

Executive Report

Published by Mental Health Corporations of America, Inc.

Get Away to Vancouver, British Columbia

A Summer Meeting Across the Border

Get away to Vancouver with MHCA as we take our Summer Meeting 2001 across the Canadian border, August 14-17. It's going to be a lot of fun! If you have been to Vancouver before, you already are anticipating this trip. If not, you have a recreational treat in store. But first, there's a great meeting to tell you about.

We are excited about bringing keynoter Peter Legge to our General Session on Wednesday. Mr. Legge is President and Publisher of Canada Wide Magazines & Communications, LTD, the largest independently owned publishing company in Western Canada with a network of 20 magazines. As a successful businessman, community leader, and family man, Legge is tireless in his commitment to the community. He comes to MHCA highly recommended by our "futurist friend" to the North, Warren Evans.

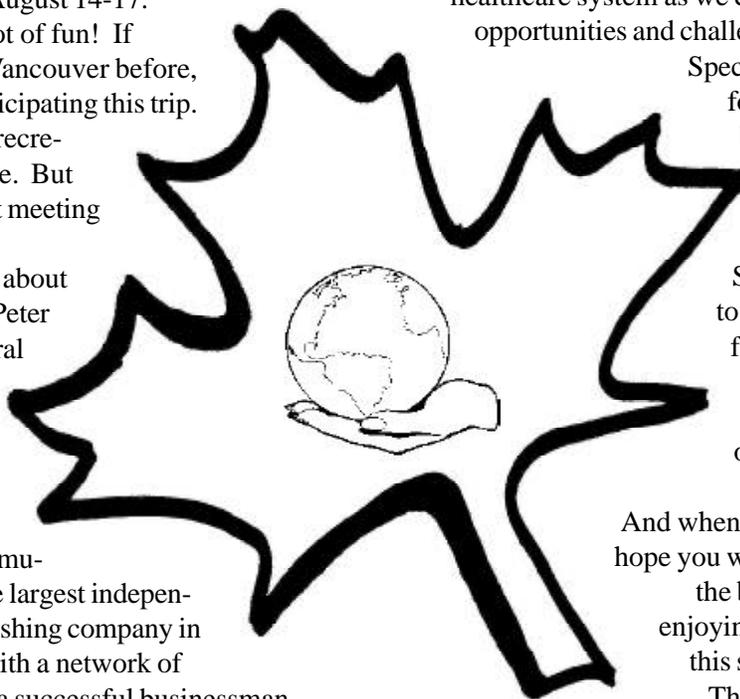
Thursday's General Session includes a presentation on the use of technology within behavioral healthcare. Grady Wilkinson, CEO of Heritage Behavioral Health, Inc. of Decatur, Illinois, will describe development of his company's award-winning electronic record system. *(See article on page 7).*

Also on Thursday morning we will hear from representatives of the Canadian behavioral healthcare system as we compare and contrast opportunities and challenges. Our afternoon

Special Session features a forum on international behavioral healthcare opportunities and presentation of MHCA's Clinical Staffing Study. Refer to registration materials for a listing of MHCA committees, boards and forums meeting on Tuesday, Wednesday and Friday.

And when our work is done we hope you will take time to savor the beauty of Vancouver, enjoying every advantage of this stunning coastal city.

The Westin Bayshore is located on dramatically beautiful Coal Harbor with views of the mountains, the water and the city skyline. Stanley Park is just down the scenic seawall walkway, and shopping opportunities abound within an easy walk as well. Want to wander further? There's the skyride at Grouse Mountain, the glorious blossoms of Butchart Gardens, afternoon tea at The Empress Hotel in Victoria and Whistler/Blackcomb for spectacular mountain scenery.



Wow. Let's go!

President's Column by Donald J. Hevey

For this issue's column, I have borrowed (with permission of course!) an interesting article I discovered in *The NonProfit Times* on the new federal tax laws. This information should be helpful not only to your own estate considerations but for your employee benefit planning as well. With thanks to the publishers and Mr. Berger ...



