



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

### Board of Director's Meeting Minutes

August 18, 2011

6:00 PM

**1. CALL TO ORDER:**

Northern Lakes Community Mental Health, 105 Hall Street, Traverse City, Michigan. Melissa Fournier called the meeting to order at 6:00 p.m.

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

Others Present: Greg Paffhouse, Chief Executive Officer; Deb Lavender, Executive Secretary; Mary Hubbard, Chief Operations Officer for Children and Families; Dave Branding, Chief Managed Care Officer; Bruce Bridges, Chief Financial Officer; Keith Huggett, Information Systems Manager; Terri Kelty, Chief Operations Officer for Grand Traverse and Leelanau Counties; Jane Swartout, Compliance Officer; Kevin Hartley, Director of Quality Improvement; Jon Bennett, Recipient Rights Officer; Bill Woodward, Residential Program Specialist; Rosemary Pierson, Residential Services Supervisor; Carol Sluck, Woodland Home; and Nancy Schornack, Jones Lake Home.

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

**2. APPROVAL OF AGENDA:**

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| <b>MOTION:</b>   | <b>Approve the Agenda of August 18, 2011 as submitted.</b> |
| <b>RESULT:</b>   | <b>ADOPTED [UNANIMOUS]</b>                                 |
| <b>MOVER:</b>    | Jack Mahank  |
| <b>SECONDER:</b> | David Marshall   |

**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*

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| <b>MOTION:</b>   | <b>Approve the Management Consent Agenda of August 18, 2011.</b> |
| <b>RESULT:</b>   | <b>ADOPTED [UNANIMOUS]</b>                                       |
| <b>MOVER:</b>    | Pat McLaughlin   |
| <b>SECONDER:</b> | Les Barnes   |

*B. Consideration of Board Consent Agenda – Request to remove the CEO Report.*

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| <b>MOTION:</b>   | <b>Approve the Board Consent Agenda of August 18, 2011, item 2-5</b> |
| <b>RESULT:</b>   | <b>ADOPTED [UNANIMOUS]</b>   |
| <b>MOVER:</b>    | Susan Rogers   |
| <b>SECONDER:</b> | David Marshall   |

Board Member Education and Workplan Survey – Board members were asked to complete the survey tonight. The Nominating Leadership Development Committee would hold a meeting and would present a draft plan in September.

Reference was made to item #6 of the Chief Executive Officer’s Report. Jack expressed concern about the response received to our request for a report on the financial efficacy of the Mental Health Court in Grand Traverse District Court. Rob reported on the success of the Sobriety Court held in Grand Traverse County. Jack identified that currently we have a test program in Grand Traverse County and we should be encouraging this to occur in other counties of our catchment area. There was discussion about the process to make such a request. Greg identified that a meeting has occurred with the judge in Crawford County having dialogue about a Mental Health Court and relative to care. He was encouraged to make contact with Grand Traverse County to learn more about the program. There needs to be discussion as to how we can capture the core principles of the program. The grant funding will be ending in Grand Traverse County and we will need to have discussion how to proceed.

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| <b>MOTION:</b>   | <b>Approve a letter be drafted on behalf of the Board and sent to each of the County Commissions and to the State Court Administrator’s Office requesting their support of initiation of Mental Health Courts in our catchment area.</b> |
| <b>RESULT:</b>   | <b>ADOPTED [UNANIMOUS]</b>   |
| <b>MOVER:</b>    | Jack Mahank  |
| <b>SECONDER:</b> | Jane Whitney   |

Referenced the handout on Dual Eligibles and the effect it would have on the persons served and our Affiliation. The Managed Care Advisory Committee will look at what this means for our organization at its September meeting and subsequent meetings.

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| <b>MOTION:</b>   | <b>Approve to Receive and File the Chief Executive Officer’s Report.</b> |
| <b>RESULT:</b>   | <b>ADOPTED [UNANIMOUS]</b>   |
| <b>MOVER:</b>    | Jack Mahank  |
| <b>SECONDER:</b> | Rob Hentschel  |

**5. OWNERSHIP LINKAGE:**

A. *Citizen Comment*  
None.

B. *Ownership Communication*

Report on Public Hearings - Referenced the summary of the public hearings held in July. Some of the comments made were: those who attended in Cadillac participated, would have been nice for more attendance, very informative, pleased to hear from our stakeholders noting that they were pleased about the job we are doing, supportive and how interested they are in helping us survive.

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| <b>MOTION:</b>   | <b>Approve to Receive and File the Public Hearing Report.</b> |
| <b>RESULT:</b>   | <b>ADOPTED [UNANIMOUS]</b>                                    |
| <b>MOVER:</b>    | Jack Mahank   |
| <b>SECONDER:</b> | Les Barnes  |

**6. CONSIDERATION OF PIHP ITEMS:**

MCAC Planning – The meeting is scheduled for September 6 in Cadillac from 10:00 a.m. to 1:00 p.m. Les encouraged everyone to attend the meeting. A document to help clarify the issues has been drafted and will help guide the discussion. The meeting will be a beginning of formulating a strategic plan. Referenced the document in the packet “Impact of Affordable Care Act on Michigan CMHSPs”.

