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# Board of Directors Meeting Minutes

## January 27, 2018

**Directors Present:** Bryan Thompson, Chair, Carmen Hooker Odom, Vice-Chair, Jean Andersen, Dr. Richard Blanks, Dan Brummitt, Bob Byrd, Dr. Christopher Colenda, Beverly Corpening, Terry Cox, Scott Craver, Keith Duncan, George Dunlap, Judy Klusman, Thomas Lane, Layton Long, Tchernavia Montgomery, Gordon Powell, Tom Reid, Dr. Jennifer Richards, and Marcelle Smith

**Directors Absent:** William Pilkington

**Staff Present:** Trey Suttan, Amy Kendall, Chuck Hollowell, Rob Bryan, Steve Ermish, Dr. Terri Harpold, Ashley Conger, Callan Skinner, Emily Reeder, Karen Omohundro, Steve Umstead and Joe Lambeth

**DHHS Staff Present:** Secretary Mandy Cohen, Dave Richard, Mark Benton, Jason Vogler, Lisa Corbett, Janet Breeding, and Suzanne Thompson

### 1. Welcome and Call to Order

- i. Mark Benton, Deputy Secretary for Health Services at DHHS, called the meeting to order at 9:01 a.m. Mr. Benton welcomed the attendees and guests to the meeting and provided brief opening remarks.
- ii. Mandy Cohen, Secretary at DHHS, addressed the board nominees, Cardinal staff and DHHS staff by telephone. In her remarks, she thanked the DHHS staff for their efforts in overseeing Cardinal since the Department assumed governance responsibilities on November 27, 2017.
- iii. Secretary Cohen thanked the Cardinal Executive Leadership team and Interim CEO Trey Suttan for their efforts in ensuring that no gaps in care or lapses in payments to providers occurred during the transition period.
- iv. Secretary Cohen stated that, subject to the Board's formal adoption of the Corrective Action Plan, she is formally returning control of the governance and operational responsibilities, effective immediately, back to the new Board of Directors and Executive Leadership team at Cardinal. Secretary Cohen noted that the first several months will be a probationary period with an increased level of oversight, as DHHS monitors Cardinal's compliance with its Corrective Action Plan.
- v. Dave Richard, Deputy Secretary for Medical Assistance at DHHS, reiterated Secretary Cohen's remarks and handed over Secretary Cohen's governance letter to Chuck Hollowell, Cardinal's General Counsel and Secretary.

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- vi. Mr. Benton conducted the swearing-in ceremony and facilitated the installation of the new Board of Directors of Cardinal Innovations Healthcare.

## **2. Bylaws**

Chuck Hollowell, General Counsel and Secretary, reviewed the Organization's revised bylaws. In his discussion, Mr. Hollowell highlighted the revisions that had been made to the bylaws since the initial draft was distributed to the director nominees on January 6<sup>th</sup>.

**A motion was made and seconded for the Board of Directors to approve the revised bylaws as presented.**

**All in favor. Motion approved.**

## **3. Election of Board Chair and Vice-Chair**

- i. Dr. Jennifer Richards reviewed the process the Nominating Committee used to identify candidates to serve as Chair and Vice-Chair. As part of this process, interested candidates submitted applications to the Nominating Committee for consideration. Upon reviewing the applications, the Nominating Committee held phone interviews with each interested candidate.
- ii. Dr. Richards noted that the Nominating Committee evaluated candidates on their ability to be inclusive and transparent, and that successful candidates ideally would have experience in strategic planning.
- iii. As a result of the interview process, Dr. Richards stated that it is the recommendation of the Nominating Committee that Bryan Thompson serve as Chair and Carmen Hooker Odom serve as Vice-Chair to the Board of Directors.

**A motion was made and seconded, upon the recommendation of the Nominating Committee, to approve that Bryan Thompson serve as Chair and Carmen Hooker Odom serve as Vice-Chair to the Board of Directors for a term of one year.**

**All in favor. Motion approved.**

## **4. Board Chair and Vice-Chair Remarks**

Bryan Thompson, Chair, and Carmen Hooker Odom, Vice-Chair, provided initial remarks to the Board of Directors.

## **5. Public Comment**

Guests addressed the Board of Directors.

## **6. Selection of Staggered Terms**

- i. Consistent with applicable law for initially appointed boards under Chapter 122C, Bryan Thompson, Chair, facilitated the staggering of terms for the Board and the designation of directors to Class I, Class II, and Class III.

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- ii. Directors initially appointed to Class I will serve for a term of one (1) year; directors initially appointed to Class II will serve for a term of two (2) years; and directors initially appointed to Class III will serve for a term of three (3) years. Thereafter, directors may hold office for a term of three (3) years, whether or not initially appointed to Class I, Class II, or Class III.
  - iii. The following directors are initially appointed to Class I: Gordon Powell, Beverly Corpening, Terry Cox, Tchernavia Montgomery, Scott Craver, Layton Long and Dr. Jennifer Richards.
  - iv. The following directors are initially appointed to Class II: Dan Brummitt, George Dunlap, Marcelle Smith, Dr. Christopher Colenda, Tom Reid, Dr. Richard Blanks, and Keith Duncan.
  - v. The following directors are initially appointed to Class III: Judy Klusman, Jean Andersen, Thomas Lane, Bob Byrd, William Pilkington, Carmen Hooker Odom, and Bryan Thompson.

