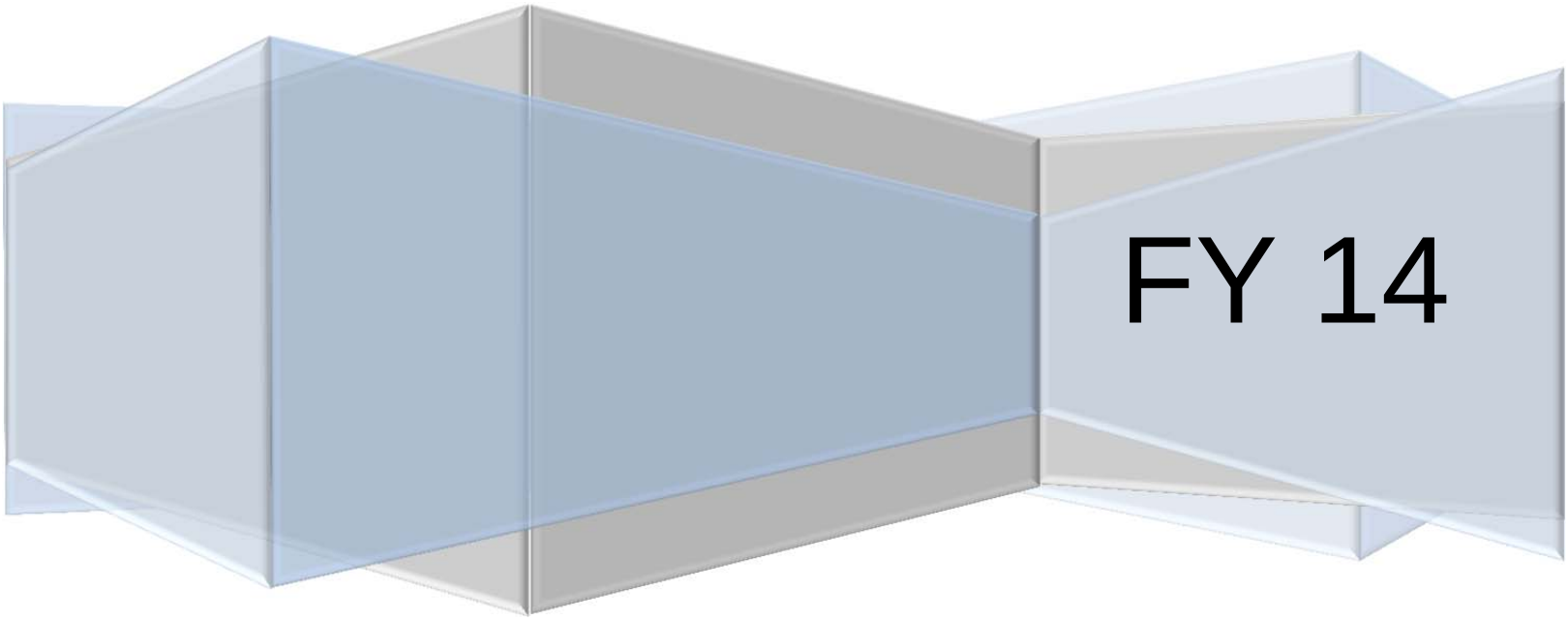
MCH INFORMATION MANAGEMENT AND PERFORMANCE IMPROVEMENT REPORT

Jeannie Garrett, Executive Director



MCH INFORMATION MANAGEMENT AND PERFORMANCE IMPROVEMENT REPORT FY 14

A. INTRODUCTION:

MCH remains committed to continuing and improving its service delivery to meet the needs of persons served. MCH makes every effort to satisfy the needs of stakeholders in a dependable, responsible manner while still remaining within the limits imposed by funding sources, Federal and state regulations and miscellaneous other requirements which govern the operation of a non-profit which depends on revenues from services versus fund raising. MCH trusts that *meeting the needs of the persons served*, *ensuring their health and safety*, and remaining in compliance with funding regulations and standards is a proper method of satisfying the requirements of stakeholders. While sometimes it is difficult to understand why we must comply with so many regulations, it is our responsibility to educate the families of persons served as well as other stakeholders. We do this through plan meetings, newsletters, and individual meetings when necessary. MCH's emphasis is now and always has been to meet the needs of those served by our organization and to advocate on behalf of their best interests.

FY 2014 began a whole new era in the delivery of I/DD services as the last of the Local Management Entities converted to Managed Care Organizations (MCO's*),* and some MCO's merged with other MCO's to grow even larger entities as required by the state to downsize to 3 or 4 MCO's by 2015. We saw state funds dwindle even more and become less available for services as the MCO's put more emphasis on Medicaid services, particularly NC Innovations and Money Follows the Person (MFP).

MCH contracted with 4 different MCO's this fiscal year for all or part of the year and was contracted with 3 at the end of the FY: SMC, Cardinal, and Partners Behavior Health. MeckLink (Mecklenburg County) was unable to stand alone and was merged with Cardinal by the end of the FY. Western Highlands *merged* with SMC. As a result, we have seen SMC move most of their operations toward the Asheville area and away from the 7 original western counties served by SMC when it was the area program. This was their second acquisition of counties, and they now are the overseers for 23 counties. Watauga and Wilkes Counties, northwest counties, are 2 of the largest contributors of taxpayer dollars in the northern counties served by SMC. Other northwest SMC county members are Alleghany, Ashe and Avery; however, the reconfigured Smoky Mountain board — a reduction from 30 members to 21 to adhere to NC General Statute requirements left Watauga and Wilkes without direct representation. Thus far, both Macon and Jackson where MCH has services do have commissioners on the SMC board. However, we have no representation on the other 2 MCO's we contract with, and the contract is determined by the individual served's home Medicaid County. We contract for only 1 ICF-IID client each with Cardinal and Partners Behavioral Health. Measures to eliminate need to contract with multiple MCO's were incorporated for NC Innovations recipients, but ICF-IID clients were not included. In fact, it appears the MCO's we contract with are not really amenable to the ICF-IID programs and treat the community-based ICF's as if they are the same as the larger state institutions. Currently no *new* licensed facilities may exceed 4 beds. In addition, the MCO also now has the final say on who can be served in the ICF facilities and must authorize the service. Overall, the process is much more complicated than in the past and certainly less receptive to those who need services. The NC Department of Health Service Regulation survey team still monitors the ICF-IID homes. We remain unsure what role the Division of Medical Assistance will play in the future, if any. There is talk in Raleigh to dismantle DMA; however, at this point, it does seem to be in the discussion arena. As of the end of the FY, there are many unanswered questions and even more unserved individuals awaiting funding. Lack of funding is the greatest challenge to growing service needs.

