MEMBERS PRESENT: ☒ Ann Akland, ☒ Cynthia Binanay, ☒ Christopher Bostock, ☒ Dr. George Corvin, ☒ Kenneth Edge, ☒ James Edgerton, ☒ Lodies Gloston, ☒ Phillip Golden, ☒ Dr. John Griffin, ☐ Curtis Massey, ☒ Rev. Michael Page, ☒ George Quick, ☒ Robert Robinson, CEO ☒ Vicki Shore, ☐ William Stanford, Jr., Chairman ☒ Caroline Sullivan, ☒ Scott Taylor, ☒ Amelia Thorpe, ☐ Lascel Webley, Jr. and ☒ McKinley Wooten, Jr.

GUEST(S) PRESENT: Eddie Burke, Cherry Bekaert, CPA; Dennis Farley, DMH; Denise Foreman, DMH; Dr. Nicole Lawrence, Duke Center for Child and Family Policy; Sharon O’Brian, CFAC; Melissa Pall, Cherry Bekaert, CPA; and Dr. Liz Snyder, Duke Center for Child and Family Policy

ALLIANCE STAFF PRESENT: Dr. Erica Arrington, Associate Medical Director; David Currey, BECOMING Project Coordinator; Hank Debnam, Cumberland Site Director; Carol Hamnett, General Counsel; Veronica Ingram, Executive Assistant; Carlyle Johnson, Director of Provider Network Strategic Initiatives; Christal Kelly, Director of Reimbursement; Geyer Longenecker, Director of Quality Management; Beth Melcher, Chief of Program Development and Evaluation; Ann Oshel, Chief Community Relations Officer; Sara Pacholke, Controller; Kelly Phillips, Finance Director; Monica Portugal, Corporate Compliance Officer; Al Ragland, HR Director; Garron Rogers, Youth Coordinator; Jennifer Ternay, Interim Chief Financial Officer; and Doug Wright, Director of Consumer Affairs

1. CALL TO ORDER: Vice-Chairman Christopher Bostock called the meeting to order at 4:02 p.m.

<table>
<thead>
<tr>
<th>AGENDA ITEMS:</th>
<th>DISCUSSION:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Announcements</td>
<td>A. Commissioners/Board Member Recognition: Rob Robinson, CEO, congratulated Board members who are also County Commissioners on recent appointments: Kenneth Edge was elected Chairman of Cumberland Board of County Commissioners, Michael Page was re-elected Chairman of Durham Board of County Commissioners, and Caroline Sullivan was elected Vice-Chairwoman of Wake Board of County Commissioners.</td>
</tr>
<tr>
<td></td>
<td>B. NC Council Award: Mr. Robinson stated that Alliance received an award for the open access model. This award will be presented during this evening’s portion of the NC Council Conference in Pinehurst, NC.</td>
</tr>
<tr>
<td></td>
<td>C. New DMH Staff: Mr. Robinson mentioned that Yvonne French received a promotion and will no longer serve as the MCO Liaison; he introduced Dennis Farley, the new LME/MCO Liaison.</td>
</tr>
<tr>
<td></td>
<td>D. New Alliance Staff: Mr. Robinson introduced Kelly Phillips, new Finance Director, and Christal Kelly, new Director of Reimbursement.</td>
</tr>
<tr>
<td></td>
<td>E. Alliance FEP Award: Additionally, Mr. Robinson mentioned Alliance’s award to implement a coordinated care model for First Episode Psychosis (FEP); this will be an expansion of the current UNC Center for Excellence in Community Mental Health OASIS (Outreach and Support Intervention Services) model. He expressed gratitude for Alliance staff, Ann Oshel, for submitting the application for this award.</td>
</tr>
<tr>
<td>3. Oath of Office</td>
<td>Durham Board of County Commissioners Chairman and Alliance Board member, Michael Page, administered the oath of office to new Board member, McKinley Wooten, Jr.</td>
</tr>
</tbody>
</table>
**AGENDA ITEMS:**

<table>
<thead>
<tr>
<th>AGENDA ITEMS</th>
<th>DISCUSSION:</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Agenda Adjustments</td>
<td>There were no adjustments to the agenda.</td>
</tr>
<tr>
<td>5. Public Comment</td>
<td>There were no public comments.</td>
</tr>
<tr>
<td>6. Annual Audit Report (page 6)</td>
<td>An annual audit is a requirement of the Local Government Budget and Fiscal Control Act GS 159-34. The annual audit is also a requirement of the DHHS-DMA contract with Alliance for the Medicaid Waiver. The Alliance financial report and the report of the independent auditor were presented by the firm of Cherry Bekaert, CPA. Eddie Burke and Melissa Pall presented a detailed overview and PowerPoint presentation of Alliance’s recent audit including results of the audit, areas of focus, required communications and accounting measures, metrics. Mr. Burke and Mrs. Pall stated that their firm issued an unmodified opinion on the financial statements, on Federal funding, and State funding components. Additionally, Mr. Burke mentioned corrective actions Alliance staff put in place. Board members discussed topic noting implementation of IT strategic plan and clarifying the required unrestricted/unassigned fund balance.</td>
</tr>
<tr>
<td><strong>BOARD ACTION</strong></td>
<td>A Motion was made by Mr. James Edgerton to accept the FY14 audit report; seconded by Mr. George Quick. Motion passed unanimously.</td>
</tr>
</tbody>
</table>

7. Committee Reports

<table>
<thead>
<tr>
<th>7. Committee Reports</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Executive Committee (page 77)</td>
<td>The Executive Committee sets the agenda for Board meetings and acts in lieu of the Area Board between meetings. Actions by the Executive Committee are reported to the full Area Board at the next scheduled meeting. This month’s report includes the minutes from the September 16, 2014, meeting and information about a recently formed ad hoc committee. Vice-Chairman, Christopher Bostock, presented the Executive Committee report. He mentioned that per our by-laws at last month’s Executive Committee meeting, Chairman Stanford appointed an ad hoc committee. The members of the Executive Committee will serve on this ad hoc committee and will develop a process to evaluate the CEO. The ad hoc committee will provide an update at the February 5, 2015, Area Board meeting. There were no questions or discussion about the Executive Committee report.</td>
</tr>
<tr>
<td>B. Consumer and Family Advisory Committee (page 89)</td>
<td>The Alliance Consumer and Family Advisory Committee (CFAC) is composed of consumers and/or family members that live in Durham, Wake, or Cumberland Counties who receive mental health, intellectual/developmental disabilities and substance use/addiction services. CFAC is a self-governing committee that serves as an advisor to Alliance administration and Board. This month’s report included draft minutes and notes from the CFAC Subcommittee meetings and a copy of the training presentation on Rights and Responsibilities. Doug Wright, Director of Consumer Affairs, introduced Sharon O’Brien, CFAC representative. Ms. O’Brien provided a summary of the CFAC report and reminded Board members that additional information was submitted in the Board packet. She expressed appreciation for being able to present the CFAC report and being part of the agenda. There were no questions or discussion about the CFAC report.</td>
</tr>
</tbody>
</table>
**AGENDA ITEMS:**  | **DISCUSSION:**  
---|---  
C. Finance Committee (page 122)  
The Finance Committee’s function is to review financial statements and recommend policies/practices on fiscal matters to the Area Board. The Finance Committee meets monthly at 3:00 p.m. prior to the regular Board Meeting. This month’s report included the budget to actual report and ratios for the period ending October 31, 2014, and the draft minutes of the November Finance Committee meeting. James Edgerton, Finance Committee Chairman, presented the Finance Committee report. He noted that current revenues exceeded expenditures. There were no questions or discussion about the Finance Committee report.

D. Policy Committee (page 127)  
Per Alliance Behavioral Healthcare Area Board Policy “Development of Policies and Procedures”, the Board reviews all policies annually. The Board Policy Committee reviews a number of Policies each quarter in order to meet this requirement. This month’s report included minutes from the August Policy Committee meeting and a review of Business Operations and Compliance Policies. Policy Committee Chairwoman, Cynthia Binanay, presented the Policy Committee report. She noted that the majority of the Policies were reviewed without revisions and noted three Policies were reviewed with suggested revisions. Ms. Binanay reviewed the recommended revisions for the following Policies: Board By-laws, General Computer Use, and Compliance with Local Government Budget and Fiscal Control Act. There were no questions or discussion about the Policy Committee report.

**BOARD ACTION**
A Motion was made by Ms. Cynthia Binanay to approve the policies as recommended; seconded by Ms. Ann Akland. Motion passed unanimously.

8. Consent Agenda (page 165)  
Draft Minutes from the August 7, 2014, Board Meeting  
Vice-Chairman Bostock noted that the consent agenda was part of the Board packet. There were no questions or discussion about the consent agenda.

**BOARD ACTION**
A Motion was made by Dr. George Corvin to approve the consent agenda; seconded by Commissioner Kenneth Edge. Motion passed unanimously.

9. Proposal to Cancel January 1, 2015, Board Meeting (page 171)  
As stated in the by-laws and in accordance with provisions set forth in the Open Meetings Act, the matter placed before the Board was to vote on whether the Board would like to cancel the January 1, 2015, regularly scheduled meeting. Vice-Chairman Bostock presented the recommendation. There were no comments or discussion about the recommendation.

**BOARD ACTION**
A Motion was made by Dr. George Corvin to cancel the January 1, 2015, Board meeting; seconded by Mr. James Edgerton. Motion passed unanimously.
<table>
<thead>
<tr>
<th>AGENDA ITEMS:</th>
<th>DISCUSSION:</th>
</tr>
</thead>
</table>
| 10. Request for QM Report Waiver (page 173) | In accordance with Rule 10A NCAC 27G .0805, *Procedure for Waivers by Division Director*, staff proposed that the Board consider submitting a request to the Department of Health and Human Services (DHHS) to waive the requirement for providers to submit Quarterly Incident Report Summaries (Form QM-11), per Subsection (e) of the Rule. This requirement would impact approximately 380 providers. Carol Hammett, General Counsel, and Beth Melcher, Chief of Program Development and Evaluation presented this request. Dr. Melcher noted that level II and III incidents are submitted electronically by providers. Level I incidents are reviewed as part of Routine Monitoring; subsequently this report requirement is currently redundant. Ms. Hammett discussed the process Alliance would pursue if the Board approves this request.  
  
  Board discussed the topic, specifically, if other MCO’s will make the same request. CEO, Rob Robinson, noted that this topic was discussed at an NC Council MCO Directors’ meeting and all MCO Directors were in agreement to request this waiver.  

**BOARD ACTION**  
A Motion was made by Mr. George Quick to approve the recommendation to request that the Secretary of DHHS approve a waiver of the QM-1 reporting requirements indefinitely for applicable Alliance providers and authorize the CEO to sign and send the letter of request; seconded by Commissioner Caroline Sullivan. Motion passed unanimously. |
| 11. Board Training | A. Child and Adolescent Behavioral Health Services Presentation (page 174)  
  
  Dr. Erica Arrington, Associate Medical Director, presented an overview/PowerPoint presentation of behavioral health services available to children in North Carolina. Dr. Arrington reviewed common diagnoses treated in the child/adolescent population, service definitions for child/adolescent enhanced behavioral health services, and best practice expectations.  
  
  Board members discussed topic noting Psychiatric Residential Treatment Facilities (PRTF) and interaction with school systems. Board members noted an increased need to interact more with school systems to better equip educators and school staff.  

B. SAMSHA/BECOMING Grant (page 193)  
  
  Alliance was awarded a SAMHSA grant to improve life outcomes for youth disconnected from critical services and supports. Ann Oshel, Alliance Chief Community Relations Officer, facilitated the presentation in coordination with Garron Rogers, Alliance Youth Coordinator, and Drs. Nicole Lawrence and Liz Snyder from Duke Center for Child and Family Policy. This PowerPoint presentation highlighted some of Alliance’s successful youth engagement efforts and provided an overview of key evaluation findings.  
  
  Board members discussed topic requesting prior background of consumers and noting the positive impact of this program. Additionally, Board members noted the need for greater involvement at an earlier age, specifically, helping and equipping parents and educators to help youth.  

**BOARD ACTION**  
The Board received the training; no additional action required. |
AGENDA ITEMS: | DISCUSSION:
--- | ---
12. Updates | A. EQR Site Visit
Rob Robinson, CEO, provided an update to the Board on the recent External Quality Review (EQR) visit. He noted the positive informal review and stated that the final report is expected within thirty days.

B. Follow up to Newspaper Article on NC Substance Abuse Treatment Centers
Mr. Robinson provided an update on a recent newspaper article about substance abuse treatment centers in North Carolina. He noted that current legislators are discussing having MCOs manage ADATCs (Alcohol and Drug Abuse Treatment Center) and that this potential service speaks to legislators’ confidence in the MCO model.

BOARD ACTION
The Board received the updates; no additional action required.

13. Chairman’s Report | Vice-Chairman Bostock noted that the next Board meeting will be at Alliance’s Wake site on February 5, 2015. Additionally, on behalf of Chairman Stanford and Alliance staff, he extended holiday greetings to everyone.

14. Adjournment | With all business being completed the meeting adjourned at 6:03 p.m.

Next Board Meeting
Thursday, February 05, 2015
4:00 – 6:00

2/5/2015
Robert Robinson, Chief Executive Officer

Date Approved
ITEM: June 30, 2014, Audited Financial Statements and Related Documents

DATE OF BOARD MEETING: December 4, 2014

BACKGROUND:
An annual audit is a requirement of the Local Government Budget and Fiscal Control Act GS 159-34. An annual audit is also a requirement of the DHHS-DMA contract with Alliance for the Medicaid Waiver. Alliance Behavioral Healthcare Report includes the following: Report of Independent Auditor, Management’s Discussion and Analysis, Basic Financial Statements, and Supplemental Schedules.

The SAS 114 letter is a letter to the Area Board communicating specific information about the audit. This is a requirement under generally accepted auditing standards, Government Auditing Standards, OMB Circular A-133 and the State Single Audit Implementation Act.

The recommendation letter is a letter to management noting material weaknesses and significant deficiencies, if any, as well as general recommendations. This is a requirement under generally accepted auditing standards.

A compliance audit is a requirement of the Local Government Budget and Fiscal Control act GS 159-34. Alliance Behavioral Healthcare Compliance Report includes the following:

- Report of Independent Auditor
- Schedule of Findings and Questioned Costs
- Schedule of Corrective Action Plan
- Summary Schedule of Prior Year Findings
- Schedule of Expenditures of Federal and State Awards
- Notes to the Schedule of Expenditures of Federal and State Awards

REQUEST FOR AREA BOARD ACTION:
Accept the report.

CEO RECOMMENDATION:
Accept the report.

RESOURCE PERSON(S):
Robert Robinson, CEO; Jennifer Ternay, Interim CFO; Sara Pacholke, Controller
Audit Wrap Up
& Presentation
Alliance Behavioral Healthcare

December 4, 2014
Cherry Bekaert LLP
2626 Glenwood Avenue | Suite 200 | Raleigh, NC 27608
919.782.1040 | www.cbh.com
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1. Results of Our Audit
2. Audit Areas of Focus
3. Required Communications
4. Accounting Measurements & Metrics
# Results of Our Audit

## Audit of Financial Statements

We have completed our audit of the financial statements of the Organization for the year ended June 30, 2014.

Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of those charged with governance are presented fairly, in all material respects, in conformity with generally accepted accounting principles.

The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements. The scope of the work performed was substantially the same as that described to you in our engagement letter.

We have issued an unmodified opinion on the Financial Statements.
**Results of Our Audit (continued)**

<table>
<thead>
<tr>
<th>Internal Control Over Financial Reporting and Compliance Matters</th>
</tr>
</thead>
<tbody>
<tr>
<td>In accordance with <em>Government Auditing Standards</em>, we have also issued our report on our consideration of the Organization’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.</td>
</tr>
<tr>
<td>Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.</td>
</tr>
<tr>
<td>However, we did report one significant deficiency:</td>
</tr>
<tr>
<td>• Audit adjustment to correct the Organization’s liabilities as of June 30, 2014 (accrued vacation and payroll accrual). Total adjustment was not material to the Organization’s financial statements taken as a whole.</td>
</tr>
<tr>
<td>We also reported one instance of nonmaterial noncompliance:</td>
</tr>
<tr>
<td>• General statutes violation - G.S. 159-28 (certification on checks).</td>
</tr>
</tbody>
</table>
# Results of Our Audit (continued)

## Compliance and Internal Control Over Compliance

In accordance with *OMB Circular A-133, Audits of States, Local Governments, and Non-Profits*, and the State Single Audit Implementation Act we have also issued our report on our consideration of the Organization’s compliance with requirements of laws, regulations, contracts and federal and State grants that could have a direct and material effect on the determination of the financial statement amounts. The purpose of the report is to describe the scope of our testing over compliance and the results of that testing, and not to provide an opinion on the internal control over compliance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

All records and information requested by Cherry Bekaert LLP were freely available for our inspection.

Management and other personnel provided full cooperation.

We issued an unmodified opinion on Compliance for each major federal and state program.
However, we did report one instance of nonmaterial noncompliance related to major Federal programs:
  • Mental Health Block Grant – Allowable Costs (1)

We also reported three instances of nonmaterial noncompliance related to major State programs:
  • LME Systems Management – Reporting (1) & Procurement (1)
  • Single Stream Line Funding – Allowable Costs (1)
## Audit Areas of Focus

<table>
<thead>
<tr>
<th>Primary Area of Focus</th>
<th>Procedures Performed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td>Cash reconciliations were inspected for accuracy and agreed to original bank statements</td>
</tr>
<tr>
<td>Receivables and Revenue</td>
<td>Confirmed directly with revenue sources the amounts received and receivable. For confirmations not received, we vouched significant revenue to bank statements and supporting documentation and significant receivables to subsequent receipts and supporting documentation.</td>
</tr>
<tr>
<td>Capital Assets</td>
<td>Obtained the fixed asset roll forward and analytically reviewed depreciation expense.</td>
</tr>
<tr>
<td>Accounts Payable and Expenses</td>
<td>Search for unrecorded liabilities was performed to determine that all liabilities were reported at year end.</td>
</tr>
<tr>
<td>Accrued Expenses and Payroll</td>
<td>Reviewed the reconciliation of payroll expenses and accruals to payroll reports. Reviewed the Organization’s calculation for IBNR and detail for other accruals.</td>
</tr>
<tr>
<td>Debt</td>
<td>Confirmed balances with Durham, Wake and Cumberland.</td>
</tr>
</tbody>
</table>
# Audit Areas of Focus (cont.)

<table>
<thead>
<tr>
<th>Primary Area of Focus</th>
<th>Procedures Preformed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single audit</td>
<td>Performed test of compliance with grant agreements and certain laws and regulations.</td>
</tr>
<tr>
<td>Litigation</td>
<td>Discussed actual and threatened litigation with management and reviewed accounting detail and noted instances of recording of legal fees and obtained representations with respect to the effect of litigation on the financial statements.</td>
</tr>
<tr>
<td>Management's Judgments and Accounting Estimates</td>
<td>Accounting estimates are an integral part of the financial statements and are based on management’s current judgments. We believe that the following items represent significant judgmental areas that impact the Organization’s financial reporting:</td>
</tr>
</tbody>
</table>
|                                              | • Incurred but not reported expenses  
• Useful lives of assets  
• Allowance for doubtful accounts                                                                                                                                         |
Required Communications

Internal Control Over Financial Reporting

Cherry Bekaert is required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Organization’s internal controls over financial reporting. The definitions of material weakness, significant deficiencies and control deficiencies follow.

<table>
<thead>
<tr>
<th>Category</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material Weakness</td>
<td>A deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization’s financial statements will not be prevented, or detected and corrected on a timely basis.</td>
</tr>
<tr>
<td>Significant Deficiency</td>
<td>A deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.</td>
</tr>
<tr>
<td>Deficiency in Internal Control</td>
<td>A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.</td>
</tr>
</tbody>
</table>

In conjunction with our audit of the financial statements we noted one significant deficiency related to the incorrect recording of accrued vacation and payroll accrual as previously discussed.

Other recommendations include:
- IT Entity Level Controls
- Access and Security Controls
### Required Communications (cont.)

**Matters Required to be Reported to Those Charged with Governance**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Discussion Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditor’s judgment about the quality of the Organization’s accounting policies, estimates and financial statement disclosure</td>
<td>In accordance with applicable auditing standards, a discussion was held regarding the quality of financial reporting, which included the Organization’s significant accounting practices, estimates and financial statement disclosures.</td>
</tr>
</tbody>
</table>
| Critical accounting policies and practices                                   | • Cash and Investments  
• Receivables and Revenue  
• Capital Assets  
• Accounts Payable and Expenses  
• Accrued Expenses and Payroll  
• Debt                                                                 |
| Adoption of a change in accounting principle                                | There were no situations involving the adoption of or a change in accounting principles where the application of alternative generally accepted accounting principles, including alternative methods of applying an accounting principle, would have a material effect on the Organization’s financial statements. |
| Material, corrected misstatements brought to the attention of management by the auditor | Proposed entries to correct accrued vacation and accrued payroll. Management corrected these accounts.                                               |
| Uncorrected misstatements, other than those the auditor believes to be trivial | There was one uncorrected misstatement related to revenue recognized in the prior year that should have been recognized in the current year.               |
| Disagreements with management                                               | There were no disagreements with management on financial accounting and/or reporting matters and auditing procedures that, if not satisfactorily resolved, would cause a modification of our auditor’s report. |
# Required Communications (cont.)

## Matters Required to be Reported to Those Charged with Governance

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Discussion Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultations with other accountants</td>
<td>We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants, nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.</td>
</tr>
<tr>
<td>Major issues discussed with management prior to retention</td>
<td>Prior to our being retained as auditor for the current fiscal year, there were no major accounting or other issues of concern discussed with management.</td>
</tr>
<tr>
<td>Significant issues discussed with management</td>
<td>Please refer to the Results of Our Audit in section two.</td>
</tr>
<tr>
<td>Significant difficulties encountered during the audit</td>
<td>There were no significant difficulties encountered during the audit.</td>
</tr>
<tr>
<td>Representations requested from management</td>
<td>The management representation letter, signed by management, was provided to us.</td>
</tr>
<tr>
<td>Other issues arising from the audit the auditor considers significant and relevant to those charged with governance</td>
<td>There were no other issues arising from the audit that we consider significant and relevant to those charged with governance.</td>
</tr>
<tr>
<td>Material alternative accounting treatments discussed with management</td>
<td>There was no discussion with management concerning alternative accounting treatments.</td>
</tr>
</tbody>
</table>
Accounting Measurements & Metrics

**ASSETS**

2014 Total Assets: $76,744,180

- Cash and cash equivalents: $163,514
- Due from other governments: $2,500
- Due from contractors: $3,068,929
- Miscellaneous receivables: $653,203
- Prepaids: $2,500
- Other assets: $95,935
- Capital assets: $80,271

2013 Total Assets: $52,912,722

- Cash and cash equivalents: $3,194,116
- Due from other governments: $100,727
- Due from contractors: $1,769,578
- Miscellaneous receivables: $93,935
- Prepaids: $4,274,303
- Other assets: $687,712
- Capital assets: $653,203
Accounting Measurements & Metrics

LIABILITIES

2014 Total Liabilities: $55,710,324
2013 Total Liabilities: $42,305,438
Accounting Measurements & Metrics

**NET POSITION**

**2014**
- Restricted - Medicaid waiver: $653,203
- Restricted - Medicaid services: $4,748,595
- Net investment in capital assets: $5,671,378
- Unrestricted: $9,960,680

**2013**
- Restricted - Medicaid waiver: $2,893,250
- Restricted - Medicaid services: $3,363,181
- Restricted - County Services: $4,400,641
- Net investment in capital assets: $687,712
- Unrestricted: $(2,427,918)

**2014 Net Position:** $21,033,856

**2013 Net Position:** $10,607,284
Accounting Measures & Metrics

2014 Total Revenues: $430,139,053

2013 Total Revenues: $220,876,696
Accounting Measures & Metrics

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, benefits, and fringe</td>
<td>$85,840</td>
<td>$84,513</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$174,470</td>
<td>$130,438</td>
</tr>
<tr>
<td>Other Operational Expenses</td>
<td>$24,256,435</td>
<td>$5,630,438</td>
</tr>
<tr>
<td>Medicaid Waiver Services</td>
<td>$4,214,530</td>
<td>$4,663,548</td>
</tr>
<tr>
<td>Contracts and Grants</td>
<td>$311,234,680</td>
<td>$183,397,652</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$75,985,330</td>
<td>$15,959,812</td>
</tr>
</tbody>
</table>

2014 Total Expenses: $419,712,481
2013 Total Expenses: $210,269,412
Accounting Measures & Metrics

NET INCREASE IN NET POSITION

Net profits

- 2014
- 2013

Net profits
Contact

Eddie Burke | Engagement Partner
eburke@cbh.com | 919.782.1040 | www.cbh.com
Cherry Bekaert LLP
ALLIANCE BEHAVIORAL HEALTHCARE

FINANCIAL REPORT

As of and for the Year Ended June 30, 2014

And Report of Independent Auditor
# ALLIANCE BEHAVIORAL HEALTHCARE

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Report of Independent Auditor

To the Area Board
Alliance Behavioral Healthcare
Durham, North Carolina

Report on the Financial Statements
We have audited the accompanying financial statements of Alliance Behavioral Healthcare (the “Organization”), which comprise the statement of net position as June 30, 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Organization as of June 30, 2014, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization’s basic financial statements. The supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2014, on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization’s internal control over financial reporting and compliance.