Donald J. Hevey

The New Tax Law

What it all will mean to you

There are lies, there are damned lies and then there is federal tax legislation.

The landmark tax cut that recently became law represents the largest tax reduction since 1981. The act is supposed to cut taxes by \$1.35 trillion by 2010. However, if the act's provisions continued after that date, the revenue loss would be much greater.

Therefore, to stay within the budget framework, the act contains a sunset provision. Under Act Section 901, "All provisions of, and amendments made by, this Act shall not apply" to years after December 31, 2010. If this were to occur, all of the code sections changed by the act will revert to their wording as of the date of enactment.

Whether this sunset will ever happen is problematic; it will depend on Congressional actions during the next ten years.

Impact on nonprofits

The act contains few provisions that directly affect nonprofits. In fact, it is more noteworthy for provisions that are not included than for those that are in there.

For example, the much-touted plan to provide deductions for charitable contributions by individuals who do not itemize their deductions was not included in the act. At least one study predicted an increase of \$11 billion a year in contributions if this provision had passed. Other proposals would have allowed owners of IRAs to contribute them to charity without tax consequences and would have increased the amount that corporations can deduct for charitable contributions. These provisions were also dropped.

Finally, a proposal that would have eased reporting burdens on political organizations that are subject to state disclosure rules was also eliminated.

Estate tax repeal (?)

One of the major goals of the act was the repeal of estate and gift taxes, dubbed "death tax" by its opponents. Studies have estimated that estate tax repeal could cost your organization and other charities up to \$6 billion a year in lost bequests. The act does repeal the estate tax - for people who die in 2010 only. Prior to that year, it

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reduces the top estate tax rate and increases the exemption in gradual steps. The top rate is reduced from 55 percent (with a 5 percent surtax on estates greater than \$10 million) to 50 percent in 2002. By 2007, it will be down to 45 percent. The estate tax exemption increases to \$1 million in 2002, \$1.5 million in 2004, \$2 million in 2006 and \$3.5 million in 2009.

The slow pace of these reductions in estate tax should not have a major effect on charitable bequests. A top rate of 45 percent should still provide an incentive for wealthy individuals to pass some of their assets to nonprofits. Only if repeal really happens in 2010 and lasts for more than one year should organizations feel a significant impact from this change.

If and when the estate tax is repealed, the act changes the rules on the income tax basis of inherited property. Under current law, an heir's tax basis is generally the value of the property at the date of the decedent's death. Therefore, capital gain on subsequent sales is limited to post-death appreciation.

Under the new rules, only a limited amount of property can receive this adjusted basis. Some \$1.3 million of assets will qualify, along with an additional \$3 million of assets passing to a surviving spouse. The income tax basis for all other property will remain equal to the decedent's basis prior to death.

For example, if an unmarried individual dies in 2010 with assets of \$3 million, \$1.3 million will receive a new basis and \$1.7 million will not. There are difficult administrative problems with this provision, including the process for choosing which property qualifies and which does not. Also, the typical lack of good records makes determining the decedent's basis difficult in many cases, such as collectibles and improved real estate. Luckily, this won't be a worry for a while. However, if you have assets such as collections, you should make an effort to establish a basis for each item, just in case.

Employee benefit changes

Perhaps the part of the act that will affect you most directly is the liberalization of some employee benefits. Many nonprofit organizations provide support for employee education. An employer is allowed to pay up to \$5,250 per

employee per year. This amount is excludable from your employees' income.

The exclusion was scheduled to expire for courses begun after December 31, 2001. The act makes the exclusion permanent. It also expands it to cover graduate programs beginning after December 31, 2001, which will greatly broaden its scope. All employees can benefit. There is no income limitation or phase out.

The act makes a number of positive changes to the retirement plan rules. Contribution limits for 401(k), 403(b) and 457(b) plans are increased. You will be able to defer \$11,000 beginning in 2002. This will increase to \$15,000 in 2006. Also, if you participate in both a 403(b) or 401(k) and a 457(b) plan, you will not have to reduce the allowable deferral in the 457 plan by the deferred amounts in the other plans. This change could significantly increase the amount you can set aside for your retirement.

