Transition Planning Committee of Community Care of Central Wisconsin
Meeting Minutes

DATE: Wednesday, June 28, 2006
PLACE: Central Wisconsin Airport
TIME: 4:00 P.M.
PRESENT: Patricia Arnold, Dave Bast, Linda Berna-Karger, Jim Canales, John Chrest, Jim Clark, Jim Gignac, Pete Hendler, Lonnie Krogold, Karen Piel, Lucy Runnells, Tim Steller, Vicki Tylka

FACILITATOR: Peter Manley

1. **The meeting was called to order. Introductions were made.**

2. **Reviewed meeting notes from June 14, 2006**
No comments or revisions

3. **Correspondence**
Discussion on email between Jim Canales and Karen Avery on 6/8/06
Other updates: Certification RFP
Continuous RFP
Budget neutral
Current levy amount
Community Aids impact
WCHSA Role
Request for map identifying LTC planning grants – Jim Canales will provide.

4. **Update on Stakeholder Involvement Plan**
Letter from Jim Canales to Karen Avery
CCCW responded to stakeholder questions in letter

5. **Continue facilitated discussion of 66.30 agreement components (Questions provided by Dean Dietrich)**
    - What requirements will be established for a reserve fund for the joint venture entity?
        - Set by State, defined in contract
        - How it is funded is still in question
        - May have time to reach required risk reserve
        - Can negotiate a 2-year time frame to reach risk reserve level
        - Based on planned enrollment
        (see notes from 6/14 discussion tape)

    - What additional penalties will be imposed if a member county fails to pay any amounts due and owing to the joint venture entity under the Agreement?
        - Need for strong language in contract – it is an obligation

- County does not have enforcement authority
- Ask State to enforce
- Revisit issue with the State when financial issues are discussed
-
- Function of cost in relation to service payments to customers of that county
- Use language from Intergovernmental Cooperation Agreement By and Between Marathon County and Wood County – Section Six – 6.03 – "Failure to Make Payment – If any Member County fails to pay any amount due and owing to the Commission, such defaulting Member County shall be indebted to the Commission for the payment due, plus a reasonable rate of interest as determined by the Commission Board.
- Member county will not owe CCCW, they will owe State
- How will State collect monies to include in capitation
- Continue discussion and ask Dean Dietrich for opinion

* What approval procedures will be required for a new county to join the joint venture entity?
    - New county would be cost neutral
    - Contiguous to existing partnering counties
    - Willing to share in financial risk
    - Individual county's County Board must approve the operating conditions, philosophy and purpose of the entity
    - New county needs County Board resolution meeting requirements
    - Commission Board determines eligibility
    - Member counties vote – unanimous vote
    - May not belong to any other CMO

* What procedures must be followed for a member county to withdraw from the joint venture?
    - Resolution from their County Board to withdraw (2/3 vote)
    - **Question to State –** What are responsibilities of remaining county(s) to serve customers? Contract is with entity, not county. Will entity need to continue to serve customers? What rights/choice of customers to stay with regional CMO?
    - **Question to Craig** – Will withdrawing county lose more of their Community Aids dollars to the State (lose equity within consortium – assets)?
    - Importance in selecting partnering counties!
    - Obligation to risk reserve
    - Joining another consortium (competition)

- **Drop Out Notice of Intent Time Frame:** Six months prior to contract time (Jan 1). Cannot withdraw during contract year. Resolution from withdrawing county (2/3 vote).

- What procedures must be followed in order to dissolve the joint venture entity?
  - Commission Board resolution first
  - County Board resolution second (all counties - 2/3 vote)
  - State would require a plan to serve clients
  - May lose state contract
  - Voluntary vs. involuntary

- What is the term of existence of the joint venture entity, if any?
  - Portage currently has 5 year <u>agreement</u> with the State to provide service, and has an annual contract with the State.
  - Automatic annual renewal unless a county seeks to dissolve or change. Notice of termination or withdrawal.
  - Member until you withdraw
  - **Question to State –** Will the State continue same process as is currently done?