Raleigh, North Carolina
October 29, 2014
As management of Alliance Behavioral Healthcare, we offer readers of Alliance Behavioral Healthcare’s financial statements this narrative overview and analysis of the financial activities of Alliance Behavioral Healthcare for the fiscal year ended June 30, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Organization’s financial statements which follows this narrative.

Financial Highlights

- The assets of Alliance Behavioral Healthcare exceeded its liabilities at the close of the fiscal year by $21,033,856 (net position).
- As of the close of the current fiscal year, Alliance Behavioral Healthcare’s restricted net position included $9,960,680 restricted for Medicaid Waiver and $5,671,378 restricted for Medicaid services.

Financial Statements

The Organization’s financial statements report information of the Organization using accounting methods similar to those used by public-sector managed health care organizations. The significant difference is in the level of risk reserves that are established due to the at-risk contractual relationship under which the Organization operates.

These financial statements offer short-term and long-term financial information about its activities.

The Organization’s financial statements consist of the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows and Notes to the Financial Statements. In addition to the financial statements, this report contains other supplementary information that will enhance the reader’s understanding of the financial condition of the Organization. Budgetary information required by the General Statutes can also be found in this part of the statements.

The Statement of Net Position reports the Organization’s net position. Net position is the difference between the Organization’s total assets and total liabilities. Measuring net position is one way to gauge the Organization’s financial condition.

The Statement of Revenues, Expenses and Changes in Net Position reports the Organization’s revenues, expenses and the overall change in net position.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis of the Organization

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report the net position of the Organization and the changes in net position. The Organization’s net position, the difference between assets and liabilities, is a way to measure financial health or financial position. Over time, increases or decreases in the Organization’s net position is one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions and new or changed governmental legislation.
A summary of the Organization’s Statement of Net Position as June 30, 2014 is presented in Figure 1.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td>$66,034,362</td>
<td>$49,237,825</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td>10,056,615</td>
<td>2,987,185</td>
</tr>
<tr>
<td><strong>Capital Assets</strong></td>
<td>653,203</td>
<td>687,712</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>76,744,180</td>
<td>52,912,722</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td>52,564,324</td>
<td>36,318,888</td>
</tr>
<tr>
<td><strong>Long-Term Liabilities</strong></td>
<td>3,146,000</td>
<td>5,986,550</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>55,710,324</td>
<td>42,305,438</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in Capital Assets</td>
<td>653,203</td>
<td>687,712</td>
</tr>
<tr>
<td>Restricted</td>
<td>15,632,058</td>
<td>12,347,490</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>4,748,595</td>
<td>(2,427,918)</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>$21,033,856</td>
<td>$10,607,284</td>
</tr>
</tbody>
</table>

The net position of the Organization increased to $21,033,856 during 2014. The Organization became a governmental entity on July 1, 2012 and has operated under the Medicaid Wavier since February 1, 2013. The capitation rate paid is established by an actuarial study of the historical service cost for the Medicaid population included in the Waiver agreement. To the extent that there are increases in net position, a portion of those increases are required by contractual agreement to be restricted to provide services in future periods.
Statement of Revenues, Expenses, and Changes in Net Position

A summary of the Organization’s Statement of Revenues, Expenses, and Changes in Net Position as June 30, 2014 is presented in Figure 2.

**Figure 2**

Condensed Statement Revenues, Expenses, and Changes in Net Position

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Revenues</td>
<td>$430,068,805</td>
<td>$220,851,919</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>419,626,641</td>
<td>210,184,899</td>
</tr>
<tr>
<td>Total Operating Income</td>
<td>10,442,164</td>
<td>10,667,020</td>
</tr>
<tr>
<td>Total Nonoperating Expenses</td>
<td>(60,882)</td>
<td>(81,699)</td>
</tr>
<tr>
<td>Total Income before contributions</td>
<td>10,381,282</td>
<td>10,585,321</td>
</tr>
<tr>
<td>Total Capital Contributions</td>
<td>45,290</td>
<td>21,963</td>
</tr>
<tr>
<td>Increase in net position</td>
<td>10,426,572</td>
<td>10,607,284</td>
</tr>
<tr>
<td>Total net position, beginning</td>
<td>10,607,284</td>
<td>-</td>
</tr>
<tr>
<td>Total net position, ending</td>
<td>$21,033,856</td>
<td>$10,607,284</td>
</tr>
</tbody>
</table>

The Organization has operated a Medicaid Managed Care waiver under contract with the Department of Health and Human Services since February 1, 2013. The Organization receives Medicaid funding on a per member per month basis. In addition to the waiver, the Organization operates under a single stream funding arrangement with the State of North Carolina, Department of Health and Human Services Division of Mental Health, Developmental Disabilities, and Substance Abuse. The two funding sources comprise approximately 90% of the revenues of the Organization.

**Budgetary Analysis**

Over the course of the year, the Organization revised the budget several times primarily due to increased Medicaid revenue and an increase in expected grant funds.
Capital Assets and Debt Administration

**Capital Assets** - At June 30, 2014 the Organization had invested $653,203 in capital assets, net of accumulated depreciation, as shown in Figure 3.

![Figure 3](image)

Figure 3

**Capital Assets, Net of Accumulated Depreciation**

June 30, 2014

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and Fixtures</td>
<td>$516,690</td>
</tr>
<tr>
<td>Computer Equipment</td>
<td>37,908</td>
</tr>
<tr>
<td>Vehicles</td>
<td>41,288</td>
</tr>
<tr>
<td>Software</td>
<td>57,317</td>
</tr>
<tr>
<td><strong>Total Capital Assets, Net of Accumulated Depreciation</strong></td>
<td><strong>$653,203</strong></td>
</tr>
</tbody>
</table>

At June 30, 2014, the Organization had no outstanding debt associated with these capital assets.

**Long-Term Debt** - At June 30, 2014, the Organization had $5,796,000 in long-term debt, $2,920,000 of which is current.

**Economic Factors and Next Year’s Budget**

Currently, the Organization is negotiating revised per member per month rate with the Department of Health and Human Services which could affect next year’s budgeted revenues.
ALLIANCE BEHAVIORAL HEALTHCARE
STATEMENT OF NET POSITION

JUNE 30, 2014

ASSETS
Current Assets:
Cash and cash equivalents $ 57,047,770
Restricted cash and cash equivalents 5,671,378
Due from other governments, net 3,068,929
Due from contractors, net 163,514
Miscellaneous receivables 80,271
Prepays 2,500

Total Current Assets 66,034,362

Noncurrent Assets:
Restricted cash and cash equivalents 9,960,680
Other assets 95,935
Capital assets, net of accumulated depreciation 653,203

Total noncurrent assets 10,709,818

Total Assets 76,744,180

LIABILITIES
Current Liabilities:
Accounts payable and accrued liabilities 2,225,592
Claims liability 38,561,679
Unearned revenue 8,288,501
Accrued interest 13,840
Current portion of accrued vacation 554,712
Current portion of long-term obligations 2,920,000

Total Current Liabilities 52,564,324

Noncurrent Liabilities:
Noncurrent portion of accrued vacation 270,000
Noncurrent portion of long-term obligations 2,876,000

Total Noncurrent Liabilities 3,146,000

Total Liabilities 55,710,324

NET POSITION
Investment in capital asset 653,203
Restricted 15,632,058
Unrestricted 4,748,595

Total Net Position $ 21,033,856

The accompanying notes to the financial statements are an integral part of this statement.
# ALLIANCE BEHAVIORAL HEALTHCARE

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

**YEAR ENDED JUNE 30, 2014**

<table>
<thead>
<tr>
<th>Charges for services</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid Waiver services</td>
<td>$320,610,304</td>
</tr>
<tr>
<td>Medicaid Waiver administration</td>
<td>32,933,303</td>
</tr>
<tr>
<td><strong>Total charges for services</strong></td>
<td><strong>353,543,607</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Grant and local funding</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal grants</td>
<td>6,275,210</td>
</tr>
<tr>
<td>State Single Stream grant</td>
<td>34,430,894</td>
</tr>
<tr>
<td>State LME administrative grant</td>
<td>5,009,278</td>
</tr>
<tr>
<td>Other State grants</td>
<td>3,934,318</td>
</tr>
<tr>
<td>Local grants</td>
<td>26,875,498</td>
</tr>
<tr>
<td><strong>Total grant and local funding</strong></td>
<td><strong>76,525,198</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Operating Revenues</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>430,068,805</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Expenses:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, benefits and fringe</td>
<td>24,256,435</td>
</tr>
<tr>
<td>Professional services</td>
<td>4,214,530</td>
</tr>
<tr>
<td>Other operational expenses</td>
<td>3,761,196</td>
</tr>
<tr>
<td>Medicaid Waiver services</td>
<td>311,234,680</td>
</tr>
<tr>
<td>Contracts and grants</td>
<td>75,985,330</td>
</tr>
<tr>
<td>Depreciation</td>
<td>174,470</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>419,626,641</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Income</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10,442,164</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nonoperating Revenues (Expenses):</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense</td>
<td>(85,840)</td>
</tr>
<tr>
<td>Other income</td>
<td>24,958</td>
</tr>
<tr>
<td><strong>Total Nonoperating Expenses</strong></td>
<td><strong>(60,882)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income before contributions</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10,381,282</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital contributions</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>45,290</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase in net position</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10,426,572</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total net position, beginning</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10,607,284</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total net position, ending</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>$21,033,856</strong></td>
</tr>
</tbody>
</table>

The accompanying notes to the financial statements are an integral part of this statement.
# AllianCe BeHavioral HealthCare

## Statement of Cash Flows

**Year Ended June 30, 2014**

### Cash Flows from Operating Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from operations</td>
<td>$ 441,189,200</td>
</tr>
<tr>
<td>Payments to employees and fringe benefits</td>
<td>(23,828,113)</td>
</tr>
<tr>
<td>Payments to vendors and suppliers</td>
<td>(385,487,897)</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td>$ 31,873,190</td>
</tr>
</tbody>
</table>

### Cash Flows from Noncapital Financing Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from debt</td>
<td>1,584,000</td>
</tr>
<tr>
<td>Principal payments</td>
<td>(3,388,000)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(112,000)</td>
</tr>
<tr>
<td>Other income</td>
<td>24,958</td>
</tr>
<tr>
<td><strong>Net cash from noncapital financing activities</strong></td>
<td>(1,891,042)</td>
</tr>
</tbody>
</table>

### Cash Flows from Capital and Related Financing Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition and construction of capital assets</td>
<td>(94,671)</td>
</tr>
<tr>
<td><strong>Net cash from capital and related financing activities</strong></td>
<td>(94,671)</td>
</tr>
</tbody>
</table>

### Net Increase in Cash and Cash Equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>$ 29,887,477</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning</td>
<td>42,792,351</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, ending</strong></td>
<td>$ 72,679,828</td>
</tr>
</tbody>
</table>

### Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$ 10,442,164</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income to net cash provided by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>174,470</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>20,456</td>
</tr>
<tr>
<td>Due from governments</td>
<td>1,205,374</td>
</tr>
<tr>
<td>Due from contractors</td>
<td>1,606,064</td>
</tr>
<tr>
<td>Prepaids</td>
<td>3,191,616</td>
</tr>
<tr>
<td>Security deposits</td>
<td>(2,000)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(309,262)</td>
</tr>
<tr>
<td>Claims liability</td>
<td>7,028,535</td>
</tr>
<tr>
<td>Accrued vacation</td>
<td>227,272</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>8,288,501</td>
</tr>
<tr>
<td><strong>Total cash provided by operating activities</strong></td>
<td>$ 31,873,190</td>
</tr>
</tbody>
</table>

### Noncash Investing, Capital, and Financing Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donation of capital assets</td>
<td>$ 45,290</td>
</tr>
</tbody>
</table>
Note 1—Summary of significant accounting policies

The accounting policies of Alliance Behavioral Healthcare (the “Organization”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

Reporting Entity – The Organization is, by virtue of powers contained in State law (Chapter 122C of the North Carolina General Statutes), delegated the authority to manage the provision of high quality cost-effective mental health, developmental disabilities, and substance abuse services to consumers in Durham and Wake counties effective July 1, 2012. Effective January 1, 2013, the Organization began servicing Johnston and Cumberland counties through contracts with the North Carolina Department of Health and Human Services (“NCDHHS”). On July 1, 2013, Cumberland County Area Authority merged with the Organization. The Organization is governed by an eighteen member Area board, appointed by the Board of Commissioners of the representative counties. As required by generally accepted accounting principles, the accompanying financial statements present the Organization.

Description of a Local Management Entity – Managed Care Organization (LME-MCO) – An LME-MCO is an agency in the State of North Carolina that plans, develops, implements, and monitors behavioral health services within a specified geographic area, according to State requirements. The Managed Care Organization (MCO) component of the entity is responsible for managing behavioral health services in a specific geographic area provided through the State’s Medicaid 1915(b)(c) Waiver plan. Under this plan, the agency receives a contractual capitated fee per member per month, holds financial risk and coordinates care through a defined network of providers, physicians and hospitals. The Local Management Entity component of the organization is also responsible for managing behavioral health services for insured and uninsured individuals but does not hold financial risk. The services developed and managed cover the care continuum from inpatient and outpatient treatment, services, and/or supports. These services are primarily funded by federal (non-Medicaid), state and local grants.

Basis of Presentation – The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”). The full scope of the Organization’s activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

Basis of Accounting – The financial statements of the Organization have been prepared using the “economic resources” measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Budgetary Data – The Organization’s budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the Organization. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified basis of accounting. Amendments are required for any revisions that alter total expenses. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary due to an increase in Medicaid and grant funding. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers the time until the annual ordinance can be adopted.

Cash and Cash Equivalents – All cash and investments of the Organization are essentially demand deposits and are considered cash and cash equivalents.
Note 1—Summary of significant accounting policies (continued)

Restricted Assets – With the execution of the Medicaid waiver contract between the North Carolina Department of Health and Human Services, the Division of Medical Assistance (“DMA”), and the Organization, a restricted risk reserve account was established to maintain a minimum required balance for obligations of the contract. Withdraws and disbursements must be approved by DMA. The balance of the risk reserve account is $9,960,680 at June 30, 2014 and considered to be noncurrent. Current restricted assets consisted of money restricted for services provided through Medicaid contracts.

Due From Other Governments – Due from other governments consists of amounts due from state and federal governments related to state allocations and federal grants. This amount is recorded net of an allowance for doubtful accounts in the amount of $431,913 as of June 30, 2014.

Due From Contractors – Due from contractors consists of amounts due from providers related to adjudicated claims. These are recorded in the period the refund is determined to be owed. This amount is recorded net of an allowance for doubtful accounts in the amount of $93,256 as of June 30, 2014.

Miscellaneous Receivables – Miscellaneous receivables consist primarily of amounts due from sales tax refunds. These are recorded in the period actual costs are incurred.

Allowance for Doubtful Accounts – All receivables that historically experience uncollectable accounts are shown net of an allowance for doubtful accounts, when appropriate. This amount is estimated by evaluating current information related to the collectability of individual receivables. The concentrations of credit risk of accounts receivable are based on receivables with primarily federal and state (North Carolina) government agencies.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Capital Assets – The Organization’s capital assets are recorded at original cost or estimated historical cost. Donated capital assets are recorded at the estimated fair value at the date of donation. Minimum capitalization threshold is $5,000 for all capital assets with the exception of software, which is $100,000. The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend assets’ lives, are not capitalized.

The Organization’s capital assets are depreciated on a straight-line basis over the following estimated useful lives:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Estimated Useful Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>7</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>4</td>
</tr>
<tr>
<td>Vehicles</td>
<td>3</td>
</tr>
<tr>
<td>Software</td>
<td>3</td>
</tr>
</tbody>
</table>

Claims Liability – Claims liability include Medicaid, federal, state, and local claims owed to providers related to services performed prior to June 30, 2014. Under the Medicaid 1915(b)(c) Waiver, the Agency pays providers for Medicaid claims in the Organization’s four-county catchment area. The Organization estimates claims incurred but not reported (IBNR), and adds that to claims reported but not paid (RBNP) as of June 30, reporting the total as Claims Liability. IBNR was estimated to be $21,646,745 as of June 30, 2014.
Note 1—Summary of significant accounting policies (continued)

Accrued Vacation – The Organization’s policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each July 1 or for which an employee can be paid upon termination of employment. Also, any accumulated vacation leave in excess of 30 days at year-end is converted to sick leave. Under this policy, the accumulated vacation leave for each employee at June 30 equals the leave carried forward at the previous June 30 plus the leave earned less the leave taken between July 1 and June 30.

Unearned Revenue – Unearned revenue includes unspent funding provided by local governments. As of June 30, 2014, unearned revenues consists of $5,200,542, $661,779, and $2,426,180 from Wake County, Durham County, and Cumberland County, respectively.

Net Position – The Organization’s net position is classified as follows:

Investment in Capital Assets – This represents the Organization’s total investment in capital assets.

Restricted – A portion of net position is restricted by the Division of Medical Assistance for future obligations of the Medicaid waiver. This amount is set aside in a bank account and at June 30, 2014, the balance was $9,960,680. In addition, $5,671,378 was restricted for Medicaid services by the Division of Medical Assistance at June 30, 2014.

Unrestricted – The Organization’s unrestricted net position at June 30, 2014, was $4,748,595.

Revenue and Expense Recognition – The Organization classifies its revenue as operating and nonoperating and its expenses as operating and nonoperating in the accompanying statement of revenues, expenses, and changes in net position. Operating expenses generally result from providing services in connection with the Organization’s principal ongoing operations. Operating expenses are all expense transactions incurred other than those related to capital and non-capital financing or investing activities as defined by GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

Operating revenues include monies received from federal, state, and local governments related to Medicaid services, mental health block grants, and other grants. Medicaid service revenues are recognized when monies are received. Allocations from the State are recognized as revenues when monies are received. Reimbursable grant revenues are recognized when allowable activities and costs in accordance with related grant requirements are incurred.

Nonoperating revenues include activities that do not meet the definition of operating revenues and expenses. These revenues are classified as capital contributions.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Concentrations – For the year ended June 30, 2014, the Organization has a concentration in funding with approximately 82% and 8% of their revenues from Medicaid fund and single stream through the State of North Carolina, respectively.
Note 2—Stewardship, compliance, and accountability

Violations of Budgetary Accounting for Appropriations

*Noncompliance with North Carolina General Statutes* – The Organization’s process related to cash disbursements is not in accordance with State law [G.S. 159-28]. State law requires that each check or draft on an official depository shall bear on its face a certificate signed by the finance officer or a deputy finance officer approved for this purpose by the governing board. The Organization’s checks were signed by the finance officer; however, they did not bear the certificate. For fiscal year 2015, the Organization has required that all cash disbursements bear on its face a certificate signed by the finance officer.

Note 3—Deposits

*Deposits* – All of the Organization’s deposits are collateralized under the Pooling Method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Organization, these deposits are considered to be held by their agents in the Organization’s name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits.

Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Organization or the escrow agent.

Because of the inability to measure the exact amount of collateral pledged for the Organization under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The Organization relies on the State Treasurer to monitor those financial institutions. The Organization analyzes the financial soundness of any other financial institution used by the Organization. The Organization complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The Organization has no formal policy regarding custodial credit risk for deposits.

At June 30, 2014, the Organization’s deposits had a carrying amount of $72,679,828 and a bank balance of $73,093,961. Of the bank balance, $73,093,961 was covered by collateral held under the Pooling Method.

Note 4—Due from other governments

Due from other governments at June 30, 2014, consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td>$ 460,383</td>
</tr>
<tr>
<td>State</td>
<td>3,040,459</td>
</tr>
<tr>
<td>Total due from other governments</td>
<td>3,500,842</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(431,913)</td>
</tr>
<tr>
<td>Total due from other governments, net</td>
<td>$ 3,068,929</td>
</tr>
</tbody>
</table>
Note 5—Capital assets

A summary of changes in the Organization's capital assets is as follows:

<table>
<thead>
<tr>
<th>Business-Type Activities</th>
<th>Balance July 1, 2013</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciable Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>$615,695</td>
<td>$74,691</td>
<td>$</td>
<td>$690,386</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>42,932</td>
<td>19,980</td>
<td>$</td>
<td>62,912</td>
</tr>
<tr>
<td>Vehicles</td>
<td>21,963</td>
<td>45,290</td>
<td>$</td>
<td>67,253</td>
</tr>
<tr>
<td>Software</td>
<td>137,560</td>
<td></td>
<td>$</td>
<td>137,560</td>
</tr>
<tr>
<td></td>
<td>818,150</td>
<td>139,961</td>
<td></td>
<td>958,111</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>78,619</td>
<td>95,077</td>
<td>$</td>
<td>173,696</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>10,108</td>
<td>14,896</td>
<td>$</td>
<td>25,004</td>
</tr>
<tr>
<td>Vehicles</td>
<td>7,321</td>
<td>18,644</td>
<td>$</td>
<td>25,965</td>
</tr>
<tr>
<td>Software</td>
<td>34,390</td>
<td>45,853</td>
<td>$</td>
<td>80,243</td>
</tr>
<tr>
<td></td>
<td>130,438</td>
<td>174,470</td>
<td></td>
<td>304,908</td>
</tr>
<tr>
<td>Total capital assets, net</td>
<td>$687,712</td>
<td>(34,509)</td>
<td>$</td>
<td>$653,203</td>
</tr>
</tbody>
</table>

Additions to capital assets include donations of capital assets from Cumberland County of $45,290.

Note 6—Current liabilities

Accounts payable and accrued liabilities – Accounts payable and accrued liabilities at June 30, 2014 were as follows:

<table>
<thead>
<tr>
<th>Accounts payable and accrued liabilities</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade accounts payable</td>
<td>$563,608</td>
</tr>
<tr>
<td>Accrued salaries</td>
<td>1,525,874</td>
</tr>
<tr>
<td>Other accruals</td>
<td>136,110</td>
</tr>
<tr>
<td></td>
<td>$2,225,592</td>
</tr>
</tbody>
</table>
Note 7—Long-term obligations

Notes payable is summarized as follows:

Note payable to Cumberland County, payable in annual installments of principal plus interest of 1% based on approved payment schedule, through June 30, 2016, including a final payment of the remaining outstanding balance at June 30, 2016. $ 1,384,000

Note payable to Wake County, payable in annual installments of principal plus interest of 1% based on approved payment schedule, through June 30, 2017, including a final payment of the remaining outstanding balance at June 30, 2017. 2,404,000

Note payable to Durham County, payable in annual installments of principal plus interest of 1% based on approved payment schedule, through June 30, 2017, including a final payment of the remaining outstanding balance at June 30, 2017. 2,008,000

Less current portion $ 2,920,000

Total noncurrent portion $ 2,876,000

Future maturities of notes payable are as follows:

<table>
<thead>
<tr>
<th>Year Ended June 30,</th>
<th>Principal</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2,920,000</td>
<td>63,220</td>
</tr>
<tr>
<td>2016</td>
<td>2,060,000</td>
<td>28,760</td>
</tr>
<tr>
<td>2017</td>
<td>816,000</td>
<td>8,160</td>
</tr>
<tr>
<td>Total</td>
<td>5,796,000</td>
<td>100,140</td>
</tr>
</tbody>
</table>

The following is a summary of charges in the Organization’s long-term obligations for the fiscal year ended June 30, 2014:

<table>
<thead>
<tr>
<th></th>
<th>Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance</th>
<th>Current Portion of Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July 1, 2013</td>
<td></td>
<td></td>
<td>June 30, 2014</td>
<td></td>
</tr>
<tr>
<td>Notes payable</td>
<td>$ 7,600,000</td>
<td>$ 1,584,000</td>
<td>$ 3,388,000</td>
<td>$ 5,796,000</td>
<td>$ 2,920,000</td>
</tr>
<tr>
<td>Accrued vacation</td>
<td>597,440</td>
<td>1,379,425</td>
<td>554,713</td>
<td>824,712</td>
<td>554,712</td>
</tr>
<tr>
<td></td>
<td>$ 8,197,440</td>
<td>$ 2,963,425</td>
<td>$ 3,942,713</td>
<td>$ 6,620,712</td>
<td>$ 3,474,712</td>
</tr>
</tbody>
</table>
Note 8—Retirement systems

Local Governmental Employees’ Retirement System

Plan Description. The Organization contributes to the state-wide Local Governmental Employees’ Retirement System (“LGERS”), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees’ Retirement System is included in the Comprehensive Annual Financial Report (“CAFR”) for the State of North Carolina. The State’s CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 707-0500.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The Organization is required to contribute at an actuarially determined rate. The current rate is 6.74% of annual covered payroll. The contribution requirements of the members and of the Organization are established and may be amended by the North Carolina General Assembly. The Organization’s contributions to LGERS for the year ended June 30, 2014, were $1,268,227. The contributions made by the Organization equaled the required contributions for each year.

Deferred Compensation Plan

The Organization offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all the Organization employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with GASB Statement 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, the Organization’s Deferred Compensation Plan requires all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. The voluntary contributions by employees amounted to $242,144 for the year ended June 30, 2014.

Other Employment Benefits – IRC Section 401(k) Plan

Plan Description. The Agency contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to employees of the Organization. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Plan is included in the CAFR for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 707-0500.

