

NURSING HOME BOARD OF DIRECTORS AGENDA

County of Champaign, Urbana, Illinois

Thursday, November 13, 2008 – 6:00pm

Chapel, Champaign County Nursing Home
500 S. Art Bartell Road, Urbana

CHAIR: Charles Lansford

DIRECTORS: Jan Anderson, Peter Czajkowski, Jason Hirsbrunner, Mark Holley,
Alan Nudo, Mary Ellen O'Shaughenssey

ITEM

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF AGENDA/ADDENDUM

IV. APPROVAL OF MINUTES

a. October 16, 2008

V. PUBLIC PARTICIPATION

VI. OLD BUSINESS

a. Update on Nursing Recruitment (Mark Holley)

VII. NEW BUSINESS

a. Budget Update & Management Report (Mike Scavotto)

VIII. OTHER BUSINESS

IX. CLOSED SESSION PURSUANT TO 5 ILCS 120/2(c)1 to CONSIDER THE APPOINTMENT, EMPLOYMENT, PERFORMANCE, OR DISCIPLINE OF SPECIFIC EMPLOYEES OF THE PUBLIC BODY

X. CLOSED SESSION PURSUANT TO 5 ILCS 120/2(c)2 to CONSIDER COLLECTIVE NEGOTIATING MATTERS BETWEEN THE CHAMPAIGN COUNTY NURSING HOME AND ITS EMPLOYEES OR THEIR REPRESENTATIVES

XI. NEXT MEETING DATE & TIME

a. Thursday, December 11, 2008 at 6:00pm

XII. ADJOURNMENT

**Board of Directors
Champaign County Nursing Home
Urbana, Illinois
October 16, 2008**

Directors Present: Lansford, Anderson, Nudo, Hirsbrunner, Czajkowski

Directors Absent/Excused: Holley, O'Shaughnessey

Also Present: Busey, Scavotto

1. Call to Order

The meeting was called to order at 6:05 pm by Chairman Lansford.

2. Roll Call

Lansford called the roll of Directors.

3. Agenda

On motion by Anderson (second Hirsbrunner) the agenda was approved (unanimous).

4. Approval of Minutes

There were two corrections to Section 8, Public Participation. The reference to Cathy Kincaid was corrected to read Patsy Petrie. The reference to Debbie Putnam was corrected to read Jennifer Putman.

On motion by Nudo (second Hirsbrunner) the minutes of the previous meeting were approved (unanimous).

5. Old Business

a. Community Forum: Scavotto reported that the community forum scheduled for October 30 was being re-scheduled to later in 2009, most likely in the Spring.

b. Nurse Recruitment: Lansford updated the Board on the recent meeting with Carle executives, who were encouraged about participating with CCNH in our effort to bolster our nursing service. Carle provided the advantages and disadvantages of its overseas recruitment efforts (Philippines). Carle also indicated that injecting more resources into the local system for nurse training and education was equally beneficial. Follow-up activities have begun on this longer-term initiative.

6. New Business

a. Budget Update & Management Report

Scavotto updated the Board on CCNH operations. Census has built to 180 and should exceed 180 on the next few days. Revenues are building as census increases. Expenses, especially labor, are being better managed. However, the longer-term picture indicates that additional nursing resources will be needed, as expected. As an example of continued progress, the most recent October payroll was higher than our target level, largely due the hiring of several nurses. Fortunately, corresponding expenses for contract agency labor were down by \$18k. All indications are that CCNH is headed in the right direction.

There was discussion regarding our exposure to Medicaid-eligible reimbursement difficulties. (The dilemma occurs when a resident is admitted pending a Medicaid eligibility determination. If eligibility is denied, CCNH needs to collect from the resident's private pay resources. At times, the eligibility process is protracted. Medicaid will cover 90 days prior to the resident admission; sometimes, the facility ends up foregoing reimbursement.) CCNH's experience managing the Medicaid-eligible process has been positive and CCNH continues to enjoy excellent working relationships with the local eligibility team.

b. Marketing Subcommittee Report

Scavotto communicated O'Shaughnessy's gave marketing report. Work continues as presented in September's report. However, the use of volunteer consultants in graphic design and marketing is taking more time than originally anticipated. Accordingly, the timetable has been revised to early 2009.

7. Other Business

There was no Other Business.

8. Public Participation

Jennifer Putman spoke, expressing appreciation that the Management Reports prepared by Mike Scavotto had been forwarded to all members of the County Board. Ms. Putman also posed questions regarding the process and evaluative basis for hiring Alliance Rehab to replace ONR for physical therapy services; and requested clarification about who "Mary" is, the person referred to in the Management Report submitted by Mr. Scavotto. Chair Lansford reported to both the Board and members of the public that pursuant to rules of procedure, the board members would not engage in discussion with members of the public in public participation, and based upon further discussion by Board Members, there was agreement that members of the public posing questions would be contacted with answers at some point in the days following the meeting.

