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# Board of Directors Meeting Minutes

## December 13, 2019

**Directors Present:** Bryan Thompson, Chair, Carmen Hooker Odom, Vice Chair, Jean Andersen, Dr. Richard Blanks, Dan Brummitt, Bob Byrd, Dr. Christopher Colenda, Devon Cornett, Terry Cox, Scott Craver, Keith Duncan, Judy Klusman, Thomas Lane, Layton Long, Tchernavia Montgomery, Beverly Morrow, and Gordon Powell

**Directors Absent:** George Dunlap and Marcelle Smith

**Staff Present:** Trey Suttan, Chuck Hollowell, Mary Hamilton, Ashley Conger, Rudy Dimmling, Dietrick Williams, Amy Kazmierczak, Karen Bentley, Molly Dean, Callan Skinner, King Jones, Reid Thornburg, Laurie Whitson, Elliot Clark, Melissa Bunker, and Ric Bruton

**Guests:** Carolyn Luther, FluidEdge Consulting

**Location:** 650 N. Highland Ave., Suite 130, Winston-Salem, NC

### 1. Welcome and Call to Order

- i. Bryan Thompson, Chair, called the meeting to order at 9:03 a.m.
- ii. Mr. Thompson provided an update on the CFAC Summit Meet and Greet. In doing so, he noted that the CFAC Summit Meet and Greet was originally included on the December Board Agenda. However, he explained that it will need to be added to a future agenda in light of the Executive CFAC's decision to reschedule.

### 2. Public Comment

- i. Sarah Potter discussed the CFAC representation on the Cardinal Board as well as the Registry of Unmet Needs.
- ii. Tim Gallagher discussed that, for family members actively involved in providing care, Cardinal should consider consulting with these family members in an effort to compile and create data sets to inform best practices.

### 3. Management's Update on Public Comments from October Meeting

- i. Dietrick Williams, Chief Operations Officer, provided an update on Supported Living Level III.

### 4. Consent Agenda

- i. Mr. Thompson presented the Consent Agenda items to the Board for approval.

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A motion was made and seconded to approve the Consent Agenda items as presented, consisting of: (i) the minutes from the October 18-19, 2019 Board of Directors Meeting, (ii) the proposed membership for the Regional Health Councils, (iii) the CEO Annual Performance Evaluation Process, and (iv) Cardinal's revised Investment Policy.

All in favor. Motion approved.

#### 5. Executive Committee Report

- i. For this agenda item, Mr. Thompson provided an update on the Executive Committee Meeting that was held on December 12, 2019. Among other things, Mr. Thompson noted that the meeting was used to preview the December Board agenda in order to help ensure that items are addressed appropriately.

#### 6. Finance and Risk Committee Report

- i. For this agenda item, Mr. Thompson opened the floor to Dan Brummitt, Chair, to update the Board on the Finance and Risk Committee Meeting that was held on December 12, 2019. In his remarks, Mr. Brummitt noted that the Committee met yesterday to discuss, among other things, DHHS's recently proposed solvency standards as well as Cardinal's revised Investment Policy.
- ii. Next, Mr. Brummitt opened the floor to Mary Hamilton, Chief Financial Officer, to present the Finance Report. As part of the Executive Summary, Ms. Hamilton began by noting that membership has decreased by 2.6% year-over-year (45,452 member months).
- iii. Ms. Hamilton then pointed out that care expenses have increased due to higher unit costs for ICF and Inpatient, as well as increased utilization for outpatient services.
- iv. After the Executive Summary, Ms. Hamilton presented the October 2019 Financial Results and the FY2020 Projection. In doing so, Ms. Hamilton reviewed: (i) the Statement of Revenues, Expenses, and Changes In Net Position, (ii) the October 2019 Statement of Net Position, and (iii) the YTD October 31, 2019 Condensed Cash Flow Statement.
- v. Next, Ms. Hamilton provided an update on LME/MCO Solvency. In doing so, Ms. Hamilton provided an overview of the proposed contractual solvency standards issued by DHHS. According to Ms. Hamilton, the proposed contractual solvency standards aim to protect risk reserves from unintended uses as well as accurately identify levels of solvency.
- vi. Ms. Hamilton explained that the proposed contractual solvency standards define the upper and lower solvency limits as well as utilize current and defensive interval ratios. As noted by Ms. Hamilton, corrective action plans will be triggered if LME/MCOs fall above or below the solvency limits. She then reviewed Cardinal's current solvency calculation as of October 31, 2019.

