

**Minutes
NorthernBridges
Board of Directors Meeting
November 7, 2011
Flat Creek Inn, Hayward**

Board Members Present: Dave Willingham, Ken Mosentine, Bob Kopisch, Tom Innes, Dale Schleeter, Mike Linton, David Markert, Jack Sweeney, Dee Kittleson, Howard Johnson, Susan Reinardy, Steve Sather, Joe Wolf, Beth Meyers, Larry Main, Terri Stone, Jane Corty.

Others in Attendance: Board Consultant Don Percy, Janell Sacharski of BCDDS, Inc., Dennis Liphart of Pathways to Independence

1. Call to Order

Chair Dave Willingham called the meeting to order at 9:04 a.m. The Board then took a moment of silence in remembering former associate and Board member Mark Novotny who passed away on Wednesday, November 2, 2011. Dave asked the Board to keep Mark's family and friends in their thoughts and prayers.

2. Roll Call

All members present with the exception of Mike Hamm who was absent and excused.

3. Public Comment

None.

4. Approval of Minutes from October 3 & 4, 2011

Tom Innes moved to approve the October 3 & 4, 2011 Board meeting minutes. Howard Johnson seconded. Motion was carried by voice vote without negative vote.

5. Approval of the Order of the Agenda

Agenda approved.

6. Executive Committee Report

The Executive Committee met on 10.17.11 at HQ and minutes from the meeting have been posted on Sharepoint. Chair Willingham encouraged the Board to review the EC minutes when posted and please direct any questions or comments to the EC. The EC discussed the conversation at last month's board meeting regarding the new Grievance Policy and how it fits in with the board's statement on how the board handles employment issues. In reviewing, the EC came to the conclusion that there is no need to revise the Employment Issues and Concerns Policy. They also discussed the process of selecting and locating the impartial hearing officer going forward and CEO McMahon will update on this issue as it evolves. The committee evaluated the New Director Orientation process with Board Consultant Don Percy and a couple of issues related to this. Don will make a mid-course change in the process to focus the New Director Orientation in a slightly different manner. There was also a brief discussion on the presentations that Don will hold at tomorrow's portion of the Board meeting.

7. Strategic Leadership Workgroup Report

SLWG Chair Sue Reinardy reviewed the work group's Decision items for 2012 which include the 3 priority topics the group brainstormed about over the last few months – Trusted Entity, Enrollment and Service Offerings. Sue asked CEO McMahon if there are items that should be or have already been incorporated into the 2012 Business Plan. John stated that some of these items are in the 2012 Business Plan and some will be in the 2012 Operational Plan and one of these is with respect to our internal and external communications. We've talked about how our main objective is to provide reliable information and we want to be more intentional with our

communications to the public and especially our legislators regarding enrollment and our goals to educate them about our progress and challenges. John informed the Board that we are also looking at updating both our public and internal (Sharepoint) websites. We want to be sure that our employees have confidence that they have knowledge of our policies and procedures. The Business Plan looks at where we are headed strategically. The Operational Plan implements the Business Plan, but also has department specific goals in terms of improvement of new processes, and addresses more operational day to day goals that don't reach the strategic level.

