

Minutes-DRAFT
NorthernBridges
Board of Directors Meeting
January 3 & 4, 2011
Flat Creek Inn, Hayward

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

1. Call to Order

Chair Dave Willingham called the meeting to order at 9:05 a.m.

2. Roll Call

All members present with the exception of Mike Hamm & Sue Zieke who were absent & excused.

3. Public Comment

None.

4. Approval of Minutes from December 6 & 7, 2010

Tom Innes moved to approve the December 6 & 7, 2010 Board meeting minutes. Larry Main seconded. Motion was carried by voice vote without negative vote.

5. Approval of the Order of the Agenda

Some agenda items will be re-arranged to accommodate Don Percy's schedule. Dave Markert moved to approve the agenda with changes as necessary. Tom Innes seconded. Motion was carried by voice vote without negative vote.

6. Executive Committee Report

The Executive Committee met on 12.6.10 and minutes from that meeting were posted on Sharepoint on 12.14.10. Presented the Amended CEO Employment Agreement and having shared that with CEO McMahon and reviewed by council Andy Phillips was approved and signed. Brief update on the Consumer Director recruitment process with very few prospects so we have re-advertised and extended the deadline to 1.17.11. Don Percy has a number of prospects whom he'll be contacting by phone. Discussed the CEO Assessment and Compensation process which the Board will be looking at today. Informed the Executive Committee that Chair Willingham has been joining John McMahon on visits to the hub offices and have visited 4 of them so far updating staff on the role of the Board in policy governance and it's been interesting and enjoyable. Dave & John will continue the process until they've visited all of the hubs. Executive Committee also met on 12.20.10 and minutes from that meeting were posted on 12.27.10. Approved the 11.16.10 & 12.6.10 EC minutes. Reviewed outcome of the December Board meeting and made a note that in the process of reviewing the agenda to make sure that with each agenda item we determine what type of action is required for that item. Discussion that the bylaws currently contain charters for all of the policy monitoring committees except the revised Executive Committee charter and this will be included in the upcoming 4th edition of the bylaws. Conversation around the IRIS presentation from Beth Wroblewski at the December Board meeting. Consultant Don Percy joined the EC meeting by phone for the policy compliance audit report which is the retrospective 12 months look back and is on today's agenda. Also discussed the Executive Committee assessment process which has been delayed until the 2nd quarter of 2011. Reviewed and assessed CEO Policy Compliance Monitoring Reports II.B.7.1 and II.B.7.2 and those findings will be shared at today's board meeting. Discussed the Business Plan and financial information that John will share with the board today.

Dee Kittleson arrived at 9:12 a.m.

Dale Schleeter arrived at 9:17 a.m.

Don Percy then updated the Board on the Consumer Director application process. We had received only 2 responses to the initial advertisement and 1 was a provider and is not eligible for consideration due to conflict of interest. Executive Committee decided to extend the search and the new deadline is 1.17.11. At this point in time we have had 2 requests for applications. Don is talking with persons with contacts in the District asking them to encourage persons whom they feel would be good candidates to apply. Don wants us to secure more than one candidate for each vacancy and will be doing additional contacts this week. Jack Sweeney will again chair the vetting committee which will hopefully meet and be able to complete the vetting and interview process and present recommendations to the Board as soon as possible and not later than the March Board meeting.

7. TBG Independent Policy Compliance Audit Report

Consultant Don Percy reviewed the Policy Compliance Audit Report prepared in response to the task assignment in the EC Workplan for the broader interim CEO policy compliance, employment agreement and compensation review process authorized by the Board last September. He described the five major sections and three attachments in the report. He reviewed the major findings in Section III, called attention to the detailed due diligence oversight enabled by Section III excerpts of twelve months of CEO reports. He reviewed the Attachment C categorical summary sheet which cited four categories of evidence source(s) for each board policy. The PCA Report also illuminates numerous additional CEO reporting requirements under DHS contract renewal and re-certification provisions. These constitute a major third-party evidentiary review of CEO compliance and afford the Board additional due diligence oversight. By December 2011, the now-formalized CMR process will provide evidence demonstrating CEO compliance with each and all 52 board policies. The CMR process will then be repeated every subsequent year as a major oversight focus of Board and PMC meetings.

The monthly CMR reviews afford ongoing opportunities for the Board to refine, combine or add to its policies and allow an annual updating of the Board Policy Book. The policy monitoring committees will preview all CMRs and present their findings to the full Board including proposed changes.

