

NURSING HOME BOARD OF DIRECTORS AGENDA

County of Champaign, Urbana, Illinois
Thursday, November 12, 2009 – 6:00pm

In Service Classroom, 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
October 15, 2009
Closed Session – October 15, 2009
- V. PUBLIC PARTICIPATION
- VI. OLD BUSINESS

None
- VII. NEW BUSINESS
 - a. Management Report (Scavotto)
- VIII. OTHER BUSINESS

None
- IX. CLOSED SESSION

Closed Session pursuant to 5 ILCS 120/2©1 to consider the employment, compensation, discipline, performance, or dismissal of an employee.
- X. NEXT MEETING DATE & TIME
 - a. December 17, 2009
- XII. ADJOURNMENT

**Board of Directors
Champaign County Nursing Home
Urbana, Illinois
October 15, 2009**

Directors Present: Czajkowski, Hirsbrunner, Anderson, Holley, Nudo, Lansford, O'Shaughnessey

Directors Absent/Excused: none

Also Present: Busey, Scavotto

1. Call to Order

The meeting was called to order at 6:00pm by Chair Lansford

2. Roll Call

Busey called the roll of Directors. A quorum was established.

3. Agenda & Addendum

On motion by O'Shaughnessey (second Holley) the agenda and addendum were approved (unanimous).

4. Approval of Minutes

On motion by Hirsbrunner (second Holley), the Board approved the minutes of Closed Session 1 and 2 of August 13, 2009 regular meeting as well as the minutes for both the open and closed sessions of September 17, 2009 (unanimous).

5. Public Participation

There was no public participation.

6. Old Business

There was no old business.

7. New Business

a. Management Report

Scavotto reviewed the operating results for August. Census closed at 182.4 for August;

September's census did reach 187 but is now back to 183. Private Pay revenues reached a record level in August. However, Medicare revenues and volumes are well below where we would like to see them; recent reports are that volume at the hospitals has picked up and the hope is that CCNH will begin to experience an increase in volume. Expenses for August were \$(42)k lower than July. Agency costs continue to decrease as CCNH builds its nursing cadre. August agency costs dropped another \$78k over July.

The initial assessment of the productivity improvement initiative is positive. Fewer shifts are being replaced with agency labor. However, there is insufficient data to draw any firm conclusions. If this initial assessment is correct, employee recognition is definitely in order.

Moving forward, census – particularly in Medicare – is a significant factor to CCNH's success. Salary costs are up as agency costs are replaced and these must stay under control.

8. Other Business

There was no Other Business

9. Closed Session (1)

It was moved (Hirsbrunner) and seconded (Czajkowski) that the Board go into closed session pursuant to 5 ILCS 120/2 c 1 to consider the employment, compensation, discipline, performance, or dismissal of an employee.

Busey called the roll, unanimous.

The Board emerged from closed session at 7:15 pm with no action being taken.

10. Next Meeting Date

Thursday November 12, 2009, 6 pm.

11. Adjournment

The meeting adjourned at approximately 7:20pm (motion Holley), second Nudo (unanimous)

Respectfully submitted

Michael A. Scavotto
Recording Secretary

To: Board of Directors
Champaign County Nursing Home

From: M.A. Scavotto
Manager

Date: November 5, 2009

Re: Management Report

As I write this update, census is at 183; lately 180-184 has been CCNH's average; there have been days when we've dropped below this level but, for the most part, September and October reflect this census pattern.

There were 19 admissions and 20 discharges in September. Admits by payer were 9 Medicare, 10 private pay, and 0 Medicaid.

