

**JOINT RESOLUTION
OF THE BOARDS OF COUNTY COMMISSIONERS
OF ALAMANCE, CABARRUS, CASWELL, CHATHAM, DAVIDSON,
FRANKLIN, GRANVILLE, HALIFAX, ORANGE, PERSON, ROWAN,
STANLY, UNION, VANCE AND WARREN COUNTIES**

WHEREAS, the Boards of County Commissioners of Alamance, Cabarrus, Caswell, Chatham, Davidson, Franklin, Granville, Halifax, Orange, Person, Rowan, Stanly, Union, Vance and Warren Counties previously resolved to be separately served by the Five County, OPC, and PBH Area Authorities;

WHEREAS, the State of North Carolina passed Session Law 2011-264, which requires statewide expansion of the 1915(b)/(c) Medicaid Waiver to be managed by Area Authorities operating as Managed Care Organizations;

WHEREAS, the North Carolina General Assembly is currently addressing the governance needs of Area Authorities operating as Managed Care Organizations through a Health and Human Services Subcommittee on LME Governance, and intends to pass governance legislation in the 2012 legislative short session;

WHEREAS, the Boards of County Commissioners of Alamance, Cabarrus, Caswell, Chatham, Davidson, Franklin, Granville, Halifax, Orange, Person, Rowan, Stanly, Union, Vance and Warren Counties now desire to be served by a single Area Authority operating as a Managed Care Organization with a governance structure that will function under existing law, as well as under the new governance legislation;

NOW, THEREFORE, BE IT RESOLVED JOINTLY as follows:

Section 1. Resolution and Purpose

It is in the interest of the public health and welfare to create an Area Authority to operate North Carolina's 1915(b)/(c) Medicaid Waiver as a Managed Care Organization and to manage all public resources that may become available for mental health, intellectual and developmental disabilities, and substance abuse services, including federal block grant funds, federal funding for Medicaid and Health Choice, and all other public funding sources.

Section 2. Establishment of Cardinal Innovations Healthcare Solutions

There is hereby created and established pursuant to G.S. 122C-115(c) an Area Authority known as Cardinal Innovations Healthcare Solutions ("Cardinal Innovations"). Pursuant to the 1915(b)/(c) Medicaid Waiver and 42 C.F.R. 438.2, Cardinal Innovations Healthcare Solutions shall operate as a Managed Care Organization and Prepaid Inpatient Health Plan. Cardinal Innovations shall include the Alamance-Caswell, Five County, OPC, and Piedmont Community Operations Centers.

Section 3. Governance

There is hereby created and established pursuant to G.S. 122C-118.1 an Area Board, which shall be the governing unit of Cardinal Innovations. The Area Board shall be comprised of a single Governing Board and Community Oversight Boards, one for each Community Operations Center. The appointment of members to the Governing Board and Community Oversight Boards shall be in accordance with bylaws set forth for such purpose and may be amended as necessary or convenient to comply with changes in state or federal law or to carry out the functions, powers, duties, and responsibilities contained in this Joint Resolution. Due to the complexity of operations, financial risk, and responsibility for public funding the Governing Board must be highly functional in order to ensure accountability to funders, the financial solvency of Cardinal Innovations, compliance with state and federal laws and regulations including quality standards, and a service delivery system that is customized for localities and which provides access and choice for citizens in need of mental health, intellectual and developmental disabilities, substance abuse and related services.

(1) Membership of the Governing Board shall be comprised of a mix of individuals with the necessary expertise to govern large Managed Care Organizations and individuals who represent the constituencies Cardinal Innovations serves. Membership will be as follows:

(a) Two (2) at-large County Commissioners from among the County Commissioners serving on Community Oversight Boards (defined below), selected by the Governing Board, based on diversity of geographic representation;

(b) One (1) member from the Regional Consumer and Family Advisory Committee, either the Chair or other elected member;

(c) Six (6) members, selected by the Governing Board, with professional experience and expertise in healthcare, insurance, finance, health/behavioral health, intellectual/developmental disabilities, and a physician or other clinical professional, and no more than two members from any single specialty area; and

(d) One (1) member from each Community Oversight Board, either the Chair or other elected member.

(e) Except for members appointed by the Community Oversight Boards and the Regional Consumer and Family Advisory Committee, the initial members of the Governing Board shall be nominated by the PBH Board, with consultation from the Boards of Five County and OPC Area Authorities, and affirmed by the Secretary of the North Carolina Department of Health and Human Services.

(2) The Governing Board's primary responsibilities will include determining policy; strategic planning, including consideration of local priorities as determined by the Community Oversight Boards; budgets; hiring and evaluations of the Chief Executive Officer; monitoring of deliverables, including overall performance and financial management; government affairs and advocacy; reporting to constituent counties; responding to concerns and feedback from the Community Oversight Boards; and ensuring the overall health of Cardinal Innovations.

