

MEETING MINUTES

November 20, 2013

GOVERNOR'S COMMITTEE FOR THE PURCHASE OF COMMODITIES AND SERVICES FROM THE HANDICAPPED

The meeting was called to order by Chairperson Cedric Greene at 10:00 a.m. November 20, 2013 at the WVARF office located at 400 Allen Drive, Charleston, West Virginia.

ATTENDANCE: Cedric Greene, (Chairperson); William "Bill" Monterosso, Executive Director; Brenda Bates; Everette Sullivan; Carol Jarrett, Recording Secretary.

ABSENT: Aaron Jones
Gary Wolfe
Phillip Mason

WVARF Staff: William "Bill" Monterosso
Aaron Jones
Mark Jackson
Gary Wolfe

Attended by Conference Call: Jan Smith

Guests: Cheri Bever, Goodwill of Kanawha Valley
Joyce Birley, Goodwill of Kanawha Valley
Dave Williams, WV State Auditor's Office
Dawn Warfield, WV State Auditor's Office
Jack Holcomb, Precision Services
Steve Smith, Precision Services

COMMITTEE CHAIR REPORT:

Mr. Greene, good morning and welcome to the Governor's Committee. We do have a quorum. I'm Cedric Greene and we have had an introduction of guests.

Mr. Sullivan, Cedric did we ever get any new members to take Mr. Mason's place.

Mr. Greene, we have two vacancies, Mr. Mason and Jan Lilly-Stewart.

Mr. Greene, we have Jan on the telephone, good morning Jan, we have taken roll call.

Mr. Greene, you should all have the minutes from October 16th. We do not have the minutes for October 30th and we will approve those at our December meeting.

MOTION #1

Mr. Sullivan, Mr. Chairman, if there are no corrections or objections to the minutes, I move they be approved. Ms. Smith seconded. Motion passed.

Mr. Greene, Brenda and I attended the State Use Awards ceremony and that was very nice. I had attended one at PACE about three weeks ago and it is really nice to go to those functions and visit with those people who lead from the front as it relates to assisting those with disabilities to ensure that they have opportunities and that they be acknowledged and awarded for their work and dedication to the program.

EXECUTIVE SECRETARY'S REPORT:

\$5,055.00 -	Annual Allocation
0.00 -	A/P Personal Expenses (Act. 001)
0.00 -	A/P Employee Benefits (Act. 010)
50.00 -	Total A/P Current Expenses
391.41-	Total Disbursements (Act. 130)
<u>57.00</u> -	Transfer Out
\$4,556.59 -	Balance Remaining

EXECUTIVE DIRECTOR'S REPORT:

Mr. Monterosso, we had the banquet on November 12th and I appreciate Cedric and Brenda being there and we missed you Everette. It is nice to recognize those individuals.

Mr. Greene, Jan I'm sorry, you were there as well and I apologize for that.

Ms. Smith, not a problem.

Mr. Monterosso, Gary and Aaron are at ISSA training. Gary is getting his SIMS certification which is an oversight of state use contracts and efficiencies.

One of the things that we have been working on and it will be part of our discussion when we get to the contract portion is obviously recessing the facilities, making sure the square footage is right, looking at the integrity of the process. Gary has been working on the assessment, measuring those kinds of things. Mark has been working on developing and streamlining the way that would work load and looking at trying to be as cost effective as possible. One of the things that we will probably spend some significant time on today is the Affordable Health Care portion of those contracts and I'll be asking for some direction from the Governor's Committee as to how we need to proceed and expedite that process as this is November and we want to get these contracts approved. The contracts have been taking a lot of time in making sure they are accurate and correct.

Mr. Greene, due to the bulk of the contracts we will go on to the Auditor's request, their presentation but prior to doing that I just want to state that Jan, Mary just mailed the minutes of October 30th and as you have time throughout this conference call if you could look over that as well as Brenda and Everette and if you see any concerns, please bring those up and if there is a motion at the end of the meeting we will go ahead and approve October 30th minutes, but I did want you all to look over the minutes prior to making a motion, if in fact, there is a motion.

Mr. Williams, I got the pricing from Mr. Monterosso where Precision had adjusted their pricing based upon the assumption of their buying a piece of equipment. The pricing looked a lot better; unfortunately, I cannot tell you what we are going to do at this point. The Auditor is in New York until tomorrow, so I haven't been able to meet with him. But, based on prior conversations that I have had with him it is my belief that we probably still won't do it. I think the biggest reason for not doing it now is not so much in my view at least; pricing may still be an obstacle in his view but the volumes that you are quoting is still a point and 1/2 and 1/3 of what the other vendors have quoted. That to me means you are going to make the project extend out much longer and I have a little heartburn with that. The long and short of it is the pricing looks a lot better, the volume is still not where they should be. I know the Auditor is somewhat cost sensitive but then again I haven't had the opportunity to address it with him and I'm not sure what his position will be. I did send the Committee Members that was on Mr. Monterosso's email a copy of the comparisons that I have done from the vendors as was agreed to the prior Executive Session and I ask if you keep those numbers confidential.