Mike Lehman, Green Party Candidate for County Board, commented on the fact that the agenda and report were available on the web site and easily available. He posed questions about hiring temporary nurses to work under the 1,000 hour rule for annual employment required by IMRF,

and why would it not be better to make those nurses full-time employees of the Nursing Home. Mr. Lehman also posed a question as to why the property tax levy rate for the Nursing Home in 2009 will not be at the full 3 cent rate as approved by the voters in 2002.

Margaret Wright addressed the Board regarding a meeting with the Champaign Chamber of Commerce that occurred as a result of a letter the Chamber sent to members of the County Board. Ms. Wright asked whether or not the committee that spoke to the Chamber Board had been authorized by the County Board to do so, and asked if there was a report of that meeting with the Chamber Board.

Patsy Petrie addressed the Board to express appreciation that her request for more robust meeting minutes had been addressed, and asked about the community forum that had been discussed at the September 11th Nursing Home Board Meeting. Chair Lansford did respond to Ms. Petrie that it had been reported earlier in this meeting that the community forum had been deferred until after negotiations between AFSCME and the County had been completed, at the request of the County Board.

9. Closed Session: Appointment, Employment, Performance, or Discipline of Specific employees of a Public Body

At approximately 7:00 pm, it was moved (Anderson, second Hirsbrunner, unanimous) to go into Closed Session. Lansford called the roll. The Board emerged from Closed Session at approximately 7:30 pm with no action being taken.

10: Closed Session: Consider Collective Negotiating Matters between Champaign County nursing Home and Its Employees or Their Representatives

At approximately 7:30 pm, it was moved (Nudo, second Anderson, unanimous) to go into Closed Session. Lansford called the roll. The Board emerged from Closed Session at approximately 8:20 with no action being taken.

11. Next Meeting Date

Thursday November 13, 2008, 6 pm

12. Adjournment

The meeting adjourned at approximately 8:30 (motion Czajkowski, second Nudo, unanimous)

Respectfully submitted

Michael Scavotto
Recording Secretary

To: Board of Directors
Champaign County Nursing Home

From: M.A. Scavotto
Manager

Date: November 5, 2008

Re: Management Report

As I write this update, census is at 182. We have been fortunate in our efforts to increase census and have been rewarded with the community's trust in our ability to care for seniors.

Overview

The year-to-date mix is 30 percent private, 61 percent Medicaid, and 9 percent Medicare. Improving census and mix continue to be crucial benchmarks in CCNH's turnaround. As a case in point, October's mix was 33 percent private, 56 percent Medicaid, and 11 percent Medicare. This is a significant shift that has been developing since July. We are hoping to begin the fiscal year at or close to a census of 208. While we are a lot closer now than when we first began the turnaround effort, we still have more work to do.

Financial management continues to focus on the income statement and on cash holdings. When cash improves to where CCNH has a predictable cash cushion, we will give more emphasis to the balance sheet.

For the three months ended September 2008, the results of operations were:

Last Three Months	Jul-08	Aug-08	Sep-08
Medicare A	\$ 67,627	\$ 119,764	\$ 121,684
Medicare B	\$ 59,686	\$ 81,348	\$ 63,448
Medicaid	\$ 572,489	\$ 536,615	\$ 551,650
Pvt Pay	\$ 231,295	\$ 291,321	\$ 210,644
Adult Day-Private	\$ 6,735	\$ 6,846	\$ 7,730
Adult Day-TXX	\$ 13,053	\$ 11,334	\$ 10,106
Miscellaneous	\$ 17,642	\$ 22,607	\$ 19,816
Property Tax	\$ 13,516	\$ 70,742	\$ 312,840
All Revenues	\$ 982,044	\$ 1,140,576	\$ 1,297,918
All Expenses	\$ 1,143,397	\$ 1,176,440	\$ 1,219,832
Net Income/(Loss)	\$ (161,353)	\$ (35,864)	\$ 78,086
Census	4810	5188	5095
change		378	-93

Without Property Taxes, the losses by month were \$(174,869), \$(106,606), and \$(243,754). Things were looking better but took a dive in September, which can not be considered good performance.

For September, a few major items account did most of the damage. Fully \$80k is due to fewer private pay days. This appears to be a temporary drop in census unrelated to any problems in service. We also wrote off \$71k in Medicare revenues due to denials that we incurred during the sanction period. Medicare volume was up over August by 164 days, so program direction is good. Writing off so much revenue should not recur in future months.

In private pay, there were 3 conversions to Medicaid status, meaning that these residents ran out of funds. (This is very common in nursing homes.) We had 30 fewer days in skilled nursing and 68 fewer days in insurance rehab. There was not a mass exodus of this payer class. Elsewhere in this report, you will see that CCNH rebounded nicely in October.

