

WADENA COUNTY BOARD OF COMMISSIONERS SPECIAL MEETING
APRIL 29, 2010/9:00 A.M.

A Special Meeting of the Wadena County Board of Commissioners was held on Thursday, April 29, 2010, in the Wadena County Board of Commissioners Room, 415 Jefferson St. S., Wadena Minnesota. The meeting was called to order at 9:00 a.m. by Chairman William Stearns.

Also present: Commissioners Dave Schermerhorn, Ralph Miller, Rodney Bounds, Lane Waldahl, Auditor/Treasurer Char West, and Human Services Director Paul Sailer.

Chairman Stearns informed those in attendance that the purpose of the meeting was to discuss Wadena County's continued participation in South Country Health Alliance (SCHA).

Chairman Stearns reviewed SCHA's current financial information pointing out that member counties had the opportunity give notice of leaving SCHA as of 4/30/10. Two counties, Cass and Crow Wing, will leave SCHA on 12/31/10. Commissioner Stearns reviewed county membership totals, SCHA's three year risk based capital requirements and Wadena County's estimated asset value as of 12/31/10. He commented that with two counties dropping out it did not appear to be a problem with cash flow. Chairman Stearns pointed out that the figures were compiled by the SCHA Chief Financial Officer and the Steele County Treasurer, which he had confidence in.

Board discussion was held regarding the current Chief Executive Officer and his ability to lead the organization.

Chairman Stearns reported to the Board that the Steele County Treasurer presented his resignation to the Finance Committee as of May 7, 2010, which would affect confidence in the organization. He pointed out that the problem was that two counties had opted out and other counties were considering opting out; if a county such as Wadena or Waseca left SCHA by the April 30, 2010 deadline, it would not have a lot of affect on the organization. Chairman Stearns further added that if counties decided to stay, "sole source" would still be ending in 2012; currently SCHA was the only health plan allowed in Wadena County other than Ability Care and MSHO.

Mr. Sailer added that when Wadena County went into SCHA in 2007 the State required that certain programs had to be competitive but the remaining program had to participate in SCHA; the legislature now required that, as of January 2012, SCHA would lose "sole source"; SCHA would have to work very hard to market it's name.

Commissioner Waldahl asked if any of the original nine counties, such as Freeborn and Waseca, were considering dropping out of SCHA.

Mr. Sailer responded that Freeborn County had voted three to two earlier in the morning to leave SCHA.

Chairman Stearns pointed out that Waseca County met that evening; they also had some concerns; with Freeborn County leaving he did not know what they would decide. He pointed out that if Waseca would decide to leave also, it would put pressure on SCHA. Chairman Stearns added that the figures currently looked good and it was unfortunate that this year was not last year.

Chairman Stearns commented that he felt differently about SCHA's financial position because the projections were done by the SCHA Chief Financial Officer and the Steele County Treasurer. He reviewed additional detailed financial information that supported his confidence in the organization.

Mr. Sailer added that the organization had also changed actuaries about one and half years ago.

Chairman Stearns commented that he was going to recommend staying in SCHA at least a couple of years based on the numbers until "choice" comes, but now with Freeborn County leaving it was very unsettling.

Commissioner Bounds questioned what the reasons were to stay with SCHA.

Mr. Sailer responded that it went back 12 years ago, when Wadena County worked hard to develop county based purchasing in Region V. When Wadena County joined SCHA in 2007, the organization had experienced six or seven years of financial benefit, and the program was sound. He pointed out that if the projections were good and SCHA would return to good financial health for a couple of years, there would still be concerns such as competition and the loss of members. Mr. Sailer added that Wadena County's current share of the assets were estimated just under \$400,000 and if the organization would do well this value would increase, then if Wadena County would decide to leave in the future there would be more assets to cash out. He pointed out that one negative was that several counties had left SCHA as they perceived a problem with the organization.

Commissioner Bounds questioned whether clients would notice any difference in services.

Mr. Sailer responded that clients would not really notice a change.

Commissioner Waldahl questioned whether Wadena County should take a chance and stay in with the hope that the county would get some type of return on the dollars spent or bail out with what was lost now. He added that if Wadena County and Waseca County stayed in and the financial projections were possibly accurate, then there was a good chance assets could go up; next year Wadena County make a decision to leave.

