

COMMUNITY CARE CONNECTIONS OF WISCONSIN

Board Meeting Minutes: Draft

DATE: Wednesday, May 27, 2015
PLACE: CCCW Wausau Office – 1200 Lakeview Drive, Suite 100, Wausau, WI
TIME: 1-3 p.m.
PRESENT: Board Members Mary Lou Bergman, Lori Bina, Clarence Campbell, Ken Day, Peter DeSantis, Sam Hardin, David Markert, Janis Ribbens, Donna Rozar, Dale Schleeter, and Bob Weaver
EXCUSED: N/A
OTHERS PRESENT: Janna Duffy, CCCW Executive Director of Operations, Jody Kohl, CCCW Chief Human Resources and Information Officer, Kris Kubnick, CCCW Executive Director of Operations, Jason Taylor, CCCW Chief Financial Officer, Tara Adam, CCCW Executive Secretary

1. The meeting was called to order at 1:03 p.m. by Board Chair Janis Ribbens. Ms. Ribbens announced that CCCW CEO Mark Hilliker was not present at the meeting due to his attendance in Madison for the Joint Finance Committee vote on the Family Care language in the Governor's budget.
2. No public comment given.
3. New Board Members Clarence Campbell and Mary Lou Bergman were seated at today's meeting. Clarence will be representing Iron, Price, and Ashland Counties (replacing Bob Kopisch), and Mary Lou will be representing Bayfield and Douglas Counties (replacing Dee Kittleson). Both appointees will be serving a term of two years. Board Chair Ribbens described the governance of the Board and its utilization of Robert's Rules of Order.
4. Motion by Rozar, seconded by Bina, to approve the Minutes dated April 22, 2015. All voted in favor; Motion carried.
5. Board Updates/Education
 - A. Administrative Updates
 - DHS is implementing a change as of July 1 for Group C enrollments, moving them to a Group B category. This will have a financial impact of approximately \$575,000 for CCCW for the second half of 2015. There is significant concern on the change being implemented mid-contract. Ongoing conversations are taking place with the State on this issue.
 - The rep payee transition for 350 CCCW members has been going well. Over 50% of rep payee members have been transitioned to external rep payee providers with the remainder of members on target for transitioning in the 3rd Quarter 2015. There will be approximately \$150,000 in lost income for internal rep payee services.

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- The Community Resources Department is building SDS resources to increase efficiencies with the process and supporting teams. Community Supported Living options, especially in the northwest region of the state, continue to be built. Work also continues with the building of the residential rate setting methodology.
- The preliminary report from the AQR (Annual Quality Review) visit was very positive. June 4 is the deadline for CCCW to provide any feedback where MetaStar pointed out room for improvements.
- Work continues on an internal Incident Management Reporting System.
- A few changes in senior leadership were announced: Evelyn Heikenen, Member Services Manager, will be retiring in the near future. Erin Smith, a Senior Member Support Coordination Manager, will transition into Evelyn's position. Becky Bauknecht, Member Services Manager, will assume a new role as Behavioral Health Senior Manager in an effort to begin preparing for 2016 contract changes.
- CCCW has negotiated an 18-month contract with Security Health for health insurance with a 10% overall increase.

B. Wipfli Audit Presentation and Approval

Kim Heller and Kathi Krueger from Wipfli LLC were in attendance to report on the findings of the 2014 financial audit. Kim explained the purpose of the audit, how Wipfli determines what is reviewed through the audit process, and addressed information in the Required Communications Letter issued by Wipfli, highlighting the items of most importance to the Board:

- During 2014, OFCE gave a review of the organization and required Wipfli work papers for the prior year. OFCE did not have any findings related to the audit process and was satisfied with Wipfli's work from prior years.
- 2014 was a year of significant expansion for CCCW, which impacted areas Wipfli looked at regarding risk for the audit process. Revenue and expenses increased by about 60%, a large number of staff were added, I.T. systems were strained, and new lease agreements were created. All of these items related to the audit with risk where special attention was placed. Other areas where focus took place was on the I.T. system change and CareDirector process.
- The planning materiality amount, which indicates the highest amount that would be considered a material misstatement, was set at \$1.4 million. This amount was established based upon the organization's assets and revenue. The unadjusted differences threshold limit was set at \$36,000; anything over that amount is adjusted in the financial statements. The organization's total revenue for 2014 was \$211 million. Overall, the audit was found to be very clean with very good records kept.

