



Addiction Treatment & Prevention Services

**CFR MANAGEMENT PLAN FOR THE RICHMOND CENTER**

**July 14, 2008**

# **CFR Richmond Center Management Business Plan**

## **Executive Summary**

This document will introduce Community and Family Resources preliminary ideas and philosophy to guide the process of a management agreement between CFR and the Richmond Center. This plan will provide management services, assessment of community mental health needs, development of a sound plan to address those needs, as well as development of a plan to provide the Richmond Center financial stability with the goal of an eventual merger of the two agencies. For success in financial stabilization, improvement and growth of the Richmond Center many other community, county and state partnerships must be built with one single outcome: quality consumer services delivered to meet the needs of all consumers and customers.

Community & Family Resources (CFR) is a 501 (c) 3 not-for-profit corporation registered in Iowa. CFR is a Licensed Substance Abuse Treatment facility in the State of Iowa.

Community & Family Resources' (CFR) offices are located at 1619 South High Street, Ames, IA 50010; 726 South 17<sup>th</sup> Street, Fort Dodge, IA, 50501; 509 Division Street, Webster City, IA 50509; 806 7<sup>th</sup> Street' Suite U3 & U3A, Boone IA 50036; 23 3<sup>rd</sup> Avenue NE, Pocahontas, IA 50574; 1506 31<sup>st</sup> Avenue North, Fort Dodge IA 50501; 515 Court Street, Suite #12, Rockwell City, IA 50579; 19 South 6<sup>th</sup> Street, Humboldt, IA 50548; 120 Central East, Clarion, IA 50525

### **History of the Organization**

Community based alcoholism treatment began in Fort Dodge, Iowa in 1967 following legislation passed during Howard Hughes' Governorship. The first office of Community & Family Resources (CFR) then known as North Central Alcoholism Research Foundation (NCARF) was located at 118 South 6<sup>th</sup> Street in Fort Dodge. In 1968, the first halfway house was established. It was also in 1968 local leaders incorporated NCARF with the purpose of increasing understanding of alcoholism, its nature and treatment and to alleviate the damage of alcoholism and reduce the incidence thereof. The Agency's treatment services moved to its present location at 726 South 17<sup>th</sup> Street, Fort Dodge in December 1969. What began as a small outpatient alcohol treatment facility has now grown to include a comprehensive continuum of services for drugs, alcohol, tobacco, gambling addiction and prevention services for individuals, schools, businesses, and communities.

In 1997, NCARF changed its name to Community & Family Resources (CFR). In 1998, Community and Family Resources began clinical services for problem gamblers and their families, along with crisis intervention, outreach and educational services. The catchment area for Problem Gambling Services is slightly different than substance abuse, consisting of Calhoun, Humboldt, Hamilton, Pocahontas, Webster, Wright and Hardin Counties. Originally, the catchment area for CFR consisted of six counties: Calhoun, Humboldt, Hamilton, Pocahontas, Webster and Wright. In July 2002, CFR merged with the Center for Addictions Recovery, Inc. (CFARI) adding Story and Boone Counties to the catchment area. In 2007, through a subcontract, CFR began providing problem gambling services in Boone and Story Counties. Currently CFR employees 66 people, has 42 Contracts, 32 active insurance agreements, and 24 County Detoxification agreements. Our annual revenue last year was approximately \$3.5 million dollars.

## **Mission Statement**

Community & Family Resources is a pro-active organization dedicated to assisting individuals, families and communities achieve healthy behavior and lifestyle through advocacy, prevention and treatment of substance abuse and problem gambling.

## **Vision Statement**

Community & Family Resources will be recognized as the premier treatment and prevention facility for alcohol, tobacco, drug and gambling addictions.

The Board of Directors, Administration and Staff are committed to providing excellence in prevention programming and treatment, setting high standards for providing quality and innovative care. CFR will continue to be guided by well-trained and caring staff. Through them, clients will gain the tools necessary to achieve lifelong freedom from addictions allowing them to be productive members of the community.