The remaining \$40k+ is in expenses. On the expense side, we found several operational problems with scheduling (Environmental Services) and purchasing (Food Service). These have been corrected. In nursing, salary expenses were up \$14k. Contract Agency usage was up \$41k, almost \$25k of which was attributable to August. Some of the agency use is attributable to time our new hires spent in orientation. Specifically, 29 LPN shifts and 56 C.N.A. shifts represented training for newly hired personnel; future agency utilization should decline. Finally, we paid the CMS settlement fee of \$8,840.

There is good news with the IGT. CCNH's alternate Medicaid rate recently increased from \$183 to \$198. Under the IGT methodology, CCNH will net over \$9 per Medicaid day and this will be a welcome boost to revenues effective October 1. To put this increase in perspective, CCNH would recognize additional Medicaid revenues of approximately \$314k on its current volume through October 2008.

The following graphs provide a comparative statement of position for CCNH for the current fiscal year through August. If I can update the materials for October's results, I will have updated graphs for you at the meeting.

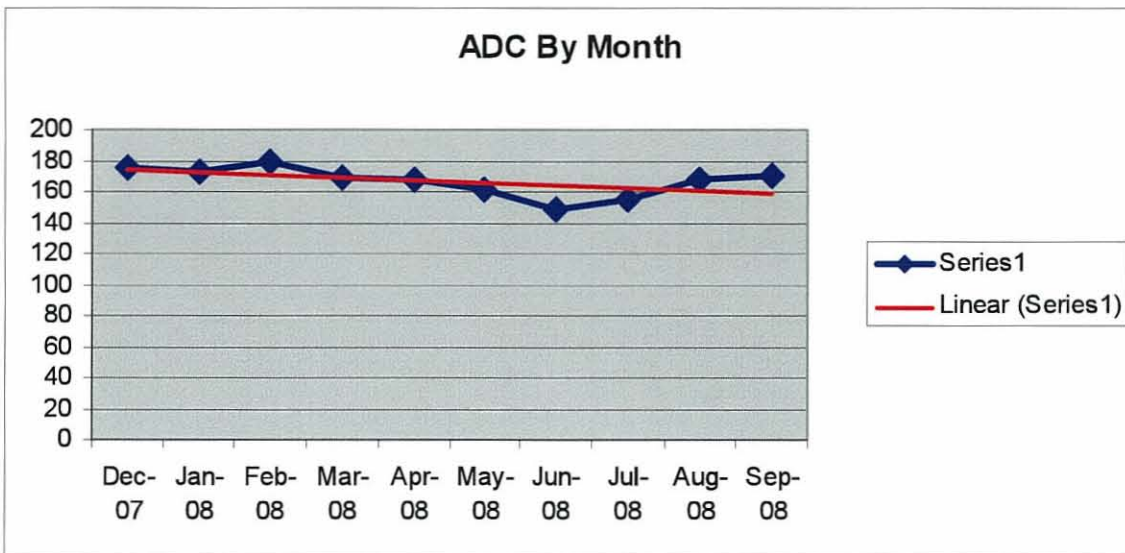
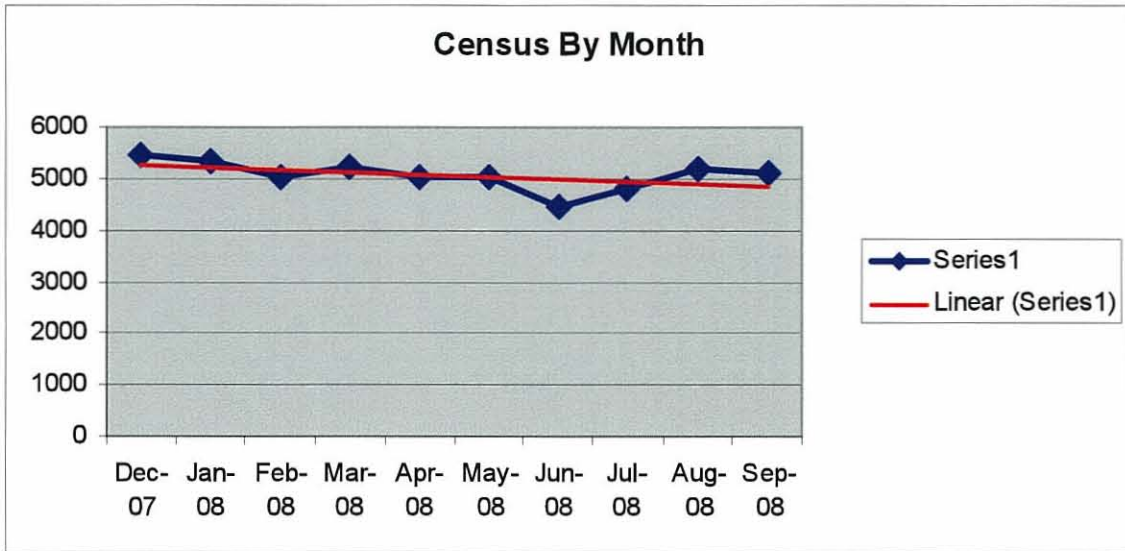
The solid line is a trend line for the fiscal year-to-date and it should appear in red on your computers. (These graphs will display best when viewed on your screens.)

