

ALASKA MENTAL HEALTH TRUST AUTHORITY

SPECIAL FULL BOARD MEETING

February 28, 2017  
1:00 p.m.

Taken at:

3745 Community Park Loop, Suite 120  
Anchorage, Alaska

**OFFICIAL MINUTES**

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Trustees present:

Russ Webb, Chair  
Mary Jane Michael  
Carlton Smith  
Laraine Derr  
Larry Norene  
Paula Easley  
Jerome Selby (via Speakerphone)

Trust staff present:

Greg Jones  
Steve Williams  
Heidi Wailand  
Carley Lawrence  
Michael Baldwin  
Miri Smith-Coolidge  
Katie Baldwin-Johnson  
Amanda Lofgren  
Carrie Predeger  
Luke Lind  
Vallette Keller  
Kat Roch

Trust Land Office:

John Morrison  
Aaron O'Quinn  
Sarah Morrison  
Wyn Menefee

Others Participating:

Kate Burkhart (via Speakerphone); Patrick Reinhart; Denise Daniello (via Speakerphone);  
Monique Martin (via Speakerphone); Nelson Page; Christopher Cooke; Ann Hillman; Charlene  
Taufest; Andrew Naylor.

## **PROCEEDINGS**

### **CALL TO ORDER**

CHAIR WEBB calls the meeting to order and does a roll call, noting that all trustees are present. He states that also present is Chris Cooke, the newly appointed, yet-to-be confirmed, trustee. He asks to reverse the order of the agenda and take the last two items first so staff can get back to work. He asks for a motion to approve the agenda.

TRUSTEE NORENE makes a motion to approve the agenda, as amended.

TRUSTEE MICHAEL seconds.

*There being no objection, the motion is approved.*

CHAIR WEBB asks for any ethics disclosures. There being none, he moves to the Denardo and Fahrenkamp disposition, and recognizes Mr. Morrison.

### **DENARDO/FAHRENKAMP DISPOSITION**

MR. MORRISON states that there is a memo for consultation with trustees for the Denardo/Fahrenkamp Centers. He asks Aaron O'Quinn, the PRI manager, to present the memo.

MR. O'QUINN states that the proposal for consideration is to allow the executive director of the Trust Land Office authority to lease or sell the Denardo/Fahrenkamp Centers, and the land upon which they are located, at fair market value. He gives a short background on the property, and states that both facilities are residential treatment facilities, and about half of each building is equipped for residential purposes. He adds that the buildings are vacant and present several management challenges. He explains in greater detail. He states that, currently, there is a proposal on the table from Tanana Chiefs Conference and the Greater Fairbanks Community Hospital Foundation in partnership with the City of Fairbanks. He continues that Tanana Chiefs submitted a proposal to the Department of Health and Social Services, and that proposal was funded. The award was to operate a sobering center, a facility where inebriated individuals are taken off the street, placed in custody, allowed to sober up, and then released. He adds that Tanana Chiefs have a tight timeline under this grant requirement to be operational by the end of June. He states that, currently, this is being pursued on a fair-market basis with a potential of them seeking less-than-fair-market rental assistance on that facility. He states that approval of this motion will give the executive director the ability to act in a commercially reasonable manner for proposals that potential lessors or purchasers bring to the table. He continues that this proposal will allow the executive director to move forward with Tanana Chiefs' proposal at fair-market value.

TRUSTEE MICHAEL asks where Tanana Chiefs are now, and if they are looking at other facilities and comparing costs, or are they committed to this building.

MR. O'QUINN replies that he has been assured that Tanana Chiefs plan to move forward with Denardo Center and may have some other programs to put in there. He states that this would

basically give the TLO the authority to move forward with the best-interest decision to allow entering a lease with them.

MR. MORRISON states that this is the first step in the disposal process which does have a lengthy lead time.

TRUSTEE MICHAEL asks about the process.

MS. BALDWIN-JOHNSON replies that other facilities have been ruled out, and this facility is the best one.

