



Administrative Office, 105 Hall Street, Suite A, Traverse City, MI 49684

### Board of Director's Meeting Minutes

May 19, 2011

6:00 PM

**1. CALL TO ORDER:**

Northern Lakes Community Mental Health, 2715 S. Townline Road, Houghton Lake, Michigan. Melissa Fournier called the meeting to order at 6:00 p.m.

Board Members Present: Jack Mahank, Dave Stephenson, Melissa Fournier, Susan Rogers, Don Halvorsen, Ken Melvin, Les Barnes, Helen Stimson, David Marshall, Al Cambridge, Pat McLaughlin, Jane Whitney, Nina Zamora, and Rob Hentschel.

Board Members Absent: Frank Tosiello (advance notice).

Others Present: Greg Paffhouse, Chief Executive Officer; Deb Lavender, Executive Secretary; Mary Hubbard, Chief Operations Officer for Children and Families; Bruce Bridges, Chief Financial Officer; Dave Branding, Chief Managed Care Officer; Joanie Blamer, Chief Operations Officer for Crawford, Missaukee, Roscommon and Wexford Counties; Bill Ancel; Rosemary Pierson, Residential Services Supervisor; Julie Burleigh, Wright Street Home; and Kelly Sauter, Child and Family Case Manager.

The Pledge of Allegiance was spoken. Rob Hentschel was appointed timekeeper. Confirmation of a Quorum.

**2. APPROVAL OF AGENDA:** Request was made under 6:05 p.m. item #4 NLD Minutes would be more appropriate to receive and file; and to bring forward from Committee of the Whole meeting the Anderson Economic Group Report and place at 7:20 p.m. item #D Governance Process/Ownership Linkages.

<b>MOTION:</b>	<b>Approve the Agenda of May 19, 2011 with the corrections as indicated.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Jack Mahank
<b>SECONDER:</b>	Les Barnes

**3. CONFLICT OF INTEREST DECLARATION:**

No Board members declared a conflict of interest for tonight's business.

**4. CONSENT AGENDAS – MANAGEMENT AND BOARD:**

*A. Consideration of Management Consent Agenda*

<b>MOTION:</b>	<b>Approve the Management Consent Agenda of May 19, 2011.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Jack Mahank
<b>SECONDER:</b>	Les Barnes

*B. Consideration of Board Consent Agenda* – The financial statements and CEO Report were removed from the board consent agenda.

<b>MOTION:</b>	<b>Approve the Board Consent Agenda of May 19, 2011 items 2,3,4 and 6.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Susan Rogers
<b>SECONDER:</b>	Pat McLaughlin

In reference to the financial statements it was requested to hear more about the shortage of general funds and what is the solution. Greg identified that is being driven by residential and inpatient costs. We had the largest month in inpatient costs in history (almost double from last year) and our efforts to get people out of the hospital and help people stay out of the hospital has to be a big part of our strategy. We have had some discussions about creating a general fund waiting list, but have tried to avoid. Bruce reported that we have many people who have lost Medicaid coverage, which would also consume general fund dollars. Long term finance strategy is that we need to have the funds available in our fund balance to purchase or finance the Traverse City building in the Fall of 2012. There was discussion about the availability of inpatient hospital beds within the state (private versus public). Bruce noted that general funds have not been nor will be increased and we have to figure out how to deal with. Bruce identified that the year we are in now we will probably have to give back Medicaid and at the same time run a general fund deficit. Medicaid is under utilized because the demand for those services. We cannot guarantee that every service we provide would be paid by Medicaid. It would increase the general fund deficit by expanding services. If an individual has Medicaid and loses it then we will have to use general funds. Discussion about if our regional hospitals might benefit.

Greg provided an update to his CEO report noting that we are the owners of the Tilton Road property which stabilizes housing for the residents who live there. Negotiations have been finalized with the Teamsters Units with the outcome being consistent with our discussions and what has been in his CEO Report. Bruce reviewed changes regarding the term of the contract, health insurance costs, reducing life insurance and leave days. We are still negotiating with the AFSCME group and have not reached an agreement.

