



**BOARD OF TRUSTEES
MEETING MINUTES OF**

February 23, 2017

143665

METROCARE SERVICES
Board Meeting Minutes
February 23, 2017

A Regular Meeting of the Board of Trustees of Metrocare Services convened on Thursday, February 23, 2017 at 1345 River Bend Dr., Dallas, TX 75247 (Mustangs Conference room).

II. Call to Order/Roll Call:

Ms. Jill Martinez, Madame Chairman welcomed everyone and called the meeting to order at 1:33 pm. There was a quorum present.

Board Members Present:

Jill Martinez, Madame Chairman
Dr. Leslie H. Secrest, Vice chairman
Norman Seals, Secretary
Carcy Golomb
Verny James

Absent: Dee Salinas Gutierrez

Staff Present: Linda Thompson, Kyle Munson, Judith Hunter, Jennifer Hill, Ken Medlock, Katana DeLuca, Kim Holliday, Kelli Laos and other staff.

Guest present: Germaine White, Claudia Vargas, Ruben Rios, and Torrance Nelson.

II. Citizen Comments: The procedure for public comments was available at the meeting for those interested. No public comment was received.

Ms. Martinez announced that Ms. Germaine White would be leaving the position she now holds with Commissioner Theresa Daniel and invited her to say a few words. Ms. Germaine White introduced Claudia Vargas who will be covering for her until they find someone to replace Ms. White.

III. ISSUES TO BE CONSIDERED:

Consideration of Acceptance of the January 26, 2017 Board Meeting minutes. Ms. Martinez asked if anyone had any changes or corrections to the board minutes of January 26, 2017.

Motion: Dr. Secrest moved the minutes of January 26, 2017 be approved as presented. All were in favor, none opposed. The motion carried.

CHAIRMAN'S REPORT

Board Liaison Reports:

Mental Health Advisory Committee: Dr. Richardson Rowe said they were not able to meet on several occasions due to the committee not having a quorum, but they did meet on Monday, February 13th and there was a quorum present. Dr. Richardson Rowe referred to Dr. Hunter. Dr. Hunter referred to Ms. Kelli Laos for

this report. Kelli presented this report on behalf of Mr. Jay Medlin, Committee Chairman for the MH Advisory committee. She said because the committee had not met for several months she presented the mental health division's accomplishments for the month of December. After her report she opened the conversation to "Improving the Clinic Experience" and she received feedback from several of our client members and our community members. The conversation turned to the transition from ValueOptions to the North Texas Behavioral Health Authority (NTBHA) and what this new experience has been like for our clients and other agencies in the community. The meeting ended with a discussion on some training opportunities that are coming up and which we would our committee members to attend. Next meeting set for April 10.

Ms. Martinez asked Ms. Lans what was the feedback on the client experience. Kelli said that so far things have been ok, but there are some concerns about what the community is hearing about seeing doctors and hospital beds and how this will be taken care of. She said what issues have come up at the clinics we've been able to resolve with little disruption.

IDD PNAC Committee

Before Chief Seals reported on the IDD PNAC, Ms. Martinez asked Chief Seals to make his announcement. Chief Seals announced that this would be his last board meeting. He said he retired from the City approximately six weeks ago and he will be moving out of Dallas County next week so his eligibility to sit on this board will cease. He said it was an honor to serve on this board, thanked everyone and wish Metrocare the best.

IDD PNAC report: Chief Seals said he was unable to attend the committee last week and he referred to Ms. Thompson for this report. Ms. Thompson said the IDD PNAC met on February 14 and there was a quorum present. Updates regarding amendments to the FY17 Department of Aging and Disability Services (DADS) Performance Contract were presented to the members. DADS Performance Measures and Outcome Targets for the 1st Quarter were shared, along with recommendations for equalization of rates between the Community First Choice (CFC) waiver services and non-waiver services. The PAC identified goals that they would like to work with staff on accomplishing this year.

