



**JOINT LEGISLATIVE OVERSIGHT COMMITTEE
ON HEALTH AND HUMAN SERVICES**

DHHS Update: Cardinal Innovations

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Actions To Date

- **On November 27, DHHS announced after consultation with JLOC:**
 - Temporary takeover of all LME functions at Cardinal
 - Revocation of approval for board structure, requiring board be reconstituted by December 15
 - Expectation that Cardinal pay back \$3.8 million from administrative funds, based on salary paid
- **On November 29, DHHS obtained a temporary restraining order (TRO) against the former CEO and former board members to prevent them from interfering in DHHS's management of Cardinal.**

Appointment of New Board

- County Commissioners have primary responsibility for appointing new board members
- Board must have **11 to 21** members in **13** distinct categories
 - This includes 3 members appointed from Cardinal's Consumer & Family Advisory Committee (CFAC)
- **DHHS worked with NC Association of County Commissioners on streamlined process:**
 - Each county has appointed a member to a nominating committee
 - Individuals were able to nominate themselves or others to serve on the Cardinal board by providing a package of information to the nominating committee.
 - The nominating committee will meet this week and recommend a slate for the new board.
- To ensure stability for the organization, new board will be appointed by **December 15**

Next Steps

- **DHHS staff remain on-site to oversee activities and help stabilize Cardinal**
- **New board must be formally appointed and trained in order to assume oversight responsibilities for the organization.**
- **Cardinal, working with DHHS, must develop a detailed corrective action plan in response to audits by Office of the State Auditor and the DHHS Office of Internal Audit.**
- **Key staff vacancies must be filled**