Dave identified that we are preparing for the MDCH Site Review scheduled for September 12-23. The initial documents were completed, sent in and will have a lot of preparation.

FY 12 PIHP ABW Contract & FY 12 PIHP Medicaid Contract (brought forward from the Committee of the Whole meeting) – Greg referenced the contracts requesting permission to sign the contract with an attached cover letter consistent with what is recommended by the Board Association representing the best interest of the PIHPS and CMHSPs regarding the West Michigan issue in regards to audit findings.

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| <b>MOTION:</b>   | <b>Approve authorizing the CEO to sign FY 12 PIHP/ABW Contracts and FY 12 PIHP Medicaid Contract with the cover letter.</b> |
| <b>RESULT:</b>   | <b>ADOPTED [UNANIMOUS]</b>  |
| <b>MOVER:</b>    | Susan Rogers  |
| <b>SECONDER:</b> | Don Halvorsen   |

## 7. ASSURANCE OF ORGANIZATIONAL PERFORMANCE:

A. *Receipt of CEO Monitoring Report*  
Policy 1-2-04 Financial Management

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| <b>MOTION:</b>   | <b>Approve the CEO Response to Policy 1-2-04 Financial Management indicating that the Board is in Full Compliance.</b> |
| <b>RESULT:</b>   | <b>ADOPTED [UNANIMOUS]</b>   |
| <b>MOVER:</b>    | Susan Rogers   |
| <b>SECONDER:</b> | Don Halvorsen  |

B. *New Operational Worries*  
None.

C. *August Monitoring Assignment*  
Monitoring Report 1-2-01 Consumer Services should be completed and turned in.

## 8. BOARD MEANS SELF-ASSESSMENT:

A. *Receipt of Board Monitoring Report*  
Policy 1-4-01 Unity of Control – Comment made that the CEO feedback is very important to ensure that the informal consensus model is working.

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| <b>MOTION:</b>   | <b>Approve to Receive and File the Board Compliance Monitoring Report for Policy 1-4-01 Unity of Control showing the Agency is in Full Compliance.</b> |
| <b>RESULT:</b>   | <b>ADOPTED [UNANIMOUS]</b>   |
| <b>MOVER:</b>    | Jack Mahank  |
| <b>SECONDER:</b> | Pat McLaughlin   |

B. *August Monitoring Assignment*  
Monitoring Report 1-4-02 Accountability should be completed and turned in.

## 9. GOVERNANCE POLICIES DISCUSSION AND ASSESSMENT:

A. *Ends*  
None.

B. *Executive Limitations*  
Administrative Cost and Definitions – A concern had been raised in regards to administrative costs in reference to the state’s boilerplate budget and the language empowered CMHs to limit contract providers to no more than 9% administrative costs. Policy language was drafted with some additional language to ponder some of the consequences and issues related to the policy statement. Provided and reviewed additional information that the Department has distributed as to what it considers administrative costs. Detailed information was provided as to percentages throughout the state and a listing of personnel for NLCMH who are identified as an administrative cost. The Administrative Reporting for Contractual Service Providers from the most recent 990 Tax Return was shared noting the

administrative costs. Those numbers range from 6.1 % to 17.5% and likely define administrative costs differently.. Responded to questions and comments regarding interpretation, would rather evaluate by the service the contractors provide compared to how to measure quality of services, there are two things we are discussing – our administrative costs and our contractors administrative costs, it is critical that everyone play by the same rules, identified numbers for contract providers may have no bearing if they contract with others as we may be a small part of their business.

The NLCMH mission was reviewed. Board members identified the importance of having as little overhead as possible in order to get the greatest amount of money to go to the people that we serve. Examples of administrative support were identified. It was noted that it is important, for the board, to set an expectation for our agency to be conscious about administrative costs. We need to recognize it is a controllable cost of doing business and the better this board encourages this agency to control those costs the more services are provided. The 9% was identified because that is the number the state identified. Greg noted we need to find the right balance and don't want to have too low or high of administrative costs.

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| <b>MOTION:</b>   | <b>Accept the language that was proposed to set the administrative costs for direct provision of services by this agency.</b> |
| <b>RESULT:</b>   | <b>Motion Withdrawn</b>   |
| <b>MOVER:</b>    | Jack Mahank   |
| <b>SECONDER:</b> | Randy Kamps   |

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| <b>MOTION:</b>   | <b>Authorize that the CEO draft an Executive Limitation Policy consistent with the motion for the Board to review next month (set administrative costs for NLCMH direct provision of services).</b> |
| <b>RESULT:</b>   | <b>ADOPTED [UNANIMOUS]</b>  |
| <b>MOVER:</b>    | Jack Mahank   |
| <b>SECONDER:</b> | Randy Kamps   |

