



Metrocare
SERVICES

BOARD MINUTES
August 30, 2018

METROCARE SERVICES

Board Meeting Minutes

A Regular Meeting of the Board of Trustees of Metcare Services convened on Thursday, August 30, 2018 at 1345 River Bend Drive, Dallas, TX 75247.

CALL TO ORDER:

Mr. James called the meeting to order at 1:39 pm. A quorum of board members was present.

Board Members Present:

Terry James, Corey Golomb, Dalia Salinas-Gutiérrez, Jill Martinez, Leslie Secrest, M.D., Lane Conner and D'Andrafa Alexander.

Staff Present

John W. Burruss, M.D., Linda Thompson, Richard Buckley, Judith Hunter, M.D., Kelli Laus, Ken Medlock and Ratana DeLuna.

Others Present:

Joel Geary, Ivan Garcia and Michael Carr.

CITIZEN COMMENTS: There were no citizen comments.

CHAIRMAN UPDATES:

Mr. James appointed Ms. D'Andrafa Alexander as Board Liaison to the Mental Health Advisory Committee and designated an Ad hoc Finance and Audit Committee to assist in the Fiscal Year 2019 budget management and audit process. Mr. James appointed Mr. Benstein as Chairman of the committee with Ms. Golomb, Ms. Crockett and Mr. Conner as members. They have been tasked with four items:

- 1) Assist the Sr. management staff with FY19 budget management
- 2) General oversight of the Audit process
- 3) Provide recommendations on potential key performance indicators for fiscal year 2019
- 4) Make recommendations on revision to board policy 4.03

Upcoming meetings and events: The September board meeting will be held at the Hillside Campus. The training will be a tour of the Hillside Campus, weather permitting.

Recognition: Mr. James recognized Ms. Charlene Stark, formerly Vice President of Marketing & Development, for all the work she has done on behalf of this organization. Dr. Burruss echoed what he said in a previous meeting, that we are in a better place because of what Ms. Stark has done. Mr. James presented Ms. Stark with a Service Award.

Consideration of Acceptance of Engagement Letter for the External Audit Firm of Crowe, LLP for Fiscal Year ending August 31, 2018. Metcare has engaged Crowe as auditors for fiscal year 2019. Mr. Mark Hall and Mr. Miksa Clinger provided background information on the

firms and their extensive experience on the government side working with health providers and GASB.

Dr. Burruss explained that our situation is very different from the other mental health centers in Texas and the traditional audit firms have a particular narrow focus that does not suit Metrocare well. Mr. Hull said they don't just want to be here checking numbers but to help move the organization to the next level.

Motion: Made by Ms. Martinez and second by Ms. Golomb for Acceptance of the Engagement Letter for the External Audit Firm of Crowe, LLP for Fiscal Year ending August 31, 2018. The motion was approved by unanimous consent.

Board Liaison Reports:

- **Mental Health Advisory Committee** - Ms. Loos said the committee met on August 27th and there was a quorum present. Ms. Lana provided a brief summary of the meeting and said the committee will meet again in September to make up for the times they could not meet due to the lack of a quorum.
- **Intellectual and Developmental Disability Planning and Network Advisory Committee (IDDPNAC):** Ms. Thompson said the committee did not have a quorum at the last scheduled meeting, but she did provide information for the FY19 budget allocation from the State and reviewed the Local Plan with the committee members that were present. The next meeting is schedule in September.

TX Council Report: Ms. Martinez said she attended the Texas Council Meeting last week and passed on the kudos that were given to Metrocare staff and all of the volunteers that participated in this year's TX Council Annual Conference. Ms. Martinez presented Dr. Burruss and Mr. James with a copy of the check that Metrocare received as the co-host center which total \$4,303.05.

Ms. Golomb, who also attended, shared that they are focusing on IDD Services, the 1115 Waiver and Mental Health and Substance abuse. She said Mental Health First Aid is the big push that they are trying to do. Ms. Golomb also said she was glad she was there because she gave a different perspective that can help them see this because many of them do not know how the school districts work.

