

North Los Angeles County Regional Center
Administrative Affairs Committee Meeting Minutes

August 25, 2021

Present: Marianne Davis, Lety Garcia, Lillian Martinez, and Jeremy Sunderland – Committee Members
Kevin Shields – VAC Representative
Cheryl Blizin, Ruth Janka, Tiffani Jones-Newman, Michele Marra, Vini Montague, Kim Rolfes, Jesse Weller and Lilliana Windover – Staff Members
Simone Khanna, Don Wood - Guests

Absent: Ana Quiles

I. Call to Order & Introductions

Marianne Davis called the meeting to order at 6:02 p.m.

Guests: Simone Khanna, Regional Vice President of Gallagher Insurance to review the insurance plan, and Don Wood, Attorney with Wood & Finck to participate in the Maxim contract discussion.

II. Public Input

There was no public input.

III. Consent Items

A. Approval of Revised Agenda

Note that agenda item IV.H.1 regarding the Maxim contract would actually be two (2) separate items; 1) 2nd Amendment to the prior five-year contract ended June 30, 2021; 2) Five-year renewal contract effective July 1, 2021

M/S/C (L. Garcia / J. Sunderland) To approve the revised agenda as modified.

B. Approval of Minutes from the July 28th meeting

M/S/C (J. Sunderland/ L. Garcia) To approve meeting minutes as presented.

IV. Committee Business

A. Review Center's Insurance for FY2021-22

Copies of the center's insurance coverage report were provided to the committee. Simone Khanna of Gallagher Insurance reviewed the center's insurance coverage and the annual premium with the committee:

- General/professional liability: \$119,174 (\$13,833 more than previous year due to a 9% increase in the number of professional staff)
- Excess liability: \$57,724 (\$1,435 more)
- Directors & officers liability: \$86,873 (\$2,673 more, due to a 23% increase in annual revenue from \$507M to \$622M)
- Property: \$49,017(\$6,421 more, due to a 24% increase in total property values)
- Excess crime: \$9,434 (\$995 more due to slight increase in staff count and market trends)
- Earthquake/flood: \$51,625 (\$3,188 more due to increase in property value and market trends)
- Cyber liability: \$50,072 (\$17,123 more due to increase in revenue)
- Fiduciary liability: \$5,111 (\$243 more due to 14% increase in Plan Assets)
- Employed lawyers professional liability: \$8,703 (same as prior year)
- Workers compensation: \$622,816 (\$115,369 decrease due to a decrease in Experience Modification/claims frequency of 13%)

The total premium for all policies was \$1,060,549 for FY2021-2022, and was \$65,855 less than the total premium for all polices for FY 2020-2021.

B. FY 2021-22 Financial Report

FY2021-2022 Financial Report for the service month of July 2021 was reviewed with the committee. The Center's projected C preliminary operations budget allocation was \$51,837,981 and the Purchase of Service (POS) budget was \$515,732,507 for a total budget of \$567,570,551. The Center anticipates receiving the C-1 amendment allocation in the next few weeks from DDS, which will provide the Center with additional operations and POS funding. During the July 2021 service month, the Center spent a total of \$43,772,581, and year to date expenditures were the same. Currently there is no projected surplus or deficit, as the first POS Projected Expenditure

Report is not due until December 10, 2021. The Center's year-to-date (YTD) administrative operating expenses were 16.5 %, which is over the statutory 15% administrative cost cap. This is because during the beginning of each fiscal year some of the annual insurance premiums paid in July must be allocated to Administrative costs, pursuant to statute, such as property insurance or liability insurance directly associated with administrative functions. Reporting of administrative expenses over the statutory cap is typical and expected during the first month of the fiscal year. It was explained that as the Center incurs expenditures over the remaining service months of the fiscal year, the administrative costs will decrease as more direct expenditures are incurred. The Center's compliance with the administrative cost cap is based on the Center's total annual expenditures, which would be at the end of the fiscal year, once all operating expenditures have been incurred.

1. Change in FY2021 PEP Surplus/(Deficit) Change Report as of August 10, 2021

Copies of the August 10, 2021 PEP Surplus/(Deficit) Change Report was provided and reviewed with the Committee. The report is typically shared with the Board; however, due to the timing of the Board meeting in August, the report was not available for the August Board meeting. The report was reviewed with the committee and reported that the Center's projected total Purchase of Service surplus of \$21,189,990 had decreased by \$29,006, as compared to the prior month.

2. Statewide RC Purchase of Service Expenditure Projection Report

Copies of the August 10, 2021 report were provided to and reviewed with the Committee.