Funding Policy. The Organization’s employees may participate in the Plan on a voluntary basis. In addition to employee contributions, the Organization contributes 5% of participants’ eligible compensation. Total amount contributed to the Plan by the Organization amounted to $902,654 for the year ended June 30, 2014. The voluntary contributions by employees amounted to $581,282 for the year ended June 30, 2014.
Note 9—Risk management

The Organization is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization has established a risk management program to account for and finance its uninsured risks of loss.

Under the Organization’s risk management program, the risk management program provides coverage for health insurance up to no specified dollar limit for each individual claim. The Organization purchases commercial insurance for individual claims in excess of $3,000,000 and aggregate claims in excess of $5,000,000. Settled claims have not exceeded this commercial coverage in the fiscal year.

The Organization carries business personal property insurance with amounts of coverage of $1,746,642 for blanket business coverage and $750,000 for computer contents in the Organization’s offices. There is a $1,000 deductible for each.

The Organization carries excess liability insurance for individual and aggregate claims in excess of $2,000,000.

In accordance with G.S. 159-29, the Organization employees who have access to $100 or more of the Organization’s funds at any given time are covered under the crime section of the risk management blanket bond coverage of $100,000 with a $1,000 deductible. The Chief Executive Officer, Chief Finance Officer, and Finance Officer are individually bonded for $500,000 each.

The Organization carries commercial coverage against all other risks of loss, including property and general liability insurance.

Note 10—Operating leases

The Organization entered into an operating lease agreement with Highwoods Realty Limited Partnership for the rental of a building in Raleigh, North Carolina, through July 2019. The lease agreement does not qualify as a capital lease for accounting purposes and, therefore, the lease payments have been recorded as operating expenses in the period incurred. Payments are due monthly ranging from $9,571 to $22,857 during the life of the lease.

The Organization entered into an operating lease agreement with Research Triangle Regional Public Transportation Authority for the rental of a building in Durham, North Carolina, through December 2018. The lease agreement does not qualify as a capital lease for accounting purposes and, therefore, the lease payments have been recorded as operating expenses in the period incurred. Payments are due monthly ranging from $71,078 to $84,897 during the life of the lease.

The Organization entered into one operating lease agreement with the County of Durham for the rental of a building in Durham, North Carolina, through June 2015. The lease agreement does not qualify as a capital lease for accounting purposes and, therefore, the lease payments have been recorded as operating expenses in the period incurred. Payments are due monthly ranging from $23,535 to $24,968 during the life of the lease.

The Organization entered into operating lease agreements for multiple printers and copiers, expiring in June 2015. The lease agreements do not qualify as capital leases for accounting purposes and, therefore, the lease payments have been recorded as operating expenses in the period incurred. Minimum monthly payments are $4,089 for a total of ten printers and copiers.
Note 10—Operating leases (continued)

Total lease payments charged to expense accounts for the year ended June 30, 2014, under operating leases amounted to $1,494,701. Future minimum lease payments under operating leases that have remaining terms in excess in one year as of June 30, 2014, are as follows:

<table>
<thead>
<tr>
<th>Year Ended June 30</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$1,473,094</td>
</tr>
<tr>
<td>2016</td>
<td>1,158,144</td>
</tr>
<tr>
<td>2017</td>
<td>1,192,888</td>
</tr>
<tr>
<td>2018</td>
<td>1,250,866</td>
</tr>
<tr>
<td>2019</td>
<td>779,009</td>
</tr>
<tr>
<td>2020-2023</td>
<td>22,857</td>
</tr>
</tbody>
</table>

$5,876,858

Note 11—Summary disclosure of significant commitments and contingencies

Federal and State-Assisted Programs – The Organization has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in a refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of any grant monies.

Note 12—Subsequent events

In connection with the preparation of the financial statements and in accordance with U.S. GAAP, the Organization considered for disclosure subsequent events that occurred after the statement of net position date of June 30, 2014, through October 29, 2014, which was the date the financial statements were available to be issued.
SUPPLEMENTAL SCHEDULES
## ALLIANCE BEHAVIORAL HEALTHCARE
### BALANCE SHEET (NON-GAAP)

**JUNE 30, 2014**

### ASSETS
#### Current Assets:
- Cash and cash equivalents: $57,047,770
- Restricted cash and cash equivalents: 5,671,378
- Due from other governments, net: 3,068,929
- Due from contractors, net: 163,514
- Miscellaneous receivables: 80,271
- Prepaid: 2,500

**Total Current Assets**: 66,034,362

#### Noncurrent Assets:
- Restricted cash and cash equivalents: 9,960,680
- Other assets: 95,935

**Total noncurrent assets**: 10,056,615

**Total Assets**: $76,090,977

### LIABILITIES
#### Liabilities:
- Accounts payable and accrued liabilities: $2,225,592
- Claims liability: 38,561,679
- Unearned revenue: 8,288,501

**Total Liabilities**: 49,075,772

### DEFERRED INFLOWS OF RESOURCES
- Due from other governments, net: 51,630
- Due from contractors, net: 162,999
- Miscellaneous receivables: 78,846

**Total Deferred Inflows of Resources**: 293,475

### FUND BALANCES
#### Nonspendable for prepaid items: 2,500
#### Restricted:
- Stabilization by State Statute: 3,115,174
- Medicaid risk reserve: 9,960,680
- Services: 5,671,378
- Unrestricted: 7,971,998

**Total Fund Balances**: 26,721,730

**Total Liabilities, Deferred Inflows, and Fund Balances**: $76,090,977
### Allan Behavioral Healthcare

#### Reconciliation of the Balance Sheet to the Statement of Net Position

**June 30, 2014**

---

Amounts reported in the statement of net position are different because:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending fund balance</td>
<td>$26,721,730</td>
</tr>
<tr>
<td>- Capital assets used are not financial resources and, therefore, are not</td>
<td></td>
</tr>
<tr>
<td>reported in the funds</td>
<td>$653,203</td>
</tr>
<tr>
<td>- Liabilities for earned revenues considered deferred inflows of resources</td>
<td></td>
</tr>
<tr>
<td>considered non-GAAP</td>
<td>$293,475</td>
</tr>
<tr>
<td>- Long-term liabilities, including bonds payable, are not due and payable in</td>
<td></td>
</tr>
<tr>
<td>the current period and therefore are not reported in the funds:</td>
<td></td>
</tr>
<tr>
<td>- Long-term debt</td>
<td>$(5,796,000)</td>
</tr>
<tr>
<td>- Accrued vacation</td>
<td>$(824,712)</td>
</tr>
<tr>
<td>- Accrued interest</td>
<td>$(13,840)</td>
</tr>
<tr>
<td>Net position</td>
<td>$21,033,856</td>
</tr>
</tbody>
</table>
## OPERATING REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charges for services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicaid Waiver services</td>
<td>$326,513,640</td>
<td>$320,610,304</td>
<td>$(5,903,336)</td>
</tr>
<tr>
<td>Medicaid Waiver administration</td>
<td>33,166,860</td>
<td>32,933,303</td>
<td>(233,557)</td>
</tr>
<tr>
<td>Total charges for services</td>
<td>359,680,500</td>
<td>353,543,607</td>
<td>(6,136,893)</td>
</tr>
<tr>
<td>Grant and local funding</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal grants</td>
<td>8,218,369</td>
<td>6,223,580</td>
<td>(1,994,789)</td>
</tr>
<tr>
<td>State Single Stream grant</td>
<td>38,644,931</td>
<td>34,430,894</td>
<td>(4,214,037)</td>
</tr>
<tr>
<td>State LME administrative grant</td>
<td>5,013,482</td>
<td>5,009,278</td>
<td>(4,204)</td>
</tr>
<tr>
<td>Other State grants</td>
<td>3,425,626</td>
<td>3,934,318</td>
<td>508,692</td>
</tr>
<tr>
<td>Local grants</td>
<td>36,697,000</td>
<td>26,875,498</td>
<td>(9,821,502)</td>
</tr>
<tr>
<td>Total grant and local funding</td>
<td>91,999,408</td>
<td>76,473,568</td>
<td>(15,525,840)</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>451,679,908</td>
<td>430,017,175</td>
<td>(21,662,733)</td>
</tr>
</tbody>
</table>

## NONOPERATING REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other income</td>
<td>98,898</td>
<td>24,958</td>
<td>(73,940)</td>
</tr>
<tr>
<td>Total Nonoperating Revenues</td>
<td>98,898</td>
<td>24,958</td>
<td>(73,940)</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>451,778,806</td>
<td>430,042,133</td>
<td>(46,649,263)</td>
</tr>
</tbody>
</table>

## EXPENDITURES

<table>
<thead>
<tr>
<th>Description</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, benefits and fringe</td>
<td>27,776,679</td>
<td>24,029,163</td>
<td>3,747,516</td>
</tr>
<tr>
<td>Professional services</td>
<td>5,466,622</td>
<td>4,214,530</td>
<td>1,252,092</td>
</tr>
<tr>
<td>Other operational expenses</td>
<td>5,360,966</td>
<td>3,840,042</td>
<td>1,520,924</td>
</tr>
<tr>
<td>Medicaid Waiver services</td>
<td>326,513,641</td>
<td>311,379,507</td>
<td>15,134,134</td>
</tr>
<tr>
<td>Contracts and grants</td>
<td>84,613,905</td>
<td>76,003,502</td>
<td>8,610,403</td>
</tr>
<tr>
<td>Total Operating Expenditures</td>
<td>449,731,813</td>
<td>419,466,744</td>
<td>30,265,069</td>
</tr>
</tbody>
</table>

### Debt Service:

<table>
<thead>
<tr>
<th>Description</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments</td>
<td>3,388,000</td>
<td>3,388,000</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>112,160</td>
<td>112,000</td>
<td>160</td>
</tr>
<tr>
<td>Total Debt Service</td>
<td>3,500,160</td>
<td>3,500,000</td>
<td>160</td>
</tr>
</tbody>
</table>

### Capital Outlay:

<table>
<thead>
<tr>
<th>Description</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment purchases</td>
<td>130,833</td>
<td>94,671</td>
<td>36,162</td>
</tr>
<tr>
<td>Total Capital Outlay</td>
<td>130,833</td>
<td>94,671</td>
<td>36,162</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>453,362,806</td>
<td>423,061,415</td>
<td>30,301,391</td>
</tr>
</tbody>
</table>

### Revenues over expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues over expenditures</td>
<td>(1,584,000)</td>
<td>6,980,718</td>
<td>8,564,718</td>
</tr>
</tbody>
</table>
**ALLIANCE BEHAVIORAL HEALTHCARE**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  

**YEAR ENDED JUNE 30, 2014**

<table>
<thead>
<tr>
<th></th>
<th>Final Budget</th>
<th>Actual</th>
<th>Variance Positive (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OTHER FINANCING SOURCES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from debt</td>
<td>1,584,000</td>
<td>1,584,000</td>
<td>-</td>
</tr>
<tr>
<td>Total other financing sources</td>
<td>1,584,000</td>
<td>1,584,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Revenues and other sources over expenditures</strong></td>
<td>$ -</td>
<td>8,564,718</td>
<td>$ 8,564,718</td>
</tr>
</tbody>
</table>

**RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL**

Reconciling Items:
- Capital outlay: 94,671
- Capital contributions: 45,290
- Depreciation: (174,470)
- Payments on debt service: 3,388,000
- Proceeds from debt: (1,584,000)
- Compensated absences: (227,272)
- Deferred inflows: 293,475
- Accrued interest: 26,160

Total reconciling items: 1,861,854

Change in net position: $ 10,426,572
## ALLIANCE BEHAVIORAL HEALTHCARE
### CASH RECONCILIATION BY COUNTY REVENUE SOURCE

**YEAR ENDED JUNE 30, 2014**

<table>
<thead>
<tr>
<th></th>
<th>Cumberland County</th>
<th>Wake County</th>
<th>Durham County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning cash</td>
<td>$ 1,200,000</td>
<td>$ 490,418</td>
<td>$ -</td>
</tr>
<tr>
<td>Cash receipts</td>
<td>4,800,000</td>
<td>23,702,556</td>
<td>6,661,442</td>
</tr>
<tr>
<td>Cash disbursements</td>
<td>(3,573,820)</td>
<td>(18,992,432)</td>
<td>(5,999,663)</td>
</tr>
<tr>
<td>Ending cash</td>
<td>$ 2,426,180</td>
<td>$ 5,200,542</td>
<td>$ 661,779</td>
</tr>
</tbody>
</table>
To the Area Board  
Alliance Behavioral Healthcare  
Durham, North Carolina

We have audited the financial statements of Alliance Behavioral Healthcare (the “Organization”), which comprise the statement of net position as of June 30, 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards, OMB Circular A-133, and the State Single Audit Implementation Act, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 14, 2014. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2014. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Organization’s financial statements were:

Management’s estimate of the depreciation expense is based on depreciable lives. We evaluated the key factors and assumptions used to develop the estimated life of the asset in determining that it is reasonable in relation to the financial statements taken as a whole. While the procedures used by management and the amount of depreciation expense seem reasonable at this time, there will usually be differences between the allowance and actual results and these differences may be material.

Management’s estimate of incurred but not reported expenses is based on trends in each month since Medicaid waiver became effective on March 1, 2013. We evaluated the key factors and assumptions used to estimate the accrual as of June 30, 2014, in determining that it is reasonable in relation to the financial statements taken as a whole. While the procedures used by management and the estimated liability seem reasonable at this time, there will usually be differences between the allowance and actual results and these differences may be material.

Management’s estimate of the allowance for doubtful accounts is based on an analysis of historical collection trends and management's evaluation of current and anticipated economic conditions. We evaluated the key factors and assumptions used to develop the allowance to determine that it seems reasonable in relation to the financial statements of the Organization for the year ended June 30, 2014, taken as a whole. While the procedures used by management and the amount of the allowance seem reasonable at this time, there will usually be differences between the allowance and actual results and these differences may be material.
Management’s estimate of the liability for compensated absences is based on accounting system reports which calculate the extended dollar value of compensated absence hours earned and used by employees and an adjustment factor based on average rates of certain benefits earned by employees. We evaluated the key factors and assumptions used to develop the liability for compensated absences in determining that it is reasonable in relation to the basic financial statements of the Organization for the year ended June 30, 2014, taken as a whole. While the procedures used by management to estimate this liability appear reasonable, there may be differences between the Agency’s estimates and the actual results and these differences may be material.

The financial statement disclosures are neutral, consistent, and clear.

**Difficulties Encountered in Performing the Audit**
We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Corrected and Uncorrected Misstatements**
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We proposed journal entries to adjust payroll accrual and accrued vacation. We also had one passed adjusting journal entry in regards to revenue that was recognized in the prior year that should have been recognized as revenue in the current year. This passed adjusting journal entry was deemed to be immaterial to the financial statements as a whole.

**Disagreements with Management**
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**
We have requested certain representations from management that are included in the management representation letter dated October 29, 2014.

**Management Consultations with Other Independent Accountants**
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves an application of an accounting principle to the Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues**
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Other Matters
We applied certain limited procedures to management’s discussion and analysis, which is required supplementary information (“RSI”) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use
This information is intended solely for the use of management, others within the Organization, the governing board, federal and state agencies and pass-through agencies of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Raleigh, North Carolina
October 29, 2014
To the Area Board
Alliance Behavioral Healthcare
Durham, North Carolina

In planning and performing our audit of the financial statements of Alliance Behavioral Healthcare (the “Organization”) as of and for the year ended June 30, 2014 in accordance with auditing standards generally accepted in the United States of America, we considered the Organization’s internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As part of our audit process and as a value added service to you, we have identified the following matters that came to our attention during our audit procedures that we would like to communicate to you because we feel these items represent opportunities for strengthening internal controls. These are other internal control matters that are not categorized as material weaknesses or significant deficiencies.

**IT Entity Level Controls**
During our review of the internal controls over information technology ("IT"), we noted that the Organization has not developed an IT strategic plan to address how IT supports the overall strategic plan. This documented plan should define the short and long-term IT goals of the Organization, timeframes and costs associated with the implementation of projects and demonstrate how they align with enterprise strategic plans.

We recommend that the Organization develop an IT strategic plan to support the Organization's overall strategic plan.

During our review of the internal controls over information technology, we noted that the Organization has not implemented a process to periodically review and assess the operating effectiveness of controls for its service providers. Although management was able to obtain the Service Organization Control (“SOC”) report during the course of the audit, no review by management had been performed. Inadequate continuous monitoring of service providers could result in management being unaware that contractual service levels are not being met.

We recommend that the Organization implement a process to request, obtain and review the SOC 1 and/or SOC 2 reports issued by its service providers to assess the effectiveness of their control environments for processing financially significant data. Additionally, management should perform a control gap assessment for any user control considerations identified within the report.
Access and Security Controls
During our review of logical access controls, we noted several instances where the Organization has not implemented best security practices to manage the financial applications. Currently, there are no periodic reviews of user accounts and permissions within the financial applications. Upon our review of the current access permissions to the Dynamics application, we identified at least 4 instances where users had been granted incompatible permissions to manage vendor master files as well as process vendor payments, which could result in unauthorized vendor payments. In addition, we noted that the Controller, not the IT Department, manages the security and access to the Dynamics financial application. This creates a potential segregation of duties conflict between those responsible for administering security to the financial data and end users performing transaction processing, which could potentially result in unauthorized access.

We recommend that Alliance Behavioral Healthcare perform and document scheduled periodic reviews of user access for all financially significant applications at least annually in order to identify unauthorized/inappropriate access based on job function, as well as to identify any terminated users who have remained active in the application or network. No further recommendation is necessary for the identified incompatible functions as the Controller has corrected these during the course of the audit. Responsibility of administering access and security to the financial application security should be transferred from the Accounting/Finance department to an independent group, such as the IT Department, to ensure adequate segregation of duty controls exist.

This communication is intended solely for the information and use of management, the governing board, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Raleigh, North Carolina
October 29, 2014
ALLIANCE BEHAVIORAL HEALTHCARE

COMPLIANCE REPORT

As of and for the Year Ended June 30, 2014

And Report of Independent Auditor
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We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Alliance Behavioral Healthcare (the “Organization”), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprises the Organization’s basic financial statements, and have issued our report thereon dated October 29, 2014.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2014-002 that we consider to be a significant deficiency.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Organization’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 2014-001.
Organization’s Response to Findings
The Organization’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Raleigh, North Carolina
October 29, 2014
Report of Independent Auditor on Compliance for each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act

To the Area Board
Alliance Behavioral Healthcare
Durham, North Carolina

Report on Compliance for Each Major Federal Program
We have audited Alliance Behavioral Healthcare’s (the “Organization”) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Organization’s major federal programs for the year ended June 30, 2014. The Organization’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor’s Responsibility
Our responsibility is to express an opinion on compliance for each of the Organization’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization’s compliance.

Opinion on Each Major Federal Program
In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.
Other Matters
The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-003. Our opinion on each major federal program is not modified with respect to this matter.

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance
Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Report on Schedule of Expenditures of Federal and State Awards

We have audited the statement of net position of the Organization as of June 30, 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements. We issued our report thereon dated October 29, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization’s basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Raleigh, North Carolina
October 29, 2014
To the Area Board
Alliance Behavioral Healthcare
Durham, North Carolina

Report on Compliance For Each Major State Program
We have audited Alliance Behavioral Healthcare’s (the “Organization”), compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014. The Organization’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor’s Responsibility
Our responsibility is to express an opinion on compliance for each of the Organization’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Organization’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Organization’s compliance.

Opinion on Each Major State Program
In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.
**Other Matters**
The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of section OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as items 2014-004 through 2014-006. Our opinion on each major state program is not modified with respect to these matters.

The Organization’s responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

**Report on Internal Control Over Compliance**
Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization’s internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Report on Schedule of Expenditures of Federal and State Awards

We have audited the statement of net position of the Organization as of June 30, 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements. We issued our report thereon dated October 29, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization’s basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Raleigh, North Carolina
October 29, 2014
I. Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ______ Yes _____ X No
- Significant deficiencies identified? _____ X Yes _____ No
- Non-compliance material to financial statements noted? ______ Yes _____ X No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? ______ Yes _____ X No
- Significant deficiencies identified? _____ X Yes _____ No

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ X Yes _____ No

Major federal programs for Alliance Behavioral Healthcare for the year ended June 30, 2014 are:

<table>
<thead>
<tr>
<th>CFDA #</th>
<th>Program Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>93.958-CL</td>
<td>Mental Health Block Grant</td>
</tr>
<tr>
<td>93.959-CL</td>
<td>Substance Abuse Block Grant</td>
</tr>
<tr>
<td>93.150</td>
<td>PATH</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B Programs: $300,000

Auditee qualified as low-risk auditee? ______ Yes _____ X No
I. Summary of Auditor’s Results (continued)

State Awards
Internal control over major State programs:

- Material weaknesses identified? ______ Yes X No
- Significant deficiencies identified? ______ Yes X No

Type of auditor’s report issued on compliance for major State programs: Unmodified

Any findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? X Yes No

Major State programs for Alliance Behavioral Healthcare for the year ended June 30, 2014 are:

Program Name
Single Stream Line Funding
Personnel Care Services – Bridge Funding Revenues

II. Findings Related to the Audit of the Basic Financial Statements

Finding 2014-001

NONMATERIAL NONCOMPLIANCE

Criteria: North Carolina General Statute 159-28 requires that each check or draft on an official depository shall bear on its face a certificate signed by the finance officer or a deputy finance officer approved for this purpose by the governing board.

Condition: During the year, disbursements were made that did not bear on its face a certificate signed by the finance officer.

Context: As the Organization completed the North Carolina General Statutes 159 checklist in preparation for the audit, it was noted by the Finance Officer that the Organization had not been in compliance with this law during the year.

Effect: Disbursements are not processed in accordance with North Carolina law.

Cause: The Organization did not have proper certificates placed on check disbursements during the year.

Recommendation: Management and the Area Board should make changes to their procedures relating to disbursements in order to ensure that the Organization follows North Carolina laws.

Views of responsible officials and planned corrective actions: The Organization agrees with the finding and has since corrected the procedures surrounding disbursements to be in compliance with North Carolina General Statutes.
II. Findings Related to the Audit of the Basic Financial Statements (continued)

Finding 2014-002

SIGNIFICANT DEFICIENCY

Criteria: The Finance Department is responsible for accurately recording and reporting the Organization’s liabilities.

Condition: During the year, the Organization understated liabilities related to accrued vacation and accrued payroll. While these misstatements were not material, they were corrected by management.

Context: During the preparation of these journal entries and reconciliations, these errors were not identified by the Finance Department.

Effect: Liabilities were understated.

Cause: The Organization did not have proper preparation and review procedures over these reconciliations.

Recommendation: The Finance Department should implement an effective layer of review in order to prevent future misstatements.

Views of responsible officials and planned corrective actions: The Organization agrees with the misstatement and have corrected the balances in the fiscal year 2014 financial statements.

III. Findings, Responses, and Questioned Costs Related to the Audit of Federal Awards

Department of Health and Human Services
Passed through NC Department of Health and Human Service
Program Name: Mental Health Block Grant
CFDA # 93.958-CL

Finding 2014-003

NONMATERIAL NONCOMPLIANCE

Allowable Costs

Criteria: In accordance with Administrative Publication Systems Manual 45-2, costs billed must be supported with a service note. On the date of service billed, providers are responsible for documenting services provided in a service note related to the allowable activity.

Condition: The service provider did not have a documented service note for one patient for the date of service billed.

Questioned Costs: $750. The amount was the total claim billed without a service note.

Context: In a sample of 25, there was one instance where the service provider did not have a documented service note for the patient for the date of service billed.
III. Findings, Responses, and Questioned Costs Related to the Audit of Federal Awards (continued)

Effect: The costs billed may not have qualified as an allowable activity.

Cause: Provider did not keep adequate documentation of services provided.

Recommendation: The Organization should request a refund from the provider for services not supported by a service note and additional monitoring should be performed over providers in which documentation of services appear to be inadequate.

Views of responsible officials: The Organization agrees with the findings and has various post payment monitoring functions in place.

IV. Findings, Responses, and Questioned Costs Related to the Audit of State Awards

NC Department of Health and Human Services
Program Name: LME Systems Management

Finding 2014-004

NONMATERIAL NONCOMPLIANCE
Reporting

Criteria: The Organization is responsible for submitting required reports in a timely manner.

Condition: One report was not submitted in a timely manner.

Questioned Costs: There were no questioned costs since reports were submitted to the appropriate authority.

Context: In a sample of 25, there was one instance where the report was not submitted in a timely manner.

Effect: Information is not available to the appropriate authority in a timely manner.

Cause: Proper monitoring of reporting deadlines is not performed and the Organization was short staffed at times during the year.

Recommendation: Monitoring procedures should be implemented to make sure responsible staff are held accountable for the Organization’s reporting deadlines.

Views of responsible officials: The Organization agrees with the findings and will implement adequate procedures to ensure that this problem does not recur.
IV. Findings, Responses, and Questioned Costs Related to the Audit of State Awards (continued)

**NC Department of Health and Human Services**  
Program Name: LME Systems Management

Finding 2014-005

**NONMATERIAL NONCOMPLIANCE**  
Procurement, Suspension and Debarment

Criteria: According to the NC DHHS Compliance Supplement, contracts between the Organization and the provider should be fully executed by all parties prior to the effective date of the contract.

Condition: Multiple contracts were not fully executed by all parties prior to the effective date of the contract.

Questioned Costs: There were no questioned costs since contracts were fully executed before payments were made to the providers.

Context: Of the 25 contracts examined, 10 contracts were not signed by one or more authorized parties prior to the effective date of the contracts.