Mr. Holcomb, on our monthly volumes I was estimating a total around 121,000 images per month, are we way off from what you said our competitors pricings? One of the things I did to come up with that number Mr. Williams, you said this would – may be a multi-year project. You weren't looking to have all this done within a year. Based on the volume count that I gave you I was estimating that it would take us about 28-30 months to complete the project, about a 2 1/2 year project. I didn't want to jack those numbers up so high that we wouldn't be able to fulfill our part of the deal + those numbers I am saying we can do 28,000 of the large format documents. If we have the two work stations we will have a scanner for the smaller documents and a scanner for the large format documents. If we have to do the visual quality there also, there is 20 working days in a month, we can't scan all working days, we will have to stop and do the visual quality. We can do a lot more, I am just estimating doing so much scanning and doing the visual quality.

Ms. Warfield, that doesn't change whether you double blind or not?

Mr. Holcomb, we did the double wide and double blind. The indexing we would do at our office and we would just throw an extra person in there so that will not slow anything up.

Mr. Smith, one thing we talked about doing and I don't know if it would be ok with you guys or not was to scan the documents on your site and then do the visual quality back at our office provided that the pages were numbered and we would be able to do a good job of visual quality.

Mr. Holcomb, no, without the actual document in front of us to compare to what is on the computer screen. We would need the actual document there to look at to compare what is on the computer screen.

Mr. Smith, to get good quality control you are looking at least for every hour that you scan the higher speed scanners are even faster, but for every hour that you scan you are looking at three or four hours of going through page by page and verifying all those documents are there. If you scan all the time, yeah you can do a whole lot, but if you are actually going to do good visual quality control ...

Mr. Holcomb, typically we have our speed scanner at the office and it is running eight hours a day, we usually have three visual quality people doing the work for what that one person is doing.

Mr. Monterosso, I know what Precision's estimates are and if I take 2 ½ or ...

Mr. Williams, I will give you a number. One of the vendors who I would consider to be a reputable vendor, they quoted 63,000 large documents a month and 289,000 small documents. That is 352,000 documents a month compared to 121,000 you referenced a moment ago.

Mr. Holcomb, they are saying they can do 289,000 small ones and divide that by 20 working days and they are going to scan 15,000 + do visual quality.

Mr. Williams, they have the same specifications that I shared with you and the other vendors.

Mr. Holcomb, I'm just trying to figure out how they can scan that many and do the visual quality at the same time.

Mr. Williams, a faster scanner I assume.

Mr. Monterosso, Precision just acquired a \$120,000 document. The large images will be able to scan 800 – 1000 images per hour that is 120,000 per month, which is just canning. It is not about how much you can scan – the smaller images they can scan a million images a month. If you look at numbers, using your numbers you are going to large documents what that reputable company said they could do is scan image, proof, correct seven documents every minute, that is what that equates to. The smaller images they say they can do 30 images per minute of everything from nuts to soup. It is about the end result that we are looking at because worst case scenario or best case scenario those images are fairly clean and that is back in the 1920's.

Mr. Holcomb, if the pages are decent and some of it is hand written. Part of the process is when you do the visual quality if you are bringing up a document that has been hand written back in 1927 in pencil it might be light and you would have to take that document and rescan it and rescanning that document we are not getting paid to rescan that document, that is included in that cost.

Ms. Bates, does the price change based upon the volume, is the price based upon the total?

Mr. Holcomb, the price I gave is the lowest possible price.

Ms. Bates, if they have a million documents to be scanned and you do it over 28 months, you are not charging them anymore, I mean you are not charging them an amount per year; it's the total project, correct? So the pricing is good, the volume is bad. My understanding is that it was going to be over a longer period of time and that was ok with the Auditor's office. To me it seems as if the price is within the realms of fair market price and the documents have been there for a long time and there is a possibility that the Auditor's office may not even do it. To me I think that you have done a good job at trying to come up with a reasonable price and that is what we are looking at is the fair market price. That is my take on it. I think we have to as a Committee I think the state use program is a unique program, it is not all about price, it's about individuals with disabilities having jobs and sometimes just for instance, some of our projects for individuals with disabilities have worked years and years and years and Everett really keeps us on track on that. We try to increase salaries; we try to take care of people the way we should. Sometimes for instance, a contract you could go out and perhaps say I can get this janitorial contract a lot cheaper but our goal is not just cheap, the fair market price considers and the contracts that we look at consider a lot of other things. As the Division's representative I'm looking at jobs for people with disabilities. For me, if we come up with a fair market price that is reasonable within the percentage then I think we have done a good job, the best that we can. It may not be the bottom line dirt cheapest but that is just not how the program works and I know that is hard to understand possibly but we have to try to do what we can in terms of that for our processes.

Ms. Warfield, if we did decide we wanted to go forward with this project with the new pricing how would that work? Is the Committee going to do a waiver or special pricing authorization for this job because we are not going to be adjusting the pricing on the statewide contract are we?

Mr. Holcomb, the meeting over the phone, Cedric asked me to do a pricing and I have got that pricing based on what I gave you guys, it would just have to be approved by the.....