MCH is also committed to improving employee benefits, rewarding longevity and outstanding performance through longevity recognition and employee incentives. MCH was unable to risk giving a raise again this year with no increases in funding and no increases in the foreseeable future and only talk of future cuts. While the state returned ADVP money to the 2014 budget, SMC kept 3% for administrative expenses. As the state relinquishes the money to the MCO to control, there is no provision on how the MCO administers the state funds, and there is disparity from one MCO to another. We receive only $45/day for the DDA beds if state funds are used. This will not sustain a group home.

MCH did give a bonus in December with a donation from a family which was supplemented by MCH. We also transferred to a different health insurance provider and were able to give employees 3 choices of insurance packages for the first time, including ancillary choices. We also added Accident and increased Life from $20,000 to $25,000 at no extra cost to the employee. MCH continues to pay the larger share of employee health insurance for those who qualify.

We have been conservative about depleting cash reserves when they may needed to be used for payroll if payment for services is slow, replace roofs, or other major repairs. However, cash flow has been significantly impacted primarily due to slow turn-around from billing to payment for services, and it has been necessary to use the credit line this year for the first time in several years. Since SMC refused to continue their contract with Rubicon, a third party payor for ICF-IID services, payment for services is much slower, and claims are often denied whether it be the fault of the provider for a wrong value code or an error on the part of the MCO. Even when the mistake is a keying entry on the SMC side of Alpha MCS, SMC's all-encompassing computer system for providers, there is little effort to speed up payment to the provider, and we are held to their payment schedule. More and more work has been relegated to the provider with no increase in payment to cover administrative costs. We are now responsible for alerting the MCO when it is time to monitor the alternative family living arrangements rather than their tracking their monitoring themselves.

MCH uses varying types of data of to measure the *efficiency, effectiveness, satisfaction*, and *service access* for each service program. MCH also acknowledges that the data collected must be reliable, valid, complete and accurate. For that reason, each service is reviewed separately, using the most appropriate, accurate, and most current data available, including information from regulatory bodies and/or satisfaction surveys, input from families, guardians, and other stakeholders, etc. Measurable goals for improvement and short-term agency goals are developed and reviewed by the management team and board of directors. Information is also included in this report to be used by the board of directors and the management team to develop future goals and objectives as well as evaluate current status and needs. Because needs and statuses change, goals are also revised as determined by need and assessment. Evaluations, transition plans, altering goals as needed all support that these are living documents which to be used as management tools and not merely exercises on paper.

MCH recognizes that there are many ways to measure an organization's effectiveness; however, MCH rationalizes that an efficient organization has an *active board*, *satisfied* and *stable* clients, *satisfied stakeholders, committed staff, financial stability*, and receives *positive feedback* from outside regulatory inspections, and *positive results* from outside audits/inspections. Achieving these criterion is reflective of an effective/efficient organization. When these objectives are not met, MCH develops a plan of correction to achieve the desired outcome(s) or determines why these objectives cannot be met due to reasons that might be financial or violations of standards/regulations.

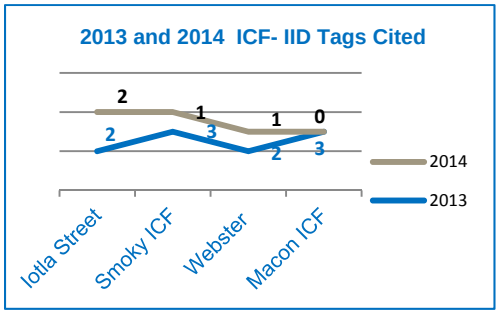
B. OBJECTIVES, MEASUREMENT STANDARDS, AND RESULTS:

1. RESIDENTIAL PROGRAMS:

Needs of Persons Served: MCH serves persons with intellectual and developmental disabilities who require 24-hour supervision in residential programs designed to provide training in activities of daily living (ADL's). Along with training towards independence, both health and safety needs and social and/or retirement needs are given highest priority. Continuous active treatment is required in all residential programs, and when active treatment cannot be met in a safe manner, other means of support may be recommended, and a transition plan may be developed.

Objective: Provide quality services all residential persons served by ensuring compliance to all regulations including licensure and funding source, putting the needs of the person served first, and ensuring that clients make progress or maintain skills. Individualized goals are developed to achieve these objectives according to needs identified in a comprehensive functional assessment and/or through interdisciplinary team input. This team includes professionals, direct care staff, QP, and families/guardians.

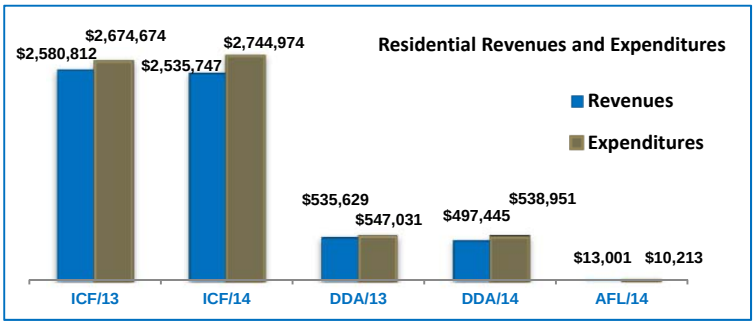
Measurement: Of 4 unannounced ICF-IID surveys conducted during this fiscal year, 1 was deficiency-free, another home had 2 tags cited, and 2 homes had only 1 tag cited. These are excellent survey results, and none of the citations were conditions of participation. All were standard level deficiencies with 60 days to correct. All have been corrected, and all homes are now in compliance. Exit interviews were very positive, and staff were complimented on their abilities and commitment to quality services. Excellent condition of homes and pleasant environments were recognized as well. Documentation from each survey is maintained in the administrative office. The ICF homes comply with and exceed standards in many cases. Documentation is maintained in the administrative office. There is a separate Life Safety survey, and there was a citation at only the Webster home to replace a sprinkler head. This was completed the next day. All homes are nationally accredited by CARF.



Harrison Avenue Group Home and Smoky ICF-MR (HUD homes) had ARC inspections 4/23/14 with both homes receiving superior ratings and a notation that each was above average. On another inspection on 7/24/13, both homes were inspected and receive excellent ratings with nothing noted. There were no REAC nor Quadel inspections this year. Both Harrison Avenue and Yonce House has licensure surveys by DHSR on 1/15/14 and 1/16/14 and received no deficiencies. Neither received any citations during the Life Safety Section of DHSR on 10/10 2012. Documentation is maintained in the administrative office. NC did not follow through with Gold Star Monitoring as referenced in last FY's report; however, DHSR continues to monitor both Harrison Avenue and Yonce House at this time.

MCH opened another AFL or alternative living family arrangement in March of this year. Inspection of the home was done by an SMC employee from the contracting division. Both the person served and the AFL individual have had an excellent relationship, and the person served's family is very happy. The person served also has Innovations Day Supports at MCE.

Efficiency: The ICF's operated at a negative 8.33% efficiency, and the DDA homes at a negative 14.39% efficiency. The AFL which only opened in mid-March made a $2,788 profit in the short time til the end of the FY. The most efficient ICF was Smoky, and the 2 least efficient were Macon and Webster. Webster is expected because more staff are employed there.



