

North Los Angeles County Regional Center
Administrative Affairs Committee Meeting Minutes

April 27, 2016

Present: Dan Becerra (via teleconference), Jenean Glover, Debra Newman, and Lou Paparozzi – Committee Members
Ken Lane – Vendor Advisory Committee Representative
Susana Galiano - Guest
Diane Ambrose, Jennifer Kaiser, Michele Marra, Vini Montague, Kim Rolfes, and George Stevens – Staff Members

Absent: All present

I. Call to Order & Introductions

Lou called the meeting to order, for Dan, at 6:15 p.m.

II. Public Input – There was no public input.

III. Consent Items

A. Approval of Agenda

Another executive session was added after the consent items to discuss an employee issue.

M/S/C (D. Becerra/J. Glover) To approve the agenda as modified.

B. Approval of Minutes from March 30th Meeting

M/S/C (D. Newman/J. Glover) To approve the minutes as presented.

IV. Executive Session

A. Employee Issue

The committee went into executive session at 6:13 p.m. The executive session ended at 6:57 p.m. and the meeting resumed.

V. Committee Business

A. Approval to Pay FY 2016-17 ARCA Dues

The ARCA dues are \$82,530, which is the same amount as last year, however there is a \$2,067 one-time training and information group assessment added.

M/S/C (D. Newman/J. Glover) To recommend to the Board of Trustees to approve paying the ARCA dues and one-time training and information group assessment, as billed.

B. Contracts

1. Contracts for Review and Recommendation

- a. Lifenvest, Inc. dba Blue Livin' Supports
- b. Noble Care Providers, LLC
- c. Care 4 U, LLC
- d. Welby Medical Services, Inc. dba All Saints Home Care

M/S/C (D. Newman/J. Glover) To recommend to the Executive Committee to approve the following contracts, as presented, on behalf of the Board of Trustees: 1) Lifenvest, Inc. dba Blue Livin' Supports; 2) Noble Care Providers LLC; 3) Care 4 U LLC; and 4) Welby Medical Services, Inc. dba All Saints Home Care.

- e. Aacres CA, LLC (Bircher)
- f. Aacres CA, LLC (Quartz)
- g. Premier Healthcare Services, LLC
- h. Modern Support Services, LLC

M/S/C (D. Newman/J. Glover) To recommend to the Board of Trustees to approve the following contracts, as presented: 1) Aacres CA, LLC (Bircher); 2) Aacres CA, LLC (Quartz); 3) Premier Healthcare Services, LLC; and 4) Modern Support Services, LLC.

- i. Tydak Consulting Services, LLC

M/S/C (D. Newman/J. Glover) To recommend to the Board of Trustees to approve the contract with Tydak Consulting Services, LLC, as presented.

- j. Board Resolution for Service Providers' 5% Rate Increase, Increase in Rate for Direct Care Worker Total Salary, Wage & Benefit Costs and Increase in Rate for Administrative Expenses

Kim discussed and reviewed a board resolution with the committee which would seek board approval to authorize any officer of NLACRC to execute contracts to implement the service provider

rate increases provided under ABX2-1 effective July 1, 2016. If authorized, we would process contracts to implement service provider rate increases under ABX2-1 in the same manner as the contracts for the 5.82% rate increase, AB 1522 paid sick leave, and the minimum wage increases effective July 1, 2014 and January 1, 2016 (see Section V.B.2. below), by providing a monthly report to the committee that summarizes the contracts executed during the month. It was noted that the board resolution reported a 5.82% increase rather than a 5.00% increase for transportation services. Kim reported that she would make the correction to the percentage amount before presenting the board resolution to the Board of Trustees.

M/S/C (D. Newman/J. Glover) To recommend to the Board of Trustees to approve the board resolution for the service providers, as corrected.

2. Contracts – Other

- a. Contracts Executed by NLACRC for 5.82% Rate Increase
- b. Contracts Executed by NLACRC for AB1522 (Sick Leave)
- c. Contracts Executed by NLACRC for Minimum Wage Increase

The Board of Trustees authorized any officer of NLACRC to execute contracts for the purpose of increasing provider rates due to the 5.82% rate increase, AB 1522 paid sick leave, and minimum wage increase effective July 1, 2014 and January 1, 2016. Kim provided the committee with a list of the contracts that had been executed, for the above purposes, over the past month.

d. Update on Out-of-State Contract for Devereux

NLACRC received approval from DDS to continue purchasing out-of-state residential services and out-of-state day program services from Devereux-Texas for one consumer during the period March 1, 2016 through August 31, 2016. Upon receipt of DDS's approval, NLACRC executed a first amendment to extend the term date of the agreement with Devereux Texas from February 29, 2016 to August 31, 2016. Since the value of the contract was under \$250,000.00, it was not brought to the committee for review and recommendation. However, Kim reported that NLACRC expects that another extension will be needed for the consumer and if approved by DDS, the agreement

with Devereux Texas will exceed \$250,000.00; and the second amendment would be brought to the committee for review and recommendation.

C. Financial Report

The center's operations budget is currently \$40,930,831 with no projected surplus or deficit. The purchase of service (POS) budget is \$328,714,780 with a projected deficit of \$13,010,708 (in the worst case). We may have an updated POS projection in time for the May 11th board meeting. The second page of the financial report shows the center's administrative operating costs vs. the direct operating costs for the current month and year to date. Year to date, the center's operating costs are at 13.0%, which is under the 15% cost cap.