Mr. James thanked Ms. Martinez and Ms. Golomb for representing Metrocare at this meeting.

CONSENT AGENDA ITEMS:

Mr. James made a request to move the following three items to the Consent Agenda: 1) Financial Report for June 2018, 2) Clinical Services Division Report for July 2018, and 3) Quality Management Report for July 2018.

- Acceptance of the June 28, 2018 Regular Board Meeting minutes
- Acceptance of the June 28, 2018 Special Called Meeting Minutes
- Acceptance of the Mental Health division report under the Clinical Services Report

- Acceptance of the Marketing and Development Report for July 2018

Motion: Made by Ms. Martinez to accept the changes recommended by Mr. James on the consent agenda.

Ms. Martinez referred to the Regular board meeting minutes to make a correction on page 144713 under paragraph five.

Motion: Mr. James moved acceptance of the Consent Agenda and recommended to move the Regular Board Meeting minutes from June 28, 2018 to the Action agenda so that this correction can be made.

CHIEF EXECUTIVE OFFICER REPORT:

Services Presentation -- Ms. Alison McGrimley presented information on the Center for Children with Autism at Metrocare (CCAM - I). This is a satellite operation for CCAM adolescents that had previously aged out of the earlier intervention style CCAM services.

ACTION AGENDA ITEMS:

Consideration of Acceptance of the June 28, 2018 Regular Board Meeting minutes:

Ms. Martinez made a correction to page 144713, fifth paragraph to read Netsmart EHR and not Netsmart HR.

Motion: Made by Ms. Gutierrez and second by Ms. Golomb to Accept the June 28, 2018 Regular Board meeting minutes as corrected. The motion carried by unanimous consent.

Consideration of Acceptance of the Chief Executive Officer Report for FY18 Key Performance Indicators Progress through July 2018:

Dr. Burruss spoke about the most recent developments with our proposed banking partner. At the June board meeting, the board endorsed a Resolution with Origin Bank. We have worked closely with Origin Bank for over a year to try to come up with some solution, but Dr. Burruss is a bit pessimistic. They have not stated a firm "No", but only repeated versions of "we only need this, we only need that". About a week and a half ago he asked Mr. Buckley to reach out and go back to the array of banks and other lenders that told us last year that they wanted to see two years of progress.

Dr. Burruss said we will close out the year in a few days and have audited financials within a month or two and be in a much different position to go back. Origin is not off the table, but they have put up such significant and changing expectations that we are going to move on to alternatives.

Ms. Martinez asked about the Skillman project in partnership with Dallas Can. Dr. Burruss said this has been discussed before. We are selling the Skillman property in our partnership with Dallas Can Academy. The program was delayed because the City Councilman for this area wanted to have Townhall meetings and then a second set of Townhall meetings. We have since

had all the meetings. Councilman McGough came and there was not push back. We are slated to close on September 4th with this property. This is a four building property and we will continue to operate from the building we use now. The other three will become the North East Campus for Dallas Can Academy, who we already work with regularly in some of their programs. He said this is a good fit for us to continue with that partnership.

Dr. Seceast asked if this does not work with Origin, will the conversation that Mr. James is talking about with the County Commissioners become much more important.

Dr. Burruss said there is certainly that we are going to need support in this way, wherever this comes from. We have spent the last year and a half trying to pursue and we will continue until we get it. Whomever this happens to be or whoever this turns out to be that's going to be necessary for us to be able to go forth.

Dr. Seceast asked if there is some sort of contingency thinking about how or if we need to go back to the County Commissioners. If there is some groundwork that needs to be started now with some of this conversation or do we wait for Mr. James. Dr. Burruss deferred to Mr. James as the most appropriate respondent to this.

Mr. James said that per their time at the retreat wheels are in motion to be able to bring about this request. He said come October he can talk more about what the timeline is looking at this particular point.

Ms. Gutierrez asked Dr. Burruss if he could talk about Plan B and what this is.