Census

Census took a dip in September with the month's total days being 93 below August's actual. October is looking better as the overall census continues to climb; October's results may be an indication that September's dip in private pay is an aberration.

**Current Census By Payer By Month
(without bedholds)**

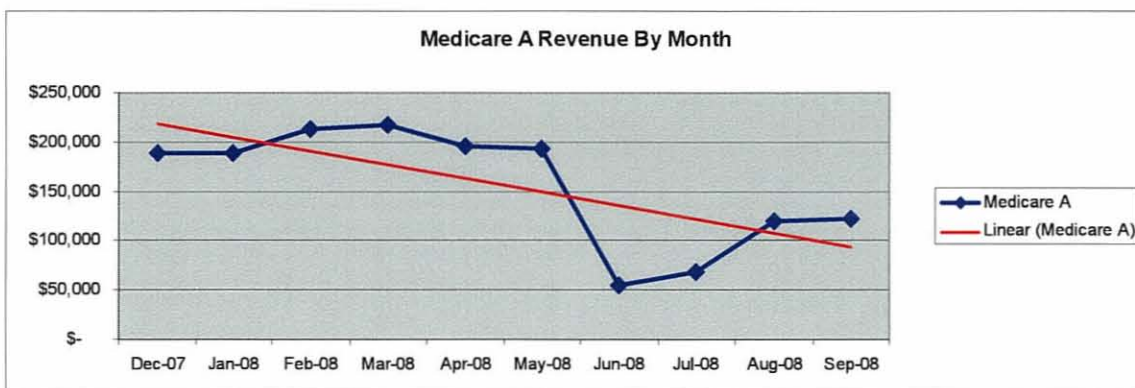
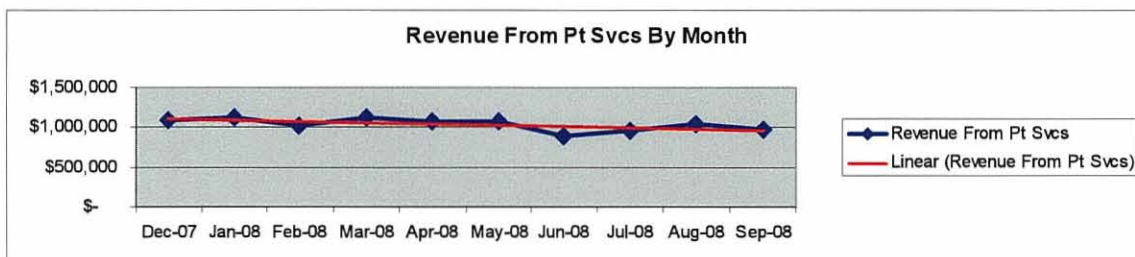
Month	Pvt Pay	Medicaid	Medicare	Total
Aug	1707	3140	341	5188
Sep	1587	3003	505	5095
Oct	1796	3067	607	5472