Satisfaction: A parent/guardian survey was conducted by telephone in July, 2014 by Jean Pinkston, BSW. Ms. Pinkston designed the survey to determine satisfaction with services and to identify areas for improvement. All guardians either agreed or strongly agreed, and 96% participated, our highest rate ever. This survey includes both the residential and day programs. The following statements were given each participant during the survey:

- I am satisfied that the services MCH provides to my family member meets his/her current needs – *22% agreed and 78% strongly agreed.*
- I believe MCH strives to provide comfortable, safe, and clean environments for the persons served. – *22% agreed and 78% strongly agreed.*
- I am included in the development of services for my family member/client and believe my input is respected. *32% agreed and 68% strongly agreed.*
- I would recommend MCH services to a friend or family member. *18% agreed and 82% strongly agreed.*

In her report, Ms. Pinkston stated that there were many positive comments about the caring relationships between staff and MCH consumers with special compliments about the exceptional care of, to, and for the clients. Comments included "above and beyond," "a God send," and "an angel to our family." In addition, there were compliments to the day program, and its meaningfulness to community consumers was especially noted as both productive and supportive.

The complete report is available in the administrative office.

Service Access: One new service was added this FY, a new Alternative Family Living Arrangement (AFL). We are open to providing additional AFL services in the future as well as periodic community-based services for which we were recently credentialed by the MCO. MCH discharged a consumer from the Webster ICF group home on September 16 because we were no longer able to ensure health and safety. Because the MCO refused to authorize the new candidate for the home, the family/legal guardians appealed to the MCO, went to mediation, and then appealed all the way to the Office of Administrative Hearing, the bed was empty for 77 days, a significant loss of revenues to MCH which amounted to $22,518. The MCO reversed their position the day before the OAH hearing, and the candidate was authorized for the home where he has done well and is now in a transition plan to move into a community-based setting such as an AFL when he meets the criterion of the transition plan. Service access is no longer just a process for the admissions/discharge committee but must be authorized by the MCO.

As for the past several years, there have been numerous inquiries and tours of MCH services. We receive frequent inquiries, many of which are directed to other or more appropriate services. The single greatest obstacle to serving more persons with I/DD is funding. The most recent Innovations slots which were allotted did not go to any consumers in our service arena, and state funding, if granted, will not support a consumer. MCH continues to assist community requests and assist people in finding services, but all services must be authorized by the MCO. The provider has little control over who it serves with the exception of NC Innovations when the family/guardian may choose the provider. Even then, the MCO must authorize the service, and there may be a time delay.

MCH maintains a website, www.maconcitizens.org which has information about the agency, employment opportunities and application, and provides links to state information on intellectual and developmental disabilities. The 4 most recent newsletters are also available on the website. The agency brochure is posted on the website as well as the rights brochure, and both are available for distribution. Copies of the agency brochure are also available at the Chamber of Commerce. Referrals which are not appropriate for MCH services and even those which may be appropriate when no openings are available are given information about other services in the area. For those who are appropriate for our services, tours are offered and completed applications for admission are recommended in order to serve as a waiting list. MCH maintains this waiting list at the administrative office, and it is referred to when openings occur; however, at this time, MCH must have the family contact the MCO in order to enter services unless the person to be served is already in the MCO system.

Effectiveness: All programs within the residential program received excellent reviews on the satisfaction survey. Clients are making progress on goals, and most are stable in their placements. Those who are less stable may have health-related issues which may require skilled nursing care in the near future. However, at this time all benefit from active treatment and are still appropriate for their respective facilities. Consumer goal progress is evident by observation and through measurable goals. Satisfaction and progress/maintenance of skills are indicators of effective programs. There were many more positives than negatives stated at the exit interviews even when citations were issued, and all citations were standard level and removed upon return review. Overall, surveys were excellent. The DDA homes received no citations.

2. DAY PROGRAM:

Needs of Persons Served: Provide a day program which has both work and retirement components and provides continued and integrated training in activities of daily living and social skills. Within this program, health and safety, social, activities of daily living, prevocational and/or retirement needs are given top priority.

Objective: Provide a quality day program to the person with I/DD with both a work provision and retirement provision in a facility licensed by the state to provide (Adult Developmental Vocational Program) ADVP services while complying with all regulations and state requirements as well as compliance with ICF-IID and NC Innovations regulations.

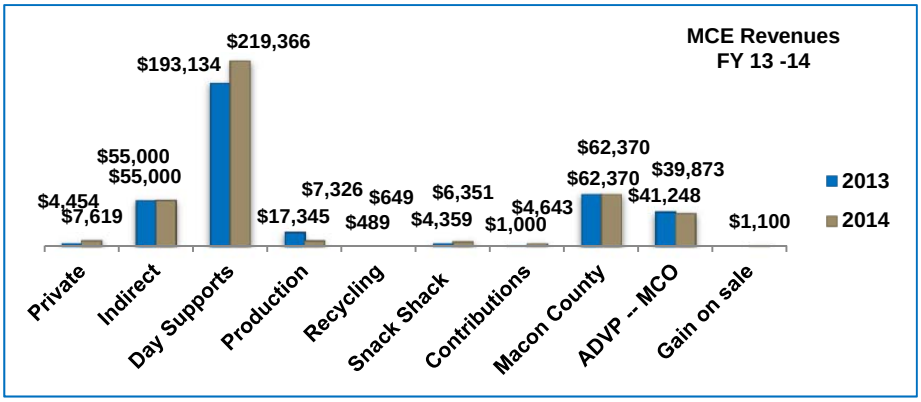
Measurement: ICF-MR surveyors routinely visit MCE during ICF surveys, and there were no citations which involved the day program. SMC MCO audited NC Innovations Day Supports claims on 4/14/14 with no findings. There was not a state survey this FY. SMC Care Coordinators also make regular visits to this facility and meet with both persons served and families/guardians. The care coordinators have been positive about plan meetings and routine visits to MCE.

Satisfaction: There have been no expressions of dissatisfaction with the day program during continuing needs reviews or annual plans. There were no grievances or complaints filed. The satisfaction survey included in the residential section included MCE, and it was noted that there were numerous compliments about the training and care given at MCE. Stakeholders were also contacted to determine satisfaction. The 6 businesses which market the cards made by MCE consumers expressed 100% satisfaction in 5 areas: *Satisfied with the quality of MCE products, no products returned due to poor quality, products were delivered in a timely manner, will continue to display MCE products, and would recommend MCE products to others.*

The one company we continue to do a small amount of work for was also polled and asked 5 questions by the assistant director. The questions were answered by Trace Thomas with Caterpillar with *yes* 100% of the time. The poll asked *(1) Are you happy with the quality of service that MCH provides, (2) Do you find that MCH conducts* its *business in an ethical manner, (3)Will you continue to use MCH for services in the future, and (4) Would you recommend MCH to other venders?*

Efficiency: MCE had $365,897 in revenues and $351,265 in expenditures for a 4% efficiency. Cost per client is $36.59. However, it is very significant to note that $55,000 of MCE's total operating budget plus 9 staff come from the ICF-IID homes. MCE only has 3.75 FTEs (full time equivalents) directly tied to its cost center.

