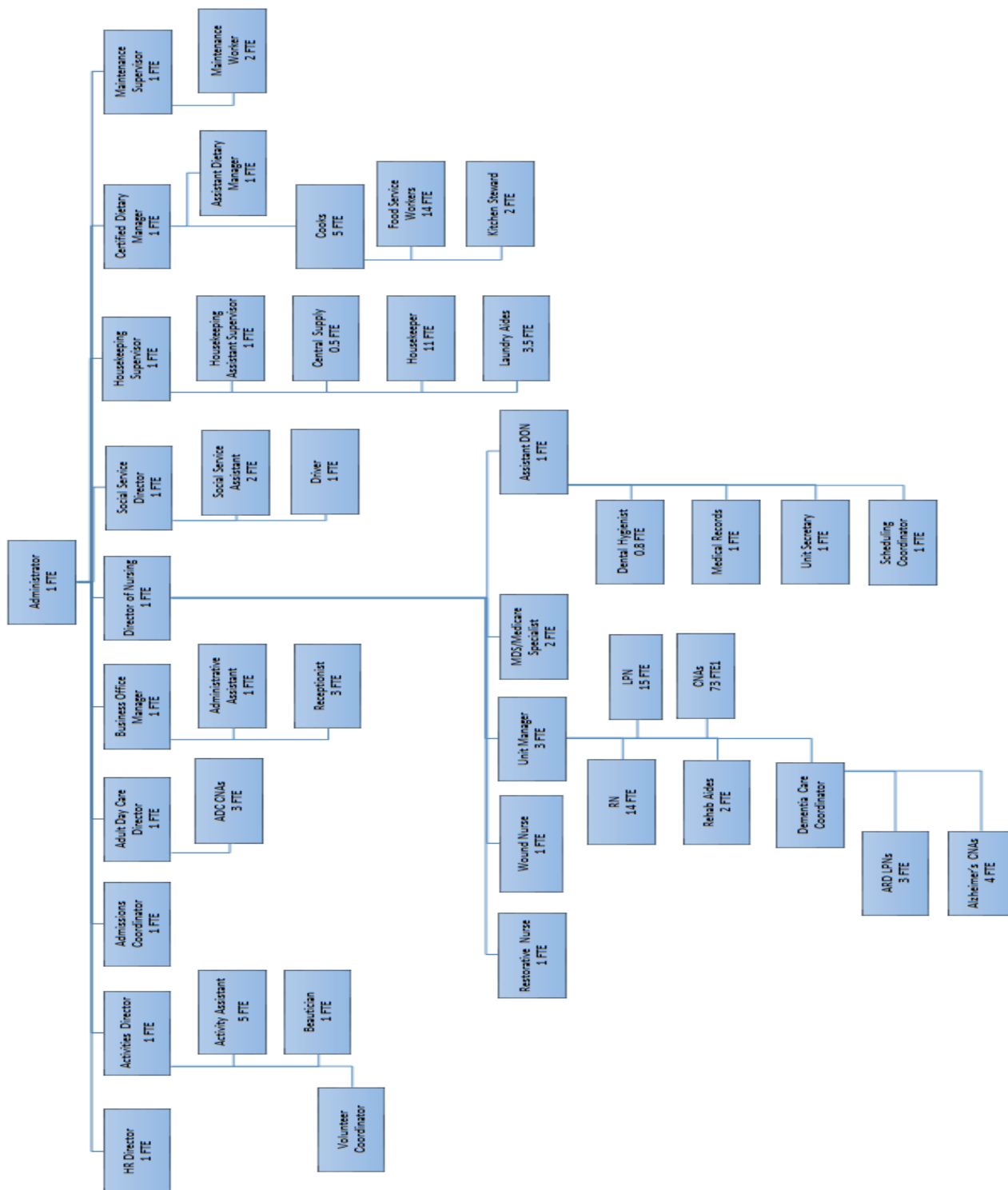


CHAMPAIGN COUNTY NURSING HOME
Fund 081-000



Champaign County Nursing Home positions: 190.8 FTE

MISSION STATEMENT

The Champaign County Nursing Home (CCNH) provides compassionate long-term, rehabilitative, and memory care services reflective of the community we serve and in a manner respective of our 100-year history. On July 1, 2017, the County transitioned to a new management company, SAK Management of Northfield, Illinois, to provide administration and oversight of CCNH. The FY2018 budget will be the first full-year plan developed under the new management team.