MR. O'QUINN adds that this property has been discussed as a fair-market deal, and the hospital foundation has agreed to chip in additional money for rent.

TRUSTEE DERR comments that this is giving complete authority ahead of time in making the agreement and then coming back and asking for money. She believes that the trustees should be asked up front about the rental agreement, and is speaking against this motion.

TRUSTEE NORENE states that he understands it as a revenue-neutral situation. If money is needed to pay for market rent and it is granted, it will come back as income.

TRUSTEE MICHAEL states that she is not sure that it has been determined on whether that is the way to do PRIs. She continues that the rest of the market rate will not be paid to the Land Office for the part of the rent that cannot be afforded. She adds that, in this case, it would be a new proposal saying that a grant to pay the rest up-to-the-market rate will be guaranteed.

TRUSTEE SMITH states that he has two questions about the two programs. First, are they generally compatible, short term/ long term; and are the benefits clear to the TLO in the motion.

MR. O'QUINN states, to be clear, the proposal to the Trust Land Office has not yet been received. It has been explored with the proposer that one program would occupy half of the buildings at the Denardo Center. There is nothing else there; it is compatible with the location, and in a residential neighborhood. He continues that to approve a lease at less-than-fair market value is an in-depth process. TCC just got the okay to move forward from DHSS, and it does not know what its operating expenses are going to be. He understands that it is the trustees' wish to provide the building at a reduced rate, and we are working on that. He adds that they are not at the point of bringing a discrete proposal. This will allow initiating the disposal process, and it will allow them getting into the building by the deadline.

MR. MORRISON states that this is a consultation for an intended action, not a granting of any specific authority. He clarifies that this will allow moving forward with the only currently identified prospect, which is a potential lease to the Tanana Chiefs, who have indicated interest.

TRUSTEE DERR thinks this is setting a new precedent, going down a new road; and while it is a lengthy process for them, it should be a process that includes the trustees.

CHAIR WEBB asks for a motion.

TRUSTEE NORENE makes a motion that the Trust Authority Board of Trustees concurs with the Trust Land Office recommendation for the executive director to negotiate leasing or the sale of all or part of the Denardo and/or Fahrenkamp Centers and to track data upon which the Denardo and Fahrenkamp Centers are located at market rent for lease or fair market value for sale.

TRUSTEE SMITH seconds.

*CHAIR WEBB calls the vote: Trustee Derr objects; Trustee Selby, yes; Trustees Easley, Michael, Smith, Norene raise hands in favor. The motion is approved.*

CHAIR WEBB states that the next item is funding requests, FY17 Medicaid reform budget adjustment.

## **FUNDING REQUESTS**

### **FY17 MEDICAID REFORM BUDGET ADJUSTMENT**

MS. BALDWIN-JOHNSON states that this request is for \$83,000 for FY17 to address the gap in the State match amount that was previously estimated at 90/10 percent. She continues that the Department informed us that these budgets were approved, and the match was an 18 percent State match requirement. It was 8 percent higher than what the previous estimate was based on. She continues that if this is approved, the OMB will need to add this into the Governor's amended budget for '17 so those funds can be accessed.

TRUSTEE DERR makes a motion to recommend approval of \$83,000 FY17 MHTAAR grant from FY17 unobligated funds to the Department of Health and Social Services for the cost of connectivity to the HIE project.

TRUSTEE MICHAEL seconds.

CHAIR WEBB asks, with the granting of this additional money, where the unobligated funds are.

MS. BALDWIN-JOHNSON asks Monique Martin to explain how this got to this point, and why it is not her fault.

MS. MARTIN explains that this funding typically is a 90/10 match from the Centers for Medicare and Medicaid Services. However, there is a complex calculation on some of the funds, the high-tech funds that CMS uses to calculate the exact match. 90/10 match is the starting point. She continues that once CMS went through the calculation based on the high-tech funding plan it came out to be 82 percent federal and 18 percent State funding. The funding is difficult to anticipate because of how CMS calculates the funding request.

