



STEELE COUNTY BOARD OF COMMISSIONERS WORK SESSION AGENDA

Administration Center - 630 Florence Avenue – Owatonna, MN 55060

*Steele County's Mission:
Driven to deliver quality services in a respectful and fiscally responsible way.*

TUESDAY, MAY 9, 2023 AT 4:00 PM
County Boardroom, Steele County Administration Center

Agenda

1. Call to Order
2. Attorney Appointment Discussion (pg. 2)
3. Other Business

Presentation

4. South Country Health Alliance (30 minutes) (pg. 7)
2022 YE Financials, Scott Schufman CFO
2023-2025 Strategic Plan, Leota Lind, CEO
Legislative Update, Leota Lind, CEO

Adjourn

Disclaimer: This agenda has been prepared to provide information regarding an upcoming meeting of the Steele County Board of Commissioners. This document does not claim to be complete and is subject to change.



Steele County Agenda Item

Subject: County Attorney Appointment

Department: Administrator's Office

Committee Meeting Date: May 9, 2023

Board Meeting Date: May 9, 2022

Consent Agenda: ☐ Yes ☐ No

Resolution: ☐ Yes ☐ No

Recommendation:

Discussion item with possible action.

Background (*Including Budget Impact*):

Current County Attorney, Dan McIntosh, has submitted his resignation letter, effective May 13, 2023. Pursuant to MN Statute 375.08, when a vacancy occurs in the office of an elected official the county board shall fill it by appointment. The person appointed shall serve the remainder of the term. When a vacancy occurs in an office that has a chief deputy or first assistant, the chief deputy or first assistant may perform all the duties and functions of the office until it is filled by appointment by the county board.

There are two options to fill this vacancy by appointment:

- 1) Appoint the current Chief Deputy Attorney to serve out the term through 2026.
- 2) Initiate an open process to solicit for qualified applicants to fill the vacancy and conduct an applicant review and selection procedure.

Attachments:

Resignation Letter

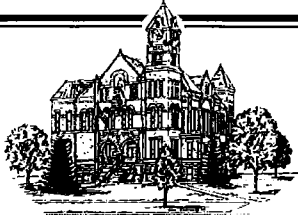
MN Statutes 375.08

Letters of Recommendation

STEELE COUNTY

Attorney

DANIEL A. McINTOSH, COUNTY ATTORNEY



April 7, 2023

Commissioner Greg Krueger
Board Chair, Steele County Board of Commissioners
630 Florence Avenue
Owatonna, MN 55060

Dear Commissioner Krueger,

I am writing to inform you that I am resigning my position as Steele County Attorney, effective May 13, 2023.

Pursuant to Minn. Stat. §375.08, Chief Deputy County Attorney Julia Forbes will assume the duties of the office of County Attorney upon my resignation until the County Board appoints a County Attorney to serve the balance of the current term. It is my strong recommendation that Chief Deputy Forbes be appointed as County Attorney to serve out the current term because she has the knowledge, experience, judgment, and institutional familiarity to seamlessly assume leadership of the office and serve the people of Steele County.

Sincerely,



Daniel A. McIntosh
Steele County Attorney

CC: Scott Golberg, Steele County Administrator
Julie Johnson, Director of Human Services

375.08 BOARD TO FILL VACANCIES IN COUNTY OFFICES.

When a vacancy occurs in the office of an elected county auditor, county treasurer, county recorder, sheriff, county attorney, county surveyor, or coroner, the county board shall fill it by appointment. For that purpose it shall meet at the usual place of meeting, upon one day's notice from the chair or clerk, which shall be served personally upon each member in the same manner as a district court summons. The person appointed shall give the bond and take the oath required by law, and serve the remainder of the term, and until a successor qualifies. When a vacancy occurs in an office that has a chief deputy or first assistant, the chief deputy or first assistant may perform all the duties and functions of the office until it is filled by appointment by the county board.

