

Board of Directors Meeting Minutes

August 20, 2021

Directors Present: Carmen Hooker Odom, Chair, Judy Klusman, Chair-Elect, Jean Andersen, Dan Brummitt, Keith Duncan, Bob Byrd, Dr. Christopher Colenda, Scott Craver, Laura Happe, Denise Hill, Gordon Powell, Michael Wise, Chris Day, Terry Cox, Devon Cornett, Tri Tang, Mark Richardson, and Dr. James Rachal

Directors Absent: Layton Long and Beverly Morrow

Staff Present: Trey Suttan, Chuck Hollowell, Rudy Dimmling, Mary Hamilton, Dietrick Williams, Ashley Conger, Amy Kazmierczak, Casey Hossa, Dr. John Johnson, Molly Dean, Reese Edwards, and Julie Zawislak

Guests: Yvonne French, Sarah Potter, Julie Whittaker, Bob Crayton, and Brian Ingraham

Location: This Board of Directors meeting was held via Webex. The Webex link was made available to the public via Cardinal's website in advance of the meeting.

1. Welcome and Call to Order

- i. Carmen Hooker Odom, Chair, called the meeting to order at 9:02 a.m.
- ii. Ms. Odom thanked Bryan Thompson for his three years of service as Board Chair. And then, she asked for a moment of silence to honor the memory of Marcelle Smith.

2. Consent Agenda

- i. Ms. Odom presented the Consent Agenda for approval.

A motion was made and seconded to approve the Consent Agenda as presented, consisting of: (i) July 28, 2021 Board of Directors Open Meeting Minutes, (ii) July 28, 2021 Board of Directors Closed Meeting Minutes, (iii) FY22 Annual Quality Strategy and Performance Improvement Plan, (iv) FY22 BOD Plan of Work, and (v) FY22 Goals.

All in favor. Motion approved.

3. Executive Committee Report

- i. Ms. Odom reported that the Executive Committee met briefly to review the agenda for the full board meeting, to discuss public records requests, and to summarize the PEC and Finance reports.

4. Finance & Risk Committee Report

- i. Ms. Odom opened the floor to Michael Wise, Committee Chair. Mr. Wise began by acknowledging great work of the Compliance team including Samantha Kelen, Chief Ethics and

Compliance Officer. Vaya Health has noticed Cardinal's best practices, especially the Let's Talk concern reporting platform.

- ii. Then Mr. Wise opened the floor to Mary Hamilton, Chief Financial Officer, to summarize the FY21 unaudited financials. Of the \$143.5m non-waiver revenue, half was single stream and the other half was federal grants related to COVID. The MLR was 88.4%, within the risk corridor. Labor expense was close to budget and Tailored Plan & One Time expense was higher than budget due to discontinued operations expenses.
- iii. The FY21 year-end adjustments for disengagements and discontinued operations totaled \$37.91m; BDO reviewed and cleared all entries. The \$15.28M Risk Reserve Accrual was approved by the DHHS Secretary before fiscal year-end. PTO liability is trued up in December and June.
- iv. For FY21, Cardinal projects \$2.4M over \$70.1M MOE target for State Single Stream Care Expenditures.
- v. Ms. Hamilton then reviewed the FY21/22 Medicaid capitation rates received based on September 1, 2021 disengagement; these rates are the basis for the budget amendment. PMPM rate revisions for remaining disengaging counties are yet to be determined.