These and the 9 ICF staff provide a 1:4 client-staff ratio which greatly exceeds state standards of 1:10 for an ADVP.



Otherwise, MCE was largely supported by Medicaid through NC Innovations Day Supports. MCE would not be self-sufficient nor provide a safe environment without the financial and staff support from the residential program. Thus, the 2 programs are mutually beneficial since MCE provides a work/day program option, and staff from the residential program are an added strength to the day program because they are trained on individual clients and are very familiar with their goals and needs. Community clients benefit from a strong program with an excellent staff/client ratio.

Service Access: MCE served a total of 50 non-duplicated clients this past year compared to 51 last FY. There were 49 in services as of June 30. ADVP served 36 and the retirement activity program served 13. There were 3 private pay clients during the year. On June 30, there were 14 in the retirement program. Services are described on the MCH website as well as in an agency brochure. It continues to be increasingly more difficult to find appropriate funding sources for new clients, probably our greatest challenge to serving more clients in the day program since there is space. Transportation is also very expensive and is an accessibility as well as financial obstacle. There have

been no new state funds for ADVP in more than 25 years and there was a 3% cut to ADVP funds this FY. MCH continues to be receptive to serving student from Macon County schools who meet the I/DD criteria and are 18 years of age but did not serve any this year other than 1 private pay who comes when school is closed and summers.

Effectiveness: MCE had no outside surveys other than those visits already reviewed by the ICF survey team during the FY and the NC Innovations review. The ICF team was very complimentary about day program services on each of the 4 observances. There was no dissatisfaction expressed with services this year. Clients are making progress on goals and are stable. Client goal progress is both evident by observation and through measurable goals.

C. FINANCIAL:

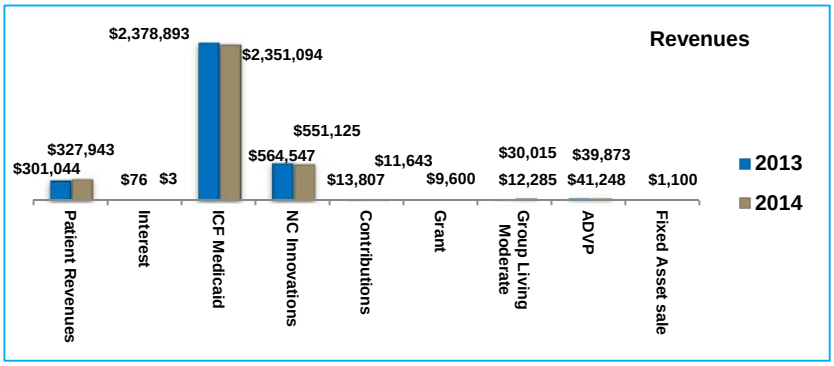
Objective: Operate within budget while maintaining quality client services.

Measurement: Total debt at the end of the FY was $221, 363. However, the mortgage was reduced from $227,156 to $181,295 and is still on target to be paid off in just under 3 ½ years. There was $40,067 on the credit line compared to $0 last year. Because the MCO is much slower in payment of claims than Rubicon, cash flow has been impeded, and it has been necessary to use the credit line until payment for claims is received. All services must be rendered before claims are paid with the exception of the 1/12 which SMC pays each month for ADVP. That amount is less than $40,000 per annum. Claims are denied for various reasons, some beyond our control and errors on part of the MCO, and in some cases errors on our part. However, if the claim must be rebilled, it is at least 2 weeks until it is paid even when the error is on the part of the MCO. Often these are large claims.

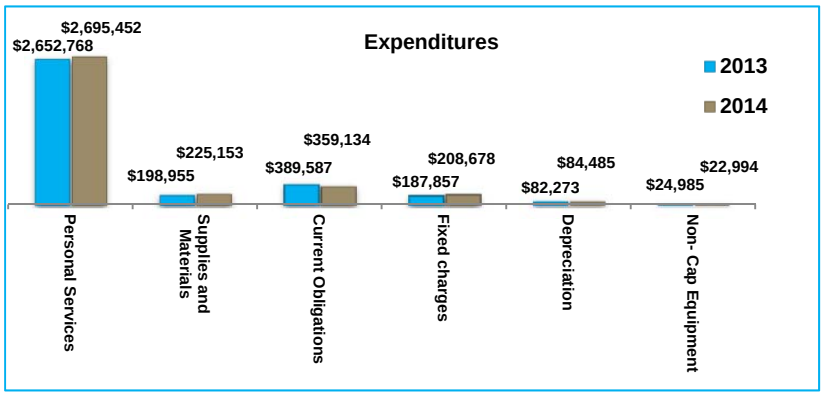
Total assets on June 30 were $1,080,315 (after depreciation), and total liabilities were $643,444 (including long-term debt). Long-term debt to asset ratio is 17%. Appliances such as washing machines, refrigerators, dishwashers, and dryers, heat pumps, and furniture were purchased for the facilities as needed. Two vehicles were purchased and paid for. Cash flow was less predictable this year. A benefactor again contributed to a bonus to staff at Christmas, and MCH supplemented this amount.

The average residential client cost per day was $265.46 per day compared to $262.44 last year, an increase of $3.02/day over last year. Much of this can be attributed to 89 unbillable days… 77 were an unfilled bed, and the rest were hospitalizations. Expenses were similar, but revenues were less.

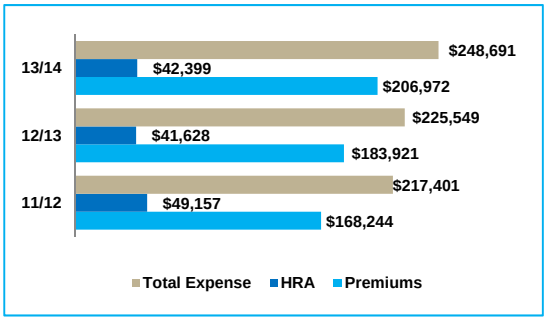
Average MCE client cost per day was $36.59, an increase over the last FY. The unit amount (15 minutes) for ADVP is $1.57; however, this capped at $39,873, another reduction since last FY.



As expected, personal services which includes salaries, benefits, contract consultants, etc. was the greatest expense, and Medicaid was the largest funding source. Medicaid includes both the ICF-MR homes and all NC Innovations services.