History: (659) *RL s 425; 1939 c 153; 1976 c 181 s 2; 1978 c 706 s 65; 1984 c 629 s 2; 1986 c 444; 1Sp2019 c 10 art 2 s 17*

**JAMES S. COLE
MANAGING ATTORNEY OWATONNA
PUBLIC DEFENDER OFFICE**

April 25, 2023

To: Steele County Board of Commissioners
Steele County Administration
630 Florence Ave, Owatonna, MN 55060

RE: Julia Forbes Letter of Support

Dear Commissioners:

My name is Jim Cole and I am writing to you to strongly recommend that Julia Forbes be appointed as Steele County Attorney. I have had the unique experience of both working with and working across the aisle from Julia. In my role as an Assistant Steele County Attorney, I worked alongside Julia daily. I witnessed her work ethic and preparedness. She is an advocate and fighter for the victims of crimes and the citizens of Steele County. Julia was a great co-worker. She was an intricate part of the prosecuting team and shared her knowledge and skills willingly with others.

As manager of the Owatonna Public Defender's Office, I have the job of making sure my attorneys are prepared for her intelligent arguments and can match her skills in the court room. Julia is not afraid to try a case and will do so if justice demands it.

Julia has been tough when the job demands, but is professional, courteous and willing to help when addressing the needs of the Court and the scheduling of cases. Julia and Mr. McIntosh are a big part of the reason that Steele County virtually had no backlog of cases coming out of the pandemic.

As a former Steele County Resident for more than twenty years, I can say without reservation that Julia Forbes is the right choice for County Attorney.

James S. Cole



135 West Main Street
Owatonna, MN 55060
607-456-0131



OWATONNA POLICE DEPARTMENT

Jeffrey E. Mundale
Chief of Police

204 East Pearl St., Owatonna, MN 55060
Phone: (507) 774-7202

May 1, 2023

Steele County Board of Commissioners
Steele County Administration Building
630 Florence Ave, PO Box 890
Owatonna, MN 55060

Greetings Commissioners:

I am writing in response to the resignation of Steele County Attorney Mr. Daniel McIntosh and the vacancy this will create for the Steele County Attorney's Office.

As you are preparing to find a replacement to complete the term for our County Attorney, I am writing to recommend the appointment of Ms. Julia Forbes to this important leadership role. Over the past 10 years working with Ms. Forbes in her role as the Assistant Steele County Attorney, she has demonstrated expert knowledge in criminal law and procedure. Ms. Forbes has served an important role and a commitment to community safety with an emphasis prosecuting felony level offenders. It is through this partnership supporting the Owatonna Police Department and advocating for crime victims that we have a high clearance rate and the lowest crime rate in our region. Ms. Forbes and the team at the Steele County Attorney's Office have been instrumental in this success.

In her tenure as assistant county attorney, Ms. Forbes has established positive and cohesive working relationships with the staff at the Owatonna Police Department. Ms. Forbes is responsive to our interests in staying current in legal updates, legal interpretation, and has facilitated criminal law training for our licensed peace officers. I trust Ms. Forbes will continue to serve us and our community with confidence.

For these reasons, I recommend Ms. Julia Forbes to be appointed as Steele County Attorney. If you have any questions, please call me at (507) 774-7202.

Respectfully,

A handwritten signature in black ink that reads "Jeffrey E. Mundale". The signature is written in a cursive, flowing style.

Jeffrey E. Mundale
Chief of Police

MEMBER COUNTY BOARD 2023 REPORT

Leota Lind, CEO
Scott Schufman, CFO



2022 Year-end Financial Results



2022 Year-End Audit

CliftonLarsonAllen (CLA) completed their financial audit of South Country for 2022:

- No difficulties encountered in performing the audit.
- No misstatements.
- No audit adjustments.
- Opinion - Statutory financial statements present fairly, in all material respects, the admitted assets, liabilities, and surplus of South Country Health Alliance, and the results of its operations and its cash flows, on the basis of the financial reporting provisions of the Department of Health of the State of Minnesota.



2022 Results

South Country finished 2022 at a net income of \$17.6M versus a budget of \$3.8M and compared to net income of \$3.8M in 2021.

Highlights included:

- Lower than anticipated medical claims costs for all lines.
- All lines of business, except for Minnesota Care and AbilityCare, were profitable.
- Earned additional Medicare frailty factor revenue of \$1.7M (for SeniorCare Complete).
- Includes a \$3.3 million provision for Federal Minimum Loss Ratio (MLR) amounts payable for the PMAP, MSC+, SingleCare (SNBC), and SharedCare (SNBC) lines of business.
- Overall loss ratio of 87.0% versus budget of 91.3% and prior year of 90.5%.
- Administrative expense to revenue ratio of 7.0% versus a budget of 7.3% and compared to 7.9% in 2021.
- Risk-Based Capital ratio at 451%.