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| <b>MOTION:</b>  | <b>To direct the CEO to draft policy language that sets limitation on outsourcing administrative costs not to exceed 9%.</b> |
| <b>Susan Rogers called the question. Motion approved.</b> |  |
| <b>RESULT:</b>  | <b>Original Motion Failed.</b>   |
| <b>MOVER:</b>   | Jack Mahank  |
| <b>SECONDER:</b>  | Ken Melvin   |

C. *Board/CEO Linkage*  
None.

D. *Governance Process/Ownership Linkages*  
Compliance Report by Rehmann

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| <b>MOTION:</b>   | <b>To approve the Rehmann Robson Compliance Report for the period ending September 30, 2010 showing the agency is in full compliance.</b> |
| <b>RESULT:</b>   | <b>ADOPTED [UNANIMOUS]</b>  |
| <b>MOVER:</b>    | Jack Mahank   |
| <b>SECONDER:</b> | David Marshall  |

Recipient Rights Semi-Annual Report

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| <b>MOTION:</b>   | <b>To Receive and File the Recipient Rights Semi-Annual Report.</b> |
| <b>RESULT:</b>   | <b>ADOPTED [UNANIMOUS]</b>  |
| <b>MOVER:</b>    | Jack Mahank   |
| <b>SECONDER:</b> | Pat McLaughlin  |

Amended FY 11 Operations Budget, FY 11 Capital Budget, Initial FY 12 Operations Budget and the Initial FY 12 Capital Budget

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| <b>MOTION:</b>   | <b>To Approve the Amended FY 11 Operations Budget, the FY 11 Capital Budget report, Initial FY 12 Operations Budget, and the Initial FY 12 Capital Budget.</b> |
| <b>RESULT:</b>   | <b>ADOPTED [UNANIMOUS]</b>   |
| <b>MOVER:</b>    | Rob Hentschel  |
| <b>SECONDER:</b> | Susan Rogers   |

FY 12 CMHSP General Fund Contract

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| <b>MOTION:</b>   | <b>To Accept the FY 12 CMHSP General Fund Contract authorizing the CEO be allowed to sign and send a cover letter.</b> |
| <b>RESULT:</b>   | <b>ADOPTED [UNANIMOUS]</b>   |
| <b>MOVER:</b>    | Susan Rogers   |
| <b>SECONDER:</b> | Les Barnes   |

Issue Paper Status Report – County Allocations (Match) – Rob identified that the Ad Hoc Committee met today with good discussion and will look at some options to bring back to the Board. Will meet again next month at 1:00 p.m. at the Grayling Office.

Issue Paper Status Report – RRAC Board of Directors Relationship – Melissa reported that she and Les met with the Recipient Rights Chairperson and then met with the Recipient Rights Advisory Committee on the same day. Board members heard the concerns identified. The Recipient Rights Advisory Committee requested a response on three issues: increased responsiveness especially to time sensitive issues; board address the video surveillance issue; and a copy of the board policy on advisory committees. Melissa identified it is her interest and of the board that we move forward with the relationship.

Regional Board Member Forum – A Regional Board Member Educational Forum is being held on September 9 and 10 in Gaylord. Board members identified their interest in attending.

Michigan Association of CMH Boards Fall Conference – Board members identified their interest in attending the Fall Conference that will be held in Traverse City September 18-20.

## **10. OWNERSHIP LINKAGE:**

### *A. Citizen Comment*

Mary Hubbard referenced handouts in the packet for Suicide Awareness where there will be a Walk on September 10 sponsored by the Wexford Missaukee Suicide Prevention Coalition and a 5K Run on September 24 sponsored by the Crawford Roscommon Suicide Prevention Coalition. Mary encouraged attendance.

## **11. ANNOUNCEMENTS/BOARD MEMBERS REPORTS:**

MACMHB Executive Board Report – Greg referenced a summary of the Key Points in his report from the Executive Board meeting held on August 5. Les provided comments noting that there will be some dramatic changes in the next few years.

Recipient Rights Advisory Committee Report – Les referenced the minutes included in the packet from the August 2 meeting.

Greg announced that Bill Woodward has accepted a position as a Culture of Gentleness trainer and will be working for the Center for Positive Living. He was recognized for his years of service and for the work that he has done for Northern Lakes. Bill provided comments.

**12. 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 satisfactory.
- #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? Nothing identified.

**13. NEXT MEETING AGENDA:**

Agenda items for the September 15 meeting at ROOC, Inc.: Quarterly Compliance Report, Nominating Leadership Development Committee Report, County Allocation Report, draft policy. David recommended moving the CEO report off of the consent agenda and add as a separate agenda item. There was consensus to make the change to the agenda.

**14. ADJOURNMENT:**

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| <b>MOTION:</b>   | <b>Adjourn the meeting.</b> |
| <b>RESULT:</b>   | <b>ADOPTED [UNANIMOUS]</b>  |
| <b>MOVER:</b>    | David Marshall              |
| <b>SECONDER:</b> | Jane Whitney                |

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