

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
BOARD OF HEALTH DIRECTORS
SPECIAL CALLED MEETING
May 25, 2010

The Lake Cumberland District Board of Health met on Tuesday, May 25, 2010 at the Lake Cumberland District Health Department in Somerset, Kentucky.

Chairman, Micky Garner, called the meeting to order and asked Judge Eddie Rogers to lead the invocation.

Those present were:

Ann Melton, Adair County Judge Executive
Ronald Wright, Casey County Judge Executive
Adlie Brown, DMD
Hossein Fallahzadeh, MD
Linda Lee
Lyle Huff, Clinton County Judge Executive proxy to Barty Bullock
Joseph Skipworth, MD
Mary Ann Blaydes Baron, Green County Judge Executive
Barty Bullock, Pulaski County Judge Executive
Maggie Turpen Roy
Micky Garner, Russell County Judge Executive
Susanne Watkins, OD
Eddie Rogers, Taylor County Judge Executive
Robert Drake, MD
Lora Sztendera, MD
Bruce Jasper, DVM
Terry Coyle
Rosalie Wright
Tonya Meece
Tibby Altman

Robyn Sneed confirmed we did have a total of 19 board members/proxies present and was a quorum.

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The members absent from the meeting were:

Sarah DeBord

Ronnie Grant

Tim Hicks, Cumberland County Judge/Executive

Terry Lawson

Blaine Phillips, McCreary County Judge/Executive

Greg Rankin, Wayne County Judge Executive

Roger Smith, DMD

Jake Staton

Greg Rankin, Wayne County Judge Executive

David Mayer, DO

STAFF MEMBERS PRESENT:

Tracy Aaron, LCDHD Health Education Director

Shelly Canada, LCDHD PH Service Coordinator

Melinda Copenhaver, LCDHD Administrative Services Manager

Shawn Crabtree, LCDHD Executive Director

Randy Gooch, LCDHD Director Administrative Services

Monica Hall, LCDHD School Health Nurse Administrator

Jamie Lee, LCDHD Nurse Program Manager

Jasie Logsdon, LCDHD Epidemiologist

Sam Price, LCDHD, Health Environmentalist

Jarrod Simpson, LCDHD, Health Environmentalist

Stuart Spillman, LCDHD Environmental Supervisor

Robyn Sneed, LCDHD Administrative Secretary

Peggy Tiller, LCDHD Director Nursing

Amy Tomlinson, LCDHD PH Service Coordinator

Natalie True, LCDHD

Christine Weyman, LCDHD Medical Director

Laura Woodrum, LCDHD Nurse Administrator

Chairman Garner called the special called meeting to order and thanked everyone for attending tonight's meeting. The reason for the called meeting is to discuss the options for the next fiscal year budget shortfall. Chairman Garner asked Shawn Crabtree, Executive Director to give an update on the budget preparation.

Mr. Crabtree thanked everyone for attending tonight's important budget strategy meeting. He explained that he needs some guidance from the board as to how to proceed with the upcoming '10-'11 fiscal year budget. Mr. Crabtree said that over the previous several years we have taken sometimes as many as three cuts per year in state grant funding; but various things have helped us such as transitioning the HANDS program from running at a quarter million dollar deficit to break even and an increase in Medicaid rates. Other various things have also helped us such as an efficient use of staff, and a vastly increased school program growing from about 18 sites to over 50 sites in the last nine years. This has helped us end seven of the last nine years at a surplus at an average of 4.14% surplus per year. Over the last nine years our reserves have increased from 2.39 million (31% of our expense) to 6.95 million (45% of our expense). Our reserves have grown while we have renovating our district headquarters, funded several special projects, funded annual increments for staff and kept our tax contribution rate from the counties at the minimum of 1.8 cents.

