



Pennyroyal Center
Annual Report
2016-2017

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."

Pennyroyal Center Board of Directors 2016-2017

Caldwell County

Jeri Hooks

Crittenden County

Carole Guess

Lynann L. Woodall

Hopkins County

Misty Burton

Russ Lewis

Amanda Skeen

Lyon County

Kristi Berry

Patricia Young

Muhlenberg County

Dianne Jernigan

Lynette Lewis

Chair

Patricia Goodwin

Vice-Chair

Dianne Jernigan

Christian County

Linda L. Browder

Thomas (BJ) Cayce

Billy Duvall

Susan Edwards

Pat Godwin

Arnold (Blaine) Lynch, Jr.

Bonnie Lynch

Matthew Kem

Deidra Taylor

Todd County

Anne Stahl

Trigg County

None

Treasurer

Billy Duvall

Secretary

Susan Edwards

Pennyroyal Center Board Chairpersons

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

Executive Director's Report

Ian McFadden, FACHE

For the past fiscal year 2016/2017, the Pennyroyal Center has made monumental improvement and has initiated a multitude of changes throughout all levels of the organization. With these changes, the organization has developed into a much more diversified organization and has enhanced its focus and met its primary objective 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

As the 2016/2017 year evolved, the Pennyroyal Center has strengthened the structure of the organization. The Board of Directors added six new Board members during the past year. They are: Misty Burton and Amanda Skeen from Hopkins County, Bob Fritz representing Caldwell County, Lynann Woodall of Crittenden County and Linda Browder and Blaine Lynch representing Christian County. Our Board has become much more active during the past year and with their support and through the leadership of Pat Godwin, our Board Chair, we have been able to make substantial progress with the growth and development of the Pennyroyal Center.

We have continued to restructure the managerial responsibilities within the organization. Eric Embry has done much of the finance work on his own over the past year but has now taken on more operational responsibilities since Beau Roberts joined our team in May of 2017 as the Director of Finance. We also appointed new capable people to new positions within the organization. Kasey Deal was appointed as our new Coordinator of Quality and Sarah Deming also joined our staff as the new Coordinator of Marketing and EAP Services.

OPERATIONS AND FINANCES

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 escalate to an average of over 16000/month compared to just over 14,000/month last year. We now have many more clinicians and providers added to our team, and we are now able to meet the needs of all clinics in all of the counties. The number of clients utilizing such services as Therapeutic Rehabilitation Program (TRP), Medication Assisted Treatment, School-Based Services and Outpatient Counseling and Treatment has increased tremendously. We experienced a 20 percent surge in productivity from the past year and experienced near that figure in volume increases throughout the system.

The financial viability of the organization increased as well with the organization experiencing a more than \$600,000 profit margin at year end on more than \$37 million in revenue. Several of our other financial indicators have also continued to improve. Our expense structured was managed very well this past year yielding an overall two percent reduction while revenue climbed by about two percent from last year. We still have work to do with our managed care organizations (MCOs) and the reimbursement rates but overall we performed well this past year.

We have made great strides in the quality of services delivered. Our new key indicator scorecard reveals that over the past year, our clients and patients have experienced a more than 94 percent overall satisfaction rate for all services provided to them. The key indicators mandated by the State of Kentucky have been in full compliance all year, and we continued to excel in accreditation by having our organization becoming reaccredited by CARF, and also achieved full accreditation for our Crisis and Emergency Services. We have further enhanced programming by beginning to expand certain programs such as

Genesis residential treatment and by offering new programs such as TRP. We continue to experience significant growth in Trace Industries, Supported Employment, Targeted Case Management, Therapeutic Foster Care, Staffed Residencies, Pennyroyal Veterans Center and Assertive Community Treatment (ACT) services.