Dr. Burruss said we are not without options. We are going to go back to alternative banks, alternative financing options and just looking at cash flow in different ways. We are coming up to a better time of year than the summer so what can we use in the next six, eight, ten weeks to make this work. All this while trying to engage with another bank. Because of what seemed to be a manifest interest in supporting us from Origin we had stopped working and put the other banks on the backburner. Since we have struggled so much to get this done we will restart.

Mr. Conner asked what the changing goals of Origin is. Dr. Burruss said they want different perspectives of the financial information each time they meet, or sometimes they want the same thing sent to them again. In this case they wanted to have a guarantor. Even if we secure the loan with property they wanted to have an alternative third means of repayment.

Mr. Conner asked if they asked for a personal guarantor? Dr. Burruss said that they said it could be a person, the County or anyone that is willing to guarantee. This is basically a co-signer. Dr. Burruss said they are trying to think who this could be and how they could arrange this. This was yesterday's addition to the discussion.

Ms. Gutierrez asked if we could go to the bank and say "Ok, we have done everything you have asked for and this is the last piece of information, can we have a date for closure?"

Dr. Burruss said that we have done this with this particular bank for many months. This proposal has gone to their loan officer many times and they still ask for additional things. When we submit the subsequent items, they come back and say "well the guy that is going to approve

this is out of town until Tuesday.” Then Tuesday passes and we are still waiting. But they have not said no.

Mr. Conner said we are willing to collateralize the loan with Real Estate, and when they asked for some type of guarantee what was the response. Dr. Burruss said he does not have a guarantor at this point. The cash flow is the original guarantee, the real estate is the second level guarantee and the third level would be the guarantor, but we do not know who that would be at this moment. He has to figure out if there is someone or some entity that would be willing to do this.

Mr. Conner asked if we are basically at a “Pause” with Origin, because of this. Dr. Burruss replied affirming this.

Ms. Martinez asked when would Dr. Burruss say we had to have this kind of a “Do or Die” for the IGT. Dr. Burruss said we are going to have a \$4.32M IGT if we fund the entire IGT. He said if we fund part of this we get part of that and the rest defers to the next payment time in July. Ideally you fund as much as you can at that moment in January, but again this is not a “Do or Die,” in the worst case scenario we simply have to put this off until we can solve this in the Summer and get the full proceeds.

Mr. Conner asked if Dr. Burruss felt that with a personal or corporate guarantor this would be a done deal? The reply was “Yes.”

Dr. Burruss in response to Ms. Martinez – Strategy one will be discussed in the finance report. In response to Ms. Martinez second question he said the meetings with Netsmart are ongoing. We are in a very sense imminent in the Netsmart roll out. There are things that have not been done that need to be done. There are very specific things that we need for them to accomplish that we are pressing them to accomplish, but it’s making progress. The Netsmart people think they are on track, but we are concern in our teams if we are so on track as much as they think we are. We are having a meeting soon with the entire executive governance team to walk through each and every detail. In response to Ms. Martinez question – Ms. Thompson said that on the 20th we had a group of fifteen staff spend time with Netsmart staff being trained on how to navigate this new system. Netsmart was here yesterday and our fifteen staff spent the day demonstrating back to the Netsmart people their proficiency with how things went on the 20th. On some aspects people are ok, but just like any new system there is a lot of information to learn in a week’s time. These fifteen individuals are going to be our Super Users and they will be responsible for training the rest of the organization.

Ms. Martinez asked if we are using a live system that people get to play with to see what works and what does not work. Ms. Thompson said we are using forms that were migrated into some of our existing client base for our staff to utilize.

Dr. Secrest said that as with any new system we have to be patient and that our Super Users are really the key operatives in all this. He said learning a new system is a work in progress. He said this will try your patience like you won’t believe. Discussion ensued.

Motion: Made by Ms. Martinez and seconded by Ms. Gutierrez to Accept the Chief Executive Officer Report for FY18 Key Performance Indicator Progress through July 2018. The motion carried by unanimous consent.