As of July 1, 2014, MCH no longer offered a Health Reimbursement Account and offered 3 choices: 2 more traditional plans with co-pays and 1 which includes a health savings account (HSA). Open enrollment was held in May, and employees were able to choose a plan that best served their individual needs depending on their age and medications. MCH also offered at no cost to the employee $25,000 life insurance and Accident as well as $310/month toward health insurance and $20 toward any ancillary insurance the employee chose. For many employees, insurance costs decreased depending on the plan(s) they chose. Employees have control over their choices for the first time, and it is anticipated that enrollment will be done via internet on a secure server next FY, possibly with more choices. Eliminating the HRA reduced MCH's risk since that was always an estimated amount when we entered into the contract with the insurance company. The graph contains actual figures. MCH is in full compliance with the Affordable Care Act.



D. RISK MANAGEMENT:

Each year, the management team analyzes our risks to determine obstacles to financial stability, failure to comply with regulations and standards, lack of adequate insurance coverage, or anything that might prevent or hinder services to clients, including inadequate staffing. A 25-question analysis is used to identify risks. Empty beds, funding reductions and funding which does not keep pace with inflation create the greatest risks to client stability and financial stability. We experienced a 3% ADVP rate reduction last year and fully expect this funding to be eliminated in the future since neither the state of NC nor Smoky MCO consider it a *best practice*. Western Highlands Network officially merged with SMC in August, 2013 after an April approval by the Secretary, and SMC ended their contract with Rubicon in February, 2014. All billing is now done via Alpha MCS, SMC's billing/claims/catchall for plans, authorizations, etc. Thus payment has been much slower and has impeded cash flow for much of this FY. An empty ICF bed presented our greatest challenge this past year and is our greatest risk as it creates a significant financial impact. An empty ICF bed for 77 days did have a negative impact, and it was only when the family/guardians chose to appeal all the way to the Office of Administrative Hearing that the MCO agreed our candidate was appropriate for the ICF-IID bed. The applicant who has fetal alcohol syndrome disorder was higher functioning in some ways; however, he needed both the built-in safety and structure afforded by a community-based ICF-IID group home and did meet the other criteria for ICF-IID per the Federal guidelines. The loss of funding amounted to $22,518. State group home rates cannot sustain a group home in today's economy with a payment of $45/day. Other MCO's in NC pay higher rates, and that rate setting is left to the individual MCO's.

Sound debt management and well-controlled budgeting are very important to withstanding future uncertainty. Unnecessarily increasing our debt at this time would not be prudent. Renegotiating the mortgage, paying off the Webster Group Home with plans to be debt free in 5 years was prudent fiscal management, and the debt is now reduced to about 3 ½ years.

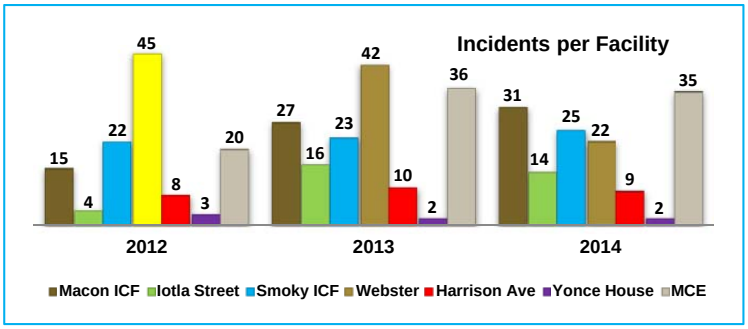
MCH's liability insurance either meets or exceeds limits established in contracts, and the agency carries such insurance to withstand disasters, hardships, or litigation. The executive director and assistant manager meet with the insurance representative each year to review coverage and make adjustments as needed. In some cases, coverage was increased this past year as areas were reviewed. Insurance is also monitored by the MCO's, and certificates of coverage are provided to each MCO. The state requires every agency to carry adequate liability insurance. Debbie Ballard, Loss Prevention from Synergy, our Worker's Compensation carrier, visited 4 times and reviewed policies and worker's compensation claims, and visited all facilities. Visits were on 9/12/13, 10/8/13, and 10/23/13. She also made a presentation at the safety committee on 1/22/14. She found our facilities to be safe and following all OSHA recommendations.

The HR manager and RN reviewed the exposure plan and identified those job classifications which are at risk for exposure to BBP. Those at greatest risk are habilitation assistants, facility managers, nurses, QP's and maintenance staff. Universal precautions are required and expected at all times. Viral infections or accidental injury pose the greatest risks to staff, and safe practices are expected at all times. Flu shots are offered to staff each year at no cost to the employee. Staff are trained on universal precautions at time of hire and at least annually thereafter. In addition, they are trained on communicable disease and reporting. MCH employs an RN and an LPN, both of whom are readily available, and one is always on call.

Additional training was implemented in order to provide safer facilities for staff and clients. Security policies are reviewed and trained with all staff, and actual drills are conducted. Staff have trained on methods to diffuse tense situations and report any unsafe or threatening situations. Facilities have security lighting. Staff are encouraged to use a flashlight to go to their vehicles after dark. Door alarms are used on all main doors to alert staff when anyone goes out or comes in. This is a safety precaution and is not considered to be restrictive. Doors are to be kept locked at all times in the residential facilities. Third shift staff carry a portable telephone for safety and quick reporting in the event of an emergency. In the Webster Group Home, this phone also serves as an alert to the 7-on/7-off staff in the event of an emergency. Staff are trained in NCI (North Carolina Interventions) to prevent physical injury to staff and clients if a client becomes aggressive. Prevention is the key concept in NCI training. MCH no longer uses restraint, and we no longer train this portion of NCI.

While it is impossible to identify every risk or natural disaster, MCH feels that it is prepared to weather those that are predictable although there still may be some impact to finances and client or employee stability. Every reasonable measure has been taken, however, to prevent any major losses. MCE is a designated shelter recognized by Macon County, and all facilities are trained to shelter-in-place when possible.

E. SAFETY:



The MCH Health and Safety Committee continues to be an active, working committee that meets quarterly and inspects all facilities quarterly, using a monthly rotation. This committee also reviews all incident/accident reports and makes recommendations for correction. This committee, as well as the MCH Human Rights Advisory Committee, monitors for any patterns or trends such as abuse, neglect, or unsafe practices. There were no patterns again this FY with falls being the most cited incidents among clients; however, falls this year numbered 57 vs. 63 last FY.

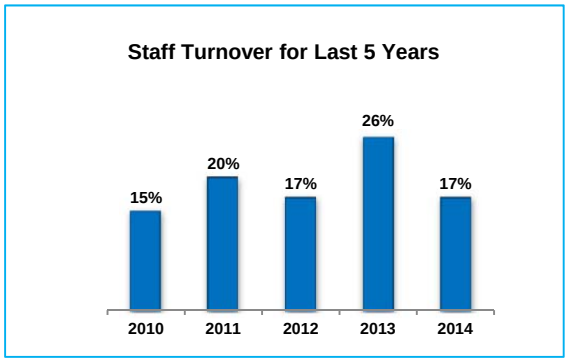
MCH continues to advocate strongly for safe practices. The safety coordinator reviews all fire drill logs each month to ensure compliance with policy and safe practices and trains elements of safe practices at quarterly staff meetings. Documentation may be found on in-service sign-up sheets and in personnel files. Client training is reflected in goals and in service plans and is trained according to methodology specified in the plan. Fire drill and disaster drill logs also document client participation.