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- vii. After the update on solvency, Ms. Hamilton discussed DHHS's proposed standards for reinvestments. In doing so, Ms. Hamilton noted that the LME/MCOs will be expected to reinvest the amount of current assets that fall above the upper-end of the contractual solvency range. She also explained that reinvestment plans will require approval from DHHS.
  - viii. Regarding the proposed reinvestment standards, Ms. Hamilton explained that DHHS has set forth several goals that it would like to advance, including: (i) promoting integrated health, (ii) combating the opioid epidemic, and (iii) ensuring successful BH I/DD Tailored Plans.
  - ix. As part of the reinvestment discussion, Mr. Brummitt opened the floor to Ashley Conger, Chief Communications Officer, to provide an update on Cardinal's reinvestment plan. In her remarks, Ms. Conger explained that a significant portion of Cardinal's reinvestment dollars are earmarked for the Regional Health Councils.
  - x. Next, while discussing Cardinal's reinvestment plan, Mr. Brummitt provided an update on Cardinal's pledge to Club Nova. In his remarks, Mr. Brummitt pointed out that Cardinal in July 2018 committed a pledge of \$500,000 to support Club Nova's capital campaign.
  - xi. As part of this commitment, Mr. Brummitt explained that the pledge is payable in full upon Club Nova reaching 80% (\$4 million) of its pledged goal of \$5 million. However, according to Mr. Brummitt, Cardinal reserved the right to rescind the pledge if Club Nova does not reach 80% of its pledge goal by December 31, 2019.
  - xii. Given that December 31, 2019 is a couple of weeks away, Mr. Brummitt explained that the Finance and Risk Committee discussed the status of Cardinal's pledge to Club Nova in light of the fact that Club Nova has not reached 80% of its initial pledge goal.
  - xiii. Mr. Brummitt explained that there was a general consensus among the Committee to extend the Club Nova pledge deadline from December 31, 2019 to June 30, 2020, and that the Committee is recommending this action to the Board for approval.
  - xiv. After discussion, the Board agreed to move forward, upon the recommendation of the Finance and Risk Committee, to extend the Club Nova pledge deadline from December 31, 2019 to June 30, 2020.

**A motion was made, upon the recommendation of the Finance and Risk Committee, to extend the Club Nova pledge deadline from December 31, 2019 to June 30, 2020.**

**All in favor. Motion approved.**

- xv. Lastly, Ms. Hamilton provided a brief update on Cardinal's investments and strategy. In her remarks, Ms. Hamilton explained that Cardinal holds investments with Wells Fargo and the North Carolina Capital Management Trust.

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- xvi. In her overview, Ms. Hamilton explained that Cardinal takes a conservative approach to investing, consistent with Cardinal's status as a unit of local government. Ms. Hamilton noted that Cardinal holds positions in conservative investments, including government securities and commercial paper.

## 7. COO Report

- i. Next, Mr. Thompson opened the floor to Mr. Williams to present the COO Report. In his remarks, Mr. Williams began by noting that the Provider Maturity Model Pilot was launched on November 1, 2019 and included the participation of twenty-three providers.
- ii. According to Mr. Williams, the different types of providers participating in the pilot, include: (i) Agency (non-CCC), (ii) Comprehensive Community Clinic (CCC), (iii) License Independent Practitioner (LIP) Group, and (iv) LIP Solo.
- iii. Mr. Williams explained that the initial assessment resulted in the majority of providers ranking at either the "Engaged" or "Affiliated" level, while two providers ranked at the "Coordinated" level. None of the providers in the pilot ranked as "High Performing."
- iv. In terms of scoring, Mr. Williams explained that providers must reach a score of 80% or greater on the assessment for each level of maturity before advancing to the next level.
- v. As for next steps, Mr. Williams noted that staff will develop trainings and schedule follow-up meetings with providers to identify areas of improvement and next action steps.

## 8. Chief People Officer Update

- i. For this agenda item, Mr. Thompson opened the floor to Amy Kazmierczak, Chief People Officer, to discuss the Core People Process Timeline for FY2020. In her remarks, she began by discussing performance management, which consists of: (i) goal setting, (ii) mid-year performance check-ins, and (iii) year-end reviews.
- ii. Ms. Kazmierczak then discussed compensation and benefits. In doing so, she explained that open enrollment will occur in Q2 of FY2020, and that budget planning will take place in Q3 of FY2020.
- iii. Lastly, regarding culture and engagement, Ms. Kazmierczak noted that the mini pulse survey will take place in Q3 of FY2020, and that continued engagement actions will occur throughout Q3 and Q4 of FY2020.

## 9. CEO Report

- i. For this agenda item, Mr. Thompson opened the floor to Trey Suttan, CEO, to present the CEO Report. In his remarks, Mr. Suttan began by providing an update on several legislative and regulatory matters.