If you are older than 50, beginning in 2002 you will be able to defer even more income into a 401(k), 403(b) or 457(b) plan. The initial amount is \$1,000. This will increase by \$1,000 each year until 2006, when it is frozen at \$5,000. This deferral is in addition to the maximum deferral allowed under the general rules.

Contributions to 457(b) plans were previously limited to 33 1/3 percent of compensation. This limit is repealed beginning in 2002.

The total allowable contributions to all plans will increase from \$35,000 to \$40,000. You can include compensation of up to \$200,000 in allocating contributions to 401(k) and profit sharing plans. This is increased from \$170,000 in 2002.

If you offer a 403(b) plan, the act repeals the maximum exclusion allowance limitation (20 percent of compensation for each year of employment). This complicated test has caused many plans to become non compliant and has kept some investment companies from offering these plans to nonprofits. This change will reduce the burdens on plan sponsors, especially smaller organizations.

The act allows distributions from 403(b) plans and 457(b) plans to be rolled over to other

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2002 Negley Awards Offer Cash Incentives

Tell Us About Your Exceptional Supervisor Training Program

Negley Associates, Inc. and the Mental Health Risk Retention Group (MHRRG) announce the 2002 Negley Awards for Excellence in Risk Management. The topic for this year's competition is "Excellent Supervision - Key to Employee Responsibility and Reduced Corporate Risk."

It is generally accepted that excellent risk management practice includes proper training of supervisory personnel. Further, an organization's policies and practices, values and goals must be effectively disseminated to and adopted by all employees. Bottlenecks in communication at the supervisory level prevent front line employees from embracing the organization's core values and goals.

If supervisory staff are unable to communicate the vision, mission, values and principles that drive the organization, results are often low staff morale, poor service, and in some cases inappropriate, high risk behavior. There is evidence in some lawsuits brought against organizations that lack of adequate supervision resulted in greater liability to plaintiffs (*see article at right*).

On the other hand, well trained and effective supervisors help ensure staff stability. Surveys show that more than pay, an employee's positive professional relationship with his/her supervisor is the key to employee retention.

Negley applications are sought which provide evidence of **best practices for supervisor training**. Deadline for submission is November 9, 2001. The three finalists will present their papers at MHCA's Annual Meeting in February and at NCCBH's meeting in the spring. ❖

Potential Consequences of Poor Supervision

According to attorney Ron Zimmet, legal counsel to Mental Health Risk Retention Group, there is evidence in lawsuits brought against mental health care providers that lack of adequate supervision resulted in liability to plaintiffs. Zimmet explains that this is most often true in cases of alleged sexual misconduct. Companies cannot be held responsible for acts

of employees committed outside "the scope of employment". Thus, when sexual misconduct charges are brought against a mental health center for inappropriate actions by an employee



Ronald K. Zimmet

toward a client, the center might successfully maintain that the alleged action would have been outside the scope of the employee's employment (a therapist, after all, is not "hired with the intent of having sexual relations with the patient"). At that point, in a continuing effort to lay blame at the feet of a "deep pocket" insured, plaintiff's attorneys usually attempt to prove direct negligence by the center by alleging inadequate supervision to avoid such improprieties. Thus, a center is at greater potential risk if there has been a failure to provide careful and comprehensive supervision, especially when the center's written records cannot defend its position.

Negley Program Offers Unrestricted Cash Incentives

- ◆ \$ 15,000 President's Award
- ◆ \$ 5,000 Chairman's Award
- ◆ \$ 5,000 Directors' Award

Missouri Adds Fourth Member**Crider Center Joins MHCA**

Crider Center for Mental Health has provided mental health services and programs to over 100,000 families and individuals since the organization was founded in 1979. Located in Wentzville, Missouri, just west of St. Louis, the organization serves St. Charles, Franklin, Lincoln and Warren Counties.