Those goals are:

- 1) Develop parenting curriculum to address behaviors and give parents general guidelines. A number of parents have children with significant behaviors and find it difficult to manage those adequately.
- 2) Determine way to support individuals and families who need day programs after graduation from the school system. Prayers over the last few years have become very limited. Resources at this point and time tend to be GR services and waivers. Individuals without those two resources find themselves at home after graduation.
- 3) Increase outreach activities to young families and pediatricians working with these families. Provide information on services available to families, especially those dealing with Autism.

There was no board training recommended for the board at this time. The committee will continue to update the board on those goals identified. There were no questions posed for this item.

Chairman's Report:

Ms. Martinez provided a handout with the Chairman's report. She said Ms. Judy Myers has fulfilled her commitment to our board and served three terms. Ms. Myers has presented her resignation to Commissioner Cantrell which has created another vacancy on our board. Ms. Martinez thanked Ms. Myers for her commitment to our board and said that she will be honored with a plaque at our next board meeting. Next, Ms. Martinez reported that she and Dr. Burruss have visited our County Commissioners and our County Judge to provide an update on Metrocare, our banking issues and the Cohen Clinic. She said 450 individuals have received services at the Cohen Clinic. They talked about the critical shortage of residency programs for our medical students in Texas. Ms. Martinez and Dr. Burruss took this opportunity to talk about the vacancies on our board. She said that the Commissioners and the Judge have already begun the search for prospective appointees.

Ms. Martinez asked help from our current board members in filling in some of the vacancies in the following committees: Clinical Services, Marketing and Development, Quality and Authority and as liaison to the IDD Advisory committee.

Upcoming Board and Committee meetings:

Tuesday, March 21, 2017

- 11:30 am – Clinical Services committee
- 12:50 pm - Marketing and Development committee
- 12:10 pm - Finance and Administration committee

Thursday, March 23, 2017

- 12:45 pm – Quality & Authority committee
- 1:00 pm - Board Training
- 1:30 pm – Board meeting

The Legislative Action Committee will meet as a committee of the whole. All the meetings will be held at this same site.

Special Events: The Texas Council Annual Conference will be held from June 28 through June 30, 2017 in Galveston. Please contact Martha if you would like to attend this meeting.

Ms. Martinez said that if anyone had any request on any particular areas for board training to send those suggestions to her or Martha.

CHIEF EXECUTIVE OFFICER REPORT: Linda Thompson presented this report on behalf of Dr. Burruss. Ms. Thompson said the service presentation today comes out of the Home and Community Based Services-Service Coordination Unit. Lorna Battles who has been with this program for some time will present.

Services Presentation – Home and Community Based Services-Service Coordination Unit.

Ms. Battles presented the story of a 16 year old male under the custody of Child Protective Services (CPS). She said CPS placed him under the care of one of our foster homes over a year ago because nobody else would take him. His guardian told the foster parent that he would never be able to walk or talk. This individual was found to be under nourished, non-verbal, he had to use a belt gait to move around and had to be fed through a G-tube. The foster parent did not accept this and within a six month period he had become mobile without the use of the belt gait, he now makes verbal noises, he has gained weight and is no longer in need of the G-tube.

Ms. Battles said that when his guardian came to visit him she could not believe the transformation, she and the foster care parent cried and hugged.

The client is doing well now and has had no behavioral issues. On her last visit to the foster home he touched Ms. Battles on the shoulder, something he had never done before.

In reply to Ms. Martinez question she said this individual had been in foster care since he was about 12 or 13 years old.

Ms. Thompson and the Board members thanked Ms. Battles for her presentation.

Consideration of Acceptance of Chief Executive Officer Report for FY17 Key Performance Indicators through January 2017: This report was made a part of the packet. Ms. Thompson presented this report on behalf of Dr. Burruss. She referred to page 143512 and presented highlights of the activities that Dr. Burruss participated in during the month of January. Ms. Thompson said the next page presents all the metrics for the month of January. There were no questions posed for this item.

Motion: Ms. Golomb moved to accept the Chief Executive Officer Report for January 2017. All were in favor, none opposed. The motion carried.