CHAIR WEBB states that he received information that currently there is \$568,089 in unobligated funds from which this \$83,000 will come. There being no other questions or comments on the motion, he calls the vote.

*There being no objection, the motion is approved.*

## **CEO UPDATE**

CHAIR WEBB recognizes Greg Jones.

MR. JONES summarizes his memo and goes through some additional information that has happened since writing the memo. He moves to the legislative audit and states that the LB&A committee met and decided to launch the audit in May of this year. They believe that it will take approximately a year to complete. He continues that it is highly likely that they will require audits for sunseting programs and a couple of other mandatory audits that must be done on an annual basis. He adds that there is not much that can be done to influence that other than being prepared. He goes through the process and states that it will highlight any areas that need to be paid attention to in terms of the statutes, processes and programs. He continues the need to start addressing the issues that had come up in the request for the audit which involves the policies towards use of principal for stewardship and enhancing the value of the corpus of the Trust. He adds the hope of having a time line within the next week or so. He states that the search for the CFO is underway, with 22 applicants. A first round of reviews has been done, and interviews for the short list are being set up. He continues that the goal is to try to get someone identified and on board by the May 4<sup>th</sup> meeting. He moved to the question of the CEO. He states that he has talked to many executive search companies, basically reaching out to see what company is qualified and interested in working for the Trust. He explains in greater detail. He adds that once the reorganization or organizational evaluation is done, it will be clearer what skills are wanted for the new CEO. He suggests doing the organizational evaluation first to simply attract the most and best candidates for the CEO job. He asks for any questions.

CHAIR WEBB states that the legislative audit is off the table because it will happen when it does. He explains how the process works. He continues that his big concern is that the legislation is not yet in Senator MacKinnon's hands. At the January presentation, she invited the trustees to give her legislation to resolve this problem and make the legislative audit moot; to essentially resolve any questions about the ability to use Trust principal for protecting, enhancing, acquiring property. He asks what can be done to move that forward.

MR. JONES states that staff is exploring options for outside legal help to work either with the AG's office or to just submit suggestions on language. He continues that they have available very experienced outside lawyers with legislative drafters that work with the State extensively.

A brief discussion ensues.

MR. JONES states that the goal is to get legislation submitted and to make sure that it can get passed next year. He continues that there will be a lot of time for both input and amendment to those statutes before it gets to that process.

TRUSTEE SMITH asks if the Senator's commitment has been expressed verbally or in writing.

CHAIR WEBB replies that she expressed it on the record in the Senate Finance Committee hearing when the presentation was made.

TRUSTEE MICHAEL states that, after the meeting, the Senator said that she would work to help get any legislation that was needed passed.

CHAIR WEBB states that direction on this issue was requested. He asks if there is a motion from the floor to give direction, or if this discussion adequate.

TRUSTEE MICHAEL states that she does not think a motion is needed. This is probably the the most important thing on the agenda, and it is impacting us financially. There is nothing more important than getting the legislation going.

TRUSTEE SMITH goes back to a comment Mr. Morrison made that bears some amplification. The comment made is that the TLO is almost dead in the water. He asks for some support on that point of view.

MR. MORRISON replies that it is worth noting that we were previously on a nice trajectory with continued new income alternatives. That has come to a stop. He states the need to continue pursuing initiatives that brought that income about in the first place.

TRUSTEE DERR suggests a placeholder to make sure that it is very specific to what we want changed. She anticipates that some of those changes will be in other sections of the law than what we want them messing in. She states that she wants to be very specific to which sections of the law we want them to speak to.

CHAIR WEBB agrees. The issue is to know what we want, why we want it, and to be able to articulate it. He states that he would like to see something in Senator MacKinnon's hand next week. He adds that he would like a hard deadline.

MR. JONES replies that everything that can be done will be done consistent with trying to keep the attorney general's office comfortable with what is being done and moving ahead. He states the need to devise a way to get it back in front of this board, and we may end up having to call special meetings.

