North Los Angeles County Regional Center

Administrative Affairs Committee Meeting Minutes

August 28, 2013

Present: Yolanda Bosch, Craig Girard, Jenean Glover, Sharoll Jackson, Eric Leh, and Meredith Rimmer – Committee Members
Diane Ambrose, Jennifer Kaiser, Michele Marra, Kim Rolfes, and George Stevens – Staff Members
Ken Lane – Vendor Advisory Committee Representative
Tim DePriest – Guest

Absent: All present

I. Call to Order & Introductions

Meredith called the meeting to order at 6:03 p.m.

II. Public Input - There was no public input.

II. Consent Items

A. Approval of Revised Agenda

M/S/C (Y. Bosch/J. Glover) To approve the revised agenda as presented.

B. Approval of Minutes from July 31st Meeting

The minutes were corrected to reflect Meredith's name, rather than Craig's name, in Sections I., VI.A. and VIII.

M/S/C (Y. Bosch/J. Glover) To approve the minutes as modified.

III. Committee Business

A. Presentation on the Center's Insurance Coverage

This committee is given a presentation on the center's insurance coverage in August of each year. Kim explained that the center uses 2 insurance brokers, Chapman Insurance and Brown & Brown.

1. Chapman Insurance: Tim DePriest, managing director of Chapman Insurance, presented an overview of his company and then reviewed a summary of the insurance coverage that his company provides. The summary covered the type of policy, the company that provides the

coverage, policy term, limits, deductibles, and premiums. The center purchases our general/professional liability, excess liability, directors & officers' liability, property, excess crime, and cyber liability insurance through Chapman. The summary also included a history of the insurance premiums the center has paid for the last 3 fiscal years. The premiums in some categories have dropped while others have increased. In total, insurance premiums increased from $195,362 per year to $240,805 per year). Of the various insurance policies, cyber liability insurance increased the most (from $4,758 annually to $35,248 annually). Tim stated that this type of insurance is relatively new so its premiums are rather unstable. There was a discussion about NLACRC's privacy breach and the actions NLACRC has taken to protect our data. Kim reported that we have tightened the access to information on our lap tops to protect our data (encryption on all our lap tops plus 2 passwords). Tim ended his presentation by saying that he believes that the center's current insurance coverage is adequate, competitive, adequately covers exposure, and meets the center's contract requirements.

2. <u>Brown & Brown</u>: Kim provided an overview of the Brown and Brown company and then reviewed a summary of the insurance coverage that Brown and Brown provides NLACRC. The summary covered the type of policy, the company that provides the coverage, policy term, limits, deductibles, and premiums. The center purchases our workers compensation insurance and earthquake and flood insurance through Brown and Brown. The summary of workers compensation insurance also included a history of the insurance premiums the center has paid for the last 3 fiscal years. The workers compensation premiums in some categories have dropped while others have increased. In total, insurance premiums increased from $195,362 per year to $240,805 per year. The center continues to struggle with finding a company who will provide us with workers compensation insurance, due to our history of claims. Brown & Brown sent out requests for proposals (RFPs) to 20 different workers compensation carriers and all but 3 declined to provide us with a proposal. Of the 3 carriers that responded, the premiums were:

- Liberty Mutual: $679,726 (with a $20,000 deductible)
- State Fund: $1,045,623 (no deductible)
- Zenith: $800,000 (no deductible)

The center decided to go with coverage from Liberty Mutual. Brown & Brown also brokers insurance for the center on difference of conditions (DIC), including earthquake, earthquake sprinkler leakage, and flooding.

3. Malpractice Insurance: NLACRC reimburses our physicians for their malpractice insurance.

B. Committee Orientation (Part 2)

1. Office Location Policy
2. Outsourcing Policy

Copies of both policies were provided to the committee and reviewed. The office location policy outlines considerations that need to be made when identifying a location for a NLACRC office. The outsourcing policy simply states that the executive director will present any ideas about subcontracting to this committee prior to implementation.