NURSING HOME FUND SUMMARY

The FY2018 budget represents a major restructuring of nursing home staffing and operations. Continued delays in Medicaid receipts from the State of Illinois have resulted in severe financial distress for CCNH. With the arrival of SAK Management, all nursing home operations and contracts were placed under review, along with the restructuring of administrative and financial services. The review process led to a number of procurement and organizational changes that yielded significant financial benefits. Economies generated nearly \$1 million (estimated) in annual operational savings.

Throughout 2017, the County Board has been considering all possible options to achieve sustainability for the nursing home. During the budget process, it was decided to establish a transitional plan by budgeting for six months of operational revenues and expenditures, and six months of revenues and expenditures for wind-down activities subsequent to a possible separation transaction. In the event that a sale transaction is not approved or if there are no interested parties to conclude a sale, it will be necessary to implement further cuts to General Fund departments in order to pay down accumulated obligations to vendors and to restore the General Fund balance to its mandated minimum level of 12.5% of annual expenditures.

BUDGET STRUCTURE

In past years, the CCNH budget has been divided into many different department budgets. For FY2018, these department budgets have been consolidated into one budget, 081-410, that includes six months of operating revenue and expenditures. It also includes one additional month of accrued revenue, and two additional months of accrued expenditure. A second department budget, 081-405, has been established to capture revenue and expenditure estimates associated with wind-down activities.

081-410 HIGHLIGHTS

- The County prepared its property tax levy to capture new growth revenue in the event of a potential ruling in the hospital property tax exemption case; therefore, the budget includes \$37,829 in additional property tax revenue, and a corresponding depreciation expenditure of an equal amount. The FY2018 Budget Summary further explains the purpose of preparing the property tax levy to capture new growth allowed under the PTELL calculation. At this time, it is uncertain whether the County will receive the additional property tax revenue.
- Six months of operating revenue and expenditure, one month of accrued revenue and two months of accrued expenditure
- Employee leave accrual payout (wages and fringes)
- Legal expenses
- A/R, A/P and accounting management through FY2018

081-405 HIGHLIGHTS

- Sale proceeds less 2.5% broker commission and 3% Escrow Holdback required by bond covenants
- Sidewalk installation (if necessary for subdivision approval)
- Audit and Accounting fees for divestment
- Estimated outstanding accounts payable
- FY2017 tax anticipation warrant repayment
- General Fund transfer (\$544,784 FY2016 and FY2017 debt service reimbursement and \$1.98 million for General Obligation bond payoff)
- Intergovernmental loan payoff

REVENUE

Operating revenue is budgeted at \$6,453,336. Non-operating revenue is budgeted at \$1,306,346, and sale revenue less broker fees and escrow holdback is \$10,395,000 for a total of \$18,154,682.

Census

Revenue projections are driven by census assumptions. In 2018, we have anticipated a more realistic, less aspirational number for Medicare than that of previous budgets. Due to the disparity in profitability between Medicare patients and patients with other payers, over budgeting of Medicare census can result in significant variances between budgeted and actual numbers. The following table summarizes the 2017 and 2018 budgeted census.

<u>Payer</u>	<u>2017 Budget</u>	<u>2018 Budget</u>	<u>Payer Mix %</u>	<u>Occupancy %</u>
<i>Medicare A</i>	<i>14.10</i>	<i>8.25</i>	<i>5.58%</i>	<i>3.40%</i>
<i>Medicaid</i>	<i>117.20</i>	<i>90.50</i>	<i>61.25%</i>	<i>37.24%</i>
<i>Medicaid</i>	<i>-</i>	<i>11.00</i>	<i>7.45%</i>	<i>4.53%</i>
<i>Pending</i>				
<i>Hospice</i>	<i>-</i>	<i>7.00</i>	<i>4.74%</i>	<i>2.88%</i>
<i>Medicaid</i>				
<i>Managed Care</i>	<i>-</i>	<i>3.00</i>	<i>2.03%</i>	<i>1.23%</i>
<i>Private Pay</i>	<i>37.40</i>	<i>23.00</i>	<i>15.57%</i>	<i>9.47%</i>
<i>Veterans</i>	<i>4.80</i>	<i>5.00</i>	<i>3.38%</i>	<i>2.06%</i>
<i>TOTAL</i>	<i>173.5</i>	<i>147.75</i>	<i>100.00%</i>	<i>60.80%</i>

The following table shows programmed reimbursement rates by payer type.

