

COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN
REGULAR BOARD MEETING
705 N. Zeeb Road, Ann Arbor, MI 48103
September 9, 2015
6:00 pm



Agenda

	<u>Guide</u>
I. Call to Order	1 min
II. Roll Call	1 min
III. Consideration to Adopt the Agenda as Presented (Board Action)	2 min
IV. Consideration to Approve the Minutes of the 8-12-15 Regular Meeting and Waive the Reading Thereof (Board Action) {Attachment #1}	2 min
V. Audience Participation (5 minutes per participant)	
VI. Communication to the Regional Board	10 min
a. Washtenaw County Administrator	
VII. PIHP Managing Director Report to the Board	15 min
a. July Finance Report {Attachments #2, 2a-e}	
b. Financial Strategy Update	
i. WCHO 2015 Budget Status	
c. FY 2016 PIHP Contract	
VIII. Old Business	
a. Update on CEO contract	5 min
IX. New Business	30 min
a. PIHP Budget and Presentation {Attachment #3}	
i. Regional Board Budget discussion	
b. Staff Increase Consideration (Board Action) {Attachment #4}	
c. Nominating Committee/point person for Regional Board Officers	
X. Adjournment	

**COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN
REGULAR BOARD MEETING MINUTES**

August 12, 2015



Members Present: Ralph Tillotson, Greg Lane, Peg Ball (phone), Charles Londo, Jan Plas, Sandra Libstorff, Judy Ackley, Bob Wilson, Dave Neal

Members Absent: Charles Coleman, Lisa Berry-Bobovski, Barb Cox, Tom Biggs

Staff Present: Mary O'Hare, Connie Conklin, Sandy Keener, Stephannie Weary, Marci Scalera, Marie Irwin, Jane Terwilliger, Nicole Phelps, Steve Holda, Shane Ray, Jane Goerge, Suzanne Gondek, James Colaianne, Katie Postmus, Kristen Ora, Matt McDaniels, CJ Witherow

Others Present: John Wilson, Lori Lutomski

- I. Call to Order
Meeting called to order at 5:00 p.m. by Board Chair G. Lane
- II. Roll Call
- III. Consideration to Adopt the Agenda as Presented

**Motion by R. Tillotson, supported by P. Ball, to approve the agenda
Motion carried**

- IV. Consideration to Approve the Minutes of the July 8, 2015 Regular Meeting and Waive the Reading Thereof

**Motion by J. Ackley, supported by S. Libstorff, to approve the minutes of July 8, 2015
Regular Meeting and waive the reading thereof
Motion carried**

- V. Audience Participation
- VI. PIHP Managing Director Report to the Board
 - a. June Finance Report
Some key points:
 - Medicaid revenue for June is higher than the May revenue, but continues to run under budget.
 - Healthy Michigan continues to trend over budget.
 - Health Home revenue for Washtenaw continues to be under budget.
 - SUD services for Monroe and Washtenaw continue to run over budget due to fee for service claims. No action is being recommended at this time.
 - CMHPSM administrative expenses are running under budget through June.
 - b. Financial Strategy Update
 - Traditional Medicaid funding provided by the CMHPSM to the CMHSPs is sufficient except for WCHO which through June 2015 is reporting a deficit of \$2.0 million.

Surpluses at Lenawee, Livingston and Monroe cover the WCHO deficit with an additional surplus of \$1.5 million remaining. It does not appear at this time that funding from the ISF will be required for FY 2015.

- Healthy Michigan Plan Medicaid funding provided by the CMHPSM to the CMHSPs is sufficient except for WCHO which through June 2015 is reporting a deficit of \$200,000. Surpluses at Lenawee, Livingston and Monroe cover the WCHO deficit with an additional surplus of \$900,000 remaining.
- In order to more closely monitor the statuses of the CMHSPs as we approach FYE 2015, the Funding vs. Expenditures report will be reported to the board on a monthly basis, rather than quarterly.

