Pennyroyal Center Annual Report 2015-2016

Pennyroyal Center Mission Statement

"The mission of the Pennyroyal Center is to improve the quality of life for the citizens of this region by planning and providing services for behavioral health, intellectual and developmental disabilities, and other identified needs for our communities."

Board of Directors 2015-2016

Caldwell County
Jeff Rousseau
Jeri Hooks

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Thomas Cayce (BJ)
Billy Duvall
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Patricia Godwin
Virginia Gray
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Shannon Perry

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Patricia Godwin

Vice-Chair
Dianne Jernigan

Treasurer
Billy Duvall

Secretary
David Howell

Pennyroyal Center Board Chairpersons

Frank Yost	1967-72
Robert Welch	1972-73
James Hunt	1973-76
John Dixon	1977-77
Maxine Jones	1977-79
Bill Preston	1979-81
Tom Elder	1981-83
Harold Streets	1983-85
Kenneth Dillingham	1985-87
Arnold Lynch	1987-88
Frank Nemethy	1988-90
Charles Deweese	1990-91
Robert Holt	1991-92
James Kevil	1992-94
Charles Tilley	1994-97
Gale Cherry	1997-02
Roger Pedro	2002-03
Scharlet Taylor	2003-04
George Byars	2004-09
Leslie Carroll	2009-10
Billy Duvall	2010-13
Joe Leonard	2013-14
Patricia Godwin	2014 – Present

Executive Director's Report

Ian McFadden, FACHE

For the past fiscal year 2016, the Pennyroyal Center has undertaken tremendous change at all levels of the organization. Despite these changes, the organization has continued to develop into a much more diversified organization and has continued its focus of meeting the total outpatient behavioral health needs of the Western Kentucky region. I am proud of what our organization has accomplished over the past year and I appreciate the support of our Board of Directors. The following will comprise a synopsis of the past fiscal year accomplishments and highlight areas of focus for the future.

Structure: The first part of the fiscal year was focused on re-organization as a new Executive Director search was conducted. Ian McFadden began his tenure as the new Executive Director/CEO of the Pennyroyal Center in March of 2016 and quickly restructured the managerial responsibilities within the organization. Eric Embry, Chief Financial/Administrative Officer, took on additional responsibilities for facilities, Information Technology (IT) Department and all real estate initiatives. Much of the financial duties have been delegated to Nacy Butts, the Coordinator of Fiscal Services. Summer Lindsay, Director of Human Resources (HR), assumed responsibilities for marketing and the Employee Assistance Program (EAP), Ashley Boze, Director of Substance Use Services, assumed the new responsibilities for Genesis and Trilogy. Tracey Farmer, Director of Clinical Operations, has continued in her role as the Director of Clinical Operations and Jimmy Coyer has continued to serve as the Director of Intellectual and Developmental Disabilities Services. The team has remained intact with the exception of a vacancy for a Director of Quality Management that we are currently seeking to hire.

Operations: The operations of the Pennyroyal Center continue to remain busy in terms of utilization by clients and by the level of programming offered. The volume of encounters continues to average over 15000/month despite a significant "no show" rate and our having to do more telehealth services. We have increased our numbers of clinics in operation to six including a new clinic added in Central City. The Center is now servicing all of the school systems in the region with dedicated therapists to those systems. Our new website has engaged many more informed users and has provided us a sharper image. We have further enhanced our programming by beginning to expand certain programs such as Genesis and by offering new programs such as the Therapeutic Rehabilitation Program (TRP). The Center is still experiencing significant growth in Trace Industries, Supported Employment, Kentucky Kids Recovery, Medication Assisted Treatment (MAT) Clinic, and the Assertive Community Treatment (ACT) services. The Center will continue to service this level of programming with repeated grant funding that we continue to receive for certain services such as our Substance Use Services and our MAT clinic. We did finally divest the Federally Qualified Healthcare Center (FQHC) Primary Care Clinic from our organization and allowed them to form their own structure, although, they have continued to lease space in two of our locations.