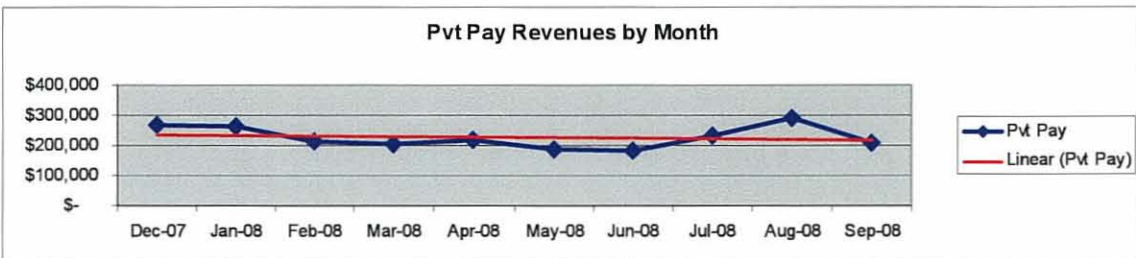
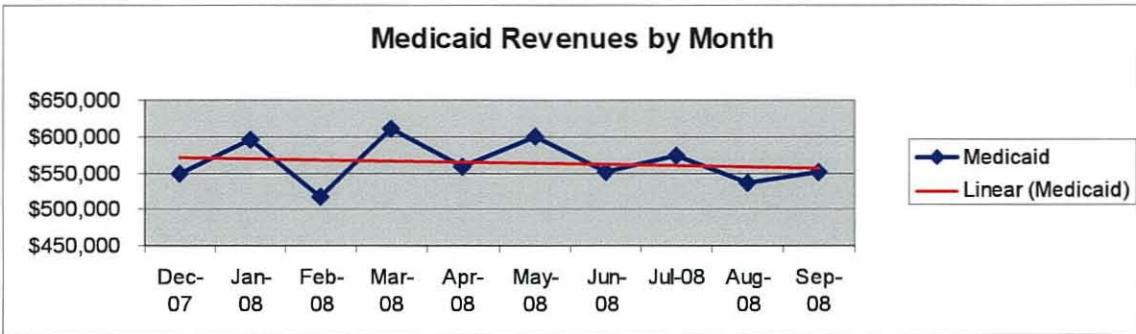
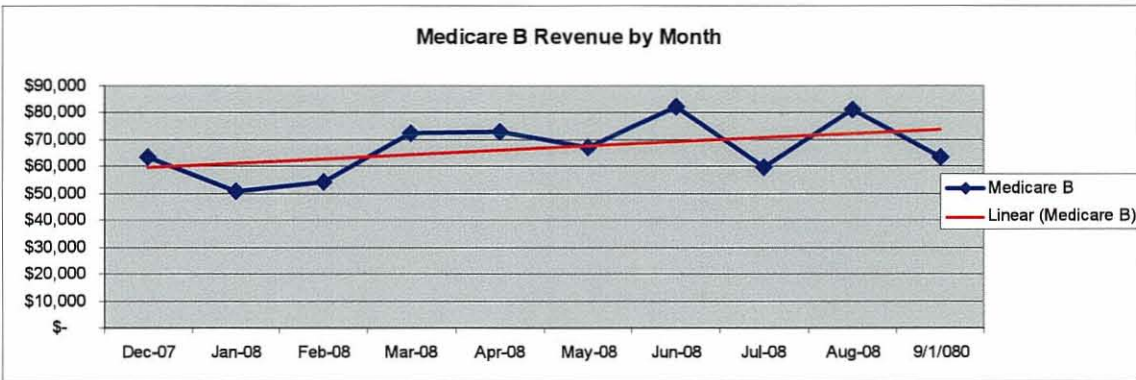
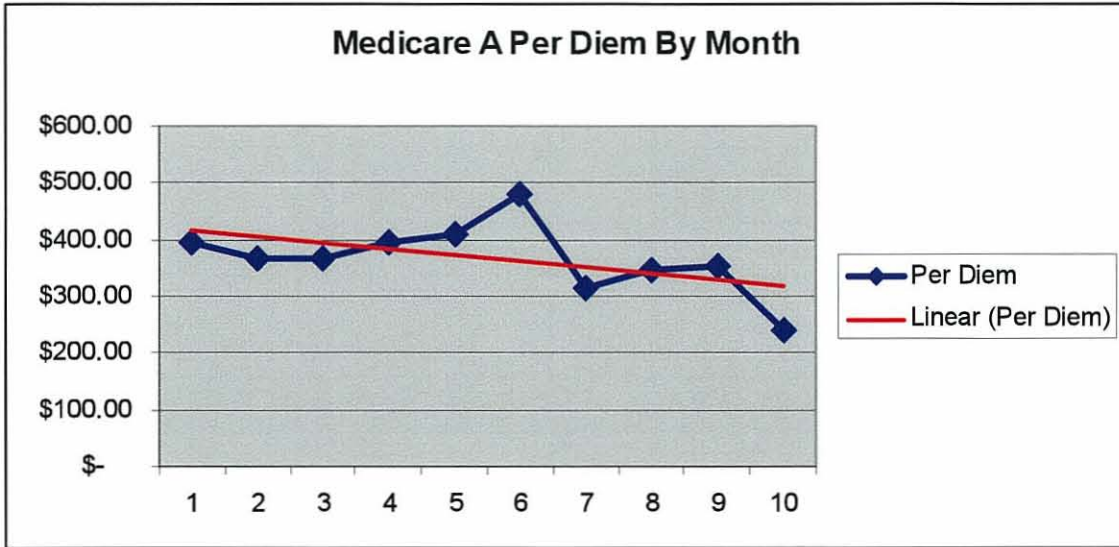


Revenues

Just as CCNH was starting to get some traction in building a better revenue base, it hit a bump in September where private pay days were down 120 from August. Overall, census was down 93 days from August's mark of 5188. Medicaid was down 137 days versus August but, fortunately, Medicare was up 164. The net effect was a drop of 93 days with the decrease in private pay hurting the most.

This month, I have included a graph illustrating the Medicare A per diem. This is a critical factor in building a better revenue base and we have significant improvements to make in our performance. The graph indicates that CCNH's Medicare per diem was at acceptable levels prior to June 2008 at roughly \$400. The per diem dropped precipitously in June when admission sanctions were imposed. Since that time, the per diem has recovered somewhat, only to drop miserably in September. There is every reason for optimism about the per diem, although not for October. As I write this report, Alliance Rehab is ramping up at CCNH. I believe Alliance will staff the rehab department correctly and provide much-needed services to Medicare beneficiaries; along the way, the per diem will return to a normal level and CCNH's revenue base will have improved.