CEO Karl Wilson, PhD has visited twice with MHCA at recent quarterly meetings and first indicated his interest in becoming a member following our 2000 Annual Meeting in San Diego.

We are pleased to welcome Dr. Wilson and the Crider Center whose membership became official on July 1. ❖

The New Tax Law continued from page 3

types of plans or to individual retirement accounts. It also allows distributions from all plans to be rolled into 403(b) and 457(b) plans. This change will provide complete portability as employees move to new employers or an employer adopts a new plan.

Many of the above changes and other technical changes to the retirement plan rules are complicated. You probably want to review your organization's benefit program to make sure you and your employees can benefit from all of the new provisions.

The act makes many additional changes that may affect you. You need to review your income and estate tax planning in light of these changes. ❖

Author Harvey Berger is a partner and national director of not-for-profit tax services in Alexandria, Virginia., for the accounting and management consulting firm Grant Thornton, LLP. His email address is hberger@gt.com.

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Youlon Savage Retires from Adams CMHC, Is Succeeded by Rick Doucet

Rick Doucet has been named Chief Executive Officer at Adams Community Mental Health Center in Thornton, Colorado, succeeding long time leader Youlon Savage.



Rick Doucet

Savage retired May 31 after 34 years service to the behavioral healthcare system. He first joined the Adams CMHC staff in 1967 and became its CEO in 1978. From 1973 until he rejoined Adams, Savage served as Colorado's



Youlon Savage

Coordinator of Community Mental Health Services and as Deputy Director of the State's Division of Mental Health. In the last 23 years he has grown Adams from a budget of \$1.8 million to one of \$13 million and a staff of 200. Savage intends to remain involved with the community and has already made numerous volunteer commitments. He also plans to spend much more time with the grandchildren! MHCA wishes this long time friend and colleague the very best as we welcome Rick Doucet to our ranks. ❖

Welcome Back, Suncoast

MHCA is pleased to welcome the membership of Suncoast Center for Community Mental Health, St. Petersburg, Florida. The Center rejoined MHCA in June following CEO Barbara Daire's visit with us at our Spring Meeting in Las Vegas.



Barbara Daire

With the addition of Suncoast, Florida is now represented by a dozen members; MHCA's total membership is 129 in 31 states. ❖

General Administration Safety - A Violence Abatement Program

Winner - Chairman's Award

2001 Negley Awards for Excellence in Risk Management

In March 1996, Trend Community Mental Health Services (Trend), an Area Program based in Hendersonville, North Carolina, created and implemented an organizational-wide Violence Abatement Program. The program was created to prevent future incidents or occurrences of violence by creating guidelines for Trend employees' response to violent or potentially violent situations through staff training, the development of active response teams and attention to environment controls.

The program is truly an organizational effort and stresses that all Trend employees recognize that they have an active role in preventing workplace violence. The components of the program, which include: using a key word for requests for assistance, the designation of facility-specific safe rooms, the establishment of facility-specific response teams, the use of the buddy system, and response to violent incidents, are introduced to Trend employees through existing orientation process and training programs, and review sessions regarding the program and its components are also conducted periodically. Trend policy #2402, "General Administration Safety - Violence Abatement" clearly outlines, in detail, the components of the program as well as the procedures associated with the above-mentioned components. A copy of Trend policy #2402 is available for your review.*

Since the onset of the program in 1996, the number of staff injuries has been tracked, being sure to separate the number of non-client and client related injuries in order to obtain accurate data. Client related injuries are broken down into several categories: injury due to client transfer; necessary client restraint; a client acting out; or a client attack. Data for year 1995 (the year before the program was implemented) was used as a baseline. Since the onset of the Violence Abatement Program, Trend has seen a decrease of 68% in injuries related to clients acting out. Summary reports and a graph outlining the data on staff injuries due to clients acting out for years 1995 - 1997 are available.* (Please note: data for

years beyond 1997 is not yet inclusive, as it sometimes takes a few years beyond the incident for the case to be considered closed).

