

**Southwest Family Care Alliance (SFCA) Board  
Minutes for Meeting on September 28, 2009**

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**Members present:** Carla Cady, David Hammer, Dwayne Hiltbrand, Betty Irwin, Jeanetta Kirkpatrick, Beverly Larson, Ron Leys, Harvey Mandel, Philomena Poole, Ray Schmitz, Karen Thomas, Larry Wolf, Dave Wyttenbach

**Members absent:** Betty Broadbent, Joan Fordham

**Others present:** Teri Buros (SFCA), Tammy Garrelts (SFCA), Joan Hansen (SFCA), Stacy Hach (SFCA), Randy Jacquet (Richland), Patty Kemerling (SFCA), Tom MacDonald (Lafayette), Terry Metzger (SFCA), Linda Overbeek (SFCA), Steve Ruff (Juneau), Tom Schraeder (Hodan Center), Sherrie Sime (SFCA), Jean Zweifel (Greenco Industries).

**Roll Call Attendance:** Chair Ray Schmitz called the meeting to order at 3:30 p.m., and Linda Overbeek took roll call attendance. A quorum was present.

**Review and Approve Agenda and Posting:** Motion by Harvey Mandel, seconded by David Hammer, to approve the agenda and posting. Agenda items #12, 13, and 14 will be considered right after Citizen Comments. Motion to approve agenda and posting carried.

**Approve Minutes of the August 17, 2009 Board Meeting** (Mail Out #1) Motion by Beverly Larson, seconded by Betty Irwin, to approve the minutes. The motion carried.

**Citizen Comments:** None.

**Review and Discuss 2009 August Financials and Enrollment Report; Take Action on Same, If**

**Any:** Ms. Buros introduced Susan Crowley, recently appointed Administrator of the Division of Long Term Care for the Department of Health Services (DHS). Ms. Crowley is DHS' new "point person" for the Managed Care Organizations. Ms. Crowley gave an overview of her background. Following that SFCA Board members and others present introduced themselves to Ms. Crowley.

Terry Metzger distributed and reviewed SFCA's 2009 financial reports for August 2009: Income Statement, Balance Sheet, Monthly Enrollment Activity by Target Group, and Statement of Cash Flows.

- SFCA's revenue year-to-date is approximately \$512,000 below projections.
- Direct Member Service Expenses are SFCA's largest expense item and are the primary area of concern. Administrative costs are well controlled.
- Revenue overall is down as well as when calculated on a per member per month basis. Revenues were affected by a retrospective rate adjustment for January through August 2009.
- SFCA's Incurred But Not Reported (IBNR) is growing not only because of the three counties that were added July 1, 2009 but also because costs are creeping upward.
- SFCA's August financials have strained SFCA's Working Capital. If September's financials don't reflect significant improvement, SFCA may need to ask the Department of Health Services for approval to allocate the restricted reserves to SFCA's Working Capital.
- Enrollment continues to lag behind projections.
- In-depth analysis of SFCA's financials will continue, and the Board will be updated.

Motion by Philomena Poole to receive SFCA's financials. The motion was seconded by Betty Irwin, and the motion carried

**Review and Discuss 2009 End of Year Fiscal Projections including but not limited to: Retrospective Rate Adjustment and Risk Sharing; 2009 Care Management Reconciliation;**

**Take Action on Same, If Any** : Mr. Metzger distributed and reviewed another document, providing an updated forecasting of financials, identifying risk mitigation strategies through year-end 2009, noting progress made since the Board's August meeting, and identifying next steps, including budget planning for calendar year 2010.

- Forecast losses indicate SFCA's Working Capital and Risk Reserve will be depleted by November. Higher costs are expected through the end of 2009.
- The Department of Health Services supports entering into a risk sharing agreement with the SFCA for October - December 2009, which will serve to mitigate SFCA's losses and give SFCA a bridge to getting through to next year.
- SFCA has visited with all eight Care Management Units (CMU) to discuss the budget situation.
- Improved Functional Screen quality is needed, and SFCA has talked with DHS about a process for doing so.
- Next steps SFCA plan to take include:
  - Not remitting a 1% admin fee to the CMU while SFCA is in a loss position;
    - This intent of this admin fee is to help the CMU build up a risk reserve that would help mitigate against unusual or one-time expenses the CMU might face from time-to-time, e.g., a payout of accrued benefits when a CMU staff retires.
  - Adding a Director of Care Management position as soon as possible, which will provide added focus on improved care under management plan; and
  - Accelerating its 2010 Provider Network implementation plan, which will provide no provider increases in 2010, eliminate compensation for bed holds, and a focus on residential facility care and supportive home care costs.
  - Continuing intensive analysis of SFCA's financials and budget planning over the next 30 days and identifying other possible efficiencies; and
  - Working with DHS to compare against what the Department expects of SFCA.
- While it is possible that it will not be feasible to do so, SFCA will work toward having a proposed budget in final form to present to the Board at its October meeting.