C. Revisit Draft Zero Tolerance Policy

Per trailer bill language, the center must establish a zero tolerance policy on the abuse or neglect of consumers. The draft policy was presented to this committee last month and was then presented to the full board for their review and input. No input has been received from the board. However, the center's special incident report supervisor reviewed the policy and recommended some changes. Kim reviewed the changes, which were mainly cosmetic, with the committee. The committee noticed 2 additional grammatical changes that were needed on page 3:

1. The first sentence in section 8.A. should read, "…health care facilities shall ***ensure*** all of their employees …"
2. The last sentence in section 8.A. should read, "…or as soon as ***practically*** possible …"

M/S/C (Y. Bosch/J. Glover) To present the Draft Zero Tolerance Policy on Consumer Abuse and Neglect to the Board of Trustees, as modified, for approval.

D. Revisit Draft Recovery Policy

The draft policy was presented to this committee last month and was then presented to the full board for their review and input. No input has been received from the board.

M/S/C (J. Glover/C. Girard) To present the draft Recovery Policy to the Board of Trustees for approval.

E. Report on Sales Tax Information

As discussed at last month's meeting, the regional centers' contract with the Department of Developmental Services (DDS) contains a section that lists what types of payments should be considered "administrative costs." One of the items on the list is taxes. The definition of taxes is not well-defined in statute as such sales taxes might be interpreted to be a tax that must be included in NLACRC's administrative costs. If we begin including sales tax in our administrative costs, it could cause NLACRC to exceed the statutory 15% administrative cost cap and could potentially cause a problem for us in operations. At the request of the committee last month, Kim obtained an opinion from our attorney and CPA firm and Kim contacted a few other regional centers to determine their allocation practices for sales taxes. Our attorney believes we have a strong case *against* including sales tax in our administrative costs when the purchase is related to direct services. Our CPA firm provided the same recommendation as our legal counsel. The 4 other regional centers contacted by Kim are currently allocating sales taxes to purchases related to direct services. Further this has not been an issue shared by the DDS auditors nor has it been an audit issue at the 4 regional centers Kim contacted. Kim reported that the center will continue to allocate sales taxes to direct services when the purchase is related to direct services as per our current practice.

F. Financial Report for July 2013

The financial report showed that the operations budget is $27,873,912 with projected expenses of $27,938,428, leaving a deficit of $64,516. The purchase of service (POS) budget is $221,176,222 with projected expenses of $221,205,267 leaving a deficit of $29,045. The family resource center budget has not been sent yet, so the total budget for this fiscal year, so far, is $249,050,134. Kim noted that we will not have a realistic POS projection until we complete our first sufficiency of allocation report (SOAR) in October.

Per trailer bill language, regional centers must spend no more than 15% of their budget on administrative costs. Based on the first month of the fiscal year, the center's administrative operating expenses are at 15.7%, with direct care expenses at 84.3%, so we are not in compliance with trailer bill language. However, Kim explained that the center has many one-time expenses that are paid at the beginning of the fiscal year (e.g. insurance, maintenance), which is why the administrative costs are high. However, it is just our annual number that needs to be under 15%, so Kim believes that this won't be a problem. But she will keep an eye on it.

G. 4th Quarter Financial Graphs

Copies of the graphs were provided and reviewed. The graph showed no surplus or deficit in July or August because DDS had not provided centers with their POS allocations yet. Starting in September, the projected POS deficit was between $19 million and $25 million, which continued to increase in October and November. The POS deficit has been steadily decreasing and for the 4th quarter, the graphs reflect a projected POS deficit of $12,241.104.

H. Late Bill Report for July 2013

The use of electronic billing has reduced the number of late bills. They are currently averaging about 19%.