Sue Reinardy then asked the Board what they would like to do with regard to Topic #1 – Trusted Entity. Beth Meyers would like to be part of a Speakers Bureau as she feels that any time we can get our name out and tell people what we are doing and what we are about is valuable. We could address small organizations such as Lions Clubs. Beth feels this has a rippling effect of increasing knowledge in the community. Larry Main inquired if we had ever thought of inviting legislators to a board meeting to contribute to a conversation. Others on the Board acknowledged that we have done that in the past. Howard Johnson suggested that a staff person in each hub along with a board member could identify some of the key service organizations and let them know that we are available for presentations and create an outline for that presentation. We would need a consistent message to present to the public. Sue stated that we should ask ourselves if this is something that the Board could do, or if it is a management function. She believes it is good to get the Board out there but also important to have a single voice and that is usually the senior management. Dave Markert commented that many of the Board members are representatives for their counties and should be able to respond when questions arise. He believes that if the Board gets involved with presenting, we should have a script about the organization, our policies, etc.. Terri Stone agreed with having a Speakers Bureau but her concern would be how we could incorporate our members in the process. CEO McMahon stated that he is not a big fan of Speakers Bureaus and this is mainly because of the size of the area we provide services to – 11 counties. He asked how we could achieve that in a more effective way and suggested having small groups including members, family members and community agencies. Larry Main commented that one way would be to create an infomercial – put a presentation on a DVD; that way the public is exposed to the same information. Joe Wolf stated this is a function of the marketing department to put together a piece that could be sent to organizations. Dave Willingham commented that we want the community to trust the entity along with the individuals from their community who serve on the NB board and agreed maybe the marketing department could create and bring something back to the board. John McMahon stated we want to be thoughtful about the information we want to communicate and would also like to get outreach to potential member's families. He stated that we do send out quarterly news releases to the papers and sometimes they are published and sometimes not.

Topic #2 – Enrollment. John McMahon noted that a key part of our Business Plan is in this area, especially with regard to Self Directed Supports (SDS). We have a goal to incorporate SDS as a philosophy that the whole organization embraces and to support members to be independent and have choice. A huge part of our commitment for 2012 is to provide more education to members, providers and the community around SDS. We feel we can help maintain enrollment with this. We are having a meeting in the next few weeks with ADRCs and DHS around the enrollment cap and management of those attrition slots and want to work together to make sure those things are kept current. The ADRCs are supporting keeping the flow going. Chair Willingham commented that it is hard to overcome that some people believe poor performance on the part of the MCOs was the reason for the enrollment cap. Sue Reinardy asked if there were any roles for the Board members with regard to enrollment. Dee Kittleson said that those Board members who go to Madison during Superior Days for lobbying could focus on enrollment and some talking points would be helpful.

#3 – Service Offerings. Sue believes this is a much longer term objective. John McMahon commented that with residential care we look at how we go about expanding our network and how the providers achieve our managed purchasing goals. Providers will say we don't pay them enough, we're cutting their rates, they don't have a future and feel they are in peril. We need to switch the conversation from "how do we survive", to "how do we change our system to have more supportive living arrangements". The mindset now is that once a

member is placed in residential care, they'll never come out and that's not necessarily true. How do we develop alternative models to support those that need support, outside of a group home or AFH. We need to have better education materials and more contact with ADRCs around SDS. Conversation continued around formal and informal supports. SLWG Chair Reinardy asked the Board what they would like the SLWG to do for 2012. Larry Main feels it's not necessary for anything in January or February, but strategy toward SDS and enrollment could be an evaluation of the upcoming 6 months and a new list from there. Consensus was that the group continue to brainstorm. Dale Schleeter agreed to keep the SLWG going and mostly because we talked about concerns around what was happening to the budget, enrollment, and what's going on in Madison and how this Board deals with those issues. The group can continue to focus on how to help the Board work with these issues. Right now the enrollment issue is critical. Sue then confirmed the group will continue to dig deeper into the current issues. Dave Markert asked if we could look into the funding mechanism and look at ways of enhancing our working relationship with the ADRCs and continue to work further on our public image. He has never belonged to a group that has been so misunderstood by the public. Terri Stone stated that since the cap is in place it's an opportune time to look at these issues and develop better relationships.

Steve Sather arrived at 9:54 a.m.

8. CEO Report

- **Enrollment Report**

Finance Manager Janna Duffy and Enrollment Coordinator Chelsea Paffel gave a presentation on Membership Trends and Projections for Long Term Care in Northwest Wisconsin.