September's results reflect a loss of \$(178)k. Revenues from Patient Services were \$97k lower than August revenues. Private Pay revenues were down dramatically by \$(141)k and Medicaid was up by \$49k; that in itself represents a deadly combination. To place this in better perspective, private pay days were 361 days lower than in August, for a change of (14) percent. Since May, CCNH has experienced wide swings in revenues. That phenomenon did not occur in August, but recurred in September. I have listed the major payer classes below and you'll see right away that the changes between August and September were significant:

	Aug-09	Sep-09	Variance
MedicareA	\$198,262	\$195,592	\$ (2,670)
MedicareB	\$51,502	\$46,835	\$ (7,337)
Medicaid	\$511,756	\$560,879	\$ 41,786
Pvt Pay	\$ 473,858	\$332,432	\$(141,426)

Expenses were up due some extraordinary items, largely pertaining the settling the collective bargaining agreement. These items represent approximately \$70k and chronicled later in this report.

Average daily census has not been steady. The pattern for the year has been:

**CCNH Average Daily Census
FY 2009, Dec thru September
without bedholds**

Dec	190.9
Jan 09	198.4
Feb	195.8
Mar	188.4
Apr	186.9
May	188.6
June	178.9
July	179.8
Aug	182.4
Sept	181.5

There is no question that census is better than when we first began the turnaround effort. CCNH is a large facility with high fixed cost load; as a result, it has a high break-even point. So, census is a critical factor in navigating the swamp.

Medicare days were 470 in September. In April, Medicare days totaled 540, the lowest we have seen since September 2008. Medicare days rebounded in May to 573 – better, but nothing to rave about. June slumped to 396, which is the lowest we have experienced since August 08 where the average was 341. July’s Medicare A was better at 442, ADC 14.3. Despite the fact that the last three months have each experienced higher Medicare volumes, there is no question that CCNH is in a Medicare slump, as are all of the other area providers. Here’s the pattern:

Dec	884	June	396
Jan 09	938	July	442
Feb	755	Aug	485
Mar	675	Sep	470
Apr	540		
May	573		

In September, Medicare A revenues were \$196k, a step up from July’s low point for the fiscal year and just a step behind August. Nonetheless, we are still experiencing the significant downturn in hospital activity. Compare the results for Medicare A for the last four months versus the start of the fiscal year; we have been mired right around \$200k and haven’t been able to get back to earlier levels, which approximated \$400k.

Medicare A Revenues

First 4 months

Dec	\$379k
Jan-09	\$396k
Feb	\$313k
Mar	\$308k

Last 5 Months

May	\$211k
June	\$195k
July	\$179k
Aug	\$198k
Sep	\$196k

Medicare B fell to \$44k; last month was \$51k. Med B has been impossible to predict and continues to display wide swings.

August's private pay revenues were a record \$474k, which can only be considered great news. This month, September, experienced a wide swing – something CCNH is becoming famous for. Total private pay revenues were \$332k with a per diem of only \$154, quite a bit less than what we experienced in July and August.

Medicaid census was up 6 percent; revenues (and associated IGT expense) were higher, meaning the per diem increased. The per diem for July and August has been running right around \$193. September increased to \$199. The following table shows CCNH's experience over the last several months:

Medicaid Revenues Compared

Month	Net Revenues	Chg	Days	Chg
April	\$633k		2885	
May	\$596k	(5.8)%	2941	1.9%
June	\$497k	(16.6)%	2725	(7.3)%
July	\$538k	8.2%	2791	2.4%
Aug	\$511k	(5)%	2652	(5)%
Sep	\$561k	9.8%	2818	6.3%

CCNH's payer mix continues to move in a direction that is, overall, positive. The following table provides the comparisons in this significant change:

**Comparative Payer Mix
CCNH**

	Dec-07 thru June	Sep-08 thru Sep-09
Medicaid	62%	52.7%
Medicare	9%	11.2%
Pvt Pay	29%	36.1%
Totals	100%	100%

From the standpoint of market position, CCNH's payer mix is headed in the right direction. We need more Medicare and some predictability for Private Pay and Medicaid.

The Medicare per diem in June rebounded and reached \$492, an historical high for CCNH. In July, we left the rarified atmosphere for a more conventional per diem of \$404. August was up a little to \$409. For September, we posted \$416.

For the three months ended September 2009, the results of operations are posted below.

