



Finance Committee Meeting Minutes

Wednesday September 27, 2017

In Attendance: *(checkmarks indicate presence)*

✓ Mike Hickman, Chair	Laurie Tebo	✓ Danette York
✓ Randy Barker	✓ Steve Clark	

Guests, Staff & Consultants In Attendance:

✓ Cat Latet	✓ Winfried Danke	✓ Cathy Homkey
	✓ Karen Karnes	✓ Jeff Uyyek
	✓ Samantha Tatum	

Meeting called to order by Mike Hickman, Treasurer, at 2:05p.m.

Facilitation: Winfried Danke, CEO

Notes: Karen Karnes, Administrative Support Specialist

Topics of Discussion:

1. Review of Meeting Objectives:

Mike welcomed attendees, facilitated introductions, and asked if anyone would like to add an agenda item. No additions were made. Mike then asked the Committee to approve the Agenda as presented.

Motion to approve September Agenda as Presented: Danette York

Second: Steve Clark

Action: Approved September Agenda as Presented — Unanimous

2. FY 2016-2017 Financial Performance

Winfried Danke, CPAA CEO, reviewed the YTD Financial Report and End-of-year Projection.

Committee Discussion: Winfried noted there is a projected surplus for FY 2016-17. The committee reviewed both programmatic and operating preliminary financial statements, voicing no objections or concerns to the projected outcomes.

Winfried reported that CPAA has received the Phase II \$5 million that will be deferred into subsequent fiscal years to fund planning and operations of the CPAA during Medicaid Transformation Demonstration. He also noted that the 2018 allocation of SIM funding available from HCA may vary from \$0-\$50,000 instead of the originally anticipated \$220,000, and would not

show in the current (FY 2017-2018) budget. Negative numbers show we spent more than anticipated which directly correlates to the rapid expansion of CHOICE to support implementation of the MTD projects. Members sought clarification on non-capitalized equipment, which includes furniture, equipment, and technology costing under \$2,500.

Action: None

3. CPAA FY 2017-18 Budget

Winfried reviewed the FY 2017-18 operating budget. The budget is based on the approved \$5 million and the \$1 million in Phase I, which have already been approved by the CPAA Board. Phase I money will not be expended as initially budgeted during FY 2016-17, which will result in a larger deferral into next fiscal year. It is estimated that Phase I design funds will be fully expended by the end of March 2018, at which time the Phase II design dollars will begin funding operations.

Committee Discussion: The proposed FY 2017-18 budget differentiates between Phase I and Phase II design funds. The numbers in blue on the document identify expenses paid directly by CHOICE and reimbursed by CPAA. Following discussion, Mike asked the Committee to recommend the FY 2017-18 Budget for approval by the CPAA Board as presented.

Motion to recommend the FY 2017-18 Budget for CPAA Board approval as Presented: Randy Barker

Second: Danette York

Action: Approved FY 2017-18 Budget as Presented — Unanimous

4. Administrative Services Invoice

Winfried presented a proposed process between CPAA and CHOICE for administrative services billing and reimbursement of expenses to CHOICE as stated in the Administrative Services Agreement – pg #2.

1. Operations Director will originate an invoice summarizing all expenses CHOICE pays on behalf of CPAA, plus the approved 15% administrative fee.
2. The Executive Director will review and approve the invoice for CHOICE.
3. The CPAA Board Treasurer will provide final approval of expenses for the CPAA.
4. Funds will then be transferred from CPAA to CHOICE.

Committee Discussion: Committee members agreed that the process was clear, concise and detailed. For internal control purposes, each invoice must be reviewed and approved by the CPAA Board Treasurer. Committee members were concerned that 15% compensation to CHOICE was not enough to cover costs. Winfried agreed that 15% would potentially not cover all costs, but 15% is acceptable at this time. It is estimated that administrative expenses are closer to 19%, however, CHOICE is willing to accept 15% currently and may revisit this percentage at a later time as stated in the Administrative Services Agreement. Mike asked the Committee to approve the Administrative Service Invoice process as presented.

Motion to accept the Administrative Services Invoice process as presented: Randy Barker

Second: Danette York

Action: Approved Administrative Services Invoice process as presented — Unanimous

5. Medical Demonstration Project Plan

Winfried reviewed the financial sections of the Project Plan template and supplemental workbook. The template requests that responses include how the ACH will make decisions about the

distribution of funds earned by the ACH. The supplemental workbook further details how the ACH anticipates distributing project incentive dollars by use category and organization type over the span of the project. In order to do this, we will need to develop a set of allocation principles that will guide how projects and providers are selected, as well as provide a basis for how we propose funds will be allocated.

Winfried proposed the criteria include:

- Support sustainability of the project
- Improve health equity/reduce health disparities
- Address social determinants of health to the greatest extent possible
- Provide sufficient incentive for providers (clinical and non-clinical) to participate
- Reward relative contribution to desired outcomes
- Invest in rural and urban areas
- Invest in all seven counties
- Reward truly transformative efforts over marginal improvements
- Establish a regional Wellness Fund (Innovation Fund) to support investments in key health improvement areas

Committee members expressed support the proposed principles and agree these principles should be a reference when completing the project plan.

Winfried suggested that the committee might need to meet weekly for one hour to process the project plan. He recommended possible meeting times from 7-8am or noon to 1pm.

Action: No actionable items.

6. **Regional Wellness Fund**

Winfried asked the Committee about the possibility of establishing a “Wellness Fund” to support long-term sustainability.

Committee discussion: Committee members discussed this request. The goal of this fund is to make investments in the region that directly impact social determinants of health. Winfried offered to prepare a more formal presentation of the Wellness Fund for the Board and Council if CPAA Finance Committee recommends proceeding. Committee members were in support of the idea of the Wellness Fund. They recommended using the same principles proposed earlier in the meeting to support how the Wellness fund is allocated. Mike asked Cathy if she could provide stories that show projects that could potentially be funded by the Wellness Fund. Cathy suggested changing the terminology to “Innovation Fund”.

Action: No actionable items.

7. **Next Steps:**

- Members will be contacted for a weekly meeting (7-8am or noon to 1pm) to work on the Project Plan supplemental workbook (#5 above).
- Cathy will send Winfried information on how they have used the funds for the “Innovation Fund” in relation to the “Wellness Fund discussed above (#6).

Mike Hickman adjourned the meeting at 4:04 p.m.