PROVIDERS

We have been fortunate to have increased the numbers of Physician and APRN providers within our system during the past year. New APRNs who have joined us this year include: Jasmyne Lyons and Rachel McIntyre. Our physician staffing has also increased with the recent expansion of Dr. Llewellyn Hortillosa's, M.D. practice. We now have enough providers to cover all of our sites and accommodate all walk-in and scheduled patients. For the first time in a long time, the Pennyroyal Center has a full staff of prescribed providers.

FACILITIES

We have had to undergo some changes in regards to our facilities. In addition to building a new clinic in Central City, we have also looked extensively for expanded space and more modern facilities for the Madisonville Clinic, Genesis, Trace, Intellectual and Developmental Disabilities (IDD) Services, 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 at North Drive.

TECHNICAL IMPROVEMENTS

We have been able to improve our systems from a technical standpoint over the past year. At the beginning of 2017, we installed a new Vidyo Telehealth system that has allowed us to increase our capacity of providers using our system at any time from 6 to 12.

50TH ANNIVERSARY CELEBRATION

The Pennyroyal Center will celebrate its 50th Anniversary this year of providing needed behavioral and disability health to this region. We are certainly proud of our accomplishments as an organization and are committed to continuing our mission of providing these needed services. Despite the uncertainty of health reform, lack of funding and many others risk factors that impact our industry; we are looking forward to serving as the primary provider of these services throughout Western Kentucky.

OVERVIEW

This past fiscal year has been a tremendous year for the Pennyroyal Center. I wish to express my sincere gratitude to our Board and to so many others who have supported us this past year and through the past 50 years of existence. I look forward to an even better year in 2018 and am so proud to be working with such a dedicated group of people and their ability to make such a difference in the lives of others.

CLINICAL OPERATIONS

PSYCHIATRY

Dr. Llewelyn Hortillosa began providing regional telehealth psychiatric services in August 2016. Dr. Hortillosa began with one and one-half days per week increasing to three days in 2017. In February 2017, Jasmyne Lyons, APRN, started providing Friday and Saturday services in Hopkinsville. Ms. Lyons has recently agreed to begin full-time employment in September 2017. Rachel McIntyre, APRN, will begin full-time employment in July 2017 with services expected to be provided in the Hopkinsville and Greenville clinics. In July 2017 Dr. Alan Meyers will be signing a letter of intent.

PSYCHOLOGY

Dr. Danielle Smith began providing psychology services in February 2017. Dr. Smith now serves as the Coordinator of Psychology Services. Dr. Kerry Bordieri will join the Center in July 2017. The Center will have three psychology interns beginning in the fall. These additions allow for the regions psychological testing and guardianships needs to be met in a more timely and efficient manner. Both doctors bring a wealth of knowledge and experience to the Center's eight county region.

INTENSIVE SERVICES

The Assertive Community Treatment (ACT), In-Reach and Therapeutic Rehabilitation Programs have all undergone significant restructuring. All three programs were placed under what is now the Intensive Services Program. Vanessa Antolik, BS, took on the role of ACT Coordinator, Katherine Nunez, BS, became the In-Reach Coordinator, Brandy Nittler, BSW, is the TRP Program Manager and Tisha Blakeley, LCSW, became the Intensive Services Program Manager. All of the changes have proven to be favorable and shown an increase in all three areas resulting in an increase in clients served.

SMI CASE MANAGEMENT

With the retirement of Connie Workman, Shannon Jackson assumed the role of Seriously Mentally Ill (SMI) Case Management Program Manager. SMI case management has begun the process of employing Community Support Associates (CSA) to assist case management in the facilitation of case management services. This will allow for case managers to serve more individuals and once connected to resources the CSA can facilitate accessing those resources deemed necessary for independent living. This process will allow for an increase in billable services. SMI case management has also begun to provide and bill for what is deemed, "complex physical health" case management.