<u>PAYER</u>	<u>Avg Daily Rate</u>
<i>Medicare A</i>	<i>\$427.00</i>
<i>Medicaid</i>	<i>\$142.78</i>
<i>Medicaid ARD</i>	<i>\$142.78</i>
<i>Medicaid (IGT)</i>	<i>\$18.60</i>
<i>Medicaid Pending</i>	<i>\$142.78</i>

<u>PAYER</u>	<u>Avg Daily Rate</u>
Hospice Medicaid	\$142.78
Managed Care	\$445.50
Private Pay	\$230.30
Veterans	\$235.00

EXPENDITURE

Total expenditures are budgeted at \$15,205,024. As mentioned earlier, cost controls have resulted in significant reductions in operational expenditures. In particular, changes in dietary and medical supply vendors, renegotiation of electric supply contract, elimination of contract professional staff, hiring of full-time employees to reduce overtime labor, and reductions in administrative staff have yielded recurring savings of nearly \$1 million annually.

FINANCIAL

Fund 081 Summary			2016 Actual	2017 Original	2017 Projected	2018 Budget
311	32	CURR PROP TX-NURS HM OPER	\$1,159,938	\$1,250,370	\$1,206,593	\$1,304,606
313	32	RE BACKTAX-NURS HOME OPER	\$683	\$0	\$618	\$0
314	10	MOBILE HOME TAX	\$1,073	\$0	\$1,097	\$0
315	10	PAYMENT IN LIEU OF TAXES	\$816	\$0	\$678	\$0
		PROPERTY TAXES	\$1,162,510	\$1,250,370	\$1,208,986	\$1,304,606
345	17	NH CARE-VET ADM PATIENTS	\$552,474	\$464,189	\$598,144	\$250,177
345	18	ADLT DAYCARE-VA CLIENTS	\$126,310	\$100,000	\$57,991	\$28,000
345	19	NH CARE-HOSPICE PATIENTS	\$473,165	\$399,511	\$298,921	\$218,425
345	20	ADLT DAYCARE-PRIV CLIENTS	\$32,505	\$30,000	\$38,221	\$21,000
345	21	ADLT DAYCARE-IDOA CLIENTS	\$106,782	\$105,000	\$105,589	\$56,000
345	22	NH CARE-PRIV PAY PATIENTS	\$3,070,873	\$3,114,680	\$2,308,288	\$1,471,037
345	23	NH CARE-MEDICAID PATIENTS	\$5,757,800	\$6,173,634	\$5,119,573	\$3,211,194
345	26	NH CARE-MEDICARE/A PATNTS	\$1,101,395	\$903,375	\$1,209,358	\$749,990
345	27	NH CARE-MEDICARE/B PATNTS	\$148,046	\$215,000	\$219,915	\$129,500
345	29	NH CARE-PRIV INSUR PATNTS	\$1,368,985	\$1,806,750	\$612,006	\$284,563
345	33	NURS HOME BEAUTY SHOP REV	\$30,689	\$35,000	\$26,726	\$15,400
345	34	MEDICAL SUPPLIES REVENUE	\$50,806	\$60,000	\$21,589	\$12,600
345	35	PATIENT TRANSPORTATN CHGS	\$17,438	\$20,000	\$12,666	\$4,550
		FEES AND FINES	\$12,837,268	\$13,427,139	\$10,628,987	\$6,452,436
361	10	INVESTMENT INTEREST	\$545	\$0	\$400	\$0
363	50	RESTRICTED DONATIONS	\$4,542	\$2,000	\$1,615	\$0
364	10	SALE OF FIXED ASSETS	\$0	\$0	\$0	\$10,395,000
369	12	VENDING MACHINES	\$3,530	\$2,300	\$1,735	\$1,740
369	20	NURS HOME MEAL TICKETS	\$1,528	\$0	\$366	\$0
369	30	LATE CHARGE, NSF CK CHG	\$0	\$5,000	\$0	\$0
369	42	WORKER'S COMP. REIMB.	\$501	\$0	\$0	\$0
369	90	OTHER MISC. REVENUE	\$0	\$8,000	\$2,478	\$900