- What procedure will be followed to determine or resolve any disputes between member counties?
  - **Language from ADRC agreement (Pg 9, Section 12):**
    It is understood and agreed that all disputes which may arise under or in connection with this Agreement shall be resolved by the Commission Board unless the Commission Board is directly involved in the dispute in which case the matter shall be resolved by the Appeals Committee.

    The Appeals Committee will be comprised of the Chairs of the Member Counties' Finance and Human/Employee Resources Committees and one member county representative serving on the C omission from each Member County. Each Member County Board Chair will designate the Commission Representative to serve on the Appeals Committee.

    A Member County may seek review of a determination by the Commission by appeal to the Appeals Committee. A Member County may seek review of a determination made by the Appeals Committee by appeal to the Circuit Court.

    In order to invoke this dispute resolution procedure, a Member County shall file a written notice with the Commission Board setting forth the entails of the dispute.

The notice shall state that the Member County is electing to resolve the dispute under the provisions of this Section. Every effort shall be made to resolve disputes under this Section in a timely manner but, in no event, no longer than ninety (90) days from the date of the notice unless waived by the Member County. This ninety day time limitation is an aggregate limitation which applies regardless of whether the dispute resolution process is initiated with the Commission.

- What procedure will be followed to determine or resolve any disputes between member counties?

    - Resolution by Commission 2/3 vote
    - Majority ratification by County Boards

- Other – One issue that was brought up was what if one county does not approve the budget.

6. **Review and Refine Primary tenets for the new organization.**
   Not discussed

7. **Future meeting schedule**
   Dates - July 12, 2006 from 4:00 – 5:30
   July 26, 2006 from 4:00 – 5:30

8. Meeting adjourned at 5:45 p.m.

*__NOTES FROM 06/14/06 RESERVE DISCUSSION FOLLOW ON NEXT PAGE__

Transcription from 6-14-06 meeting regarding reserve discussion:

The reserve might be funded based upon the estimated participation. The allocation operational cost could be on equalized value. If you did it on estimated involvement, Portage County, on day one, is going to have a huge enrollment and they will pick up a major portion of the $'s required to get this thing operational because neither Wood nor Marathon County will have much on the books so they're going to pay for getting us (CCCW) started and its our (Marathon/Wood Cty) cost that is causing this startup increase. It seems like it makes more sense to allocate based upon your equalized value because that's what we can tax on, that's ultimately how we will benefit from this. There's some relationship between equalized value and the number of people in the counties and use. I think there's better correlation there than there is in who's enrolled in the fund. That would make sense for new county members, for someone asking to join; they're not going to have any member's day one. They're going to have a reserve and a capital cost. Equalized value, the problem with it is the county that could cost you the most is the poorest county so there's a problem potentially with using equalized value. You could do it on population. Population doesn't shift as much as participation might. What you don't want is a major shift in the cost allocation from one county to another based upon who used it because that's too tough for budgets to adjust to.

This would only be needed if the entity needed to come to the county for some request of funding, whether it's a major purpose or some kind of an issue, it really isn't going to be necessary on an ongoing operational basis unless you were not able to maintain your risk reserve. If you can't maintain your budget and you can't maintain your risk reserve, that's a major issue.

You've decided that your reserve is going to be based upon estimated use, enrollment and the other is going to be based on population? Right. The reserve already is defined that way by the state.