c. WCHO Update on Budget

- S. Libstorff expressed concern that Washtenaw hasn't made the cuts that were promised.
- M. O'Hare advised that while Washtenaw has made substantial cuts, they will not realize the final \$2 million in savings. Services still need to be provided for medically necessary services.
- N. Phelps reported that Washtenaw has used skill-building for developmentally disabled consumers, as opposed to using additional CLS hours. The plan was to use skill-building in-house for the extra hours, but that isn't being realized because of capacity, so the additional service has had to be contracted out.
- M. O'Hare will meet with Washtenaw interim director S. Amos O'Neal and her team to find out which areas of the budget are going over and why, and what corrective actions they're taking.
- For the September regional board meeting the board will review the financial policy, and ask the Washtenaw director to explain in detail the budget items that have gone in the wrong direction in recent months.
- S. Ray noted that Washtenaw has made some plans for significant cuts as recently as this week, which will come to the regional board once they're finalized.

VII. Old Business

VIII. New Business

a. PIHP Draft Budget

- The final budget will come to the regional board in September for adoption.
- G. Lane requested to see FY 15 summary of revenues and expenses to compare to FY 2016 proposed budget

b. CEO Candidate Interviews

- The regional board interviewed the final 3 candidates for the CMHPSM CEO position:
 - Marci Scalera
 - Jane Terwilliger
 - John Wilson

Motion by C. Londo, supported by B. Wilson, to offer the CEO position to J. Terwilliger and to authorize board chair G. Lane to enter into negotiations for wages and benefits, and bring the draft agreement to the board in September.

Friendly amendment by J. Plas to the above motion to authorize a negotiated salary amount not to exceed the amount of the current managing director's salary

Motion carried as amended

Ackley	Y	Libstorff	Y
Ball	Y	Londo	Y
Berry-Bobovski	Absent	Neal	Y
Biggs	Absent	Plas	Y
Coleman	Absent	Tillotson	Y
Cox	Absent	Wilson	Y
Lane	Y		

IX. Adjournment

Motion by R. Tillotson, supported by J. Plas, to adjourn the meeting
Motion carried

Meeting adjourned at 8:30 p.m.

Lisa Berry-Bobovski, CMHPSM Board Secretary

Community Mental Health Partnership of Southeast Michigan

FINANCIAL HIGHLIGHTS

July FYTD Report

1. Statement Of Revenue, Expense & Change Net Position:

a. Revenue

- Medicaid Revenue for July is \$78,948 higher than the June revenue received but continues to run under budget (FYTD deficit of \$869,269 - this number is based on current year funding only).
- Healthy Michigan revenue continues to trend over budget and through July is \$3,682,162 over budget. We do not anticipate any retroactive rate adjustments being done in FY2015 that would result in funding be recouped by MDHSS.
- Health Home revenue for Washtenaw continues to be under budget. Revenue is tied directly to enrollees in the program.

b. Funding for CMHSP Partners

- FYTD Actual Affiliate Partner payments are greater than budget due to HMP payments (HMP funding from MDHHS exceeds budget assumption) and MIChild Payments.
- Lower than budget Health Home payments to Washtenaw offsets their higher HMP and MIChild payments.

c. Funding for SUD Services

- Expenses for Monroe and Washtenaw continue to run over budget due to fee for service claims. No action is being recommended at this time.
- Washtenaw paid a six month financial status report for a project approved by OPB in January. This project was not included in the budget and therefore increased the over budget condition. Funding was made available using PA2 funding.

d. CMHPSM Administrative Costs

- Expenses through July are running under budget by \$263,872.

2. Statement Of Net Position:

- a. The Fund Balance of \$4,326,144 under the Operations Fund is restricted and not local in nature as it is for the Affiliate Partners.
- b. The Medicaid ISF Fund Balance is also restricted.

3. Summary Of Revenues & Expenses by Fund:

- a. As noted above, Medicaid Revenue is lower than budget. As the budget amounts of Medicaid Funding, which included carry forward, was paid to the Affiliate Partners through January (CMHPSM Expense) this created a Medicaid deficit. The deficit will be funded with either excess funding paid to the Affiliate Partners or ISF.
- b. As noted above, HMP Revenue is greater than budget. While the actual HMP Funding for each Affiliate Partner has been paid to each of them, the combination of higher State Funding and lower than budget requirement for use of the Substance Use Disorder portion of the funding, has resulted in an overall HMP surplus (which has been made substantially larger due to the addition of the FY2014 carryforward).
- c. The SUD Other surplus is consistent with the Budget which showed that there would be excess PA2 funding in FY 2015. SUD block grant expenses are running significantly under budget and we anticipate having to lapse funds at yearend.