EMERGENCY SERVICES

Throughout the year, Audra Hall and Tracey Farmer have met with area hospitals to solidify the provision of contractual relationships or develop new ones. These contractual relationships allow for those hospitals to more effectively manage individuals in a mental health crisis who present to the hospital's emergency department. The Center now has a contract with every hospital within the Pennyroyal Center's eight county region. Meetings have also been conducted with regional police officers through local and Crisis Intervention Team (CIT) meetings every six weeks. These meetings have led to much better communication between the law enforcement and the Center. Hopkinsville Police Department have even provided ride along services to further develop this relationship.

QUALITY

Kasey Deal, BSN, RN-BC, began as the Coordinator of Quality Management in July 2016. The Quality Improvement committee's recommendations for staff utilization resulted in an overall decrease in patient contact to first appointment. The Department of Behavioral Health performance indicators were met at a Center total of 94%.

The Commission on the Accreditation of Rehabilitation Facilities (CARF) performed a site survey in October 2016. Emergency Services and Substance Use Outpatient Treatment had not originally been designated for surveillance, but the site surveyors offered to assess those programs while on site. As noted by the surveyors, our original programs as well as those that were added were of such high caliber as to receive a three-year accreditation.

An internal survey was developed and began in all clinics in March 2017. The survey pertains to internal staff and processes. A total of 186 surveys were collected from March 1 to April 20, 2017. The surveys were suspended due to the need to begin department required surveys. In that short period of time, the clinic services, staff and environment received ratings between 89-98%. The results of the entire survey were presented to the Center's Board of Director's.

A contract has been signed with West, Inc. to begin telephonic reminder appointment communications. These reminder calls will be done by phone or text messaging as indicated by the client. Psychiatry will be the first site of implementation. Following complete implementation, which is expected at the end of August a determination of center wide implementation, will be assessed.

SCHOOL-BASED SERVICES

Mark Strickland, MSW, took on the responsibility of school-based services in December 2016. The Center was in six of the eight counties we serve and the Center ended the school year with contracts to provide services in all eight counties. From October of 2016 to May of 2017, school-based services doubled in services provided. With the additional school-based positions being hired, another large increase in services is expected.

CHILDREN SERVICES

Lacey Folz, LPCC, became the Coordinator of Children Services in May 2017. Lacey has provided extraordinary services for the Center clients in the school-based program over the last two years. Under this new title, Lacey will supervise School-Based Services, Impact and Hi-Fidelity.

VETERANS ADMINISTRATION

A successful review of services was completed by the Department of Veteran Affairs (VA) with no deficiencies noted. The VA will no longer reimburse on a purely per diem rate. Two models, one clinical and one bridge were developed and submitted with an initial positive response received. As the grant process is a two-step process the Center is awaiting final notification of acceptance.

Kentucky Veteran's Trust donated \$20,000 to the Pennyroyal Veterans Center which was used towards the purchase of a vehicle for transportation to doctor appointments, connection to community resources and employment.

RESPOND

Angie Antolik transferred to the position of Lead Respond Clinical Assessor following the resignation of Carmen Aguayo. Carmen made several changes in the areas of training and facilitation of services for which it is expected that Ms. Antolik will continue and improve upon.

INTELLECTUAL AND DEVELOPMENTAL DISABILITIES

FIRST STEPS

From July 1, 2016 until June 30, 2017, the First Steps program had 154 referrals. Out of those referrals 120 went on to have active Individualized Family Service Plan's. During this time the First Steps program underwent several staff changes; a new Point of Entry Manager and three new service coordinators.

During this time all new staff completed the Kentucky Early Intervention systems required trainings and each Service Coordinator is increasing their caseloads with a target caseload of forty five.

CRISIS SERVICES

Over the past year IDD worked with 13 crisis clients and supported 5 of these residentially with state general funds and crisis funds until a Supports for Community Living (SCL) Waiver slot became available. This is the first year Pennyroyal IDD has utilized State General Funds (SGF) to support residential services. The IDD Department completed 268 Michelle P. Waiver assessments for the year.

