

CHIEF EXECUTIVE OFFICER'S REPORT

JUNE 2016

Netsmart – We are scheduled to go live July 1 2016. In the last two days we have heard that there has been key staff turnover at Netsmart. The new person in charge has reassessed the work flow and is concerned that they will not be able to go live. The series of meeting currently going on suggest that if enough resources are applied that we truly can go live. We are waiting to see if Netsmart will pull the plug or actually say that they will go live. The concerns that we have is that we are so far into preparing to go live that this could cause a big train wreck on our side. Also if we do not go live we will have to operate two systems that will create its own set of problems that we do not want to deal with. At this point we are holding back on making the final payment because the deliverable will not be met.

Community Corrections – We finally have an unofficial version of our IRT allocation, which are 6 beds short of our current operation of 36 beds. We hope to get the official version before the end of June. I am sad to learn that we did not get our RFP request of 48 beds. The only way to make this shortage up is to bring more in on the community side or to gamble that we will get paid at the end of the year because of underutilization. We are still assessing our options. Denis Jiron is doing a good job in her position as acting Director. Upper management is supporting her and working close to make sure she can respond to ongoing facility matters with confidence.

We are sharing information with an interested buyer but it is very preliminary at this stage. More to come in the next two months.

Revenue Update – We have been on the State roller coaster for the last few months and we still do not know if there is another surprise around the corner. We think that with the overall changes with population and rate reduction we are not going to recommend amending our budget at this time. There are enough changes on both sides that bring us back to the 2016 budget you have authorized. We will provide details of the events that brought us to this point at the board meeting.

Integrated Clinic with VW – We have made some progress with the facility development. The signage is up and very inviting. We understand that the final inventory of medical equipment and related furniture is ready to be ordered. We are waiting for the final draft of the MOU and other related documents. We do not know when they will be completed at this time. We have third party information that Gigi is working hard on her health challenges and as always we wish the very best.

The joint visit to Durango went very well and all who attended had great things to say about the event. We were there for two days and had wonderful hosts. This group is on to opening up other integrated locations and the most recent will be in Pagosa Springs. We still do not have a definite opening date and will have to wait to see how this develops. We are concerned that the new software implementation and a possible fall opening date for the clinic will be a very demanding schedule.

ICHP – The new director has settled in and is now trying to understand the politics of the board and that of the communities we serve. She drafted a strategic plan for our review and we think that she is on the right track. I do not see anytime soon the balance of power shifting given the board makeup, but the rest is very well thought out. She is asking for feedback from the members and really wants to see a better company as she helps us maneuver around the land mines.