**Last Three Months w/Property Tax and County
Overhead Allocated Monthly**

	Jul-09	Aug-09	Sep-09
Medicare A	\$178,572	\$198,262	\$195,592
Medicare B	\$73,677	\$ 51,502	\$46,835
Medicaid	\$537,788	\$ 511,756	\$560,879
Pvt Pay	\$464,582	\$473,858	\$332,432
Adult Day-Private	\$5,826	\$5,085	\$8,235
Adult Day-TXX	\$13,050	\$11,716	\$11,226
Miscellaneous	\$17,353	\$13,461	\$(4,320)
Property Tax	\$78,902	\$78,902	\$78,902
All Revenues	\$1,369,750	\$1,344,541	\$1,229,781
All Expenses	\$1,367,604	\$1,325,796	\$1,407,752
Net Income/(Loss)	\$2,145	\$18,746	\$(177,971)
Census	5575	5654	5444
Change		1.4%	-3.7%
ADC	179.8	182.4	181.5
Change		1.4%	0.5%
FTE Pay Period Ending	203.3 26-Jul-09	185.5	182.5 19-Sep-09

May's patient service revenue was \$1.298 million; this was better than April's by a paltry \$9k, but April was a shorter month. June's patient service revenue tanked to \$1.124 million; July's was back up to \$1.273 million. August was a bit lower at \$1.252 million. September took a noticeable dive to \$1.155 million, a decline of \$(97)k.

Cash position at October 28 was very tight at \$478kk. We are projecting \$417k for November 30.

The following graphs provide a comparative statement of position for CCNH through September 2009. If I have a good idea of October's results by the meeting and will update you then. Remember, we have just come through a system conversion and not everything is functioning smoothly.

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

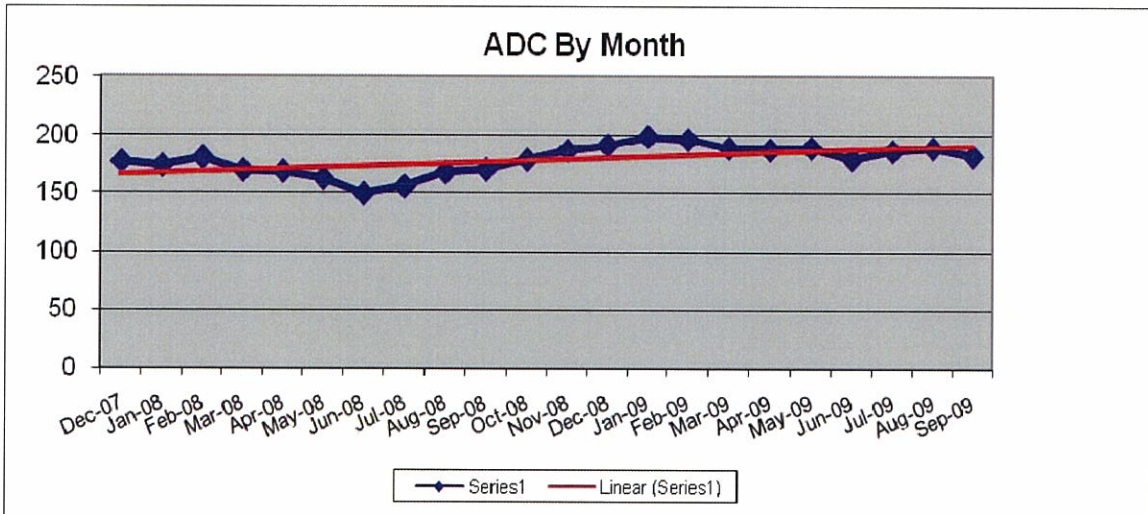
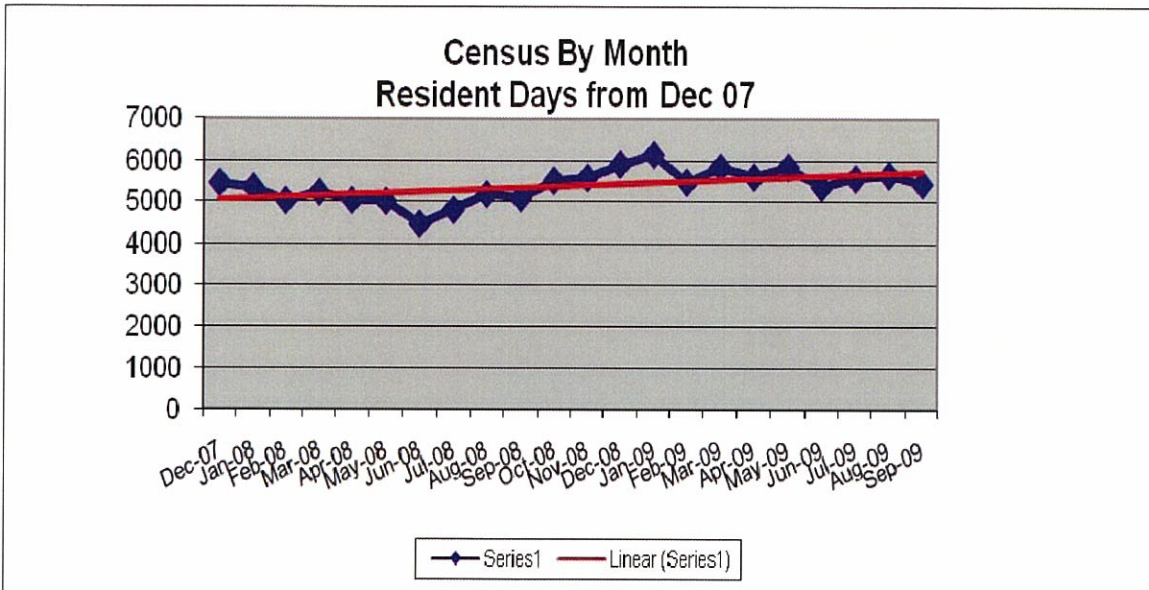
Census