This data, as well as each report or documentation of an incident of violence, is reviewed by Trend's Safety/Environment of Care Committee (SECC) monthly. The SECC is an internal committee that consists of a team of selected Trend management, division directors, clinicians, medical staff and support staff. Upon review, recommendations are made for further action, as well as any recommended changes to related policies, procedures, site-specific security measures, etc. In addition, the Safety Director is available to consult with appropriate division directors and to review any reports if a decision needs to be made immediately, or if the safety of either staff or clients is in imminent danger.

The program and its supporting policies have increased the quality of care at Trend. For example, staff now has the availability of cellular phones when going into potentially violent situations, which not only protects staff but the clients they are assisting as well. In addition, Trend is not afraid to take more aggressive steps to protect staff and consumers when they are

About this Organization:

Trend Community Mental Health Services was founded in 1975 and is a community organization providing mental health, substance abuse and developmental disabilities services to the children, adolescents and adults of Henderson and Transylvania counties in Western North Carolina. Trend exists to improve the functioning of area residents with mental health, developmental and substance abuse impairments and to prevent the development of such impairments.



Donald Bayse
Trend's Maintenance,
Purchasing, Safety &
Facilities Division Director



Jeffrey Grimm, PhD
Trend's Chief
Executive Officer

threatened, and the agency has implemented precautions such as re-assigning duties, notifying proper authorities and locking down facilities to keep clients and staff out of danger. Not only has this increased the quality of care, but it also assures that the quality of care given continues to match Occupational Safety and Health Administration's (OSHA) and the Council on Accreditation's (COA) professional standards.

Trend is not the only organization that has benefited from this Violence Abatement Program and has noted an improvement in the quality of care it brings. Since the program's establishment at Trend, seven Area Programs and one local hospital have used Trend's program and related policies in building their own Violence Abatement Program. ❖

**Note: Trend policy #2402 and data mentioned in this article are available through MHCA. (Phone 850-942-4900 or email: tboyter@mhca.com)*

About the Negley Awards Program:

The Negley Awards were established in 1990 by Negley Associates, Inc., underwriting managers for the Mental Health Risk Retention Group (MHRRG). They are conducted annually and recognize outstanding achievements in risk management by community mental health centers. Winners receive cash awards and share their risk management strategies with the behavioral health community. Since the award program's inception, one-quarter million dollars have been awarded to deserving applicants. The 2001 awards competition topic was "**Limiting Liability Exposure While Addressing Violence in the Workplace and School.**" Applications were sought which presented a clear understanding of the risk being targeted and actions taken to limit that risk. Applications were reviewed and winners selected by the Board of Directors of MHRRG. Winners presented their papers first at the Mental Health Corporations of America's annual meeting in February 2001 and at the April 2001 training conference of the National Council for Community Behavioral Healthcare. Centers under the direction of MHRRG Board members were ineligible to participate.

The 2002 Awards:

Application materials for the 2002 Negley Awards are now available to all members of MHCA, all members of the National Council for Community Behavioral Healthcare, and all shareholders of Mental Health Risk Retention Group. The topic is "**Excellent Supervision . . . Key to Employee Responsibility and Reduced Corporate Risk**". Submission deadline is November 9, 2001. Contact MHCA for application or additional information.

Summer Meeting Presentation

Creating A User-Friendly Electronic Clinical Record

Over the course of the past six years, Heritage Behavioral Health of Decatur, Illinois has been engaged in an extensive project to develop an electronic clinical record to support the delivery of client care. Using the Echo Group's *Clinician's Desktop*, Heritage employed a team-based strategy to design and implement the electronic clinical record.

In the process it re-engineered its service delivery and support systems to take maximum advantage of the capabilities of the software. At the same time, it heavily adapted the software to fit the specific needs and preferences of the re-designed system. The result is a user-friendly electronic clinical record with a variety of quality assurance, corporate compliance and clinical decision support features that has met with a high degree of staff acceptance.