- **2012 3-Year Business Plan**

CEO McMahon reviewed the CEO Information Report of the 2012 Three Year Business Plan Overview. NB has a meeting in two weeks with DHS to get feedback on the Business Plan. John summarized the critical portions of the business plan which include 52 different questions that need to be answered for DHS. We will be making some changes to our organizational structure which will affect Care Management, Quality, Finance and Provider Network. These organizational changes will support the goals of development of "managed care purchasing" capability, improvement of care management practice, further development of provider network, develop and expand quality management program, improve internal communications and obtain Care Management IT platform that supports high quality care management practice (migration from Enterprise system to Midas system). We have four priority strategic initiatives for 2012 which are utilization review process, development of the care management function, provider network development and business systems development. We have hired a project manager to provide us with consultation around the technical side of the platform conversion from Enterprise to Midas. The business conversion means we will need to re-do our care management manual, work processes and procedural guidelines to fit the new system. We'll be moving to WPS as our third party administrator. Midas is currently being used by Milwaukee County and Southwest Family Care. There is a conference call scheduled for tomorrow morning to communicate to all NB staff the change to the Midas system. CFO Jason Kohl discussed the financial projections and operations in the plan.

- **3rd Quarter Financial Statement**

CFO Jason Kohl reviewed the 9.30.11 financial statement.

Income Statement:

Revenue: (Reduction)/Increase:

- 20 enrollments and 31 disenrollments in August -11
- 15 enrollments and 35 disenrollments through September +20
- 24 enrollments and 23 disenrollments through October +1
- September Cost Share Revenue – 331 members in the amount of \$88k

- September Non-NH Level of Care Capitation – 69 members - \$48.9k
- September 2011 Retro Acuity Adjustment accrued - \$169k
- 2011 Retro Acuity Adjustment accrued - \$2.79M
- September 2011 Surplus/(Deficit) - \$470k
- 2011 Surplus/(Deficit) - \$1.69M

Operating Expenses:

- September direct member service costs estimated at \$5.4M (\$2,604.34 PMPM)
- 2010 IBNR - \$401k
- 2011 IBNR - \$8.14M

Meeting was recessed at 2:57 p.m. to allow for the Financial Management Policy Monitoring Committee meeting.

November 8, 2011 CONTINUATION OF THE BOARD MEETING

Chair Dave Willingham called the 2nd day of the meeting to order at 9:01 a.m.

All members present with the exception of Mike Hamm and Dee Kittleson who were absent and excused. Larry Main was also absent.

9. Board Policy Consultant: Outcomes Policies Review (Tuesday morning)

Board Consultant Don Percy Board joined the meeting to present and review Board Education Seminar Papers 7.0 and 7.1. BES 7.1 NorthernBridges’ Policy Governance Board-Ownership Relationship is intended as a complement to BES 7.0 which is designed to guide the NB Board’s biennial review of its Outcomes Policies which appears in Section I of the NB Board Policy Book, 4th Edition. It deals with a sub-task of that review, namely, the importance and reaffirmation of the Board’s initial provisional definition of NorthernBridges “ownership” as a foundational element in the policy governance model infrastructure. The board-owner linkage relationship is the essential defining characteristic for a policy governance model board. In this sense, the full board “stands in for” the Ownership and operates on its behalf. It can be seen as a “stewardship microcosm of the Ownership” – ala Carver, “a workable subpart of otherwise unwieldy group”. The board owes its authority to the organization’s ownership, thus defining the nature and identity of that Ownership is critical to a policy governance board’s development.

Mr. Percy asked the Board for questions or comments on the paper. Sue Reinardy commented that she agrees that we need to define the ownership and when she thinks of it for this organization she thinks of it as the long term care cooperative of the 11 counties and the owners are the citizens of the district. Howard Johnson agreed that the citizens of the 11 counties are the owners and the counties delegated responsibility of the organization by appointing Board members to the NB Board. Bob Kopisch agreed and stated that the structure of the Board represents those citizens and the bigger subset is the members in our counties. Joe Wolf agreed 100% with Howard Johnson’s previous comments that the majority of the public still does not know who we are and that is a challenge and based on his limited time on the Board the learning experience has been valuable and we need to continue to ensure that our members do get the best life possible. Terri Stone truly believes the ownership is with the members. Jane Corty stated she does see the members as the owners. Mike Linton stated he likes Don Percy’s definition and it is correct that much of the public does not know who we are and we have to continue to get it our message out there. Ken Mosentine feels we are actually stewards. Tom Innes stated that the real owners are the citizens of the district and the county boards are always changing so many do not have the background or history of who NB is and he believes we need to continue to get our name out there. Beth Meyers thought about the ownership being the entire district. Beth looked at the budget and we have spent only \$44,000 on marketing year to date. She feels we need to spend more on marketing and get the message out about who we are and what we do. Jack Sweeney stated that on a bigger level the citizens of the 11 counties have a responsibility to understand what we do. Dave Willingham stated that identifying the ownership is a