REPORT OF THE FINANCE AND ADMINISTRATION COMMITTEE:

Dr. Seareat referred to Mr. Munson to present the following reports. Mr. Munson said the January Financial report was provided in detail at the committee and proceeded to provide several highlights from this report.

Consideration of Acceptance of the Financial Report for January 2017 (unaudited): This report was made a part of the packet. Mr. Munson referred to page 143475 of the financial packet. He said that on a year to date basis through January for the first five months we are reporting an increase in net assets of \$4,956,592, this is \$503K over budget. The two key drivers behind this is the unbudgeted loss of several properties (\$165K). He add the revenue coming on line for XenatiX has not been what we budgeted. Mr. Munson did a year over year comparison between FY16 and FY17 for the first five months and said in FY16 we were reporting a net loss of (\$129K). There were no questions posed for this item.

Dr. Seareat referred to page 143475 and said the trending that Mr. Munson provided for the last four years is very helpful.

Motion: Ms. Martinez said January financial reports were accepted at the Finance committee and a second is not required, as the recommendation came from the committee. All were in favor, none opposed. The motion carried.

Consideration to Receive the FY2016 Audited Financial Statements: Mr. Manson introduced Mr. Tommy Nelson from the Auditing Firm of Scott, Singleton, Fincher and Company. Mr. Nelson presented a verbal summary of the FY2016 Audited Financial Statements of Dallas Metrocare Services for the year ended August 31, 2016, (A draft of the AFR for FY2016 was provided for all the members of the board present).

Mr. Nelson said the report is in draft copy, but this draft is final. He said once they receive the page with the Board chairman's signature this will be incorporated into the final report. Mr. Nelson said he would hit the highlights on the Single Audit Report and if anyone had any questions during his presentation to feel free to ask.

Mr. Nelson referred to page 11 of the Single Audit reports. He said that because the center receives Federal and state funding they are require to perform what is call a Single Audit. This is the term given for testing compliance under federal awards internal control over financial reporting.

There is a summary of reports they issue and they issue three. Two of those reports are in this document. On the Summary of Auditor's Results under Financial Statements his firm has issued an unmodified opinion on the basic financial statements of Dallas Metrocare Services. The financial statements and the related footnotes were fairly presented in accordance with Generally Accepted Accounting Principles (GAAP). The opinion on the financial statements is clean.

Federal Awards: Mr. Nelson said that the two major programs that were elected for testing due to their funding sources for FY16 are the Early Childhood Intervention Program (ECI) and the PATII program. They have several funding sources which includes federal funding.

State Awards: The state programs that got tested this year are General Revenue or Developmental Disability Services which receives over \$7M a year.

The opinion on compliance over those two major programs was a clean opinion. There was one minor finding in the PATII program over the first quarter. This involved the late submission of a report due to the changing of personnel, but this has since been corrected.

Mr. Nelson said that this is exactly what we want to hear. That we received a clean opinion on our financial statements and most importantly a clean opinion on compliance.

Next Mr. Nelson referred to page 14 of the Single Audit Report. He said there were two findings under the Financial Statements. He said this is what they consider a Material Weakness.

Item 2016-001: Material Weakness Related to Internal Controls over Financial Reporting:

Condition: Revenues and the related receivables associated with 1115 Medicaid waiver revenues were overstated in total by \$1.4M. This entry was identified during the audit process. Management recorded entries to correct these amounts at year-end. Metrics in 2013 booked and re-booked. Financials in better shape. Mr. Nelson associated this error with the loss of experience people in accounting.

Significant Deficiency: Mr. Nelson referred to page 15. He said a significant deficiency does not create significant problems, but it is significant enough that this needs to be mentioned to the governing body (the Board).

Condition: Mr. Nelson said that during the reconciliation of the contract revenues with DADS, it appeared that \$711K of a contract revenue had not been received and accordingly was recorded on the books as a receivable at year-end. Direct contact with DADS regarding this funding disclosed that the funds had been received as a part of another deposit during the year. The DADS portion of the deposit in the amount of \$711K had not been recorded on the general ledger. The information provided by DADS allowed the accounting staff to record the deposit.

