

Approved Minutes  
**Community Mental Health of Ottawa County – Finance Committee Meeting**  
CMH Board Room  
12265 James Street, Holland, Michigan 49424  
Thursday, July 13, 2006

**PRESENT:** Rita Bird, Mark Bombara, Joyce Kortman, Cornelius Vander Kam

**ABSENT:**

**STAFF:** Gerry Cyranowski, Pam Pekelder, Patricia Genesky

**CALL TO ORDER**

Cornelius Vander Kam, Chairperson, called the July 13, 2006 Finance Committee meeting to order at 12:18 p.m.

**APPROVAL OF MINUTES**

CMH-FC 06-003 Motion: To approve the minutes of the June 15, 2006 meeting.

Moved by: Bombara

Supported by: Bird

MOTION CARRIED - Unanimous

**APPROVAL OF AGENDA**

CMH-FC 06-004 Motion: To approve the revised agenda of the July 13, 2006 meeting.

Moved by: Bombara

Supported by: Kortman

MOTION CARRIED - Unanimous

**REGULAR COMMITTEE BUSINESS:**

A.) Review of monthly financial statements – Ms. Pekelder noted that as we move into the 4<sup>th</sup> quarter, there will be significant surplus of State General Fund dollars beyond what can be carried forward to the next fiscal year. She noted that for the first time ever there are excess state dollars, due in large part to having no in-patient placements in Kalamazoo Psychiatric Hospital at this time.

Ms. Pekelder also discussed recent changes in Medicaid rules which will affect the benefits of some consumers, who will no longer qualify for certain services under Medicaid, and these services will have to be covered by the General Fund.

Mr. Cyranowski noted that the Medicaid savings are currently at approximately 75% of the target for the year. These savings are incorporated into the FY 2006/2007 budget.

B.) Review of Budget Adjustment #2 - With regard to equipment and software purchases, Mr. Cyranowski explained that the County provides a plan for turnover of equipment and, based on availability of funds, CMH follows that plan.

Ms. Bird questioned what action was being taken to address concerns with Pioneer Transportation. Mr. Cyranowski indicated that a meeting between all parties to the contract with Pioneer to discuss recurring problems with delivery of service and non-compliance with the contract has been scheduled.

Ms. Pekelder provided information about the request for funding from Specialized Services. She noted that these services are primarily transportation for consumers to and from work. She explained that this is a one-time request intended to aid this agency in providing uninterrupted service to existing consumers for the remainder of their fiscal year.

C.) Review of FY 2006/2007 Proposed Budget – Mr. Cyranowski discussed increases in operating costs. He noted the administrative expenses incurred in association with County administration (such as legal, administration, IT, billing), and stated that CMH has no control over the County’s decisions to increase salaries and benefits, nor does the county fund the increases. Ms. Pekelder indicated that there are no economic increases for providers in this budget, nor are there any Medicaid savings budgeted.

Ms. Bird commented on the need to look at the costs of outsourcing. Mr. Cyranowski indicated that in some cases, outsourcing services is more cost-effective, and he noted the importance that quality of service remains equal. He also noted that of greatest concern was that the proposed budget was not showing any Medicaid savings to carry into the next fiscal year.

Ms. Pekelder noted that this is only a proposed budget, and that the goal was to seek support from the Committee to present this information to the County Finance Department and then to Administration before presenting it to the Board for final approval. Mr. Vander Kam asked for a motion that items A, B, and C. be received for information and be forwarded to the Board.

CMH-FC 06-005 Motion: To receive items A, B, and C for information and forward to the Board for approval.

Moved by: Bombara Supported by: Bird

MOTION CARRIED – Unanimous

D.) Review and approval of service contracts

CMH-FC 06-006 Motion: To receive the service contracts and forward to the Board for approval.

Moved by: Kortman Supported by: Bombara

MOTION CARRIED

Ms. Bird expressed concerns with the Grand Haven Clubhouse facilities, citing lack of space and safety issues. Ms. Kortman requested that different locations for the Clubhouse and CBE be explored, with a report submitted to the Committee in six months. Ms. Bird suggested that it might be of benefit to Board members to visit some locations where services are delivered.

Ms. Kortman questioned the placement at JK Country Haven. She noted the need for future planning to prevent out-of-county placement. Ms. Kortman requested update on this placement in October.

E.) County rent – Mr. Cyranowski and Ms. Pekelder wanted to make the Committee aware of issues regarding rent paid to the County. They explained that Federal regulations prohibit a

government agency from charging rent beyond the original cost of the facility to organizations that are part of that agency. Previously, the County continued to charge CMH rent after the original cost of the buildings had been paid. Although the County discontinued charging rent, they continue to charge 2% of the original cost of the building for rent. CMH also pays all maintenance costs as well. The County Finance Director is aware of the situation, but it will be taken to the County Administrator and Board of Commissioners to be reexamined. Ms. Pekelder noted that these charges could present a problem during an audit.

F.) Lakeshore Behavioral Health Alliance – Mr. Cyranowski stated that he had been in contact with the Executive Director of Muskegon CMH regarding having a joint Finance Committee meeting. The Muskegon CMH Finance Committee expressed interest in doing so. Mr. Cyranowski will speak with the Executive Director of Muskegon CMH on July 21 and schedule a date and time for the meeting between the Committees. Also discussed was arranging a meeting between the two Boards sometime in the near future.

G.) MDCH Finance – Mr. Cyranowski noted that there is still legislation pending regarding a 2% increase in wages for direct-care residential workers. Ms. Bird stated that it is her understanding that all bills will be tabled until after the November election.

H.) Future Finance - None

### **OLD BUSINESS**

- **Presentation: *Overview of Funding Sources*** – Gerry Cyranowski (deferred from June 15, 2006 meeting)

The Overview of Funding Sources will be presented at the July 17, 2006 Board of Director's Meeting.

### **NEW BUSINESS**

- Annual DCH Audits
- Harbor House – Construction of New Building – Mr. Cyranowski stated that a meeting with staff from Harbor House was held on June 30. He provided a summary of the discussion. He noted concerns with finance issues and the lack of available funds for out-of-home placements. He stated that another issue, which will come before the Program Planning & Quality Improvement Committee, was developing a policy for out-of-home placement.
- High cost consumers – The Finance Committee recommended taking this issue to the Board of Director's meeting on July 17, 2006. The Board will go into closed session to discuss the details of these cases.
- SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats) – deferred until August 17, 2006 meeting.

**ADJOURNMENT**

CMH-FC 06-007

Motion: To adjourn the July 13, 2006 Finance Committee meeting at  
2:05 p.m.

Moved by: Bird

Supported by: Kortman

MOTION CARRIED - Unanimous

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Cornelius Vander Kam, Chair