The estimated enrollment drives the creation of the reserve but should something not well happen and the reserve needs to be used, on what basis would those monies be charged so to speak, to the counties, in terms of the use of that reserve as well as the creation? Would it still be by enrollee? I would think so. Because your receiving a capitation by enrollee and when you prepare a budget, you prepare a budget on a per member per month basis in terms of cost so everything that you do in terms of preparing a budget is based on that anticipated enrollment so you have your capitation revenues and you have your cost per member per month. The risk reserve is based on your enrollment. In startup you wouldn't have that and that's where you need it later on. Can you explain when you said the state sets that reserve, so because Portage County already did that are they setting the dollar amount for this consortium and saying this is what you have to have in the reserve or are they saying Wood County, Marathon County? They're going to do it based upon the consortium, because the consortium is going to be submitting an enrollment plan as one entity. We will not be submitting an enrollment plan for Wood County and an enrollment plan for Marathon County and an enrollment plan for Portage County. We'll be submitting a CCCW enrollment plan and that plan will then generate revenues, not generate but will show a budget that anticipates revenues based upon that enrollment plan, how many members we anticipate are going to be enrolled. Then that reserve requirement is calculated based upon that total plan and those total revenues. What we'll have to work out is how we meet the reserve requirement of CCCW as we move forward. There have been conversations that implied that only Marathon and Wood County will have to put monies in, it is possible that Portage County will have to put money in. Right now our risk reserve that we have meets our requirement for 2006. As we move forward to 2007 depending on how we talk about the risk reserve, it can be calculated by county based upon what the enrollment plans are for the individual counties in terms of what our contribution is expected for next year, 2008, 2009 and on into the future. It could be that Portage County, we may have to look at, and I mean we're hoping that this year's budget is going to give us a surplus that we could start building that surplus back up. The last two years have brought it down and we're right at the level, where we have about a $100,000. cushion, so next year when we prepare an enrollment plan we're anticipating it's going to go up, we're anticipating that our enrollments are going to continue to grow even though it will be a smaller growth, that requirement will be a little for us next year as well, so yes it may be that we have to look at are we going to be short that reserve. I mean we're planning not, but this year's budget is going to accommodate that and have a little more for us in terms of breathing room because right now our budget is looking pretty good for this year. The other thing you hope for is that from the start we kept building that reserve and it got substantially high so hopefully you get into the situation where you're right at that level now that each year we make enough money there's enough extra there to put into the reserve to cause it not to have it be put in by the county but through the program it's put in. So once your reserve is set in the two counties, after that, hopefully there will be a little profit that goes into the reserve to cover the higher reserve need. Portage County will incur the majority of the cost to ramp up the other two counties. Maybe after you're operating for six years that might work and your enrollment has stabilized. Once you get out about three years probably, it took about three years for us to get to a more steady methodology of looking at our enrollment. Then you're hoping that you don't need those monies from counties, that it self sustains.

But realistically if you could put a number to it, what are we talking about potentially for Marathon County; I'm thinking it's got to be something like three million, isn't it? Don't you have about one point something in reserves? We have 1.4 right now. We're required to have 1.3, that's our requirement this year based on our enrollment. We're at 900 right now. I would think three million is pretty close. Not the first year, it's not going to be three million. It'll probably be close to ours which is going to be the same about 1.4 million. To answer in the terms of a reserve, I can't answer that until we talk about the number of participants. The state has said that you don't have to have that reserve day one, you have to have a plan as to what the reserve is and what your plan is to meet that. So if in the budgeting process, you know for the first year Wood County's reserve requirement is going to be pretty little, because you won't be coming on until October or November. The first big one for you is going to be 2008, but then you'll have to have a plan by the end of 2008 how you're going to meet that. You've got time to give us a plan as to how you're going to meet that and part of that may be just simply the bottom line. You can't expect this entity to come up with all the reserves. That isn't going to happen. It's not immediate. I can see our county board saying Portage County didn't have to put anything into their reserves, why are we expected to? The rules are different now. The state provided Portage County with the money for their reserves and everything when they started them up or they gave you start up money and things to get you going. Just to hire staff for planning. Just like now, we've got planning money; we got money for planning and for implementation prior to our enrollment. We didn't have risk reserve until the first month of operation. Actually, we didn't really have risk reserve until the end of the first year, and they didn't hold us to that at first because they didn't really even have a good method of calculation in the first couple of years, so there was a risk reserve requirement, but it wasn't real defined, and we weren't held to it in the first couple of years and I'm anticipating the State's going to do the same thing; we just have to have a plan as to how you're going to come up with it say by the end of a second or third year. I guess that was just a misconception that the state not only gave you start up money, so that your county never had to put anything into this whole thing at all. They didn't give us any money for the risk reserve we just were able to retain it through savings. (end of recording)