(3) The bylaws of the Governing Board shall establish Community Oversight Boards, one for each Community Operations Center, which shall ensure involvement of local stakeholders, promote understanding and collaboration at the local level, and monitor the performance of each Community Operations Center. Membership of the Community Oversight Boards will be as follows:

(a) Three (3) members from each County, appointed by each County's Board of Commissioners, and will include a County Commissioner or designee, a consumer or family member, and another citizen or stakeholder; and

(b) One (1) member from the Local Consumer and Family Advisory Committee, either the Chair or other elected member.

(4) Each Community Oversight Board's primary responsibilities will include advising the CEO on the evaluation and hiring of the Community Operations Center Executive Director; recommending priorities for expenditure of state and county funds for development of the annual budget; determining local priorities for inclusion in the overall strategic plan; identifying community needs and concerns; monitoring resolution of issues; and monitoring performance at the local level, including access to care, expenditure of service funds, number of consumers served, services delivered, provider network size and composition, outcomes, and consumer satisfaction.

(5) Each Community Oversight Board will establish its own bylaws based on local needs, but in compliance with standardized requirements established by the Governing Board for quorums, frequency of meetings, elections of officers, duties of members, committees and committee appointments, and attendance standards. Such bylaws are subject to the approval of the Governing Board.

Section 4. Functions

Cardinal Innovations shall perform all the functions necessary to carry out the purposes of this Joint Resolution, including, but not limited to, the following:

(1) To establish accountability for the planning, development, and management of local systems that ensure access to care, quality of services, and the availability and delivery of necessary services, for individuals in need of mental health, intellectual and developmental disabilities, substance abuse, and related services;

(2) To operate the 1915(b)/(c) Medicaid Waiver, a proven system for the management of mental health, intellectual and developmental disabilities, and substance abuse services;

(3) To manage state funded services for mental health, intellectual and developmental disabilities, and substance abuse services, including federal block grant funds;

(4) To manage all other resources that are or become available for mental health, intellectual and developmental disabilities, and substance abuse services;

(5) To use managed care strategies, including care coordination and utilization management, to reduce the trend of escalating costs in the State Medicaid program while ensuring medically necessary care, and to deploy a system for the allocation of resources based on the reliable assessment of medical necessity, functional status and intensity of need. These strategies shall efficiently direct individuals to appropriate services and shall ensure they receive no more and no less than the amount of services determined to be medically necessary at the appropriate funding level;

(6) To maintain a local presence in order to respond to the unique needs and priorities of localities;

(7) To ensure communication with consumers, families, providers, and stakeholders regarding disability-specific and general 1915(b)/(c) Medicaid Waiver operations by implementing a process for feedback and exchange of information and ideas;

(8) To establish and maintain systems for ongoing communication and coordination regarding the care of individuals with mental illness, intellectual and developmental disabilities, and substance abuse disorders with other organized systems such as local Departments of Social Services, Community Care of North Carolina, hospitals, school systems, the Department of Juvenile Justice and Delinquency Prevention, and other community agencies;

(9) To maintain disability specific infrastructure and competency to address the clinical, treatment, rehabilitative, habilitative, and support needs of all disabilities served by Cardinal Innovations;

(10) To conduct administrative and clinical functions, including requirements for customer service, quality management, due process, provider network development, information technology systems, financial reporting, and staffing;

(11) To maintain full accountability for all aspects of 1915(b)/(c) Medicaid Waiver operations and for meeting all contract requirements specified by the Department of Health and Human Services; and

(12) To authorize the utilization of State psychiatric hospitals and other State facilities.

Section 5. Powers, Duties and Responsibilities

Cardinal Innovations shall have the powers, duties, and responsibilities necessary or convenient to carry out the purposes of this Joint Resolution, including but not limited to, the following:

(1) To engage in comprehensive planning, development, and management of local systems for the delivery of mental health, intellectual and developmental disabilities, and substance abuse and related services;

(2) To comply with federal requirements for Medicaid, Medicare, block grants, and other federally funded healthcare programs;

(3) To perform public relations and community advocacy functions;

(4) To maintain a 24-hour a day, seven day a week crisis response service. Crisis response shall include telephone and face-to-face capabilities. Crisis phone response shall include triage and referral to appropriate face-to-face crisis providers. Crisis services do not require prior authorization, but shall be delivered in compliance with appropriate policies and procedures. Crisis services shall be designed for prevention, intervention, and resolution, not merely triage and transfer, and shall be provided in the least restrictive setting possible, consistent with individual and family need, and community safety;

(5) To accept donations or money, personal property, or real estate for the benefit of Cardinal Innovations and to take title to the same from any person, firm, corporation, or society;

(6) To purchase, lease, obtain options upon, or otherwise acquire any real or personal property or any interest therein from any person, firm, corporation, city, county, government, or society;

(7) To sell, exchange, transfer, assign, or pledge any real or personal property or any interest therein to any person, firm, corporation, city, county, government, or society;

(8) To own, hold, clear, and improve property;

(9) To appoint a Chief Executive Officer and to fix his/her compensation;