Providers: We have been fortunate to have increased the number of physicians within the system during the past year. Llewellyn Hortillosa, M.D., has joined our team in providing one and one-half days per week of telehealth services. All providers are currently working at capacity as we continue to rework our scheduling systems and recruit additional providers into our system both for on-site as well as for telehealth services.

Facilities: In addition to opening a new clinic in Central City, we have also looked extensively for expanded space and more modern facilities for the Madisonville Clinic, Genesis, Trace Industries, RESPOND and Emergency Services. A number of options were considered this past year to resolve our ongoing space needs including potentially occupying the Belmont School property and finding new locations for our Madisonville Clinic and for the new TRP service. Although, this is still a work in progress, we were able to execute a new lease with Baptist Health Madisonville for the Madisonville Clinic and we have located space at North Drive for the TRP service.

Debt Restructuring: We were fortunate this year to be able to restructure our Line of Credit with Planters Bank. By increasing our line of credit, we not only were able to create capacity for us to handle fluctuations with revenue, but we were also able to negotiate needed capital expenditures associated with the Netsmart IT System installation and contract.

Board Development: We have been fortunate to have a Board of Directors that have been such an integral part of our organization. The Board has not only completed a CEO search process with in the past year, but has also been involved in decisions impacting our facilities as well as our programming. We were also fortunate to have been able to hold a Board Retreat whereby our Board members received continuing education on the latest trends in mental health from a national as well as a local and State perspective. Additionally, we were able to involve board members in visiting many of our programs and getting them to see what we do as well as accompanying us in several State and local governmental meetings.

We are excited about our Board of Directors in the future as we are now able to gain additional board members from some of our less populated counties and also increase our expertise on the board in some needed areas.

Overall, it has been a good year for the Pennyroyal Center. I am pleased with our progress over this past fiscal year, and I look forward to an even better year. I cannot say enough about our employees and how they truly have made a difference in the lives of others.

MENTAL HEALTH

School Based Services: As most all of us are aware, there has been a cluster of youth suicides that have significantly impacted the Hopkins County School System. All of the Pennyroyal Center needs to be proud of the services provided by the Pennyroyal Center to the Hopkins County school system. Those programs, as designed and implemented by Dr. Zachary Meny and Mark Strickland, MSW, have been so successful that this school year ended in Hopkins County without a suicide, the first in three years. Although a much more labor intensive program, this program has certainly proven to be successful.

ACT/In-Reach: The Center was informed by the Department for Behavioral Health on January 29, 2016, that the State would increase the ACT funding. A one-time increase in the amount of $150,000 was awarded in order to assist with increasing enrollment in the ACT program.

TRP: The TRP will open on October 10, 2016, at the North Drive campus in the Self building. TRP will initially serve as a continuum of care for ACT clients. TRP will allow for the development of skills for ACT clients residing in personal care homes to successfully transition to independent living. Plans have been developed around a wide array of skills such as cooking, shopping, budgeting, medication management and community navigation.

RESPOND: In April 2016, it was determined that a shift differential would be given to those individuals working second, third, weekend and holiday shifts within RESPOND. RESPOND is the hub of the Center and difficulty in scheduling those shifts was proving to have a significant impact on RESPOND's functioning. Since shift differential implementation scheduling has improved. Carmen Aguayo assumed the position of Lead Clinical Assessor in May 2016, and has instituted an update in training and on-site supervision to ensure continuity of provision of services and positive community perception.

Western State Hospital (WSH) Liaison: The position of WSH Liaison was developed and implemented to assist the Center in meeting the states goals of decreasing readmissions to WSH. When the position is fully functioning, the liaison will assist in connecting clients to services and ensuring that the Center has immediate contact with the individual and facilitating the provision of that specific client's needed services.

Severely Mentally Ill (SMI) Supported Employment: A Dartmouth Fidelity review was conducted of the SMI/Intellectual Developmental Disabilities (IDD) Supported Employment program. With fidelity of the program being achieved, the recommendation was that SMI and IDD be separated. The position of SMI Supported Employment Coordinator was developed.