Effect: Contracts were not fully executed prior to effective date.

Cause: In most cases, the Organization was not able to get the contract back from the providers in a timely manner, so payments were not made to those providers until the contract was fully executed.

Recommendation: Contracts should be sent out earlier and additional notifications should be made to providers in order to urge them to execute the contract in a timely manner.

Views of responsible officials and planned corrective actions: The Organization agrees with the finding and will implement procedures to help ensure that this problem occurs less frequently in the future. Since the Organization has to rely on providers for completion of this process, it may be difficult to completely eliminate noncompliance with this requirement.

**NC Department of Health and Human Services**  
Program Name: Single Stream Line Funding

Finding 2014-006

**NONMATERIAL NONCOMPLIANCE**  
Allowable Costs

Criteria: In accordance with Administrative Publication Systems Manual 45-2, costs billed must be supported with a service note. On the date of service billed, providers are responsible for documenting services provided in a service note related to the allowable activity.

Condition: The provider’s contract was terminated from DMA participation during the year. Their claims records were to be stored by the provider and they were to submit a list of records to Alliance within 60 days of termination. Alliance has been unsuccessful in getting full cooperation from the provider. Service note could not be located.
IV. Findings, Responses, and Questioned Costs Related to the Audit of State Awards (continued)

Questioned Costs: $75. The amount was the total claim billed without a service note.

Context: In a sample of 25, there was one instance where the service provider did not have a documented service note for the patient for the date of service billed.

Effect: The costs billed may not have qualified as an allowable activity.

Cause: Provider did not keep adequate documentation of services provided.

Recommendation: The Organization should request a refund from the provider for services not supported by a service note and additional monitoring should be performed over providers in which documentation of services appear to be inadequate.

Views of responsible officials: The Organization agrees with the findings and has various post payment monitoring functions in place.
Section II – Financial Statement Findings

Finding 2014-001
Name of contact person: Sara Pacholke, Finance Officer
Corrective Action: The Organization has begun using checks with the appropriate certificate.
Proposed Completion Date: October 31, 2014

Finding 2014-002
Name of contact person: Sara Pacholke, Finance Officer
Corrective Action: The misstatements have been corrected in the June 30, 2014 financial statements and all reconciliations are being reviewed by the appropriate member of the Finance Department.
Proposed Completion Date: October 31, 2014

Section III – Federal Award Findings and Questioned Costs

Finding 2014-003
Name of contact person: Sara Pacholke, Finance Officer
Corrective Action: Since a service note could not be provided as required, the related claim will be recouped from the provider.
Proposed Completion Date: November 30, 2014

Section IV – State Award Findings and Questioned Costs

Finding 2014-004
Name of contact person: Geyer Longenecker, Director of Quality Management
Corrective Action: The Organization currently has assigned staff to prepare the reports as well as supervisors to review reports. An additional staff member reporting directly to the Director of Quality Management now is responsible for tracking report deadlines. The Director of Quality Management is responsible for ensuring reports are submitted to the State timely.
Proposed Completion Date: Ongoing

Finding 2014-005
Name of contact person: Sara Pacholke, Finance Officer
Section IV – State Award Findings and Questioned Costs (continued)

Corrective Action: The Organization attempts to have all contracts fully executed by all parties prior to the effective date of the contract; however this is not fully in the Organization’s control since providers have to submit the signed contract to us in a timely manner. The Organization has a policy in place to not pay any providers until a full executed contract is in place.

Proposed Completion Date: Ongoing

Finding 2014-006

Name of contact person: Monica Portugal, Chief Compliance Officer

Corrective Action: The Organization will continue to contact providers of state funded services that go out of business to inform them of their responsibility to submit the record storage logs. The procedures for State Funded Service Records Transfer and Storage says that “the provider should send each responsible LME/MCO a copy of the storage log/s identifying each individual served within their catchment area, the dates of service and into which box a record is stored.” The procedure will be updated to include that the Organization will contact providers via traceable mail in an attempt to retrieve the logs. All attempts to retrieve the record storage logs will be documented by internal records management staff and provider non-compliance will be brought to the Corporate Compliance Committee and/or Legal Counsel to identify potential further resolution.

Proposed Completion Date: Ongoing
Finding 2013-001
Status: Corrected.

Finding 2013-002
Status: Corrected

Finding 2013-003
Status: Uncorrected. See finding 2014-06.

Finding 2013-004
Status: Corrected

Finding 2013-005
Status: Corrected

Finding 2013-006
Status: Uncorrected. See finding 2014-05.

Finding 2013-007
## ALLIANCE BEHAVIORAL HEALTHCARE
### SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

**YEAR ENDED JUNE 30, 2014**

<table>
<thead>
<tr>
<th>Program Name</th>
<th>Federal CFDA #</th>
<th>Federal Expenditures</th>
<th>State Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Housing and Urban Development</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Planning and Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed-through the Office of Economic Recovery and Investment:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dash</td>
<td>14.235</td>
<td>$33,602</td>
<td>$</td>
</tr>
<tr>
<td>Embrace</td>
<td>14.235</td>
<td>64,223</td>
<td></td>
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<tr>
<td>Total U.S. Dept. of Housing and Urban Development</td>
<td></td>
<td>97,825</td>
<td>-</td>
</tr>
<tr>
<td><strong>Substance Abuse and Mental Health Administration</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed-through the N.C. Dept. of Health and Human Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Division of Mental Health, Developmental Disabilities and Substance Abuse Services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projects for Assistance in Transition from Homelessness (PATH)</td>
<td>93.150</td>
<td>151,213</td>
<td>-</td>
</tr>
<tr>
<td>Block Grant for Community Mental Health Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Community Based Program - Mental Health</td>
<td>93.958</td>
<td>1,693,073</td>
<td>-</td>
</tr>
<tr>
<td>Social Services Block Grant</td>
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<tr>
<td>-BECOMING Grant</td>
<td>93.243</td>
<td>1,208,961</td>
<td>-</td>
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<tr>
<td>Block Grant for Prevention and Treatment of Substance Abuse</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Substance abuse block grant</td>
<td>93.959</td>
<td>2,256,031</td>
<td>-</td>
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<tr>
<td>-Substance Abuse HIV Set aside</td>
<td>93.959</td>
<td>177,928</td>
<td>-</td>
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<tr>
<td>-Substance Abuse - Substance Abuse Prevention</td>
<td>93.959</td>
<td>690,179</td>
<td>-</td>
</tr>
<tr>
<td><strong>State Awards:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N.C. Dept. of Health and Human Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Division of Mental Health, Developmental Disabilities and Substance Abuse Services:</td>
<td></td>
<td></td>
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<tr>
<td>LME Systems Management</td>
<td>-</td>
<td>4,588,482</td>
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<tr>
<td>Single Stream Line Funding</td>
<td>-</td>
<td>35,915,893</td>
<td></td>
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<tr>
<td>Criminal Justice</td>
<td>-</td>
<td>16,873</td>
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<tr>
<td>Forensic Evaluations</td>
<td>-</td>
<td>1,100</td>
<td></td>
</tr>
<tr>
<td>Personal Care Services - Bridge Funding Revenue</td>
<td>-</td>
<td>674,306</td>
<td></td>
</tr>
<tr>
<td>3 Way</td>
<td>-</td>
<td>3,370,365</td>
<td></td>
</tr>
<tr>
<td>DOJ</td>
<td>-</td>
<td>37,557</td>
<td></td>
</tr>
<tr>
<td><strong>Total Federal and State awards</strong></td>
<td>$6,275,210</td>
<td>$44,604,577</td>
<td></td>
</tr>
</tbody>
</table>
ALLIANCE BEHAVIORAL HEALTHCARE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2014

Note 1—General

The schedule of expenditures of federal and state awards (the “Schedule”) presents the activities of all federal and state financial awards programs of Alliance Behavioral Healthcare (the “Organization”). The reporting entity is defined in Note 1 to the Organization’s basic financial statements. All federal and state financial awards passed through other government agencies are included in the Schedule.

Note 2—Basis of Accounting

The accompanying Schedule is presented using the full accrual basis of accounting, which is described in Note 1 to the Organization’s basic financial statements.
ITEM: Executive Committee Report

DATE OF BOARD MEETING: December 4, 2014

BACKGROUND:
The Executive Committee sets the agenda for Area Board meetings and acts in lieu of the Area Board between meetings. Actions by the Executive Committee are reported to the full Area Board at the next scheduled meeting. This month’s report includes the minutes from the September 16, 2014, meeting and information about a recently formed ad hoc committee.

REQUEST FOR AREA BOARD ACTION:
Accept the report.

CEO RECOMMENDATION:
Accept the report.

RESOURCE PERSON(S):
William Stanford, Area Board Chair; Robert Robinson, CEO
**APPOINTED MEMBERS PRESENT:** ☐ Cynthia Binanay, ☒ Christopher Bostock, ☒ George Corvin, MD, ☒ James Edgerton, ☒ William Stanford, Chair ☐ Scott Taylor, ☒ Lascel Webley, Jr.

**GUEST(S):** None

**STAFF PRESENT:** Amanda Graham, Chief of Staff; Carol Hammett, General Counsel; Veronica Ingram, Executive Assistant; Beth Melcher, Chief of Program Development and Evaluation; Al Ragland, Chief HR Officer; Rob Robinson, CEO

**1. WELCOME AND INTRODUCTIONS**

**2. REVIEW OF THE MINUTES** – The minutes from the September 16, 2014, Executive Committee meeting were reviewed; motion made by Mr. Bostock and seconded by Dr. Corvin to approve the minutes. Motion passed unanimously.

<table>
<thead>
<tr>
<th>AGENDA ITEMS:</th>
<th>DISCUSSION:</th>
<th>NEXT STEPS:</th>
<th>TIME FRAME:</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. November 6, 2014, Board Meeting Draft Agenda</td>
<td>Committee reviewed the draft agenda for the November Board meeting.</td>
<td>Ms. Ingram will forward the November Board agenda to staff.</td>
<td>10/22/2014</td>
</tr>
<tr>
<td>4. Attendance Report Update: Board Meetings and Committee Meetings</td>
<td>Chairman Stanford noted an update of Board member attendance. He advised the committee of Wake and Durham County requests for a report of Board member attendance.</td>
<td>Ms. Ingram will provide an update at the November meeting.</td>
<td>10/21/2014</td>
</tr>
<tr>
<td>5. Locations for Future Board Meetings Update</td>
<td>Mr. Robinson presented a proposal to meet at the Wake location in February, at the Johnston location in April, at the Durham location in August and at the Cumberland location in October. A Motion was made by Dr. Corvin and seconded by Mr. Bostock to recommend this schedule to the full Area Board at the November meeting. Motion passed unanimously.</td>
<td>Ms. Ingram will add this item to the November Board agenda.</td>
<td>10/6/2014</td>
</tr>
<tr>
<td>6. Hospital ER Treatment of Mentally Ill Update</td>
<td>Mr. Robinson advised committee that this item will be included as part of the April 2015 Board meeting. There were no additional comments or discussion about this topic.</td>
<td>None needed.</td>
<td>N/A</td>
</tr>
<tr>
<td>AGENDA ITEMS:</td>
<td>DISCUSSION:</td>
<td>NEXT STEPS:</td>
<td>TIME FRAME:</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------</td>
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</tr>
<tr>
<td>7. Proposed Mission, Vision and Values Statements</td>
<td>Ms. Graham presented the proposed Mission and Vision Statements. Committee reviewed the statements. A Motion was made by Mr. Edgerton and seconded by Mr. Bostock to recommend approval of the Mission and Vision statements to the full Board. Motion passed unanimously. Ms. Graham presented the proposed Values. Committee reviewed the values. A Motion was made by Mr. Edgerton and seconded by Mr. Bostock to recommend that the full Board approves the Values statements. Motion passed unanimously.</td>
<td>Ms. Ingram will add this item to the November Board agenda.</td>
<td>10/22/2014</td>
</tr>
<tr>
<td>8. Legislators Meeting Update</td>
<td>Mr. Bostock, Mr. Robinson and Ms. Hammett provided an update from recent informational meetings with legislators. Committee discussed topic including potential next steps.</td>
<td>None specified.</td>
<td>N/A</td>
</tr>
<tr>
<td>9. Update: Exemption Letter Regarding Board Policy #BO-3 Contracting with New &amp; Existing Service Providers</td>
<td>Dr. Melcher provided an update regarding a letter sent by Mr. Robinson on Thursday, October 16; she clarified RFP and RFI terms and funds received for a specified expenditure. Committee discussed the topic.</td>
<td>Dr. Melcher will present this information at the November Board meeting.</td>
<td>11/6/2014</td>
</tr>
<tr>
<td>10. HR Pay Grade Evaluation</td>
<td>Mr. Robinson provided an update on the search for a CFO and CIO. Additionally, Mr. Robinson mentioned survey results from an IT consultant. Mr. Ragland presented a proposal including a salary survey for these positions. Additionally, he noted research methodology, current salary grade/range and recommendations. Committee discussed topic in detail. A Motion was made by Dr. Corvin and seconded by Mr. Edgerton to direct staff to develop a plan of implementation and report at the November Board meeting. Motion passed unanimously.</td>
<td>Mr. Robinson, Mr. Ragland and Ms. Hammett will confer to research the Committee’s request.</td>
<td>11/6/2014</td>
</tr>
<tr>
<td>AGENDA ITEMS:</td>
<td>DISCUSSION:</td>
<td>NEXT STEPS:</td>
<td>TIME FRAME:</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
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</tr>
<tr>
<td>11. CFAC</td>
<td>Chairman Stanford noted two requests from CFAC: to have CFAC be a standing item on the Board’s agenda and to have a permanent seat on the Board for a CFAC delegate. Committee discussed topic.</td>
<td>Mr. Robinson will follow up with Doug Wright.</td>
<td>None specified.</td>
</tr>
<tr>
<td>12. Review of Application for Vacant Wake Seat</td>
<td>Mr. Robinson presented staff’s recommendation: an application was received that poses a conflict of interest as the applicant works for a contracted provider. Committee discussed October 8, 2014, interview with applicant, McKinley Wooten. A Motion was made by Mr. Webley and seconded by Mr. Bostock to recommend applicant McKinley Wooten to the Board at the November Board meeting. Motion passed unanimously.</td>
<td>Mr. Robinson will notify Mr. Wooten of the Committee’s decision.</td>
<td>11/6/2014</td>
</tr>
<tr>
<td>13. Reception/Informational Meeting for Former Members of Mental Health/LME Boards</td>
<td>Chairman Stanford presented this request to hold a reception/informational session for former Board members in Alliance’s catchment area. Committee discussed topic noting the option to hold smaller receptions on the same day as the Board meetings at local sites.</td>
<td>None specified.</td>
<td>N/A</td>
</tr>
</tbody>
</table>

14. ADJOURNEMENT
Mission and Vision

Mission Definition:
• Statement of purpose; fundamental reason for an organization’s existence
• Describes the products and services your organization provides and for whom

Vision Definition:
• A word picture of the future
• A shared image of future success
• A big, hairy audacious goal (BHAG)
Alliance Behavioral Healthcare Mission

To improve the health and well-being of the people we serve by ensuring highly effective, community-based support and care.
Alliance Behavioral Healthcare Vision

To be a leader in transforming the delivery of whole person care in the public sector
Alliance values:

- **Accountability and Integrity.** We keep the commitments we make to our stakeholders and to each other. We ensure high-quality services at a sustainable cost.
Alliance values:

- **Collaboration.**
  We actively seek meaningful and diverse partnerships to improve services and systems for the people we serve. We value communication and cooperation between team members and departments to ensure that people receive needed services and supports.
Alliance values:

• **Compassion.**
  Our work is driven by dedication to the people we serve and an understanding of the importance of community in each of our lives.
Alliance values:

• **Dignity and Respect.**
  We value differences and seek diverse input. We strive to be inclusive and honor the culture and history of our communities and the people we serve.
Alliance values:

• **Innovation.**
  We challenge the way it’s always been done. We learn from experience to shape a better future.
ITEM: Consumer and Family Advisory Committee (CFAC) Report

DATE OF BOARD MEETING: December 4, 2014

BACKGROUND:  
The Alliance Consumer and Family Advisory Committee, or CFAC, is made up of consumers and/or family members that live in Durham, Wake, or Cumberland Counties who receive mental health, intellectual/developmental disabilities and substance use/addiction services. CFAC is a self-governing committee that serves as an advisor to Alliance administration and Board of Directors.

State statutes charge CFAC with the following responsibilities:

- Review, comment on and monitor the implementation of the local business plan
- Identify service gaps and underserved populations
- Make recommendations regarding the service array and monitor the development of additional services
- Review and comment on the Alliance budget
- Participate in all quality improvement measures and performance indicators
- Submit findings and recommendations to the State Consumer and Family Advisory Committee regarding ways to improve the delivery of mental health, intellectual/other developmental disabilities and substance use/addiction services.

The Alliance CFAC meets at 5:30pm on the first Monday in the months of February, April, June, August, October and December at the Alliance Corporate Office, 4600 Emperor Boulevard, Durham. Sub-committee meetings are held in individual counties, the schedules for those meetings are available on our website.

The Alliance CFAC tries to meet its statutory requirements by providing you with the minutes to our meetings, letters to the board, participation on committees, outreach to our communities, providing input to policies effecting consumers, and by providing the Board of Directors and the State CFAC with an Annual Report as agreed upon in our Relational Agreement describing our activities, concerns, and accomplishments.

The Alliance CFAC is currently chaired by Marc Jacques while Dr. Mike Martin serves as vice-chair.
REQUEST FOR BOARD ACTION:
Receive the Alliance CFAC Subcommittee draft minutes and notes from Wake, Durham and Cumberland Counties as well as the training presentation on Rights and Responsibilities.

CEO RECOMMENDATION:
Receive the report.

RESOURCE PERSON(S):
Doug Wright, Marc Jacques
MEMBERS PRESENT: Caroline Ambrose, Anna Cunningham (phone), Dave Curro, and Faye Griffin
STAFF(S) PRESENT: Roosevelt Richards and Doug Wright

1. WELCOME AND INTRODUCTIONS

2. REVIEW OF THE MINUTES – No quorum so we couldn’t vote!

<table>
<thead>
<tr>
<th>AGENDA ITEMS:</th>
<th>DISCUSSION:</th>
<th>NEXT STEPS:</th>
<th>TIME FRAME:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Comment</td>
<td>Suggestion was made by Cunningham that we develop an AD-HOC committee</td>
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<tr>
<td>State Updates</td>
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<tr>
<td>Consumer/Family challenges and solutions</td>
<td>A 10 minute roundtable about challenges faced and solutions found. Recruitment for Wake Subcommittee: we are needing people for other sections of Wake County and disability categories: SA and MH</td>
<td></td>
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<tr>
<td>Outreach Event – November 14th, 1:00pm</td>
<td>Senior Center Presentation 1-4 pm talking points (go over brochure) Anna, Carrie, Dave, and Faye are attending the event</td>
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<tr>
<td>Members Rights and Responsibilities, Medicaid Fraud and Abuse, Advanced Directives</td>
<td>Training – Wright will reviewed at next meeting since there was only a handful of people</td>
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<tr>
<td>MCO Updates</td>
<td>Confidentiality Forms – sign and return back Wake Updates: Wake Care Coordination has expanded their emergency department liaison positions to three positions. They also have two liaisons at UNC Wakebrook. Their primary responsibilities are to link consumers who come into the emergency departments or UNC Wakebrook with treatment.</td>
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</tbody>
</table>

Our next meeting will be January 13, 2015 at 5000 Falls of Neuse Road, 27609
**AGENDA ITEMS:**

<table>
<thead>
<tr>
<th>DISCUSSION:</th>
<th>NEXT STEPS:</th>
<th>TIME FRAME:</th>
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</thead>
<tbody>
<tr>
<td>Care Coordination also added a Shelter liaison to try and link those consumers who are currently homeless.</td>
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<tr>
<td>Community Relations has hired a new System of Care Coordinator and a Court Liaison.</td>
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<td>Community Relations has Cross Agency Training with a primary focus on IDD services on <strong>November 14, 2014</strong> from 1:00 pm through 4:00 pm.</td>
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<tr>
<td>MCO updates:</td>
<td></td>
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<tr>
<td>• Outside Quality Review happening this week</td>
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<tr>
<td>• Wright ordered through Alliance Behavioral Healthcare Anonymous People:</td>
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<tr>
<td>• <strong>THE ANONYMOUS PEOPLE</strong> is a feature documentary film about the over 23 million Americans living in long-term recovery from addiction to alcohol and other drugs.</td>
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<td>• Legislative Oversight Committee is still meeting</td>
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<tr>
<td>• CFAC Newsletter is out – check her inboxes</td>
<td></td>
<td></td>
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<tr>
<td>• Time to Rethink Update</td>
<td></td>
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<tr>
<td>Announcements</td>
<td></td>
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<tr>
<td>Cunningham and others wanted to know the status of F. Williams and Cunningham suggested we send a card and find out if she wants something small for the holidays to brighten up her spirits.</td>
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<tr>
<td>Appreciation</td>
<td></td>
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<tr>
<td>A 5 minute roundtable around appreciation of each other.</td>
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</tbody>
</table>

5. ADJOURNMENT

Our next meeting will be January 13, 2015 at 5000 Falls of Neuse Road, 27609
**MEMBERS PRESENT:** Johnetta Alston, Joe Kilsheimer, Steve Hill, Dan Shaw, Tammy Harrington, Sharon O’Brian, Doug Wright, Debra Duncan and Roanna Newton  
**GUEST(S) PRESENT:** Gina Upchurch-Senior Pharm-Assist

---

### 1. WELCOME AND INTRODUCTIONS

### 2. REVIEW OF THE MINUTES – No meeting in September

<table>
<thead>
<tr>
<th>AGENDA ITEMS:</th>
<th>DISCUSSION:</th>
<th>NEXT STEPS:</th>
<th>TIME FRAME:</th>
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</thead>
<tbody>
<tr>
<td>Public Comment</td>
<td>No public comment</td>
<td></td>
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<tr>
<td>State Updates</td>
<td>Roanna Newton shared a hard copy of the Consumer Empowerment Team Update. Kerry Lynn Fraser</td>
<td></td>
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<tr>
<td><strong>Consumer/Family challenges and solutions</strong></td>
<td>A 10 minute roundtable around challenges faced and solutions found: CFAC members shared challenges and positive outcomes they have experienced this past month. These included consumers receiving the Innovations Waiver and the difficulty with integrating physical and mental healthcare (communication between doctors).</td>
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<tr>
<td><strong>Senior Pharm-Assist</strong></td>
<td>Gina Upchurch from Senior Pharm-Assist came to explain their services. They will help folks explore all of the Medicare plans and health insurance options. Senior Pharm-Assist will also help pay for needed medications, help consumers find medication assistance plans, provide some health education as well as make medical and social referrals.</td>
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<tr>
<td>Members Rights and Responsibilities/Medicaid Fraud and Abuse/Advanced Directives</td>
<td>Doug Wright provided a training on Member rights and Responsibilities, Medicaid Fraud and Abuse &amp; Advance Directives.</td>
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<tr>
<td>AGENDA ITEMS:</td>
<td>DISCUSSION:</td>
<td>NEXT STEPS:</td>
<td>TIME FRAME:</td>
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<tr>
<td>MCO Updates</td>
<td>• Confidentiality Forms – Members of the CFAC were asked to sign a new confidentiality form.</td>
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<td></td>
<td>• There will be an external Quality Review at Alliance during November 2014.</td>
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<td></td>
<td>• The Mental Health Awareness Campaign has begun. There are TV ads, movie ads and a short clip playing in the ABHC lobby. There is still more to come.</td>
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<tr>
<td></td>
<td>• A copy of the film “Anonymous People” has been ordered and will be shown during the New Year.</td>
<td></td>
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<tr>
<td>Announcements</td>
<td>• Update on Felicia McPherson- Felicia’s family wants to thank everyone for their kind words and well wishes. Felicia continues to be a patient at UNC.</td>
<td></td>
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<td></td>
<td>• TROSA is opening a new thrift store on Roxboro Rd, November 7.</td>
<td></td>
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<tr>
<td>Appreciation</td>
<td>A 5 minute roundtable around appreciation of each other.</td>
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<td></td>
<td>• Johnetta Alston expressed appreciation for all of the CFAC members as well as Pharm-Assist.</td>
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</table>

5. ADJOURNMENT
1. WELCOME AND INTRODUCTIONS: The meeting was called to order at 5:35 p.m. by Chair, Lotta Fisher. Guests of member Casey Bullard, Kaimesha Shaw and Sarah Steele, were introduced and greeted. Jimmy Hendley of Better Beginnings Healthcare Solutions, attended at the invitation of Co-Chair, Dr. Michael McGuire. Roanna Newton, is filling in for Wes Rider.

2. REVIEW OF THE MINUTES: Minutes from the September 25, 2014 meeting were reviewed and unanimously approved following a motion by Dr. Michael McGuire and a second by Casey Bullard.