Census continues to receive a lot of attention. Our target of 208 has proven to be elusive. So much of our volume is hospital-generated and both Carle and Provena are experiencing wide swings in occupancy. We know that other homes are also experiencing lower census.

The fiscal year got off to a good start, building to a high of 6150 resident days (ADC 198) in Jan-09. Census has since tailed off.

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	3069	607	5472
Nov	1704	3070	917	5691
Dec	1788	3246	884	5918
Jan-09	1906	3306	938	6150
Feb-09	1773	2955	755	5483
Mar-09	2102	3064	675	5841
Apr-09	2183	2885	540	5608
May-09	2332	2941	573	5846
June-09	2248	2725	396	5369
July-09	2342	2791	442	5575
Aug-09	2517	2652	485	5654
Sep-09	2156	2818	470	5444



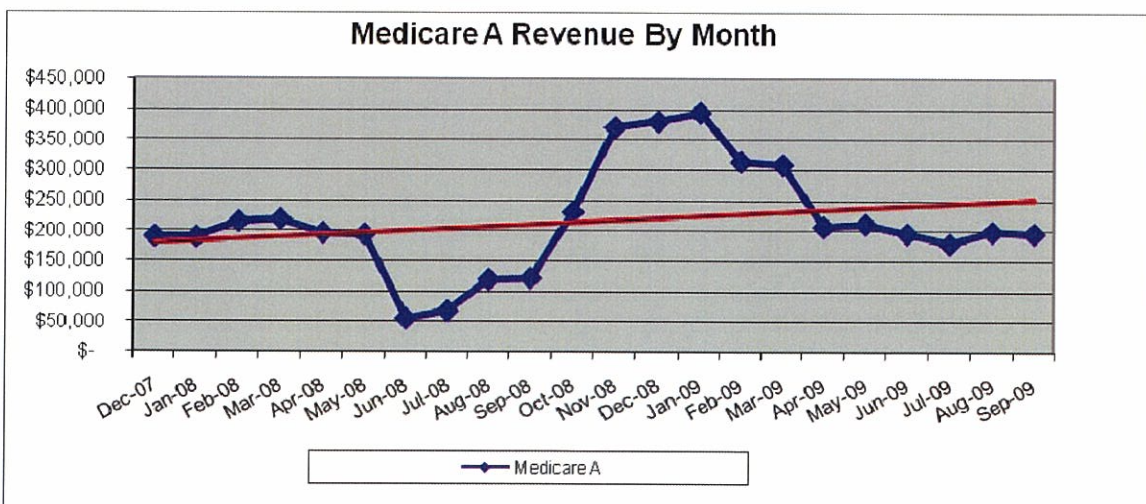
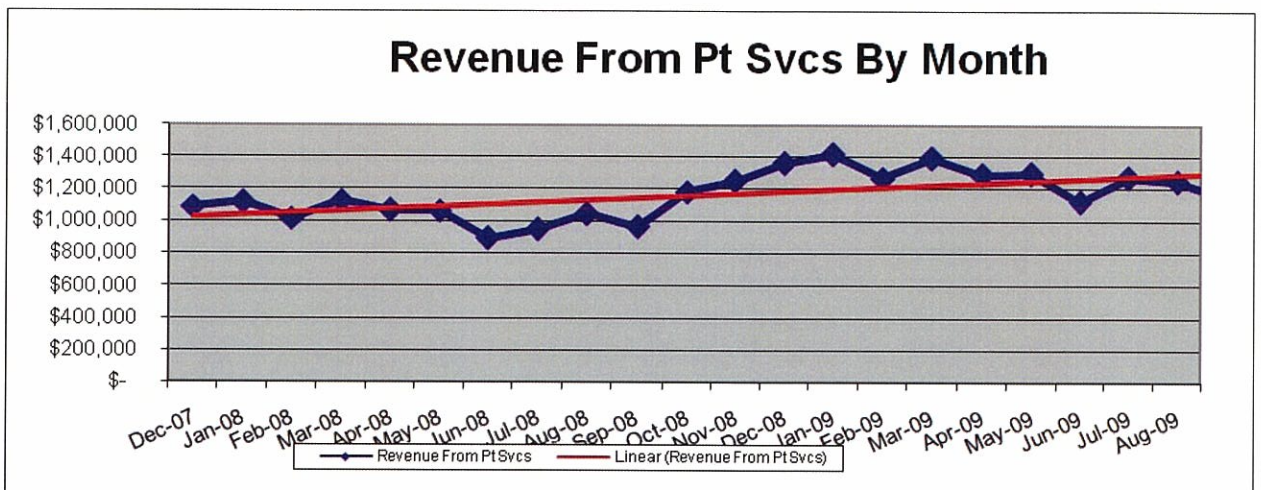
Revenues

Since April, we have witnessed a sharp drop in Medicare A. The obvious cause is lower discharge activity at the local hospitals. For December thru March, Medicare A was over \$300k per month; since April, Medicare A revenues are down considerably – over \$100k per month in June and July. We did better with the per diem in June, July, and August but the thing we need most is census.

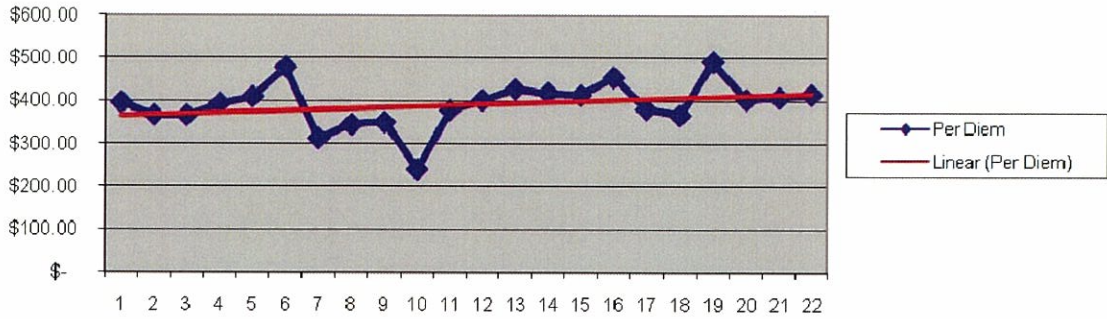
The Medicare per diem is a critical factor in building a better revenue base and we have significant improvements to make in our performance. The graph indicates that CCNH's Medicare per diem was at acceptable levels prior to June 2008 at roughly \$400. The per

