



REQUEST FOR BOARD ACTION

ITEM NO. 14.

DATE OF REQUEST: February 10, 2009

REQUESTED BY: Foster Norman, Area SEMH Director

SHORT TITLE: Resolution Requesting Consent on Funding Request

BACKGROUND: The Area Board for SEMH voted unanimously on January 29, 2009 to request the return of \$2 million from New Hanover County (part of \$5 million previously earmarked by SEMH for a new facility and held in escrow by New Hanover County) to enable the Center to pay for services for the remainder of this fiscal year. A significant portion of SEMH funding for this fiscal year was expended in the first seven months of the fiscal year, and additional funds are necessary to continue services. A plan has been developed by SEMH and implemented to avoid this situation in future years, a copy of which is attached. SEMH is requesting consent by all three counties.

Because of the time sensitive nature of the issue, Mr. Norman is requesting approval of this item for the February 16, 2009 Board of Commissioners meeting.

SPECIFIC ACTION REQUESTED: To consider a resolution consenting to the request by SEMH for \$2 million in funding previously set aside for a new facility.

COUNTY MANAGER'S RECOMMENDATION

Respectfully recommend approval.

JB

Initial

RESOLUTION

NOW, THEREFORE BE IT RESOLVED by the Pender County Board of Commissioners that:

The Board of Commissioners of Pender County do hereby consent to the request by SEMH for \$2 million in funding from \$5 million in funding previously set aside for a new facility is approved. The County Manager and/or Chairman shall have the authority to execute any and all documents related to this resolution.

AMENDMENTS:

MOVED _____ SECONDED _____

APPROVED _____ DENIED _____ UNANIMOUS

YEA VOTES: Tate ___ Brown ___ Blanchard ___ Rivenbark ___ Williams ___

Jimmy T. Tate, Chairman

Date

ATTEST

Date

Southeastern Center
For
Mental Health, Developmental Disabilities, & Substance Abuse Services
Serving Brunswick, New Hanover, & Pender Counties

2023 South 17th Street, Post Office Box 4147, Wilmington, NC 28406
(910) 332-6888, Fax (910) 332-6780, 1-800-293-6440

Foster Norman
Area Director

February 9, 2009

Mr. Rick Benton
Pender County Manager
Post Office Box 5
Burgaw, North Carolina 28425

Dear Rick,

I am writing as a follow-up to our conversation on Thursday, February 5, 2009. The purpose of this letter is to outline Southeastern Center's (SEC) financial issues and to request county commissioner consideration and passage of the request to New Hanover County.

The basic issue is that SEC has expended its state dollar allocation faster than what would be normally expected. For fiscal year 2007-2008, SEC utilized \$2.3 million of fund balance money along with its state allocation to pay for a variety of services it authorized private providers to deliver. For the current fiscal year 2008-2009, SEC has, as of January 2009, expended over 70% of its state/federal dollars and has no money left for general services to children having a mental illness, children having a developmental disability, adults having a mental illness, and adults having a substance abuse issue. Most of the remaining funds are targeted by the Division of Mental Health for very specific disabilities and programs. SEC's unrestricted fund balance is currently at less than the required 8% of budget; therefore, tapping into the fund balance as was done previously is not an option.

To resolve this years' issue, the Area Board has requested New Hanover County refund \$2 million of the \$5 million that SEC previously provided the county for the purpose of a new facility. The original agreement to provide New Hanover County with these funds was approved by all three sets of county commissioners. Therefore, SEC through the enclosed resolution, requests Pender County Commissioners approval to make a contract amendment with New Hanover County, consequently making available the requested funding.

Also, enclosed please find the strategies that have been put into place that will assure SEC does not face this situation in future years. The outcome of these strategies is to create mechanisms whereby funding will be extended across the entire fiscal year and will not be utilized in shorter time periods as has been the case in the past two fiscal years.

As you know, this issue is urgent for SEC and we ask that this issue be addressed with the Pender County Commissioners on February 16, 2009.

If you have any questions, please let me know.

Best Regards,

Foster Norman

Foster Norman
Area Director

FN/gp

Enclosure

*Southeastern Center
For
Mental Health, Developmental Disabilities, & Substance Abuse Services
Serving Brunswick, New Hanover, & Pender Counties*

2023 South 17th Street, Post Office Box 4147, Wilmington, NC 28406
(910) 332-6888, Fax (910) 332-6780, 1-800-293-6440

~~Foster Norman~~
Area Director



January 30, 2009

Mr. Bruce T. Shell, County Manager
230 Government Center Drive, Suite 195
Wilmington, North Carolina 28403

Mr. Ted Davis, Jr., Chair
New Hanover County Commissioners
230 Government Center Drive, Suite 175
Wilmington, North Carolina 28403

Dr. Mr. Shell and Mr. Davis;

At the January 29, 2009 Area Board meeting for Southeast Center, the Area Board voted unanimously to request the return of two (2) million dollars from New Hanover County, that is a part of the five (5) million dollars previously provided by Southeastern Center for facility construction.

As you know, the reason for the request is the need that Southeastern Center has to pay for services for the remainder of the current fiscal year. Attached is a plan that addresses the issues we have encountered and one that will avoid any such issues in the future. At a future Area Board meeting, the Area Board will discuss its continued need for a new building.

We appreciate the cooperation and support of the county. If there are any questions, please contact me or Foster Norman, Area Director.

Best regards,

A handwritten signature in black ink, appearing to be "Fred Blankenhorn".

Fred Blankenhorn
Area Board Chair

FB/gp

Attachment

✓ Cc: Chris Coudriet, Asst. NH County Manager

Southeastern Center State Dollar Funding Plan

Southeastern center for MH/DD/SA (SEC) has experienced a situation where it has earned and expended unit cost reimbursement, (UCR) state dollar funding at a rate that result in a significant portion of funds having been expended within the first seven months of the fiscal year. Although the expenditures have taken place between July 1, 2008 and January 30, 2009, the expenditures actually cover service delivery for the time period of May 1, 2008 through January 30, 2009. The result is that SEC, at January 30, 2009, has no UCR state dollars for adult and child mental health, child developmental disabilities, or adult substance abuse. In order to avoid this situation in future years, the following plan has been developed and implemented.

- (1) SEC has developed the information technology capacity to track and monitor authorizations for service and spending trends and comparison data of the value of authorizations against available funding.
- (2) SEC has developed and implemented a Consumer Service Limit grid that lists each service available and identifies the volume of service that may be authorized for each service.
- (3) SEC has developed and implemented procedures that guide staff in the authorization process.
- (4) SEC has developed and is in the process of implementing staff training plans that will further educate clinicians in making appropriate authorization decisions.
- (5) SEC has developed a standard set of reports that are regularly reviewed by the Area Director, Finance Officer, and Management Team.
- (6) SEC has developed procedures that prompt the agency to review and make decisions when specific pre-identified "triggers" are reached.
- (7) SEC shall authorize services as appropriate within available funding and funding shall be spread evenly across the entire fiscal year.
- (8) The Area Board shall receive an income statement, a balance sheet, and a report of state dollar earnings on a monthly basis. Each county manager shall receive the same reports.
- (9) The Area Board and Management team shall develop an annual budget that is completed using a process that allocates specific amounts of funding to specific age/disability categories by service need. These dollar values shall be converted into units of service that are then used for authorization purposes. This budget plan will be reviewed monthly to determine whether adjustments are necessary.