CMHPSM Strategies:

1. Policies will be put in place to support the allocation of funding (including ISF) to the Affiliate Partners. Policies will also support any re-allocation of funding as a result of the Quarterly Cost Settlement Process so that clear rationale describing the circumstances is made available (e.g., preventable versus non-preventable causes).
2. Track Traditional Medicaid Eligibles and HMP Enrollees to understand and project changes and how they will impact funding from MDHHS.
3. The CMHPSM will support the Affiliate Partners to make sure Consumers are enrolled in the correct Benefit Program so that funding to the CMHPSM is maximized.

Community Mental Health Partnership of Southeast Michigan
STATEMENT OF REVENUES, EXPENSES CHANGES IN NET POSITION
 For the Ten Months Ending 7/31/2015

	Original Budget	YTD Actual	YTD Budget	YTD Actual O/(U) Budget
Operating Revenue				
Medicaid Capitation	\$134,000,000	\$111,347,544	\$111,666,670	\$(319,126) 1a.
Medicaid Carryforward	4,230,523	408,132	3,525,440	(3,117,308)
Healthy Michigan Plan	11,853,261	13,559,877	9,877,715	3,682,162
Healthy Michigan Carryforward	0	2,153,122	0	2,153,122
Autism	199,791	492,174	166,495	325,679
Medicaid Health Home-Washtenaw Only	1,129,388	374,803	941,160	(566,357)
10% Health Home Match Washtenaw	0	37,480	0	37,480
MICChild	0	384,917	0	384,917
SUD Community Grant	3,767,460	3,139,552	3,139,550	2
SUD PA2 - Cobo Tax Revenue	3,717,346	3,000,923	3,097,790	(96,867)
Other Revenue	1,802,780	1,420,902	1,502,320	(81,418)
Total Operating Revenue	\$160,700,549	\$136,319,426	\$133,917,140	\$2,402,286
Funding For CMHSP Partners				
Lenawee CMHSP	\$18,564,355	\$15,633,187	\$15,470,295	\$162,892
Livingston CMHSP	23,315,961	19,712,337	19,429,968	282,369
Monroe CMHSP	25,430,465	21,402,456	21,192,054	210,402
WCHO CMHSP	66,361,425	54,930,740	55,301,191	(370,451)
Total Funding For CMHSP Partners	\$133,672,206	\$111,678,720	\$111,393,508	\$285,212 1b.
Funding For SUD Services				
Lenawee County	\$1,022,761	\$792,707	\$852,301	\$(59,594)
Livingston County	1,309,226	1,027,790	1,091,023	(63,233)
Monroe County	1,143,346	1,107,313	952,790	154,523
Washtenaw County	3,203,188	3,035,990	2,669,330	366,660
Total Funding For SUD Services	\$6,678,521	\$5,963,800	\$5,565,444	\$398,356 1c.
Other Contractual Obligations				
Hospital Rate Adjuster	\$2,035,776	\$1,769,992	\$1,696,480	\$73,512
USE and HICA Tax	9,903,982	8,281,516	8,253,320	28,196
Local Match	1,577,780	1,314,817	1,314,817	0
10% Health Home Match Washtenaw	0	37,480	0	37,480
Total Other Costs	\$13,517,538	\$11,403,805	\$11,264,617	\$139,188
CMHPSM Administrative Costs				
Salary & Fringe	\$1,239,269	\$818,800	\$1,028,095	\$(209,295)
Administrative Contracts	801,872	825,018	668,519	156,499
All Other Costs	340,714	67,272	278,348	(211,076)
Total Administrative Expense	\$2,381,855	\$1,711,090	\$1,974,962	(\$263,872) 1d.
Total Operating Expense	\$156,250,120	\$130,757,415	\$130,198,531	\$558,884
Operating Income (Loss)	\$4,450,429	\$5,562,011	\$3,718,609	\$1,843,402
Non-Operating Revenues				
Interest Revenue	\$0	\$690	\$0	\$690 1e.
Change In Net Position	\$4,450,429	\$5,562,701	\$3,718,609	\$1,844,092

1a. Medicaid revenue continues to trend under budget.