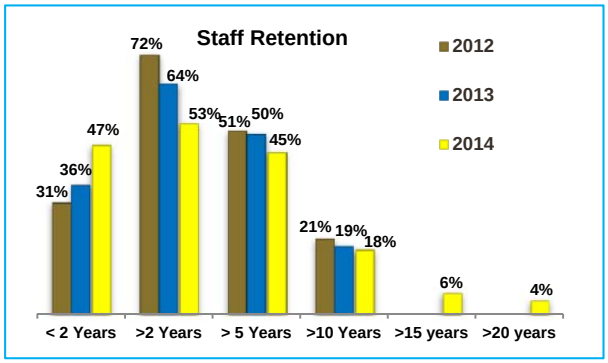
The Life Safety division from DHSR also inspected each of the ICF-IID facilities last FY with citations at 1 facility which required replacing a sprinkler head. Each residential facility has annual fire and sanitation inspections, while MCE and the administrative office have only fire inspections. Inspections are maintained in the facilities and a copy is kept in the administrative office.

There were 13 staff incidents this year compared to 8 last year; however, only 3 incidents resulted in worker's compensation claims.

MCH continues to emphasize disaster preparedness. MCH, along with Macon County, has designated MCE as a special needs shelter, and MCH partnered with the county for a generator hookup for MCE. The county paid for the installation. Safety trainings are designed to prepare staff for both work and home disaster situations. MCH has always taken a serious approach to safety and expects safe practices from employees. In addition, an internal news bulletin provided by Irwin Seigel includes safety articles which are applicable to both work and home are posted in each facility including administration. Copies are available from the HR manager.

F. PERSONNEL:





Staff turnover decreased this year to 17% following an increase to 26% % last year. These figures are very low for our industry. Fifteen people separated employment for various reasons and of those, 2% were involuntary and were terminated for some violation of policy or job performance. There were 13 voluntary terminations, and 60% participated in an exit interview with no trends noted. Five of those who terminated left within the first year of employment. There were 30 interviews conducted, and 60% of those interviewed were hired. Some withdrew during the interview or facility visit, and some were not deemed suitable for the position or some other issue. Three long-term employees retired this past year. There were 18 status changed during the FY with 4 making facility changes, 11 changing shifts, and 3 position changes.

MCH employed 74 persons at the end of the fiscal year, with 3 positions open. The pool of PRN staff to relieve regular employees during holidays, vacations, and sick days continues to be very beneficial and helps to provide coverage for vacations and illnesses. There were 6 trained staff in the PRN pool on June 30. Longevity bonuses were given in December which were sponsored by a donor and enhanced with an MCH contribution. Effective July 1, PTO was increased although the policy remains in place that new employees must let leave accrue for the first 6 months of employment. Leave without pay may be taken during that time if preapproved at time of hire or for extenuating circumstances. The cap on leave was also raised from 240 hours to 320/year.

G. ACCESSIBILITY:

At least annually, the executive director, HR manager and the entire upper management team review accessibility and record any changes since the last review. Architecture, environment, attitude, financial, employment, communication, community integration, transportation, and miscellaneous barriers were reviewed in August by the executive director and HR manager. Our community is very accepting of persons with disabilities, and MCH clients and staff are well known and welcomed throughout the Macon and Jackson communities. Funding, public transportation, and mountainous terrain have been identified as 3 of our greatest obstacles. At this time, there are limited funding resources for persons with I/DD in North Carolina, and the list is getting shorter. There has been no new ADVP funding in years, only reductions, and that funding appears to be on its demise. An empty bed or lengthy hospitalizations remain our two greatest obstacles to funding. We are not paid when an ICF-IID resident is hospitalized. Obviously, there is no income for an empty bed since funding is outcome based. NC Innovations does not pay if the service is not rendered.

While Macon County has a transit system, it is quite expensive and prohibitive to persons on limited incomes such as our clients. There is also a pay differential if MCH pays for the transportation, and the cost is prohibitive. Lack of transportation and/or cost to Highlands and Scaly Mountain limit services to those areas in Macon county, and there are frequent inquiries about services from persons in those areas. Macon Transit Services has made no adjustments to costs at this time although there have been several conversations related to expense. The assistant director represents MCH on the transportation board. We provide as much of our own transportation as possible in order to reduce expenses because it is less expensive for MCH to transport when it can be arranged rather than to rely on Macon Transit. Some funding sources such as NC Innovations require the provider to provide transportation, but it is up to the provider to determine whether to use public transportation or provide it in house.

MCH has a new website in the making which should be up very soon. Currently the old site is still accessible and both contain information about this agency and links to other areas of interest. Job openings and current newsletters may be found on the website as well. The website includes an on-line application and store to order cards made at MCE using a PayPal account. The new site will also include an employee resources tab which will contain all policies, information regarding insurance, 401 (k) and 401 (k) Roth, etc. Employees will be able to log in under this tab.

Service accessibility continues to be complicated. Currently, there is no single nor simple method to access or learn about services. The state provides a list of providers on the state website. While this is modern technology, many people still do not have internet access nor know how to find this information. Placement in the day program is also more difficult because of limited funding. There is no longer case management; however, there are care coordinators under the NC Innovations waiver who write the plans for Innovations recipients. The MCH QP writes plans for state-funded persons. The care coordinator does not do the other tasks that case managers did, and that now falls back to the provider. Anyone who is interested in future placement is encouraged to complete an application and be put on the waiting list to be contacted when an opening occurs. However, we must still refer the individual to the MCO, and the MCO has the final say on all authorizations unless it is private pay. The provider has less and less say in the decisions about who is served. Parents/guardians do have the right to choose providers.

MCH is fortunate to be a recognized agency in western NC, and DSS, Department on Aging, schools, and similar agencies often contact MCH about referrals. MCH is pleased to partner with Macon County Schools and serve students with I/DD who are at least age 18 whenever possible. Previously a board member served on 2 state committees. We also have a county commissioner on the board. Refer to the Accessibility Summary for details on accessibility including architectural, environmental, attitude, employment, financial, transportation, community integration, and other.