WAIVER SERVICES

IDD ended the year with 9 staffed residential homes and 11 Adult Foster Care Provider homes supporting 39 individuals through the SCL Waiver. The residential program supported one individual in Hospice making his last days as comfortable as possible.

TRACE INDUSTRIES

Trace Industries supported 122 individuals in Adult Day Training. Trace Industries completed 1 contract for 900 Army Tables for the Department of Defense over the past year. IDD Supported Employment worked with 37 individuals employing 18 in our community.

OVERVIEW

The IDD Department was monitored by the Department for Behavioral Health and Individuals with Developmental Disabilities for our annual certification and received a one-year recertification. Over the last year IDD's respite program, community living services and personal assistance increased by 10 new participants receiving services. Pre-Admission Screening Resident Review (PASRR) Specialized Services ended the year providing services to 16 participants living in nursing facilities around the region. The Consumer Directed Option/Participant Directed services ended the year with 197 participants receiving services.

SUBSTANCE USE

OUTPATIENT SERVICES

Over the last fiscal year, Outpatient Substance Use Services has continued to grow, fulfilling Medicaid requirements as well as increasing third party providers throughout the region. This has been a positive transition in which we have received great feedback from the clients as well as community partners and other referral sources.

DEPARTMENT OF CORRECTIONS (DOC)

We continue to provide outpatient services through the Department of Corrections contract in Caldwell, Christian, Hopkins, and Muhlenberg Counties. These services continue to include initial intake/treatment plan, group, and random drug screens.

ADMINISTRATIVE OFFICES OF THE COURTS (AOC)

We continue to serve drug courts throughout the region. We continue to maintain contract with Administrative Offices of the Courts (AOC) in Christian, Hopkins, and Muhlenberg Counties. With the Substance Abuse and Mental Health Services Administration (SAMHSA) funding, we are able to provide peer support, case management, and individual/group therapy services. With the additional SAMHSA funding, we have been able to increase accessibility of groups as add gender specific as well as trauma focused groups within treatment services. Pennyroyal Center staff participate drug court staffing, serving along with other community partners who have stake in each individuals' treatment/case.

KENTUCKY KIDS

The Kentucky Kids funding was depleted in December 2016. To ensure the continuation of the Adolescent Substance Use program, staff transitioned into school-based services, continuing to provide substance use services to high risk adolescents.

GENESIS

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. We are working to transition to expand treatment services to serve a total of 32 clients by the end of 2017.

DUI SERVICES

Over the past we have continued to make tremendous progress within our DUI regional program. 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. This service is a requirement of the state contract.

REGIONAL PREVENTION

Prevention staff has spent the past year educating the communities of the Pennyroyal Center's eight-county region both in Substance Use Prevention as well as Suicide Prevention.

HUMAN RESOURCES

HUMAN RESOURCES

This past year (October-September), there were 150 new employees hired for various programs throughout the Pennyroyal Region. We currently have 37 vacancies needing to be filled and 461 employees. We plan to implement an increase for staff this fall, once approved.

The 401k transition has continued to go smoothly and we have developed a committee to handle this plan and meet semi-annually to review.

Melissa Decoursey was hired to replace Erica Thompson in April 2017 and she has continued to be an asset to this department as well as the Center.

PAYROLL

The HR Department developed a plan to transition all staff to a semi-monthly payroll. This process was completed in December 2016. It has continued to go smoothly this year with minor glitches.

This past year has included multiple audits and most are complete. These audits included the 401k plan, unemployment, the Center audit and the workman's compensation audit. These audits were successful.

MARKETING

A new Employee Assistance Program (EAP) Liaison/Marketing Coordinator, Sarah Deming was hired in February 2017. She has continued to focus on developing the Marketing, Wellness and the EAP programs this year. She has secured the majority of our existing EAP contracts as well as obtained three additional contracts. She continues to reach out to new businesses to build relationships. She has developed a Marketing campaign with local media as well as participated in local events such as Relay for Life. She is also participating and organizing the 50th Anniversary celebration event for the Pennyroyal Center in October 2017.