## **Leadership**

Community & Family Resources encourages a shared responsibility that requires everyone to contribute and fill their role in the organization including the Board of Directors, management, staff and consumers. Board, staff and consumers contribute to the process necessary for the long term mission and goals of the organization. In part, the leadership model is basic to CFR, of which certain key concepts emerge:

- Diversify funding while staying true to our mission.
- Target efficiencies to maximize revenues.
- Empower staff to have ownership in the organization and make a difference in client's lives.
- Broaden treatment approaches to maximize options for successful client outcomes.
- Develop strategic partnerships with other agencies, funders, and the community.
- Continuously monitor strategic plan to accurately gauge progress toward short term and long term organizational goals.
- Recognize and reward employee contributions to the organization's success.
- Clearly define performance expectations and personal accountability within organization.
- Continually update Information Technology Systems to optimize performance.
- Identify and solicit external assistance when necessary.
- Identify opportunities and extend assistance to collaborative partners when appropriate.
- Remain a customer-focused organization.

## **Overview and Objectives**

### **Existing Market Conditions**

The Richmond Center currently serves Story, Boone, Greene and Carroll Counties. All counties except Story County are listed by SAMHSA (Substance Abuse and Mental Health Services Administration) as Health service Shortage areas. The shortage areas are eligible for certain

grants that will assist staff in repaying education loans. The State of Iowa also has funds available for assistance in recruiting or retaining of Psychiatrists (up to \$40,000 over two years). The Richmond Center, like other mental health centers has experienced staff shortages, these funding sources may assist in addressing staff shortages.

The Richmond Center currently provides the following services:

- Consultations by therapists, nurse practitioners and psychiatrist
- Evaluations by therapists, nurse practitioners and psychiatrist
- Individual therapy by therapists
- Group therapy by therapists
- Nursing services
- Community Support Programs
- Supported Community Living – Habilitation Services
- Social Development Groups – Habilitation Services
- Psychological Testing
- Medication Management by nurse practitioners and psychiatrist
- Crisis Services
- ProtoCall Crisis Line
- Evaluation by ARNP for Jail Diversion Participants

Community and Family Resources currently provides the following services for alcohol, drug abuse and problem gambling:

- Evaluations by bachelors level staff, staff are certified or working toward CADC
- Medically monitored detoxification services provided by nursing staff and supervised by a Medical Director
- Residential treatment for alcohol and drug additions provided by certified bachelors and masters level CADCs.
- Intensive outpatient group and individual therapy for alcohol and drug addiction provided by certified bachelors and masters level CADCs.
- Extended outpatient group and individual therapy for alcohol and drug addiction provided by certified bachelors and masters level CADCs.
- Continuing Care therapy for alcohol and drug addiction provided by certified bachelors and masters level CADCs.
- Halfway House services
- Intensive Outpatient therapy services with housing for problem gamblers provided by certified bachelors and masters level CADCs.
- Outpatient therapy for problem gamblers provided by certified bachelors and masters level CADCs.
- Adolescent outpatient therapy for alcohol and drug addiction provided by certified bachelors and masters level CADCs.
- CFR currently subcontracts adolescent treatment services in Story and Boone County to Youth and Shelter Services.
- Prevention and education services for alcohol, tobacco and other drugs and gambling. These services are provided to schools, workplaces, and the community. These services are provided by Certified Prevention Specialists who are bachelors level staff who are either licensed teachers, graduates is Community Health from Iowa State University or Certified Substance Abuse Counselors.

Gaps in service will be assessed by the transition team, the town hall meetings, Richmond Center staff and CFR staff. This will be an ongoing process over the first year. It is the intent of CFR to not begin any new service unless there is a clear need and a definitive funding source to pay for that service.

