

REQUEST FOR BOARD ACTION / CONTRACT CONTROL FORM

Tracking Number: 1.

Date of Request: July 29, 2008

Date Request Received: July 29, 2008

Board Meeting Date Requested: August 4, 2008

Board Meeting Date Assigned: August 4, 2008

Short Title: Update On The Status Of Southeastern Center For Mental Health Services: Dr. Art Costantini, Area Director, & Susan Robbins, Chairman, Southeastern Mental Health Board.

Request Status:
 Request is proceeding to Board of Commissioners
 More information is needed – see attached
 Request on hold – no further information needed
 Other:

Background: Commissioner Rivenbark requested Dr. Costantini and Ms. Robbins to make a presentation to the Board on the status of Southeastern Center for Mental Health Services.

A copy of a letter and report from the North Carolina Department of Health and Human Services is attached.

(Administrative Use Only)

Specific Action Requested: Receive the presentation.

CONTRACT TYPE

Requested by: F.D. Rivenbark
Department:
Title: Commissioner
Contact Phone: 259-1200
Contact Fax:

Renewal
 For Service(s)
 Intergovernmental – County as Grantee
 County as Grantor
 Federal Grantor
 State Grantor
 Grant or
 County Funds
 Other Funds
 Revision
 For Equipment

PURCHASING Budgeted Item: Yes No
Date Rec'd: Reviewed and Approved
 Comments on Reverse

Date Sent: Signed:

ATTORNEY Reviewed and Approved
Date Rec'd: Legal Problem(s)
 Comments on Reverse

Date Sent: Signed:

FINANCE Sufficient Funds Available
Date Rec'd: Not Available
 Budget Amendment Necessary
 Budgeted Amendment is Attached
 Comments on Reverse

Date Sent: Signed:

CLERK Signature(s) Required:
 Board Chairman/County Manager
 Other:

Date Rec'd Approved by Board: Yes No
At meeting on



North Carolina Department of Health and Human Services

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Michael F. Easley, Governor

Dempsey Benton, Secretary

July 29, 2008

Arthur F. Costantini, Ph.D., Area Director
Southeastern Center for MH/DD/SA Services
P. O. Box 4147
Wilmington, NC 28406

Dear Dr. Costantini:

On March 13, 2008 the Department of Health and Human Services (DHHS) issued official notification to Southeastern Center, its Board of Directors, and the chairs of the Boards of County Commissioners of Brunswick, New Hanover and Pender Counties that DHHS had determined that Southeastern was at imminent danger of failing financially. That notification advised the Center that if a solution could not be implemented in short order, the Department would have no choice but to exercise its statutory authority as outlined in G. S. 122C-125.

We appreciate the efforts that you and your staff have undertaken to try to resolve the Center's financial difficulties. Unfortunately, we do not believe that to date those efforts have been sufficient to ensure the Center's long-term financial viability and its ability to continue to provide adequate services for consumers. We have concluded that it is time for the Department to fulfill its statutory obligations.

Effective August 1, 2008, DHHS will assume control of the financial affairs of Southeastern Center. Ms. Joy Futrell, Assistant Area Director of East Carolina Behavioral Health, will serve as the DHHS administrator for Southeastern Center during the time that the state retains control of the Center's financial affairs. As the DHHS administrator, Ms. Futrell will not replace or displace any of the existing management staff at Southeastern Center. She will work in conjunction with Southeastern management and other Division staff to develop and implement a corrective action plan designed to ensure the Center's finances are stabilized and services to consumers are appropriately funded. Ms. Futrell will report in this role to Leza Wainwright, Co-Director of the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services; her first day on-site at Southeastern Center will be August 5, 2008.



Arthur F. Costantini, Ph.D., Area Director
July 29, 2008
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The attached document outlines the roles and responsibilities of the Department and Southeastern Center during the time that DHHS holds control of Southeastern's finances. It is our goal to complete development and implementation of the corrective action plan within ninety days in order to return full responsibility for the financial affairs of Southeastern to its Board and management as quickly as possible.