1. 3rd Quarter Financial Graphs

The graphs show how the center's POS deficit changed for the first 3 quarters of FY 2015-16 in the best case and worst case. There was no deficit reflected in the first quarter because we had not yet completed our Sufficiency of Allocation Report (SOAR). Starting in October 2015, we began to report a deficit between \$14.7 and \$19.4 million. At the end of the 3rd quarter (March 30th), the POS deficit was ranging between \$9.8 and \$13 million.

2. Estimated FY 2016-17 Operations Funds (ABX2-1)

DDS provided the regional centers with a chart reporting the amount of additional operations funding each regional center is projected to receive as a result of ABX2-1. The total amount allocated to regional centers is projected to be \$45,596,000; NLACRC's portion of the statewide amount is projected to be \$3,264,540. Of the \$3,264,540 total allocation, \$3,123,136 is to be utilized for the purpose of increasing wages and benefits for employees; and the remaining allocation amount of \$141,404 is for administrative expenses.

3. Cash Flow/Credit Line Update

At this point, we do not anticipate having to borrow any funds from our credit line prior to the end of the fiscal year. However, this cash flow projection is contingent upon the timing of cash receipts from DDS and when certain expenditures are paid. Kim reported that she is currently working with City National Bank on our bridge credit line as we enter into FY 2016-17, in the event we need to borrow funds on or after July 1st, and

that she planned to present the credit line documents to the committee in May 2016.

D. ARCA Purchase of Service (POS) Expenditure Report

According to the most recent report, dated April 10th, 7 of the 21 regional centers are projecting a potential POS deficit for this fiscal year which collectively totals just over \$13 million (in the worst case). This report also shows where each regional center is in relation to one another's POS budgets in the following categories:

1. Projected POS deficit: NLACRC is 2nd
2. Per capita by allocation: NLACRC is 13th
3. Per capita by expenditures: NLACRC is 12th
4. Percent deficit to contract: NLACRC is 1st
5. Percent change to original SOAR: NLACRC is 18th

E. Late Bill Report

The late bill report showed that the late bills are running at 18.24%, which is nothing unusual.

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

By fiscal year, the amount of cash disbursed by NLACRC but not reimbursed by ICF providers is:

1. FY 2015-16: \$2,422,044
 2. FY 2014-15: \$ 23,269
 3. FY 2013-14: \$ 26,018
 4. FY 2012-13: \$ 3,543
- Total: \$2,474,874

G. Monthly Report on the Oakdale Move

Copies of the second newsletter for staff were provided to the committee and reviewed. The City approved all of our permits today! We are on schedule and the move should be completed by the end of October 2016.

H. Monthly Human Resources Report

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

1.	FY 2015-16 authorized positions	447
2.	Open positions on hold	-1
3.	Open positions vacant	-36
4.	Separations	-7
5.	Sub-total	403
6.	New hires	7
7.	Positions filled	410

The current annual turnover rate is 0.14%. Michele added that her department has been very busy with their recruitment efforts. We had 7 new staff start this month (3 of them service coordinators) and will have 5 new staff starting next month (3 of them service coordinators). We are working on our staffing plan for FY 2016-17.

Action: Michele will include a breakdown of promotions and transfers in her future reports.

I. Audits:

1. California State Auditor In-Home Respite Audit

We received a letter from the California State Auditor last week. They will be auditing several regional centers' rate-setting policies and expenditures related to in-home services administered by DDS. The letter informed us that we were one of the regional centers that will be audited.

2. Social Security Audit

We also received a letter from the Social Security Administration (SSA) last week. The auditors will be reviewing our records on May 2nd and 3rd. They regularly review NLACRC records to ensure that we are fully complying with our responsibilities as the representative payee. NLACRC is the representative payee for our consumers who live in intermediate care facilities or community care facilities. Kim explained that consumers receiving Social Security income (SSI) or Medi-Cal benefits may not have cash resources in excess of \$2,000 or the SSA will take an action to terminate or reduce benefits until such time the consumer's cash resources are below \$2,000. Currently, NLACRC has some consumers with trust accounts over \$2,000 and Kim explained that the center's accounting department is working closely with case management to address these specific cases; however in some cases, despite our best efforts, we have challenges maintaining consumer balances below \$2,000. However, the

recent passage of the Achieving a Better Life Experience (ABLE) Act of 2013 should address this issue. The ABLE Act amends the Internal Revenue Service code to create tax-free savings accounts for people with disabilities.

3. Office of Civil Rights Audit

DDS reported at the ARCA Information Systems Committee on April 27, 2016, that Health and Human Services will be ramping up their Office of Civil Rights (OCR) investigations and audits, at random, which could include regional centers. The audit is to ensure that that every person with health information on their system that shares this same information with a service provider or vendor has a business associate agreement in place. At this time, no regional center has been selected for an investigation or audit by OCR. Kim reported that it is NLACRC's practice to enter into business associate agreements with our service providers and vendors who have access to health information due to the services they provide our consumers.

J. Adaptive Skills Training Services

We were recently told that our adaptive skills programs would all be transferred to managed care – along with behavioral services. However, we were able to get clarification from DDS that only consumers who have a combination of behavioral and adaptive skills will be assumed by managed care.

VI. Items for the Next Board Meeting

The following items were identified for the committee's section of the May 11th board meeting agenda:

- A. Minutes of April 27th Meeting
- B. Financial Report
- C. 3rd Quarter Financial Graphs
- D. Approval of Contracts

VII. Announcements/Information/Public Input

- A. Next Meeting: Wednesday, May 25th, at 6:00 p.m.

VIII. Executive Session

- A. Quarterly Legal Update
- B. Lease Update

The committee went into executive session at 7:53 p.m.

IX. Adjournment

Lou adjourned the meeting at 8:03 p.m.

Submitted by,

Jennifer Kaiser

Jennifer Kaiser
Executive Assistant

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