Ms. Buross acknowledged the seriousness of SFCA's financial standing, stating that we've been clear and upfront about it with the Department, providing them with data to support our conclusions and presenting plans for addressing the challenges. She thanked Ms. Crowley and the Department for their support and commitment to working with SFCA.

Susan Crowley spoke to the Board, affirming the Department's commitment to SFCA. The Department has been impressed with SFCA's ability to identify its cost overruns as well as its recommendations and plans for dealing with those. The Department acknowledges that Managed Care Organizations (MCOs), in general, need longer to realize cost savings/effectiveness than what the Department originally envisioned. As the MCOs mature, more and better data becomes available, which allows the MCOs and DHS to do better analysis, leading to better, more informed decisions. Asked how SFCA's situation compared to that of other MCOs, Ms. Buross noted that all of Wisconsin's MCOs that in an expansion mode are struggling financially right now, Ms. Crowley noted that it's difficult to compare the reasons for one MCO's financial standing against the others, as there are too many variables.

Motion by Karen Thomas, seconded by Harvey Mandel, that the Board support SFCA entering into a risk sharing proposal, as proposed, with the Department. The motion carried.

Randy Jacquet, Richland County Health and Human Services' Director, thanked Ms. Crowley for the Department's support and willingness to work through these challenges with SFCA.

Following a short break, Mr. Metzger and Ms. Buros wrapped up on SFCA's forecasting through year-end 2009 and 2010 budget planning. It was noted that SFCA wages and benefits increase; this is because there are several positions that were only in place for some part of 2009, whereas SFCA needs to budget for those positions for a full year beginning with calendar year 2010.

**Review and Discuss 2010 Business Plan and Budget, including but not limited to: Identify Board Priorities; Major Strategic Initiatives in Business Plan/Budget; Care Under Management Strategies for 2009/2010; Care Management Unit Rate Development; Organizational Chart Including New Positions; Take Action on Same, If Any (Mail Out #6):** Discussed under previous agenda item.

**Receive Quarterly Report for Grievance and Appeals and Critical Incidents; Take Action on Same, if any:**

- Joan Hansen provided the Board with a summary of Appeal and Grievance activity during the 2<sup>nd</sup> quarter of 2009. There were 9 total, 4 Grievance and 5 Appeals, coming from Richland (3), Sauk (2), and Green (4). 1 was withdrawn, 1 went to a local Grievance and Appeal Committee, 6 went to the Department of Human Services for review, and 1 went to a State Fair Hearing. Ms. Hansen provided an overview as to how each was resolved; the State Fair Hearing was still pending as of this date.
- Ms. Hansen reported on Critical Incident activity and Unexpected Deaths reported during 2<sup>nd</sup> quarter 2009. There were 29 Critical Incidents. This was a 50% decrease over the 1<sup>st</sup> quarter, largely attributable to a redefinition of what constitutes a critical incident. Of those reported, 41% occurred in the member's residence. Falls continue to be the leading cause of Critical Incidents and a major concern.
- There were 2 unexpected deaths reported in the 2<sup>nd</sup> quarter.

**Approve Appointments to Grievance and Appeal Committee; Take Action on Same, if any:** There were no appointments to consider.

**Review and Approve Letter Regarding SFCA Conflict of Interest Policy Regarding ADRC and Joint Board Membership, Take Action on Same, If Any (Mail Out #2):** Motion by Jeanetta Kirkpatrick, seconded by Betty Irwin, that the proposed letter with one change and one additional piece of information, be sent to the Chair of each of the eight County Boards in SFCA's region and that the letter be over Ray Schmitz' signature, as Chair of the SFCA Board. Motion carried. The change is to refer to dual Board memberships instead of joint Board memberships, and Teri Buros name should be inserted should the County Board Chairs have questions regarding the letter or policy.

**Review and Approve Per Diem and Expense Policy and Procedure (Mail Out #3):** The Board requested that information be gathered as to what the per diem and reimbursement rates are expected to be for 2010 in each of the eight counties in SFCA's region. That information will be

brought to the SFCA Board for consideration and to review and approve the proposed policy at the next meeting of the Board.

**Discuss and Approve Amending Article I of SFCA By-Laws Pursuant to Sec. 10.01 of the By-Laws in a Manner Consistent with the Amended By-Laws Provided the Board in the Notice of the Meeting, Take Action on Same, If Any** (Mail Out #4):

Ms. Buros explained that SFCA must provide the Mission and Values of the organization as a required part of the documentation SFCA must submit to the Department of Health Services in SFCA's 2010 Strategic and Business Plan. Amending the By-laws is needed so they reflect the updated Mission and Values the Board approved at its August 17, 2009 meeting. According to the By-laws, amending the By-laws requires the approval of two-thirds of all Board members, not just two-thirds of those Board members present at the meeting. Two Board members had to leave today's meeting prior to this point. However, it was confirmed that a sufficient number of Board members (73%) remained present to vote on the matter. Motion by Dave Wyttenbach, seconded by Betty Irwin, to approve the amended language to Article I, Statement of Values to reflect the approved Mission and Core Values adopted by the Board at their August 2009 meeting. Motion carried.

