STRiVE
PEOPLE SUPPORTING PEOPLE

BOARD OF DIRECTORS MEETING – DECEMBER 11, 2018

PRESENT FROM BOARD:
Steve Ammentorp, Joe Warner, Marna Lake, Scott Coleman, Tom Motz, Tawny Espinoza, Stephanie Keller, Tommy Johnson, Jim Grisier

EXCUSED ABSENCE(S):
Ben Koger, Justin Ward

SPECIAL GUEST:
David Scanga, Michael Luedtke, Terry Pickens, Dave Hayden

PRESENT FROM STRIVE:
Sharon Jacksi, Mary Anne Lawrie

OVERVIEW OF MEETING
Minutes from previous meeting were approved
Sharon provided state and organizational updates.
Financials were reviewed and accepted
Options for addressing Conflict-Free Case Management were reviewed.

A quorum was achieved and the meeting was called to order at 12:05 p.m. Steve Ammentorp presided.

INTRODUCTIONS

Steve welcomed Terry Pickens and Dave Hayden to the meeting. Terry was a previous Board member and a family member of an individual in assisted care. Dave is Quality Compliance VP with MindSprings and has experience with STRiVE and the IDD population. Introductions were made around the room.

MINUTES FROM 10/30/2018

Minutes from the previous minutes were reviewed

It was M/S/P (Coleman/Keller) to approve the minutes from 10/30/2018 as presented.

CEO REPORT

The Crisis Project was a collaboration between the State, STRiVE, MindSprings, RMHP, Larimer County Mental Health, Foothills CCB and the START program through New Hampshire University that was implemented over two years ago. Sharon shared the outcome of the results with Board members. Sharon highlighted that individuals in crises declined over 33% since the implementation of the project. This information will be shared with the legislature.

Sharon shared a draft letter from the CCDD to the new governor in relation to current issues that CCBs are facing in relation to the intellectual/developmental disabilities (IDD) system. They are recommending the appointment of an IDD Division Director since the position was eliminated last year when HCPF merged IDD services with the Office of Community Living. They are also requesting that a strategic plan for IDD services be developed to address the numerous state and federal mandates and/or policies that are in the process of being implemented through HCPF that have major impacts on CCBs, providers and individuals in services. The final request is to implement a "truth in budgeting" to address provider rate increases and the disparity on reimbursement rates between the regional centers, CCBs and provider agencies.

Host Homes have increased over the past couple of years. We have gone from 48 host homes to 76 with the potential addition of 5 more within the next few months. This is a significant increase to individuals choosing this type of residential model compared to a group home setting. With the increase we had to add additional staff to meet the services and supports for this model. We now have a HH Director, HH Coordinator along with 3 HH Monitoring Specialists. These host homes provide services and supports to either one or two individuals. Due to the growth of this department, we have gone down to six group homes.

The State Auditor has completed their audit on all CCBs surrounding Case Management and Claims Management. They identified 9 deficiencies in all wherein STRiVE was only cited on 4 with HCPF receiving the most deficiencies. The report was offered to the Board if they wanted to review the results further. It was suggested for Sharon to scan a summary page along with STRiVE's responses and e-mail to the Board members.

At this time, Sharon turned the topic and focus on wages along with Senate Bill 18-1407 allocating a 6.5% wage increase to all DSPs. Though the state has not released guidelines for implementation, we are taking a proactive stance in implementing increases across the board. In addition a salary scale has been developed to address longevity and creates a base rate for all categories. To begin, the minimum wage will increase to $11.10 effective January 1 and then again in 2020 the minimum wage goes to $12.00. STRiVE has taken the position to increase the base rate for DSPs to $12.00/hour with an additional increase based on longevity. As an example a DSP would go to $12.00 with 5 years of service would receive an additional $0.61 increase for new wage of $12.61. The thought of a starting wage of $14.00/hour was considered for competitive reasons. This led to a discussion that this option should be reviewed in 6 months not only to address staff retention but also to look at recruitment efforts especially with various assisted living facility opening up. Sharon is looking for Board approval to move forward with wage increase.

It was M/S/P (Warner/Johnson) to approve moving forward on wage increases with the intent to readdress the starting wage in 6 months based on STRiVE's

financial position.

FINANCIAL REPORT

Chris provided an overview of October financials showing an operating income of over $50K. Year-to-date operating income is running over $712K with donations.

Attention turned towards the various graphs presented:

- Revenue is showing a slight decrease and over what was originally forecasted.
- Personnel expenses are significantly down in comparison to last year.
- Operating expenses are slightly over forecast.
- Net income shows a slight decline. November financials should show a decline due to the decrease in billing due to the holidays. December financials should be more positive due to the allocation from the county.

Chris then reviewed the metric analysis for July highlighting on the following areas:

- Residency occupancy was 92.9 with below the target for the month.
- Case Management billing units were under target due to new employees and some were out on family leave.
- Behavior billing units have significantly improved and slightly under target amount.
- Total Vocational units billed were slightly below the targeted goal.
- Staffing is down by 29 FTE.
- Operating costs are running over projection for the month.

Balance sheet is positive. Current ratio looks good along with an improvement of months unrestricted cash.

It was M/S/P (Espinoza/Johnson) to accept the October financials as presented.