The Wellness Program is continuing this year with success. We have 122 employees participating this year. We are looking forward to making our employees a much healthier and happier workforce as we continue this program.

FINANCIAL OVERVIEW

Pennyroyal Center experienced some positive financial news in fiscal year 2017. For the first time in over four years, Center reserve funds were not accessed in order to meet operational expenditures. Much of the programmatic planning that had occurred in fiscal year 2016 came to fruition. October of 2016 saw the re-opening of the TRP, with the goal of helping those individuals dealing with severe mental illness. Staff were also informed of the successful grant application to expand the MAT Clinic. A clinical enhancement program was also implemented in the 2nd quarter of the fiscal year. The combination of implementing new programs and increased clinical productivity allowed the Center to surpass the budgeted amount for Medicaid services, something that has not occurred in over five years.

Toward the end of the fiscal year, staff were informed of the successful grant applications made to continue offering services to our veterans. Three grant applications were submitted involving our Homeless Veterans Re-integration Program and our homeless veterans shelter, which were all selected for funding. Successful applications were also made to continue operating drug courts in both Christian and Hopkins counties. It is expected that this positive momentum in terms of both programmatic offerings and financial performance will continue into fiscal year 2018.

**PENNYROYAL HEALTH SYSTEM
BALANCE SHEET**

June 30, 2017

CURRENT ASSETS	BALANCE as of <u>06/30/16</u>	INCREASE or <u>DECREASE</u>	BALANCE as of <u>06/30/17</u>
Cash and Cash Equivalents	\$73,254.39	\$205,522.23	\$278,776.62
Assets Limited As to Use-Current	\$394,436.10	\$2,944.67	\$397,380.77
Accounts Receivable	\$1,599,364.77	\$1,052,139.85	\$2,651,504.62
Allowance for Doubtful	(\$49,737.46)	(\$53,729.79)	(\$103,467.25)
Other Receivables	\$3,557,646.60	(\$215,050.03)	\$3,342,596.57
Interest Receivable	\$1,943.64	\$0.00	\$1,943.64
Inventories	\$77,095.71	(\$45,371.26)	\$31,724.45
Prepaid Expenses	<u>\$64,702.86</u>	<u>(\$12,370.42)</u>	<u>\$52,332.44</u>
TOTAL CURRENT ASSETS	\$5,718,706.61	\$934,085.25	\$6,652,791.86
Assets Limited As to Use			
Internally Designated by the Board	\$428,608.91	(\$31,228.14)	\$397,380.77
Less Amount Required to Meet Current Obligations	<u>(\$428,608.91)</u>	<u>\$31,228.14</u>	<u>(\$397,380.77)</u>
TOTAL ASSETS LIMITED TO USE	\$0.00	\$0.00	\$0.00
Property, Plant, Equipment, and Land	\$9,592,362.91	\$172,622.46	\$9,764,985.37
Less: Accumulated Depreciation	<u>(\$4,669,386.76)</u>	<u>(\$327,213.95)</u>	<u>(\$4,996,600.71)</u>
TOTAL PROPERTY & EQUIPMENT	\$4,922,976.15	(\$154,591.49)	\$4,768,384.66
OTHER ASSETS			
Trilogy Notes Receivable	\$650,000.00	\$0.00	\$650,000.00
Other Investments	\$6,223.00	\$0.00	\$6,223.00
Investment in LLC	<u>\$5,937.00</u>	<u>\$0.00</u>	<u>\$5,937.00</u>
TOTAL OTHER ASSETS	\$662,160.00	\$0.00	\$662,160.00
TOTAL ASSETS	<u>\$11,303,842.76</u>	<u>\$779,493.76</u>	<u>\$12,083,336.52</u>
LIABILITIES			
Current Maturities of Long Term Debt	\$80,145.00	\$0.00	\$80,145.00
Accounts Payable	\$1,094,246.54	(\$172,333.23)	\$921,913.31
Accrued Liabilities	\$569,703.78	\$20,080.42	\$589,784.20
Notes Payable	\$1,995,387.80	(\$154,378.59)	\$1,841,009.21
Line of Credit Payable	<u>\$864,287.45</u>	<u>\$523,402.02</u>	<u>\$1,387,689.47</u>
TOTAL CURRENT LIABILITIES	\$4,603,770.57	\$216,770.62	\$4,820,541.19
Long Term Debt Less Current Maturities	<u>\$517,354.51</u>	<u>(\$54,596.22)</u>	<u>\$462,758.29</u>
TOTAL LIABILITIES	<u>\$5,121,125.08</u>	<u>\$162,174.40</u>	<u>\$5,283,299.48</u>
GENERAL FUND BALANCE	\$6,182,717.68	\$617,319.36	\$6,800,037.04
TOTAL LIABILITIES & FUND BALANCE	<u>\$11,303,842.76</u>	<u>\$779,493.76</u>	<u>\$12,083,336.52</u>