Don went around the table and asked each director for questions about this one-time retrospective or suggestions for improving its usefulness. One comment on the content of the report and scope that it provided a good background sequé in to the CMR reviews we are doing specifically through the PMCS. The Report demonstrates to any interested parties throughout the District how the Board held the CEO accountable during this pre-CMR period. Directors also indicated the report is very thorough and they have not seen due diligence to this extent undertaken by other boards they have served on. They were impressed with the policy governance approach and how much they as a board had accomplished during this period. The Board can still request specific information reports from John. The policy governance model does a great job of helping us to clarify roles & boundaries of the board and is a great model for all boards and also very exhausting or daunting at times. Any stakeholder can see the commitment of the Board through this report. Excellent reference document and going forward will assist the committees with the CMR process. How do we sustain the process in the future and maintain results obtained? That really is up to the Board. Our goal is a final structure that will be a month to month timeline that we will follow every year as a way of life.

Bob Kopisch moved to accept The Bardish Group's CEO Board Policy Compliance Audit. Ken Mosentine seconded. Motion was carried by voice vote without negative vote.

Chair Willingham thanked NB staff Colleen Dressen for compiling the material for Don for the report.

8. Findings of the Executive Committee & Approval of CEO Policy Compliance Monitoring Reports

- **II.B.7.1 Family Care Contractual & Regulatory Compliance-Meeting Contractual Requirements**

Chair Willingham reviewed the policy statement with the Board and directed them to the EC assessment worksheet and their findings and asked the Board for any comments or questions. Jack Sweeney asked for clarification for the CEO interpretation on what imposing penalties meant. CEO McMahon stated that these would be financial penalties. If we fail to provide financial, audit, quality, A&G reports that there are financial penalties that could be imposed if we did not correct this. Chair Willingham asked the Board if they believed there was any other reason to question the sufficiency of the report. None were given.

Mike Linton moved to concur with the Executive Committee findings and to approve Management Limitations: II.B.7.1 Family Care Contractual & Regulatory Compliance-Meeting Contractual Requirements. Larry Main seconded. Motion was carried by voice vote without negative vote.

- **II.B.7.2 Family Care Contractual & Regulatory Compliance-Meet all Regulatory & Statutory Requirements**

Chair Willingham reviewed the policy statement with the Board and directed them to the EC assessment worksheet and their findings and asked the Board for any comments or questions. Office of the Commissioner of Insurance has issued NB a 6 month permit and wants us to make progress on our risk reserve and solvency requirements. OCI's intent is to issue us a permit for the last 6 months.

CEO McMahon stated that the financial management of NB is on the right track and is moving forward. We will finish 2010 in a positive financial position and enter 2011 financially stronger and in a position to achieve greater financial stability. Based upon information from DHS, NB is projected to receive a 3rd & 4th quarter acuity adjustment. If this holds true, NB will end 2010 with a positive financial income statement.

Chair Willingham asked the Board if they believed there was any other reason to question the sufficiency of the report. None were given.

Tom Innes moved to concur with the Executive Committee findings and to approve Management Limitations: II.B.7.2 Family Care Contractual & Regulatory Compliance-Meet All Regulatory and Statutory Requirements. Dale Schleeter Seconded. Motion was carried by voice vote without negative vote.

9. Board Discussion on Strategic Planning

CEO McMahon would like feedback from the Board on how the current operational planning that is being done internally at NB relates to strategic planning. Strengths, weaknesses, threats. Chair Willingham wants the Board to think about what is and what isn't strategic planning and how applicable is it to our goals & objectives as a Board.

Board Consultant Don Percy discussed what the Board's role is in strategic planning. Its primary contribution is in identifying the outcomes of our District MCO efforts and, throughout the year, engage in strategic thinking to prepare for the future by identifying threats, opportunities, strengths and weaknesses. Few long range plans state what results (outcomes) are to be achieved with what people at what cost. The segment of the plan that would be a legitimate board produced product would be strategic thinking about NB's future orientation. The board has approved the NB Mission, Vision, Values and the Outcome Policies. Any strategic plan document is and must be primarily a management document. In policy governance, our policies and outcomes are the Board's main contribution, showing what results the Board has accomplished. Chair Willingham commented that the Board tells the CEO & the MCO what the expectations are and allows them their maximum creativity using the strengths of the management team. Mid-course corrections have been made in some strategies. This will be a long term strength for this entire organization. Don Percy suggested that John share with the Board some of the creative strategies that Care Management has used in serving members. Dave Willingham

commented that we've had presentations from ADRC's & IRIS and we should have some of our Care Managers come to a future board meeting to present to the Board how they do their assessments and MCP's.