Ms. Warfield, and be made a part of the statewide contract?

Ms. Bates, that is what we do as a Committee and we appreciate you bringing that to our attention because a lot of times what happens with the projects is it is different when the rubber hits the road as they say and sometimes being a customer if you bring it to our attention we can see that we need to review the fair market price or we need to look and we are glad to do that because they did need a new piece of equipment to stay competitive and we want our programs to be very competitive and to provide quality service so we do appreciate it. But it would change the fair market price and it would change the contract and that is how we would do it and you would do that just like you or anyone else who has this type of project would benefit from the fact that they got this new piece of equipment.

Mr. Holcomb, in the past we do have a piece of equipment that will do that size that you have, usually we might run 100 a month. It enlightened us to research and find a piece of equipment that does scan land books and based on our new estimate we are \$412,000.00 less than what we quoted you.

Mr. Williams, I think you have done a good job trying to get the price down and I appreciate your effort. There is no real reason not to consider your offer but I'm not the guy who is going to make the financial decision, it is the Auditor. I think you can probably stop the conversation about it now as you have done your best job and we appreciate the Committee's efforts.

Ms. Warfield, maybe we could consider doing it in phases or something.

Mr. Greene, Jan do you have an input or are you good.

Ms. Smith, I'm fine...

Mr. Sullivan, I got a feeling it is going to be ok and I hope that the Auditors' who are here would recommend that to the State Auditor. If you are willing to do that, that is your mission here to find out the facts and report back to him. If you do that and you are in favor of it then I think we are good to go.

Mr. Greene, I just want to say one thing about Ms. Bates comment when she first started out. Just to say, respectfully this paperwork has been sitting since 1927. It is setting a little longer while Precision does it respectfully, unless there is something I am missing about 1927, if it goes out to two more years or another year and a half, I just think there is great value in slowing down, smelling the flowers and giving people with disabilities an opportunity to make a living. You may pay \$5.00 more, and I know the Auditor is focused on his budget as he should be as all constitutional officers are, although you all may say \$5.00 it will cost DHHR \$15.00. That is the big picture of it and I am sure you all see that. What we would like is, first of all I just want to thank you guys for working so hard and working together because that was the thing that we asked you all to do. We asked Mr. Williams to be forthcoming with Precision and Bill Monterosso, and you guys work as a team and come back with something and you did and we do appreciate that because very rarely do you ask someone to do something

and they actually do it, so you all have actually done what we have asked you to do and we do appreciate that and we hope that Mr. Gainer will look at it and you guys will share with him our thoughts and then come back to us and let us know what you want to do and even if Mr. Gainer would say, that won't work or whatever and if you all will come back, then at that time we will make a motion from your request a month ago.

Ms. Warfield, so you are not at this point prepared to adjust the pricing on the statewide contract based on this new quote?

Mr. Greene, yes we will do that but I am just saying, I just didn't want you all to leave that on the table, I wanted you all to know we are still thinking about that and taking in information and will arrive at that when we arrive at that if we need to.

Ms. Warfield, we will let you know if we still want to pursue it. We appreciate your consideration, thank you so much.

Mr. Greene, thank you Ms. Warfield and Mr. Williams.

Mr. Sullivan, Brenda you did an excellent job and I appreciate you.

Ms. Bates, I think we need to approve a new fair market price.

Mr. Holcomb, this is the estimate with double blind and without.

Mr. Greene, and the Auditor's office has this?

Mr. Holcomb, I sent this to them. With the double blind entry it is about \$40,000 difference. Mr. Williams had requested me to give him an estimate of both ways.

Ms. Bates, when we consider fair market price we look at how do you arrive at this. Did you look at the going rate for a lack of a better word, so you did look at the going rate?

Mr. Holcomb, it is hard to find competitor pricing. The people that we buy our document imaging equipment from, we picked their ear a little and they didn't care to share that information. I also found some pricing on the internet. Typically, document imaging business doesn't want to put their pricing out there because of competitors so they are not going to tell me.

Mr. Monterosso, share with them the pricing that was given to you as far as where they start.

Mr. Holcomb, that scared me, the guy we bought our imaging equipment from he said that for the large format documents that they usually charge forty cents an image which our original estimate was thirty-five cents. We have lowered it down to 18.9 cents. This makes me very nervous.

Ms. Bates, do you feel comfortable with the prices you have presented? You have to know this is going to affect your pricing for the contract period plus the Auditor's office and you have to feel comfortable with it.

Mr. Holcomb, I have been crunching these numbers since you guys had the last meeting and I think we will be good as long as we don't get into any complications. There are a lot of variables with each job.

Ms. Bates, the other problem is, there is no guarantee you are going to get the Auditor's business. Are you still comfortable with the pricing?

Mr. Holcomb, yes, this is for scanning books which we really don't have this pricing on the contract now so this is something we are adding to the contract. We can market this to Courthouses, land books, etc.

Mr. Sullivan, if you do get into a problem if we can agree to change it, we can agree to fix it.