According to the report, all of the 21 regional centers are projecting a potential POS surplus for this fiscal year. Statewide, the regional center system is projecting a POS surplus of approximately \$366.2 million. NLACRC is #15 in Projected Deficit/Surplus, #13 in Per Capita Allocation, #12 in Per Capita Expenditures, and #10 in the Percent of Deficit to Contract in the state. The percentage of change from the original PEP to current PEP is .12%, and NLACRC ranked #13 statewide.

3. COVID-19 Related Expenses Report

Copies of the 2021 COVID-19 related expenditures reports were provided to and reviewed with the Committee.

The reports were reviewed with the Committee, which are summarized below:

FY2019-2020 Operations expenses: \$171,696.98
FY2019-2020 POS expenses: \$19,454,810.26
FY2020-2021 Operations expenses: \$625,041.24
FY2020-2021 POS expenses: \$70,042,206.77
FY2021-2022 Operations expenses: \$136,706.87
FY2021-2022 POS expenses: \$ 18,234,139.09

4. Statewide Regional Center COVID-19 Related Expenses & CARE's Act Funding as of August 1, 2021

Copies of the Statewide Regional Center FY2019-20 and FY2020-21 COVID-19 Expenditure Tracker and CARES Act Funding report were provided to the committee. The report was reviewed with the committee which is summarized below:

FY2019-2020 Statewide Operations COVID-19 expenses: \$6,202,709
FY2019-2020 Statewide POS COVID-19 expenses: \$688,024,674
Statewide there is total projected deficit of \$490,127,383

FY2020-2021 Statewide Operations COVID-19 expenses: \$7,293,022
FY2020-2021 Statewide POS COVID-19 expenses: \$1,075,002,002
Statewide there is total projected deficit of \$828,194,024

FY2021-2022 Statewide Operations COVID-19 expenses: \$1,925,894
FY2021-2022 Statewide POS COVID-19 expenses: \$170,597,584
Note that we have not received the FY2021-2022 plan from DDS yet.

Total Statewide CARES Act Funds Received by Centers: \$8,830,457

5. FY 2020-2021 Provider Relief Funds Financial Report

The FY2020-2021 Provider Relief Funds Financial Report for the service month of July 2021 was reviewed with the committee. The report showed the Center received \$991,226.62 in funding. Year-to-date expenditures were \$968,637.19 with a remaining balance of \$22,589.44, which needs to be spent by December 31, 2021. Most of the expenditures have been used for technology, including laptops for employees.

C. Final FY2018-2019 Financial Report

The final financial report for the closed contract year FY2018-19 was reviewed with the committee. The final total allocation amount was \$505,104,931, of which we spent \$499,984,190. In regular operations, we reverted \$178,298 to the Department. For POS, we reverted \$4,890,139.34. The department gave the center an allocation based on both the Center's PEP report and the amount the department anticipated the Center would need for POS expenditures, which resulted in a surplus. Additionally, NLACRC received CPP/CRDP start-up funding thru the Integrated Project (Harbor Regional Center) to develop specialized residential facilities for consumers placed out of the developmental center or at risk of being placed at a developmental center. There was \$52,303.13 of funds reverted under the POS-CPP project through the Integrated Project (Harbor Regional Center).

D. 4th Quarter Report on U.S. Bank Transactions (PRMT)

The FY2020-21 4th quarter PRMT transactions report was reviewed with the committee. Note that this information is usually presented to the PRMT committee but due to timing of when the invoice was received, the report was not available for the July meeting. Total fees for the 4th quarter were \$36,531.94, and total fees for the year were \$136,233.27.

E. 4th Quarter Report on U.S. Bank Transactions (UAL)

The FY2020-21 4th quarter UAL transactions report was reviewed with the committee. Total fees for the 4th quarter were \$7,223.92, and total fees for the year were \$25,611.22.

F. Review FY2020-21 Action Log – Deferred

G. Regional Center's Contract with DDS: Deferred

Deferred until new contract language is received, which will be presented to

Administrative Affairs Committee for review.

H. Approval of Contracts

1. Maxim (PL1025-062) FY2021 – Second Amendment
2. Maxim (PL1025-062) FY2022 – Renewal contract effective July 1, 2021

Regional center staff met with Maxim to discuss the concerns brought forward by this committee regarding Maxim's usual and customary rate being higher than the rates we can offer providers who have a negotiated rate or median rate. A subsequent meeting was held on August 24, 2021 with Maxim, where they proposed lowering their proposed usual and customary rate from \$34 per hour to \$33 per hour. This discounted rate would apply to the second amendment to the FY2021 contract effective March 1, 2021 to June 30, 2021, and to the renewal contract effective July 1, 2021.