**Receive Final 2008 Financial Audit, Take Action on Same, If Any** (Mail Out #5):

The final 2008 Financial Audit document mailed out to Board members in advance of today's meeting contains no significant changes that have not been discussed with the Board at previous meetings. All deficiencies cited in the Audit report either have been or are being addressed. Mr. Metzger has a meeting with the auditor to get clarification on a few of his expectations, as noted in the Audit report. Motion by Larry Wolf, seconded by Betty Irwin, to receive the final 2008 Financial Audit. Motion carried.

**Discuss and Take Possible Action On Procedure To Be Utilized In Filling CEO Position. As part of this discussion, the Board may consider a motion to convene into closed session pursuant to Wis. Stat. § 19.85(1)(c) "considering employment, promotion, compensation or performance valuation data of any public employee over which the governmental body has jurisdiction or exercises responsibility," to wit: to discuss performance evaluation of Interim CEO and CFO and possible interest in CEO position. The Board shall immediately reconvene in open session and, if appropriate, take action on the matter discussed in closed session.** (Mail

Out #7): At its June 30, 2008 organizational meeting the Board appointed Teri Buros to serve as interim Chief Executive Officer (CEO) effective immediately, serving in that position until September 2009 when a competitive recruitment process to fill that position long-term would take place. The recommendation to the Board today is to proceed with the next steps in selecting a permanent Chief Executive Officer.

Ms. Buros referred to Mail Out #7, which identifies steps to recruiting a long-term CEO and some potential options as to how that recruitment could be handled. Possible options discussed were:

- The Board could choose not to recruit a permanent CEO at this time;
- Andy Phillips has advised that the Board could offer the position to the interim CEO;
- The Board could authorize a search, using an external search firm and/or internal resources to manage the process.

The Board talked about tabling a decision on the CEO selection process until the Board's October meeting to allow Board members more time to consider the matter. Motion by Ron Leys, seconded

by Larry Wolf, to place this on the agenda of the Board's October meeting. Motion carried with two dissenting votes.

Motion by Dave Wyttenback, seconded by Jeanetta Kirkpatrick, that the Board convene in Closed Session to discuss the interim Chief Executive Officer and considerations related to the permanent Chief Executive Officer position. The motion carried by unanimous vote, and the Board moved into Closed Session. Following discussion, there was a motion by Larry Wolf, seconded by Betty Irwin, that the Board reconvene in Open Session. The motion carried by unanimous vote, and the meeting reconvened in Open Session.

**Approve Director of Care Management Position; Take Action on Same, If Any** (Mail Out #8):

Ms. Buross presented a request for the Board to approve a Director of Care Management position. This would be instead of hiring a Chief Operating Officer, as was originally planned. She described the proposed restructuring, explaining that dividing the Interim CEO position into a permanent CEO and a Director of Care Management would allow the organization to focus on doing what is necessary to bring care under management, which has been identified as the primary strategic issue for 2009 and beyond. The salary of the Director of Care Management would be less than what was budgeted for the Chief Operating Officer position. With the reduction in payroll and retirement contributions, the net effect of this restructuring will mean reduced costs to the organization in the amount of \$6,135. While not in the current budget, costs associated with the Director of Care Management has been factored into SFCA's budget projections.

The Director of Care Management position will be a position requiring both management and clinical skills.

There was discussion about various aspects of the Director of Care Management position, including responsibilities and salary of that position, as well as other SFCA positions, qualifications for the position, and the need to hire for that position at this time. Some reservations were expressed about salaries, overall, given the current economic conditions. Following discussion, Karen Thomas made a motion, seconded by David Hammer, to approve the request to immediately recruit for the Director of Care Management and, if a successful candidate is found to staff that position as soon as possible. Motion carried with one Board member dissenting.

**Discuss Meeting Dates/Location for 2010:** Not discussed.

**Adjourn:** Motion to adjourn by Karen Thomas and seconded by Betty Irwin. Motion carried. The meeting was adjourned at 7:00 p.m.

**Next Meeting Date/Location/Solicit Agenda Items:** The next scheduled Board meeting is scheduled for Monday, October 19, 3:30 p.m. – 7:00 p.m., at the Spring Green Community Library.

Respectfully submitted,



Linda Overbeek  
Executive Assistant  
Southwest Family Care Alliance