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- ii. First, Mr. Suttan explained that DHHS indefinitely delayed the go-live date for Standard Plan implementation. On this point, he noted that a ruling is expected soon in the Aetna case, which could further delay Standard Plan implementation.
  - iii. Second, Mr. Suttan provided an update on the State Budget. In doing so, he noted that a vote is expected in January on the budget veto reconsideration. If no veto override is achieved, Mr. Suttan explained that some version of a healthcare bill is expected.
  - iv. Next, regarding staff's progress in achieving the CEO Goals for FY2020, Mr. Suttan opened the floor to Mr. Williams to provide an update on the Operational Goals. In doing so, Mr. Williams explained that Cardinal is slightly below the DMA/DMH performance target of achieving 40% with respect to conducting follow-ups after discharge from an inpatient setting within seven days.
  - v. Mr. Williams then discussed the performance goal that is designed to improve the rate in which Cardinal is able to process Treatment Authorization Requests ("TARs"). Currently, Mr. Williams explained that the percentage of TAR requests returned is 8.4%, which is slightly above the stated goal of less than 7%.
  - vi. Next, Mr. Suttan opened the floor to Rudy Dimmling, Chief Strategy Officer, to provide an update on the strategic-related performance goals. In doing so, Mr. Dimmling noted that staff prepared a master services agreement template that has been shared with the final two supplier candidates for the business process outsourcing project.

**After Mr. Dimmling's remarks, a motion was made and seconded to go into closed session pursuant to the following: (i) § 143-318.11 and § 122C-126.1 of the General Statutes to discuss competitive health care information, and (ii) § 143-318.11(a)(3) of the General Statutes to discuss attorney-client privileged matters.**

**All in favor. Motion approved.**

#### **10. CEO Report (continued)**

#### **11. IT Update**

**The meeting returned to open session.**

#### **12. Governance Committee Report**

- i. For this agenda item, Mr. Thompson opened the floor to Keith Duncan, Chair, to provide an update on the FY20 Board Meeting Survey Results.
- ii. In his remarks, Mr. Duncan began by noting that the Board has been meeting every other month alternating between two formats, including: (i) All-day Friday (9:00a.m. – 3:00p.m.), and (ii) Friday night (6:00p.m. – 9:00p.m.) and Saturday morning (9:00a.m. – 12:00p.m.).

- iii. Since the Board has utilized this format for the past two years, Mr. Duncan pointed out that it was time to check-in again and survey the directors on their meeting preferences. Per the General Statutes, Mr. Duncan noted that the Board is required to meet six times per year.
- iv. Mr. Duncan then explained that the survey feedback has been compiled and the results are as follows, beginning with the most preferred meeting option: (i) Most-preferred: Friday-only meetings, (ii) Second-most preferred: Friday evening and Saturday morning meetings, and (iii) Least-preferred: Thursday meetings via video-conferencing.
- v. Mr. Duncan explained that there was a general consensus among the Committee to make a recommendation to the Board that it approve the most preferred option and begin utilizing the Friday-only meeting format for all Board meetings, with the exception that the June meeting will follow the Friday evening/Saturday morning format to allow additional time for end-of-year agenda items and the annual budget process.

**A motion was made, upon the recommendation of the Governance Committee, to approve the most preferred option and begin utilizing the Friday-only meeting format for all Board meetings, with the exception that the June meeting will follow the Friday evening/Saturday morning format to allow additional time for end-of-year agenda items and the annual budget process.**

**All in favor. Motion approved.**

- vi. Additionally, Mr. Duncan noted that the Governance Committee is recommending that: (i) the Board implement this meeting format beginning with the February 2020 Board meeting, and (ii) the Board continue the practice of rotating meetings around Cardinal's catchment area in order to provide stakeholders an opportunity to attend Cardinal Board meetings. The Board agreed.

### **13. Board Member Comment**

- i. Beverly Morrow discussed the possibility of holding the CFAC Summit Meet and Greet at the February Board meeting.
- ii. Terry Cox discussed the CFAC representation on the Cardinal Board and back-up staffing.
- iii. Consistent with Cardinal's bylaws and the fact that director terms run from January to January, Mr. Thompson noted that he made the Committee appointments for CY 2020, and that the appointments will remain the same.
- iv. Jean Andersen noted that she would like for all Board members to be notified of the dates and times of committee meetings.

**After Ms. Andersen's remarks, a motion was made and seconded to go into closed session pursuant to: (i) § 143-318.11 and § 122C-126.1 of the General Statutes to discuss competitive health care information, and (ii) § 143-318.11 and § 122C-158 of the General Statutes to consider personnel matters.**

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All in favor. Motion approved.

**14. Performance Evaluation and Compensation Committee Report**

The meeting returned to open session.

A motion was made, upon the recommendation of the Performance Evaluation and Compensation Committee, to approve the CEO Development Plan.

All in favor. Motion approved.

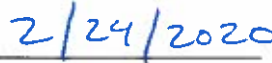
A motion was made and seconded to adjourn the meeting.

All in favor. Motion approved.

Meeting adjourned at 1:06 p.m.



Callan Skinner, Clerk



Date