The barriers to the management agreement and merger at this point are as follows. As with any venture there is always risk for both parties, however both agencies see this opportunity as a win-win. Statewide there is movement to become both a mental health provider and a substance abuse treatment provider. This is a goal for CFR in the strategic plan completed in May of 2007 by the State Public Policy Group. The Richmond Center Strategic Plan for 2006 to 2011 states the number one goal to be to strengthen the financial health of the center. This merger will accomplish that, as well as provide for some economies of scale.

Additionally, funding for both community mental health centers and substance abuse treatment service providers has been steady or decreasing over the last several years. This is a result of very substantial changes at the Iowa Department of Human Services and other State of Iowa budget constraints. Many of the reasons that we have this situation are out of the control of the Richmond Center, thus a primary goal is to reduce the things that are out our control to come to a more stable financial position.

Community and Family Resources brings a wide variety of resources to the project. Most importantly is the firm belief that this is a positive, stabilizing venture for both agencies and the strongest desire to see it succeed. The key staff of CFR has a wide and varied background and experience that will help them navigate the process. CFR has previous experience with the merger process due to its 2002 merger with the former Center for Addictions Recovery Inc. in Ames. We also have the ability to bring in the outside experts that will help us succeed.

## **Experience and Capabilities**

### **Executive Director – John Hostetler, MS Ed., ACADC**

- **MS** in Counseling from the University of Wisconsin-Platteville
- **BS** in psychology from Iowa State University
- **Iowa Advanced Certified Alcohol and Drug Counselor**
- Advanced Certified Alcohol and Drug Counselor
- 24 years experience in the addictions field
- 13 years experience as the Executive Director of CFR
- Five years experience teaching at the Community College level, as well Director of Counseling Education Program
- Two and a half years as a Co-occurring case manager, trainer and Substance Abuse Care Manager Supervisor at Magellan Behavioral Health

### **Chief Operating Officer – Steve Stonehocker**

- **M.B.A.**, Iowa State University: Ames, IA (Anticipated Dec 2008)
- **B.S.**, Marketing, Iowa State University
- **Iowa Insurance Licenses:** Series 6/63, Life, Health, Property/Casualty, Crop
- Over 18 years of personnel and facility management in the private club, health care, hospitality and insurance industries

### **Chief Financial Officer – Mindie Druery, CPA**

- **MBA** with Accounting Emphasis from Northwest Missouri State University
- **BA** in Accounting from Northwest Missouri State University
- Five years at Community and Family Resources
- Three years experience in public practice; primarily in audit and tax

### **Clinical Director -- Michelle DeLa Riva, MS, LMFT**

- **MS**, Purdue University-Calumet
- **BA**, Psychology, University of Northern Iowa
- **Iowa Licensed Marriage and Family Therapist**
- **Iowa Certified Alcohol and Drug Counselor**
- Three years at Community and Family Resources
- One year as Clinical Supervisor, Oaks Academy for developmentally disabled girls, Manteno, IL
- Two years as Family Preservation Supervisor, Metropolitan Oasis Community Development Center, Gary, IN
- Four years as Program Supervisor, Tri-City Mental Health Center, East Chicago, IL
- Two years as Therapist, Tri-City Mental Health Center, East Chicago, IL

Community and Family Resources would also need the assistance of outside entities. This assistance may be financial, specific subject area expertise or volunteer based. We have listed below the items that we are aware of at this time.

### **Non-staff Assistance Required**

- External Financial Company to provide accounting function and supervision.
- Outside annual audit performed as soon as possible
- Outside Consultant to assist with team building efforts for both agencies and other issues that may arise as the result of the merger. CFR has requested the assistance of the **State Public Policy Group** in this effort. A meeting will be held the week of July 21 to develop a detailed plan.