Fund 081 Summary			2016 Actual	2017 Original	2017 Projected	2018 Budget
MISCELLANEOUS			\$10,646	\$17,300	\$6,594	\$10,397,640
REVENUE TOTALS			\$14,010,424	\$14,694,809	\$11,844,567	\$18,154,682
511	3	REG. FULL-TIME EMPLOYEES	\$3,697,361	\$3,776,068	\$3,201,941	\$2,599,033
511	4	REG. PART-TIME EMPLOYEES	\$96,790	\$103,468	\$147,342	\$117,883
511	5	TEMP. SALARIES & WAGES	\$214,319	\$70,000	\$283,413	\$0
511	6	PER DIEM	\$2,790	\$3,000	\$2,160	\$1,500
511	9	OVERTIME	\$719,632	\$418,910	\$701,155	\$70,018
511	43	NO-BENEFIT FULL-TIME EMPL	\$1,662,363	\$1,439,542	\$1,136,826	\$589,954
511	44	NO-BENEFIT PART-TIME EMPL	\$299,264	\$359,894	\$333,809	\$0
513	1	SOCIAL SECURITY-EMPLOYER	\$485,580	\$468,940	\$458,440	\$258,455
513	2	IMRF - EMPLOYER COST	\$527,986	\$517,979	\$485,186	\$278,389
513	4	WORKERS' COMPENSATION INS	\$172,221	\$183,284	\$161,990	\$93,543
513	5	UNEMPLOYMENT INSURANCE	\$106,428	\$220,890	\$89,264	\$55,056
513	6	EMPLOYEE HEALTH/LIFE INS	\$661,393	\$841,081	\$694,666	\$474,258
513	20	EMPLOYEE DEVELOPMNT/RECOG	\$873	\$2,500	\$299	\$1,200
513	21	EMPLOYEE PHYSICALS/LAB PERSONNEL	\$23,574 \$8,670,574	\$45,000 \$8,450,556	\$24,509 \$7,721,000	\$15,000 \$4,554,289
522	1	STATIONERY & PRINTING	\$877	\$3,000	\$2,615	\$480
522	3	BOOKS,PERIODICALS & MAN.	\$558	\$2,200	\$3,188	\$1,040
522	4	COPIER SUPPLIES	\$2,932	\$6,000	\$0	\$0
522	6	POSTAGE, UPS, FED EXPRESS	\$6,751	\$4,000	\$5,421	\$3,200
522	10	FOOD	\$5,438	\$0	\$140,320	\$200,623
522	12	STOCKED DRUGS	\$1,183	\$37,093	\$38,564	\$22,400
522	15	GASOLINE & OIL	\$9,972	\$11,500	\$10,442	\$6,667
522	16	TOOLS	\$210	\$250	\$0	\$0
522	17	GROUNDS SUPPLIES	\$343	\$1,000	\$0	\$0
522	22	MAINTENANCE SUPPLIES	\$21,288	\$20,000	\$8,250	\$6,667
522	25	DIETARY NON-FOOD SUPPLIES	\$1,247	\$0	\$4,988	\$1,160
522	28	LAUNDRY SUPPLIES	\$15,383	\$10,000	\$9,736	\$6,667
522	31	PHARMACY CHRGS-PUBLIC AID	\$2,031	\$22,975	\$22,246	\$12,160
522	33	OXYGEN	\$17,795	\$16,900	\$11,763	\$8,600
522	34	INCONTINENCE SUPPLIES	\$46,876	\$111,194	\$75,079	\$57,527
522	35	NUTRITIONAL SUPPLEMENTS	\$35,451	\$60,000	\$22,785	\$16,179
522	36	PHARMACY CHRGS-INSURANCE	\$1,023	\$117,129	\$88,567	\$60,280
522	44	EQUIPMENT LESS THAN \$5000	\$27,989	\$13,400	\$29,585	\$11,320
522	91	LINEN & BEDDING	\$10,817	\$20,000	\$8,858	\$13,333
522	93	OPERATIONAL SUPPLIES	\$177,923	\$276,745	\$167,023	\$348,328
522	98	PHARMACY CHARGES-MEDICARE COMMODITIES	\$6,064 \$392,151	\$101,043 \$834,429	\$78,829 \$728,259	\$503,443 \$1,280,074
533	1	AUDIT & ACCOUNTING SERVCS	\$0	\$55,000	\$37,692	\$45,128
533	3	ATTORNEY/LEGAL SERVICES	\$86,758	\$60,000	\$105,537	\$130,000