<table>
<thead>
<tr>
<th>AGENDA ITEMS:</th>
<th>DISCUSSION:</th>
<th>NEXT STEPS:</th>
<th>TIME FRAME:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Comment</td>
<td>Jimmy Hendley shared information about his agency, Better Beginnings Healthcare Solutions, which provides integrated mental health and medical services. The agency has established contact with Operation Inasmuch in order to reach their homeless and veteran consumers with mental illness.</td>
<td>Subcommittee members will maintain an awareness of specialty niche service needs.</td>
<td>N/A</td>
</tr>
<tr>
<td>Consumer/Family challenges and solutions</td>
<td>A 10 minute roundtable about challenges faced and solutions found.</td>
<td>George Mitchell updated the subcommittee on his efforts to build a handicapped accessible recreational facility with programs for all disabilities. The Miracle League of Cumberland County continues to seek support and funding for the project.</td>
<td>Ongoing</td>
</tr>
<tr>
<td>State Updates</td>
<td>Roanna Newton reviewed highlights from the Consumer Empowerment Team Update- October 2014.</td>
<td>Subcommittee members will stay abreast of events, meetings and opportunities for advocacy.</td>
<td>Ongoing</td>
</tr>
<tr>
<td>MCO Updates - snapshot survey</td>
<td>Doug Wright reviewed the results of the August/September 2014 Consumer and Family Advisory Committee Snap Shot</td>
<td>Subcommittee members will continue to identify and monitor gaps in services and work toward improving services and</td>
<td>Ongoing</td>
</tr>
<tr>
<td>AGENDA ITEMS:</td>
<td>DISCUSSION:</td>
<td>NEXT STEPS:</td>
<td>TIME FRAME:</td>
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<tr>
<td>Survey. Members were encouraged to complete a new Snap Shot Survey each meeting. Members also completed annual confidentiality statements.</td>
<td>quality of life for Cumberland County consumers.</td>
<td>Subcommittee members will review the outcome of the External Quality Review.</td>
<td></td>
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<tr>
<td>Doug Wright shared information with the subcommittee about the External Quality Review planned for November 5, 6, and 7 at corporate. This review will gauge how well Alliance is doing and will identify areas to improve.</td>
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<tr>
<td>Doug Wright provided an update on the community awareness campaign. Alliance continues to develop television commercials, radio spots, and posters to debunk myths and provide information on contacting Alliance. Currently, commercials are being shown in selected theaters. Training on stigma is planned internally for Alliance staff and providers.</td>
<td>The subcommittee is supportive of efforts to curb misunderstanding and bias against the mentally ill and those with substance use disorders.</td>
<td></td>
<td>March 26, 2015</td>
</tr>
<tr>
<td>Doug Wright reminded the subcommittee that it is time to consider planning another Community Forum. After much consideration, the subcommittee chose to host a community forum focusing on substance use/misuse. Tentative plans for the March 26, 2015 forum, include distributing posters and flyers at the library. Doug Wright is researching the logistics for showing a documentary entitled, &quot;The Anonymous People&quot; during the forum.</td>
<td>Subcommittee members will distribute community forum materials at the library and establish contacts within the schools to publicize the event.</td>
<td></td>
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<tr>
<td>Announcements</td>
<td>Dr. Mike Martin announced that the new format for the State CFAC meeting appeared to work well. Four more LME/MCOs will have a turn to speak and have their questions addressed next month.</td>
<td>Subcommittee members continue to monitor information from and support the State CFAC.</td>
<td>Ongoing</td>
</tr>
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<td></td>
<td></td>
<td>N/A</td>
<td></td>
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<tr>
<td></td>
<td>Hank Debnam reported on the Alliance Board Meeting held October 2, 2014 at the Cumberland Site. 64 people attended</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
5. ADJOURNMENT

The subcommittee meeting was adjourned by Lotta Fisher at 7:30 p.m. following a motion by Dr. Mike Martin and a second by Casey Bullard. The meeting Cumberland CFA Subcommittee meeting is Thursday, November 13, 2014 at 5:30 p.m. The December meeting has been move to December 11, 2014 at 5:30 p.m. due to the Christmas holiday.
Cumberland CFAC Subcommittee Notes
11/13/14

Members Present: Lotta Fisher, Dr. Michael McGuire, Casey Bullard, Tracey Glenn Thomas

Guests Present: Kiamesha Shaw, Sarah Steele, Amy Parker, Hank Debnam, Susan Baggett

Welcome and Introductions: Amy Parker introduced herself as an invited guest of Doug Wright. Amy indicated that she is privately working for a family with a consumer with autism. She came tonight hoping to learn more about autism and assisting persons with this disorder as well as to find resources and other community connections. Sarah Steele and Kiamesha Shaw attended again tonight as guests of member, Casey Bullard.

Since there was not a quorum present, the group chose to reflect upon the history, changes, strengths, and commitment of this CFAC group. As the longest serving members present, Lotta Fisher and Dr. Michael McGuire shared their recollections. Both remarked that there have been many changes through the years, but the group has remained committed, active, and focused on making a difference for Cumberland County consumers and their families.

Lotta and Dr. McGuire reviewed the Cumberland subcommittee of Alliance CFAC sign-in sheet and discussion held on whether to consider Regina Gregg and George Mitchell as full members in lieu of their poor attendance at meetings. Lotta suggested that if a member is not attending the meetings regularly or at least communicating with the subcommittee about their absence and intent, the member’s status should be changed to associate member. Further discussion will be held at the December 11, 2014 subcommittee meeting.

Hank Debnam, Veteran Point-of-Contact for Alliance Behavioral Healthcare, shared that he met with the Fayetteville Veteran’s Hospital Administrator, Elizabeth Goolsby, recently to discuss how Alliance could be of assistance in making certain that veterans have access to mental health and substance abuse/misuse services. At that time, he learned that the VA is already inviting community providers to sign-up with the VA as potential service providers. Hank stated that Ms. Goolsby reassured him that the VA is dedicated to providing quality care and services for veterans and that they are making progress toward hiring additional staff.

Earlier today, Hank also attended the Cumberland County Veteran’s Treatment Court. This is the second veteran’s treatment court in the state to open. Hank reported that he is serving on a committee hoping to obtain the necessary support and funding to operate a veteran’s treatment court in Durham. Veteran’s Treatment Courts are dedicated to providing treatment for veterans with legal involvement related to their mental health and substance use/misuse issues versus incarceration. Alliance Behavioral Healthcare is the only LME/MCO with two VA hospital in its services area.

Guest, Amy Parker, shared information with the group about the DVD documentary, ‘Sunrise’ which highlights someone with autism and offers a message of hope. Amy offered to loan her DVD to interested attendees for their viewing.
Lotta Fisher and Dr. Michael McGuire brought up issues related to the electronic notes providers complete and submit to document their services. Much discussion was held about whether providers are maintaining confidentiality if the personal computers or tablets of individual provider staff are used. Members wondered whether provider agencies are supplying devices for notes or requiring staff to use their own. Hank invited subcommittee members to attend the next Alliance Behavioral Healthcare Provider Meeting on 12/1/14 at 3:00 p.m. in room 426 at the Cumberland Site to discuss their concerns directly with providers.

Members expressed interest in attending the Mental Health 101 training and requested to be notified when this is available. Subcommittee members indicated that they felt they should be familiar in order to best fulfill their role on the subcommittee. All supported the training and felt they should not have to pay any cost associated with the training.

The next Cumberland CFAC Subcommittee will be held on 12/11/14 at 5:30 p.m. at the Cumberland Site in the Board Room.
Member Rights and Responsibilities
Medicaid Fraud and Abuse
Advance Directives
Rights and Responsibilities

• All members of the Alliance Health Plan have a number of rights and responsibilities

Serving Durham, Wake, Cumberland and Johnston Counties
Member Rights

- The right to receive information about Alliance presented in a manner appropriate to your ability to understand
- The right to be treated with respect
- The right to participate in making decisions regarding health care
- The right to a candid discussion on appropriate or medically-necessary treatment

Serving Durham, Wake, Cumberland and Johnston Counties
Member Rights

• The right to voice complaints
• The right to make recommendations regarding member rights and responsibilities
• The right to be free from any form of restraint or seclusion
• The right to refuse treatment
• The right to request and receive a copy of your medical record
Member Rights

• The right to write a statement to be placed in your file if you disagree with what is written in your medical records

• The right to a second opinion

• The right to participate in the development of a written person-centered treatment plan

• The right to take part in the development and periodic review of your treatment plan
Member Rights

• The right to freedom of speech and freedom of religious expression
• The right to equal employment and educational opportunities
• The right to treatment in the most natural, age-appropriate and least restrictive environment possible
• The right to ask questions about your care
Member Rights

• Minors have the right to agree to treatment of the following without the consent of a parent or guardian
  o Venereal diseases
  o Pregnancy
  o Abuse of controlled substances or alcohol
  o Emotional disturbances
Appeals and Grievances

• The right to appeal Medicaid decisions to reduce or deny services
  o Reconsideration
  o Mediation
  o Office of Administrative Hearings (OAH)

• To file a grievance or complaint
  o Against MCO staff
  o Against a Provider
Member Responsibilities

- Supplying necessary information
- Following the plans and instructions for your care
- Understanding your health problems and participating in developing treatment goals
- Telling the doctor or nurse about any changes in your health
- Asking questions about your care

Serving Durham, Wake, Cumberland and Johnston Counties
Member Responsibilities

• Inviting people to be included in your treatment planning

• Respecting the rights and property of other members and of program staff

• Respecting other members’ needs for privacy

• Working on the goals of your Person-Centered Plan

• Keeping your scheduled appointments
Member Responsibilities

• Canceling your appointment at least 24 hours in advance if unable to keep it

• Meeting financial obligations according to your established agreement

• Informing staff of any contagious medical condition you have

• Taking medications as prescribed and telling your doctor if they are not working

Serving Durham, Wake, Cumberland and Johnston Counties
Medicaid Fraud and Abuse

• An individual does not report all income when applying for Medicaid

• An individual does not report other insurance when applying for Medicaid

• A non-Medicaid recipient uses a Medicaid recipient’s card with or without the recipient’s permission

• A provider’s credentials are not accurate

Serving Durham, Wake, Cumberland and Johnston Counties
Medicaid Fraud and Abuse

- A provider bills for services that were not rendered
- A provider performs and bills for services not medically necessary

Serving Durham, Wake, Cumberland and Johnston Counties
Reporting Fraud and Abuse

• Alliance Fraud and Abuse Line
  (855) 727-6721 (you may remain anonymous)

• DHHS Customer Service Center
  (800) 662-7030

• Medicaid Fraud, Waste and Program Abuse
  Tip Line
  (877) 362-8471

Serving Durham, Wake, Cumberland and Johnston Counties
Reporting Fraud and Abuse

- Health Care Financing Administration Office of Inspector General’s Fraud Line (800) 447-8477
- State Auditor’s Waste Line (800) 730-8477
- Submit a confidential online complaint form at www.ncdhhs.gov/dma/fraud/fraud.aspx
- Contact your county DSS office

Serving Durham, Wake, Cumberland and Johnston Counties
Advance Directives

• In case you are unable to make decisions about your care during a crisis

• Advance Directives are legal documents
  o Psychiatric Advance Directives
    (Advance Directive for Mental Health Care)
  o Health Care Power of Attorney
  o Living Will
Advance Directives

- Two qualified people must witness
- Health Care Power of Attorney and Living Will must be notarized
- Keep a copy in a safe place
  - Give copies to family, your treatment team, your doctor and the hospital where you are likely to receive treatment
- Directives stay active until you cancel them
Psychiatric Advance Directive

- Instructions for mental health treatment you want if you are in a crisis and unable to make decisions for yourself
  - What you think helps calm you
  - How you feel about seclusion or electric shock treatments
  - What medicines you do not want to take
  - Which doctor you want to be in charge of your treatment
Health Care Power of Attorney

- Allows you to designate someone who can make decisions for you if you are unable to make your own choices about treatment
Living Will

• A document that tells others that you want to die a natural death if you are incurably sick and cannot receive nutrition or breathe on your own
Human Rights Committee

• A committee of the Alliance Board
• At least half of members must be consumers/families
• Disability representation reflects makeup of consumers served by Alliance
• Oversees client rights protections for individuals receiving MH/SA/IDD services
  o Reviews reports on restrictive interventions, rights violations, incidents of abuse, neglect, exploitation

Serving Durham, Wake, Cumberland and Johnston Counties
Human Rights Committee

• Monitors functions of the provider Client Rights Committees
  o Providers in the Alliance network must maintain a Client Rights Committee
  o Must submit minutes to Alliance quarterly

Serving Durham, Wake, Cumberland and Johnston Counties
ITEM: Finance Committee Report

DATE OF BOARD MEETING: December 4, 2014

BACKGROUND:
The Finance Committee’s function is to review financial statements and recommend policies/practices on fiscal matters to the Area Board. The Finance Committee meets monthly at 3:00 p.m. prior to the regular Area Board Meeting. The draft minutes of the November Finance Committee meeting are attached. This month’s report includes the budget to actual report and ratios for the period ending October 31, 2014.

REQUEST FOR BOARD ACTION:
Accept the report.

CEO RECOMMENDATION:
Accept the report.

RESOURCE PERSON(S):
James Edgerton, Committee Chair; Robert Robinson, CEO; Jennifer Ternay, Interim CFO
APPOINTED MEMBERS PRESENT: ☐ James Edgerton, Chair; ☒ George Quick, MBA, ☒ John Griffin; ☐ Vicki Shore, ☒ Bill Stanford

BOARD MEMBERS PRESENT: Chris Bostock

GUEST(S) PRESENT: Vicki Evans, Accounting Manager at Cumberland County; Crystal Goldston, CEO at Essential Supportive Services

STAFF PRESENT: Rob Robinson, LCAS, CEO; Sara Pacholke, BS, CPA, Controller; Al Ragland Chief Human Resources Officer

1. WELCOME AND INTRODUCTIONS

2. REVIEW OF THE MINUTES – The minutes from the 10/2/2014 meeting were reviewed; a motion was made by Bill Stanford and seconded by John Griffin to approve the minutes. Motion passed.

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<thead>
<tr>
<th>AGENDA ITEMS:</th>
<th>DISCUSSION:</th>
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<th>TIME FRAME:</th>
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<tbody>
<tr>
<td>3. Monthly Financial Reports</td>
<td>The monthly financial reports were discussed which includes Statement of Revenue Expenses – Actual Budget for the One Month Ending July 31, 2014, for the Two Months Ending August 31, 2014 and for the Three Months Ending September 30, 2014, Benchmark Ratios As of September 30, 2014, Statement of Net Position as of September 30, 2014. Alliance Behavioral Healthcare is currently exceeding all Senate Bill 208 ratio requirements.</td>
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<td>4. Net Asset Review</td>
<td>Sara Pacholke presented the final net position of the organization as of 6/30/14 based on the audited numbers. Alliance Behavioral Healthcare ended the year with net position of $21,033,856, which includes $15,632,058 restricted for risk reserve and Medicaid services. The auditors will present the audited statements to the Board at the December 4, 2014 meeting.</td>
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<td>5. CFO and CIO Pay Grade Change</td>
<td>Al Ragland discussed the proposed pay grade increases for the CFO and CIO positions.</td>
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4. ADJOURNMENT
### REVENUES

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Current Period</th>
<th>Year to Date</th>
<th>Balance</th>
<th>Expended</th>
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<tbody>
<tr>
<td><strong>Service</strong></td>
<td></td>
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<tr>
<td>County</td>
<td>$36,224,000.00</td>
<td>$3,037,707.77</td>
<td>$12,203,707.77</td>
<td>$24,020,292.23</td>
<td>33.69%</td>
</tr>
<tr>
<td>State</td>
<td>45,802,164.00</td>
<td>3,369,977.58</td>
<td>13,015,316.48</td>
<td>32,786,847.52</td>
<td>28.42%</td>
</tr>
<tr>
<td>Federal</td>
<td>853,122.00</td>
<td>(206.87)</td>
<td>398,578.90</td>
<td>454,543.10</td>
<td>46.72%</td>
</tr>
<tr>
<td>Medicaid Waiver</td>
<td>316,520,179.20</td>
<td>28,153,322.64</td>
<td>110,113,254.18</td>
<td>206,406,925.02</td>
<td>34.79%</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>1.00</td>
<td>(1.00)</td>
<td></td>
<td>0.00%</td>
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<tr>
<td><strong>Total Service Revenue</strong></td>
<td><strong>399,399,465.20</strong></td>
<td><strong>34,560,811.12</strong></td>
<td><strong>135,730,858.33</strong></td>
<td><strong>263,668,606.87</strong></td>
<td><strong>33.98%</strong></td>
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<tr>
<td><strong>Administrative</strong></td>
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<td></td>
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<tr>
<td>State</td>
<td>4,588,482.00</td>
<td>353,677.00</td>
<td>1,472,338.00</td>
<td>3,116,144.00</td>
<td>32.09%</td>
</tr>
<tr>
<td>Medicaid Waiver</td>
<td>41,129,740.80</td>
<td>3,615,997.50</td>
<td>14,157,477.59</td>
<td>26,972,263.21</td>
<td>34.42%</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>100,000.00</td>
<td>4,897.10</td>
<td>39,032.91</td>
<td>60,967.09</td>
<td>39.03%</td>
</tr>
<tr>
<td><strong>Total Administrative Revenue</strong></td>
<td><strong>45,818,222.80</strong></td>
<td><strong>3,974,571.60</strong></td>
<td><strong>15,668,848.50</strong></td>
<td><strong>30,149,374.30</strong></td>
<td><strong>34.20%</strong></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>445,217,688.00</strong></td>
<td><strong>38,535,382.72</strong></td>
<td><strong>151,399,706.83</strong></td>
<td><strong>293,817,981.17</strong></td>
<td><strong>34.01%</strong></td>
</tr>
</tbody>
</table>

### EXPENDITURES

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Current Period</th>
<th>Year to Date</th>
<th>Balance</th>
<th>Expended</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Service</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County</td>
<td>36,224,000.00</td>
<td>3,423,007.68</td>
<td>12,203,707.77</td>
<td>24,020,292.23</td>
<td>33.69%</td>
</tr>
<tr>
<td>State</td>
<td>45,802,164.00</td>
<td>2,865,304.37</td>
<td>12,478,274.82</td>
<td>33,323,889.18</td>
<td>27.24%</td>
</tr>
<tr>
<td>Federal</td>
<td>853,122.00</td>
<td>91,078.29</td>
<td>410,965.72</td>
<td>442,156.28</td>
<td>48.17%</td>
</tr>
<tr>
<td>Medicaid Waiver</td>
<td>316,520,179.20</td>
<td>27,395,976.27</td>
<td>107,381,893.78</td>
<td>209,138,285.42</td>
<td>33.93%</td>
</tr>
<tr>
<td><strong>Total Service Expenditures</strong></td>
<td><strong>399,399,465.20</strong></td>
<td><strong>33,795,366.61</strong></td>
<td><strong>132,474,842.09</strong></td>
<td><strong>266,924,623.11</strong></td>
<td><strong>33.17%</strong></td>
</tr>
<tr>
<td><strong>Administrative</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational</td>
<td>5,455,825.32</td>
<td>492,043.76</td>
<td>1,531,258.37</td>
<td>3,924,566.95</td>
<td>28.07%</td>
</tr>
<tr>
<td>Salaries, Benefits, and Fringe</td>
<td>34,274,488.50</td>
<td>2,265,278.68</td>
<td>8,638,582.73</td>
<td>25,635,905.77</td>
<td>25.20%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>6,087,908.98</td>
<td>424,152.33</td>
<td>1,429,714.43</td>
<td>4,658,194.55</td>
<td>23.48%</td>
</tr>
<tr>
<td><strong>In Kind Expenses</strong></td>
<td></td>
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<tr>
<td><strong>Total Administrative Expenditures</strong></td>
<td><strong>45,818,222.80</strong></td>
<td><strong>3,181,474.77</strong></td>
<td><strong>11,599,555.53</strong></td>
<td><strong>34,218,667.27</strong></td>
<td><strong>25.32%</strong></td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>445,217,688.00</strong></td>
<td><strong>36,976,841.38</strong></td>
<td><strong>144,074,397.62</strong></td>
<td><strong>301,143,290.38</strong></td>
<td><strong>32.36%</strong></td>
</tr>
</tbody>
</table>

### REVENUES OVER EXPENDITURES

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>Expenditures</th>
<th>% Received/Expended</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td>1,558,541,34</td>
<td>7,325,309,21</td>
<td>(7,325,309,21)</td>
</tr>
</tbody>
</table>
**Alliance Behavioral Healthcare**
**Benchmark Ratios**
**As of October 31, 2014**

**CURRENT RATIO**

Current Ratio = Compares current assets to current liabilities. Liquidity ratio that measures an organization's ability to pay short term obligations. The benchmark is 1.0.

**DEFENSIVE INTERVAL**

Defensive Interval = Current assets divided by average daily operating expenses. This ratio shows how many days the organization can continue to pay expenses if no additional cash comes in. The benchmark is 30 days.
**Percent Paid** = Percent of clean claims paid within 30 days of receiving. The benchmark is 90%.

**Medical Loss** = Medicaid claims expense divided by the total capitation payment. The ratio shows the percentage the
ITEM: August Policy Committee Meeting Minutes and Annual Review of Board Policies

DATE OF BOARD MEETING: December 4, 2014

BACKGROUND:
Per Alliance Behavioral Healthcare Area Board Policy “Development of Policies and Procedures”, the Board is to review all policies annually. The Board Policy Committee reviews a number of Policies each quarter in order to meet this requirement. Below is a list of policies reviewed, divided into two categories – policies reviewed which require no revisions and policies reviewed which require minor revisions of the policies.

Policies reviewed at the November Policy Committee meeting and ready for Board approval without revisions:

Business Operations:
- Risk Management
- Contracting with New and Existing Providers
- Travel and Employee Expense Reimbursement
- Cellular Communication Devices
- Paybacks
- Management of Financial Risk
- Fund Balance
- Financial Stability
- Accounting Manual
- Accounting by Funding Source
- Coordination of Benefits
- Cyclical Financial Reporting
- Claims Adjudication
- Purchasing

Compliance:
- Corporate Compliance Plan
- Guarding Against Fraud and Abuse
- Financial Incentives
- Employee Conflict of Interest
- Employee Code of Ethics and Conduct
- Records Retention
- Legal Proceedings Involving Service Records

Information Technology:
- Service Codes in Alpha
- Eligibility Load, Error Handling and Reconciliation
- IT System Backup

Policies reviewed with revisions:
- By-Laws (top of page 4)
- General Computer Use (Information Technology)
- Compliance with Local Government Budget and Fiscal Control Act (Business Operations)

REQUEST FOR BOARD ACTION:
Approve Board Policy Committee minutes from the August meeting as submitted.
As part of the Annual Review process, approve the above listed policies for continued use.

CEO RECOMMENDATION:
Approve the reviewed and revised policies for continued use and the meeting minutes as submitted.

RESOURCE PERSON(S):
Cynthia Binanay, Chair, Policy Committee; Monica Portugal, Chief Compliance Officer
MEMBERS PRESENT: Cynthia Binanay (Committee Chair, Area Board Member), Curtis Massey (Area Board Member)
MEMBERS ABSENT: Bill Stanford (Area Board Chair), Lodies Gloston (Area Board Member)
STAFF PRESENT: Carol Hammett (General Counsel), Monica Portugal (Corporate Compliance Officer)

1. WELCOME AND INTRODUCTIONS

2. REVIEW OF THE MINUTES: In the absence of quorum, minutes from the May 27, 2014 meeting were reviewed for submission to the full Board of Directors; Committee did not vote for approval.