John McMahon mentioned that NB staff does discuss strategic planning internally and it's important to differentiate between a strategic plan and an operational plan. He feels that the Board already has supported his strategically-planned efforts in bringing care under management to the 11 counties, remove the wait list and become financially viable. The companion operational plan is really implementing the strategic plan. How do we become the best MCO we can be given our Mission, Vision & Values? We look at contract requirements, performance expectations, Plan Of Correction, MetaStar Reviews, and the 2011 Business Plan. Our 2011 Operational Plan has 21 key activities that we are looking to accomplish in 2011 – 4 of which are organizational priorities – consistent care management processes, capacity for greater financial metrics, employee engagement and lastly, our Mission, Vision & Values as the foundation of NB. We have assigned key lead people and timelines and will measure the results. Each of our departments will then have a subset of goals for 2011 that support the organizational plan.

Bob Kopisch asked John what he sees the Board doing in relationship to the NB 2011 Operational Plan. John & Don commented that we need to think strategically on how we want the outcomes refined and approved. Sue Reinardy agreed with John's perspective on strategic & operational planning, but that being said, we need to find a mechanism and maybe a different language to discuss some of the items such as expansion and the long term nursing home situation. Sue mentioned "Scenario" Planning vs. "Strategic" Planning. Dave Willingham reminded the Board of the Fortune magazine article that Sue Reinardy handed out at a previous Board meeting that suggests that we should know what's going on in the corporate world also. Don suggested using 2 to 3 board members to form a small work group and Don would work pro-bono to identify the means by which this might be pursued.

CEO McMahon mentioned that addressing the current and future implications of the costly nursing home portion of NB costs is really a management issue. Symbolically it is a Board issue with regard to the Board's role to assure MCO long term financial viability. We could better the operational planning process by having a conversation with the Board previous to the next operational plan. He feels that the legislative front is one area the Board can be helpful if we can arm board members with data. An opportunity now may be with the new governor being informed that we are a business and we are not really treated as a business by DHS. We also need to think strategically as a Board about the new political environment and this is an appropriate board function. Don Percy recommended that all Board members go to the Heritage Foundation website to learn more about the background of Dennis Smith, the newly appointed DHS Secretary.

There was a consensus to have the small work group noted above design a process by which the Board could engage throughout the year in strategic discussions to anticipate and prepare policies for dealing with emerging strengths, weaknesses, threats and opportunities. Chair Willingham asked the Board members to let him know of their interest in participating in the small work group. We will also get this information to those members not here today.

CEO Reports

- **Financial Statement Report**

CFO Jason Kohl reviewed the 11.30.10 financial statements.

Income Statement:

Revenue: (Reduction)/Increase:

- Added 9 members in November
- Received partial months payment for 66 members – (\$112K)
- Cost Share Revenue of \$79K

- Received Non-NH Level of Care Capitation for 59 members - \$35K

Operating Expenses:

- November IBNR - \$5.083M
- 2009 Service expenses paid in November of \$37K
- Total 2009 Service expenses paid in 2009 - \$8.449M
- Care Management Costs – fewer than budgeted FTE's

2009/2010 Adjustments in November:

- 2010 Acuity Adjustment for 3rd & 4th Quarter will be booked for December.

Jason also created & distributed reports on 2009 Transition PMPD Trends, Performance Expectation #4- Residential Services, Corrective Action #6/Program Improvement Plan and information on Respite Care, Preferred Providers and the Care Management Initiative 3.0.

- **2011 Business Plan Update**

CEO McMahon updated on the 2011 Business Plan. Our new capitation rate for 2011 is \$3,007. Last month the initial cap rate was going to be \$2,929, so they've given us \$78 in expansion and incentive funding which is equivalent to \$2.2M. We have the 6 month permit from Office of The Commissioner of Insurance to evaluate our progress for financial requirements. In our budget we are contributing \$100,000 per month to the risk reserve. We did not budget any acuity adjustment for 2011. We asked for a risk sharing agreement for 2011 and the state does not intend to issue a risk sharing agreement. They do not think it's necessary as they don't believe we'll run a loss for 2011 and the risk sharing agreement only pertains to operating costs. The 2011 contract has been signed.

Meeting was recessed at 2:17 p.m. to allow for the MRPMC meeting.

January 4th, 2011 CONTINUATION OF THE BOARD MEETING

Dave Willingham called the 2nd day of the meeting to order at 9:05 a.m.

All members present with the exception of Mike Hamm, Sue Zieke, Sue Reinardy & Don Quinton who were excused. Larry Main was also absent.

10. Approval of 2011 Quality Plan – Tuesday, 1.4.11 @ 9:00 a.m.

NB Interim Quality Manager Gail Nordheim reviewed the 2011 Quality Plan and each area of activity. NB's contract with the state has very specific requirements that need to be carried out and this plan reflects those requirements. The goals of the Quality Plan are to 1. Assure Member Health & Safety. 2. Promote Member Satisfaction & Outcomes. 3. Assure High Quality Care Management. 4. Assure Provider Quality.

