

Board of Directors Meeting Minutes

April 23, 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, 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, Casey Hossa, Steve Martin, Molly Dean, Chris Bishop, Julie Zawislak, Elliot Clark, and Reese Edwards
- Guests:** Jamezetta Bedford, Bob Crayton, Yvonne French, Joe Lanier (Milestone Strategies), and Chris Jones (Womble Bond Dickinson)
- 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 9:00 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) February 19, 2021 Board of Directors Open Meeting Minutes, (ii) February 19, 2021 Board of Directors Closed Meeting Minutes, (iii) incentive scorecard revision, (iv) Interim CEO successor, and (v) FY22 Board meeting calendar.

All in favor. Motion approved.

3. Executive Committee Report

- Mr. Thompson reported that the Executive Committee met briefly to review the agenda for the full board meeting.

4. CEO Report

- Mr. Thompson opened the floor to Trey Suttan, CEO. Mr. Suttan began by announcing Dr. John Johnson as the new Chief Medical Officer. Dr. Johnson will lead medical and behavioral health management and have oversight for all clinical activities. His previous experience includes Chief Medical Officer roles at Molina Healthcare and Virginia Premier Health Plan.
- Next, Mr. Suttan turned to the Plan of Action and asked Dietrick Williams, Chief Operations Officer, to present the update. The team is wrapping up POA Item 1 (Response Times) and transitioning these tasks to day-to-day operations. We have made significant investment in co-location, including re-aligning staff and adding resources. For Task 1.6 (access to CCAs), Cardinal identified high-quality providers to expand services and access to CCAs and structured a review process to evaluate effectiveness and performance.
- After completing many of the POA Item 2 tasks, the team is now focused on Task 2.5 (30-day recidivism). Cardinal reported this metric but had not managed it until now. The team determined that the organization started at 25-28% and established a baseline for admissions and re-admissions. To address the challenge, the team is developing clinical processes for care coordination of members. POA Items 3 and 4 are complete. POA Item 5 is nearly complete; the team has helped the community understand how individuals can be eligible for state-funded services. As it relates to POA Item 6, the team expanded initial engagement with new members, rolled out new member orientation, and expects to meet the June 1 due date.
- Mr. Suttan then offered an update on child program investments. Orange, Rowan and Stokes counties have signed sub-capitation agreements, allowing the counties to use funds for a wide variety of services including transportation, training, medical. By way of example, Mr. Suttan relayed a story from Orange county where a young woman needed to be stabilized before going foster care and the county arranged for a visit to a wilderness camp.
- Next, Ashley Conger, Chief Communications Officer, summarized the community reinvestment initiatives. Cardinal has invested in \$1.2M in four counties. Recipient organizations include Special Olympics North Carolina, Brain Injury Association, Smith Family Wellness Center, Promise Resource Network, Freedom Fighting Missionaries, The Tiny House Project, Hope Housing Opportunities, Franklin County Legacy Human Services, and Chatham Education Foundation. Mr. Suttan reminded the Board that Cardinal is looking for additional projects.
- At this point, Mr. Suttan pivoted to the legislative and regulatory update. The long session is in progress and the Senate is expected to pass budget in May, the House in June; Governor and legislative leaders have recently stated publicly their intent to come to a resolution and pass a state budget. Governor Cooper's budget addresses many of the Behavioral Health Coalition's priorities including funding for Direct Support Workers' wage increases, no single-stream cuts, and 520 new waiver slots. Several LME/MCOs recently came together to discuss the challenges of young people in custody and are requesting support and start-up funding from the legislature to establish a new specialized Community Residential Setting.

In the Medicaid Transformation, Cardinal expects to reduce Medicaid members from ~485K to ~53K, however, because most of the high users will stay, Cardinal expects care costs to reduce only minimally.

- Finally, Mr. Suttan opened the floor to Casey Hossa, Chief Information Officer, to discuss CMS-mandated systems updates. Electronic Visit Verification, or EVV, is a technology solution which electronically verifies that home and health aide services are performed, introducing a new level of accountability and transparency for providers and Cardinal Innovations. The team continues to test with providers and is targeting a soft go-live with four providers by May 1. The state has approved a go-live date for June 30. Interoperability provides members with access to their own health data by facilitating data movement between healthcare organizations, physicians and other organizations. This is a multi-phase, multi-year project with phase 1 due July 1, 2021.
- Discussion ensued on topics including ED recidivism and the Transition of Care program; state-wide juvenile justice initiatives; TFC provider network; collaboration with the Brain Injury Association; and the budget approval process.

5. Finance and Risk Committee Report

- 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 February 2021 YTD, revenue is 19.3% favorable to plan due to the COVID-19 Temporary Rate increase, prior year capitation revenue, and Cares Act funding; Medicaid care expenses are 15.6% higher than plan; Loaded MLR is 87.5% (88.5% without prior year capitation revenue); and net margin is \$47.4M, favorable to plan by \$38.3M driven by Enhanced COVID-19 Revenue.
- In the non-waiver summary, Ms. Hamilton noted that we project to be \$4.5M over the \$70.1M MOE target for State Single Stream Care Expenditures.
- 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. Tailored Plan Project Expenses are \$5.2M YTD, or \$6.1M favorable to plan, cost drivers are primarily Conduent and HiTrust.
- Cardinal's solvency calculation as of February 2021 is above upper limit as defined by the solvency statute § 122C-125.2.(b) with \$260,154,986 solvency (including \$141,884,102 spendable cash - Cardinal is experiencing higher than usual spendable cash due to timing variance of receipt of COVID-19 funding versus distribution). However, DHHS defines solvency differently and by their calculation Cardinal meets the solvency test.
- In the Care Drivers section, Ms. Hamilton highlighted that the total membership has increased by 7% since July 2020. This has resulted in an average premium increase of 1.5%, or about \$1M in additional revenue per month. The distinct number of members served has started to return to pre-COVID volumes. The penetration rate remains low, about .5 percentage points below the historical average. Much of this is due to the increased membership. Membership counts will decrease due to Tailored Plan; Cardinal currently serves 495,580 members, and after the Tailored Plan is established, it will serve

approximately 49,597 and these are generally the high users. However, despite membership decreases, Cardinal expects to retain 94% of Care Expenditures.

- Discussion ensued on topics including capitation payments on physical health, dual eligible individuals, and FY22 budget.

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.

6. CEO Report (closed)

7. Lunch

8. Performance, Evaluation, and Compensation Committee Report

9. Governance Committee Report

The meeting returned to open session.

A motion was made, upon recommendation of Governance Committee, to approve the board candidates as presented and to deliver it to the County Commissioner Advisory Board.

All in favor. Motion approved.


10. Board Member Comment

- Keith Duncan and Dan Brummitt updated the Board on their meeting with Senators Berger, Hise and Krawiec. They believe the meeting had an impact and it was educational for the senators. Mr. Duncan will endeavor to schedule additional meetings.

A motion was made and seconded to adjourn the meeting.

All in favor. Motion approved.

Meeting adjourned at 2:35 p.m.

DocuSigned by:

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Julie Zawislak, Secretary

06-21-2021

Date