Ms. Bates, that is right..

Mr. Holcomb, when I spoke with Mr. Williams last week, I apologized as I feel like we got off on the wrong foot with him. And, I want to do a good job for them and give him a good quality product at the end.

Mr. Greene, we appreciate your time and effort. We want you guys to do what is right and we want to do what is right as a Committee but we also want the customer to feel like they have gotten a good price for a good product, but like Mr. Sullivan said we are not trying to put you guys out of business so, if you get three days down the road or 30 days down the road and something is not right, then you owe it to yourself and you owe it to the people that you employ to come back to us and say, Mr. Greene I didn't even hit the target, then we can adjust.

Ms. Bates, I would like to make a motion.

MOTION #2

Ms. Bates made a motion to accept the fair market price changes for the contract for scanning. Mr. Sullivan seconded. Motion passed.

Mr. Greene, we have to be very careful about letting business go out the door that people with disabilities or the CRPs can do, we have to be very careful with that. It does not mean that we won't do it though. What that means is, we will tread very lightly, so don't walk away from any of this thinking that we can do whatever we want to do and that the CRPs are always going to have the upper hand, that is not the way it works. People with disabilities, they don't want to have free parking, they just want it closer to

the building; they still want to put their quarter in the meter. We have to make sure it is fair and equitable for everybody.

CONTRACT PRESENTATIONS:

Mr. Monterosso, Cedric and I met yesterday, Goodwill and staff met last week over the contracts. We have almost 200 contracts ready to roll. One of the discussions that came up and when I talked to Cedric, all I am asking for is a little guidance from the Governor's Committee with the Affordable Health Care cost. Goodwill has already secured insurance and I asked Joyce and Cheri to come. There is a cost to this and if the agencies are required and mandated to provide health care insurance then is that a cost of doing business. I reached out to New Jersey, Texas, and my counterparts saying, how are you guys dealing with this? What they do, they all use a wage benefit determination, that is standard that is applied specifically and it is only on the janitorial building contracts, not the commodities. West Virginia's rate as it pertains to the health and wellness is \$3.81, doesn't sound like a lot of money when it is compared to New Jersey at \$11.31, New York is \$15.38 per hour on top of that wage. But, it starts getting significant. I'm trying to strike a balance between what is fair and I can't just do it for Goodwill or any single CRP without saying who are the total CRPs that are in the same prices, the same situation of 50. There are 14 +, so if you take those 14 individuals - of those 14, they had total employees so they would be bound to pay for the mandated Affordable Care Act. But, how many of those were just state use, that is what we are interested in, what is the cost of individuals for state use. So there were 643 total employees throughout the state that specifically works with state use programs. If you use that \$3.81 that we have backup documentation and this is what SUPRA uses as a standard in multiple states, if you take that and say ok, our people work one hour a day which we know they don't but just to show you what we need some guidance with, that would be \$2,500.00 per hour which doesn't seem like a lot, but if you take that \$2,500.00 and multiply that by 260 days in a work year, just individuals working one hour, it is \$640,000 – that becomes significant. If you figured out that the average number of hours that the state use workers work we can all assume it is more than one hour, say it is five hours as some work eight and some work at the rest areas where they are on call, day care, care taker, day keeper, so some are significantly over eight hours. If you took the five hours that would be about \$3.1 million dollars. Precision is here, Goodwill is here, Jan with the Op Shop is here, and they are all in that 50% threshold. As we started building that cost into the contracts to say, you know what, that is the true cost then that is the true cost. That is the simple methodology that we went head first in. We were here late and we got those contracts done to be approved but Cedric and I are going to meet with David Tinchler next week because asking the state to come up with \$3 million dollars is a tall order. And, it is actually going to be more than that because that is the 14 that were absolutely sure, like I said there were two or three that was on the cuffs. I need some direction.

Ms. Smith, I may have interpreted this wrong or have been given some misinformation. It was my understanding we checked with our employees and we discovered that possibly 25% of them were going to need some form of health insurance because the majority of them have Medicaid, Medicare. Then, after looking at the 25% I was told that if it would be that their payment for the insurance, their cost was more than 9.5% of their income that they could go to the market place and I fed some misinformation into the market place to try to look at the subsidy calculator to see and our workers may be made \$24,000 a year, it came out poverty level and that Medicaid would help them or they could go into the market place and buy. I don't really understand why we would need to put this, add this to every contract. I would think the majority of the CRPs workers are somewhat similar to all of ours, have I been misled?

Mr. Monterosso, that was the exact question that I posed to Joyce when we were talking. Most of your people aren't going to need that anyway.

Ms. Birley, basically a lot of people are covered with Medicaid and I hate to put labels but the MR population, they have coverage, those waiver people but a lot of the substance abuse people don't have anything and they are choosing not to go to the exchange because of the amount. We have several people who went to the exchange and it was cheaper for them to come to us than to purchase through the exchange.

Ms. Smith, you must have more reasonably priced insurance coverage than we do. Because we are so small our insurance rates are high.