diem dropped precipitously in June 08 when admission sanctions were imposed. Since that time, the per diem has recovered somewhat, only to drop miserably in September. October saw a per diem of \$379. April 09 dropped to \$381 and May was even lower at \$367. Performance rebounded with June coming in at \$493 (a record), July at \$404, August at \$408, and September at \$416. The trend line in Medicare A remains positive. Also, take a look at the chart for Part B revenue; this classification continues to defy classification.

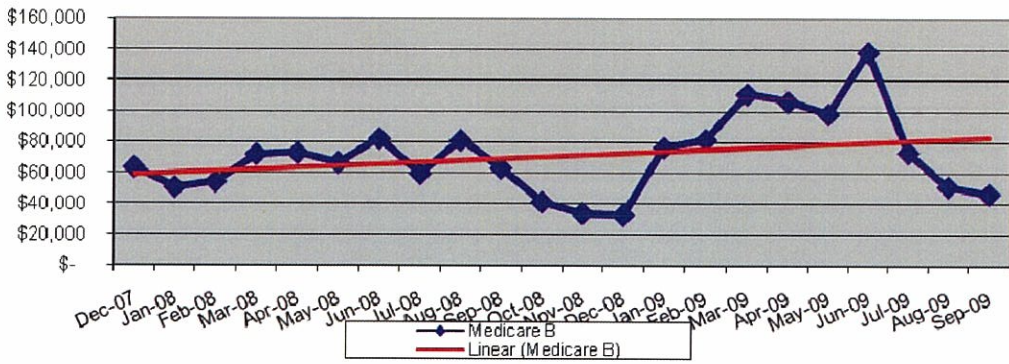
For the most part, Medicaid revenues continue to be stable, but we experienced a significant decrease in June. July came back somewhat but we still ran less than our historical average. August was lower still, but September experienced an increase to \$561k – the highest level since May 09. Private Pay revenues for July and August were very strong with August at a record level; September saw a huge decline of over \$(140)k.

