# Bigger Than One State

## *What Boundless's Affiliation with Merakey, and Ohio's Own Regionalization, Could Mean for the Rest of Us*

*By Mark Mecum, CEO, Ohio Children's Alliance*

Field Notes is where I share the innovation I'm seeing across Ohio's system of care, with a focus on applying this information to readers in nonprofits, county and state government, foundations, and child advocacy. My last column started with a question about time. NYAP, which now operates in sixteen states, has held to the same mission for five decades, despite working in a sector so focused on short term funding and measuring near term outcomes.

This column shifts to a question about structure. Much of what an organization needs to compete in the long-term is expensive and out of reach. For example, modern HR and finance systems, self-insurance, a top tier workforce, and start-up capital are difficult for child and family service organizations to obtain, especially small to medium-size nonprofits. A week before my NYAP interview, I got a phone call that pointed to one intriguing answer.

Chris Wolf, COO of I Am Boundless, called to tell me Boundless would be entering into an affiliation with Merakey, a national nonprofit headquartered in Pennsylvania. From our sector, one of Ohio's largest nonprofits was becoming part of one of America's largest nonprofits. The model Chris described is one interesting way an Ohio organization can build capacity quickly.

I sat down with Chris and President and CEO of Boundless, Patrick Maynard, at their headquarters in Worthington, Ohio, to understand their decision. By their count, Boundless grew tenfold in seven years, from $20 million to $200 million in revenue. Most boards would have been floored with that performance. Boundless's board members saw this as testament that Boundless is relevant, in-demand, and should therefore dramatically expand to reach more kids and adults, even beyond Ohio.

Community-based agencies in Ohio measure impact on different scales: inches, feet, yards, miles. Most of us in this field, out of necessity, work in inches and feet, focused on the next contract, the next set of hires, the next licensing review. Boundless's board and leadership looked in miles together, and once they did, they could see that growing only inside Ohio would not get their integrated care model, built for children and adults with developmental disabilities and behavioral health needs, to the individuals they wanted to reach.

When the affiliation was announced in June, Patrick said, "We are not joining forces because something is broken." Patrick and Chris described Boundless as financially healthy going in, and they saw the affiliation as a way to reach more people sooner.

## It Started with a Strategic Plan

Patrick and Chris told me the idea surfaced during their most recent five-year strategic plan. Boundless had acquired smaller organizations, and the leadership team reached an uncomfortable conclusion: if we are willing to acquire, we should be willing to be acquired. Their biggest constraint driving this self-assessment was access to capital. Building a competitive and modern integrated care model means reinvesting every last penny of surplus into new services and systems. But for Boundless, neither surplus, philanthropy, nor private equity offered enough money that was flexible enough to close the gap. Basically, they were growing frustrated with their pace of progress. It was slowing and no longer meeting expectations. Therefore, partnering with a national enterprise organization offered them a faster pace, more aligned with their mission.

## How the Federation Works

Merakey calls the arrangement an affiliation, and it works like a federation. Boundless becomes the first of seven or eight planned regions across the country, with oversight of five Midwest states, and it keeps its name, its Ohio identity, its local board (with some powers shared up with Merakey), and its leadership team. Boundless isn't going away. It is joining the Merakey family as a full affiliate.

Merakey CEO Joe Martz explained the thinking in a video to his staff. Much of healthcare consolidation, he said, "has been built around absorption and centralization," and Merakey wants a model that is "scalable but still personal." The design speaks to a common worry among payors and funders, that local relationships get lost when a larger organization takes over.

Chris described the model as a way to consolidate and collaborate at the enterprise level for functions such as legal, compliance, and finance, while conversely collaborating with enterprise expertise but managing functions such as human resources, programming, and technology. The regional CEO manages an executive team that is responsible for creating impact in their local communities while threading any enterprise level strategies that may be applied at a national scale.

For a county director, a state agency, or a managed care plan, the Boundless leader you are working with is still an Ohio leader who knows the community, the local systems, and the families. The re-defined leadership role asks the CEO and other leaders to stay fully accountable to their community and region, while sharing authority upward. This would be a big adjustment for any longtime nonprofit leader, regardless of the size of their ego.