Last year after having our budget approved, DPH changed their recommendations for school health billings which reduced our revenue potential by nearly \$800,000. The board agreed to go forward with our 09-'10 plan and allow the administration time to make internal adjustments. We through attrition have eliminated three clinic positions, two school float positions and an EPSDT administrative position. We are holding several positions pending funding and have transferred two health education staff, two clinic staff and one environmental staff half-time each into HANDS. Mr. Crabtree explained that with these steps and the assumption that the board would pass the increased on-site rates which would get us in compliance with state statues would help us to almost return to a "break-even" status.

Mr. Crabtree further explained that the funding reductions from last year also continue until this upcoming budget year and helped to create a perfect storm. We have been informed our contribution rate to employee retirement will increase by 5.33% generating about \$500,000 in additional cost. Our estimated allocations show nearly \$500,000 in reductions in state funding in various programs. All of this totals to almost a two million dollar hit in as many years.

Mr. Crabtree said we have three options, or some combination of the three, to deal with our estimated shortfall:

- 1) Reduce staff and services
- 2) Increase the tax contribution to 2.8 cents per \$100 or
- 3) Fund the deficit out of reserves

Mr. Crabtree said he would recommend we fund the deficit out of reserve and give the administration time to make more internal adjustments and to give the economy the chance to “bottom-out”. He said he recognizes this isn’t a viable long term solution, it seems reasonable to use “some” of our reserves before cutting staff/services or raising taxes. He also concluded that unless the economy does rebound or we receive other funding increases, there is little doubt we will eventually have to: reduce staff, services and/or increase member county contribution rates above the 1.8 minimum. Mr. Crabtree further explained that the next budget proposal will not include staff annual raises, no “wish list” items such as new staff, expanded supplies or infrastructure and that the budget proposal does not have revenue sufficient to cover the cost of providing existing services.

Dr. Drake moved to take monies out of our reserves to cover our budget deficits. Judge Mary Ann Baron seconded the motion. **Motion carried with full support of the board.**

Chairman Garner explained to the board that Stuart Spillman, Director of Environmental Services at LCDHD spoke at the previous board meeting of March 2, 2010 concerning our on-site fees and how the On-Site Sewage Program works and the fees associated with this program. He reminded them at the time that KRS 211.355 says: Any local board of health authorized as agent of the Cabinet for Health Services for the issuance of permits for on-site sewage disposal systems may set a schedule of fees reasonably related to the cost of administering programs, such fees shall be designed to fully cover the cost of the services but shall not exceed the cost of the services performed. Fees payable to the board shall be used by the board only for the administration of said program. Stuart explained that the On-Site Sewage Program has been operating in a deficit for some time, he also said there has not been a fee increase in the program since 1995 and that revenues from other departments has been used to make up the difference for the deficit and that by allowing this to happen, we have been out of compliance by allowing local tax dollars to pay for the On-Site Sewage Program. He explained that this was brought before the board in March 2004 and the board would not pass a fee increase at the time even though they were informed they were out of compliance with state laws. Judge Garner said at the March 2, meeting that he wanted to wait until the next meeting with more board members present to make a decision. So Judge Garner said he would like to allow anyone to ask questions about the on-site fees and the proposed increase.

After much discussion and questions led by Stuart Spillman, Dr. Sztendera made a recommendation that the proposed on-site fee increases be put into the upcoming budget for '10-'11 fiscal year. Chairman Garner then asked for a vote regarding the on-site fee increase recommendation. The vote was 9-8 in favor of the fee increases for the on-site sewage program.

With no further business, the special called meeting was adjourned and Chairman Garner reminded the board they will meet on June 22, 2010 at the Lake Cumberland Area Development Office at 7:00 EST to approve the new budget for next fiscal year. He said the budget review committee will be meeting with Mr. Crabtree and his staff the following week for their input into the budget and they would be presenting the budget at this upcoming meeting. The budget review committee consists of Rosalie Wright, Dr. Skipworth and Taylor County Judge Executive, Eddie Rogers.

Chairman Judge Mickey Garner

Tibby Altman, Secretary

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