Ms. Birley, that is the burden of being small, I understand. We are hoping as we go through this in the coming years that more people will sign on with us and our price will go down even more. It is not what we thought or what I thought personally and I'll have to take credit for this that I thought everyone had Medicaid and it is about personal choice also.

Ms. Bates, I think to me and I'm glad you brought that up Jan because that has been my question all along. There is Medicaid, the 30 hour standard and a lot of individuals who work on our contracts do not work more than 30 hours a week and that is why we go by hourly because we have a lot of individuals who don't work 40 hours a week. I don't believe there are 650 people that we are going to have to pay that per hour for, I just don't believe that. To me that skews all the calculations. With the State of West Virginia you have to show, we can't pay for what is not being paid out. That is what I recommended to you in the beginning is that you look at the contracts, each individual one, and you say I have got 50 people working on this contract and of those 50 people, two of them are going to have to charge them and that is the way it is. Because on a lot of these contracts you don't meet the 30 hour and a lot of them have Medicaid and for us to pay, I don't think it is good.

Ms. Smith, I have also heard people suggest that at least for the first year that we encourage some of our employees to pay the \$95.00 penalty, that you have to pay if you don't have it hoping that things would work out and the process would become much more reasonably priced and that the guidelines would be more that we could understand what we needed to do. I know that some people have suggested that we do that how our workers need to pay the \$95.00.

Ms. Bates, I personally don't want to encourage that. We do have to look at the real costs, not estimated cost, real cost.

Ms. Smith, we are having to work with people because a lot of the people we serve aren't computer savvy and it is very hard for people who are computer savvy to work with the market place right now. How are we going to tie it down?

Ms. Bates, I think it needs to be a lot closer than 650 people because I don't think, I could be really wrong but I don't think the numbers are that high.

Mr. Monterosso, they are not.....

Ms. Bever, they are not that high. As a percentage of our total employee based on number of people that take our insurance is not that high and the real cost would be in my opinion a much better way to go with this. If that changes and for Goodwill that may change, the reason we already know our rates is because our year starts in October and not everybody's does, but ours does. So we already know our rates. But we also know effective January there will be a group of people who work on WVARF contracts who will become eligible because they work 30 hours per week. Even with that, that is not a huge group of people, it is going to escalate the cost more, not to the tune you are talking about, if you used something like the Federal set aside program. One other point I wanted to make on that, just to be clear, Bill indicated that \$3.81 is the health and welfare rate for the State of West Virginia. That is not really true, it is the health and welfare cost for this region of West Virginia. When you go up to the Eastern panhandle they are considered in the DC, metro area and their costs are significantly higher. I know that as I used to work there, our NISH workers who are making \$9.38 down here were making \$10.85 there three years ago.

Ms. Bates, I guess to me as a member of the Committee, it just seems to be more real. If Cheri can estimate it, and Jan I know it is hard and Precision just estimate the best that you can for each contract based on real numbers and then look at it that way.

Ms. Smith, what you are saying is if we have a contract with ten people and eight of them are covered by other things then we would just record the two.

Ms. Bates, if it changes significantly even though it is hard this first year, we could do change orders. I know it is hard and I don't know how Mr. Tincher will feel about all of that but I think the real costs are, if it has to be it has to be because everybody is going to be dealing with a lot this year with the Affordable Care Act and we don't know how it is going to affect anyone or what is going to happen after January.

Mr. Holcomb, my understanding was the business aspect of it didn't that get pushed back to 2015, the individuals are definitely required to get this but the business aspect I don't think we are required to provide it until January 2015.

Ms. Bates, so it is not an issue for this year?

Mr. Holcomb, the individuals is what you see in the news, saying if you are giving it to the businesses why are you forcing individuals to go purchase this insurance.

Ms. Bates, I think that is another reason to go with real cost, if it is not effective until 2015, but if it is not for everybody else, I think that is another reason to go with the real cost.

Ms. Bever, let's take ACA off the table for a moment. There are a number of us I'm sure greater than the 14 that Bill has indicated have 50 or more employees who have been providing these benefits for our people who work on WVARF contracts all along. It is, in fact, a benefit as a cost of doing business whether it is mandated in 2015 or not it is a cost of doing business now.

Ms. Bates, keep in mind with fair market price you have to meet a balance and with fair market price you have to consider whatever service you are providing and how it compares with what other people are charging.

Ms. Bever, even though private enterprise would consider that as a part of their cost of doing business and they would have it into their prices.

Ms. Smith, my concern is if we try to push this too hard and I do like the idea of using actual numbers better because if we add too much to the hourly cost I can see us pricing ourselves out of business and the state saying well we need to deal with the smaller groups that don't have to pay that. It is a difficult situation because we want to pay what they need and we want to provide insurance but we can't price ourselves out of the market.

Ms. Bever, the issue that I heard you speaking of before we got to this topic is a perfect example of what you are saying. Jack was able to identify a more up-to-date, a more capable piece of equipment that allows his workforce to be more competitive. I think it behooves all of us to look at where we can be more efficient in terms of how we do our work but that doesn't take off the need for things like pay rates and benefits to be considered. If we can do the work in less time then we are more competitive.