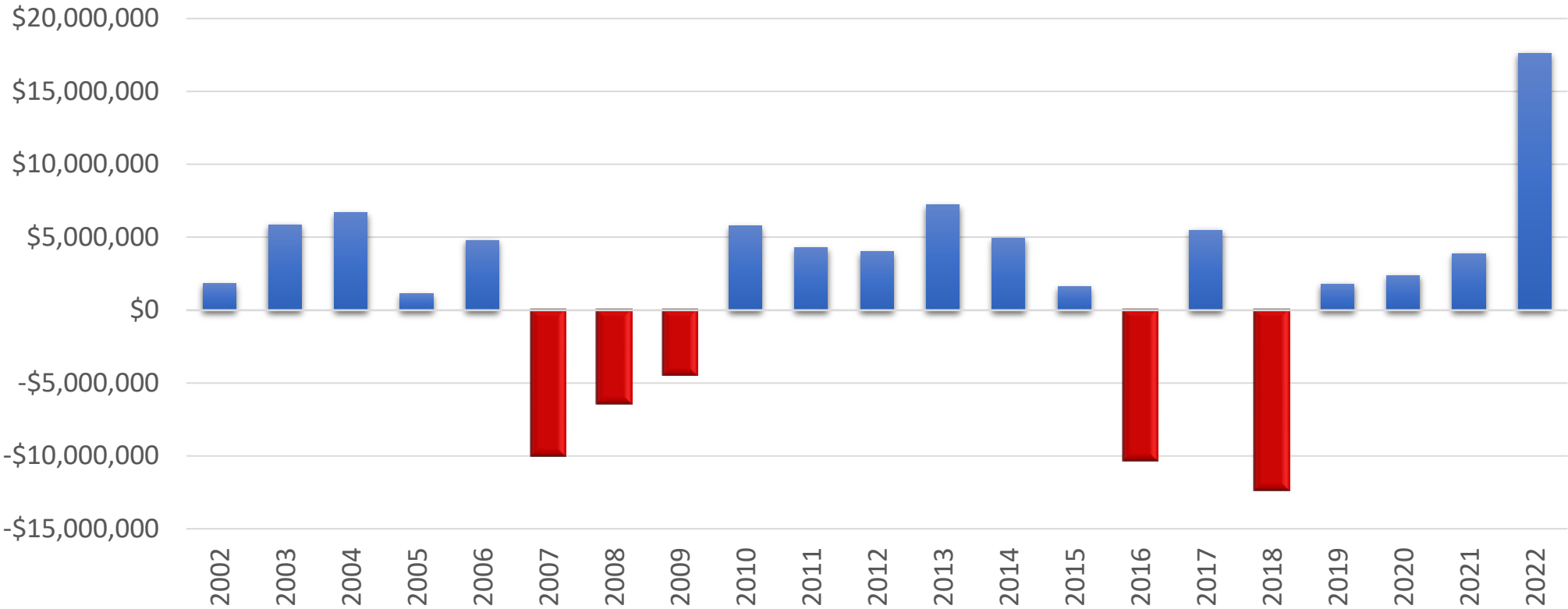
Financial Results

Statement of Net
Income (for twelve
months ending
December 31, 2022)

	December 2022 Actual	December 2022 Budget	Favorable/ (Unfavorable)	December 2021 Actual	Favorable/ (Unfavorable)
TOTAL REVENUES*	\$ 277,611,362	\$ 277,106,526	504,836	245,647,193	31,964,168
TOTAL PROGRAM EXPENSES	241,494,502	252,947,986	11,453,484	222,196,915	(19,297,587)
LOSS RATIO	87.0%	91.3%	4.3%	90.5%	3.5%
<u>ADMINISTRATIVE EXPENSES</u>					
EMPLOYEE RELATED	9,968,411	10,424,709	456,298	9,576,542	(391,870)
OTHER ADMIN EXPENSES	3,495,757	3,992,604	496,847	4,099,499	603,741
TPA FEES	5,774,634	5,695,385	(79,249)	5,479,717	(294,917)
CLAIMS ADJUSTMENT EXPENSES	80,968	0	(80,968)	136,126	55,158
TOTAL ADMIN EXPENSES	19,319,771	20,112,698	792,927	19,291,882	(27,889)
OPERATING INCOME	16,797,088	4,045,842	12,751,246	4,158,396	12,638,692
INTEREST EXPENSE	(211,857)	(226,842)	14,985	(294,527)	82,670
INVESTMENT INCOME	1,035,486	6,000	1,029,486	6,899	1,028,586
NET INCOME (LOSS)	\$ 17,620,716	\$ 3,825,000	13,795,716	3,870,769	13,749,948
MEMBER MONTHS	387,417	378,880	8,537	361,321	26,096
			8,537		
Admin Expense PMPM	\$49.87	\$53.08	\$3.21	\$53.39	\$3.52
Admin Expense Ratio to Revenue	7.0%	7.3%	0.3%	7.9%	0.9%
TPA Fees PMPM	\$14.91	\$15.03	\$0.12	\$15.17	\$0.26