Fund 081 Summary			2016 Actual	2017 Original	2017 Projected	2018 Budget
533	4	ENGINEERING SERVICES	\$54,966	\$15,000	\$163	\$10,000
533	6	MEDICAL/DENTAL/MENTL HLTH	\$19,728	\$50,000	\$68,325	\$46,300
533	7	PROFESSIONAL SERVICES	\$1,373,713	\$1,641,315	\$1,427,623	\$2,628,731
533	12	JOB-REQUIRED TRAVEL EXP	\$1,981	\$2,000	\$645	\$1,400
533	17	FIELD TRIPS / ACTIVITIES	\$71	\$500	\$0	\$0
533	20	INSURANCE	\$142,880	\$290,000	\$274,097	\$193,333
533	22	LABORATORY FEES	\$7,140	\$16,745	\$7,178	\$4,520
533	26	PROPERTY LOSS/DMG CLAIMS	\$20	\$2,000	\$0	\$0
533	29	COMPUTER/INF TCH SERVICES	\$87,448	\$100,000	\$106,668	\$66,667
533	30	GAS SERVICE	\$131,105	\$175,000	\$138,127	\$92,000
533	31	ELECTRIC SERVICE	\$409,661	\$300,000	\$368,426	\$191,067
533	32	WATER SERVICE	\$36,587	\$35,000	\$35,485	\$24,800
533	33	TELEPHONE SERVICE	\$19,989	\$20,000	\$16,171	\$13,333
533	34	PEST CONTROL SERVICE	\$7,998	\$6,250	\$6,500	\$3,600
533	36	WASTE DISPOSAL & RECYCLNG	\$34,798	\$35,000	\$34,011	\$22,680
533	40	AUTOMOBILE MAINTENANCE	\$6,025	\$10,000	\$5,503	\$3,800
533	42	EQUIPMENT MAINTENANCE	\$24,693	\$26,000	\$17,373	\$16,667
533	51	EQUIPMENT RENTALS	\$80,400	\$38,600	\$54,195	\$41,304
533	70	LEGAL NOTICES,ADVERTISING	\$22,831	\$40,000	\$19,743	\$26,667
533	85	PHOTOCOPY SERVICES	\$3,584	\$10,732	\$8,145	\$6,000
533	86	NURS HOME BLDG REPAIR/MNT	\$307,712	\$100,000	\$88,985	\$66,667
533	89	PUBLIC RELATIONS	\$25	\$2,250	\$163	\$0
533	91	LAUNDRY & CLEANING	\$6,325	\$6,500	\$1,613	\$4,333
533	93	DUES AND LICENSES	\$18,020	\$21,200	\$12,644	\$12,133
533	95	CONFERENCES & TRAINING	\$19,436	\$21,525	\$7,250	\$5,327
534	11	FOOD SERVICE	\$571,297	\$725,000	\$310,077	\$235,736
534	37	FINANCE CHARGES,BANK FEES	\$6,282	\$10,000	\$13,803	\$18,000
534	40	CABLE/SATELLITE TV EXP	\$29,951	\$30,000	\$31,890	\$20,000
534	46	SEWER SERVICE & TAX	\$20,837	\$20,000	\$17,249	\$12,000
534	61	IPA LICENSING FEE	\$340,360	\$546,790	\$435,310	\$609,462
534	65	CONTRACT NURSING SERVICE	\$56,525	\$332,000	\$0	\$190,244
534	75	FINES AND PENALTIES	\$24,350	\$30,000	\$44,813	\$20,000
534	76	PARKING LOT/SIDEWLK MAINT	\$5,197	\$10,000	\$905	\$156,667
534	81	GENERAL LIABILITY CLAIMS	\$60,000	\$30,000	\$0	\$20,000
534	83	MEDICARE MEDICAL SERVICES SERVICES	\$10,498 \$4,029,191	\$12,430 \$4,826,837	\$114,977 \$3,811,286	\$54,400 \$4,992,966
544	29	NUR HM BLDG CONST/IMPROVE	\$282,126	\$0	\$0	\$0
544	30	AUTOMOBILES, VEHICLES	\$0	\$0	\$27	\$0
544	33	OFFICE EQUIPMENT & FURNIS	\$30,161	\$21,000	\$10,129	\$4,000
544	74	KITCHEN/LAUNDRY EQUIPMENT CAPITAL	\$0 \$312,287	\$3,000 \$24,000	\$0 \$10,156	\$0 \$4,000
567	1	DEPRECIATION EXPENSE	\$0	\$0	\$0	\$37,829
567	2	BAD DEBT EXPENSE	\$0	\$200,000	\$0	\$0
		NON CASH EXPENSES	\$0	\$200,000	\$0	\$37,829