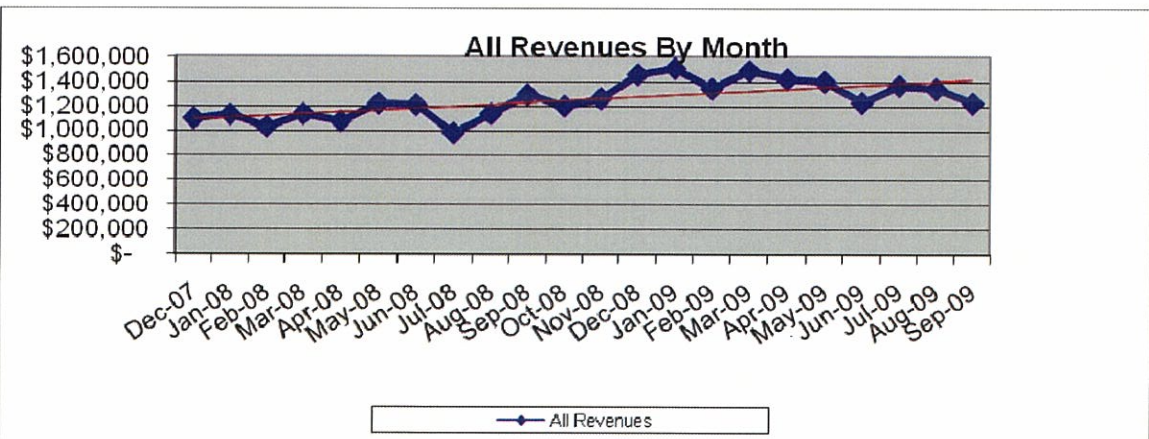
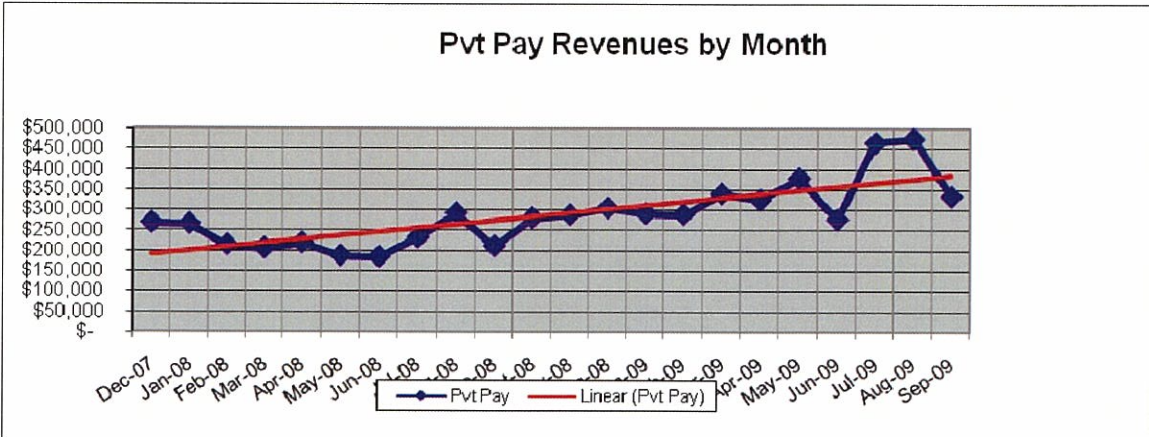
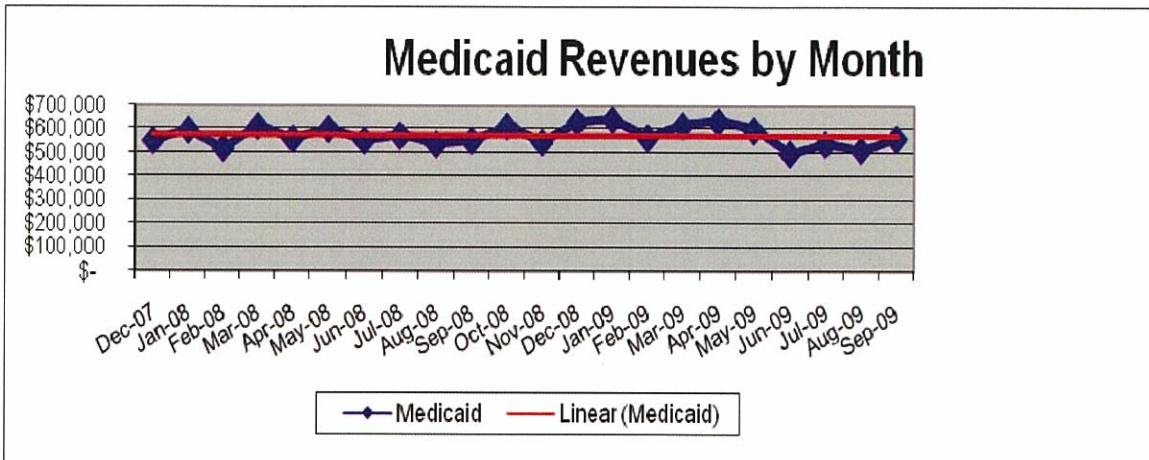