*Revenue shown includes \$3.3M provision for Federal Medical Loss Ratio (MLR) payable to DHS/CMS.

Historical Net Income (Loss)

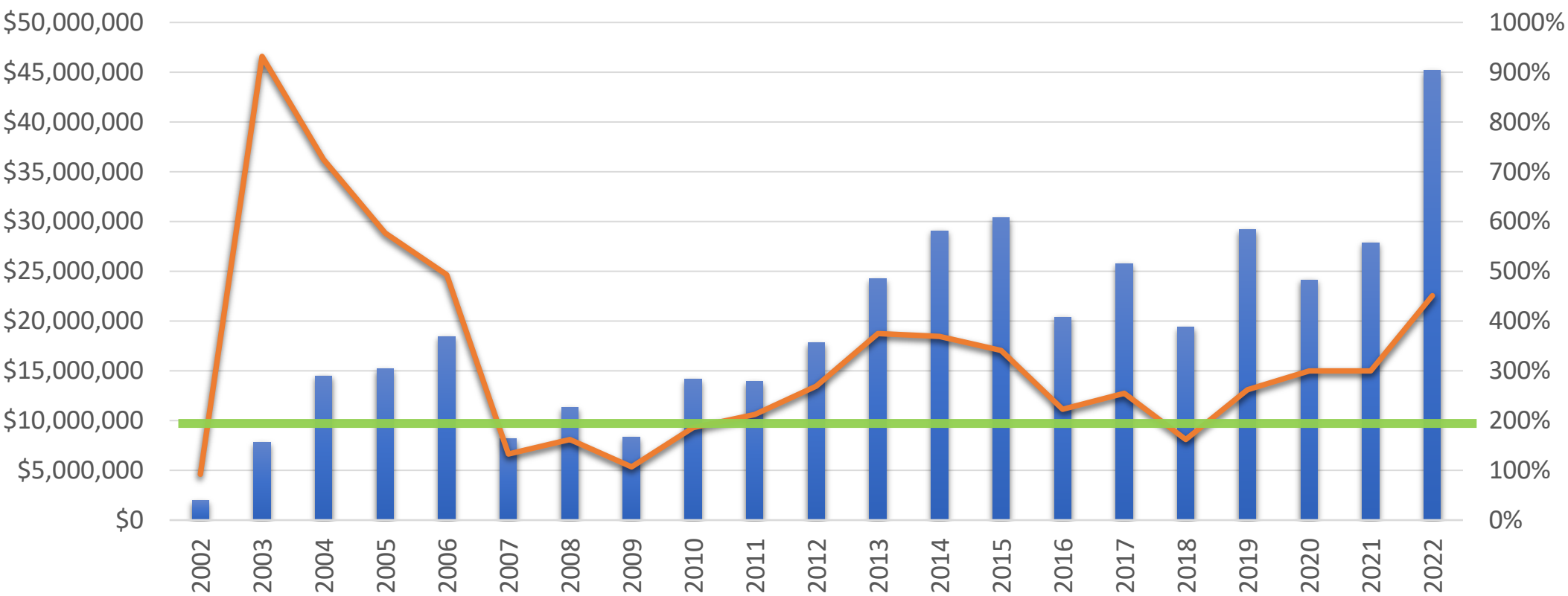


- From 2002 to 2022, South Country has generated a net surplus in 16 of the 21 years totaling \$36 million.