I. Intermediate Care Facility (ICF) Statement Plan Amendment (SPA) Report for July 2013

Kim explained that she revised the monthly ICF/SPA report and copies of that report were provided to the committee. For FY 2013-14, NLACRC has invoiced DDS $694,114.05 for the July 2013 service month. Since DDS has not yet disbursed any payments to our ICF service providers for the July 2013 service month, NLACRC has not received any payments. For FY 2012-13, NLACRC has invoiced DDS a total of $7,813,749.05 for the fiscal year. NLACRC has received a total of $6,317,170.82 for the fiscal year; there remains a total of $1,496,578.23 that still due to be paid to NLACRC by our ICF service providers.

J. Approval of Contract with Nicolette Barischoff

M/S/C (Y. Bosch/S. Jackson) To approve the 5-year contract with Nicolette Barischoff, in the amount of $928.397, as presented, and to present it to the Board of Trustees for approval.

K. Family Home Agency (FHA) Audit

DDS conducted a monitoring review of our 2 FHA agencies and found that they with in compliance with 7 of the regulations and out of compliance with 5 of them:

1. Contract and vendorization
2. Program design
3. Abuse and special incident reports
4. Termination of residence

5. Monitoring and sanctions

Copies of DDS's letter outlining the issues in each area, and the center's response letter, outlining the steps NLACRC has taken to bring them into compliance, were provided to the committee.

L. 4th Quarter Report on U.S. Bank PRMT Transactions – *Deferred*

Kim explained that the report was not ready because U.S. Bank hadn't issued us an invoice as yet.

M. Review FY 2012-13 Committee Action Log

All of the actions taken by the board and its committees are entered into a log. After the new fiscal year starts, each board committee is given a copy of their action log so they can see what actions the previous committee took during the year. Copies of the committee's action log were provided and reviewed.

N. Human Resources Activity Summary for August 2013

Copies of the summary were distributed and reviewed. The summary included the following information:

1.	FY 2012-13 authorized positions	414
2.	Authorized positions on hold (not to be filled)	-33
3.	Active authorized positions	381
4.	Active positions filled	-370
5.	Open positions vacant	11
6.	<u>Monthly hiring activity</u> ▪ Vacant positions: 14 ▪ Separations: <u>+ 5</u> 19 ▪ New hires: <u>- 8</u> 11	

The current annual turnover rate is 0.11%. Michele added that she will be drafting a staffing plan for next fiscal year once Vini Montague returns from vacation and has the opportunity to analyze the center's operations budget.

O. Board Audit: Ensure Personnel Policies are in Compliance with DDS Contract

The center has developed a zero tolerance policy on consumer abuse and neglect and has implemented DDS's new conflict of interest statement.

P. Summary of Audits from FY 2012-13

Our contract with DDS requires us to audit a certain number of service providers. Last fiscal year, we were required to conduct 12, but conducted 21. As a result, we recovered nearly $40,000 in overpayments.

Q. Early Start Family Resource Center Allocation

Approximately $4 million was deducted from California's Part C grant due to federal sequestration and the reallocation of funds among states. As a result, the budget for our family resource center has been reduced from $122,721 to $113,321. However, we want to keep our family resource center whole and do not want them to lose any staff, so we will be supplementing their budget to bring it back to $122,721 annually.

V. Items for the Next Board Meeting Agenda

The following items were identified for the September 11th board meeting agenda:

A. Minutes of August 28th Meeting
B. Financial Report for July 2013
* C. Approval of Contracts
* D. Approval of Zero Tolerance Policy
* E. Approval of Recovery Policy

VI. Announcements / Information

A. Complete Meeting Evaluations

Meredith asked the committee members to please complete evaluations after the meeting and submit them to her with any comments.

B. Next Meeting: *Tuesday*, September 24th, at 6:00 p.m.

VII. Adjournment

Meredith adjourned the meeting at 7:18 p.m.

Submitted by,

Jennifer Kaiser

Jennifer Kaiser
Executive Assistant

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* Board Action Items