5. CEO Open Report

- i. For this agenda item, Ms. Odom opened the floor to Trey Suttan, CEO. Mr. Suttan began by announcing that DHHS awarded Cardinal a Tailored Plan contract. The only call-out on Cardinal's application was a note about a lack of a NCQA long-term supports and services plan. However, Cardinal already had this in place, so it was not necessary to draft a new one. Cardinal assigned the award to Vaya Health.
- ii. Mr. Suttan went on to highlight the HITRUST accreditation; this is the highest security designation and is difficult even for national organizations to achieve. Mr. Suttan expressed his appreciation to the team for accomplishing this. Also, Vaya Health has not reached this designation, and may benefit from the work the team has dedicated to this effort.
- iii. Next, Mr. Suttan opened the floor to Dietrick Williams, Chief Operations Officer, to offer the operational update. Mr. Williams provided a review of the Performance Metrics for FY21. He highlighted the TARs metric; Cardinal met the State performance standard for this metric. Regarding Emergency Department (ED) re-admission for a behavioral health concern in 30 days after a behavioral health ED discharge, Cardinal set an internal goal of 18% and achieved 20%. Also, the timely access to Routine, Urgent, and Emergent Care fell below performance standards. Additional focus on provider interventions will be a focus as part of this year's Quality Improvement Activity.
- iv. The Quality Improvement Activities for FY21 included: (1) Follow-up After Mental Health-related Discharge (Post-Hospitalization/FBC Visit); (2) Follow-up After Substance Use-related Discharge; (3) Metabolic Monitoring for Children and Adolescents on Antipsychotics; (4) Metabolic Monitoring for Adults on Antipsychotics; (5) TCLI/At-Risk Supported Employment; (6) Improving Access to Care for the Child Population; and (7) Medication adherence for member in the ED. In the FY22 quality improvement plan, Cardinal will continue to strive for improved access to care for the child population, especially those in foster care.

- v. Then, Mr. Suten turned to Dr. Johnson to deliver the overview of the National Committee for Quality Assurance (NCQA) accreditation. Dr. Johnson announced that the state did not give Cardinal a waiver for re-accreditation. The NCQA is the most common accrediting body for health plans in the U.S. and the industry gold standard for evaluating performance of managed care entities. Until recently, Cardinal was the only NCQA-accredited MCO. Vaya Health has a different accreditation, however under the Tailored Plan, all LME/MCOs will need NCQA accreditation. The process kicks off on September 7 with the submission of supporting documentation to the survey tool and the on-site survey will be October 25-26 (virtual due to the pandemic). The team has gathered 95% of the information needed for the survey.
- vi. Next, Mr. Suten offered an update on the realignment timeline. Cardinal operations will continue through the consolidation with Vaya Health, which is anticipated as soon as calendar year end or as late as February 1. In the interim, the following counties will align with new LME/MCOs: September 1 - Cabarrus, Union and Stanly to Partners; November 1 - Forsyth and Davie to Partners; December 1 - Rockingham and Davidson to Sandhills; and December 15 - Mecklenburg and Orange to Alliance. For Cabarrus, Union and Stanly, Cardinal completed key project milestones on schedule, including multiple data drops. The team also drafted a Realignment Playbook, which management presented to DHHS for future realignments.
- vii. At this point, Mr. Suten introduced Brian Ingraham, CEO of Vaya Health. Mr. Ingraham began his remarks by acknowledging the sensitive emotions of all Cardinal employees through this transition and recognized Mr. Suten and the Cardinal Executive Leadership Team for their commitment and hard work during the process. These are challenging times for the NC system of behavioral health.
- viii. Mr. Ingraham went on to express his appreciation to the Joint Steering Committee for its collaborative and thoughtful work. The organizations are now negotiating the management services agreement. For Halifax and Warren, their new LME home is still to be determined and will likely be sometime next year. Vaya is the backstop during these transitions.
- ix. Discussion ensued about the continuity of member experience after the move to Vaya, concerns around the new geographic sprawl of the Vaya territory and potential impacts on distant counties, and Vaya's framework for input from individual counties. Mr. Ingraham concluded his remarks by assuring the Board that he and the Joint Steering Committee are taking thoughtful measures around governance and the constitution of the new Vaya Board.
- x. Next, Mr. Suten introduced Amy Kazmierczak, Chief People Office, to discuss retention efforts. Ms. Kazmierczak announced that Cardinal has received 75 resignations in August month-to-date; 48 of which are transitions to Partners with the September 1 realignment. With the increase in separations and reduction/freeze on hiring, headcount has decreased to 779, down from the high of 917 in March. The departments with the most resignations are IDD, MHSUD, UM and IT. The Human Resources team has developed a career readiness toolkit, virtual career readiness workshops, and 4 in-person pop-up events. Ms. Odom complemented management's efforts in this regard and reiterated the Board's commitment to members and staff alike.
- xi. Ashley Conger, Chief Communications Officer, confirmed the robust internal communications efforts. Her team publishes regularly on the Bridge and works collaboratively with Vaya on coordinated messaging and combined external communications.
- xii. Mr. Suten concluded this agenda item by reminding the Board that management engaged Cansler Collaborative Resources (CCR) as consultants for the realignments. Cardinal and CCR jointly publish status reports which outline achievements, deadlines and owners.