<table>
<thead>
<tr>
<th>AGENDA ITEMS:</th>
<th>DISCUSSION:</th>
<th>NEXT STEPS:</th>
<th>TIME FRAME:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Announcements:</td>
<td>None</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Documents Provided:</td>
<td>Minutes: 5/27/2014, Governance and General Administrative Policies</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Meeting Schedule:</td>
<td>Committee will meet on the second Thursday of August, November, February,</td>
<td>N/A</td>
<td>N/A</td>
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<td></td>
<td>and May at 4:00 PM.</td>
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<tr>
<td>Other Business:</td>
<td>Committee discussed flow of information from staff to Committee. A draft</td>
<td>Staff will send all policies due for annual review to Committee members one month prior to each meeting.</td>
<td>One month prior to each meeting</td>
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<td></td>
<td>agenda and policies due for annual review will be sent to committee members</td>
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<td></td>
<td>one month prior to meeting in order to provide ample time for review prior to the meeting.</td>
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<tr>
<td>Annual Review of Policies: Governance, General Administrative</td>
<td>The Committee reviewed all Governance and General Administrative Policies. By-Laws will be reviewed at the next meeting. Committee will consider revision of By-Laws to include that the Board Chair is a non-voting ex officio member of each Board Committee and clearer language around nominations/selections of new Board Chair and Vice Chair to the Board.</td>
<td>Policies and Agenda Action Form will be submitted to Board Clerk for inclusion in the September 4, 2014 Board Packet.</td>
<td>August 2014</td>
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<tr>
<td></td>
<td><strong>Policies reviewed and considered for continued use without revisions:</strong></td>
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<tr>
<td></td>
<td><strong>Governance:</strong></td>
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<td></td>
<td>Area Board Conflict of Interest</td>
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<td></td>
<td>Area Board Processes</td>
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<tr>
<td></td>
<td>Development of Policies and Procedures</td>
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<td></td>
<td>Area Director Compensation</td>
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<td></td>
<td>Evaluation of Area Director</td>
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<tr>
<td>AGENDA ITEMS:</td>
<td>DISCUSSION:</td>
<td>NEXT STEPS:</td>
<td>TIME FRAME:</td>
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<tr>
<td>------------------------------------------------------------------------------</td>
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<tr>
<td>Area Board Media Policy</td>
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<tr>
<td>Area Board Code of Ethics</td>
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<tr>
<td>Consumer, Family Advisory Committee</td>
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<tr>
<td>Guidelines for Public Comment at Area Board Meetings</td>
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<tr>
<td>Area Authority Relations with Catchment Area County Boards of Commissioners</td>
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<tr>
<td>Dispute Resolution</td>
<td></td>
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<tr>
<td>General Administrative:</td>
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<td></td>
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<tr>
<td>Management of Service Delivery</td>
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<tr>
<td>Strategic Planning</td>
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<td>Health and Safety</td>
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<tr>
<td>Emergency Management Plan</td>
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<tr>
<td>Internal Control</td>
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<tr>
<td>Business Continuity Plan</td>
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<tr>
<td><strong>Policies reviewed with suggested revisions:</strong></td>
<td></td>
<td></td>
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<tr>
<td>Delegation of Authority to the Area Director</td>
<td></td>
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<tr>
<td>Area Board Member Meeting Attendance Compensation</td>
<td></td>
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<tr>
<td>Reporting of Abuse, Neglect, Dependency and Exploitation</td>
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<tr>
<td>Committee also discussed combining the Area Director Compensation Policy and Evaluation of Area Director Policy as well as the Emergency Management Plan and Business Continuity Plan Policies. This will be placed on the next meeting agenda.</td>
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</tr>
<tr>
<td>Other Policies for Review and Revision:</td>
<td>There were no other Policies presented to the Committee.</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Proposed Policies:</td>
<td>There were no proposed Policies presented to the Committee.</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**3. ADJOURNMENT:** Next meeting will be November 13, 2014 from 4:00 p.m. to 6:00 p.m. in room 237.
AREA BOARD
POLICIES AND PROCEDURES

AREA BOARD
POLICIES AND PROCEDURES

SUBJECT: By-Laws
LINES OF BUSINESS: Governance

NUMBER: BL
URAC: REFERENCE: NC G.S. 122C
PAGE: 1 of 8

APPROVAL DATE: 5/3/2012
LATEST REVISION DATE: 3/6/2014
LATEST REVIEW DATE: 3/6/2014

RESPONSIBILITY: Area Board

APPROVAL AUTHORITY:
Chairperson, Area Board

AREA BOARD BY-LAWS

ARTICLE I
PURPOSE

The Alliance Behavioral Healthcare Board of Directors, also known as the Area Board, by virtue of powers contained in Chapter 122C of the North Carolina General Statutes is responsible for comprehensive planning, budgeting, implementing and monitoring of community based mental health, developmental disabilities and substance abuse services to meet the needs of individuals in the Durham, Wake and Cumberland County catchment area. These responsibilities shall be carried out in partnership with the Durham, Wake and Cumberland County Boards of County Commissioners hereinafter referred to as County Commissioners.

MISSION STATEMENT

The mission of the Area Board is to support and enhance the quality of life of those citizens affected by mental illness, intellectual/developmental disabilities and substance abuse.

VISION STATEMENT

The Area Board seeks to develop and maintain a network of quality providers whose services are evidence based or best practice and who embrace people with disabilities as equal partners and valued citizens. The entire community benefits when citizens with disabilities reach their full potential.

VALUES STATEMENT

The Area Board, its administration and employees value the following:

1. Discovering ways to nurture community strengths in order to accomplish what none of us can do alone.
2. Involving stakeholders for the advancement of all citizens in our diverse community.
3. Partnerships with community agencies that assure that best practices are applied through person-centered planning.
4. Community resources that offer enduring ways to support people with disabilities.
5. Community partnerships that leverage resources to respond to the mental health, intellectual/developmental disabilities and substance abuse services (MH/IDD/SA) needs of all citizens.
6. Advocacy efforts that challenge the MH/IDD/SA delivery system to improve continuously.
7. Accountability of all parties in the system.
8. Exemplary practices that lead to meaningful outcomes and are cost effective.
9. High level of satisfaction among consumers, families, and funders.
10. Collaboration with our community partners and stakeholders.
11. Building community capacity that includes the identification of existing community resources and gaps.
12. Services and supports that are consumer and family friendly, age appropriate and culturally competent.
13. The flexibility of the MH/IDD/SA system to provide programs and supports when needed, at the level needed, and in the amount necessary. This is important so that people may enter and exit components of the system as their needs change and without fear of re-entry complications.
14. Ongoing community education that assists in the elimination of stigma and discrimination.

**ARTICLE II**

**STRUCTURE**

**A. AUTHORITY**

1. The Area Board is accountable to the citizens of Durham, Wake and Cumberland Counties.
2. The authority for the Area Board derives from General Statute 122C-117.
3. General duties of the Area Board include:
   a. Defining services to meet the needs of citizens (within the parameters of the law) through an annual needs assessment.
   b. Adoption of operational policies to meet all requirements.
   c. Evaluation of quality and availability of services in meeting the needs of the population.
   d. Fiscal oversight.
   e. Hearing complaints and appeals from consumers, providers and the general public.
   f. Community education and advocacy.
   g. Appointing an area director in accordance with General Statute 122C-121 (d). The Area Director is an employee of the Area Board and shall serve at the pleasure of the Area Board.
   h. Evaluate annually the area director for performance based on criteria established by the Secretary of NCDHHS and the area board.
   i. Delegating responsibility to the Area Director who shall be responsible for the appointment of employees, the implementation of the policies and programs of the Area Board, for compliance with the rules of the North Carolina Commission for Mental Health, Developmental Disabilities and Substance Abuse Services, and NCDHHS, supervision of all employees and management of all contract providers.
   j. Empower the Area Director to sign official contracts and agreements, where appropriate.
   k. Developing plans and budgets for the area authority subject to the approval of the Secretary of NCDHHS. The area authority shall submit the approved budget to the boards of county commissioners and the county managers.
   l. Providing quarterly and annual reports to the Wake, Durham and Cumberland County Commissioners.
   m. Maintaining open communication with the Consumer and Family Advisory Committee (CFAC).

**B. COMPOSITION**

1. The Area Board shall consist of nineteen (19) members.
2. The Area Board shall work in conjunction with the Durham, Wake and Cumberland County Commissioners.
3. The Durham and Wake County Commissioners shall appoint seven members respectively and the Cumberland County Board of Commissioners will appoint four (4) members. During the effective period
of the Interlocal Agreement between the Area Board and the Johnston County Area Authority, the Alliance Area Board will appoint one member from Johnston County. All seats will be appointed at large.

4. The appointment process shall be consistent with the process outlined in the Joint Resolution between Cumberland, Durham and Wake Counties effective July 8, 2013. The Area Authority will advertise, accept applications, interview and recommend appointments to the respective boards of commissioners.

5. Area Board membership may consist of the following:
   a. Consumer or family member representing the interest of individuals with mental illness, intellectual or other developmental disabilities or substance abuse.
   b. CFAC member
   c. An individual with health care expertise and experience in the fields of mental health, intellectual or other developmental disabilities or substance abuse services.
   d. Individual with financial expertise
   e. Individual with provider experience in a managed care environment.

6. The Area Board shall assure that there is at least one representative of each of the three disability categories, i.e., mental illness, intellectual/developmental disabilities and substance abuse, on the board.

7. No individual who contracts with the Area Authority for the delivery of mental health, intellectual/developmental disabilities, or substance abuse services may serve on the Area Board during the period in which the contract for services is in effect.

C. TERMS AND CONDITIONS OF OFFICE

1. Terms of membership shall be for three years except the terms of the County Commissioner members on the Area Board shall be concurrent with their terms of office. The initial terms of office will be staggered in accordance with General Statute 122C-118.1.d. Each of the initial staggered terms of office shall be considered a full term.

2. Members other than County Commissioners shall not be appointed for more than three consecutive terms.

3. Members of the Area Board may be removed with or without cause by the appointing authority.

4. Area Board members may resign at any time, upon written notification to the Chairperson or the Executive Secretary of the Area Board.

5. Vacancies on the Area Board shall be filled by the County Commissioners before the end of the term of the vacated seat or within 90 days of the vacancy, whichever comes first. Appointments shall be for the remainder of the unexpired term.

6. Area Board members are responsible for disclosing and may not vote on any issue in which they have a direct or indirect financial interest or personal gain. All Board members are expected to exhibit high standards of ethical conduct, avoiding both actual conflict of interest and the appearance of a conflict of interest.

7. Neither Area Board members nor members of their families will receive preferential treatment through the Area Authority’s services or operations.

8. Area Board members must be current with all property taxes in their respective counties.

9. Membership is based on the rules and regulations of the Area Board policies and all applicable North Carolina General Statutes.

10. Area Board members are required to comply with the Area Board Code of Ethics, policies and all applicable North Carolina General Statutes.

D. OFFICERS

1. The officers of the Area Board shall be chosen for a one-year term at the final meeting of the fiscal year in which the Area Board is serving, and shall be as follows:
   a. Chairperson, and
   b. Vice-Chairperson.
2. With the exception of the position of Executive Secretary (which shall be filled by the Area Director/CEO), no officer shall serve in a particular office for more than two consecutive terms.
3. Each Area Board member shall be eligible to serve as an officer.
4. Duties of officers shall be as follows:
   a. Chairperson – this officer shall preside at all meetings and generally perform the duties of a presiding officer. The Chairperson shall appoint and be an ex-officio member of all Area Board committees.
   b. Vice Chairperson – this officer shall be familiar with the duties of the Chairperson and be prepared to serve or preside at any meeting on any occasion where the Chairperson is unable to perform his/her duties.
   c. Executive Secretary – The Area Director/CEO (or his/her designee) shall serve as the Executive Secretary. The Area Director/CEO shall not be an official member of the Area Board nor have a vote. As Executive Secretary, the Area Director/CEO shall:
      i. Send Area Board packets of information.
      ii. Maintain a true and accurate account of all proceedings at Area Board meetings.
      iii. Maintain custody of Area Board minutes and other records.
      iv. Notify the County Commissioners of any vacancies on the Area Board or attendance compliance issues.

E. COMMITTEES

1. STANDING COMMITTEES - Annually, the Area Board Chairperson shall appoint committees that are required by law, regulation, accrediting bodies or contract as well as other committees, at the discretion of the Area Board. These committees shall have the responsibility of making policy recommendations to the Area Board regarding matters within each committee’s designated area of concern. The composition of each committee shall comply with the relevant statute, regulation or contract requirements. These standing committees shall be as follows:

   a. Finance Committee (NCGS 122C-119 (d))
      i. This committee shall be composed of the Finance member designees of the Area Board plus three other Area Board members. (The Finance Officers of Durham, Cumberland and Wake Counties may serve as ex-officio members)
      ii. The Committee’s functions include:
          1) Recommending policies/practices on fiscal matters to the full Area Board.
          2) Reviewing and recommending budgets to the entire Area Board.
          3) Reviewing and recommending approval of audit reports (following a meeting by a designee of this committee with the auditor and receipt of the management letter) and assure corrective actions are taken as needed.
          4) Reviewing and recommending policies and procedures for managing contracts and other purchase of service arrangements.
          5) Reviewing financial statements at least quarterly.
          6) Reviewing the financial strength of the Area Authority

   b. Human Rights Committee (Contract with DMH/DD/SAS)
      i. The Human Rights Committee shall consist of 12 members and include at least 3 board members. Other members include consumers and family members representing mental health, developmental disabilities and substance abuse.
      ii. The Human Rights Committee functions include:
          1) Reviewing and evaluating the Area Authority’s Client Rights policies at least annually and recommending needed revisions to the Area Board.
2) Overseeing the protection of client rights and identifying and reporting to the Area Board issues which negatively impact the rights of persons served.
3) Reporting to the full Area Board at least quarterly.
4) Submitting an annual report to the Area Board which includes, among other things, a review of the Area Authority’s compliance with NCGS 122C, Article 3, DMHDDSAS Client Rights Rules (APSM 95-2) and Confidentiality Rules (APSM 45-1).

iii. The Human Rights Committee shall meet at least quarterly.

c. Quality Management Committee (Contract with DMHDDSAS)
   i. The Quality Management Committee shall consist of 7 members to include 3 board members, two (2) members from CFAC and 2 non-voting provider representatives. The Board QM Committee will meet at least 6 times a year.
   ii. The Committee shall review statistical data and provider monitoring reports and make recommendations to the full Area Board or other Area Board committees.
   iii. The Quality Management Committee serves as the Board’s Monitoring and Evaluation Committee charged with the review of statistical data and provider monitoring reports. The goal of the committee is to ensure quality and effectiveness of services and to identify and address opportunities to improve LME/MCO operations and local service system with input from consumers, providers, family members, and other stakeholders.

d. Executive Committee - The Area Board shall have an Executive Committee. All actions taken by the Executive Committee will be reported to the full Area Board at the next scheduled meeting.
   i. The Executive Committee shall be composed of the officers of the Area Board, Chairpersons of standing committees (who are Area Board members), the past Board chairperson or at-large member.
   ii. The Area Board Chairperson shall serve as the Chairperson of the Executive Committee.
   iii. The Chairperson shall call the meetings of the Executive Committee. Any member of the Area Board may request that the Chairperson call an Executive Committee meeting.
   iv. The Executive Committee shall be responsible for the following:
      1) Function as the grievance committee to hear complaints regarding board member conduct and make recommendations to the full Area Board.
      2) Establish agendas for full Area Board meetings.
      3) Act on matters that are time-sensitive between regularly scheduled board meetings
      4) Provide feedback to the Area Director/CEO concerning current issues related to services, providers, staff, etc.
      5) Fulfill other duties as directed by the full Area Board.
      6) Notice of the time and place of every Executive Committee meeting shall be given to the members of the Executive Committee in the same manner that notice is given of Area Board meetings.

e. Policy/By-Law Committee
   i. The Policy/By-law Committee shall consist of at least 3 board members and shall meet at least 3 times a year.
   ii. The Committee’s functions include:
      1) Developing, reviewing and revising Area Board By-Laws and Policies that Govern the LME/MCO.
      2) Recommending policies to the full Area Board to include all functions and lines of business of the LME/MCO.
      3) Reviewing Area Board Policies at least annually, within 12 months of policies’ approval. The Committee reviews a number of Policies each quarter in order to meet the annual review requirement.
4) Revising Policies to ensure compliance with applicable law, federal and state statutes, administrative rules, state policies, contractual agreements and accreditation standards.

5) Ensure that a master Policy Index is kept current indicating policy names, original approval dates, all revision dates, all review dates, accreditation standards, and references to applicable law, federal and state rules and regulations and state policies.

f. **County Commissioner Advisory Board**

Consistent with NCGS 122c-118.2, the Area Authority shall have a county commissioner advisory board consisting of one commissioner from Cumberland, Durham and Wake Counties. The Commissioner appointed to the Alliance Area Authority will serve on the County Commissioner Advisory Board (CCAB). The duties of the CCAB include serving as the chief advisory board to the area authority and to the director of the area authority on matters pertaining to the delivery of services for individuals with mental illness, intellectual or other developmental disabilities and substance abuse disorders in the catchment area. Meetings will be scheduled quarterly.

1. **AD HOC COMMITTEES**

   a. Ad hoc committees, may be appointed by the Area Board Chair with the approval of a majority of the Area Board members who are present at the meeting during which approval is given.

   b. These committees shall carry out their duties as designated by the Area Board and shall report their findings to the Area Board or its committees.

3. **CONSUMER AND FAMILY ADVISORY COMMITTEE** – Consistent with NCGS 122C-170, the Area Authority shall have a committee made up of consumers and family members to be known as the Consumer and Family Advisory Committee (CFAC). The Consumer and Family Advisory Committee shall be self-governing and self-directed. The CFAC shall advise the Area Board on the planning and management of the local mental health, intellectual/developmental disabilities and substance abuse services system.

**ARTICLE III**

**MEETINGS**

A. **REGULAR MEETINGS**

Regular meetings shall be held at least six times each year at a location and time designated by the Area Board. The annual meeting for the election of officers shall be the final meeting of each fiscal year. All meetings of the Area Board shall be conducted in accordance with provisions set forth in Article 33C of GS 143 (the Open Meetings Act).

B. **SPECIAL MEETINGS**

Special meetings may be called by the Area Board Chair or by three or more members of the Area Board after notifying the Area Board Chair in writing. Notice of special meetings shall be provided in a manner consistent with those utilized to notify Area Board members (and others) of regularly scheduled meetings.
C. EMERGENCY MEETINGS

Emergency meetings may be called for unexpected circumstances that require immediate consideration by the Area Board. Due to the urgent need to assemble a meeting as soon as possible, any requirements regarding advanced notice for regularly scheduled meetings may be waived and emergency meetings shall be held as soon as a quorum of the Area Board can be convened.

D. NOTICE OF MEETINGS

Notification of Area Board meetings shall be sent out no later than 48 hours before the regular meeting and in accordance with requirements set forth in the Open Meetings Statute, Article 33C. The Area Board is scheduled to meet on the first Thursday of each month at the Area Authority facility. Notice of the date, time and place shall be sent to each board member in the form of an Area Board agenda. Information concerning Board meetings shall also be made available to the local news media in accordance with Article 33C. Notice for all board meetings including the board packet will be posted on the Alliance website.

E. CONDUCT OF MEETINGS

Area Board meetings shall be conducted under parliamentary procedures.

Significant actions by the Area Board require fifteen (15) affirmative votes, or a 75% majority in the event the number of board members changes or there are vacant seats on the Board. Significant actions shall include: (1) policy decisions which affect consumer benefit plans, admit or exclude providers, or set provider rates, (2) any action or decisions concerning the annual budget and amendments according to the Local Government Budget and Fiscal Control Act (NCGS 159), (3) personnel policies, (4) employee benefit plans, (5) the selection and dismissal of the Chief Executive Officer, (6) changes to the Area Board structure, (7) execution of contracts or leases for real or personal property including accepting any assignment thereof, (8) acceptance of grants, (9) settlement of liability claims against the Area Authority or its officers or employees, (10) approval or amendment of the Area Authority’s by-laws, and, (11) any other matter so designated by the Area Authority Board. Participation in Area Board meetings via electronic means, e.g. telephone, video conferencing, is permissible to the extent allowed by law. Such participation includes the right to vote on issues that arise during the course of the meeting.

F. QUORUM

A majority of the actual membership of the Area Board, excluding vacant seats, shall constitute a quorum and shall be required for the transaction of business at all regular, special and emergency meetings. A majority is more than half.

G. ABSENCES

1. Absence from three (3) consecutive meetings without notification to the Executive Secretary shall constitute resignation from the Area Board.
2. Absence from more than twenty-five percent (25%) of the meetings during a 12 month period may also constitute resignation from the Area Board.
3. In computing absences, absence from two Area Board committee meetings may constitute one absence from a regular Area Board meeting.
ARTICLE IV

GENERAL PROVISIONS

A. AMENDMENTS

1. These By-Laws may be amended or repealed as necessary.
2. New or amended By-Laws may be adopted by the affirmative vote of fifteen (15) Board members, or a corresponding majority of Board members in the event the number of Board members changes or there are vacant seats on the Board, during any regular (or other) meeting of the Area Board.
3. Notice of proposed changes must be given to the Area Board members at least thirty (30) days prior to the change.

B. SUSPENSION OF BY-LAWS

The Area Board has the authority to suspend the By-Laws by an affirmative vote of fifteen (15) Board members, or a corresponding majority of Board members in the event the number of Board members changes or there are vacant seats on the Board.

C. REVIEW OF BY-LAWS AND AREA BOARD GOVERNANCE POLICIES

These By-Laws and all Area Board governance policies shall be reviewed at least annually.

Approved by: Alliance Behavioral Healthcare Area Board, March 6, 2013
The purpose of this policy is to outline the acceptable use of computer and information technology resources provided by Alliance Behavioral Healthcare to employees, independent contractors, agents, authorized guests and authorized affiliates. Inappropriate use exposes Alliance Behavioral Healthcare to risks, including breach of personal computer security, exposure of restricted data, compromise of network systems/services, detriments to technology performance, and legal liability. Information Technology Services (hereinafter "IT") is committed to protecting employees, affiliates, and the Area Authority from illegal or damaging actions by individuals, either knowingly or unknowingly.

This policy applies to all equipment that is owned or leased by Alliance Behavioral Healthcare.

II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare that all computer resources that are the property of Alliance Behavioral Healthcare can be used only for legitimate business purposes. Users are permitted access to the computer resources to assist them in performance of their jobs. Use of the computer system is a privilege that may be revoked at any time. It is every employee's duty to use the Area Authority’s computer resources responsibly, professionally, ethically, and lawfully. Any abuse of this policy shall be grounds for disciplinary action which may include termination of employment.

All data created or received for work purposes and contained in the Area Authority’s electronic files, servers, or email depositories are public records, unless otherwise deemed confidential or exempt under the public records act or other law or regulation. Public Records are available to the public unless specifically prohibited from general viewing by law or contract. All public records are to be maintained and disposed of according to state approved records retention and disposition schedules.

III. PROCEDURES

The Area Director shall develop procedures to implement this policy.
I. PURPOSE

The purpose of this policy is to define a process by which the annual budget shall be prepared in accordance with the General Statutes of the State of North Carolina section 159-8(a) that requires an annual balanced budget ordinance.

II. DEFINITIONS

The Local Government Budget and Fiscal Control Act is the legal framework in which all local government agencies must conduct their budgetary process.

III. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to adhere to all applicable provisions in NC G.S. Chapter 159- Local Government Finance. The Board shall adopt procedures that ensure the financial stability of the Area Authority.

A. Provisions: Following are some of the relevant provisions in NC G.S. 159:
1. 159-8(b), the budget shall cover a fiscal year beginning July 1 and ending June 30.
2. 159-9, the board shall appoint a Budget Officer.
3. 159-10, all department requests for the following year shall be submitted to the Budget Officer. The Budget Officer shall create a mechanism for Department Head submissions and prepare summarized information for the budget proposal.
4. 159-11(b), the budget and budget message shall be submitted to the governing board not later than June 1 with approval by June 30. The budget message shall be concise and explain the goals, activities of the budget, changes from the previous year, and any major changes in fiscal policy.
5. 159-12(a), the Budget Officer shall submit a copy of the budget to the office of the clerk of Cumberland, Durham, Johnston and Wake Counties. It will remain available until the budget ordinance is adopted. The budget shall be made available to news media and be available on all websites affiliated with Alliance Behavioral Health care including the Cumberland and Johnston Area Authorities.
6. 159-12(b), the board shall hold a public hearing to receive input on the budget. The board shall hold an annual budget retreat in which the date of the public hearing will be established.
7. 159-13(a), the board shall adopt a budget ordinance not later than July 1.
8. 159-23, the board shall appoint a Finance Officer.
9. 159-31, the board shall select the depository.
I. PURPOSE

The purpose of this policy is to provide a consistent standard for employee expense reimbursement for authorized travel for the purpose of conducting business or obtaining training. It is the intent of Alliance Behavioral Healthcare that employees neither gain nor lose personal funds when engaging in Agency authorized travel and/or training. It is also the intent of Alliance Behavioral Healthcare that all employee expense reimbursements be approved, necessary and reasonable.

II. POLICY

Alliance Behavioral Healthcare is committed to developing an educated and skilled workforce and shall provide funding for employee training and travel whenever possible. Funding for this purpose may be established annually during the annual budget process. Available training funds may be used for training required for obtaining or maintaining professional licensure or to obtain necessary skills required for a position when approved by the Area Director. Mileage is reimbursed for travel that is a part of an employee’s job responsibilities or for approved travel for training purposes.

III. ALLOWABLE EXPENSES

Reimbursement for the following travel and training related expenses, both within and outside the catchment area, are allowable under this policy:
A. Mileage in accordance with current IRS regulations.
B. Meals based on the Board’s annually established per diem rate.
C. Hotel charges incurred, subject to the limitations imposed by the board’s annually established rate.
D. Ancillary travel costs, e.g., tips, parking, vehicle rental, etc. as set by the Area Director.
E. Tuition/Registration as set by the Area Director.

Any exceptions to the established rates shall require the prior approval of the Area Director.

IV. PROCEDURES

The Area Director shall develop procedures to implement the provisions of this policy.
I. PURPOSE

The purpose is for Alliance Behavioral Healthcare to develop and implement a risk management plan that will enable the organization to successfully manage risk to the organization and its customers.

II. DEFINITIONS

Risk: The potential of harm to the organization, customers or key stakeholders.
Risk Assessment: An evaluation of the nature and magnitude of risk to the organization. The evaluation is based upon known or potential threats, as well as the likelihood of the threats being realized and the potential impact to the organization and to its customers.
Risk Management: The process of evaluating and responding to risks for the purpose of reducing those risks to acceptable levels. Risk management is inclusive of the risk assessment process, and uses the results of risk assessments to make decisions on the acceptance of risks or on taking action to reduce those risks.

III. POLICY STATEMENT

Alliance Behavioral Healthcare shall have a comprehensive risk management plan to identify, analyze and manage threats to the organization’s ability to operate, including changes in service or business environment, as well as threats to employees, property, income, and community standing. For each risk identified, Alliance will develop a plan to address the risk and avoid exposure, or to manage and minimize the severity of the loss. Annually, the Area Board shall review and approve the risk management plan.
I. PURPOSE

The purpose of this policy is to establish guidelines for collection of provider paybacks in accordance with standards set forth in Alliance’s agreements with the NC Department of Health and Human Services and as specified in the NC Department of Health and Human Services standardized provider agreements.