Mr. Nelson asked if anyone had any questions on the Single Audit report before moving on to the financials.

Mr. Nelson referred to the financials on pages 12 and 13 of the Governmental Activities. He said that Governmental Activities are basically the Intellectual Disability Authority Services and the Developmental Disability Provider Services. Business-type activities consists of Behavioral Health Services and the Xenatix program. The Statement of Activities on page 12 starts with expenses. Column three shows expenses of each program after their share of administration. Beginning on page 13 these expenses are offset by revenues that are specifically attributable to these programs. In the charges column you can find charges for Medicaid fees, in a lot of cases you have ValueOptions fees, and Pharmacy fees. The Operating Grants column consists of DADS General Revenue program, the Early Childhood Intervention program and the HUD grants. Capital grants derive their contributions from LifeNet that have contributed transfers of assets, this being the building at Skillman. This leaves the result on the right of the column under Governmental Activities. At the bottom of the page under Change in net positions show an increase of \$1,638,683. The Business-type activities consisting of Behavioral Health Services and Xenatix has a decrease of (\$6.7M). Which left us with a total government-wide decrease of (\$5,068,050). This compared to last year's Governmental Activities or HUD programs had an increase of \$1.3M stayed throughout consistent. Business type activities last year had a loss of over (\$9M) which has improved over the last year. The Mental Health programs have trouble supporting themselves at present. Some good things happening in these particular program is the pharmacy. Pharmacy revenues increased by \$4.5M last year. Contributed almost \$6M dollars of gross margin to the bottom line. The earned revenue for VO was up \$2.6M, the 1115 Waivers were also up \$1.6M. The revenues are increasing by \$9M, however we are still falling short covering our expenses. This results translate over to the balance sheet on page 11. Under the Total column the current assets are \$13,917,393 compared to Total Current Liabilities of \$23,130,189. And you have about 60 cents in current assets. This is the value of all assets that can reasonably be expected to convert into cash within one year. This is also reflected in the positions section. Mr. Nelson said liquidity is dropping.

Mr. Nelson talked about the challenges facing both the behavioral health services programs and XenatiX. He said that increasing productivity in the behavioral services program will help bring this program around. He has seen this done before by Metrocare. Regarding XenatiX, he said this program incurred in a lot of cost not covered under budget and which we may not be able to recover. While XenatiX is increasing the cost of their product as we speak, we need to stay on top of that contract. Finding a partner for a joint venture such as this is a good idea especially since there is a market for this product and this product is needed.

Mr. Nelson referred to page 38 of the Annual Financial Report and talked about management's plan to improve budget for FY17. Management has added a consulting Chief Financial Officer with full time responsibility for assuring the budget stays on schedule for FY2017.

In addition, Metrocare management believes that longer term debt will be beneficial to the organization. Mr. Nelson referred to the Revenue Anticipation Note (RAN) that we obtain through Frost Bank. He said we paid this note once we received the payment for the 1115 Waiver, but once this was done it left little cash. Metrocare is meeting with several financial institutions and expects to successfully negotiate and implement a multi-year debt structure that will take advantage of the Centers investment in real estate.

Motion: Ms. Golomb moved to receive the FY2016 Audited Financial Statements. Dr. Richardson Rowe seconded. All were in favor, none opposed. The motion carried.

Consideration of Acceptance of the Human Resource Report for January 2017: This report was made a part of the packet. Ms. Bell said this report was presented in detail at the Finance and Administration committees and there are no updates or changes to report.

Ms. Martinez asked Ms. Bell to explain to the rest of the board why it seems some of the information is incomplete in her reports. Ms. Bell said that they are having some opportunities for improvements with the reports out of the HR on the IS system Munis and right now IT is very focused on the operations report. She did not have the number of how many staff enroll in the month of January (originally it was 900) since we had open enrollment in January, but this number usually represents the additional folks that have enrolled since the last month. This is also true for the Retirement Plan. She said Operations comes first, but we are working with IT on this. Dr. Scorsari said that one of the findings that came up in the Finance committee is the decrease on the Medical Plan expenses. There were no questions posed for this item.