Historical Capital & Surplus w/RBC

With the exception of the first full year following start-up, South Country's RBC position has been above the regulatory requirement in all but 4 years.





2022 Capital and Surplus

2022						
County	Total Member Months	Percentage of Total Member Months	12/31/21 Capital Surplus	Paid In/ Out	Net Income / Nonadmitted Asset Allocation	12/31/22 Capital Surplus
Brown	28,994	7.65%	\$ 3,263,165	\$ -	\$ 1,323,902	\$ 4,587,067
Dodge	15,652	4.13%	\$ 1,713,419	\$ -	\$ 714,690	\$ 2,428,109
Freeborn	-	0.00%	\$ -	\$ -	\$ -	\$ -
Goodhue	90,127	23.77%	\$ 5,738,205	\$ -	\$ 4,115,310	\$ 9,853,515
Kanabec	50,282	13.26%	\$ 3,476,798	\$ -	\$ 2,295,938	\$ 5,772,736
Sibley	30,910	8.15%	\$ 2,292,743	\$ -	\$ 1,411,389	\$ 3,704,132
Steele	94,925	25.04%	\$ 6,326,898	\$ -	\$ 4,334,392	\$ 10,661,290
Wabasha	18,593	4.90%	\$ 1,653,315	\$ -	\$ 848,979	\$ 2,502,294
Waseca	49,678	13.10%	\$ 3,405,245	\$ -	\$ 2,268,359	\$ 5,673,604
Cass	-	0.00%	\$ -	\$ -	\$ -	\$ -
Crow Wing	-	0.00%	\$ -	\$ -	\$ -	\$ -
Morrison	-	0.00%	\$ -	\$ -	\$ -	\$ -
Todd	-	0.00%	\$ -	\$ -	\$ -	\$ -
Wadena	-	0.00%	\$ -	\$ -	\$ -	\$ -
Totals	379,161	100.00%	\$ 27,869,788	\$ -	\$ 17,312,957	\$ 45,182,745





2023 Budget

South Country's 2023 budget calls for net income of \$3,005,000.

Key assumptions included:

- Membership decrease of 3% due to ending of the Federal Public Health Emergency.
- Revenue on PMPM basis up due to relatively moderate increases in capitation rates in MNCare, Seniors, SNBC, and Medicare lines. PMAP revenue down approximately 1% on a PMPM basis.
- Medical claims costs up on a PMPM basis due to higher utilization and increased unit cost trend assumptions in both medical and pharmacy costs.
- Member Program Investment (Delfina Pre-Natal/Post-Partum project)
- Loss ratio of 90.6% versus prior year of 87.0%.
- Administrative expense to revenue ratio of 8.5%.
 - Increase in legal fees and marketing budgets
 - Provider contract redesign project
 - System enhancements (TruCare, Disaster Recovery, Security)
 - HEDIS* (rate; chart chases)

* Developed by NCQA (Healthcare Effectiveness Data and Information Set)