1b. Healthy Michigan revenue is higher than anticipated and is being paid out to the affiliates less taxes and administration. Health Home revenue continues to be under budget resulting in less funds being paid out to Washtenaw.

1c. Fee for service claims continue to be running over budget at Monroe and Washtenaw.

1d. Administration continues to be incurred below the amended budget.

1e. Operating income of \$136,319,426 and non-operating income (Interest) of \$690 tie to the total revenue amount of \$136,320,116 on the Summary of Revenue and Expense by Fund report.

Community Mental Health Partnership Of Southeast Michigan
SUMMARY OF REVENUE AND EXPENSE BY FUND
 July 2015 FYTD

Summary Of Revenue & Expense	Funding Source								Total Funding Sources
	Medicaid	MiChild	Autism -- Medicaid	Autism -- MiChild	Healthy Michigan	Health Home	SUD Other	Other	
Revenues									
Funding From MDCH	\$ 111,347,543.85	\$ 384,917.16	\$ 470,400.93	\$ 21,772.97	\$ 13,559,877.48	\$ 374,803.08	\$ 3,139,552.00	\$ 106,057.22	\$ 129,404,924.69
Carry Forward	408,132.29	-	-	-	2,153,122.00	-	-	-	2,561,254.29
Affiliate Local For Medicaid Draw Down	-	-	-	-	-	-	-	1,314,816.66	1,314,816.66
Washtenaw Local For HH 10% Match	-	-	-	-	-	-	-	37,480.31	37,480.31
PA2/COBO Tax Funding	-	-	-	-	-	-	3,000,923.00	-	3,000,923.00
Other	-	-	-	-	-	-	-	717.57	717.57
Total Revenues	\$ 111,755,676.14	\$ 384,917.16	\$ 470,400.93	\$ 21,772.97	\$ 15,712,999.48	\$ 374,803.08	\$ 6,140,475.00	\$ 1,459,071.76	\$ 136,320,116.52
Expenses									
Funding Payments To Partners									
Lenawee	\$ 14,055,846.68	\$ 59,014.66	\$ 17,847.45	\$ -	\$ 1,500,478.08	\$ -	\$ -	\$ -	\$ 15,633,186.87
Livingston	17,843,848.66	97,071.48	140,388.03	18,837.94	1,579,974.66	-	-	32,216.14	19,712,336.91
Monroe	19,271,263.80	58,482.86	73,763.46	-	1,987,952.55	-	-	10,993.25	21,402,455.92
Washtenaw	49,966,512.38	108,293.55	174,991.96	-	4,268,515.51	349,578.84	-	62,847.83	54,930,740.07
Total Affiliate Payments	\$ 101,137,471.52	\$ 322,862.55	\$ 406,990.90	\$ 18,837.94	\$ 9,336,920.80	\$ 349,578.84	\$ -	\$ 106,057.22	\$ 111,678,719.77
Funding for County SUD Programs									
Lenawee	\$ 150,430.00	\$ -	\$ -	\$ -	\$ 310,974.52	\$ -	\$ 331,302.60	\$ -	\$ 792,707.12
Livingston	170,507.86	1,778.01	-	-	247,376.16	-	608,127.48	-	1,027,789.51
Monroe	110,101.50	-	-	-	221,283.00	-	775,928.47	-	1,107,312.97
Washtenaw	563,557.22	-	-	-	1,028,437.32	-	1,443,995.86	-	3,035,990.40
Total SUD Expenses	\$ 994,596.58	\$ 1,778.01	\$ -	\$ -	\$ 1,808,071.00	\$ -	\$ 3,159,354.41	\$ -	\$ 5,963,800.00
Other Operating Costs									
Hospital Rate Adjuster Payment	\$ 1,769,992.31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,769,992.31
Local Match For Medicaid Draw Down	-	-	-	-	-	-	-	1,314,816.67	1,314,816.67
Local Match Health Homes	-	-	-	-	-	-	-	37,480.31	37,480.31
MH & SUD Use Tax	6,640,873.15	22,934.54	48,099.62	1,297.68	857,967.38	22,413.22	-	-	7,593,585.59
MH & SUD HICA Claims Tax	608,793.74	2,811.00	7,364.00	554.00	65,597.00	2,811.02	-	-	687,930.76
Total Operating Costs	\$ 9,019,659.20	\$ 25,745.54	\$ 55,463.62	\$ 1,851.68	\$ 923,564.38	\$ 25,224.24	\$ -	\$ 1,352,296.98	\$ 11,403,805.64
Administrative Cost Allocation	\$ 1,244,008.62	\$ 3,876.77	\$ 4,769.36	\$ 257.80	\$ 238,862.53	\$ -	\$ 219,314.82	\$ -	\$ 1,711,089.90
Total Expenses	\$ 112,395,735.92	\$ 354,262.87	\$ 467,223.88	\$ 20,947.42	\$ 12,307,418.71	\$ 374,803.08	\$ 3,378,669.23	\$ 1,458,354.20	\$ 130,757,415.31
Revenues Over/(Under) Expenses	\$ (640,059.78)	\$ 30,654.29	\$ 3,177.05	\$ 825.55	\$ 3,405,580.77	\$ -	\$ 2,761,805.77	\$ 717.56	\$ 5,562,701.21