harder job than the Board trying to identify the owners. Dave thinks we need to figure out a way to make a distinction between owners and stakeholders. Steve Sather stated that he gets leery of bending to the squeaky wheel and spending too much time with the squeaky wheel and feels we need to stay on track and not spend too much time with the small groups. Dave Markert likes the concept of family as an analogy – families tend to do things for the good of the family as a whole but also for the individual and their needs. Dave sees himself as having a sacred trust to act as elders do in a family framework to establish policies and John and his staff are to carry out the mission of the organization. Dave stated that among the Board members there are special experiences and talents that enhance the overall well being and effectiveness of the family.

Don Percy suggested that the Board re-affirm that the ownership in the policy governance sense rests in the citizens of this district and NorthernBridges needs to enhance the linkage to that ownership. CEO McMahon stated that the ownership would include people of any age and could be a subset of potential members but even people who would never be a member. The question of what defines ownership is really essential and then who do we connect with if it's that broad. John thinks ownership is an easy term to gloss over without really thinking about it. Don Percy stated we have to be responsible to some authority other than ourselves and the Board is a surrogate for the owners.

CEO McMahon struggles in that we have two paradigms here as there is a legal ownership and a moral ownership. It's not always possible to bridge the two. We have both. Dave Willingham commented that there is a difference between the rights of the people we serve and the obligation of the ownership to provide the service and that's a huge conflict.

Don Percy clarified that the policy governance purpose served in defining a public organization's "ownership" is to legitimize the source of its Board's surrogate authority to govern and its ongoing fidelity obligation thereto. In the case of NorthernBridges, that authority is an expression of the broader "public will" with the proceeds from Federal and State legislation establishing and funding the Medicaid program and their Executive agencies actions administering it.

Dave Markert moved to re-affirm the board's commitment to the definition of ownership with the provision that we seek to enhance the Board's linkage to that ownership. Mike Linton seconded. Motion was carried by voice vote without negative vote.

Don Percy then discussed BES Paper 7.0 Biennial Review of Board Outcomes Policies and what Outcomes Policies are and why they're essential for the following reasons: They justify the existence of NorthernBridges as a Family Care MCO. They specify the results the NorthernBridges MCO exists to accomplish and what difference it is expected to make in the lives of the members it serves. They define what benefits are to be created, for what group of recipients, and at what comparable value this set of benefits is worth. They establish the "overall value proposition" for NorthernBridges – i.e., what value does NorthernBridges deliver to society for the resources provided. They establish the primary and overriding measures of success for NorthernBridges. They provide the basis for holding the CEO accountable by providing specific direction to the CEO on the results/outcomes the Board expects NorthernBridges to achieve and are essential to establish an effective Board-CEO relationship.

Don noted that the current Outcomes Policy statements were approved on a provisional basis when NorthernBridges was officially established in June 2008 with the expectation that they would be recast and refined in more appropriate policy governance terminology after three years of experience with Board and NorthernBridges operation.

As a second step in this review, Don will work with the CEO in recasting the existing Outcomes Policy Statements to describe some do-able end results (outcomes) NorthernBridges seeks to produce in our members' lives by virtue of the services it provides. These revised draft Outcomes Policy statements will be presented to the full

Board during the first quarter of 2012 for its deliberation, refinement and approval. He clarified that this review would be a full-board process and not require an intervening Policy Monitoring Committee(s) process.