Mr. James moved the following action item next on the agenda to be voted on now.

Consideration of Acceptance of Appointment to the Mental Health Advisory Committee:

Ms. Laos said the mental health advisory committee is seeking board approval for a new committee member. Ms. Susan Stephens is the parent of a child currently receiving services at one of our clinics.

Motion: Made by Dr. Seerest and second by Ms. Gutierrez to Accept the Appointment of Susan Stephens to the Mental Health Advisory Committee. The motion carried by unanimous consent.

FINANCE AND ADMINISTRATION REPORT:

Dr. Seerest said the June 2018 Financial Reports have been moved to the Consent Agenda and moved on to the Financial Reports for July 2018. He referred to Mr. Buckley for this report.

Consideration of Acceptance of the Financial Reports for July 2018 (unaudited):

Mr. Buckley referred to page 144741 on his report and said that we have updated our accounting system (Munis). Ms. Laos and her team exceeded expectations, therefore we had an additional \$2.1M in revenues. A complete review of the programming logic for NTBHA revenues revealed the programming did not reflect the new contract which will result in another \$900K that we were under reporting and putting on the balance sheet throughout the course of the year. Thus, financial performance for the month and YTD have significantly improved.

For the month we exceeded budget on both top line revenue and bottom line net income. We are collecting over \$300K each month as it relates to the NTBHA contract.

Dr. Burruss said Ms. Laos would be anxious if we do not say that all \$300K of this may not be something we can keep. There are reconciliations over time and particularly over the summer months when our performance is slower because the seasonal variation and we may have to give part of this back. Mr. Buckley said the first nine months have been recorded into the income statement and we have accrued 100%, although we have received the cash. In the last three months this has been placed under deferred revenue in case they actually do want to claw this back. This claw back portion is on the balance sheet and not on the income statement.

In response to Ms. Martinez question relating to indicator 2 under the Key Performance Indicators Mr. Buckley said this specifically relates to our Fee for Service (FFS) which is approximately one-third of all revenue. This is the part that we outsource to Netsmart. He said we are having learning pains with Netsmart in this particular area. We are not in a particularly worse situation, but we are not really in a better situation that we thought we were going to achieve in the first year. Effectively when we have a claim that goes out the door and this gets denied (there is a denial process) we have to rework the claim to get it back in the cycle. Once the claim gets accepted we generally collect approximately 90% of them within 15-45 days. He can't come to the board with numbers yet because we are still working with the Netsmart team to make sure these statistics are totally valid before we present to the board.

Dr. Secret said that as we develop this finance sub-committee, one of the opportunities is to come back and look at some of the detail line in the financial reports. He said it is easy to get lost in the sequence and timing of some of the revenue. When you look at this your heart beats faster because it looks like we are in more problems than we are because of how this flows. You have to learn within this process you provide the services and then you get paid later on, but this is a significant delay in terms of getting this payments and how this shows up and how this affects cash flow.

Dr. Burruss said this is a great segue. Rather than print and produce pdf's or hard copies of budgets that are dated and no longer valid the minute we do them, we will invite, at minimum, those that are going to be in the ad hoc committee, most of the board if they choose to, to be trained and have access to read only versions of Power BI.

Mr. Conner referred back to the sale of the Skillman properties and asked how this sale is going to affect our budget. Mr. Buckley said this is \$175K positive income in the FY2019 budget. Dr. Burruss said this mortgage had a large balloon payment at the end and there is a fair amount of outstanding debt. This was part of the Lifenet acquisition that we wanted to avoid. Mr. Buckley said we are saving approximately \$9K a month in interest cost. This is a little over \$100K a year that in the FY2019 is no longer there. Discussion ensued.

Motion: Made by Dr. Secret and Seconded by Ms. Gutierrez to Accept the Financial Report for July 2018. The motion carried by unanimous consent.

Consideration of Acceptance of FY19 Budget Plan:

Dr. Burruss said this is not substantially different from what was shown at the retreat. There are some elaborations on the details. There were no questions posed for this item.