### **Transition Team**

A transition team will be developed incorporating many community members as a large body, divided into specific areas of expertise and interest. Members of this committee may include the following:

- CFR and Richmond Center Board Members
- Magellan Behavioral Health
- Iowa Department of Public Health
- Iowa Department of Human Services
- Iowa Department of Corrections
- Governors Office of Drug Control Policy
- NAMI
- Iowa Legislators
- Mary Greeley Hospital
- ASSET- City of Ames, ISU-GSB, United Way of Story County and Story County
- CPC's from the four counties
- Richmond Center Staff

- CFR Staff
- Adolescent Service Providers
- ISU Counseling Center
- Media Representation
- Local Medical Community members
- Human Service Providers Round Table Members
- Law Enforcement

Possible topics for the transition team subcommittees could be Recruitment of a Psychiatrist and additional staffing needs, License review preparation group (license review is scheduled for around September of this year), License change planning group, location integration planning group, service gap identification group, additional funding avenues group. These are few of the early ideas. There will certainly be more issues as we start down the road.

## **Development and Marketing Plan**

The goal of the marketing plan for the Richmond Center while under the management agreement and continuing as the agencies are merged will be to positively shape the area wide image of the Richmond Center to be a *center of excellence and the provider of choice*. We will accomplish this by doing the following:

- Develop a new logo that is easily associated with the Richmond Center
- Begin or enhance a monthly newsletter to be distributed electronically to consumers, stakeholders and the community
- Develop an advisory committee in each county served by the Richmond Center. The representatives will help guide the agency to meet the specific needs in each county.
- Sponsor a series of town hall type meeting for specific groups. These groups will be consumers, stakeholder and the community. The series of three meetings will be conducted at approximately month one of the management agreement, month six and month 12. The purpose is to determine what these groups see as gaps in service, other community needs that the mental health center can provide and suggestions on how to meet the needs, as well as be the start of a volunteer pool.
- Develop a series of Public Service Announcements for local radio, newspaper and television to convey a new energized message for the center.
- The Director and staff assigned to the Richmond Center from CFR will make a concerted effort to be a presence in the community and pursue the Richmond Center mission as well as the CFR mission.

## **Financial**

Community and Family Resources is performing its due diligence at this time and has discovered some areas that we know will need outside assistance in completing. Some of this assistance is financial and some of it will need to be provided by experts. The following is what we've identified at the current time based on available information.

- External annual audit completed as soon as possible. (Estimated cost \$5,000). This may be in process at this time; however, we would request a pre-audit conference with ASSET representatives and the audit firm.

- Payroll subcontracting for approximately six to 12 months
- External Financial Company to provide accounting function and supervision. Estimated at approximately \$500.00 per week for six months to one year.
- An outside expert to assist with refined development plan which includes all stakeholders, we have contacted the State Public Policy Group and will meet with them the week of July 21 to discuss the needs in more detail. Estimated cost \$15,000 - \$20,000.
- An immediate financial need is to find funding to allow for employee raises. Employees have not had a raise in over three years. They are a loyal and dedicated staff that needs to be assured of their value. The current salary cost according to the ASSET application is \$1,160,487.00. A three percent across the board raise would cost \$34,814 annually. A five percent raise across the board would cost \$58,024. The costs are of course, estimates and will vary slightly due to the fact that not all of the staff will stay when the management agreement is signed.
- It is apparent that the existing location of the Richmond Center will not be a long term solution. Moving expenses need to be considered, whether to new space or to the human service campus. The estimated cost of this move is unknown at this time.
- The self-insured unemployment pool is also a serious concern that will need to be addressed immediately. Iowa Workforce Development has indicated we must pay premiums for 1 year to get out of being self insured which means with layoffs all payment must come from the Richmond Center.
- Possible consultant to assist with staff team building and cultural integration (Could be assisted through ISU Extension possibly)
- One payroll in reserve just in case it is needed as a stop gap

\* It is my belief that all money given for non- services support to the Richmond Center should be paid back. I would structure the payback based upon hitting a threshold of 3 months of reserve funding holdings then begin the process of a structured repayment plan. .

Other financial strategies that would occur immediately upon the execution of the management agreement are:

- The Employee Assistance Contract function be examined to see if additional contracts can be secured
- Work on additional strategies to reduce the client no show rate
- We will also work to combine our office locations in Boone County to realize some economies of scale.
- CFR will also work with local employers to explore the possibility of getting an employee on loan.