Mr. Monterosso, again it kind of threw a wrench into the whole scenario and particularly with the discussions we have had. I wanted to make sure that we are being fair and CRPs weren't losing money to provide a contract. There is a group that it doesn't even apply to so that work has already been done. At this point with the flexibility, graciousness of the Governor's Committee I think we need to talk to each and every CRP only the ones that are under that threshold. That is the other thing, that is why it is so complicated is if Goodwill, forget about 2015, if they are mandated or because of morally, if we are required to provide and that is the push of the administration of health care, we have an obligation to provide that for our employees. So, if CRP, let's just use Clay County because they are small, they are nowhere near in the vicinity of having to mandate or require it but if the individual has to pursue it and they can't afford it and at the end of the day they are not making high wages \$95.00 doesn't seem like a lot but it is to someone who is making basically \$7.50 - \$8.00 an hour. Three or four years down the road if this thing does actually fly, those penalties become enormous. That is where it is not so cut and dry as far as a legislative mandate that everyone has health care and if you don't have health care you are going to be penalized. As an individual working for an employer and that employer who happens to work and create opportunities for individuals who are less fortunate than some of us here has a morale responsibility and obligation to say I need to value you as equally as I do any other employee and if my current employees have health insurance then if I can help you and lead you whether it is in the market place or not there is still that cost. It's not going to be the 643 but that is the moving target that you are forced with, what is Goodwill's turnover rate, it is not high but it is still about 3% a month so if someone comes in and someone comes out and you are trying to manage those contracts, how is that and I know I am rambling here because all these thoughts are coming in my mind. If I have Johnny working at three different state agencies and I am providing health care then do you say, a) because they shouldn't pay 100%; or is it a 1/3 to (b) or 1/3 to (c) and trying to administratively keep track of that.

Ms. Bates, your contract shows the real wages and that is what you have to do on this. The contract shows the real wages and if you have an extra then you have to show that and that is what it should show. It should show for agency A, additional just like anything else. It is a moving target, but that is my opinion and Mr. Tinchler may have another one. I think until you talk to him this is kind of

Mr. Greene, in fact, he called me back yesterday after Bill left and he said, I am not going to meet with you guys. His concern is that he doesn't have something in his hands. He wants to see real numbers and he wants a recommendation from the Committee. He wants something from us. What I would recommend that you do, if you are a CRP person, whatever you call yourselves – CEOs, Presidents, Executive Directors, whatever you call yourself, what I would do, I would go to Microsoft Excel and I would come up with a spreadsheet and I would go through each and every individual and I would run my questions across the top, maybe how much do they make, are they in receipt of Medicaid now and ask those questions and regardless of if you have 50 or 150 people or how many people you have, you are going to really go through and access each one of your employees, have your HR person assess each individual

employee and find out like Jan said, if you have 10 employees maybe 8 apply, maybe you don't even know what they are on.

Ms. Bever, we can't ask that.

Ms. Bates, eventually you have to know that. You are either paying for it or you are not.

Ms. Bever, we know who enrolls, we don't know of the people who don't enroll and why they don't enroll.

Mr. Greene, I think your responsibility is to do the excel spreadsheet and get all the information that you can, don't worry so much about getting sued because I think this whole thing is on very thin ice and people really don't know what to do so they don't violate HIPPA rules and laws, etc. What I would suggest is that you go down and find out what Jane Doe, what her status is and get the status of everybody because I'm telling you, when you come to the Committee it is going to have to be very transparent. And it goes all the way back to the code of paying for services not rendered.

Ms. Bates, you can't do an across the board.

Mr. Greene, it would be nice if you could do across the board like you are at Wal-Mart, but it is not going to work here because first of all I don't think it will get through the Committee but if it did get through the Committee and it made it to Mr. Tincher, I'm telling you, it is not going to pan out well because he is not going to look at numbers, he is going to want to see individual situations and circumstances that make you arrive at that number. Even though the ACA is entertaining the reality to it is, it is just part of the fair market and the part of that mechanism and you are going to have to prove that you are really paying that cost.

Ms. Bever, we have that, Bill had asked us for a different format from that but we have it for him today so he will have Goodwill's numbers today before Joyce and I leave here. I don't know about the other 13 + CRPs.

Mr. Greene, when you say you have your numbers, what does that really mean?

Ms. Bever, we use a mechanism that WVARF has had in place since way before I have been around called a fair market price adjustment request. We have done that on all of our contracts that are affected by this + some pay rate issues and some supply issues. So it is not just around health care, it is fair market price total and that form the way it has been designed by somebody much smarter than me is that we provide you with all the backup documentation as to how we arrived at the numbers that we arrived at.

Mr. Greene, so are we voting on that today or not? Am I going to end up signing a contract for Goodwill that.....

Ms. Birley, no because Bill doesn't have those numbers to put into the documents.

Ms. Bever, that really is our question, does this Committee and does WVARF want to, may be beneficial to go through that process of fair market price because it gives you all that backup versus us giving it to just Bill and Mark and having them put it into the renewal contracts. I don't know which way works better for the state.

