

**Minutes-DRAFT
NorthernBridges
Board of Directors Meeting
October 4 & 5, 2010
Flat Creek Inn, Hayward**

Board Members Present: Dave Willingham, Mike Hamm, Terri Stone, Ken Mosentine, Dee Kittleson, David Markert, Tom Innes, Susan Reinardy, Howard Johnson, Bob Kopisch, Jack Sweeney, Sue Zieke, Dale Schleeter, Mark Novotny, Mike Linton, Larry Main.

Others in Attendance: Don Percy of The Bardish Group, John Nousaine & Michelle Beauto of North Country Independent Living and NB Staff.

1. Call to Order

Chair Dave Willingham called the meeting to order at 9:10 a.m..

2. Roll Call

Jeff Kieffer was absent and excused. Don Quinton was also absent.

3. Public Comment

John Nousaine of North Country Independent Living introduced Personal Care Coordinator Michelle Beauto.

4. Approval of Minutes from September 7 & 8, 2010

Ken Mosentine moved to approve the September 7 & 8, 2010 board meeting minutes. Tom Innes seconded. Motion was carried by voice vote without negative vote.

5. Approval of the Order of the Agenda

Agenda was approved with the CEO Monitoring Reports moved to immediately after Item #7.

Mark Novotny arrived at 9:19 a.m..

6. Executive Committee Report

The Executive Committee met on 9.22.10 and minutes from the meeting were posted on Sharepoint on 10.3.10. The committee approved the 8.25.10 & 9.7.10 EC minutes and follow up from the September Board meeting on how it was working for the EC going forward with the CEO Assessment and Compensation process. Also discussed the presentation on the ADRC process and felt that it was a very helpful and productive discussion. Terri Stone updated the EC on changes in the process for how IRIS addresses the care plans and no longer makes the IRIS allocation available to the ADRC. Conversation with Don Percy to review final draft of the CEO Assessment & Employment Agreement Interim Review process of which the final draft will be presented at today's meeting along with a timetable on how we are assigning setting up these tasks in order for them to be completed on time. We will then draft an amendment to the current CEO Employment Agreement through April of 2011. Discussed the RFI for the 2010 audit of which we received 3 proposals and will select a firm at today's meeting. Chair Willingham had phone conversations with Don Percy and email exchanges with Don Percy & John McMahon. Dave Willingham informed the board that Jeff Kieffer has submitted a letter of resignation due to his taking employment wherein his work schedule would not be compatible with continued service on the NB Board. We will be advertising for a new Consumer Director to replace Jeff and will most likely follow the Vetting Process and use the same Vetting Committee as last time. Jeff was also the Board Secretary and served on the Executive Committee so we will need to have an election. Board Directors who are interested in seeking election to the remainder of the term of the Board Secretary are encouraged to make their interest

known to Chair Willingham as soon as possible. Election will be at November Board meeting and this will be for the balance of the term.

7. CEO Policy Compliance Assessment & Compensation Employment Agreement Interim Review Process Proposal

Don Percy (TBG) reviewed the proposal noting the Executive Committee role in refining it and the two parallel “tracks” along which the Board and Policy Monitoring Committees will proceed over the next six months. Portions of the process will be incorporated into the CEO’s current and future employment agreements. The expectation is that this initial two-track process will be refined and become more formal Board Procedural Guideline(s) for handling these two key Board responsibilities. Don asked and responded to Directors’ questions regarding the proposal.

Dave Markert moved to approve the CEO Policy Compliance Assessment & Compensation/Employment Agreement Review Process. Larry Main seconded. Motion was carried by voice vote without negative vote.

CEO Reports

- **CEO Monitoring Reports**

Don Percy started the conversation and reminded the Board of the statutory and historical context of these reports. These reports create and implement a “framework of accountability” for both the CEO and the Board. CEO collects compliance information and data and presents them in this format to the Board with assistance from its policy monitoring committees so they can judge and conclude whether or not the CEO is in compliance. The policy book was created before the MCO began. Today we consider and evaluate the first two CEO Compliance Monitoring Reports (CMR’s). Future CMR’s starting next month will be referred to the appropriate policy monitoring committee. The board acted early in 2010 to divvy up the initial detailed CMR review workload among the five policy monitoring committees and then have the full board review PMC reports and findings rather than do a duplicate review. The two-step practice will be to have the PMC committee consider the CMRs on day one of a board meeting and chair will present a brief verbal summary of its activities on day two. PMC minutes reflecting its deliberations and its formal findings will then be furnished for Board action the following month. Don reviewed the Director’s Assessment Worksheet to be used by individual directors in their advance review of any CMR coming before a PMC or the full Board.