CHAIR WEBB moves to the process of hiring the CFO. He asks if the next step would be to interview the four candidates and decide.

MR. JONES replies that those four would be interviewed, and we would likely narrow it down to two. He continues that they would be introduced to members of the board with the interview process at that point.

TRUSTEE DERR asks if they are from Alaska.

MR. JONES replies that all four on the short list are in state, with a substantial amount of State government experience.

CHAIR WEBB moves to the organizational review and hiring the CEO. He asks for any comments from trustees about how to prioritize that, or the direction to go.

MR. JONES states that it is not clear on how much time each of those takes. The organizational evaluation is probably three to four months. It involves talking to quite a few people on the part of the consultant.

TRUSTEE EASLEY suggests approving the RFP for the organizational evaluation to get the discussion focused.

TRUSTEE NORENE comments that this CFO position is a key ingredient in the decision-making process. The stronger that position, the more help an organization will have in that field.

MR. SMITH states that the caliber of the person coming into the CEO position in an organization of this size will have to have a leadership ability and have in their resume a prudent ability to manage an organization in change. He continues, that is the skill set that will be needed. He adds that he sees little value in starting a third-party organization review first and then going into the CEO search. He states that the CEO is going to have a key role in how this organization goes forward because that person is going to be an agent of change. He suggests going forward with the CEO hire first.

TRUSTEE DERR agrees that it is better to do the CEO search first.

TRUSTEE MICHAEL states that proceeding with the CEO search now is important. Staff needs stability, and it is hard to go through a process where the person that is going to lead it is not in on the decisions. She adds that stability will only come when a permanent person is on board to move the Trust forward.

TRUSTEE EASLEY agrees on beginning the CEO search, and continues that the RFP process will take a long time.

TRUSTEE DERR makes a motion to start the CEO search and move forward with that.

TRUSTEE NORENE seconds.

TRUSTEE SELBY agrees with that general direction and would like to see it in front of the May meeting.

CHAIR WEBB states that the advisory boards have also suggested hiring a CEO to move forward. He continues that the purpose of the organizational review is to look at some of the things that have been most troublesome for this organization. This is the lack of clear defined governance and management, policies and procedures, and some differences of opinions about what the role of a board member is versus CEO. He tells Mr. Jones to move forward, finalize the position description and the solicitation for the search, and then finalize the solicitation for an organizational review.

TRUSTEE DERR states that there is a motion on the floor.

*There being no objection, the motion is approved.*

TRUSTEE SMITH states that management and the trustees need to be continually mindful of the fact that this organization should try to state clearly that it is an equal opportunity employer.

CHAIR WEBB asks if there is a motion relating to the organizational review, or if one is needed.

TRUSTEE EASLEY makes a motion to proceed with the organization evaluation as soon as it is appropriate after the CEO search has begun.

CHAIR WEBB asks if all agree. He states that the agenda is done, and asks if there are any other items that anyone wishes to cover.

TRUSTEE MICHAEL thanks Mr. Jones for making today's process easy for the trustees.

TRUSTEE DERR states that she and Trustee Smith are here for six more hours and suggests extending the agenda and the conversation.

TRUSTEE EASLEY states that she would like to talk about Michelle Simon's budget report that addressed the significant increase in Medicaid.

CHAIR WEBB calls a five-minute break, and we will reconvene at 3:00 p.m.

(Break.)

CHAIR WEBB calls the meeting back to order and asks what items are wanted to discuss and engage in dialogue with Mr. Jones. It is an informational discussion under the CEO update. He continues that Trustee Easley indicated that she has questions about Medicaid.

TRUSTEE EASLEY states that Michelle Simon discussed, at the House DHSS hearing, that the Medicaid costs were coming in \$49 million above what had been projected. She asks for any information or comments.

MS. BALDWIN-JOHNSON replies that might be a reference to the costs that occurred with implementation of reform. She states that the Department was countering that by making some reductions, anticipating requesting some additional funding to cover the gap.