Mr. Greene, well it needs to come to the Committee before it is plugged in to anything, am I right?

Ms. Bates right, and every CRP has to use the same, whatever you use they have to use to make a decision. The fair market price is the fair market price; it is not different for Goodwill or Precision, etc. The fair market price is the fair market price. So for whatever contract it is that is what you are looking at. I think Jan said it well when she said you don't want to price yourselves out of the market. And, you have to consider what, even though we are looking at our services differently in some ways you still have to look at the overall fair market price and you can't price yourselves out of the market. That is the reality of it.

Mr. Greene, are the contracts ready or the contracts not ready or what is going on here.

Mr. Monterosso, there are some that are ready; Goodwill's isn't ready because we need to put the new numbers in.

Mr. Greene, how many contracts is that.

Mr. Birley, 42 but it is not all of our contracts.

Mr. Monterosso, utilizing the analogy that we talked about I need to reach back out to CRPs and get a true accurate number. That can be done in no time if they respond. We will have to get on the phone and be a little more urgent because we are running out of time. One of the things that we thought about doing is Goodwill has their numbers, if the Committee would and Purchasing would allow us, is to go ahead, we know what the square footage is, we know the cost outside of AHC cost. If we could put a notation on the, like an addendum to the contracts that say here is your cost; however, in the event that AHC is triggered for individuals working within that cost could change and if they were open to potentially doing a change order because I know once you have your price and that is where it is tricky too with state government, once you say I can do it for \$100 you are locked into that \$100 for the whole year unless the state agency said they want more services or less services.

Ms. Bever, that is why you have that fair market price adjustment request form for change orders that goes through the Committee.

Mr. Greene, there is a process in place to do that.

Ms. Smith, I'm really struggling with this because if we have someone on the contract now that you are paying health insurance for and then they leave and the person you bring on doesn't need health insurance – they have Medicare and Medicaid then is there going to have to be a change order done on every contract every time there is a change? That could be massive.

Mr. Greene, I will just say this, you cannot receive monies that you have not earned, so if that means that your administrative functions go up, I would not want to be in the situation where I am receiving money from a state agency that you have not earned.

Ms. Bates, the contracts are until June.

Mr. Monterosso, right and by June we will have a better grasp on it.

Ms. Bates, here is what I don't understand guys. It is not effective for businesses until 2015. These contracts only go to June 30, 2014. Why?

Mr. Monterosso, because CRPs have already absorbed that cost and if we move forward actually for three months they have already absorbed that cost and there are CRPs out there that are in the same situation where they have acquired and secured insurance back when their premiums were due before they said, oh we are going to extend it, you are not allowed, whatever, but that is a cost of doing business to them.

Ms. Bever, or to anyone that is my thought. If this program didn't exist and the state was contracting with Mom and Pop janitorial service, Mom and Pop janitorial service was charging for wages, benefits or whatever, believe me they are going to put that in their bid to the state. The state would end up paying for that.

Ms. Bates, but you have to consider that; 1) they wouldn't pay it until they had to until 2015 normally; and 2) most of the businesses who provide the services that are under the state use contract are small businesses that are not going to be affected. You have to look at that and you have to also consider that if it is not required and you do it, I don't know if the Committee – I want it to be that way, I would like for every individual with disabilities to have insurance but I don't know as a Committee if it is not required and it is done, I don't know if our hands are tied.

Ms. Bever, does that argument hold if I pay a wage higher than what the contract says?

Ms. Bates, yes it does and see that is the problem. If the contract is set and we have been through this many times and Everette is always on top of that, a lot of time the contract will be for a certain amount and the CRPs are absorbing the amount they are paying above.

Ms. Smith, there is a lot of us that are doing that and it is not only wages but it is equipment that we choose to buy that is more expensive but also more efficient, all kinds of things like that we made the decision to spend the money to do and it is a cost of doing business but I'm concerned even though I would like you to see everyone have insurance but the prices are going to get too high.

Ms. Bever, I think that is a little difficult to tell for sure, I think the way Bill talked about it with the 643 workers at \$3.81 is kind of the outer limits and not what it would come back at. I knew for example and looking at that versus looking at our real costs. Our real costs are about $\frac{1}{4}$ of what it would be.

Ms. Bates, how much did state use earn this past year?

Mr. Monterosso, \$14.9 million.

Ms. Bates, what percentage is \$14 million, 20% increase right? 1) First of all it is not costing that much more and 2) there is no way this Committee can justify 20% increase. You have got to get more reasonable is what I am saying and you have got to get down to real numbers because the state isn't going to pay for what the state doesn't receive. You are going to have to go back to the drawing board.

Ms. Bever, we are looking at some of the ones that we will leave here with Bill today and we are looking at increases of 3% on the contract.

Ms. Birley, on one contract depending on how many people are in that contract that have insurance.

Mr. Monterosso, what is your high one?

Ms. Birley, General Services was like 30% at a small building.

Ms. Bates, we don't have enough information to make a decision.