June 2 the Joint Affiliation meeting is scheduled in Cadillac from 4:00 to 6:30 p.m. and the discussion will be regarding strategic thinking, the Cost Benefit report, what might happen with CMHSPs and PIHPs and developing questions and issues to present to Jim Haveman in July. July 12 is the next Managed Care Advisory Committee meeting in Ludington and Jim Haveman is scheduled to be there. The hope is other board members will attend this meeting. Greg identified that he has some e-mail exchanges with Director Dazzo and she is committed to come at a later date to meet with us as well.

Greg reported he has met with all six of the county commissions and all will approve the jail services agreement. We did submit the letter (included in board packet) to Roscommon County on the issues that was discussed last month regarding billing and Ken identified that there was complete satisfaction with the letter.

Greg referenced a draft resolution included in the folder and one in the packet about using general funds for mental health services to jail inmates. The board may want to consider supporting and could take action later tonight.

Copies of the 2011 FACT sheet were distributed to board members.

<b>MOTION:</b>	<b>To Receive and File the Financial statements and the Chief Executive Officer's Report.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Al Cambridge
<b>SECONDER:</b>	Helen Stimson

**5. OWNERSHIP LINKAGE:**

A. *Citizen Comment*  
None.

B. *Ownership Communication*  
None.

C. *Certificate of Appreciation*  
Bill Ancel was recognized for his term on the Board and was presented with a Certificate of Appreciation.

**6. ELECTION OF OFFICERS:**

Melissa turned over the meeting to Dave Stephenson who will serve as Interim Chair for the Nominating Leadership Development Committee. Dave referenced the Slate of Officers included in the board packet. Dave noted that Melissa Fournier has agreed to run for the office of Chairperson, Al Cambridge as Vice-Chairperson and he would be running for the office of Secretary. Nominations would be accepted from the floor. Dave asked for additional nominations from the floor for chairperson (3 times).

**MOTION:** To Close Nominations for Chairperson.  
**RESULT:** ADOPTED [UNANIMOUS]  
**MOVER:** David Marshall  
**SECONDER:** Jack Mahank

Dave identified there was a unanimous vote to elect Melissa Fournier as Chairperson.

Dave identified that Al Cambridge was identified for the office of Vice-Chairperson. Dave asked for additional nominations from the floor (3 times).

**MOTION:** The nominations for Vice-Chairperson be closed and a unanimous vote be cast for Al Cambridge.  
**RESULT:** ADOPTED [UNANIMOUS]  
**MOVER:** Jack Mahank  
**SECONDER:** Don Halvorsen

Dave identified that he was identified for the office of Secretary. Dave asked for additional nominations from the floor (3 times)

**MOTION:** The nominations for Secretary be closed and a unanimous vote be cast for Dave Stephenson.  
**RESULT:** ADOPTED [UNANIMOUS]  
**MOVER:** Jack Mahank  
**SECONDER:** Jane Whitney

**7. CONSIDERATION OF PIHP ITEMS:**

2<sup>ND</sup> Quarter NWCMA Customer Services Report – Dave Branding referenced the new quarterly monitoring report for second quarter. He noted that there was a decrease in the number of customer service inquiries, timeliness and resolution of inquiries continues to be strong, is a slight increase in grievances and days to resolution of those grievances continues to be strong as well.

MAHP and MACMHB Activities/Joint Policy Position – Greg referenced the material in the packet and referenced his CEO report about carve in and carve out. Both the Michigan Association of Health Plans (MAHP) and Michigan Association of CMH Boards have agreed to work together as we move forward with state and federal healthcare reform. The significance in the MAHP strategic plan is their proposal to take over (carve in) the management of behavioral health and developmental disabilities funds. There are lots of questions about how the management responsibility for Medicaid will play out and will be a

big issue when we meet with Jim Haveman. We are strongly on record as supporting integrated care and is a priority of this organization. Who will manage the dollars and how will that impact people on Medicaid? There was discussion how that would affect PIHPs and will take a lot of board conversation over the next 3 months.

