

# Board of Directors Meeting Minutes

## February 19, 2021

- Directors Present:** Bryan Thompson, Chair, Carmen Hooker Odom, Chair-Elect, Jean Andersen, Dan Brummitt, Keith Duncan, Bob Byrd, Dr. Christopher Colenda, Scott Craver, Layton Long, Laura Happe, Denise Hill, Thomas Lane, Tchernavia Montgomery, Beverly Morrow, Gordon Powell, Michael Wise, Judy Klusman, Chris Day, Terry Cox, Devon Cornett, Marcelle Smith and Tri Tang
- Directors Absent:** None
- Staff Present:** Trey Suttan, Chuck Hollowell, Rudy Dimmling, Mary Hamilton, Dietrick Williams, Ashley Conger, Amy Kazmierczak, Steve Martin, Molly Dean, Chris Bishop, Julie Zawislak, Elliot Clark, Allison Stewart, and Will Sullivan
- Guests:** Dolly Claton, Michelle Lancaster, Sarah Potter, Jamezetta Bedford, Bob Crayton, and Mary Miner.
- Location:** Due to the Governor's Executive Orders limiting in-person meetings as a result of COVID-19, 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. Bryan Thompson, Chair, called the meeting to order at 9:03 a.m.
- ii. Chuck Hollowell, General Counsel, conducted roll call and reviewed the guidelines for the meeting given that it is being held remotely due to the Governor's Executive Orders limiting in-person meetings as a result of COVID-19.

### 2. Consent Agenda

- i. Mr. Thompson presented the Consent Agenda for approval.

**A motion was made and seconded to approve the Consent Agenda as presented, consisting of: (i) December 4, 2020 Board of Directors Open Meeting Minutes and (ii) December 4, 2020 Board of Directors Closed Meeting Minutes.**

**All in favor. Motion approved.**

**For the next agenda item, Mr. Thompson noted that the Board will need to discuss, among other things, competitive healthcare information, personnel matters, and attorney-client privileged matters 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)(3) of General Statutes to discuss attorney-client privileged matters.

All in favor. Motion approved.

**3. Executive Committee Report**

**4. CEO Report (closed)**

**5. Performance, Evaluation, and Compensation Committee Report**

**6. Litigation Committee Report**

**7. Lunch**

**8. Mid-year Compliance Report**

The meeting returned to open session.

A motion was made, upon recommendation of Performance, Compensation and Evaluation Committee, to approve the revised balanced scorecard as presented.

All in favor. Motion approved.

**9. Finance and Risk Committee Report**

- i. For this agenda item, Mr. Thompson opened the floor to Michael Wise, Chair, who turned to Mary Hamilton, Chief Financial Officer, to present the Finance Report. In her remarks, Ms. Hamilton began by reviewing the Executive Summary. For December 2020 YTD, revenue is 22.3% favorable to plan due to the COVID-19 Temporary Rate increase, prior year capitation revenue, and Cares Act funding; care expenses are 15.2% higher than plan; Loaded MLR is 86.9% (88% without prior year capitation revenue); and net margin is \$51.3M, favorable to plan by \$46.1M due to the COVID-19 Temporary Rate increase and the timing of Tailored Plan expenses.
- ii. Next, Ms. Hamilton shared budget and forecast numbers. The moratorium on terming out Medicaid patients is expected to stay in place until December 2021. The Cares Act funding is credited first, so we expected single stream revenues to be back-end loaded this fiscal year. Labor costs are higher due to lower attrition and adding temporary staff for projects. We expect to spend the full Tailored Plan expense budget.
- iii. In the non-waiver summary, Ms. Hamilton noted the Cares Act funding; we expect a \$9.5M net margin deficit for this fiscal year.
- iv. Administrative expenses were favorable to plan driven by non-labor expense (reduced travel); labor expenses were higher than budget due to lower attrition and temporary staff for projects.
- v. Cardinal's solvency calculation as of December 2020 is above upper limit as defined the solvency statute § 122C-125.2.(b) with \$271,555,091 solvency (\$156,483,983 spendable cash and \$115,071,107 risk reserve); however, DHHS defines solvency differently and by their calculation Cardinal meets the solvency test.

- vi. In the Utilization Trends, Ms. Hamilton highlighted that Emergency Department (ED) utilization for distinct members is going down even though membership is rising, and the same trend is true for inpatient ED utilization. As it relates to service trends, most spending increases are the result of an increase in rate. The exception is Outpatient, where we've seen an increase in distinct users and intensity due to telephonic/telehealth services. Mr. Suttin emphasized the importance of these trends given members are better served in the community than in the ED.


**10. Questions/Board Comment**

- i. Mr. Thompson began the comment period by congratulating Tchernavia Montgomery on the Growing the Dream award then opened the floor for other board comments. Mr. Wise acknowledged and thanked the Cardinal staff's tremendous effort in preparing and submitting the Tailored Plan RFA. Discussion ensued on vaccine distribution for staff and members. Ms. Montgomery announced her resignation from the Board given time limitations as she takes on a new role with Care Ring.

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

**All in favor. Motion approved.**

**Meeting adjourned at 1:45 p.m.**

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Julie Zawislak, Secretary

04-26-2021  
Date