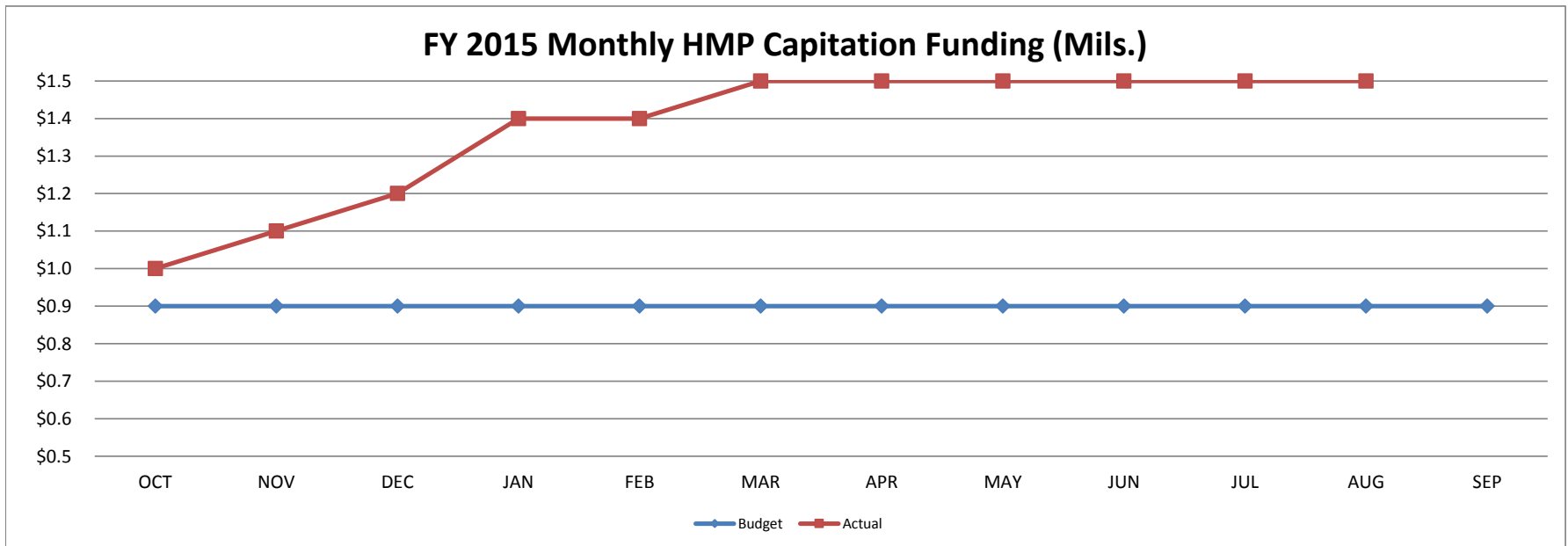
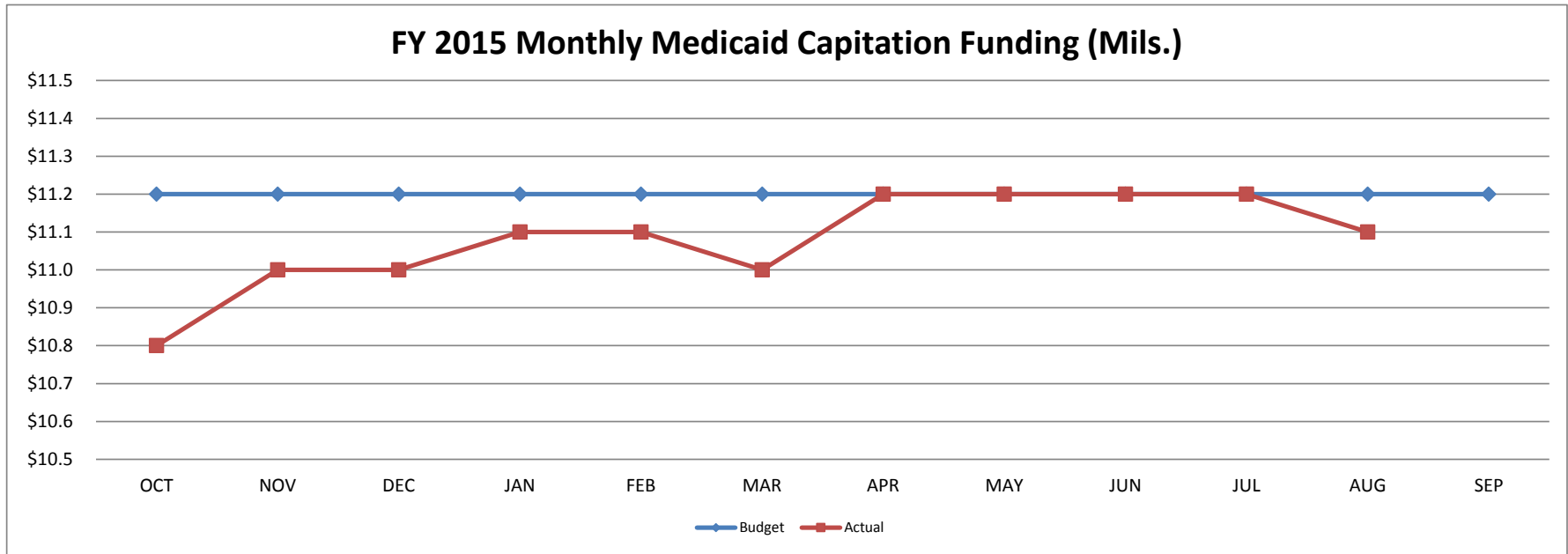
STATEMENT OF NET POSITION

