

PEMHS' PULSE

APRIL 2013



FROM THE CEO'S DESK

On March 4, 2013, the Gracepoint partners held an employee mixer with the first drawings for Gracepoint Logo shirts. Over 160 employees of PEMHS, ACTS, and MHC attended the finalization of the new alliance and holding company that will oversee the eventual combination of the three agencies. PEMHS employees were well represented at this launch of an exciting new creation of one of the largest behavior health agencies in Florida. Here are several newspaper articles:



Tampa Tribune – Business/Metro News

By KEITH MORELLI | The Tampa Tribune

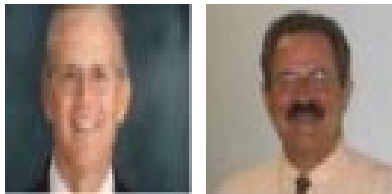
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TAMPA --

3 mental health agencies acting as one Merger will allow Gracepoint to meet 2015 spending goal

Seven months after announcing plans to merge four mental-health services in Hillsborough, Pasco, Pinellas and Polk counties, three of the agencies announced Monday they have set up corporate shop under the single organization.

The idea is to share resources and cut administrative costs to meet a July 2015 state-imposed deadline dictating that before any state money is doled out, no more than 10 percent of an agency's operational budget be spent on administration.



Currently, the behavioral health services involved in the merger under Gracepoint Management, including Mental Health Care, Personal Enrichment through Mental Health Services and the Agency for Community Treatment Services, spend about 13 percent of their budgets on administrative costs.

"We have a plan in place to have us at that 10 percent goal prior to the deadline," said Joe Rutherford, Gracepoint's CEO.

The fourth service, Tri-County Human Services, which offers mental health and drug abuse services in Polk, Hardee and Highland counties, has opted out of the merger.

"The Tri-County Human Services board decided not to join Gracepoint at this time," Rutherford said. "They decided to focus on securing and continuing to expand on their local community dollars. We will continue with our relationship (with Tri-County), and keep the options open."

The merger created an agency that has 1,137 employees, including 38 psychiatrists and four medical doctors working out of 69 locations in 87 treatment programs.

Gracepoint will treat an estimated 30,000 adults and 14,000 children each year. All three participating agencies are accredited behavioral health and drug and alcohol treatment centers.

Last month, the boards of the three agencies formally voted to join up. The management company still has some hoops to leap through, mostly legal requirements and registering as a nonprofit entity.

But all future contracts being sought will now be processed through Gracepoint Management, Rutherford said.

"As we move down the road, we will consolidate some functions," Rutherford said. "There will be some duplicative positions that will no longer need to be funded. We hope that some natural succession will identify those positions for us."

Rutherford said the corporate model leaves the door open for other agencies to join up.

"Agencies that join us have the opportunity to be represented on the governance board," he said. "This lends itself to incorporate additional organizations, with them turning over the keys of administration and lowering their costs."

People using the services won't notice a difference, he said.

"All three agencies realize it is very important to keep our identities in the local community," he said. Those agencies "bring various skill sets to (the) table that the other agencies can benefit from." The individual services will operate as if nothing has changed, he said.

The budgets of the three agencies totaled about \$72 million, and that will be the annual operating budget of Gracepoint, Rutherford said.

The agencies will keep their names, adding "of Gracepoint" at the end, Rutherford said. Although there is no headquarters yet, he said, it will be somewhere in Hillsborough County.

"We are taking inventory of all our facilities and unused square footage," Rutherford said.

Tom Wedekind, chief executive officer of Personal Enrichment through Mental Health Services and now president of Gracepoint, said the management model could be a precursor of how behavioral health agencies will look as government funding becomes harder and harder to allocate.

Wedekind said such mergers of resources and agencies are being looked at all over the nation by behavioral health agencies struggling to obtain government funding.

"I think you are seeing this throughout the state and throughout the country," he said. "People all over are exploring mergers. Here in the state of Florida, we are one of the first to breach the dam, so to speak, in looking at this."

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Gracepoint Management retools Mental Health nonprofit merger

Staff Tampa Bay Business Journal

Gracepoint Management Inc., the largest provider of behavioral health services in Tampa Bay, has reworked its merger which was announced eight months ago.