Management Limitations Policy II.B.1.2 (Financial Management) Accurate & GAAP Compliant Accounting Records. Discussion around the process if an item or report is not compliant, and the term “materiality” which Sue Reinardy relays as “if it changes your perception of the financial condition of the organization” and that materiality is often negotiated.

Sue Reinardy moved to accept CEO Policy Compliance Monitoring Report II.B.1.2. (Financial Management) Accurate & GAAP Compliant Accounting. Mike Linton seconded. Motion was carried by voice vote without negative vote.

Management Limitations Policy II.B.1.3 (Financial Management) Sound Financial Plan & Management
CEO McMahon noted a change to his initial interpretation of this policy which provides the IBNR report to target an accuracy rate of at least 95% vs. the original 90%. Sue Reinardy asked whether or not the CMR should make reference to any Plan of Correction (POC) flowing from a finding by DHS or the independent CPA audit. CEO McMahon suggested a POC is more a contractual than Board policy compliance. Sue suggested including something like “analyze material defections and report Plan of Corrections” to the policy. Bob Kopisch expressed his concern with the evidence for #2 and whether or not just having systems gives us exactly what we need. Sue recommended attaching additional ancillary reports that give us analysis. Bob Kopisch also suggested that the accuracy rate in #4 might even be changed by 1% or 2% making it 98% or 99%.

Sue Reinardy moved to defer acceptance of CEO Policy Compliance Monitoring Report II.B.1.3 (Financial Management) Sound Financial Plan & Management to the FMPMC for further review and to address the suggestions made at this meeting. Dave Markert seconded. Motion was carried by voice vote without negative vote.

8. 2011 3-Year Business Plan

CEO McMahon reviewed NB's 2011 goals. What we believe is going to make us successful is to do family care the right way...looking at member's outcomes and health & safety. There are three major program initiatives and these are to strengthen our care management practice & support, improve on high quality cost effective care management, and strengthen our provider network with improved value based purchasing. John discussed the strategies for these 3 goals.

CFO Jason Kohl reviewed the 2011 Business Plan Assumptions, 2011 Budget Summary & Master Enrollment Summary. The current 2011 budget includes a \$1.4 million deficit, no funding of risk reserve or solvency funds per contract requirement, and no working capital at the level required by contract. After much discussion, the Board directed CEO and CFO to present a revised budget on Tuesday which eliminates the deficit and includes funding for the risk reserve/solvency and working capital requirements.

Meeting was recessed at 2:57 p.m. to allow for the MRPMC meeting.

October 5th, 2010 CONTINUATION OF THE BOARD MEETING

Dave Willingham called the 2nd day of the meeting to order at 9:02 a.m..

Jeff Kieffer and Larry Main were absent & excused. Don Quinton was also absent.

2011 3-Year Business Plan (continued)

Jason presented an updated budget with a break even, risk reserve/solvency, and working capital enhancers which results in nearly a \$3 million surplus (working capital). The business plan is due to the state on 10.15.10.

Dale Schleeter moved to approve the 2011 3-Year Business Plan for submission to the state. Tom Innes seconded. Motion was carried by voice vote without negative vote.

9. Selection of CPA Firm for Annual Financial Audits

The Board reviewed the three proposals received from the RFI for audit services for 2010. FMPMC Chair Bob Kopisch stated that the Executive Committee reviewed these and came to the consensus to stick with Clifton Gunderson as they are already familiar with NB in addition to their numbers being good.

Sue Reinardy moved to engage Clifton Gunderson in a 3 year audit contract. David Markert seconded. Motion was carried by voice vote without negative vote.

CEO Reports(Continued)

- **CEO Informational Report on Enrollment**

John McMahon reviewed the Informational Report on Services to Non-eligible members. The report indicates that we had served 5 individuals from May through August of 2010 who were not eligible for family care benefits. Members are notified 45 days in advance when losing eligibility. The report includes our Financial Eligibility Policy and the Annual MA Recertification Checklist.