As of 7/31/2015

	Operations Fund	Medicaid ISF Fund
Assets		
Current Assets		
Cash Position	\$7,436,385	\$1,608
Investments	4,000,000	8,791,000
Due From MDCH	453,852	0
Due From Affiliate Partners	4,404	0
Accounts Receivable, Net	660,553	0
Prepaid Items	10,684	0
Total Current Assets	\$12,565,877	\$8,792,608
Noncurrent Asset		
Cap. Assets Not Being Depreciated	0	0
Cap. Assets Being Depreciated, Net	0	0
Total Noncurrent Assets	\$0	\$0
Total Assets	\$12,565,877	\$8,792,608
Liabilities		
Accounts Payable	\$1,723,673	\$0
Accrued Liabilities	294,986	0
Due To MDCH	448,065	0
Due To Affiliate Partners	18,251	0
Unearned Revenue	4,677,516	0
Total Liabilities	\$7,162,492	\$0
Net Position		
Net Investment In Capital Assets	\$0	\$0
Restricted Fund Balance	5,403,385	8,792,608
Total Net Position	\$5,403,385	\$8,792,608
Balance as of June 30, 2015	\$4,326,144	\$8,791,940
Net Change	\$1,077,241	\$668

MONTHLY FUNDING TRENDS

FY 2015



Community Mental Health Partnership Of Southeast Michigan
FUNDING TO AFFILIATES COMPARED WITH AFFILIATE EXPENDITURES
 July FYTD 2015