Howard Johnson moved to approve the NB 2011 Quality Plan. Ken Mosentine seconded. Motion was carried by voice vote without negative vote.

CEO Reports (continued)

- **November 2010 IBNR Analysis**

CFO Jason Kohl reviewed the November IBNR Analysis. We look at IBNR on a month to month basis and also by service category. We are currently reviewing how authorizations are completed and for some services we will have monthly allocations vs. 6 months.

- **Residential Rate Setting**

CEO McMahon reviewed the Residential Rate Setting Project update from DHS. The tool itself is not complete as there are concerns about the accuracy and consistency and they will not implement any rate setting methodology until after the 1st quarter of 2011, due to the new administration.

- **Information Report - MetaStar Care Management Review-November 19, 2010**
The report reflects progress in support of the Board policies II.B.9.1 and II.B.9.2 Care Planning & Management-Provide Members With Choice & Individual Member Care Plans.
- **Information Report - MetaStar Final Report: Member Interviews November 24, 2010**
The report reflects progress in support of the Board policies II.B.9.1 and II.B.9.2 Care Planning & Management-Provide Members With Choice & Individual Member Care Plans.
- **Staffing Update**
CEO McMahon reviewed the new format of the NB Staffing Update. It's been restructured to highlight the Care Management area. We have 1,903 members and 131 employees as of 12.31.10. Current average caseload for SSCM's is 37 members and RNCM's is 73 members. John also just received a report with all MCO turnover information that pertains to SSCM and RNCM staff employed at the end of 2008 and this will be shared at the February Board meeting.
- **Membership**
CEO McMahon reviewed the Current Membership as of December 22, 1010. The member growth has come to a plateau.
- **DHS Updates**
Dennis Smith is the new Secretary and Kitty Rhodes is the new Deputy Secretary. State is still addressing the \$300M Medicaid deficit. The Family Care audit continues. The family care program continues to be operating with a surplus.

11. Board Discussion of NB Mission, Vision & Values – Cost Effectiveness & Member Choice

CEO McMahon related that one of the core principals in family care is member choice as well as cost effectiveness. John provided information on cost effectiveness & member choice from the state. There has to be a balance between the two and this is a joint responsibility of the member and the team. Care Managers are trained on how to discuss with members how family care is designed and meant to be delivered. Decision was to keep this topic on future Board agendas.

12. MRPMC Update

Vice Chair Ken Mosenline updated the Board on yesterday's meeting. The committee reviewed CEO Policy Compliance Monitoring Reports –Care Planning & Management - II.B.9.1 Provide Members with Choice, II.B.9.2 Individual Member Care Plans, II.B.9.3 Achieve Member Outcomes at the Best Possible Cost, and II.B.9.4 Effectively Coordinate Care. The committee will submit their findings to the Board at the February Board meeting. They also reviewed the minutes from the second Member Advisory Council meeting which was held on 12.13.10.

13. Public Comments

None.

14. Correspondence

None.

15. Meeting Review & Discussion

Tom Innes & Jack Sweeney were this month's board meeting monitors.

Tom rated all characteristics satisfactory. He felt there was good information given by Gail Nordheim on the 2011 Quality Plan. Bright spot for Tom was the financial picture. The breaks seem to be a little lengthy, but all in all he felt it was another good meeting.

Jack stated that this board meeting monitoring was going to originally be on a 6 month temporary basis. Chair Willingham stated that someone would need to make a motion to discontinue the monitoring process. Jack also rated all characteristics satisfactory. He didn't think we had any divergent opinions and also thought it was a good discussion on the Quality plan and we maintained clear distinction between the board role and staff role. He felt we did not have any difficult issues at this meeting – all in all was a good meeting. We should try to finish the meeting at 12:00 on the second day and requested that the Chair state the official adjournment time on the 2nd day so the Board members know for completing per diems.

Mike Hamm & Sue Reinardy will be next month's monitors.

16. February Board Meeting Dates & Agenda Items

February 7 & 8, 2011. FMPMC is also scheduled to meet in February. Jack requested to add to the agenda a presentation on Self Directed Supports. CEO McMahon stated that SDS is slotted for either February or March. Chair Willingham reminded the Board to let him know of any interest in participating in the strategic planning small work groups. One group could look at partnership & expansion issues and another could look at other issues on the table.

17. Adjourn

Ken Mosentine moved to adjourn the meeting at 12:09 p.m. Dave Markert seconded. Motion was carried by voice vote without negative vote.

Recorder,

Colleen Dressen