MR. JONES explains that they were anticipating some savings that did not occur; some savings in the implementation were overprojected.

MS. LOFGREN states that there were five areas that had been identified for realizing \$30 million in those savings. One was outpatient and inpatient costs for hospitals; professional licensing fees; eliminating procedural codes that were brought on after January 2015; reducing the cap for day habilitation services for individuals on intellectual and developmental disability waivers to eight hours. She continues that there has been an external stakeholder group that has been working on coming up with some items that SDS could potentially look to for savings.

CHAIR WEBB states that there is a lot of consideration being given to changing the Medicaid program at the national level. If the repeal of the Affordable Care Act goes through, there is

discussion about how Medicaid expansion would be retained and in what form. He continues that he is unaware of any efforts the Trust has made to communicate with the Congressional delegation and inform them about the importance of Medicaid to the beneficiaries. He asks to undertake some efforts in that regard, and states that he is willing to work on writing a letter. He recognizes Patrick Reinhart.

MR. REINHART states that there is a group going to the Disability Policy Seminar in Washington, D.C. on March 20 through March 22. He asks if there is a trustee or staff member that would like to join the group. The meetings with both of our Senators and Congressman have already been set up. He continues that the main topic of the discussion is the importance of home- and community-based services in Medicaid.

TRUSTEE DERR asks if a place has been determined for the May 4<sup>th</sup> meeting. She suggests Mat-Su, adding that there has never been a meeting held there.

MR. WILLIAMS replies that it is planned as a one-day meeting, and we can hook up with the partners in Mat-Su Health Foundation and do some site visits.

The consensus is to have the meeting in Mat-Su.

CHAIR WEBB asks if there are any other issues to bring up.

TRUSTEE NORENE asks if there are any plans for a meeting with the Permanent Fund people to get some understanding of their plans.

MR. JONES replies that he and Mr. Morrison met with Angela Rodell and talked about some of these very same things. He states that it was a good meeting and got right down to the discussion of what has been happening with the fund. He asked them if politics were beginning to affect the investment decisions which was met with a very robust "no." He continues that the politics are reaching into the earnings side of the fund, but not into the investment decisions, and not into projects that might be invested in. Ms. Rodell has offered to come to a Trust meeting and talk about what they are doing and the changes that are occurring at the Permanent Fund. He adds that he will try to get her for the next available meeting.

TRUSTEE EASLEY talks about the limitations on physical therapy and asks if people are complaining about Senate Bill 91 provisions.

MR. WILLIAMS replies that there has been significant discussion about Senate Bill 91. It is the Department of Law; local law enforcement agencies and others that have come to Commission meetings to express concerns about certain elements of Senate Bill 91. He states that there are several things that are happening, and it all connects to the criminal justice system.

A brief discussion ensues.

MR. WILLIAMS adds that the Criminal Justice Commission is doing education about SB91 in which the Trust has been involved, to make sure that the public understands what is in the 112-page document that was passed July 1.

TRUSTEE NORENE states that another issue on the street is the no-room-at-the-inn issues. He would like to see a note around here about planning for the possibility of a future second psychiatric hospital in Alaska.

MS. BALDWIN-JOHNSON states, that with the reforms that are moving forward, the intention is to more efficiently and effectively use the level of care for folks that are needing that care. There are folks in the hospital that really do not belong in the hospital, but there is no other place for them.

MR. WILLIAMS points out that communities are starting to discuss the reforms because of the impacts that are happening on the street with law enforcement and with the local emergency rooms.

TRUSTEE DERR asks what happened with the API privatization study.

MR. WILLIAMS replies that the report has been released and is on the DHSS Web site.

MS. LAWRENCE is working on a CEO report, and we will have the link to the report attached to it. That will go on later this week.

TRUSTEE EASLEY asks if the Pioneer Home has been finished.

CHAIR WEBB clarifies that it is the pharmacy piece of the Pioneer Home.

MS. LOFGREN replies that a request for proposals was put out, and they did not get respondents that met the satisfactory criteria, and they did not move forward with a privatization setting pharmacy.