For the next agenda items, Ms. Odom noted that the Board will need to discuss, among other things, competitive healthcare information, personnel matters, and real estate transactions in closed session.

A motion was made and seconded to go into closed session pursuant to § 143-318.11 and § 122C-126.1 of the General Statutes to discuss competitive health care information, pursuant to § 143-318.11 and § 122C-158 of the General Statutes to discuss personnel matters, and pursuant to § 143-318.11(a)(5) to discuss a real estate transaction.

All in favor. Motion approved.

6. CEO Closed Report

7. Performance, Evaluation, and Compensation Committee Report

8. Executive Session

The meeting returned to open session.

A motion was made, upon recommendation of Finance & Risk Committee, to approve the Amended FY22 Budget Ordinance, as presented.

All in favor. Motion approved.

A motion was made, upon recommendation of the Performance, Evaluation, and Compensation Committee, in light of the fact that Cardinal's self-funded health insurance benefit plan will be ending effective December 31, 2021, which will prevent Cardinal from being able to continue traditional COBRA coverage for its former employees, to approve an amendment to the Severance Policy to provide, in lieu of the COBRA benefit, a lump sum payment (grossed up for taxes) equal to the employer paid portion of health benefits for the severance period.

All in favor. Motion approved.

A motion was made, upon recommendation of the Performance, Evaluation, and Compensation Committee, to approve changes to the 401(k) Plan to (1) change the 100% vesting date to August 1, 2021, and (2) to terminate loan availability in the 401(k) Plan as of August 20, 2021.

All in favor. Motion approved.

9. Board Member Comment

- i. Ms. Odom opened the floor to Dan Brummitt to present his proposed resolution honoring Marcelle Smith.
- ii. Mr. Brummitt briefly eulogized Marcelle Smith, including his tremendous contributions to his community, and then read the proposed resolution:

Resolution by the Cardinal Innovations Healthcare Board in Honor and Memory of Marcelle Orinthian Smith

WHEREAS, the life and career of Marcelle Orinthian Smith as a teacher, counselor and most recently as a Juvenile Court Counselor was filled with great personal integrity, compassion for his fellow man, and a strong commitment to helping and touching the lives of those in need; and

WHEREAS, one of Marcelle's passions was serving citizens with mental health needs which led him to serve in various capacities over several years as chair, co-chair, and member of the Five County Mental Health Board; and

WHEREAS, Marcelle continued his advocacy for mental health joining the Cardinal Innovations Board of Directors where his commitment spanned more than eight years; and

WHEREAS, during this time he was a consistent and powerful champion for rural communities, an advocate for children and a voice for those unable to speak for themselves; and

WHEREAS, Marcelle's legacy as an exemplary public servant who was focused on helping others continues on in Scotland Neck and Halifax County, NC and extends across all of North Carolina.

NOW, THEREFORE BE IT RESOLVED THAT the Cardinal Innovations Healthcare Board honors the life and memory of Marcelle Orinthian Smith in respectful recognition of his service and dedication to his community, his region and to Cardinal Innovations.

BE IT FURTHER RESOLVED THAT the Cardinal Innovations Healthcare Board expresses its sincerest gratitude and deepest condolences to the family of Marcelle Orinthian Smith.

This the 20th day of August, 2021.


A motion was made and seconded to approve the resolution as read.

All in favor. Motion approved.

A motion was made and seconded to adjourn the meeting.

All in favor. Motion approved.

Meeting adjourned at 11:14 a.m.

DocuSigned by:

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Julie Zawislak, Secretary

10-15-2021

Date