IMPACT: Impact conducted summer programs in each clinic across the region. Each year Service Coordinators and Therapeutic Support Specialists plan a schedule of activities for children in the IMPACT program. Therapeutic Support Specialists work the summer program with supervision by the Service Coordinators.

The programs operated for six weeks starting June 14 through July 21, three days in Hopkinsville and Greenville and two days in Princeton and Madisonville.

INTELLECTUAL AND DEVELOPMENTAL DISABILITIES

First Steps: First Steps received 301 referrals for the fiscal year with 146 children determined eligible for services, of those 141 Individualized Family Service Plans were written.

Waiver Services: IDD ended the fiscal year with 109 active employees providing services. Supports for Community Living (SCL) ended the year with 75 traditional participants receiving services and 10 SCL receiving services through participant directed. The program lost six participants either due to death or moving to another company to provide services. Michelle P. Waiver (MPW) ended the year with 174 Consumer Directed Options (CDO) participants. IDD residential ended the fiscal year with 9 staffed residences and 11 Adult Foster Care homes.

Crisis Service: IDD crisis supported four individuals with State General Funds (SGF) residentially while waiting for SCL slots to open to support them. This was the first year the Center had to utilize those funds to support participant’s long term while waiting for slots to open in the SCL waiver program. IDD crisis provided services for 19 participants in crisis over the last year.

Trace Industries: Trace ended the year with 122 participants. Trace completed one Folding Field Army Table order producing 900 tables, meeting all deadlines for delivery. Supported Employment supported 71 participants with 45 in IDD and 26 in the SMI program. There are a total of 19 participants working in the program.

SUBSTANCE USE

Outpatient Services: Over the last fiscal year, Outpatient Substance Use Services have been restructured to fulfill Medicaid requirements, fulfill contractual obligations with the Administrative Office of the Courts (AOC), as well as the Department of Corrections (DOC), a more realistically accommodate staff. This has been a positive transition in which we have received great feedback from the clients as well as community partners.

DOC: The Center continues to provide outpatient services through the DOC contract. Throughout the fiscal year, 100-200 clients were served. These services continue to include initial intake/treatment plan, group, and random drug screens.

AOC: The Center continues to serve drug courts throughout the region. The Center continues to maintain a contract with AOC in Christian, Hopkins, and Muhlenberg Counties. Services provided include peer support, case management, and individual/group therapy. Pennyroyal Center staff members participate in drug court staffing, serving along with other community partners who have stake in each individual's treatment/case.

Kentucky Kids: Kentucky Kids continued to transition throughout the fiscal year. In anticipation of the completion of the grant, Kentucky Kids staff members have worked to integrate themselves into the school-based system. This process has been helpful to community partners as well as the schools in ensuring students are seen with or without a substance use disorder.

<u>Genesis:</u> Over the past year, Genesis has proven to be a successful and profitable program of the Pennyroyal Center. At this time, Genesis continues to bill Medicaid for reimbursement of services. The goal for the following year is a new facility for Genesis.

<u>DUI Services:</u> Over the past year, the Center made tremendous progress within the DUI regional program. All deficient DUI charts from previous administration have been resolved with the State. The DUI Case Manager provides close supervision of clients designated to DUI services, completing the initial assessment, monitoring for compliance, and reporting to the State. Prime for Life educational groups have been put in place as well. This service is a requirement of the State contract.

HUMAN RESOURCES

This past year, there were 121 new employees hired for various programs throughout the Pennyroyal Region. The Center ended the year with 29 vacancies needing to be filled and 443 employees. We began the process of evaluating the level of compensation for our case management staff and plan to implement an increase for those staff once the competitive market amount is determined. This year was the first year for submitting 1095C forms for each of our employees due to the new Federal Government requirements. Erica Thompson has been diligent in the process and she had to manually enter each staff member and dependents for their health insurance coverage in order for the form to be generated. This process was very time consuming for the HR staff as well as IT. Since now we know what to expect, we are hopeful this goes more smoothly next year.

In November, we transitioned our 401k plan to John Hancock from KY Deferred Compensation and Mutual of America. This process has been a learning experience for our department and very different than what we have been used to in the past with our previous retirement plans.