- (10) To delegate to its agents or employees any powers or duties as it may deem appropriate;
- (11) To employ its own counsel and legal staff;
- (12) To adopt, amend, and repeal bylaws for the conduct of its business;
- (13) To enter into contracts or other arrangements for necessary supplies, equipment, or services for the operation of its business;
- (14) To appoint committees or subcommittees as it shall deem advisable, to fix their duties and responsibilities, and to do all things necessary in connection with the management, supervision, control, and operation of its business;
- (15) To enter into any contracts or other arrangements with any municipality, other public agency of this or any other State or of the United States, or with any individual, private organization, corporation, or nonprofit association for the provision, oversight or management of mental health, intellectual and developmental disabilities, substance abuse and related services;
- (16) To act as an agent for the federal, State, or local government in connection with the management and oversight for the delivery of mental health, intellectual and developmental disabilities, substance abuse and related services To insure its property or operations against risks as it may deem advisable;
- (17) To invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which trustees, guardians, executors, administrators, and others acting in a fiduciary capacity may legally invest funds under their control;
- (18) To sue and be sued;
- (19) To have a seal and to alter it at pleasure;
- (20) To have perpetual succession;
- (21) To make and execute contracts and other instruments necessary or convenient, including to provide services to government or private entities, including Employee Assistance Programs;
- (22) To agree to limitations upon the exercise of any powers conferred upon it by this Joint Resolution in connection with any loan;
- (23) To determine the pay, expense allowances, and other compensation of its officers and employees, and establish position classification and pay plans and incentive compensation plans;
- (24) To provide for biennial assessments of personnel plans by an independent entity that specializes in human resources development and management to ensure that position classifications and compensation are appropriately matched to industry standards and local job market requirements; and
- (25) To exercise any or all of the powers conferred upon it by this Joint Resolution, either generally or directly, or through designated agents.

Section 6. Effective Date

This Joint Resolution shall be effective as of July 1, 2012.

ADOPTED AND RATIFIED in counterparts by the Boards of County Commissioners of Alamance, Cabarrus, Caswell, Chatham, Davidson, Franklin, Granville, Halifax, Orange, Person, Rowan, Stanly, Union, Vance and Warren Counties.

BOARD OF COMMISSIONERS OF ALAMANCE COUNTY

Approved: _____, 2012.

By: _____
Chairman

This the _____ day of _____ 2012.

ATTEST: _____
Clerk to the Board

BOARD OF COMMISSIONERS OF CABARRUS COUNTY

Approved: _____, 2012.

By: _____
Chairman

This the _____ day of _____ 2012.

ATTEST: _____
Clerk to the Board

BOARD OF COMMISSIONERS OF CASWELL COUNTY

Approved: _____, 2012.

By: _____
Chairman

This the _____ day of _____ 2012.

ATTEST: _____
Clerk to the Board

BOARD OF COMMISSIONERS OF CHATHAM COUNTY

Approved: March 19, 2012.

By: B. Z. Beck
Chairman

This the 19th day of March 2012.

ATTEST: Dandra B. Dublett, CMC, NCCC
Clerk to the Board

BOARD OF COMMISSIONERS OF DAVIDSON COUNTY

Approved: _____, 2012.

By: _____
Chairman

This the _____ day of _____ 2012.

ATTEST: _____
Clerk to the Board

BOARD OF COMMISSIONERS OF FRANKLIN COUNTY

Approved: _____, 2012.

By: _____
Chairman

This the _____ day of _____ 2012.

ATTEST: _____
Clerk to the Board

BOARD OF COMMISSIONERS OF GRANVILLE COUNTY

Approved: _____, 2012.

By: _____
Chairman

This the _____ day of _____ 2012.

ATTEST: _____
Clerk to the Board

BOARD OF COMMISSIONERS OF HALIFAX COUNTY

Approved: _____, 2012.

By: _____
Chairman

This the _____ day of _____ 2012.

ATTEST: _____
Clerk to the Board

BOARD OF COMMISSIONERS OF ORANGE COUNTY

Approved: _____, 2012.

By: _____
Chairman

This the _____ day of _____ 2012.

ATTEST: _____
Clerk to the Board

BOARD OF COMMISSIONERS OF PERSON COUNTY

Approved: _____, 2012.

By: _____
Chairman

This the _____ day of _____ 2012.

ATTEST: _____
Clerk to the Board

BOARD OF COMMISSIONERS OF ROWAN COUNTY

Approved: _____, 2012.

By: _____
Chairman

This the _____ day of _____ 2012.

ATTEST: _____
Clerk to the Board

BOARD OF COMMISSIONERS OF STANLY COUNTY

Approved: _____, 2012.

By: _____
Chairman

This the _____ day of _____ 2012.

ATTEST: _____
Clerk to the Board

BOARD OF COMMISSIONERS OF UNION COUNTY

Approved: _____, 2012.

By: _____
Chairman

This the _____ day of _____ 2012.

ATTEST: _____
Clerk to the Board

BOARD OF COMMISSIONERS OF VANCE COUNTY

Approved: _____, 2012.

By: _____
Chairman

This the _____ day of _____ 2012.

ATTEST: _____
Clerk to the Board

BOARD OF COMMISSIONERS OF WARREN COUNTY

Approved: _____, 2012.

By: _____
Chairman

This the _____ day of _____ 2012.

ATTEST: _____
Clerk to the Board