received a letter indicating that their portfolio was down and they would not be able to fund any grant proposals until next fall. Ms. Stephens said most likely this will happen more.

The center received \$750K from the Caruth Foundation. The Rosewood Foundation provided \$5000 this year for consumers who cannot afford to pay for their own medications. Last year they provided \$2500. This week the center was able to utilize some of these funds to help a consumer residing at the Salvation Army to pay for her medications.

Ms. Stephens said that the "Yes We Care" program occurred in December. Last year boxes were given to area churches to fill with basic toiletries and necessities. These boxes would disintegrate when wet, so this year the project used reusable bags.

Ms Stephens said that her report also includes current grants. Many of these are capital campaign projects. Some are housing projects.

The last page of her report shows activities the development department participated in during the month of December.

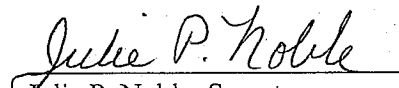
There were no questions posed for this item.

Ms. Ringle said this was a committee recommendation. Mr. Cooper said this was a committee recommendation and does not require a second. Motion carried.

EXECUTIVE SESSION: There were no issues requiring an executive session.

IV. MEETING ADJOURNMENT: There being no further business to come before the Board, on motion duly made, seconded and carried, the meeting adjourned at 2:52 pm.

Minutes approved by:


Julie P. Noble, Secretary

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

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