2 December 2016

MEMORANDUM

TO: Honorable Members of the Champaign County Board

FR: Rick Snider, County Administrator

RE: Report of Nursing Home Board Action

As has been discussed over the past several months, the financial condition of the Nursing Home continues to deteriorate. The most acute issue is inadequate cash flow resulting from the failure of the State of Illinois to resolve the backlog of unapproved Medicaid patient applications. This is negatively impacting accounts receivable in the amount of $150,000-$200,000 per month. The shortfall has forced ongoing deferrals of payments to vendors with some entities more than eight months past due. It is highly likely that some vendors may discontinue services at any time. As reported to the County Board by the County Auditor earlier this year, the lack of an operating fund balance has jeopardized the fulfillment of payroll for nursing home staff. In calendar months with three payroll dates, it has been exceptionally difficult to accumulate the necessary funds.

NURSING HOME BOARD RECOMMENDATION

On Wednesday, November 30, the Champaign County Nursing Home Board of Directors (NHBOD) met to discuss the future direction of the facility in consideration of its ongoing financial and operational problems. In order to frame the discussion, I presented the Nursing Home Board with a summary matrix of several potential paths forward for the home and their associated implications for the stakeholders (residents, staff, and the County). The range of options included possibilities such as maintenance of the status quo, raising additional funds (cash), downsizing the facility, sale of the facility, and closure of the facility, among others. Following the discussion, the Nursing Home Board forwarded the following recommendation to the County Board:

The nursing home requires an additional 12 million dollars; 7 for capital expenses, 3 for operational reserves, and 2 for accounts payable. The Nursing Home Board requests that the County Board consider approval of a ballot question to ask for an increase in the nursing home property tax for 10 years, and if the consensus is not in favor; request a sales tax increase for the capital portion only (7 million) over the next twelve years. In addition, the board requests the County Administrator to consult with the State’s Attorney Office to look into the possibility of placing a time limitation for the operational levy.
The estimate of $12 million presented by NHBOD includes costs related to deferred maintenance as detailed in the County’s Facilities Action Plan, strategic capital for equipment and physical plant improvements, funds to satisfy the accounts payable obligations that have aged beyond ninety days, and the establishment of an operating fund balance sufficient to cover home expenses for approximately ninety days.

This information is forwarded in contemplation of the County Board discussion regarding a possible study session to be scheduled this month. Please contact me should you have further questions.