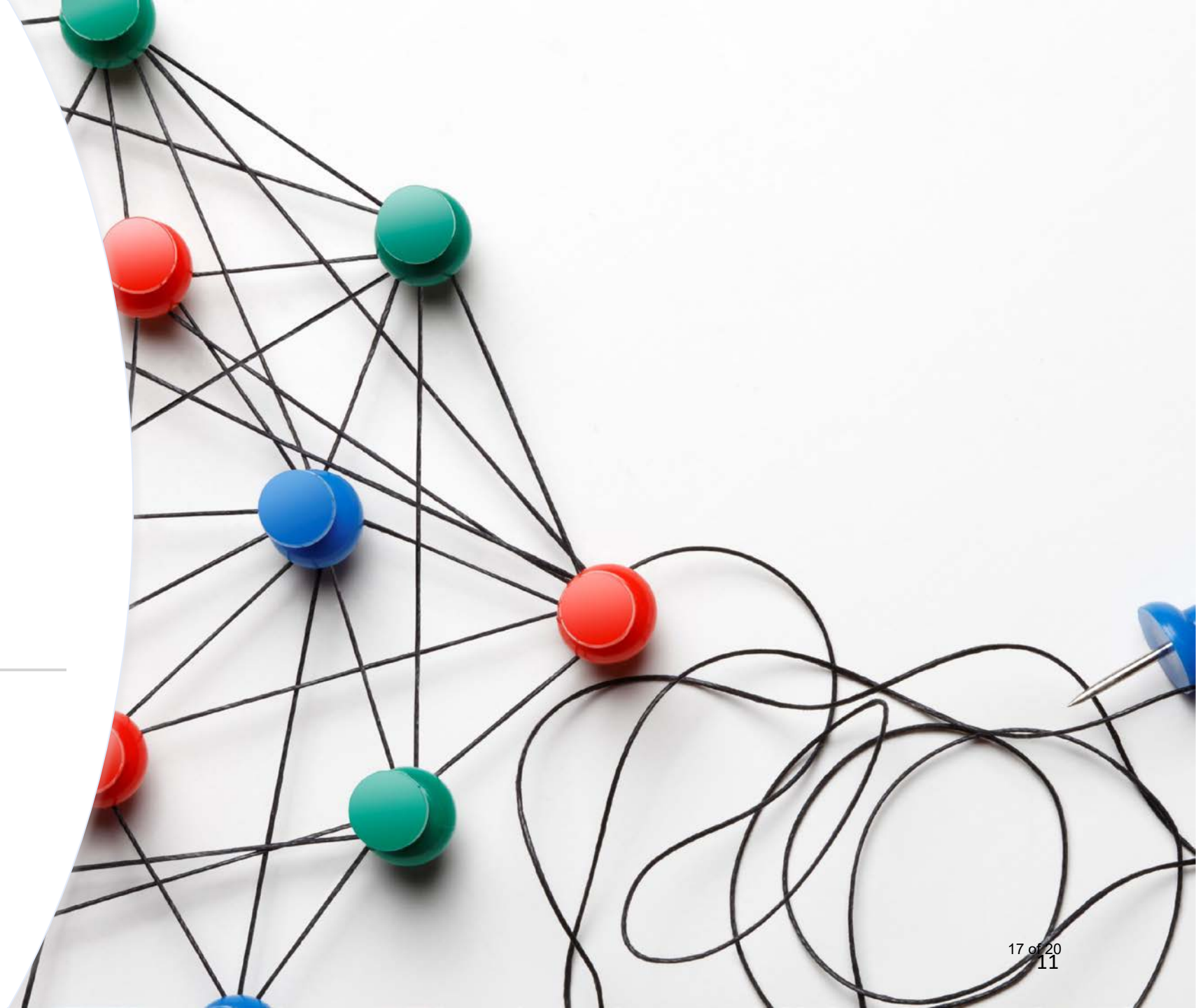
2023 Budget versus 2022 Results

	<u>2023 Budget</u>	<u>2022 Actual</u>	<u>Change</u>
Member Months	367,937	387,417	-5.0%
Revenue	\$ 265,594,404	\$ 277,611,362	-4.3%
Program Expenses	<u>240,708,939</u>	<u>241,494,502</u>	-0.3%
Net Margin	24,885,465	36,116,860	-31.1%
Admin Expenses	<u>22,480,465</u>	<u>19,531,630</u>	15.1%
Operating Income	2,405,000	16,585,230	-85.5%
Investment Income	<u>600,000</u>	<u>1,035,486</u>	-42.1%
Net Income	<u>\$ 3,005,000</u>	<u>\$ 17,620,716</u>	-82.9%
Loss Ratio	90.6%	87.0%	3.6
Admin Expense	8.5%	7.0%	1.5
Federal MLR Payable	\$ -	\$ (3,278,535)	





2023-2025 Strategic Plan





Strategic Priorities

Priority 1:

Work collaboratively with DHS to solidify the role of County Based Purchasing (CBP) in delivery of Minnesota Health Care Programs.

Priority 2:

Work with CBPs to educate Minnesota/Federal legislators and County Commissioners about the unique value, health outcomes, and economic impact of CBP as well as examples of successful legislative strategies they can support.



Strategic Priorities

Priority 3:

Identify key messages for a marketing campaign to our members, the public, our partners, providers, and counties. Consider developing an alternative name to CBP that clarifies how we incubate and innovate.

Priority 4:

Evaluate and develop programs and services offered to address Social Determinants of Health (SDoH) and health equity to members.



Strategic Priorities

Priority 5:

Work with Minnesota Community Measurement to develop tools and measures that compare rural and urban health care data re: utilization, cost and member outcomes.