Mr. Greene, I would go and get to know my people and find out what their status is and I am not telling you to break any HIPPA laws but in order for it to make it through this Committee and make it to Purchasing Division you are going to really have to know.

Ms. Bates, you don't have to say why...

Mr. Greene, you don't have to say why but you can find out what their status is.

Mr. Monterosso, can I ask this favor? I don't think the Committee nor do I, or the CRPs want to wait for one meeting in December to clarify and get all these done. Can we do something like we extended the courtesy to the Auditor's office of having a meeting so we could do 60% - 70% or 80% of the contracts at one time and then the rest we could have a meeting between today and the December 18th meeting?

Mr. Greene, where are we on the contracts today? What are we ready to approve today?

Mr. Monterosso, again we can approve as is.....

Mr. Greene, we need to do it so it is administratively....

Ms. Bates, it has got to be equal across the board, you are setting a fair market price and so you can't do one price over here and another price over there.

Mr. Greene, what are we saying?

Mr. Monterosso, we are saying, theoretically we don't have any contracts today legitimately that I would feel 100% comfortable without just throwing it out there and be able to take the CRPs who are having the health care requirements the costs, those kind of things, I think that plays a role in adjusting that fair market price because if I presented the contracts that we could present today which would be at X amount but then we bring in after we get the true numbers, the ones with the health care, it skews that whole entire....so I think if you give us time to look at all the contracts as a whole we will be able to come up with a fair market with the health care cost, the true accurate ones accounted for. And we can do that within a week, we don't have to extend it very long.

Ms. Bates, we have to give so much of a notice.

Mr. Greene, next week is a wash, I'm sure as I'm available but everybody else may not be.

Mr. Greene, how does December 4th look?

Ms. Bates, I can do

Mr. Green, Mr. Sullivan, what do you look like.....

Mr. Sullivan, the 4th of December I am not available.

Ms. Bates, the 11th I can't do.

Mr. Greene, it doesn't have to be on a Wednesday.

Mr. Sullivan, any day of the week in December I'm ok except Wednesday of the first week.

Mr. Greene, Jan what about you?

Ms. Smith, I'm not going to be available on the 18th but I can do either the other Wednesdays or clear my schedule if I need to for another day. If we are going to be approving that many contracts I think I will probably come to Charleston.

Mr. Greene, so you are not available on the scheduled meeting on the 18th?

Ms. Smith, no I was going to tell you that today that I can't be there that day.

Mr. Greene, Everette are you available on the 18th?

Mr. Greene, we don't have to do the 18th.

Ms. Bates, we have to do two meetings between now and then,

Mr. Greene, why?

Ms. Bates, because they are saying they need two meetings, if we don't do the 18th we still have to do two meetings.

Mr. Monterosso, unless if it is just a meeting to do the contracts, there are a lot of contracts to be able to go over in one meeting.

Ms. Smith, could we just make it one long day?

Mr. Greene, that is what I would rather do. Let's just do one meeting in December, everybody look at the 11th.

Mr. Sullivan, I can't do the 11th.

Mr. Greene, Brenda what day can you do?

Ms. Bates, I can do Friday, the 13th.

Ms. Smith, if we just make it one long day, I'll just come down.

Mr. Greene, we will cancel the 18th meeting and we will go with the 13th. Come with your head screwed on right that you are not going to be here an hour, you are going to be here until it is done.

Mr. Monterosso, we will provide lunch.

Mr. Greene, let's just plan on it.

Ms. Bates, can you all have it done by the 13th?

Mr. Holcomb, are you going to send the same template out like Cedric said and have everybody give the same information?

Ms. Bever, that template we got out of the WVARF manual. That is a standard form in the WVARF manual.

Mr. Greene, I will cancel the 18th.

Mr. Sullivan, do we have to wait until 10:00 a.m.?

Mr. Greene, no sir, we can start at 8:00 in the morning.

Ms. Smith, I will come down the night before.

Mr. Greene, **9:00 a.m. on the 13th**.

Mr. Greene, so Jan at 9:00 a.m. on the 13th of December, 2013. So, Jan, please drive down on the 12th.

Ms. Smith, I will drive down the night before.

Mr. Greene, what we will do, I will not cancel the meeting on the 18th until the 13th for inclement purposes. In case it snows or something happens, then we will plan on the 18th going long as that will be our backup plan. Ms. Carol if you are not here on the 18th it doesn't matter as there is nothing to talk about we are just signing contracts. I can do the recording for you and then you can take care of it when you come back. No matter what, I will leave the 18th on there, it is an inclement weather plan and **the 13th, we will go at 9:00 a.m.** If the 13th at 9:00 a.m. does well then we'll cancel the 18th. If there is snow and people can't do what they need to do to get here, it is just a mess then the 18th will be our regular scheduled 10:00 a.m. meeting but just know it is going to go a little while. Merry Christmas.....

Mr. Greene, with all that being said, is there a motion..... We won't do financials as Aaron is not here. We will do a double dose on him next month.

MOTION #3

Ms. Bates made a motion to adjourn. Everette seconded. Motion passed.