Motion: Ms. Martinez said this comes as a committee recommendation and a second is not required, as the recommendation came from the committee. All were in favor, and the motion carried.

REPORT OF THE CLINICAL SERVICES COMMITTEE: Ms. Martinez referred to Dr. Hunter for this report.

Consideration of Acceptance of Clinical Services Division Reports for January 2017: This report was made a part of the packet. Dr. Hunter said she presented this report in detail at the Clinical Services committee and it remains unchanged. She asked if anyone had any questions. There were no questions posed for this item.

Ms. Martinez asked Dr. Hunter to please provide information on the helmets. Dr. Hunter said that one of our Podiatric Nurse Practitioners at our Hillside Campus filed a grant application with the Original Nurse Practitioner Association and this was approved. We will be able to purchase 300 helmets to make it safer for the young individuals that we serve to ride a bike.

Motion: Ms. Martinez said this comes as a committee recommendation and a second is not required, as the recommendation came from the committee. All were in favor, none opposed. The motion carried.

REPORT OF THE QUALITY & AUTHORITY COMMITTEE: Dr. Richardson Rowe said the Quality & Authority committee met prior to the board meeting and referred to Ms. Thompson for this report.

Consideration of Acceptance of the Quality Management Report for January 2017: This report was made part of the packet. Ms. Thompson said a detail summary of the activities for her division and the Priority Members were presented in detail at the committee. She asked if anyone had any questions. There were no questions posed for this item.

Motion: Ms. Martinez said this comes as a committee recommendation and a second is not required, as the recommendation came from the committee. All were in favor, none opposed. The motion carried.

REPORT OF THE MARKETING & DEVELOPMENT COMMITTEE: Mr. Terry James said the Marketing and Development committee met last Tuesday, and referred to Kim Holliday for this report. Ms. Holliday presented this report on behalf of Charlese Stack.

Consideration of Acceptance of the Marketing and Development Report for January 2017: This report was made a part of the packet. Ms. Holliday said this report was presented in detail last week at the Marketing and Development committee and asked if anyone had any questions. There were no questions posed for this item.

Motion: Ms. Martinez said this comes as a committee recommendation and a second is not required, as the recommendation came from the committee. All were in favor, none opposed. The motion carried.

REPORT OF THE LEGISLATIVE ACTION COMMITTEE: Ms. Colomb called on Mr. Ken Medlock for this report. Mr. Medlock provided this report on behalf of Ms. Stack.

Consideration of Acceptance of the Legislative Action Report for January 2017: This report was made a part of the packet. Mr. Medlock said he is a member of the Legislative Action committee and the purpose of this committee is to give resources to Legislators and visa-versa to receive information from them.

Mr. Medlock referred to the Legislative Action committee report and presented and presented the following information.

- Texas Senate and House Health & Human Services Committee assignments:
 - Senator Van Taylor - from Collin County
 - Konni Burton - Fort Worth.
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- Texas House of Representatives Human Services Committee assignments:
 - Representative Toni Rose - Dallas, County.

Senate Bill 674 – Senator Charles Schwertner (R-Georgetown) filed SB 674 which would require the Texas Medical Board (TMB) to create an expedited licensure process. This would allow out of state psychiatrists to treat Texas patients in need of care. Texas is one of only eight states to offer no reciprocal licensure for out-of-state-psychiatrists.

House Bill 10 and Senate Bill 860 - Filed to ensure that those with mental illness and/or substance abuse would receive the same treatment and coverage as someone suffering from a physical illness.

There were no questions posed for this item.

Motion: Ms. Golomb moved to accept the Legislative Action Committee Report for January 2017. All were in favor, none opposed. The motion carried.

- III. Meeting Adjournment:** There being no further business to come before the Board, Ms. Martinez adjourned the meeting at 2:43 pm.

Minutes approved by:


Jill Martinez, Madame Chairman

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