Traditional Medicaid	<u>Payments To Affiliate Partners Vs. Funding Required</u>			
	<u>Lenawee</u>	<u>Livingston</u>	<u>Monroe</u>	<u>Washtenaw</u>
<u>Funding Versus Expenditures</u>				
Funding To Affiliate Partners	\$ 14,055,846.68	\$ 17,843,848.66	\$ 19,271,263.80	\$ 49,966,512.38
Affiliate Expenditures	11,301,327.00	16,788,605.00	19,188,437.00	51,844,600.00
Funding O/(U) Expenditures	<u>\$ 2,754,519.68</u>	<u>\$ 1,055,243.66</u>	<u>\$ 82,826.80</u>	<u>\$ (1,878,087.62)</u>
<u>Funding O/(U) Expenditures</u>				
July FYTD	\$ 2,754,519.68	\$ 1,055,243.66	\$ 82,826.80	\$ (1,878,087.62)
June FYTD	2,505,644.28	1,000,213.73	94,595.62	(2,037,444.83)
July FYTD O/(U) June FYTD	<u>\$ 248,875.40</u>	<u>\$ 55,029.93</u>	<u>\$ (11,768.82)</u>	<u>\$ 159,357.21</u>
Memo:				
FYTD Approved Budget	\$ 14,349,820.70	\$ 18,217,047.70	\$ 19,674,316.80	\$ 51,011,547.80
Payments O/(U) Budget	(293,974.02)	(373,199.04)	(403,053.00)	(1,045,035.42)

Healthy Michigan Plan	<u>Payments To Affiliate Partners Vs. Funding Required</u>			
	<u>Lenawee</u>	<u>Livingston</u>	<u>Monroe</u>	<u>Washtenaw</u>
<u>Funding Versus Expenditures</u>				
Funding To Affiliate Partners	\$ 1,500,478.08	\$ 1,579,974.66	\$ 1,987,952.55	\$ 4,268,515.51
Affiliate Expenditures	997,451.00	1,360,032.00	1,443,373.00	4,463,570.00
Funding O/(U) Expenditures	<u>\$ 503,027.08</u>	<u>\$ 219,942.66</u>	<u>\$ 544,579.55</u>	<u>\$ (195,054.49)</u>
<u>Funding O/(U) Expenditures</u>				
July FYTD	\$ 503,027.08	\$ 219,942.66	\$ 544,579.55	\$ (195,054.49)
June FYTD	457,912.56	259,385.08	382,171.53	(219,999.84)
July FYTD O/(U) June FYTD	<u>\$ 45,114.52</u>	<u>\$ (39,442.42)</u>	<u>\$ 162,408.02</u>	<u>\$ 24,945.35</u>
Memo:				
FYTD Approved Budget	\$ 1,120,475.00	\$ 1,090,885.00	\$ 1,445,612.50	\$ 3,254,971.67
Payments O/(U) Budget	380,003.08	489,089.66	542,340.05	1,013,543.84



Regional Board Action Request – Staff Salary Increases for FY2016

Board Meeting Date: September 9, 2015

Action Requested: Approve up to a 2% merit increase to PIHP staff salaries to be given on each employee anniversary in accordance with the approved budget, acceptable performance and the Managing Director policy for Human Resources

Background: *Managing Director Authority-Employee Position Control and Compensation Policy*

V. STANDARDS

- C. The Managing Director is responsible for establishing and determining Human Resource policies, job descriptions, employee classifications, the number of required full time equivalent positions and an employee evaluation and performance pay system in alignment with the approved budget.*

The FY 2016 represents a full year of directly employed staff at the CMHPSM. As part of on-going organizational development it is the responsibility of the Managing Director to establish a performance pay system that rewards the excellent work and continued commitment of the employees to the work of the PIHP. A recommendation for the Board's approval will come annually during the budget process. This is the only method of employees moving through the salary ranges once the initial hire offer is accepted. After reviewing the Administrative expenses of the PIHP, current market trends regarding levels of increases being given in similar organizations and the revenue expected for the region we are recommending up to a 2% increase for employees who have satisfactorily completed the responsibilities of their positions.

Connection to PIHP/MDHHS Contract, Regional Strategic Plan, Policy or Shared Governance Model:

Managing Director Authority-Employee Position Control and Compensation Policy

Recommend: Approval