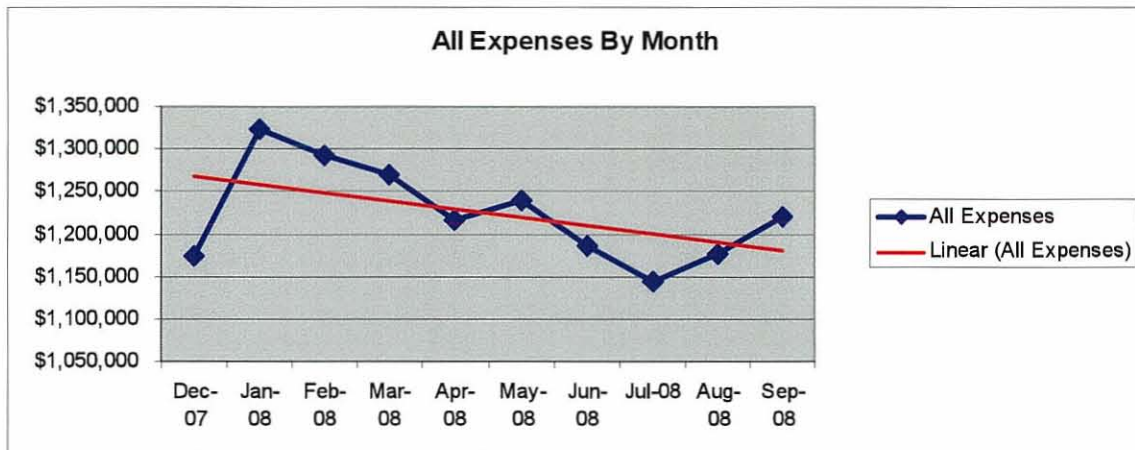




Expenses

CCNH's expense control stumbled in September. Temp Nursing salaries were up by approximately \$14k. This increase is expected and welcome as we were able to add much-needed FTE to the nursing department. Agency costs were up considerably, approximately \$41k over August's level. The news here is not so bad, however, as roughly \$25k this variance should have been expensed in August and ended up in September's balance because invoices were received late. So, agency usage in August is worse than originally reported and September is not as bad as it looks at first glance.

CCNH managers are taking pro-active steps to manage their departments better. There were difficulties in scheduling personnel that led to increased overtime. Purchasing discipline was not as strong as it usually is in Dietary, and corrective measures have been implemented to avoid a recurrence.

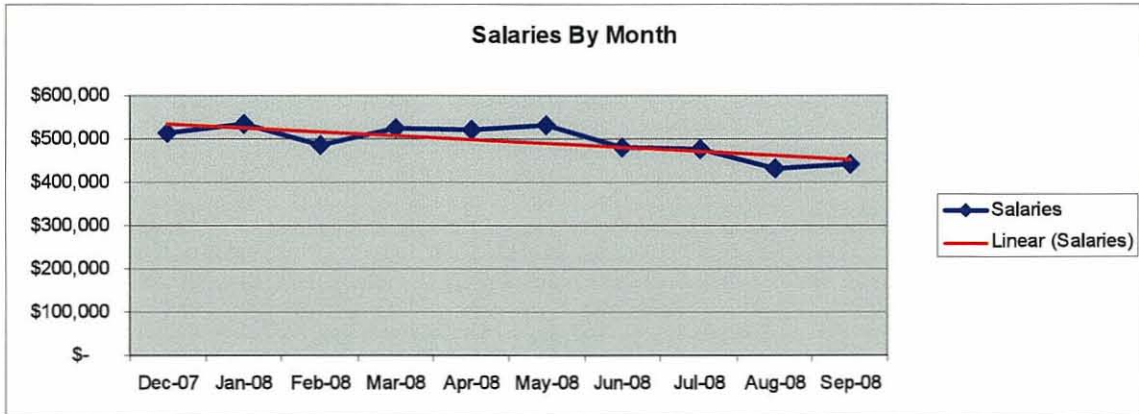


Two of the most critical expenses that impact our performance are salaries and contract nursing. Both are profiled in this section.

The raw salary data, adjusted for the accrual method of accounting, is:

Month	Salaries
Dec 07	\$513,472
Jan 08	\$533,987
Feb 08	\$485,964
Mar 08	\$522,836
Apr 08	\$520,501
May 08	\$529,580
Jun 08	\$480,220
Jul 08	\$476,495
Aug 08	\$432,380
Sept 08	\$441,682