10. Board Policy Consultant: Dealing with Significant Policy Matters that Arise During a Board Meeting Not on the Published Meeting Agenda - Briefing Paper #39 New Board Policy Issue Handling & Disposition Process (Tuesday morning)

Board Consultant Don Percy stated that it is appropriate at this time to prepare a Board Process Memorandum to guide the board's consistent handling of instances when new or otherwise anticipated policy issues or interpretation matters emerge in the course of Board deliberations in the future and thereby also inform the public of the process. Don will bring this draft document to the December Board meeting.

CEO Report (Continued)

- **3rd Quarter Staffing Update**
The board reviewed the NB staffing update as of September 30, 2011. 2,008 members supported by 144 employees.
- **3rd Quarter Membership Update**
The board reviewed the NB 3rd Quarter Member Report.
- **ADRC Enrollment Caps**
The memo from DHS informed the ADRCs about the enrollment cap calculation and provided the current guidance on how to implement the budget requirements. The total enrollment cap for our Long Term Care District is 2,550.
- **Virtual PACE Program**
The Virtual PACE Program is a new managed care program being developed by DHS which is a coordinated care system for Wisconsin's dual eligible (Medicaid enrollees also enrolled in Medicare) who wish to receive their services in community settings. The program is all inclusive which means all of the member's acute and primary health care and community based long term care services are managed with one capitated rate. The State wants to select 3-4 pilots by July 2012 and enroll 20,000 members.
- **Bed Holds Data**
The Bedhold Authorization Analysis identifies the NorthernBridges members whose residential provider was authorized for a bedhold rate. The report was developed based on active members between July 2011 and September 2011.
- **Mission Vision Values**
The board reviewed the Mission Vision Values survey completed by NB staff in September in comparison to the first two quarters of 2011.
- **MCO-DHS Updates**
The Board reviewed a memo from DHS on the Status of Provider Network Certification Results which determined that our Provider Network was certified.

11. Approval of Revised Board Financial Investment Policy

The policy has been revised to include the following required language from DHS: "The Restricted Reserve account shall be maintained in a separate account from all other MCO investments and identified as "Restricted".

Bob Kopisch moved to approve the revised Management Limitations Investment Policy. Tom Innes seconded. Motion was carried by voice vote without negative vote.

12. Board Delegation of Member Appeals & Grievances Function

The Board is by default the Grievance & Appeals committee unless the Board designates the function to another entity.

Sue Reinardy moved to delegate the NorthernBridges Grievance and Appeals function to the Grievance and Appeals Committee. Dave Markert seconded. Motion was carried by voice vote without negative vote.

13. FMPMC Update

FMPMC Chair Bob Kopisch updated the board on yesterday's meeting. The committee reviewed II.B.2.2 Management of Risk and completed the assessment worksheet. Their findings and recommendations will be brought to the full Board at the December Board meeting. They also reviewed the Program Integrity Policy and had an update on the Technology Risk Assessment in response to the audit findings of which there has been significant progress.

14. Public Comments

None.

15. Correspondence

None.

16. Meeting Review & Discussion

This month's monitors were Jack Sweeney and Mike Linton.

Jack Sweeney thought the staff presentation on enrollment was excellent and well prepared and felt Don Percy conducted a great discussion. He stated that in general, when we have a 2 day meeting, we can fill the two days up. Basically it was an excellent meeting. We're dealing with issues we should be dealing with and we stick to the issues and are self directing. Jack gave very good marks for this meeting.

Mike Linton marked all characteristics of the monitoring checklist as satisfactory and thought the presentations were well done and good discussion overall.

Sue Reinardy and Terri Stone volunteered to be monitors for the December Board meeting.

17. December Board Meeting Dates & Agenda Items

December 5 & 6, 2011.

18. Adjourn

Ken Mosentine moved to adjourn the meeting at 11:40am. Dave Markert seconded. Motion was carried by voice vote without negative vote.

Recorder,

Colleen Dressen