Fund 081 Summary			2016 Actual	2017 Original	2017 Projected	2018 Budget
571	80	TO GENERAL CORP FUND 080	\$23,712	\$282,670	\$0	\$2,525,304
		INTERFUND EXPENDITURE	\$23,712	\$282,670	\$0	\$2,525,304
581	2	L/T TAX ANTIC NOTES PRINC	\$0	\$0	\$0	\$1,076,760
581	5	INTGOVTL LOAN PRINC PMTS	\$0	\$0	\$0	\$726,802
582	1	INTEREST-TAX ANTIC NOTES	\$6,955	\$3,500	\$7,702	\$7,000
		DEBT	\$6,955	\$3,500	\$7,702	\$1,810,562
EXPENDITURE TOTALS			\$13,434,870	\$14,621,992	\$12,278,403	\$15,205,024

NET POSITION/FUND BALANCE

FY2016 Actual	FY2017 Projected	FY2018 Budgeted
\$241,828	-\$192,008	\$2,757,650

The fund balance increase in FY2018 reflects the proceeds anticipated after the outstanding obligations of the nursing are met following a sale transaction.

FULL TIME EMPLOYEE HISTORY

FY2014	FY2015	FY2016	FY2017	FY2018
202.5	222.1	215.3	226.3	190.8

ALIGNMENT to STRATEGIC PLAN

County Board Goal 1 – Champaign County is committed to being a high performing, open and transparent local government organization

- To operate the CCNH effectively and with financial independence
- To offer long-term care, skilled nursing, memory care, and adult day care services to citizens without regard for their ability to pay
- To maintain services that are conservatively priced and offered to anyone who demonstrates a need
- To forge partnerships with employees through continuous education, consistent performance expectations, and a quality management system that incorporates staff at every level of the organization

County Board Goal 2 – Champaign County maintains high quality public facilities and highways and provides a safe rural transportation system and infrastructure

- To develop a long-range plan for budgeting for, and implementing, appropriate facility maintenance in a timely fashion

County Board Goal 3 –Champaign County promotes a safe, just and healthy community

- To adopt and implement policies and procedures which address specific areas of CCNH's operations, including, but not limited to, hospital readmission rates, emergency room referrals, nosocomial infection rates, falls, vaccinations, and decubitus ulcer prevention and treatment
- Facilitate a collaborative relationship with other area health care providers including hospitals, assisted living, supportive living, hospice, home health agencies and community organizations that provide senior services.

County Board Goal 4 – Champaign County is a county that supports balanced, planned growth to balance economic growth with preservation of our natural resources

- To be responsive to community needs through the adjustment of care services provided by the CCNH based on the needs of the community