II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to ensure that providers repay funds identified as requiring recoupment according to the funding source’s policy (Examples of funding source include: Medicaid, IPRS, Federal Block Grants, County funds). Alliance Behavioral Healthcare shall comply with all established regulatory and statutory requirements of the funding agencies and shall comply with the provisions of the standardized provider contracts.

III. PROCEDURES

The Area Director shall develop procedures to implement this policy.
I. PURPOSE

The purpose of this policy is to ensure that Alliance Behavioral Healthcare will identify, reduce, and eliminate risk and to safeguard the financial integrity of the organization.

II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to ensure that service and administrative costs not exceed the level of funding received. Risk indicators, which are overall factors of how the organization is operating from a financial perspective, shall be monitored. Financial results shall be reviewed monthly for possible savings or losses of revenues versus expenditures. Alliance Behavioral Healthcare shall emphasize capturing, analyzing and reporting accurate data as the foundation of financial risk management.

III. PROCEDURES

The Area Director shall develop procedures to implement the provisions of this policy.
I. PURPOSE

The purpose of this policy is to ensure Alliance Behavioral Healthcare has a fund balance that contributes to the Organization’s fiscal health and is adequate to meet Alliance Behavioral Healthcare’s needs and challenges.

II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to have the Finance Committee of the Area Board review the fund balance on a quarterly basis while in the first year of operations and annually thereafter. Fund balance designations shall be appropriated at year end while adhering to G.S. 159-8 (a).

III. PROCEDURES

The Area Director shall develop procedures to implement this policy.
I. PURPOSE

The purpose of this policy is to ensure the financial stability of Alliance Behavioral Healthcare.

II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to comply with all state and federal laws regarding the financial management of the organization. The Area Board of Alliance Behavioral Healthcare shall be responsible for the financial management and accountability for the use of State and local funds and information management for the delivery of publicly funded services. The Area Board shall establish a Finance Committee per G.S. 122C-119(d). The Finance Committee responsibilities shall include reviewing financial statements and making recommendations on financial matters to the Area Board.

III. PROCEDURES

The Area Director shall develop procedures to implement the provisions of this policy.
I. PURPOSE

The purpose of this policy is to provide a uniform and consistent approach for establishing contracts with potential, new and current providers, their agents or designees and adding new services to existing provider contracts.

II. DEFINITIONS

Request for Proposal (RFP): used to communicate requirements to prospective contractors and to solicit proposals for products and services. The proposals are then evaluated according to various selection criteria, which may include many factors including price.

Request for Information (RFI): a standard business process which purpose is to collect written information about the capabilities of various vendors. Normally it follows a format that can be used for comparative purposes.

Request for Qualifications (RFQ): a procurement tool routinely used by state and local governments and the private sector to select partners in major systems acquisitions. This approach differs from the traditional request for proposals approach in that it places greater emphasis on the actual qualifications and track record of the potential contractor rather than how well the potential contractor responds to detailed project specifications and requirements.

III. POLICY

It is the policy of Alliance Behavioral Healthcare to contract with agencies and other organizations in a fair and consistent manner to provide needed mental health, intellectual/developmental disabilities and substance abuse services. In contracting, Alliance Behavioral Healthcare shall give primary consideration to quality of care and, as appropriate, maintenance of existing care relationships.

Alliance Behavioral Healthcare shall offer state and county contracts only to providers that take part in an official RFP/RFI/RFQ process. However, by exception, other methods for selecting providers may be employed. These other methods for selecting/contracting with providers may include but are not limited to:

i. Competitive procurement
ii. Legal notice
iii. Procurement to obtain best prices without selective contracting
iv. Non-competitive solicitation and/or selection of providers

An exception to this policy can be made:

i. When a critical need or emergency has been identified
ii. When adding a service(s) that is a natural extension of existing services in the provider’s contract

iii. When previous attempts to secure services have not been effective.

All exceptions shall be approved by the Area Director with notification to the Area Board.

The Finance Committee shall have authority to initiate the process for developing new or expanded services whether through RFP, RFI, RFQ or other methods allowed by this policy. The Area board shall have final approval over the awarding of any contracts for the provision of services.

IV. PROCEDURES

The Area Director shall develop procedures to implement the provisions of this policy.
I. PURPOSE

The purpose of this policy is to authorize the Area Director to issue cellular telephone and related devices to Alliance Behavioral Healthcare employees or to provide reimbursement to employees for the use of such devices.

II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to provide staff with the tools/equipment necessary for the efficient operation of the Area Authority’s affairs. In recognition of the need for timely communication, Alliance Behavioral Healthcare may provide reimbursement to authorized employees for the use of personal cell phones for business purposes, including phone calls, emails, personal data assistant, etc. Alliance may also issue agency owned cellular phones to employees. Any abuse of this policy shall be grounds for disciplinary action which may include termination of employment.

III. PROCEDURES

The Area Director shall develop procedures to implement this policy. Those procedures shall address at a minimum:

A. Positions that qualify for cellular phone support
B. Reimbursement rates
C. Eligibility criteria to receive reimbursement
D. Criteria for issuance of an agency owned cellular device
I. PURPOSE

The purpose of this policy is to establish a process for organization purchases.

II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to ensure the cost effective, efficient and timely procurement of the necessary goods and services in compliance with applicable State and Federal laws and regulations and local ordinances.

III. PROCEDURES

The Area Director will develop procedures to implement this policy.
I. PURPOSE

The purpose of this policy is to ensure that Alliance Behavioral Healthcare has consistent and accurate cyclical financial reporting.

II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to reconcile and close the financial records on a monthly and annual basis in order to prepare accurate and timely financial statements. Financial statements shall be prepared according to generally accepted accounting principles and in accordance with contractual requirements.

III. PROCEDURES

The Area Director shall develop procedures to implement this policy.
I. PURPOSE

The purpose of this policy is to establish guidelines for coordination of benefits (COB) to ensure that public funds are the payor of last resort.

II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to establish procedures to ensure that public funds are the payor of last resort. Alliance shall develop procedures to ensure that all third party coverage will be identified and that claims submitted to Alliance will include the net remaining amount to be paid.

III. PROCEDURES

The Area Director shall develop procedures to implement this policy.
I. PURPOSE

The purpose of this policy is to ensure adherence with claims adjudication contractual requirements.

II. POLICY STATEMENT

Alliance Behavioral Healthcare shall establish general guidelines for the timely and accurate processing of claims submitted by providers for payment. Procedures shall ensure that Prompt Pay Guidelines will be met and that denied claims information will be returned to the Providers in a timely manner according to Department of Health and Human Services contractual requirements.

III. PROCEDURES

The Area Director shall develop procedures to implement this policy.
I. **PURPOSE**

The purpose of this policy is to ensure that an up to date accounting manual is maintained by the Finance Department.

II. **POLICY STATEMENT**

It is the policy of Alliance Behavioral Healthcare to maintain an up to date accounting manual that documents finance related processes. The accounting manual shall be developed and implemented to ensure that the department has adequate internal controls and procedures consistent with generally accepted accounting principles, in accordance with contractual requirements and to ensure the department is operated efficiently. The accounting manual shall be reviewed and revised as necessary and at a minimum annually.

III. **PROCEDURES**

The Area Director shall develop procedures to implement this policy.
I. PURPOSE

The purpose of this policy is to ensure proper and adequate recording of financial transactions.

II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to record all revenues and service expenses in the general ledger by funding source. Administrative expenses will be allocated based on the assigned cost allocation. This shall be done to ensure accurate accountability to all reporting entities and to ensure sound financial tracking and monitoring in accordance with contractual requirements.

III. PROCEDURES

The Area Director shall develop procedures to implement this policy.
AREA BOARD
POLICIES AND PROCEDURES

I. PURPOSE

The purpose of this policy is to outline the scope, responsibilities, and activities conducted by Alliance Behavioral Healthcare to prevent, detect, and resolve instances of fraud and abuse.

II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to comply with all local, state, and federal laws governing its operations. Alliance Behavioral Healthcare shall promote efforts to guard against fraud and abuse through prevention, detection and enforcement activities.

III. PROCEDURES

The Area Director shall develop procedures to implement this policy.
I. PURPOSE

The purpose of this policy is to ensure that any financial incentives provided by Alliance Behavioral Healthcare promote the provision of quality health care services.

II. DEFINITIONS

Delegated Entity: An entity that performs delegated activities on behalf of Alliance Behavioral Healthcare

III. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to not allow the payment of bonuses or other financial incentives to staff, contractors, consultants, or delegated entity based directly on consumer utilization of health care services.

IV. PROCEDURES

The Area Director shall develop procedures to implement this policy.
I. PURPOSE

The purpose of this policy is to establish guidelines and procedures to prevent conflict of interest on the part of employees of Alliance Behavioral Healthcare. The policy is intended to supplement, but not replace any applicable Federal or state laws governing conflict of interest.

II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare that employees shall disclose any actual or potential conflict of interest.

Each employee shall fulfill his or her responsibilities consistent with all Federal and State laws and regulations, and Alliance Behavioral Healthcare policies regarding avoidance of conflict of interest. This includes the avoidance of the perception of conflict of interest.

North Carolina General Statutes 126-4 prohibits an employee from holding any office or have other employment which may conflict with employment in an agency subject to the State Personnel Act.

Alliance employees shall not derive a direct benefit from a provider or contractor as covered by NC G.S. 14-234. It is the responsibility of each employee to reveal a conflict or the appearance of a conflict of interest. Not reporting a conflict of interest constitutes unacceptable personal conduct which may result in disciplinary action up to and including dismissal.

III. PROCEDURES

The Area Director shall develop procedures to implement this policy.
AREA BOARD
POLICIES AND PROCEDURES

I. PURPOSE

Alliance Behavioral Healthcare is committed to providing high quality services that comply with the regulations and laws that are applicable to behavioral healthcare and Managed Care Organizations. To support this commitment, Alliance shall develop a Code of Ethics and Conduct to provide guidance for staff on employee and organizational responsibilities. The code is not intended to be an exhaustive list of behavioral expectations. In areas the code does not cover, staff has a duty to determine how they should behave by consulting the regulations, speaking to a supervisor or contacting the Compliance Officer.

II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to develop a Code of Ethics and Conduct to provide staff with guidance on requirements for conduct as established by Alliance and applicable laws and standards. Principles within the Code of Ethics and Conduct shall be grounded in Alliance policy.

All staff shall uphold Alliance Behavioral Healthcare’s adopted Code of Ethics and Conduct. Additionally all staff is required to report or seek guidance on any activity they believe is unethical or violates the law or any federal or state healthcare requirement. Individuals do not have to be certain that the violation occurred in order to report it. Staff seeking guidance or reporting violations may do so without fear of retaliation and their confidentiality will be protected to the fullest extent possible.

The Code of Ethics and Conduct shall be reviewed at least annually and the Area Board shall approve any modifications to the content of the code.

III. PROCEDURES

The Area Director shall develop procedures to implement the provisions of this policy.
I. PURPOSE

The purpose of this policy is for Alliance Behavioral Healthcare to develop and implement a compliance plan and program. The program shall be designed to establish an organizational culture that promotes prevention, detection and resolution of instances of conduct that do not conform to federal and state law, and federal, state and private payer health care program requirements, as well as Alliance Behavioral Healthcare’s ethical and operational policies.

II. POLICY STATEMENT

Alliance Behavioral Healthcare is committed to the development of an organizational culture where services are provided and business is conducted in a legal and ethical manner. Alliance Behavioral Healthcare also encourages employee and provider participation in achieving a culture of compliance through training, suggestions for improvement, questions, and reporting of violations without any fear of retaliation. Each report or question offers an opportunity to contribute positively to the quality of services at Alliance Behavioral Healthcare. Ethical behavior and compliance with all pertinent laws, rules and other requirements are the responsibility of all employees and provider agencies.

III. PROCEDURES

Annually, the Area Director shall present the Corporate Compliance Plan to the Board for approval.
AREA BOARD
POLICIES AND PROCEDURES

I. PURPOSE

The purpose of this policy is to ensure that Alliance Behavioral Healthcare follows established procedures for loading and maintaining service codes in AlphaMCS.

II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare that all service codes and descriptions are loaded and maintained in the AlphaMCS system by a qualified user. Consistent procedures shall be utilized to ensure that the quality and integrity of data in the system is maintained.

III. PROCEDURES

The Area Director shall develop procedures to implement the provisions of this policy.
I. PURPOSE

The purpose of this policy is to assure that any records generated by the Area Authority are maintained as required by State and Federal rules and regulation.

II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to maintain all program records and service records in accordance with North Carolina Division of Mental Health, Developmental Disabilities and Substance Abuse Services Records Retention and Disposition Schedule for State and Area Facilities, APSM 10-5 to include all subsequent revisions. In the event that the Alliance Behavioral Healthcare is notified of any pending legal action or action involving federal or state audit or investigation of the program, the records shall be maintained until the date such matter is resolved and formally concluded in accordance with applicable federal and state laws and regulations.

III. PROCEDURES

The Area Director shall develop procedures to implement the provision of this policy.
I. PURPOSE

The purpose of this policy is to provide guidelines and requirements for Alliance Behavioral Healthcare employees regarding legal proceedings involving service records.

II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to comply with any valid requests for service records issued by a court of competent jurisdiction in accordance with state and federal regulations.

III. PROCEDURES

The Area Director shall develop procedures to implement this policy.
I. PURPOSE

The purpose of this policy is to ensure that routine backup of information system servers occur in order to protect information required to continue business operations.

II. DEFINITIONS

**Backup:** A term used in the Information Technology environment to describe a process in which information is copied to a separate media. This process is used to ensure availability of information in the event that the original information is lost or compromised.

III. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to subscribe to a Data Backup Plan to ensure availability of information required to continue business operations. The Data Backup Plan shall be in compliance with the Department of Health and Human Services (DHHS) and the Health Insurance Portability and Accountability Act (HIPAA) security and privacy requirements in order to protect the security of health information and the integrity of Alliance Behavioral Healthcare.

IV. PROCEDURES

The Area Director shall develop procedures to implement the provisions of this policy.
# AREA BOARD
## POLICIES AND PROCEDURES

**SUBJECT:** Eligibility Load, Error Handling and Reconciliation  
**LINES OF BUSINESS:** Information Technology  
**RESPONSIBILITY:** Area Board  
**NUMBER:** IT-4  
**URAC:** CORE, v. 3.0, Standards 13-16  
**REFERENCE:** DHHS Contracts, 45 CFR Part 160 and 164.  
**APPROVAL DATE:** 11/1/2012  
**LATEST REVISION DATE:**  
**LATEST REVIEW DATE:** 12/5/2013  
**APPROVAL AUTHORITY:** Chairperson, Area Board

## I. PURPOSE

The purpose of this policy is to ensure that Alliance Behavioral Healthcare follows specific procedures related to loading, maintaining, and reconciling eligibility and enrollment data.

## II. POLICY STATEMENT

It is the policy of Alliance Behavioral Healthcare to use accurate and current data to ensure compliance with federal and state laws and contractual requirements throughout its operations. Alliance shall use the Global Eligibility File (GEF) received daily from Department of Health and Human Services (DHHS) to ensure that recipients’ eligibility and enrollment status is correct. Alliance Behavioral Healthcare shall use the GEF, HIPAA 820 and HIPAA 834 transactions for reconciliation monthly.

## III. PROCEDURES

The Area Director shall develop procedures to implement the provisions of this policy.
ITEM: Draft Minutes from the November 6, 2014, Board Meeting

DATE OF BOARD MEETING: December 4, 2014

REQUEST FOR BOARD ACTION: Approve the draft minutes from the November 6, 2014, Board meeting.

CEO RECOMMENDATION: Approve the minutes.

RESOURCE PERSON(S): Robert Robinson, CEO; Veronica Ingram, Executive Assistant

GUEST(S) PRESENT: Terri Glass, Zelos, Inc. (via video conference); Crystal Goldston, Essential Support Services, LLC; Marc Jacques, Consumer and Family Advisory Committee (CFAC); and Yvonne French, Division of Medical Assistance (DMA)

ALLIANCE STAFF PRESENT: Michael Bollini, MH/SA Care Coordination Director; Hank Debnam, Cumberland Site Director; Doug Fuller, Director of Communications; Amanda Graham, Chief of Staff; Carol Hammett, General Counsel; Veronica Ingram, Executive Assistant; Carlyle Johnson, Director of Provider Network Strategic Initiatives; Geyer Longenecker, Director of Quality Management; Ken Marsh, Medicaid Program Director; Beth Melcher, Chief of Program Development and Evaluation; Sara Pacholke, Director of Finance; Monica Portugal, Corporate Compliance Officer; Al Ragland, HR Director; Sean Schreiber, Chief Clinical Officer; and Doug Wright, Director of Consumer Affairs

1. CALL TO ORDER: Chairman William Stanford called the meeting to order at 4:05 p.m.

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| 2. Announcements | A. December NC Council Conference Chairman Stanford reminded Board members of the December 3-5, 2014, conference dates and to see if Ms. Ingram if they plan to attend. This conference overlaps the Board meeting scheduled for December 4, 2014. He provided additional information regarding registration and Alliance’s reimbursement for mileage and lodging.  
B. External Quality Review (EQR) Chairman Stanford mentioned that Alliance is currently undergoing an EQR site visit which ends Friday, November 7. This review utilizes the same criteria for other MCOs and public providers. Mr. Robinson and Ms. Graham noted aspects of this review. A report is due to Alliance by the EQRO organization within thirty days from the site review.  
C. State Provider Satisfaction Survey Mr. Robinson noted results from the survey; the State surveyed providers and Alliance did well. Alliance was rated number one in overall satisfaction among all North Carolina LME/MCOs. |

3. Agenda Adjustments There were no adjustments to the agenda.

4. Public Comment Doug Wright, Director of Consumer Affairs, noted comments for Marc Jacques, CFAC Chair, who had not arrived. He stated that Mr. Jacques wished to invite Board members to the December 1, 2014, CFAC meeting and included written comments that were placed before Board members.
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| 5. Committee Report | A. Finance Committee Report  
The Finance Committee’s function is to review financial statements and recommend policies/practices on fiscal matters to the Area Board. The Finance Committee meets monthly at 3:00 p.m. prior to the regular Board Meeting. This month’s report included the budget to actual report and ratios for the period ending July 31, 2014 and August 31, 2014, and the draft minutes of the October Finance Committee meeting.  

George Quick presented the Finance Committee report. Mr. Quick noted the final numbers for FY14 and that Alliance exceeded the financial ratios mandated by the state. He noted that the audit is in final preparation by the auditors and will be presented at the December Board meeting. He noted that there were no items needing Board approval.  

**BOARD ACTION**  
The Board received the report. |
| 6. Consent Agenda | A. Draft Minutes from the August 7, 2014, Board Meeting  
B. Consumer and Family Advisory Committee Report  
C. Executive Committee Report  
D. Human Rights Committee Report  
E. Quality Management Committee Report  

The consent agenda was sent previously to Board members. There were no comments or discussion about the consent agenda.  

**BOARD ACTION**  
A Motion was made by Dr. George Corvin to approve the consent agenda; seconded by Mr. Scott Taylor. Motion passed unanimously. |
| 7. Media Campaign Update: “It’s Time to Re-Think” | Doug Fuller, Director of Communications, presented elements of Alliance’s media campaign “It’s Time to Re-Think”. He noted both internal and external components to include additional training for staff and commercials airing on select cable channels and at four local movie theaters. Board members viewed the commercials and discussed the topic including additional commercials in production.  

**BOARD ACTION**  
The Board received the update. No additional action required. |
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<tr>
<td>8. Strategic Planning: Staff Survey and Proposed Mission, Vision and Value Statements</td>
<td>Amanda Graham, Chief of Staff, introduced Terri Glass, Zelos, LLC, Director of Leadership. Ms. Glass provided information and trends identified in the recently completed Alliance staff survey. There were no comments or discussion about the staff survey. Ms. Glass reported that she was pleased with the number of staff who participated in the staff survey. She noted the feedback was constructive and helped formulate Mission, Vision and Value statements. She reminded the Board that per Alliance’s by-laws, the Mission, Vision, and Values statements must be approved by the Board. Ms. Glass reviewed the Mission, Vision and Values statements with the Board. Board members discussed the topic noting the specific verbiage chosen for each statement, how they reflect Alliance currently and in the future, and how the Values, specifically, distinguish Alliance from its competitors. <strong>BOARD ACTION</strong>&lt;br&gt;A Motion was made by Mr. Phillip Golden to approve the Mission, Vision and Values statements as written; seconded by Ms. Lodies Gloston. Motion passed unanimously.</td>
</tr>
<tr>
<td>9. Recommendation for Appointment to Alliance Board of Directors</td>
<td>As noted in the by-laws and Joint Resolution between Cumberland, Durham and Wake Counties, the Area Authority is given the task of advertising, accepting applications, interviewing and recommending appointment of prospective Board members to the respective boards of commissioners. The Executive Committee invited Board members to participate in interviews for the vacant Wake seat and on October 8, 2014 the committee interviewed McKinley Wooten.&lt;br&gt;Chairman Stanford stated that the Executive Committee is recommending Mr. Wooten and has requested that the Board recommend Mr. Wooten to the Wake Board of County Commissioners. Board members discussed the recommendation. <strong>BOARD ACTION</strong>&lt;br&gt;A Motion was made by Dr. George Corvin to recommend to the Wake Board of County Commissioners the appointment of McKinley Wooten; seconded by Dr. John Griffin. Motion passed unanimously.</td>
</tr>
<tr>
<td>10. Proposed Locations of Future Board Meetings</td>
<td>The Executive Committee recommended that the Area Board set a schedule for the locations of future Board meetings. The proposal includes meeting at the Wake location in February, at the Johnston location in April, at the Durham location in August, and at the Cumberland location in October. All other Board meetings would be at Alliance’s corporate site. Board members discussed the topic and clarified the meeting locations. <strong>BOARD ACTION</strong>&lt;br&gt;A Motion was made by Mr. Christopher Bostock to approve the proposed schedule of locations for future Board meetings; seconded by Commissioner Kenneth Edge. Motion passed unanimously.</td>
</tr>
<tr>
<td>AGENDA ITEMS:</td>
<td>DISCUSSION:</td>
</tr>
<tr>
<td>---------------</td>
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</tr>
<tr>
<td>11. Wake County Carry over Funding Update</td>
<td>The Wake County Funding Agreement included an amount of carry over funds from FY 14 into FY 15. In collaboration with Wake County, Alliance identified critical service needs that require primarily one-time assistance and, if successful, carry the potential for long-term funding. Chairman Stanford noted that as required in our Board policy, on October 16, 2014, Mr. Robinson sent a letter to Board members regarding services that are a natural extension of existing services. Dr. Beth Melcher, Chief of Program Development and Evaluation, provided a detailed update on the status of these programs which will be funded utilizing Wake County carry over funds. Board members discussed the topic. <strong>BOARD ACTION:</strong> The Board received the update. No additional action required.</td>
</tr>
<tr>
<td>12. CFO and CIO Update</td>
<td>Al Ragland, HR Director, provided an update on the search for a Chief Financial Officer (CFO) and Chief Information Officer (CIO); he included a market analysis and recommendation to change the salary grade for these positions. Board members discussed the topic noting the market (Alliance’s salary grade is in the lower range), the impact of pending legislation, and possible mergers as reasons for challenges with identifying quality candidates. <strong>BOARD ACTION</strong> A Motion was made by Commissioner Caroline Sullivan to approve the recommended change in salary grade for the CFO and CIO positions; seconded by Dr. George Corvin. Motion passed unanimously.</td>
</tr>
<tr>
<td>13. Updates</td>
<td>A. NC Council Mr. Robinson referred to Chairman Stanford’s comments on the NC Council conference. B. Meetings with Legislators Mr. Robinson noted that Medicaid reform is a priority on the upcoming legislative agenda including possibilities for MCO/ACO partnerships or public v. private managed care. Board members commented on Mr. Robinson’s meetings with local legislators and requested input regarding which legislators he’s met and upcoming meetings with legislators. Mr. Robinson noted that Alliance is considering hiring a lobbyist. C. Alliance Presentations at Boards of County Commissioners Meetings Mr. Robinson noted the positive impact from these meetings at Cumberland, Durham and Johnston counties. <strong>BOARD ACTION</strong> The Board received the updates. No additional action required.</td>
</tr>
</tbody>
</table>
**AGENDA ITEMS:**

| 14. Chairman’s Report | DISCUSSION: Chairman Stanford yielded his time to Marc Jacques, CFAC Chair. Mr. Jacques noted an ongoing survey that CFAC is conducting and will shared some results from these surveys; he noted the most recent CFAC meeting and requested a personal conversation with CEO, Rob Robinson, regarding Peer Respite services. Additionally, he stated appreciation for Alliance as an organization. |
| 15. Adjournment | With all business being completed the meeting adjourned at 5:55 p.m. |

**Next Board Meeting**  
**Thursday, December 04, 2014**  
**4:00 – 6:00**
ITEM: Proposal to Cancel the January 1, 2015, Board Meeting

DATE OF BOARD MEETING: December 4, 2014

BACKGROUND:
As stated in Article III Sections A and D of the Board By-laws, regular meetings of the Area Board shall be held at least six times each year at a location and time designated by the Area Board. All meetings of the Area Board shall be conducted in accordance with provisions set forth in the Open Meetings Act. The Board currently holds its regularly scheduled meetings on the first Thursday of each month.

The matter is placed before the Board for a vote on whether the Board would like to cancel the January 2015 regularly scheduled meeting. If canceled, the proper notice shall be published by the Executive Secretary of the Board.