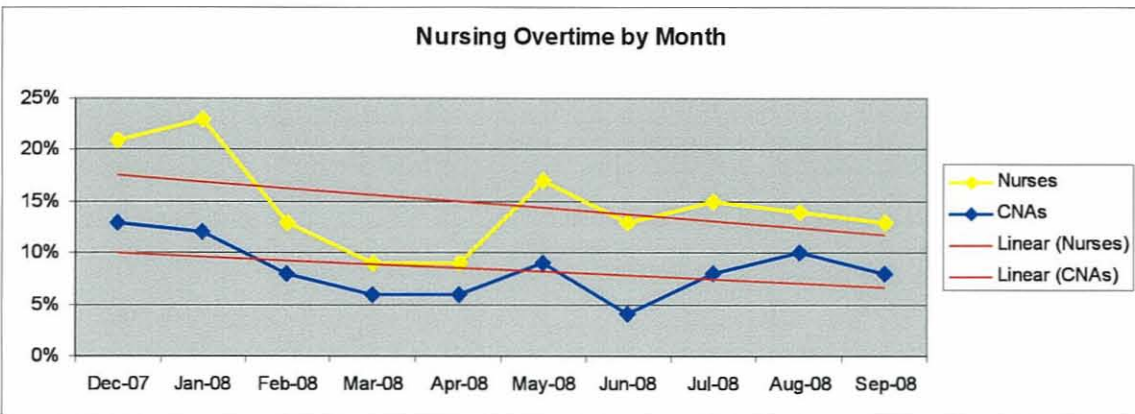
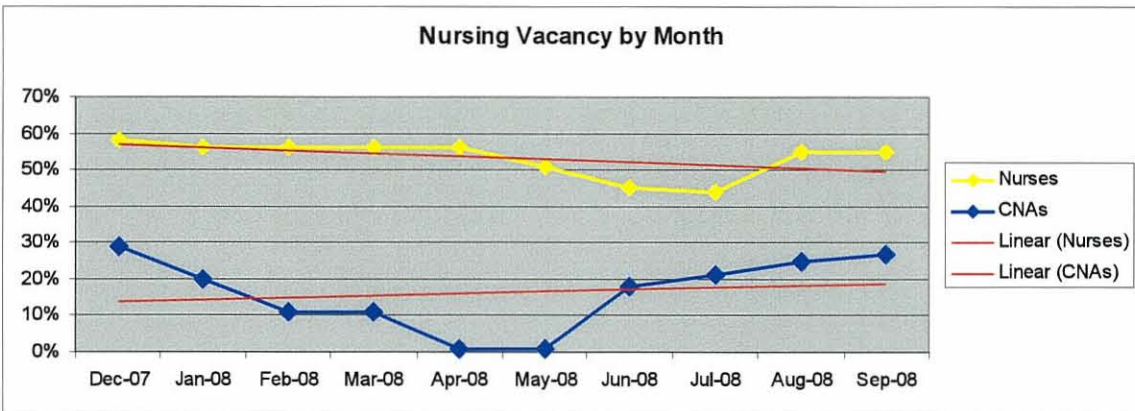
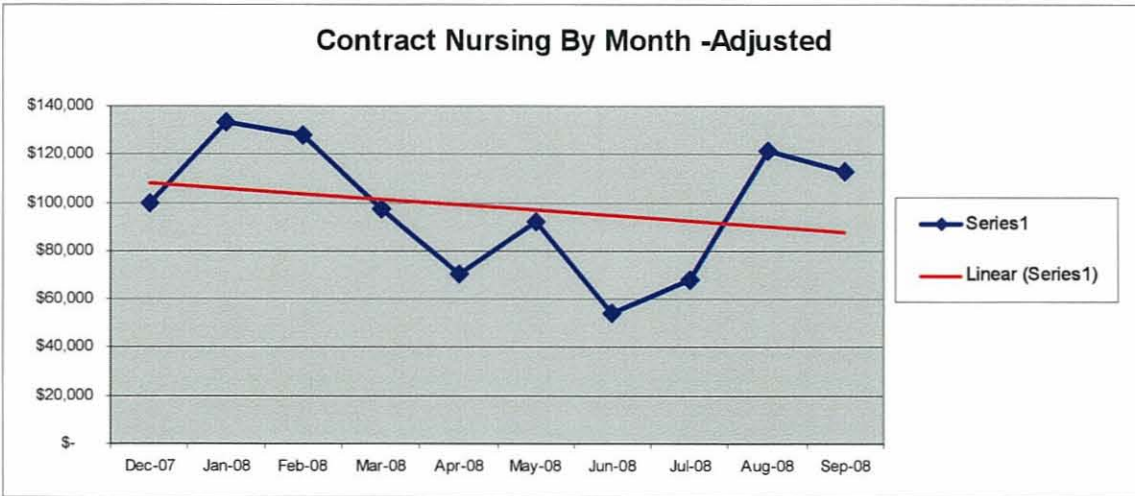
For the period January through June, salaries averaged \$518,574. For the period June through September, the figure was \$457,694 – a reduction of 11.7 percent. Graphically, the relationship is:



Because CCNH does not have a sufficient supply of nurses, it supplements the core nursing staff with contract labor (agency). Agency costs appear to be on the rise, partly because a number of CCNH part-time nurses are reaching their maximum workload of 1,000 hours. After 1,000 hours, contributions to IMRF will be required. As a result, these part-timers convert to agency status, but continue to work at CCNH. We enjoy continuity but take a financial hit. You will also note that the increase in agency usage parallels nursing vacancies. While the trend line for agency is down, there is no assurance that we can maintain this direction.