H. TECHNOLOGY:

MCH uses modern technology to store and share information. Critical files are backed up and encrypted on an internet server which may be accessed by logging on to the server. Key staff use up-to-date personal computers equipped with software which is appropriate for the position, primarily Microsoft Office. Most facilities have new time clocks which are cloud based and more user friendly. Most paper time sheets should be eliminated entirely except for new employees in training and anyone who fails to sign in. There is a server which is networked to the computers in the administrative office and MCE which provides access to policies and procedures, forms, personal files and provides an additional back-up system. The server can also be accessed remotely. The resources page on the website will eliminate the need for much of the information on the server and it will be used primarily for additional backup. All computers are backed up via Carbonite, and this site can be accessed remotely as well. Key staff are provided with smart phones or cell phones, and all vehicles are equipped with cell phones. Security cameras are in place at MCE, and the administrative office has a secured entrance into the office area. The office manager must let anyone who does not have the code into the office area. Employees are provided with badges which identify them as MCH employees. All facilities have digital cameras. The administrative office and all facilities now have wireless internet access, and managers can communicate via email. Group home internet and laptops are password protected. All staff have access, and only limited access to the internet is allowed. These are provided for managers to have access to email and for staff to access policies and other required reading. A copy of the employee handbook is on the server as well as a copy maintained in each facility so that staff have access.

MCH has an email retention policy and email moved to a back-up folder on individual computers and backed up on the server using *Mail Store* software. Per federal policy, all email which contains PHI is encrypted. All personal computers are password protected.

I. CORPORATE RESPONSIBILITY AND COMPLIANCE:

MCH has accepted even more responsibility for conserving our environment and beautiful mountains. MCH staff are conscientious about thermostat settings, water conservation, reducing paper consumption, using energy efficient light bulbs, and recycling used printer cartridges and cell phones. In addition, some group homes had raised-bed gardens, and MCE does some composting. All facilities recycle, and MCE continues with its cottage industry – making paper from recycled paper and then converting that paper into greeting cards and gift tags which are marketed in 8 shops in the Franklin area as well as on the website. MCE continues its *green* philosophy with the card production activity and has just completed the construction of a greenhouse with the aid of an Evergreen grant and is in the planning stages of plantings for a spring market now. The Macon County Sheriff's Department provided most of the grow lights for the greenhouse from items confiscated from drug raids. The greenhouse will provide more employment opportunities for the clients.

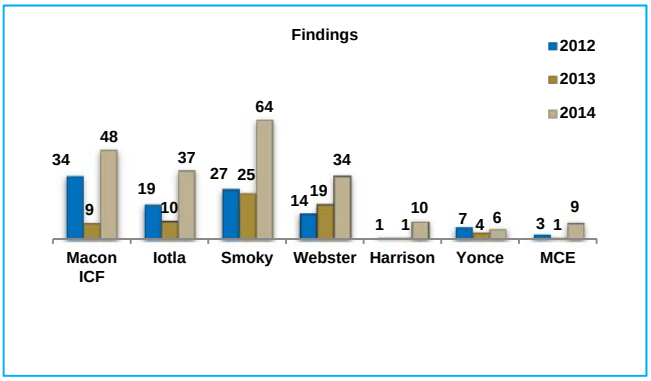
MCH continues to promote ethical practices both in corporate responsibility and by compliance with all federal and state regulations and has numerous systems in place to detect and rectify compliance issues as they occur. The office manager serves as the compliance manager and tests revenues and client funds for compliance to all state and federal laws. Remittance advices (RA's) are reconciled to billing and documentation for compliance, and data is reviewed before being submitted for billing. NC Innovations documentation is monitored closely so that there is no duplication and to ensure that we do not bill for services that are not provided. When errors do occur or are found, repayment or rebilling occurs immediately as necessary. The office manager monitors monthly and makes quarterly and annual reports to the executive director and to the board of directors. The assistant director reconciles remittance advices to billed claims to ensure all monies received tie back to billing. In addition, all NC Innovations billing is reviewed by 2 people, the QP and the assistant director when claims are billed. Medicaid fraud is taken seriously, and any incorrect billing or overpayment is reported as soon as discovered.

J. CULTURAL COMPETENCE:

The executive director, HR manager and program director completed a self-evaluation on cultural competence in August, and discussed each of the items on the on the self-evaluation sheet as they completed the self-check. We employ a diverse population including African Americans and Latinos and serve a diverse population which relates closely to the census of the 2 counties we have services in. Individual cultures are honored. We are aligned well the makeup of county statistics and do not discriminate in any way in the hiring of staff or services to those with I/DD. As odd as it seems, we employ more people who originated in other states and migrated to Macon County, NC or Jackson County than we do local persons. Each brings cultural differences to our organization. Much of this migration is from Florida or student at Western Carolina University.

K. QUALITY ASSURANCE:

MCH evaluates and strives to improve the quality, effectiveness and appropriateness of services rendered by the organization. For this reason, service records are systematically reviewed by the Quality Assurance Committee (QAC) to ensure compliance with state requirements and to ensure quality services. All client records and services are reviewed at least 2 times annually for compliance with state and federal documentation and filing requirements.



The multidisciplinary Quality Assurance Committee (QAC), which is appointed by the executive director, is chaired by the program director and includes the MCE manager, licensed practical nurse, qualified professionals, and DDA manager. All findings are corrected and recorded in a report compiled by the program director. For FY 14, there were 158 corrections made to service records, up from FY 13. Improper documentation, improper error correction, and failure to sign the backs of the medication administration records remained the areas most cited. Plans of correction were submitted for each finding.

L. DEMOGRAPHICS:

Some startling statistics about NC in general is that among the nation's 50 states, North Carolina experienced the greatest increase in the proportion of people living in high-poverty areas between 2000 and 2010, according to a the last US Census Bureau report. The growing number of North Carolinians living in disadvantaged neighborhoods is problematic because they face restricted access to the jobs, education, and networks that can improve their financial standing. The report defined high-poverty areas as places that have poverty rates of 20 % or higher. The federal poverty level for a family of 4 is a mere $23,550 — which is far lower than the $52,275 needed to live comfortably in NC, per the Budget and Tax Center's 2014 Living Income Standard. The 2010 data reflects the 2008-2012 5-year average. Even sadder is the pay scale in the human services industries. MCH is competitive in the Macon and Jackson County areas; however, direct care workers who make from $11 to $11.50 per hour fall in the poverty level unless a spouse/family member has a high paying job. Approximately 19.6% of Maconians are in the below poverty level compared to just over 16% in Jackson County. Macon County's poverty rate is very close to the 20% mark, and Jackson County is probably only spared because of the state university in that county.