I know we share the goal of restoring Southeastern Center to financial health and ensuring that needed services remain available for consumers. We believe these actions are necessary to achieve that goal.

Please contact Leza Wainwright if you have any questions regarding this action or the roles and responsibilities outlined in the attachment.

Sincerely,



Dempsey Benton

Attachment

cc: Janice Nichols, Chair, Southeastern Board of Directors
Marty Lawing, Brunswick County Manager
Bruce Shell, New Hanover County Manager
Paul Parker, Pender County Interim Manager
Sen. Julia Boseman
Sen. R. C. Soles
Rep. Dewey Hill
Rep. Sandra Spaulding Hughes
Rep. Carolyn Justice
Rep. Danny McComas
Rep. Bonner Stiller
Joy Futrell
Leza Wainwright
Roy Wilson
Michael Lancaster, MD
William Lawrence, MD
Phillip Hoffman
Dick Oliver
Marie Kelley
Cathy Macemore
Dennis Farley
Flo Stein

Roles and Responsibilities under DHHS Assumption of Control of the Financial Affairs of Southeastern Center

DHHS Administrator

- Perform root cause analysis to diagnose reasons for current financial problems. Includes:
 - Review of implementation of information technology systems
 - Review of integration of functions between various information technology systems
 - Interaction and relationship between utilization management, quality management, provider relations, and financial functions of the LME
 - Accuracy and adequacy of financial records and reporting
 - Encumbrance and accrual systems, policies and processes (usage of IBNR (Incurred by not reported) information)
 - Ability to create standardized and ad hoc management reports
 - Provider contracting, monitoring and claims processing policies and processes
 - Financial forecasting processes and procedures
 - Use of state, county and federal funds, including use of UCR and non-UCR service funds
- Work with Southeastern staff to design and implement corrective action plan to address deficiencies identified. Includes:
 - Plan for maximum utilization of services dollars through allocation of service dollars between disabilities, UCR and non-UCR, and among provider community
 - Potential changes to provider contracting, monitoring, and claims payment processes
 - Potential changes to service authorization process and integration of authorizations with financial records
 - Development of a sustainable budget for service funds
 - Potential modifications to information technology systems
 - Development of routine financial and provider activity reports for use in management decision-making
 - Potential changes to service array and choice of providers offered to recipients of state- and county-funded services.
- Present corrective action plan to DHHS for final approval. Present approved plan to Southeastern Center Board for adoption. Ensure Board understands requirements of plan.
- Final approval of any budget amendments proposed by Southeastern Center during DHHS control.
- Final approval of any contract amendments or new contract initiations proposed by Southeastern Center during DHHS control.
- Final approval of all non-direct service related expenditures proposed by Southeastern Center totaling \$5,000 or more during DHHS control.
- Final approval of any grant proposals prepared by Southeastern Center during DHHS control.
- Review and approval for completeness of financial reports to be submitted to the Board, DHHS, and the counties during DHHS control. Ensure all required reports are submitted in a timely manner during DHHS control.

Southeastern Center

- Operation and management of all LME functions in compliance with the DHHS LME Performance contract to include, but not limited to the day-to-day operations below:
 - Authorizing services
 - Processing provider claims for payment
 - Monitoring providers
 - Paying claims and other invoices
 - Operating information technology system
 - Ordering routine administrative goods and services
 - Customer Services
 - Care Coordination
 - STR
 - Training/Technical Assistance to Providers
- Work with DHHS administrator to develop and implement corrective action plan.
- Prepare a weekly measurable outcome based progress report that indicates any implementation barriers.
- Prepare all required financial reports for review by DHHS administrator in a timely manner.
- Prepare any proposed budget amendments for review and approval of DHHS administrator.
- Prepare any proposed contract amendments or new contracts for review and approval of DHHS administrator.
- Provide adequate office space and technology connectivity to DHHS Representatives.
- Make available all policies, procedures and data/reports in a timely manner as requested by DHHS Representatives.