Don Halvorsen shared his concerns about the elimination of Coordinating Agencies. Northern Michigan Substance Abuse Services (NMSAS) serves 30 out of the 83 counties in Michigan which affects the Northern Michigan Affiliation and the Northwest CMH Affiliation. Don shared statistical information about the number of people who are treated and noted concerns about what would happen with the individuals who don't have a mental health problem. A meeting was held on May 13 to discuss each of our positions if the Coordinating Agencies were eliminated. NMSAS manages the Medicaid substance abuse benefit for the severely mentally ill for our Affiliation. We would continue to work with them should they stay in business, however, if they are eliminated we would be prepared to take on what NMSAS does if the state wants that to happen. It was noted that we need a solution unique to Northern Michigan.

Performance Improvement Project (PIP) Validation Report – Dave Branding referenced the HSAG report for the Performance Improvement Project with the name of the project – Increasing the Proportion of Medicaid Eligible Adults with a Mental Illness who receive Peer-Delivered services or supports. The summary identified that the validation status was met and it was noted it was a great accomplishment.

<b>MOTION:</b>	<b>To Receive and File the HSAG Report dated 2/25/2011 and become part of the Agency Performance Evaluation.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Jack Mahank
<b>SECONDER:</b>	Pat McLaughlin

## 8. COMMITTEE, COMMITTEE CHAIRPERSON, AND PARLIAMENTARIAN APPOINTMENTS:

The following Committee Appointments were made:

Audit Committee – Dave Stephenson (Chair), Rob Hentschel, Susan Rogers and David Marshall

Managed Care – Jack Mahank, Nina Zamora, Don Halvorsen, Al Cambridge, Les Barnes (Chair), and Pat McLaughlin

Nominating & Leadership Development – Dave Stephenson, Helen Stimson (Chair), Don Halvorsen, Jane Whitney, Rob Hentschel, and Ken Melvin

Recipient Rights – Frank Tosiello and Les Barnes

Board Association Delegates – Melissa Fournier and Helen Stimson

Melissa identified that our practice over the past few years has been that the Vice-Chairperson would chair the Committee of the Whole meeting.

<b>MOTION:</b>	<b>To approve for the next 12 months that the Vice-Chairperson chair the Committee of the Whole meeting.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Jack Mahank
<b>SECONDER:</b>	David Marshall

Melissa identified following our practice that we name a parliamentarian although it is not required by our by-laws.

<b>MOTION:</b>	<b>To approve appointing a parliamentarian position named for the next 12 months.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Jack Mahnk
<b>SECONDER:</b>	Rob Hentschel

**9. ASSURANCE OF ORGANIZATIONAL PERFORMANCE:**

*A. Receipt of CEO Monitoring Report*

Policy 1-2-08 Communication & Support to the Board – Referenced the CEO’s response and the General Comment in the response.

<b>MOTION:</b>	<b>Approve to Receive and File the Policy 1-2-08 Communication &amp; Support to the Board showing the agency is in full compliance.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Jack Mahank
<b>SECONDER:</b>	Don Halvorsen

Recommended changes to the policy were identified.

<b>MOTION:</b>	<b>To approve adding to the following language/changes to policy 1-2-08 “CEO would notice of inappropriate condition and would be reported to the board chair and the board chair would take required action”; replace the word General Counsel with Compliance Officer.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Jack Mahank
<b>SECONDER:</b>	David Marshall

*B. New Operational Worries*

None.

*C. May Monitoring Assignment*

Monitoring Report 1-2-09 Investments and 1-3-08 Costs of Governance (Internal) should be completed and turned in. Greg identified that the board has always asked for internal and external monitoring reports for policy 1-3-08. The internal policy requires the CEO to show the budget, year to date spending, and trended over time. The direct inspection part of the policy would identify what the board wants to do and is there anything that the board would like to change? Noted appreciation of the thorough report related to investments and the approach taken.

**10. BOARD MEANS SELF-ASSESSMENT:**

*A. Receipt of Board Monitoring Report*

Policy 1-3-07 Governance Committees – referenced comments related to recipient rights and Greg’s response. Greg has attached in the document what the Mental Health Code says as to the role of the committee. Greg identified that presently Board policy limits the authority of any standing committee to what is stated in the MH Code. The Rights Advisory Committee and Appeals Committee have not been given any additional authority. The committee does not have the authority to act independently from the board. Reviewed the earlier motion to delay sending the letter. There was another part of the motion to communicate the issue with the Board Association which has been done. The Board Association has taken our communication along with the other letters and asked the policy and legislative committees to take a look and is being pursued.