TRUSTEE MICHAEL asks for any updates on the Clitheroe site.

MS. BALDWIN-JOHNSON replies that Steve Fishback was contracted to work some of the site issues there. The Municipality, Trust and the Division of Behavioral Health are talking about convening a planning session with behavioral health providers in the Anchorage area that can help inform the planning for the services. She states that a feasibility study was funded to look at detox needs and, in response to that, it was decided that there was a need to convene the providers and start looking at identifying the gaps in care.

TRUSTEE MICHAEL stresses the importance of getting site control and the Trust in an ownership position as soon as possible.

MS. BALDWIN-JOHNSON states that Aaron has had some meetings with the Municipality.

The discussion continues.

TRUSTEE DERR asks who has \$5 million.

TRUSTEE MICHAEL replies that the City has \$5 million for a substance abuse treatment program on that site, and for a new building.

TRUSTEE SMITH states that he has three items that are more on the long term and how this board will function in the future with the new CEO. He continues that one would be to pick up where the governance issues left off, with the bylaws.

MR. JONES states that the first item is part of the organizational review. The bylaws, the MOU with DNR, and any statute changes would be an integral part of that.

TRUSTEE SMITH states that the second item would be a session on the category of training working with the new CEO on refining, discussing what policy and administrative roles mean in this new structure to get a good understanding of how everyone would work together. Then, another short session working with the new CEO on a new strategic plan.

MR. JONES suggests asking the new CEO to put together the training and the discussion on the new strategic plan. That is going to be a vital part of his challenge. He urges making that the new CEO's first charge.

TRUSTEE EASLEY states that there is discussion about block grants to the State and a block grant would not work well with Alaska. She asks if it goes to block grant, the 1115, will there be more control over how the money is spent.

MS. LOFGREN explains that with a block grant the states get more control over how to administrate the programs. It would be similar to how the 1115 is currently being pursued in that it would be all the Medicaid programs in one funding mechanism. The challenge is when states have low or diverse populations.

A brief discussion ensues.

CHAIR WEBB asks Mr. Reinhart for any updated information.

MR. REINHART states that the biggest issue is going to be those that are not nursing-home eligible for care. He continues that what is being found is that in the grant-funded services the individuals are already eligible for some of the other services. On that they are finding that this money is going to go a lot further than it has before. He adds that the number of people eligible is unknown now.

CHAIR WEBB brings up the comprehensive plan and asks Ms. Wailand for a status report.

MS. WAILAND states that the trustees approved a technical assistance contract for supporting the health information exchange and having an organizational assessment and developing a roadmap and strategic plan. She continues that one of the biggest issues is the need to improve the technology systems and the access to data and the exchange of information across provider organizations. There are 150 provider organizations slated to be on board at the health information exchange over the next two-year period. This will propel the technology capacity for it. She adds that the ability to have a behavioral health provider access within five minutes of admission is a big game-changer. There is a plan in place, there is a planned development capacity to move that forward in 2017.

CHAIR WEBB asks Mr. Jones if he had any thoughts about organizational metrics that would be helpful.

MR. JONES replies that he is a firm believer in metrics, but just has not gotten there yet.

CHAIR WEBB asks for any other questions or comments.

TRUSTEE EASLEY asks why the Medicare and Medicaid reimbursement rates are not closer together, rather than Medicaid reimbursement being 30 percent more than Medicare.

MS. LOFGREN replies that the State sets the Medicaid rates and the Federal Government sets the Medicare rates. With the State setting the Medicaid rates, there is a lot more ability to acknowledge, recognize, and work with the providers in the State to make sure that it is incentivized to cover the services that are needed to provide those services.

TRUSTEE NORENE makes a motion to adjourn.

TRUSTEE DERR seconds.

*There being no objection, the meeting is adjourned.*

CHAIR WEBB thanks all for a very productive meeting.

(Special Full Board meeting adjourned at 3:38 p.m.)