

**NORTH CENTRAL COMMUNITY SERVICES PROGRAM
FINANCE, PERSONNEL & PROPERTY COMMITTEE MEETING MINUTES**

November 17, 2016

12:00 p.m.

NCHC – Wausau Campus

Present:

X	Randy Balk	X	Steve Benson	X	Ben Bliven
X	Jean Burgener	EXC	Holly Matucheski	X	Bill Metter
X	Bill Miller	EXC	Corrie Norrbom	EXC	Scott Parks
EXC	John Robinson	EXC	Greta Rusch	X	Robin Stowe
X	Bob Weaver	X	Jeff Zriny		

Others Present: Michael Loy, Brenda Glodowski, Sue Matis, Laura Scudiere

Finance, Personnel & Property Committee Meeting was called to order at 12:12 p.m. by Committee Chair Weaver and the NCCSP Board meeting was called to order by Chairman Zriny at 12:12 p.m. for a Joint meeting of the North Central Community Services Program Board and Finance, Personnel & Property Committee meeting, roll call taken, and a quorum noted.

Public Comment for Matters Appearing on the Agenda

- No public comment made.

Chairman's Report and Announcements

- Collaborate Care Committee, with members appointed by the three counties, has been meeting regarding concerns expressed in the anonymous letter that was provided to many Marathon County Board members. Meetings are continuing and will report out on findings.
- Chairman Zriny addressed the NCCSP Board on his 2016 reflections. This year has been frustrating. Crisis became an issue this year and continued to ferment from 2015 into 2016 with the attempt from Marathon County to withdraw from the Tri-County Agreement. This situation has had a negative impact on the entire organization; have been reacting to allegations with little substance behind them; have also been responding to regulators as well. This year has been particularly challenging for the leadership team. They are to be commended for all they have done. These situations have kept the organization from implementing other opportunities. On a positive note, Michael has had a tremendous growth opportunity through 'baptism by fire' and being thrown into difficult situations this year. He has taken them head on. Mr. Zriny feels Michael has strengthened the leadership team and helped them to identify issues to focus on in 2017.
- Elements of Success for 2017: Put the patient back into perspective; psychiatry recruitments will be key with residency program; capital improvement i.e. hospital, crisis center, youth crisis and we need to spend money to improve quality services. Where/how is Marathon County going to go with the nursing home? Once the Tri-county Agreement is completed then renewing the trust with organizations, the three counties, and leadership team at NCHC. We will communicate and be as transparent as possible. Looking at 2017 with excitement after a difficult year. Commend leadership team for keeping things together and responding to needs of the three counties.

OPEN for Public Hearing on the Proposed 2017 Budget

- No public comments made.

Finance, Personnel & Property Committee Report

- **Motion**/second, Balk/Miller, to approve the 10/27/16 Finance, Personnel & Property Committee Meeting Minutes. Motion carried.
- October Financials showed a small deficit for October just over \$65,000. Revenues overall were above target with expenses continuing to be an issue. The nursing home was down with an average census of 199 and a target at 210. The hospital continues to be busy with an average census of 18 and a target of 14. Outpatient areas are consistent with Community Treatment revenues doing very well.
- Expenses that are high include health insurance, state institutes, crisis, and the hospital.
- Lincoln and Langlade Counties are within budget parameters; Marathon County is not within budget parameters.
- **Motion**/second, Weaver/Balk, for the Finance, Personnel & Property Committee to approve the October Financials. Motion carried.
- **Motion**/second, Metter/Burgener, for the Board to approve the October Financials. Motion carried.

Discussion of Potential Write-Off of CIP for Nursing Home Project

- The 'construction in progress' account shows \$518,000 related to the entire nursing home project since 2014; much relates to professional fees for the project. If the project does not move forward, the entire amount would be written off. Our auditors indicate if construction moves forward in 2017 we would be able to roll most of it into assets of the project. However, about \$20,000 in fees would need to be written off. At this point, there is potential for 70% or more of Angus Young work previously done to be usable.
- We are not able to amortize because the project is in progress yet.
- It has not yet been determined who will oversee the governance of the nursing home. Marathon County is on record saying they would like a decision on the nursing home project in the first quarter of 2017. Because Marathon County won't have a resolution by 12/31/16 we will need to estimate as best we can how much is salvageable. At this point, write off the \$20,000 of fees that are not usable and hold on the rest since there is still potential to move the project forward.