### **Assets**

The physical assets of the Richmond Center will need to be assessed. This will involve inventory of course, but as the merger approaches their systems (phone, computer, servers, etc.) will need to be integrated with CFR's. This may be a substantial cost. At this time it is unknown. Community and Family Resources has recently expended substantial resources into updating not only our computers, but our servers and is in the process of implementing an integrated paperless client filing and billing system.



## ATTACHMENT A

Listed below is a request of a series of items in progress with the mental health center, not all of the items have been completed as of 7-11-08. These items will need to be received and thoroughly evaluated as we continue on the road to merger.

1. Determination of Interest
2. Agreement to Proceed
3. Non-Disclosure Agreement
4. Initial Due Diligence (checklist)
  - A. Five years of audited financial statements
    1. Income and expenditure statements
    2. Balance sheet
    3. Cash flow statement
    4. Explanation of assets and liabilities
    5. Aging of receivables
    6. Description of long-term debt
    7. Off balance sheet financing, e.g. leases (operating leases)
    8. Retirement benefits, status of retirement funds
    9. Healthcare benefits, status of health care funds
    10. Pending litigation
  - B. Calculation of key financial ratios
  - C. Calculation of organizational value
  - D. Complete organizational chart
  - E. Articles of Incorporation and By-laws
  - F. Debt covenants
  - G. Contracts to provide services, i.e. state, county, United Way, etc
  - H. Five years of service utilization by type of service
  - I. Employment agreements/contracts
    1. Physicians
    2. Senior management (golden parachutes, golden handcuffs)
    3. Contracted services
  - J. Market share by service types
  - K. Strategic Plans
  - L. Accreditation, licensure and OSHA surveys
  - M. Malpractice claims history
  - N. Other
5. Assessed Valuation(s)
6. Merger Planning

## Attachment B – Letters of Support

John,

Thank you so much for our recent meeting. It was beneficial to review the proposed management agreement and vision for CFR and Richmond Center. I am optimistic that we can work together to improve community based behavioral health services. As requested by Lynn Whisler, Vice President, she would like for you to outline how you would like Mary Greeley Medical Center to assist with the recruitment of a psychiatrist to the community. This will allow us to further explore our ability to assist in this process. I would also like to offer my experience and knowledge in behavioral health services to assist in what ever way I can. I have experience with the Chapter 24 survey process and other accrediting bodies and have had the opportunity to be part of numerous state and local work groups to address issues facing the behavioral health environment. I would welcome continued dialogue with you to prioritize the most critical needs that we have in the community related to behavioral health care and look forward to our meeting next week.

*Christine Krause, MS*

*Director of Behavioral Health Services*

*Mary Greeley Medical Center*

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"The path to restore your life"

July 11, 2008

To Whom It May Concern,

I am writing this letter to offer not only our philosophical support to the proposed merger between Community and Family Resources (CFR) and the Richmond Center but our material support as well. Research indicates that 60 percent of mental health clients have substance abuse issues and 50 percent of substance abuse clients have mental health issues. It is in their best interest that such mergers be implemented. Clients can easily be lost in the system without this kind of integration which reduces their barriers to treatment and success.

We have been working for some time on implementing a new billing and electronic health records software system as has CFR. We have chosen the same vendor thus saving us both resources not only of money, but in time. The more like our agencies become, the more we can then leverage such practical sales to provide more effective services. Pathways will make our staff available to provide assistance to CFR with the processes and integration of programs and technical assistance with the mental health system including the integration of the clinical software system we both use to include the mental health system.

Finally, all inclusive organizations are the wave of the future. At the federal level it is being aggressively promoted for all the right reasons. Pathways merged with the Cedar Valley Mental Health Center in 2006, and yes there are growing pains, however, in the long run it has begun to position Pathways to be a leader in the field.

*Chris Hoffman*  
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