The Wellness Program was launched in March 2016 and we had 154 employees sign up. Our original goal was to have 50 employees participate and this amount of participation well exceeded our goal. We are looking forward to making our employees a much healthier and happier workforce as we continue this program.

Payroll: The HR Department started the process of developing a plan to transition all staff to a semi-monthly payroll. Staff transitioning to hourly due to the new exempt law will transition to semi-monthly payroll on November 15, 2016, and the rest of the monthly payroll staff will transition December 15, 2016. We are also considering implementing timeclocks in each facility for non-exempt employees to further automate the payroll system. At this time, quotes have not been obtained, but will be in the future.

Marketing: The HR Department acquired the Marketing duties for the Center and we developed a marketing plan in order to showcase our services within the entire region. Also, a new position was developed to focus on our EAP. The EAP Liaison will work to re-structure the program as well as obtain additional contracts within our region to provide the best service possible to the working population within our communities.

Tiffany Massey, Coordinator of Marketing, has agreed to take the EAP on and develop a new program. She has made contact with each of our current business contracts and is communicating with them about the upcoming changes. Once the program is fully developed, we will move forward in obtaining additional contracts and possibly an additional staff member.

In years past, there was an employee newsletter that was sent out, but it stopped a few years back. Tiffany Massey has re-vamped the newsletter and has been distributing this communication since February 2015 on a monthly basis. This process has increased our communication efforts throughout the Center and has been a very positive addition for our employees.

A new logo was developed and adopted by the Board and new material was rolled out with the new logo.

The new website was launched on May 31 and we are so excited to be able to provide an all-inclusive website to our clients as well as our communities that we serve. Applicants will now be able to apply online. Clients will also be able to pay their bill online as well as anyone will have the capability to make a donation to the Center on the website. This website provides an abundance of information about the Pennyroyal Center and is very user friendly. Thank you Tiffany Massey, Melissa Decoursey and John Pyle for all the hard work you put into developing this new website.

FINANCIAL OVERVIEW

Much like 2015, the Center continued to experience financial struggles in 2016. Even in the face of the financial struggles and enduring a transitional period associated with the search for and hiring of a new Executive Director, Pennyroyal was able to expand services and program offerings throughout the region. At the top of that list was the successful grant application to begin offering services through the MAT program. This grant, for approximately $292,000, was utilized to renovate space and hire staff for the treatment and support of individuals dealing with opioid use. Due to a lack of space at the Greenville clinic to house substance use staff, a new facility was also purchased in Central City. This new space will allow for the expansion of services within that community.

Progress was also made on many fronts in which the fruits of that labor will not be experienced until Fiscal Year 2017. Planning for the re-opening of the TRP was conducted, with the decision made to move forward with an opening date of October 2017. In the latter half of the year, planning and develop of a new clinical enhancement program was accomplished. This new program, which is set to aid in increasing clinical productivity and revenue, is set to roll out in October. Both of these ventures are expected to aid in reducing the Centers continued reliance on the line of credit.