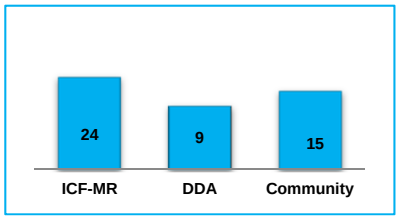
The share of people (poor and non-poor) living in high-poverty areas grew the fastest in North Carolina from 2000 to 2010, increasing almost 18%. This information is interesting and important both because the I/DD population is indigent for the most part, and their caretakers, trainers, staff are in the below poverty pay scale. Our industry competes with nursing homes, rest homes, assisted living homes, and the fast food industry for workers. *Persons over 65 make up almost 30% of Macon County residents* compared to just over 14% in the state. *Almost 19% of*

Macon County's population is under 18 compared to 23% in the state. *That leaves about 50% of Macon County residents to fill the workforce in all jobs.*

Macon County is almost 96% white and just under 7% Latino. Only about 20% have a bachelor's degree or higher. By comparison, Jackson County, which is also home to Western Carolina University, is made up of about 19.5% retirement age persons, and approximately 21% are under age 18, so there are 10% more potential workers to pull from in Jackson County although many of these may be college students. Jackson County is made up of 92% white residents and nearly 8% Latino. Over 16.5% live below the poverty level. Over 24% have a bachelor's degree or higher, not all that different from the 20% in Macon County. The two counties do join, and the 2 major towns in each are only 18 miles apart.

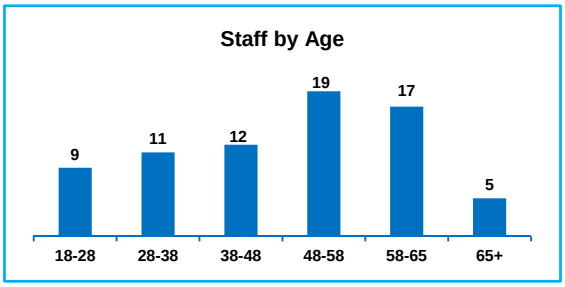
Being rural, over an hour from a city over 60,000, and in a mountainous portion of the state all contribute to the demographics of this area. Many have retired here from Florida, and many got to Florida from the northeast, especially New Jersey, and decided to retire half way between the areas. Most of these do not contribute to the workforce although they may volunteer in various entities such as Habitat or Care Net. They do contribute to the economy; however, they have changed the complexion of this area both in positive and negative ways. Many bring their children with disabilities and seek services although even for those who have been waiting for years, access to services is very slow, and little to no funding exists for those who migrate here.

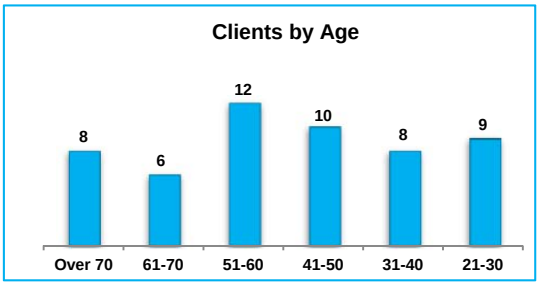
Many people with disabilities born in the '60's are still living, and the 40+ group is the fastest growing group of persons with intellectual and developmental disabilities. Nationwide there are more than ½ million people with I/DD over the age of 65, and with good health care, this number will continue to grow. The average age of the MCH consumer is 46.6 compared to 43.6 years last FY. Our client population is aging.



MCH operates 4 ICF-IID (Intermediate Care Facilities for individuals with intellectual disabilities), 2 DDA (Developmentally Disabled Adults) homes, 2 AFL's, and a day program which is licensed as an ADVP with DHSR. All residential clients require 24-hour supervision. At the end of the FY, MCH served 3 persons who are diagnosed with dementia. The second AFL was added after the close of the FY.

Overall, MCH serves an aging population with 64% of those served being over age 40 compared to 58% last FY. Sixteen percent are over age 60. Almost half of those served fall into the severe/profound range of I/DD.





The average age of staff is 48. Obviously, MCH does not discriminate over age 40. MCH currently employees 4 African Americans and 2 Latinos. This is 5% and 2% respectively, and close to the percentage of the population of the 2 counties where our services are located. MCH does not discriminate but does require that staff are fluent in English at this time since all consumers understand English, and while all may not be verbal, most have receptive communication skills and need to understand their workers. This may change some time in the future if MCH serves someone with another language.

M. LONG AND SHORT-TERM GOALS AND OBJECTIVES:

Short and long-term goals are developed and reviewed by the upper management team and presented to the board of directors for approval each year. These are reviewed and updated at the annually and revised as neces-

sary and presented to the board for approval. The date for this year's long-range planning is September 3. The upper management team uses the information in this report to refine and set goals to present to the board for approval. Expenditures, revenue sources, etc. are examined to determine the best course for the upcoming year and long-term goals for the future.

This FY, the decision was made after goals were set to increase services to include NC Innovations Community-Based services in order to increase revenue. While the new services are in progress, the results will be reflected in the next FY's report. These services are somewhat different than what MCH has provided in the past in that most are periodic so there was need for another qualified professional as well as learning curve for finance and HR departments.

2013 Short-term goals:

Goal		Met	Partially met	Unmet
1.	Ensure that MCH remains solvent. It is financially stable currently.	X		
2.	Continue to adapt services to meet the needs of clients.	X		
3.	Conduct at least 1 annual staff development training.	X		
4.	Set up committee to explore methods of sponsorship/scholarships for clients with no funding sources.			X
5.	Table options for supported living arrangements until more is known about the state changes to MCO's and funding	Refer to explanation		
6.	Continue to research and write grants as needed. Explore the Melvin R. Lane grant and write letter of intent.	X		

1. MCH remains solvent at this time although cash flow is impeded by the slow payment of claims by the MCO.
2. MCH is committed to looking at the needs of the persons served and making adaptations so long as the intent of the funding source is met and it's in the best interest of the person served.
3. Denise Erwin did 3 different training sessions with QP's. Those on the safety committee received training from the Synergy Loss Claims representative. All staff renew training on a quarterly rotation. Jack Lunnen, PT, trained Macon staff on PT exercises for BM, and safe transitions.
4. The committee met 2 or 3 times but did not continue to meet due to lack of time and ideas.
5. Successfully submitted a grant to Evergreen to purchase and install a greenhouse.

3-5 Year Strategic Plan:

Goal		Met	Partially met	Unmet
1.	Continue transition strategy.	X		
2.	Continue adapting services which meet the changing needs of clients.	X		
3.	Maintain services to clients with intellectual and developmental disabilities.	X		
4.	Pay off refinanced mortgage within 5 years and be debt-free.	X		
5.	Have endowment or foundation in place and funded with all unrestricted funds being applied to the $25,000 seed money necessary to set up the endowment.	See recommendation		

1. Transition plan is in place with assistant director to become executive director and a program director has been hired and is transitioning into that role, and will replace the program role of the executive director. The assistant director who will become the executive director under the current plan was formerly the finance director and will continue to handle the business portion of the agency.
2. See #2 above.
3. We continue to serve only the I/DD population. However services have been expanded to include community-based services.
4. The mortgage debt is scheduled to be paid off 1/18.
5. It is the recommendation of the upper management team, executive and assistant directors that contributions be unrestricted unless the donor restricts them. This money is needed more for day-to-day operations at this time due to slow payment of claims. It is hoped there may be some donors in the future who might fund this seed money for an endowment or perhaps we need to explore other endowments or foundations.