Motion: Made by Dr. Secret and Seconded by Ms. Gutierrez to Accept the FY19 Budget Plan. The motion carried by unanimous consent.

Consideration of Acceptance of the FY19 Key Performance Indicators:

Dr. Burruss said this carried forward and they are the exact same as of FY18. He said this can be a living document subject to the board's modifications or replacement at their discretion.

Mr. James encouraged the board that if they have Performance Indicators they would like to be considered moving forward that this get directed through the Ad Hoc Finance and Audit committee so that they can be the keepers of all this and be thinking about the big picture of our different indicators so that we can make sure that we are getting the information that we feel that we need.

Motion: Made by Ms. Martinez with the understanding that any additions be forwarded to the Ad Hoc Finance and Audit committee. Ms. Golomb seconded. The motion carried by unanimous consent.

Consideration of Acceptance of the Department of Health and Human Services Commission (IHSC) Performance Contract Allocation and Summary for FY2019:

Ms. Thompson said the state performance measures are unchanged as is the actual allocation. The schedule to receive the allocations or the different amounts of monies for the expectations of work along with the local match are included on her report.

Dr. Burruss in response to Ms. Gutierrez -- This is the second year of the biennium so it's usually a carry over.

Motion: Made by Ms. Martinez and seconded by Ms. Gutierrez to Accept the Department of Health and Human Services Commission (HHSC) Performance Contract Allocation and Summary for FY2019.

Consideration of Acceptance of Human Resource Report for May 2018:

Dr. Burruss said the current work force is 844 employees which is down from about 900 four months.

Dr. Burruss in response to Mr. James -- There is a partial hiring freeze. Every new hire has to go to Dr. Burruss for approval and there has to be justification for how we are going to support this whether through a grant or another potential revenue generator, or critical replacement of a vacated position.

Ms. Golomb asked if we would hire to replace someone who resigns or retires. Dr. Burruss said we may or may not.

Mr. Buckley wish to acknowledge Ms. Norma Allen for her leadership.

Motion: Made by Dr. Seecrest and seconded by Ms. Martinez to Accept the Human Resources Report for July 2018. The motion carried by unanimous consent.

QUALITY AND AUTHORITY SERVICES REPORT:

Consideration of Acceptance of Local Plan for FY2019:

Ms. Thompson said the Local Plan is a required process with our Performance Contract with the state. Part of the process is to gather input from the stakeholders on how to utilize the funds that we receive. This year the response rate from the survey was significantly lower than prior years. We typically average one thousand responses and this year we only received 260 responses. Ms. Thompson said we plan to do some research to see what happened this year. Ms. Thompson provided information on the services and therapies requested this year. We do maintain an Open Door for Behavioral Support. Respite is a required service, but we are going to look at making additional respite available as this service was identified as high need. Ms. Thompson said the rest of her reports are on the parcel. The Local Plan which consist of the planning process, identifying the improvement plan, along with the makeup of our provider network.

Ms. Thompson in response to Mr. James - Part of the lack of response to this survey is the reduction in staff and turnover. She said we also changed managers since the last time we did a local needs survey. We are not sure what priority was placed on encouraging families to complete this information and respond. Ms. Golomb said we also changed the format and the way the survey was done so we do not know if this had an impact on the replies.

Ms. Martínez asked if this is a template used by other Local Authorities across the state. Ms. Thompson said we receive directives on what needs to be included and the format and style left up to us.

Motion: Made by Ms. Martínez and seconded by Mr. James for Acceptance of the Local Plan for FY2019. The motion carried by unanimous consent.

Meeting Adjournment: There being no further business to come before the Board, Mr. James adjourned the meeting at 3:02 p.m.

Minutes approved by:


~~Ms. Debra Salinas-Gutiérrez, Secretary~~
Terry A. James, Chairman

Minutes distributed by:
Martha L. Toscano
Executive Assistant to the CEO/Board Liaison