PENNYROYAL HEALTH SYSTEM 2016-2017 BUDGET SUMMARY
PERIOD ENDING - June 30, 2017

REVENUE	2016-2017 BUDGET	CURRENT MONTH	9 Y-T-D	75.00% Y-T-D %
FEE FOR SERVICE				
Private	\$600,000.00	\$35,175.52	\$436,813.62	72.80%
Medicaid	\$6,637,266.00	\$604,302.02	\$6,592,033.91	99.32%
SCL	\$4,100,000.00	\$326,463.30	\$3,781,926.79	92.24%
Michelle P. Waiver	\$475,000.00	\$82,185.38	\$559,588.55	117.81%
CDO	\$5,800,000.00	\$551,712.43	\$6,117,386.62	105.47%
CBIS First Steps	\$359,000.00	\$26,759.45	\$330,223.05	91.98%
Medicare	\$200,000.00	\$33,254.38	\$262,877.82	131.44%
Insurance	\$200,000.00	\$19,155.30	\$191,576.80	95.79%
School Services	\$5,000.00	\$453.00	\$2,048.67	40.97%
Veterans Center Per Diem	\$840,000.00	\$73,312.28	\$864,500.11	102.92%
Agencies	\$3,127,808.00	\$171,668.17	\$1,729,456.56	55.29%
SUB-TOTAL NON-STATE FEE FOR SERVICE	\$22,344,074.00	\$1,924,441.23	\$20,868,432.50	93.40%
STATE FEE FOR SERVICE	\$2,305,987.00	\$200,424.60	\$2,427,504.77	105.27%
SUB-TOTAL ALL FEE FOR SERVICE	\$24,650,061.00	\$2,124,865.83	\$23,295,937.27	94.51%
GRANT REVENUE	\$3,020,511.00	\$358,392.91	\$3,128,193.77	103.57%
OTHER INCOME	\$9,380,920.00	\$712,222.63	\$10,429,570.25	111.18%
TOTAL REVENUE	\$37,051,492.00	\$3,195,481.37	\$36,853,701.29	99.47%
EXPENDITURES				
SALARIES & WAGES	\$3,986,183.00	\$318,495.04	\$4,102,495.20	102.92%
EMPLOYEE BENEFITS	\$3,702,780.00	\$253,161.51	\$3,412,254.49	92.15%
OPERATING EXPENSES	\$29,362,529.00	\$2,577,446.65	\$28,721,632.24	97.82%
TOTAL EXPENSES	\$37,051,492.00	\$3,149,103.20	\$36,236,381.93	97.80%
NET GAIN/(LOSS)	\$0.00	\$46,378.17	\$617,319.36	