This electronic record has been recognized by the Computer-based Patient Record Institute (CPRI-HOST) as winner of the *2001 Nicholas E. Davies Award**, the first time a behavioral healthcare provider has earned this prestigious national award.

Heritage's CEO, Grady Wilkinson, will provide information about the process and product at MHCA's Summer Meeting in Vancouver on Thursday, August 16. His presentation will describe the product of this effort, review the oft-times "torturous history" of its development and summarize the lessons learned so far. ❖

**CPRI-HOST is a unique organization that represents all stakeholders in health care focusing on clinical applications of information technology. The Nicholas E. Davies CPR Recognition Program was established to encourage and recognize excellence in CPR systems. The Program fosters CPR development by recognizing health care provider organizations that successfully use CPR systems to improve health care delivery.*

Calendar

MHCA 2001 Summer Meeting

Dates: August 14 - 17, 2001
Location: Westin Bayshore Resort & Marina
 Vancouver, British Columbia
 ☎ 604-682-3377
Rate: \$265 or 280 Canadian based on
 room choice (approximately \$183-193 U.S.)
Registration Deadline: July 15, 2001

MHCA 2001 Fall Meeting

Dates: November 6-9, 2001
Location: Radisson Resort and Spa
 Scottsdale, Arizona
 ☎ 480-991-3800
Rate: \$169/single or double
Registration Deadline: October 2, 2001
Preconference Seminar
Tuesday, November 6
 "Service Excellence" - Exploring the
 principles and practices of service
 management and how you can apply
 them to create a competitive
 advantage for your organization.
Presenter: Warren Evans

MHCA 2002 Annual Meeting

Dates: February 26 - March 1, 2002
Location: Don CeSar Hotel
 St. Pete Beach, Florida
 ☎ 800-282-1116
Rate: \$209/single or double
Registration Deadline: January 22, 2002

MHCA 2002 Spring Meeting

Dates: May 14 - 17, 2002
Location: Le Meridien Hotel
 New Orleans, Louisiana
 ☎ 504-525-6500
Rate: \$165/single or double - Superior
 \$185/single or double - Deluxe
Registration Deadline: April 15, 2002

Canadian Currency & Exchange

Canada's currency system uses dollars and cents, similar to the U.S. system. It is always best to change your money at a recognized financial institution - stores, hotels and restaurants will also exchange currency but the rate will not be as favorable. It is advisable to convert some money prior to leaving home. *Exchange rate as of July 19, 2001 was 1.536 Canada Dollars per U.S. Dollar.*

Customs Information for Visitors to Canada

Coming to Vancouver?

We hope you are planning to join MHCA for its Summer Meeting in Vancouver, British Columbia. The following information is taken from a pamphlet prepared by the Canada Customs and Revenue Agency. These excerpts are in no way comprehensive, and you should request additional information if you have any questions . . .*

Do I Need a Passport?

U. S. citizens and residents traveling into Canada do not need a passport or visa. However, you should carry proof of your citizenship, such as a birth certificate, certificate of citizenship, or certificate of naturalization. If you are a naturalized U.S. citizen, you should bring your naturalization certificate. If you are a permanent resident of the U.S., bring your green card.

Personal Baggage and Entitlements

As a visitor, you can bring certain goods into Canada for your own use as "personal baggage" during your stay. If you declare these goods when you arrive and take them back when you leave, you will not have to pay any duties or taxes. Personal baggage includes things like clothing, sports equipment, cameras, tape recorders, personal computers and items for business use. The customs inspector may request a refundable security deposit on your goods and may issue Form E29B as a customs control of the goods.

Prescription Drugs

If you are importing prescription drugs, make sure they are clearly identified. They should be in their original packaging - if not, carry a copy of the prescription or a letter from your doctor.

When You Leave Canada

You may be eligible for a tax refund on goods you bought in Canada. Keep your receipts! Ask MHCA staff in Vancouver for refund details.

****For More Information, contact the Customs Office in Vancouver: Phone 604-666-0545***