CONFLICT FREE CASE MANAGEMENT

Over the past couple of months, Sharon has met with legal counsel to address options available in addressing the conflict-free case management issue in addition to consulting with Eide Bailly on the best solution for the organization. Legal council are present to discuss potential options for the Board of Directors to consider in moving forward on addressing the conflict free case management issue. Michael provided a brief overview of the new requirements in relation to a community centered board (CCB) can only provide either case management services or provider services to an individual. Under the new law, the CCB does not have the option for provide both services to an individual. The following was discussed:

- **Background of current structure** – MDS/STRiVE is a non-profit, tax-exempt organization. The sole member of DD Housing that holds property through HUD grants/loans used for group homes. MDS/STRiVE also owns non-HUD properties utilized for administration, vocational and residential. Both services and supports are provided to individuals. The issue is how to restructure MDS/STRiVE to implement conflict-free case management.

- **Option 1** – The creation of a new Case Management non-profit tax exempt agency consisting of a 5 member Board of Directors wherein STRiVE will appoint one member, MCDHS will appoint one and remaining three would be appointed by the Board. The entity would employ Case Management staff, rent office space and equipment from STRiVE and provide Human Rights Committee functions with oversight from STRiVE. In addition STRiVE would provide contractual HR administrative and management services.
  - **Pros** – Meets the statutory definition, only one new entity formed, few assets to transfer, provide case management services to individuals as well as from other agencies and the ability to expend into other counties and waiver programs.
  - **Cons** – Possible scrutiny under federal law and new entity would be a small employee and develop its own employee benefits packages.
  - **Variations** – Retain all staff under STRiVE with Case Management staff performing the services for the new entity through a management agreement. This would have the least impact on staff but may create questions on compliance with the new requirements. Another option would be create a subsidiary management company to provide both the staff to both the provider and case management side. This would be less scrutinized but would require creation of a new entity and transfer staff to this entity.
- **Option 2** – Create a new provider non-profit tax exempt agency consisting of a 5 member Board of Directors wherein STRiVE appoints 2 members and the remaining are community based making it a self-perpetuating board. The entity would employ service prover staff (over 300 employees), provide contractual HR administrative and leases office space/equipment, residential and vocational facilities from STRiVE.
  - **Pros** – STRiVE serves as Case Management agency continuing with CCB functions for eligibility review, assessments, service plans and maintaining the Human Rights Committee.
  - **Cons** – Possible scrutiny under federal law, over 300 staff transferred to new service provider entity, additional contracts on real property in addition to transfer of assets or leases, higher risk of scrutiny for impermissible financial relationships, property transfers would significant upfront work along with obtaining bank consent to the loan for the new office space, limited to competition with other case management services and transfer of Medicaid and group home contract to new provider agency. No variations on this option.
- **Option 3** – The creation of a new parent company tax exempt with a community Board of Directors. Subsidiaries under the parent (umbrella) company would consist of MDS/STRiVE Case Management (CCB) that would continue as a non-profit tax exempt entity, continues as the CCB with Medicaid contracts for case

management, smaller Board of Directors with no members from the Provider entity but some members could be from the Parent company , no employees and DD Housing remains a subsidiary. Provider Service entity under the umbrella would be a new non-profit tax exempt corporation, meets Medicaid provider participation requirements and contracts directly through Medicaid, no employees and provides all home community based services. Creation of a new non-profit tax exempt Management Company that owns real estate property with the exception of DD Housing facilities, employs all staff with contracts with Case Management and Provider agencies and leases space and property to MDS and Provider entities.

- **Pros** – In compliance with Federal and State requirements but have a potential conflict with Parent company board members, allows for future flexibility and growth to provide other services and the Management company be a for profit entity.
- **Cons** – Complexity in the initial set up and future management operations, numerous contracts and assets would need to be transferred along with other agreements in place, transfer of all employees to management company and initial restructuring and ongoing administrative costs would be exuberant.

Committee members proceeded into an in-depth discussion in weighing the three options that were presented and the best solution for the organization in addressing the conflict-free case management issue. After deliberations, it was recommended that the simplest step would be Option 1 in the formation of a case management agency. This would also provide the flexibility of moving to Option 3 in the future. At this time, Sharon would like to have a motion in submitting an amendment to the Business Continuity Plan indicating the formation of a Case Management Agency. The Board expressed their appreciation to council for their due diligence and recommendations in moving forward in addressing the issue.

It was M/S/P (Coleman/Motz) to approve submission to the State for an amendment to the Business Continuity Plan indicating Option 1 – the formation of a new Case Management entity.

At this time Sharon expressed her gratitude and appreciation to Board members for their support in her role as CEO over the past 4 years.

A question arose in relation to the status of the sale 950 and the purchase of 790. Sharon reported that a problem with 950 asbestos has come up in regards to Mr. Weckerly's loan to purchase the building. His financial institution is requesting a complete survey and an actual bid on the asbestos abatement though $250K in escrow has been incorporated into the agreement to cover the remediation costs. Sharon and Rob met with an asbestos contractor and have accepted their assistance with the survey and bid. Unfortunately, they are unable to do the assessment until the facility is vacated. Sharon is currently working with Mr. Netto in relation to us moving into the new facility earlier than the closing date. Mr. Netto has also agreed to purchase 950, at a lower offer, if the Weckerly deal does not go through

Due to time constraints, the Quality Assurance report will be presented at the next Board meeting.

The meeting adjourned at 1:41 p.m.

Joe Warner
Secretary

2-12-19
Date