Discussion continued regarding that the \$33 usual and customary rate still seemed quite high, considering that the regional center median rate is \$20.14, and the averaged rate for providers is \$26.66. There is also a concern that the increase in rate is not passed down to the wage-worker level. Options to avoid the increase include continuing negotiations to try to reach a lower rate, or to deny the rate increase by stating that the Board did not approve the rate adjustment. The latter option would necessitate finding another vendor that can accommodate the 80 consumers currently served by Maxim's contract.

M/S/C (L. Garcia/ J. Sunderland), Abstention L. Martinez to recommend: 1) review contract further to identify if we have a vendor that can handle the 80 consumers; and 2) do the rate comparison of the dollars that are saved by going with another vendor and report back to the Committee.

I. Executed Contracts by NLACRC

1. POS Contract Renewal(s)
One (1) new contract was executed
2. No Report: Addition of New Sub-Code to Existing POS Contract
3. No Report: Health & Safety Exemptions approved by DDS

4. No Report: Addition of CIE & PIP Services to Existing POS Contract(s)
5. New POS Service Contracts:
Four (4) new contracts were executed
6. Addition of New COVID-19 Sub-Code to Existing POS Contract:
Twelve (12) contracts were executed to add new COVID-19-related Sub-Codes
7. No Report: Health & Safety Exemptions approved by Executive Director under DDS Directive dated August 15, 2020 due to COVID-19
8. No Report: Service Provider Revision to Existing Program Design

J. Intermediate Care Facility (ICF) and State Plan Amendment (SPA) Summary

The committee was provided the ICF/SPA billing summary and the ICF/SPA outstanding receivables report, dated August 19, 2021 in the meeting packet and the reports were shared with the committee. By fiscal year, the amount of cash disbursed by NLACRC that has not been reimbursed to NLACRC by ICF service providers is:

1. FY 2021-22: \$ 461,577
2. FY 2020-21: 2,752,152
3. FY 2019-20: 51,380
4. FY 2018-19: 19,206

Total: \$3,284,313

Month-to-month change was an increase of 18.2%.

K. Human Resources

1. Ensure Personnel Policies are in Compliance with DDS Contract

Defer until we receive new contract language.

2. Monthly Human Resources Report (Attachment)

Copies of the monthly human resource summary as of August 25, 2021 were presented to and reviewed by the committee.

The summary included the following information:

FY 2021-22 Authorized Positions	628
Open positions on hold	0
Open positions vacant	-66
Separations	-6
Sub-total	556
New hires	13
Positions filled	569

Updates on recruiting efforts in the past month that include contacting temp agencies and other external sources for candidates to fill the HR Director position. Also as a result of these contacts we have a couple of candidates who we are in the process of scheduling interviews and one phone screen to be scheduled, with an aim to hire a qualified candidate by October if not sooner. Also, HR and the Case Management leadership team have been working together to streamline the CSC recruitment efforts to support growth. Plan to hire an additional 43 CSCs during the FY2021-22. For FY2022-23, we anticipate needing to hire an additional 100 CSCs to meet the caseload ratio requirements. Rigorous recruitment efforts are required and to support these efforts, Case Management supervisors from all 3 offices will participate in weekly panel interviews, with the potential to interview 24 applicants weekly.

HR is also developing a plan to accelerate non-CSC recruitment and details will be shared at the next meeting. Increasing the use of LinkedIn by adding 4 additional slots, and utilizing Dice to help recruit technology candidates. Also increasing recruitment efforts on social media (Twitter, Facebook and Instagram). A comprehensive list of the sources that HR is using for recruitment will be shared at the next meeting. We are also expanding our recruiting HR staff to support our recruitment initiatives.

L. Revised Contract Policy and Board Support Policy

Copies of the revised Contract Policy and Board Support Policy were provided to and reviewed with the Committee. The recommended

changes were brought forward to the Board on August 11th for review.

M/S/C (J. Sunderland / L. Garcia) to submit modified Contract Policy and Board Support Policy to the Board for final approval.

V. Items for the Next Board Meeting

The following items were identified for the committee's section of the September 9th board meeting agenda:

- A. Minutes of the August 25th Meeting
- B. FY 2021-22 Financial Report
- C. FY 2020-21 Provider Relief Funds Financial Report
- D. Final FY2018-19 Financial Report
- E. Revised Contract Policy and Board Support Policy
- F. Approval of Contracts

VI. Executive Session

M/S/C (J. Sunderland/L. Martinez) to enter Executive Session at 8:00 pm

- A. Personnel Matter

Executive session ended at 8:04 pm

VII. Announcements/Information/Public Input

- A. Next Meeting: Wednesday, September 29th at 6:00 p.m.

VIII. Adjournment

Marianne Davis adjourned the meeting at 8:05 p.m.

Submitted by,

Cheryl Blizin
Executive Assistant

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