CFO report

- All investments are collateralized.
- Working with PFM Asset Management Group who Marathon County utilizes.
- Preliminary audit work has been completed. Early indications focused on receivables, health insurance, and third party liabilities, looks good at this point.

Consideration of Adoption of the 2017 Proposed Budget

- **Presentation of stop loss considerations for health insurance** - Sue Matis has worked with a consultant and reviewed our reports. Since 2012 targeted vs actual was accurate; 2013 projected was over actual; in 2016 it flipped upside down. Still at a positive actual projected over the median term. Industry standard shows there are typically about three good years before a poor year. We are still running favorably overall. After review of the stop loss level with M3 and the NCCSP it was recommended to stay at \$225,000 for stop loss.

- **Review fund balance policy and status** – Request is being made to approve a budget that is not balanced overall but not balance between the nursing home and human services programs. Do we have the authority to balance the budget with reserves?
- Health insurance enrollments came back better than originally budgeted for; will be looking at revenue options and closely watching expenses to close the deficit into 2017.
- **Recommendations for address the nursing home operational deficit** - The Nursing Home Operations Committee was tasked with identifying what it would take to balance the nursing home budget. In order to do so the Committee has determined that a massive change would be necessary i.e. reducing the number of nursing home beds by 30%. The Committee is carefully considering this drastic change due to the impact to the community, types of care provided, revenue affected, ability to access staff, etc. The Committee recognizes that our staff continue to be concerned about the future of the organization and their jobs. A change of this magnitude cannot be pursued without the input from Marathon County and a strategic plan for the nursing home. Mr. Karger, who fully appreciates the situation, will assist in moving the nursing home strategic plan and operational assessment through the county process. It was noted that:
 - Marathon County was presented with this situation three years ago and did not approve the recommended remodeling/restructuring. In 2013, the projection was accurate on the ‘doing nothing’ scenario which is what is being experienced today.
- **Hospital census and diversion** data was reviewed. It is projected diversion costs for 2016 will reach \$1.6 million and next year \$1 million. The Department of Health Services will be meeting with us and Winnebago to review why our costs are higher than others in the state and what has driven the diversions up. From 2015 to 2016 our diversions have doubled. Laura Scudiere provided a review of diversions for 2015-2016.
 - It is felt diversion costs would decrease if we could convert double occupancy rooms to single giving the ability to increase capacity and add additional CBRF beds for crisis residential (currently 6 bed capacity). The Board requested additional comparison data: types of patients served compared to other counties i.e. Brown County; breakdown of costs and projected impact on how it would lower costs for diversions; how many track from methadone clinic and impacts utilization of our services. Once the tri-county agreement is finalized we can move to make definite changes to programming.
- \$500,000 is being requested for contingency funding. This would be designated from cash. It is not part of the operational budget. Request has also been made to designate \$500,000 from Unrestricted Fund Balance as contingency. Any use of these contingency dollars would need NCCSP Board approval.
- **Motion/second**, Weaver/Stowe, to approve for consideration of the Board for the adoption of the 2017 budget with the Finance, Personnel and Property committee. Motion carried.
- **Motion/second**, Burgener/Bliven, to approve the Proposed 2017 Budget. No further discussion. Motion carried.

Agreement for Facilities Management Services Transition and Implementation Plan

- Marathon County wanted to see the maintenance of the NCHC buildings transition to Marathon County since Marathon County owns the property and building.

- Draft Maintenance Agreement was provided in your meeting packet for your review. Updates to the agreement will be brought back in December. We have identified four concerns: 1) Marathon County would assume preventative maintenance on NCCSP equipment. 2) Transfer of housekeeping department to Marathon County in 2018. We have not agreed to this and would like it removed at this time. 3) Regulatory Compliance – we have to be in compliance with life safety codes and we don't feel there is enough clarity when surveyors come in about who takes on the responsibility for it. Someone must know the code which is in the statutes. If Marathon County doesn't take that over we would need to hire for that. Because this has to do with our license, it was suggested that we contact the State for their recommendation. 4) On occasion, our maintenance staff would travel to Langlade and Lincoln Counties. Moving forward we would need to work with the respective county's maintenance departments and possibly develop a similar agreement.

Adjourn Joint Meeting with Finance, Personnel & Property Committee

Motion/second, Stowe/Balk, to adjourn the Finance, Personnel & Property Committee meeting at 1:26 p.m.

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