The “adjusted” graph shows the contract agency trend with the Amounts for August and September being adjusted to actual.





Summary

September's performance was not good with the biggest disappointment being in revenues. Census for October indicates that revenues will be up over September and that September may be an aberration. Expense control in September left a lot to be desired.

Census continues on the upswing. Mix is improving with specific reference to Medicare Part A. The Medicare A per diem, however, remains low and is being addressed by Alliance Rehab. Revenues are starting to increase and major elements of expenses are down.

To: Board of Directors
Champaign County Nursing Home

From: M. A. Scavotto
Manager

Date: November 5, 2008

Re: Management Update – October 2008

This is the fourth in a series of updates designed to keep you current on developments at CCNH.

1. **Census:** Census is up to 182, approximately. We had been frustrated breaking through 170 and, had the same plateau-ing experience at 180. Nonetheless, it is gratifying to know that we have broken through 180. The current payer mix is 33 percent private, 56 percent Medicaid, and 11 Medicare. The payer mix continues to improve and is reported in detail in the Management report.

Coordination between CCNH and the hospitals is improving. Team-work within CCNH could be better. Andrew is working on this and I have no doubt that relations will improve. Let's face it: life is better with census at 180 than at 149.

2. **Operations:** See the Management Report for the last three months operating results. September's performance was not good. There is not much that could have been done to improve revenues. Expense performance is another story. It should have been better, could have been better, and has been addressed.

The current cash position at November 1 is \$790k. At month's end, we are projecting \$266k. The County is in the process of issuing Tax Anticipation Warrants for the 2009 property tax support.

We have a liability issue with Carle that has to get resolved. What happens is that, frequently, Medicare residents require follow-up services. Some of these services – typically lab work and radiology procedures for orthopedic procedures - are the responsibility of CCNH under the Prospective Payment System rules. Most providers agree to accept the Medicare fee schedule as payment in full. Carle has been unwilling to do so, insisting on full billed charges. The liability could be as much as \$150k. The Biz Office is checking out the details, though, as there may be some duplication between the Clinic and the Hospital. It turns out that this is not a new development but one that has been going on for years. Even the State's Attorney was involved at one point And we need to move to a resolution.

The Intergovernmental Transfer (IGT) restructuring has great significance for CCNH. The rate has been adjusted under the alternate rate methodology, as reported in the

Management Update. We have no further information on the pending recovery of over-payments on 2007 but suspect that State HFS may be signaling that it intends to negotiate with each County individually.

Alliance Rehab is on site and ramping up its service.

Andrew has followed up with Carle regarding nurse recruitment. Let's keep in mind that this is a longer-term initiative.

A new staff development coordinator has been hired. Terri Richards, RN will join CCNH from Parkland College where she has taught C.N.A. courses. This is a big, positive move for CCNH as we have struggled with this position in the past. Terri starts December 8.

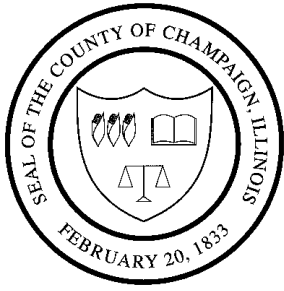
We are getting our advance work completed on moving forward with some information systems purchases. We will need a new MDS 2.0 system (the Minimum Data Set). The timing here is a bit troublesome as the industry is poised to go to MDS 3.0 in the near future. The CareWatch interfaces with the MDS system, so acquiring CareWatch is dependent upon having a functional MDS application.

Also, we'll need to cope with the potential requirement to convert to electronic medical records in 2010.

Andrew is working on implementing a corporate compliance plan, required of all hospitals and skilled nursing facilities. One aspect of compliance is audit activities to screen for improper billing activities. BillWatch (a software cousin of CareWatch) has been developed to perform these audit functions on all bills. For \$700 annually, it looks like an excellent value.

3. **Employees:** I will have something for you during the closed session on November 13.
4. **Public Image:** No update since the last report

As always, give me a call (314-434-4227) or zap me via e-mail if you have questions or want to discuss anything.



NURSING HOME BOARD OF DIRECTORS ADDENDUM

County of Champaign, Urbana, Illinois

Thursday, November 13, 2008 – 6:00pm

Chapel, Champaign County Nursing Home
500 S. Art Bartell Road, Urbana

ITEM

VII. NEW BUSINESS

- b. Closed session pursuant to 5 ILCS 120/2(c)2 to consider salary schedules for one or more classes of employees.
- c. Recommendation for FY2009 non-bargaining employee salary increases
- d. Approval of Closed Session Minutes –
 - i. September 11, 2008 – Closed Session 1
 - ii. September 11, 2008 – Closed Session 2
 - iii. October 16, 2008 – Closed Session 1
 - iv. October 16, 2008 – Closed Session 2