## The Platform Behind the Name

Merakey's affiliates run on a corporate platform that most organizations in our sector have never had access to. A few key figures: more than 8,300 employees, over 32,000 people served, 668 sites, and a billion-dollar operating budget. The Merakey parent organization’s public filings describe centralized cash management across the enterprise, a captive self-insurance company, tax-exempt bond financing (like what hospitals and universities use), and a network of for-profit subsidiaries, including a pharmacy and consulting company. In fact, Merakey spent $18 million implementing Workday, the HR and finance software many of the largest U.S. employers run on. (That cost alone is more than twice the size of most Ohio child and family service organizations’ annual budgets.)

Each piece of this model typically only pays for itself at this level of scale, which is why hospitals built structures like this decades ago.

For Boundless, the platform means start-up capital for new or expanded services like a dental clinic and pharmacy lines, and buildings re-designed around the people it serves, including clients with autism who have sensory issues. Affiliates pay the parent for shared services, and the parent holds formal authority over each affiliate, so Boundless is trading some independence for that capacity. "Bigger isn't always better," I heard more than once, and Boundless brings its own strengths into the larger family, including marketing, development, and thought leadership.

## Giving Local, Belonging National

Merakey affiliates raise money for their own nonprofit, in their own communities and regions, and donors understand the organization belongs to the Merakey family. Boundless leaders described marketing, communication, and philanthropy as "the private equity of the nonprofit world," the flexible capital that lets an organization try something new. Local funders will want to know that a gift to Boundless stays with Boundless and the families it serves in Ohio, even with a national parent above it.

## A Different Level Entirely

Learning how Merakey is built, I caught myself sorting agencies the way you might sort restaurants: the food truck, the café, the full restaurant, the franchise, and the brand whose products sit on grocery store shelves. Each can serve excellent food, and some of the best care in Ohio comes from small organizations that know every family by name. I don't mean the sorting as a ranking of quality or mission. It raises a question every organization could ask itself: what level are we built for, and what level does our mission call for? And when those two answers don't line up, how do we close the gap?

## What It Means for Ohio

County and state government have been regionalizing for years. About 50 ADAMHS boards serve the 88 counties, OhioRISE runs through 18 care management regions, Boundless among them, and Ohio's seven Medicaid managed care plans operate statewide. County DD boards share superintendents and pool services through councils of governments. I expect more regionalization in the years ahead, on the public and provider sides alike, and each arrangement looks a lot like the structure Boundless just joined: local governance, with capacity shared across county lines.

Ohio is already home to providers whose local leaders answer to a multi-state parent enterprise elsewhere, including Pressley Ridge, Youth Villages, and Ohio Mentor, while NYAP, Necco, and SAFY are headquartered here and run programs across the country. This time, one of Ohio's largest providers chose to join a national parent, and as part of that strategy, is taking on a plan to build a multi-state region of its own, under this structure.

What could others learn from this model? A group of Ohio organizations that share a mission, but operate independently, could also build something similar with common finance, HR, technology, insurance, capital, and local names intact. Wingspan Care Group in Cleveland already works this way, serving as a shared administrative services organization for Bellefaire JCB, Applewood Centers, and other affiliated nonprofits that keep their own names.

There could be potential downsides to this model. When finance, legal, and other back-office work moves to the parent, an affiliate’s leaders have to involve the parent in decisions they used to make on their own, and that can slow things down or cause friction. If every affiliate uses the same systems, such as an EHR, there could be less room for one affiliate to do things differently to fit its community. Patrick and Chris told me the two organizations have differed in strategy over the past several years, but a strong alignment around culture made the deal possible. They expect full integration to take two to three years.

I'm grateful to Patrick and Chris for their candor. My last column showed how NYAP thinks in decades. This column shows how thinking in decades can also mean changing the structure an organization operates within. Neither of these models is a blueprint for everyone. Both raise questions for the whole system about how we fund, contract with, and support the organizations that serve Ohio's children and families. In fact, some have asked me, “how big is too big”, and at what point do local stakeholders no longer view you as a “local organization”? Boundless answered those questions for itself this year, and I expect more Ohio boards will be asking them soon.