PENNYROYAL HEALTH SYSTEM
BALANCE SHEET
June 30, 2016

	BALANCE as of 06/30/15	INCREASE or DECREASE	BALANCE as of 06/30/16
CURRENT ASSETS			
Cash and Cash Equivalents	($73,308.65)	$140,875.23	$67,566.58
Assets Limited As to Use-Current	$717,779.88	($289,098.97)	$428,680.91
Accounts Receivable	$1,836,152.95	($944,009.51)	$892,143.44
Allowance for Doubtful	($101,413.39)	$51,675.93	($49,737.46)
Other Receivables	$3,699,089.78	($140,521.03)	$3,558,568.75
Interest Receivable	$6,442.20	($4,498.56)	$1,943.64
Inventories	$100,124.77	($23,029.06)	$77,095.71
Prepaid Expenses	$46,579.00	$18,123.86	$64,702.86
TOTAL CURRENT ASSETS	$6,231,446.54	($1,190,482.11)	$5,040,964.43
Assets Limited As to Use			
Internally Designated by the Board	$717,779.88	($289,098.97)	$428,680.91
Less Amount Required to Meet Current Obligations	($717,779.88)	$289,098.97	($428,680.91)
TOTAL ASSETS LIMITED TO USE	$0.00	$0.00	$0.00
Property, Plant, Equipment, and Land	$9,366,809.56	$225,553.35	$9,592,362.91
Less: Accumulated Depreciation	($4,344,479.36)	($324,907.40)	($4,669,386.76)
TOTAL PROPERTY & EQUIPMENT	$5,022,330.20	($99,354.05)	$4,922,976.15
OTHER ASSETS			
Trilogy Notes Receivable	$650,000.00	$0.00	$650,000.00
Other Investments	$6,225.00	$7,284.48	$13,509.48
Investment in LLC	$5,937.00	$0.00	$5,937.00
TOTAL OTHER ASSETS	$662,162.00	$7,284.48	$669,446.48
TOTAL ASSETS	**$11,915,938.74**	**($1,282,551.68)**	**$10,633,387.06**
LIABILITIES			
Current Maturities of Long Term Debt	$59,823.00	$0.00	$59,823.00
Accounts Payable	$1,235,227.90	($116,719.68)	$1,118,508.22
Accrued Liabilities	$876,050.50	($306,346.72)	$569,703.78
Notes Payable	$2,647,151.46	($647,011.75)	$2,000,139.71
Line of Credit Payable	$873,869.87	($9,582.42)	$864,287.45
TOTAL CURRENT LIABILITIES	$5,692,122.73	($1,079,660.57)	$4,612,462.16
Long Term Debt Less Current Maturities	$483,580.87	$33,773.72	$517,354.59
TOTAL LIABILITIES	**$6,175,703.60**	**($1,045,886.85)**	**$5,129,816.75**
GENERAL FUND BALANCE	$5,740,235.14	($236,664.83)	$5,503,570.31
TOTAL LIABILITIES & FUND BALANCE	**$11,915,938.74**	**($1,282,551.68)**	**$10,633,387.06**

PENNYROYAL HEALTH SYSTEM
2015-2016 BUDGET SUMMARY
PERIOD ENDING – June 30, 2016

		12 months of year	**100.00%**
	2015-2016		**Y-T-D**
REVENUE	**BUDGET**	**Y-T-D**	**%**
FEE FOR SERVICE			
Private	$700,000.00	$573,237.13	81.89%
Medicaid	$5,141,810.00	$4,663,162.40	90.69%
SCL	$4,000,000.00	$3,970,166.30	99.25%
Michelle P. Waiver	$475,000.00	$445,398.69	93.77%
CDO	$5,100,000.00	$5,654,719.70	110.88%
CBIS First Steps	$359,000.00	$289,602.14	80.67%
Medicare	$400,000.00	$138,041.21	34.51%
Insurance	$400,000.00	$90,184.28	22.55%
School Services	$150,000.00	$1,384.91	0.92%
Veterans Center Per Diem	$800,000.00	$840,621.06	105.08%
Agencies	$3,097,608.00	$2,464,994.24	79.58%
SUB-TOTAL NON-STATE FEE FOR SERVICE	$20,623,418.00	$19,131,512.06	92.77%
STATE FEE FOR SERVICE	$2,290,810.00	$2,294,284.24	100.15%
SUB-TOTAL ALL FEE FOR SERVICE	$22,914,228.00	$21,425,796.30	93.50%
GRANT REVENUE	$4,015,511.00	$3,165,411.37	78.83%
OTHER INCOME	$9,237,559.00	$10,676,093.96	115.57%
TOTAL REVENUE	**$36,167,298.00**	**$35,267,301.63**	**97.51%**
EXPENDITURES			
SALARIES & WAGES	$4,924,920.00	$3,979,291.04	80.80%
EMPLOYEE BENEFITS	$3,352,984.00	$2,726,912.28	81.33%
OPERATING EXPENSES	$27,889,394.00	$28,797,763.14	103.26%
TOTAL EXPENSES	**$36,167,298.00**	**$35,503,966.46**	**98.17%**
NET GAIN/(LOSS)	**$0.00**	**-$236,664.83**	