Chairman Stearns provided additional detailed information relating to the shut down costs, which were also concerning.

Commissioner Schermerhorn commented that SCHA stated that they currently had dollars available to pay for the shut down costs.

Chairman Stearns commented that a Special SCHA Joint Powers Board Meeting was scheduled for May 6, 2010, which he would not be available to attend but Commissioner Schermerhorn would sit in on the Meeting; the reason for the meeting was then the remaining counties would take a vote to stay or shut down SCHA at the end of 2010; if the Board voted today to opt out of SCHA Wadena County could not vote during the May 6, 2010 SCHA Board Meeting.

Commissioner Miller clarified a “no” vote today would get Wadena County out by the end of 2010 and a “no” vote on 12/31/10 would get Wadena County out the end of 2011. He questioned what the probability was of getting any surprises between now and 2011.

Commissioner Waldahl commented that he would like to see what Waseca County decided to do.

Chairman Stearns stated he had requested that Human Services Director and the Auditor/Treasurer check with the County Attorney as to the Board’s ability to recess the current meeting until the following day to find out what Waseca County decided to do; then the Board could make a decision the following morning.

Further Board discussion was held relating to the pros and cons of staying in SCHA.

The Board recessed at 10:25 a.m.

The Board reconvened at 10:36 a.m.

Commissioner Waldahl questioned whether financial projections had been completed without Cass and Crow Wing and Freeborn counties.

Mr. Sailer responded that projects had been done with Cass County and Crow Wing County out, which indicated SCHA would still be able to achieve the required risk based capital.

Chairman Stearns commented that the Steele County Treasurer had recommended to Steele County to stay in SCHA.

The Board further reviewed additional SCHA financial information.

Commissioner Waldahl leaned toward staying until the May 6, 2010 SCHA Board Meeting to try to increase Wadena County’s SCHA assets to give back to the taxpayers.

Commissioner Bounds commented that he felt the County should bale out now; he was not willing to take a chance and saw no future in SCHA.

Commissioner Miller commented that if Waseca County voted to leave he felt it was time to leave also, but if Wadena County stayed in the County could contribute to the vote to dissolve the organization; sooner or later it appeared that SCHA would go down.

Chairman Stearns if Wadena County did decide to stay then the Board could give Commissioner Schermerhorn the direction to vote to dissolve SCHA during the May 6th Board Meeting; if there was not a vote to dissolve the organization then Wadena County could vote to get out on 12/31/10, which could maximize the dollars returned. He pointed out that the only action needed at this time would be if the Board would decide to get out of SCHA; no action by the Board would reflect that Wadena County remains in SCHA.

Chairman Stearns received a phone message from the SCHA Board Chair informing him that the Waseca County Board voted that morning not to withdraw from SCHA and some additional financial information relating to SCHA.

Motion by Bounds, to give notice to SCHA of Wadena County's intent to drop out of the organization by the April 30, 2010 deadline,

Chairman Stearns called for a second to the motion three times; being no second to the motion the Chair indicated the motion was dropped.

Commissioner Schermerhorn questioned what his direction was for the May 6, 2010, SCHA Board Meeting.

Motion by Miller, second by Waldahl, if the SCHA Board, during their May 6, 2010 Meeting, moves to shut down SCHA, the Wadena County Board would support this motion and direct Commissioner Schermerhorn to vote in favor of the shut down of SCHA,

Chairman Stearns clarified the SCHA vote to shut down on May 6, 2010 would be effective as of the end of 2010.

Motion carried.

Mr. Sailer commented that his impression was that the Board had grave concern about the future of SCHA because three of the largest counties left. He question whether the Board wanted the SCHA Board to know of Wadena County's concern and request some assurance, during the May 6th Meeting, that they need to get things under control.

Motion by Waldahl, seconded by Schermerhorn, to authorize the Human Services Director to draft a letter addressed to the SCHA Chair stating Wadena County's concerns and request a change in management practices, motion carried unanimously.

Chairman Stearns adjourned the Special Board of Commissioners Meeting at 11:25 a.m.