- **Financial Statement Report**

CFO Jason Kohl reviewed the 8.31.10 financial statement. We received an additional 2009 capitation and ICFMR revenue of \$69,000 and an additional \$250,000 in capitation revenue due to increased rate in August

of \$3,221.14. 2009 service costs paid in August of \$57,000. It appears the recast budget will hold true and we should continue to break even to the end of the year. We are making solvency payments each month.

- **Plan of Correction**

John McMahon updated the Board on the Plan of Correction which began 8.1.10 with plans submitted to DHS on 9.1.10. We have benchmarks for each of the action plans for timelines and steps needed to be taken to accomplish these plans and track the progress being made in each area. The Care Management Resource Center has been set up in 6 offices in the lower level of the HQ Rivers Edge building and we have re-negotiated our lease for a very minor increase. CMRC Manager Grace Burkinshaw and the team will reside in these offices. There is conference room and a mini training room in the CMRC. The mini boot camp training curriculum has been developed and all CM's will attend 4 days of training. We are also developing tools to measure the competencies expected. We've implemented our Care Management Policies & Procedures Committee to look at our current policies and provide better training for staff to ensure adherence to the policies. The committee will develop policy changes and the CMRC will provide the training. Also implemented a new process for communication and workflow particularly with Care Management. Finished our review of over 550 waiver/legacy members for supportive home care and personal care and tracking the follow up on that. We will review all of the recommendations of those 550 to see if any of the changes have been made. Also tracking Notices of Action that have been made in terms of how many and also the effect of service reduction in terms of dollars. We are approximately 75% complete with this process and will be finished by the middle of October. 2nd phase will be use of the RAD and cost effective decisions. John & Kay Krause have conference calls every other week with DHS staff on the POC progress.

- **Staffing Update**

We have added the CMRC positions. Greg Bortz has assumed the position of Manager of Technology Services and Krista Love-Frels has assumed the Provider Network Manager role.

- **Membership**

1,880 members as of 9.22.10. Ashland, Rice Lake & Superior have the largest membership.

10. MRPMC Report

With Jeff Kieffer resignation we have an opening on the MRPMC so please let chair Mike Hamm know if you are interested. Next MRPMC meeting is January. Sue Zieke attended the first Member Advisory Council (MAC) meeting on 9.28.10 and questions came up from members regarding outcomes. They discussed possibly having listening sessions at the hubs. Next MAC meeting will be in December and the date and time will be posted on Sharepoint with the option to call in. PEONIES interviews were for validating the system. Chair Mike Hamm commented that some of the members interviewed may have only been members for 3 months. MetaStar will be conducting 30 new interviews at 3 hubs. We hope to have a comparison of NB's interviews with other MCO's interviews after the 1st of the year. State developed the PEONIES to get a picture of how well outcomes are being met from a member's perspective.

Colleen will share the minutes from all committees with the committee Chair and then post on Sharepoint.

11. Public Comments

None.

12. Correspondence

None.

13. Meeting Review & Discussion

Bob Kopisch and Mike Linton were this month's board meeting monitors.

Mike Linton gave all 9 monitoring checklist characteristics a satisfactory rating and felt there was good participation and commentary. He feels the Board does at times get off track and some things run a little too long.

Bob Kopisch concurred with Mike and gave the same evaluation as Mike. Bob felt the Board does adhere to the Board meeting process and commented it was a good meeting.

Chair Willingham commented that at different moments during the Board meetings, someone may give an informal monitoring report such as a member did today reminding us to stay on agenda which is entirely appropriate and important.

CEO McMahon received feedback from Secretary Timberlake on her recent meeting with NB and she felt we are doing good things at NB and the organizational changes with structure and positions are positive changes. She asked us to work closely with Susan Crowley moving forward with any issues.

John also mentioned the sprinkler system malfunction we experienced on Friday, 10.1.10 at the HQ building and that staff affected have been relocated to other offices and Colleen is working with the building owner and our insurance agency to deal with the damages.

Chair Willingham reminded the Board that if there is any interest in seeking election to the secretary position please let him know as soon as possible so we can plan for elections at the November meeting.

14. November Board Meeting Dates & Agenda Items

November 1 & 2, 2010.

15. Adjourn

Ken Mosentine moved to adjourn the meeting at 11:58 pm. Mike Linton seconded. Motion was carried by voice vote without negative vote.

Recorder,

Colleen Dressen