<b>MOTION:</b>	<b>Evaluation of Policy 1-3-07 Governance Committees to the Board showing the Agency is in full compliance.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Jack Mahank
<b>SECONDER:</b>	Les Barnes

*B. May Monitoring Assignment*

Monitoring Report 1-3-08 Costs of Governance (Direct Inspection) should be completed and turned in.

**11. GOVERNANCE POLICIES DISCUSSION AND ASSESSMENT:**

A. *Ends*  
None.

B. *Executive Limitations*

Al suggested adding language to policy that the CEO would not fail to include dollar amounts for contracts that exceed \$10,000. Greg proposed making the draft policy language and bring back to the board for review/approval.

<b>MOTION:</b>	<b>The Board approved to adjust the policy 1-2-04 to reflect the dollar amount of the contracts exceeding \$10,000 on the consent agenda.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Al Cambridge
<b>SECONDER:</b>	David Marshall

Bruce identified concern about showing dollar amounts as most contracts are by units. It was suggested that the CEO would show prior fiscal year amounts on those contracts or identify projections. The board would then identify if they would like to have more discussion and could remove from the consent agenda. No changes were made to the approval process.

C. *Board/CEO Linkage*  
None.

D. *Governance Process/Ownership Linkages*

Nominating Leadership Development Committee – Dave Stephenson shared a handout outlining representation and terms. Two terms end in May and applicants were interviewed on May 12. Applicants were interviewed utilizing the scoring process. Criteria used for scoring was based on a series of questions. Greg identified that there were core competency questions added this year in regards to skills necessary to serve on the two committees (advisory and appeals). Current policy delegates the advisory committee also serves as the appeals committee. The Appeals Committee has a different responsibility and the requirements were identified. Identified numbers required for each committee. The committee spent a fair amount of time discussing. Greg reviewed the geographic makeup of the committee. The committees charge was to present the facts and information to the board.

<b>MOTION:</b>	<b>The Board approved Malinda Salisbury and Candyce Vandermoere be appointed to the RRAC and Appeals Committees for three year terms.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Jack Mahank
<b>SECONDER:</b>	Pat McLaughlin

Appropriate letters should be sent to candidates and to thank those who were going off of the committee.

<b>MOTION:</b>	<b>The Board approved the Anderson Economic Group (AEG) Report be sent to area state legislators from our six counties.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Jack Mahank
<b>SECONDER:</b>	Pat McLaughlin

**12. OWNERSHIP LINKAGE:**

A. *Citizen Comment:* None.

Public comment – Rob referenced an article that was in the Record Eagle relative to his son and Autism.

**13. ANNOUNCEMENTS:**

- Board members provided comments at the Board Association Conference held in Kalamazoo: concern about the proposed change to establish adding mental health medications to the preferred drug list, shrinking administration funding, boardworks and conferences are a good place to receive education, referenced handout from Director Dazzo, workshop on cost allocation, recipient rights, planning organizational recovery.
- Rob referenced the minutes from Traverse House noting TE Updates. He noted that they have a transitional employee at his family business.

**14. MEETING EVALUATION:**

- #1- We spent our time on the most important governance topics: majority was satisfactory
- #2- We encouraged diversity of viewpoints: majority was excellent
- #3- Our decisions were made collectively: majority was excellent
- #4- The Board used its time effectively: majority was satisfactory
- #5- What is the most important thing the Board could do to improve our function as a Board? Not discussed.

**15. NEXT MEETING AGENDA:**

Agenda items for the June 16 meeting in Cadillac: as noted.

**16. ADJOURNMENT:**

<b>MOTION:</b>	<b>Adjourn the meeting.</b>
<b>RESULT:</b>	<b>ADOPTED [UNANIMOUS]</b>
<b>MOVER:</b>	Rob Hentschel
<b>SECONDER:</b>	Dave Stephenson

Greg thanked Board members for attending in one location for the meeting.

The meeting adjourned at 8:06 p.m.

Respectfully Submitted,

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Melissa Fournier, Chairperson

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Dave Stephenson, Board Secretary

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Debra Lavender, Recording Secretary