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- No new accounting policies or changes were made in 2014. A solvency assessment was performed in 2014, which is determined to be an unusual item reported as an “other administrative expense.”
- Two accounting estimates believed to be the most sensitive are described as “accounts receivable valuation and revenue recognition” and “liability for accrued member services.” At the end of the audit, \$600,000 remained for future unpaid claims. Wipfli determined that with the expansion and magnitude of the investment, the additional amount was reasonable and appropriate.
- No items were adjusted and no items were identified that needed to be recorded as an adjustment. Positive financial statements are a result of that.
- The organization did not meet the working capital requirement at the end of December 2014. The Board was aware of this fact as they previously had approved a budgeted loss for 2014.
- The largest liability is the accrual to member liabilities at \$14 million; Wipfli was comfortable with that number.
- No illegal acts were found in the audit.
- Wipfli was very complimentary of CCCW’s staff and the high level of cooperation received from Jason Taylor, CFO, and Rebecca Blue, Controller. They stated Jason and Rebecca are very detail-oriented and conscientious. No internal control matters were discovered, and no significant materials and weaknesses, or segregation of duties were seen. There were no areas of significant concern.
- Kim announced a change for 2015 with GASB 68. This is related to establishing a new requirement for governments to report pension liability for the unfunded portion of their pension plan. As CCCW employees belong to the Wisconsin Retirement System (WRS), there is an unfunded portion, and a liability that exists in the future, of what will have to be paid for CCCW employees when they retire. This liability must be shown on financial statements.

C. CSL Presentation

Carolyn Schulein, CCCW Community Resources Manager, and Colleen Seemann, CCCW Community Resources Senior Manager, were present to explain the definition of Community Supported Living (CSL) and how it differs from other options, such as Supportive Home Care or Self-Directed Supports. They also provided a handout to the Board on CSL – “What It Is and What It Is Not.”

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D. Monitoring Reports

- Monthly Income Statement. No new net enrollment growth was seen through the first four months of 2015. Enrollments are continuing at a high level but are offset with a high number of deaths. Rate adjustments were implemented in February where cost containments are being recognized. Overall, through the first four months of the year, costs are coming in at 98% of budget. Overall net income increased to \$2.2 million at the end of April 2015.
- Quarterly Quality Indicator Report. This report outlines, among other things, current demographics for member populations and target groups. Total members who SDS are at 20% of membership. Member satisfaction is shown as high.

6. Board Discussion/Action

A. Review and Approve Annual Audit

Motion by Ken Day; seconded by Donna Rozar, to accept the Wipfli report as stated. All voted in favor; Motion carried.

B. Discussion/Action on Proposed Changes to Board Policy

A document was provided to the Board with revisions to its Board Policy regarding time-sensitive action on current issues and clarification of expense reimbursement authorization. Specifically, the revisions pertain to Section B.9.6 and B.10.1. Motion by Lori Bina; seconded by Sam Hardin, to approve the changes are provided. All voted in favor; Motion carried.

7. Next Meeting Agenda Items

- Update on Governor's Budget Proposal for Family Care and the Long-Term Care System
- Monitoring Reports
 - Monthly Income Statement
- Board Discussion/Action
 - Election of Board Officers

8. The next Board meeting will occur on **Wednesday, June 24, 2015 at 1 p.m. at CCCW's Rice Lake Location – 2500C South Main Street, Rice Lake, WI.**

9. There being no further business, the meeting was adjourned with a Motion from Weaver; seconded by Day. All voted in favor; Motion carried.

10. Meeting adjourned at 3:05 p.m.

Respectfully submitted by Tara Adam, CCCW Executive Assistant