## **7. Upcoming Meetings and Committees**

- i. Mr. Hollowell explained to the directors that the Board is required to meet at least six (6) times per year under Chapter 122C of the General Statutes.
- ii. The directors discussed preferences regarding meeting times and locations. It was asserted that meetings should be held across the Cardinal catchment area in order to give the public a better opportunity to interact with the Board.
- iii. Mr. Hollowell provided an overview of the standing committees of the Board of Directors. Such standing committees include: (i) the Executive Committee, (ii) the Finance and Audit Committee, (iii) the Governance Committee, and (iv) the Performance and Evaluation Committee.

## **8. Corrective Action Plan**

- i. Mr. Suttan provided an overview of the Corrective Action Plan. He explained that the Executive Leadership team has drafted and begun to implement the Corrective Action Plan to address the concerns raised by the Office of the State Auditor and DHHS OIA.
- ii. Mr. Suttan explained to the Board that the specific actions listed in the Corrective Action Plan not only respond to the audits but also reflect a culture shift by the Organization's current leadership that puts the interest of Cardinal's members and communities first.
- iii. Mr. Hollowell then highlighted several areas of the Corrective Action Plan. He noted that the Interim CEO's salary is within the range established by OSHR, and that the Board will need to create a CEO compensation policy that is consistent with state law within ninety (90) days.
- iv. Additionally, Mr. Hollowell noted that Cardinal has revised its policies on business travel to expressly state that travel on a charter or private plane is not authorized under any circumstances and will not be reimbursed.

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- v. The directors discussed amending the reference to “Bonus Pay” in the Corrective Action Plan to “Incentive Pay.”

**A motion was made and seconded to adopt the Corrective Action Plan as amended, changing the reference to “Bonus Pay” in the Corrective Action Plan to “Incentive Pay.”**

**All in favor. Motion approved.**

#### **9. Approval of Meeting Minutes**

Mr. Hollowell presented the open and closed minutes from the November 17-18, 2017 Board of Directors meeting for approval.

**A motion was made and seconded to approve the open and closed minutes from the November 17-18, 2017 Board of Directors meeting as presented.**

**All in favor. Motion approved.**

#### **10. Interim CEO Report**

- i. Mr. Suttan provided a 60-day snapshot of his activities since assuming the role of Interim CEO. Among his activities, Mr. Suttan has: (i) met with representatives of all 19 internal departments at Cardinal, (ii) held town halls with Care Coordination, IT, Finance and Utilization Management, and (iii) held meetings with key stakeholders, including providers, DHHS leadership, legislators and other LME/MCO CEOs.
- ii. As a result of his meetings with various employees and stakeholders, Mr. Suttan stated that he learned several key themes and takeaways, including: (i) the Organization has a clear need for transparency, accountability, and inclusiveness; (ii) there is a commitment to Cardinal’s mission; and (iii) there is an optimism about the future of Cardinal.
- iii. In discussing the pathway forward, Mr. Suttan announced Project Future, a series of initiatives designed to help Cardinal build trust and credibility within the community and to help the Organization achieve operational excellence in anticipation of Medicaid Reform.
- iv. Mr. Suttan also announced that Cardinal is launching a community reinvestment initiative worth nearly \$3.8M to fund capital, equipment and programmatic needs in the communities that Cardinal serves over the next twelve (12) months. Cardinal will solicit proposals to fund these initiatives with the aim of positively affecting Cardinal’s members and communities.

#### **11. Operations Report**

- i. Amy Kendall, Chief Administrative Officer, provided an update on reporting and metrics. In her discussion, she reviewed reporting metrics related to the Access Call Center, particularly focusing on the total number of calls received relative to speed in answering.

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- ii. Ms. Kendall then reviewed the total number of treatment authorization requests that Cardinal received from December 2016 to November 2017 and the percentage of requests processed within fourteen (14) days.
  - iii. Regarding clinical denials, Ms. Kendall stated that Cardinal has approved 96.5% of all service requests in the past twelve (12) months. She further noted that, on average, Cardinal processes and pays clean claims in eight (8) days.
  - iv. Lastly, Ms. Kendall provided an overview of the DMA/DMH super measures and performance standards.

## **12. Finance Report**

- i. Mr. Suten provided an update on the YTD 2018 financial results. In his discussion, Mr. Suten reviewed the Statement of Revenues, Expenses and Changes in Net Position as of 12/31/17.
- ii. Mr. Suten then covered service revenues and expenses by catchment area for FY15, FY16, and FY17.
- iii. Mr. Suten reviewed the Uwharrie Bank Resolution changing the signature authority from the former CEO on the restricted risk reserve accounts that Cardinal maintains at Uwharrie Bank.

**A motion was made and seconded to approve the Uwharrie Bank Resolution as presented.**

**All in favor. Motion approved.**

## **13. General Counsel Report**

- i. Lisa Corbett, General Counsel at DHHS, provided an update on the temporary restraining order filed against Richard Topping and the former board members.

**A motion was made and seconded to go into closed session pursuant to § 143-318.11(a)(3) of the General Statutes to discuss an attorney-client privileged matter and § 143-318.11 and § 122C-158 of the General Statutes to discuss a personnel matter.**

**All in favor. Motion approved.**

**The meeting returned to open session.**

**A motion was made and seconded to enter into an employment agreement with Trey Suten for the position of Interim Chief Executive Officer.**

**All in favor. Motion approved.**

**A motion was made and seconded to adjourn the meeting.**

**All in favor. Motion approved.**

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Meeting adjourned.

*Callan Skinner*

Callan Skinner, Clerk

3/26/18

Date