REQUEST FOR BOARD ACTION:
Vote to cancel the January 1, 2015, Board meeting.

CEO RECOMMENDATION:
Support the recommendation of the Executive Committee for a vote to cancel the January 1, 2015, Board meeting.

RESOURCE PERSON(S):
Robert Robinson, CEO
<table>
<thead>
<tr>
<th>Board/Board Committee</th>
<th>Date</th>
<th>Time</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality Management Committee</td>
<td>1/1/2015*</td>
<td>2:00-4:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Finance Committee</td>
<td>1/1/2015*</td>
<td>3:00-4:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Monthly Board Meeting</td>
<td>1/1/2015*</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Policy Committee</td>
<td>1/7/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>1/20/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Human Rights Committee</td>
<td>1/27/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Quality Management Committee</td>
<td>2/5/2015</td>
<td>2:00-4:00 p.m.</td>
<td>TBD</td>
</tr>
<tr>
<td>Finance Committee</td>
<td>2/5/2015</td>
<td>3:00-4:00 p.m.</td>
<td>Wake Site: 5000 Falls of Neuse Road, Raleigh, NC 27609</td>
</tr>
<tr>
<td>Monthly Board Meeting</td>
<td>2/5/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Wake Site: 5000 Falls of Neuse Road, Raleigh, NC 27609</td>
</tr>
<tr>
<td>Policy Committee</td>
<td>2/12/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<tr>
<td>Executive Committee</td>
<td>2/17/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<tr>
<td>Quality Management Committee</td>
<td>3/5/2015</td>
<td>2:00-4:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Finance Committee</td>
<td>3/5/2015</td>
<td>3:00-4:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Monthly Board Meeting</td>
<td>3/5/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Policy Committee</td>
<td>3/14/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>3/17/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Human Rights Committee</td>
<td>3/24/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<tr>
<td>Quality Management Committee</td>
<td>4/2/2015</td>
<td>3:00-4:00 p.m.</td>
<td>Johnston Site: 521 N. Brightleaf Boulevard, Smithfield, NC 27577</td>
</tr>
<tr>
<td>Finance Committee</td>
<td>4/2/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Johnston Site: 521 N. Brightleaf Boulevard, Smithfield, NC 27577</td>
</tr>
<tr>
<td>Monthly Board Meeting</td>
<td>4/2/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>4/21/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Quality Management Committee</td>
<td>5/7/2015</td>
<td>2:00-4:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Finance Committee</td>
<td>5/7/2015</td>
<td>3:00-4:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<tr>
<td>Monthly Board Meeting</td>
<td>5/7/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<tr>
<td>Policy Committee</td>
<td>5/14/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<tr>
<td>Executive Committee</td>
<td>5/19/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<td>Human Rights Committee</td>
<td>5/26/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<td>Quality Management Committee</td>
<td>6/4/2015</td>
<td>2:00-4:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<td>Finance Committee</td>
<td>6/4/2015</td>
<td>3:00-4:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Monthly Board Meeting</td>
<td>6/4/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<tr>
<td>Executive Committee</td>
<td>6/16/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<tr>
<td>Finance Committee</td>
<td>7/2/2015*</td>
<td>3:00-4:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<tr>
<td>Monthly Board Meeting</td>
<td>7/2/2015*</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<tr>
<td>Executive Committee</td>
<td>7/21/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<tr>
<td>Human Rights Committee</td>
<td>7/28/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<tr>
<td>Quality Management Committee</td>
<td>8/6/2015</td>
<td>2:00-4:00 p.m.</td>
<td>TBD</td>
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<tr>
<td>Finance Committee</td>
<td>9/3/2015</td>
<td>2:00-4:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Monthly Board Meeting</td>
<td>9/3/2015</td>
<td>3:00-4:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>9/15/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Human Rights Committee</td>
<td>9/22/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<tr>
<td>Quality Management Committee</td>
<td>10/1/2015</td>
<td>2:00-4:00 p.m.</td>
<td>TBD</td>
</tr>
<tr>
<td>Finance Committee</td>
<td>10/1/2015</td>
<td>3:00-4:00 p.m.</td>
<td>Cumberland Site: 711 Executive Place, Fayetteville, NC 28305</td>
</tr>
<tr>
<td>Monthly Board Meeting</td>
<td>10/1/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Cumberland Site: 711 Executive Place, Fayetteville, NC 28305</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>10/20/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<tr>
<td>Quality Management Committee</td>
<td>11/5/2015</td>
<td>2:00-4:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<td>Finance Committee</td>
<td>11/5/2015</td>
<td>3:00-4:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
<tr>
<td>Monthly Board Meeting</td>
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<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<td>Quality Management Committee</td>
<td>12/3/2015</td>
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<td>Finance Committee</td>
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<td>12/3/2015</td>
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<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
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<td>Executive Committee</td>
<td>12/15/2015</td>
<td>4:00-6:00 p.m.</td>
<td>Corporate Site: 4600 Emperor Boulevard, Durham, NC 27703</td>
</tr>
</tbody>
</table>

* Scheduled near holiday; meeting may be cancelled/rescheduled.

Revised 11/19/2014
ITEM: Request for Waiver of Reporting Requirements

DATE OF BOARD MEETING: December 4, 2014

BACKGROUND:
In accordance with Rule 10A NCAC 27G .0805, Procedure for Waivers by Division Director, staff recommends that the Board consider submitting a request to the Department of Health and Human Services to waive the requirement for providers to submit Quarterly Incident Report Summaries (Form QM-11), per Subsection (e) of the Rule. In accordance with 10A NCAC 27G .0604 Incident Reporting Requirements for Category A (licensed facilities) and Category B Providers (non-licensed periodic or community-based services), providers are required to submit quarterly reports to Alliance summarizing any Level I, II, and III incidents. There are approximately 380 providers that fall into these categories.

The waiver is being requested for several reasons: (i) the implementation of the electronic system for reporting consumer incidents (NC Incident Response Improvement System) provides LME/MCOs with timely reports on all Level II and III incidents, making that portion of the QM-11 Report redundant; (ii) All nine LME/MCOs support this waiver request, because they do not find it a useful addition to their oversight of Level Incidents or care coordination activities; (iii) LME/MCOs review provider’s tracking and response to Level I incidents as part of their routine monitoring activities.

Providers will be given the option to be included in the waiver or to opt out and continue to provide the quarterly QM-11 reports.

The Rules require approval by the Board for the submission of this request to the Secretary of DHHS.

REQUEST FOR BOARD ACTION:
The Board is requested to consider applying for a waiver of the QM-11 reporting requirements for all Category A and B providers in the Alliance catchment area, that do not ‘opt out’ of the request.

CEO RECOMMENDATION:
Approve the recommendation to request the Secretary to approve a waiver of the QM-11 reporting requirements indefinitely for applicable Alliance providers and authorize the CEO to sign and send the letter of request.

RESOURCE PERSON(S):
Carol Hammett, General Counsel; Beth Melcher, Chief of Network Development and Evaluation
ITEM: Board Training: Child and Adolescent Behavioral Health Services

DATE OF BOARD MEETING: December 4, 2014

BACKGROUND:
The presentation will provide an overview of the available child behavioral health services in our network. We will review the common diagnoses treated in the child/adolescent population, service definitions for child/adolescent enhanced behavioral health services, and best practice expectations. (Optional: Data presentation on utilization and provider numbers/access to care for services).

REQUEST FOR BOARD ACTION:
Accept the training.

CEO RECOMMENDATION:
Accept the training.

RESOURCE PERSON(S):
Erica Arrington, MD, Associate Medical Director
Behavior Disorders vs. Bad Behavior
Clinical Disorders (DSM-5) Diagnosed During Childhood & Adolescence

<table>
<thead>
<tr>
<th>Specific Learning Disorders</th>
<th>Disinhibited Social Engagement Disorder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intellectual Developmental Disabilities</td>
<td>Tic Disorders</td>
</tr>
<tr>
<td>Motor Disorders</td>
<td>Elimination Disorders</td>
</tr>
<tr>
<td>Communication Disorders</td>
<td>Separation Anxiety Disorder</td>
</tr>
<tr>
<td>Autism Spectrum Disorder</td>
<td>Reactive Attachment Disorder</td>
</tr>
<tr>
<td>Disruptive Mood Dysregulation Disorder</td>
<td>Major Depressive Disorders</td>
</tr>
<tr>
<td>Feeding and Eating Disorders</td>
<td>Anxiety Disorders</td>
</tr>
<tr>
<td>Attention Deficit-Hyperactivity Disorder</td>
<td>Adjustment Disorders</td>
</tr>
<tr>
<td>Oppositional Defiant Disorder</td>
<td>Posttraumatic Stress Disorder</td>
</tr>
<tr>
<td>Conduct Disorder</td>
<td>Schizophrenia</td>
</tr>
<tr>
<td>Parent-Child Relational Problem</td>
<td></td>
</tr>
</tbody>
</table>
Evidenced-Based Treatment in General

- Full and detailed bio-psycho-social psychiatric assessment of the patient to include collateral and clinical information from the patient, family/caregiver, school personnel, primary care provider, and other important parties in the life of the patient.

- Clinicians should fully evaluate the child using the most current Diagnostic and Statistical Manual to assist in determination of the diagnosis(es) to treat
  - Diagnostic and Statistical Manual- 5 (DSM 5)
  - Screening tools can be given with the goal of adding clinical information or to provide support of the diagnosis and monitoring of progress. They should not be used as the basis for a diagnosis
Evidenced-Based Treatment in General

- Development of a comprehensive treatment plan that is individualized to the needs of the patient.
  - Bio-psycho-social approach in its development
  - Both the patient and family/caregiver should be fully involved in its development and implementation

- Treatment modalities, whether they be psychotherapies or medication intervention, should be in accordance to evidenced-based practices that are published, accepted, and respected by the mental health community at large
MH/IDD/SA Supports – State of North Carolina

- Community Based Supports
  - Community Mental Health Agencies
  - Medical Services
  - Parenting Supports
  - Pro-social Programming (i.e., sports teams, arts/recreation activities, mentoring programs)
MH/IDD/SA Supports – State of North Carolina

- **School-Based Services (Department of Instruction)**
  - Functional Behavioral Assessment
  - Student Assistance Program (SAP)
  - Exceptional Children’s Services/Individualized Educational Plan (IEP)
  - Personalized Educational Plan (PEP)
  - Section 504 Plan
  - School Counseling
  - School Social Worker Support
  - Tutoring and Pro-social Programs
MH/IDD/SA Supports – State of North Carolina

- **Specialized Support Services**
  - Children’s Developmental Services Agency (CDSA)
    - Early Intervention Infant-Toddler Program (0-3 with developmental delay) [http://www.beeearly.nc.gov/](http://www.beeearly.nc.gov/)
  - Preschool Program for Preschool Children with special needs
  - Treatment and Education of Autistic and Related Communication Handicapped Children (TEACCH) [http://teacch.com/](http://teacch.com/)
MH/IDD/SA Supports – State of North Carolina

- Outpatient Services
  - Medical Services (Pediatric, Family Therapy, and Specialists)
  - Parenting Classes
  - Individual, Family, and Group Therapy
  - Psychological/Neuropsychological Evaluations

- Psychiatric Care with Child/Adolescent Psychiatrist
  - Psychiatric Evaluation and Consultation
  - Medication Management
MH/IDD/SA Supports – State of North Carolina

- Intensive In-Home Services
- Child and Adolescent Day Treatment
- Multisystemic Therapy (MST)
- Intensive Alternate Family Treatment (IAFT)
- Residential Level II, III, and IV
- Psychiatric Rehabilitation Treatment Facility (PRTF)
- Inpatient Settings
- Innovations I/DD Services
Evidenced-Based Practices for Intensive In Home Services (IIH)

- Cognitive Behavioral Therapy (CBT)
- Trauma Focused Cognitive Behavioral Therapy (TF-CBT)
  - Seeking Safety
  - TF-CBT
  - Real Life Heroes
- Family Therapy
  - Brief Strategic Therapy
  - Multidimensional Family Therapy
  - Family Behavior Therapy
  - Child Parent Psychotherapy
  - Family Centered Treatment
- Others such as Seven Challenges to address substance usage
Evidenced-Based Practices for Multi-systemic Therapy (MST)

- Intensive model of treatment based upon empirical data and evidenced-based interventions that target specific behaviors with individual behavioral interventions

- Evidence-based model that is monitored by the MST Institute. The center originates from the Medical University of South Carolina (MUSC)
Residential treatment provides a structured, therapeutic, and supervised environment to improve the level of functioning for children and adolescents in care.

Treatment emphasis on individualized interventions for specific skill acquisition that enable children to achieve or maintain the highest level of independent functioning.
Evidenced-Based Practices for Residential Treatment (Therapeutic Foster Care, Group Homes)

- **Therapeutic interventions**
  - psycho-educational and relational support
  - behavioral modeling of interventions

- **Not uncommon for children in residential services to also receive specialized therapeutic interventions**
  - Family therapy
  - CBT
  - TF-CBT
  - Seven Challenges
  - Sex offenders specific therapy
Psychiatric Residential Treatment Facilities (PRTFs) provide non-acute inpatient facility care for children and adolescents who have a mental illness or a substance use disorder and need 24-hour supervision, specialized interventions, and cannot be managed in lower levels of residential care or in the community.

PRTF’s have specialized developed treatment settings for:
- Those with severe and persistent mental illness
- Dually diagnosed with IDD or substance abuse
- Severely disruptive and aggressive behaviors

Evidenced-based models utilized in facilities include:
- Cognitive Behavioral Therapy (CBT)
- Trauma Focused CBT (TF-CBT) and other trauma models
- Dialectic Behavioral Therapy (DBT)
- Group process
- Seven Challenges for substance usage, and others
## Utilization Data

<table>
<thead>
<tr>
<th>Intensive In-Home Service (IIH)</th>
<th>Multi-systemic Therapy (MST)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/2013</td>
<td>3/2013</td>
</tr>
<tr>
<td>▪ Census of 1334</td>
<td>▪ Census of 98</td>
</tr>
<tr>
<td>▪ Spike as high as over 1500</td>
<td>▪ Census of 121</td>
</tr>
<tr>
<td>8/2014</td>
<td>8/2014</td>
</tr>
<tr>
<td>▪ Census of 1180</td>
<td>▪ Census of 121</td>
</tr>
<tr>
<td>12/2/2014</td>
<td></td>
</tr>
<tr>
<td>▪ Census of 970</td>
<td></td>
</tr>
<tr>
<td>Total served: 4,587</td>
<td>Total served: 581</td>
</tr>
<tr>
<td>Overutilization</td>
<td>Underutilization</td>
</tr>
</tbody>
</table>
## Utilization Data

<table>
<thead>
<tr>
<th>Intensive Alternative Family Treatment (IAFT)</th>
<th>Psychiatric Residential Treatment Facility (PRTF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 12/2/2014</td>
<td>• 3/2013</td>
</tr>
<tr>
<td>o Census of 6</td>
<td>o Census of 115</td>
</tr>
<tr>
<td>• Total served: 16</td>
<td>• Spike as high as over 140</td>
</tr>
<tr>
<td>• Diversion from PRTF</td>
<td>• 8/2014</td>
</tr>
<tr>
<td>• Therapeutic foster care with intensive wrap around therapy and supports</td>
<td>o Census of 68</td>
</tr>
<tr>
<td>• Barriers include limited family availability and regional effects</td>
<td>• 12/2/2014</td>
</tr>
<tr>
<td></td>
<td>o Census of 54</td>
</tr>
<tr>
<td></td>
<td>• Total served: 364</td>
</tr>
<tr>
<td></td>
<td>• PRTF Initiative 10/2013</td>
</tr>
</tbody>
</table>
ITEM: Board Training: BECOMING SAMHSA Grant

DATE OF BOARD MEETING: December 4, 2014

BACKGROUND:
In 2010 Alliance was awarded a six year, $5.4 million System of Care SAMHSA grant to improve life outcomes for 16-21 year olds who had become disconnected from critical services and supports. This report will highlight some of our successful youth engagement efforts as well as an overview of our key evaluation findings in the first three years of implementation. BECOMING has won three national awards for Excellence in Communication and Community Outreach.

REQUEST FOR BOARD ACTION:
Accept the training.

CEO RECOMMENDATION:
Accept the training.

RESOURCE PERSON(S):
Ann Oshel, Alliance Chief Community Relations Officer; Garron Rogers, Alliance Youth Coordinator, Drs. Nicole Lawrence and Liz Snyer, Duke Center for Child and Family Policy
BECOMING Overview

• Six year SAMHSA funded System of Care grant
  – Currently in Year 5
• $5.4 million federal award
• $6 million local match
• Focus on 16-21 year transition age youth
  – Primary mental health diagnosis
  – Disconnected from services and supports
BECOMING Project Goals

- Bridge adult and child service system chasm with a more effective and comprehensive approach inclusive of all life domain areas

- Develop a system to address high-risk Transition Age Youths’ clinical, developmental and social needs including educational attainment and workforce connections

- Address service system and policy barriers with statewide dissemination
BECOMING Updates

- Largest Ever Mental Health Awareness Month Celebration
- Anti-Stigma Campaign
- Youth/Staff/Family Members attended the Georgetown Institutes, July
- Youth Advisory Presentation at National Pathways to Transition Conference in Philadelphia
- *Investing Today in Tomorrow’s Adults* Conference, September
Youth Advisory Council Updates

• Peer Mentoring @ Rogers Herr MS
• Member Received a Making A Difference Award
• Adopt a Park Project @ Long Meadow Park
• Community Events
• 2nd Leadership Academy
• Duke University Campus Tour & homecoming football game
• Presentation at National Conferences

Plans for 2015
• Adopt A Park Project @ Long Meadow Park
• Certified Peer Educators
• Holiday Social with CONNECTED
CONNECTED Updates

- Selected by Bringing Recovery Supports to Scale Technical Assistance Center Strategy (BRSS TACS a National SAMSHA research organization)

- Attending the Annual Meeting and Capitol Hill with the American Academy of Child and Adolescent Psychiatry

- Increase in Trainings and Family Member Participation on Workgroups

- Family Member now Triple P Practitioner

- Co-Chair Durham Community Collaborative

- Creating the Transition from BECOMING Youth Component to BECOMING Family Component.

CONNECTED will continue to move forward in our work enhancing and encouraging families level of successes. In doing so CONNECTED believes in H-HAPPENING, HAPINESS, HUMBLE O-OppORTUNITY, OPEN, OKAY P-POSSIBILITIES, POSITIVE, PROACTIVE E-EMBRACE, ENCOURAGE, ENHANCE
BECOMING Evaluation

Nicole Lawrence, Ph.D.
Elizabeth Snyder-Fickler, Ph.D.

Duke Center for Child and Family Policy
## Evaluation-Overview

- Four key studies associated with the national evaluation protocol implemented by local evaluators

<table>
<thead>
<tr>
<th>Core Study Component</th>
<th>Core Study Questions</th>
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</thead>
<tbody>
<tr>
<td>Cross-Sectional Descriptive Study</td>
<td>What are the child and family characteristics of all children/youth entering CMHS-funded systems of care?</td>
</tr>
<tr>
<td>Child and Family Longitudinal Outcome Study</td>
<td>How does the system of care affect child/youth clinical and functional status and family functioning?</td>
</tr>
<tr>
<td>Service Experience Study</td>
<td>What is the extent to which system of care values and principles are experienced by children and families?</td>
</tr>
<tr>
<td>Services and Costs Study</td>
<td>What are the types of services used by children and families, their utilization patterns, and associated costs? What is the relationship between service use and outcomes?</td>
</tr>
</tbody>
</table>
Who are the youth referred, screened, and enrolled in BECOMING?

- Women are more likely to be screened/enrolled as compared to their male counterparts
Who are the youth referred, screened, and enrolled in BECOMING?

- Majority of youth screened were 18 years or older
- Youth under 18 were more likely to enroll
Who are the youth referred, screened, and enrolled in BECOMING?

- Largest percentage of youth screened/enrolled are African American

![Graph showing race/ethnicity distribution among screened, enrolled, and non-enrolled youth.](chart)
Who are the youth referred, screened, and enrolled in BECOMING?

- Highest % of youth diagnosed with mood disorder followed by ADHD/Conduct/OCD
Who are the youth referred, screened, and enrolled in BECOMING?

Traumatic Events Screening Inventory (TESI) (N=77)

Exposure rates associated with various other potentially traumatic events were reported as follows.

• 60% (44/73) indicated they had seen family members physically fighting; shooting a gun, or involved in a stabbing.

• 58% (41/71) had known or seen that a family member was arrested, jailed, imprisoned, or taken away by police.

• 55% (39/71) indicated they had seen non family members fighting, hitting, beating, shooting, or attacking others in school and/or within their community.

• 52% (37/71) have been separated from someone they depend on for love and security for more than a few days (like going to a foster home or detention center).
Who are the youth referred, screened, and enrolled in BECOMING?

TESI Continued:

- 52% (37/71) had watched other people use drugs.
- 51% (37/72) indicated someone close to them had died, not from natural causes.
- 42% (30/72) indicated someone had said they were going to hurt them really badly or kill them.
- 41% have been physically attacked (hitting, pushing, choking, shaking, biting, or burning); punished so badly they were badly hurt or bruised; or attacked with a weapon (e.g., gun or knife).
- 29% (20/70) said someone had mugged or attacked them in order to steal money from them.
- 26% indicated someone had ever made them see or do something sexual.
- 25% (17/68) indicated someone close to them had ever tried to kill or hurt themselves really badly on purpose.
What Services/Support did youth receive?

Contacts:
Between January of 2012 and January of 2014, BECOMING staff made 826 contacts with 115 individual youth. The vast majority (82%) were in-person contacts. Contacts included:

- Phone (n=94)
- Email (n=48)
- In person (n=679)
- Not noted (n=5)
What Services/Support did youth receive?

- EBP as reported by providers at 6 month follow-up or clinical discharge (N=182)
- In most instances youth received multiple interventions
- MI and CBT were the most commonly reported utilized with youth- 91 youth received both.
What Services/Support did youth receive?

- **CORE CLINICAL SERVICES (N=182)**
- Majority received Screening, Assessment, Treatment Planning, MH Services
What Services/Support did youth receive?

- CLINICAL SERVICE FREQUENCY (N=135)
- 52% of youth were receiving services once per week
- Very few youth receiving more intensive services
What Services/Support did youth receive?

- CLINICAL SERVICE DURATION (N= 153)
- 33% in services for 1 month or less, another 30% remained in services for 2-3 months
What Services/Support did youth receive?

- FLEX FUNDS
- As of March 2014, 90 youth had received flex funds (34% of all those enrolled)
- Total combined expenditure of $17,950, with a mean expenditure of $92.00
- Most frequently funded categories were transportation and education

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Activities</td>
<td>7</td>
<td>29</td>
<td>36 (18%)</td>
</tr>
<tr>
<td>Educational Support</td>
<td>8</td>
<td>25</td>
<td>33 (17%)</td>
</tr>
<tr>
<td>Transportation</td>
<td>31</td>
<td>83</td>
<td>114 (58%)</td>
</tr>
<tr>
<td>Camp</td>
<td>1</td>
<td>0</td>
<td>1 (.05%)</td>
</tr>
<tr>
<td>Training</td>
<td>1</td>
<td>0</td>
<td>1 (.05%)</td>
</tr>
<tr>
<td>Legal</td>
<td>0</td>
<td>3</td>
<td>3 (2%)</td>
</tr>
<tr>
<td>Medical</td>
<td>0</td>
<td>2</td>
<td>2 (1%)</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>5</td>
<td>6 (3%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>196</td>
</tr>
</tbody>
</table>
Did youth show functional improvements?

Longitudinal Outcomes Study Findings:

- 42 youth with baseline and follow-up interviews
- Of these youth:
  - 30 had been discharged (average # of days in services 226)
  - 12 were still in services (average # of days in services 289)
  - 54% had 1 or more contacts with BECOMING funded staff
  - 48% had 1 or more flex funds requests
- Statistically significant differences from baseline to 6 month follow-up were found for the BERS, RADS-2, and RCMAS-2
Did youth show functional improvements?

• Behavioral & Emotional Rating Scale (BERS; standard scores on the BERS range from 1-20 with a mean of 10 and standard deviation of 3)
• Significant differences found for all six domains
• Youth feel more capable of controlling emotions/behavior and have increased positive perceptions about accomplishment
Did youth show functional improvements?

- Reynolds Adolescent Depression Scale (t-scores 65+ are considered elevated)
- Significant change over time was found for items related to somatic symptoms
- Moderately significant improvements found for dysphoric mood

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>6-month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dysphoric Mood</td>
<td>53.07</td>
<td>49.9</td>
</tr>
<tr>
<td>Anhedonia/Negative Affect</td>
<td>50.21</td>
<td>48.97</td>
</tr>
<tr>
<td>Negative Items</td>
<td>53.27</td>
<td>49.44</td>
</tr>
<tr>
<td>Somatic Items</td>
<td>53.32</td>
<td>49.51</td>
</tr>
</tbody>
</table>
Did youth show functional improvements?

- Revised Children’s Manifest Anxiety Scale (RCMAS-2) (standard scores between 40-60 indicate more problematic than most, 61-70 moderately problematic, 71+ extremely problematic)
- Significant improvements found for all three anxiety domains and total anxiety score

![Bar chart showing improvements in anxiety scores from baseline to 6-month follow-up](chart.png)
Questions