The deal will no longer include Tri-County human Services Inc., However, it will include Mental Health Care Inc., (Hillsborough, Pasco counties), Personal Enrichment through Mental Health Services Inc. (Pinellas County), and Agency for Community Treatment Services Inc., (Hillsbough, Pasco, Polk, Hardee, Highlands and Broward counties), according to the *Tampa Bay Times*.

Boards for all three participating groups approved the deal. The merger was prompted, in part, by changes in the Florida Department of Children and Families which will give funding preference to agencies that offer a broader range of services, the *Times* said.

The three consolidating agencies will continue to maintain their own boards and control their own budgets.

www.bizjournals.com/tampabay/blog/morning-edition/2013/03/gracepoint-management

Behavioral Health Agencies Are Merging

Combined, the three agencies have 1,137 employees. They treat 25,000 adults and 14,000 children each year.

By Robin Williams Adams
THE LEDGER

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LAKELAND—Gracepoint Management will be one of the names to watch in behavioral health care in Polk County and Tampa Bay area.

Three companies providing mental health and substance abuse treatment said Monday they are merging into Gracepoint to provide those services more cohesively.

They are Mental Health Care, Personal Enrichment through Mental Health Services and Agency for Community Treatment Services, better known as ACTS.

ACTS provides some adolescent and young adult programs in Polk County, as well as programs in Hardee, Highlands, Hillsborough, Pasco and Broward counties.

Mental health Care Inc. is in Hillsborough and Paso counties. Personal Enrichment through Mental Health services is in Pinellas.

Combined, the three have 1,137 employees and \$72 million in budget revenue. They treat 25,000 adults and 14,000 children each year.

The merger will let them save on costs, share specialists and offer better contract terms, while letting individual programs keep existing contracts and community advocacy, said Tom Wedekind chief executive of PEMHS.

<http://www.newschief.com/artice/20130304/NEWS/130309694/1023/life02?Title=Behavio...3/5/2013>

“We’re not coming together to be predatory in any fashion”, said Joe Rutherford, chief executive of Mental Health Care and Gracepoint.

“All of us saw the same writing on the wall.”

The writing isn’t graffiti. Its government-led changes in health care, from federal health reform to Florida’s move to put almost all Medicaid beneficiaries into managed-care organizations. “When we look at our new economy, you’ll probably start seeing more agencies falling along the lines of this,” Rutherford said.

The impact in Polk County, at least initially, will be smaller than was planned when the agencies unveiled their interest in a merger last summer.

Tri-County Human Services, a major local player in substance-abuse treatment, was interested at that time.

In February, however, Tri-County said it wouldn’t be joining Gracepoint this year.

Will Gracepoint expand more into Polk County as a result of the merger?

Not without a lot of conversation, since the agencies have a strong history of collaboration, said Richard Brown, chief executive of ACTS.

“We have a specially niche in (Polk County),” he said. But, with Gracepoint’s goal of getting contracts, that could change in the future.

“Some things occurring in health care might be more of a driver than our history,” Brown said.

Government programs prefer to contract with groups able to provide a wide array of services, treat more patients at lower cost and keep administrative overhead at 10 percent or less, the chief executives said.

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Revamped Gracepoint Management emerges, uniting mental health nonprofits

Monday, March 4, 2013 3:47 pm

Eight months after four regional nonprofits announced a merger into the biggest provider of behavioral health services in greater Tampa Bay, a reworked version of the deal has come tighter.

The revamped Gracepoint Management Inc. will include Mental health Care Inc. (Hillsborough and Pasco counties), Personal Enrichment through Mental Health Services Inc. (Pinellas County), and Agency for Community Treatment Services Inc. (Hillsborough, Pasco, Polk, Hardee, Highlands and Broward counties).

The boards of all three groups have approved the deal. One original member of the coalition from last August, Tri-County Human Services Inc., is no longer participating.

Under the new setup, the three agencies will control their own budgets and keep separate boards, but they will combine management under Gracepoint and unite when bidding for government services.

“It was important for each agency to have some local identity and some local autonomy to keep relationships. But we also needed economy of scale,” said Joseph Rutherford, Mental health Care’s chief executive officer.

The union was initially triggered by a mandate from Florida Department of Children and Families that gave preference to providers that could offer a broad spectrum of services.

Revamped Gracepoint Management emerges, uniting mental health nonprofits 03/04/13

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