Medicare A Per Diem By Month



Medicare B Revenue by Month



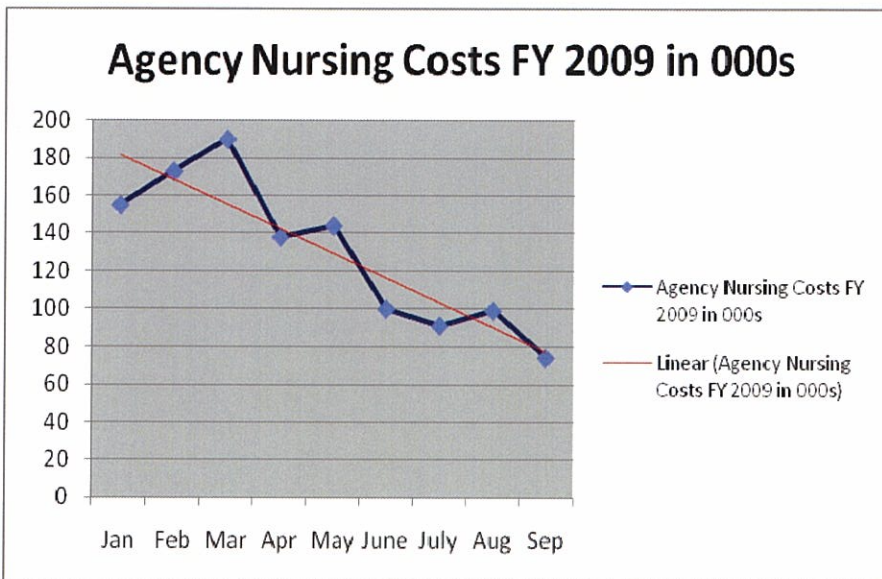


Expenses

CCNH's expense control continues to be pretty solid but a few things got lost in the conversion to the MDI system and some items were just plain botched. The reasons are not yet clear, but at least we caught the following items and recorded them into September's expenses:

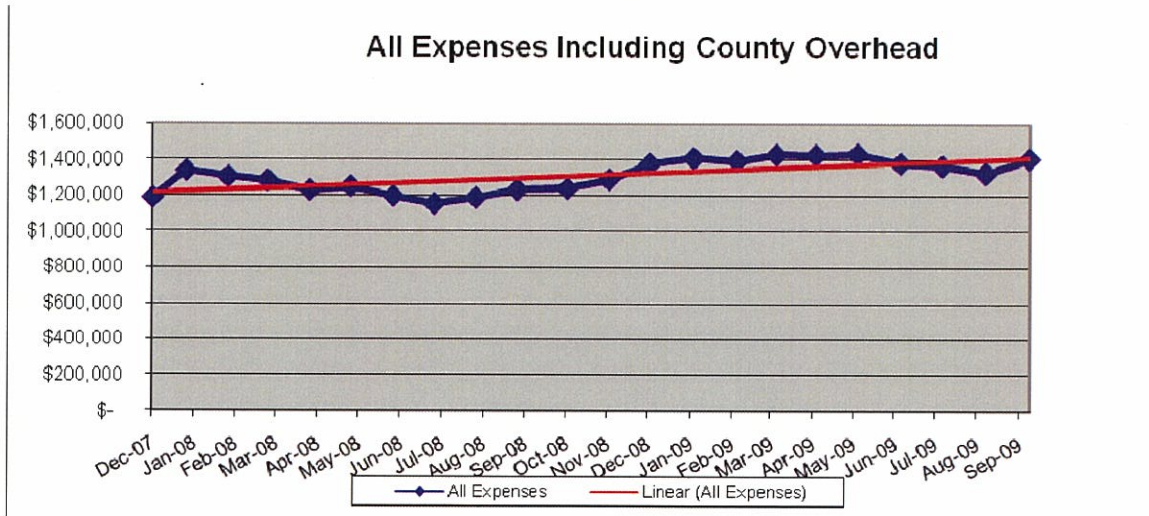
Additional TOPS expense	\$30,000
Signing bonus, CBA	\$26,800
August Agency expense	\$20,485
Dec-May additional payroll	\$16,497
All items, totaled	\$93,782

The biggest factor in the above items is the additional agency expense for August. I have adjusted last month's figures to correct for August's extra expense. CCNH is still showing a marked improvement in the use of agency staff despite the fact that we did not gain any ground in August. *The following graph represents huge progress.* For the period December 08 thru May 09, CCNH averaged \$154.8k in agency expense; for the period Jun 09 thru Sep 09 – our last three months – that average is down to \$88k representing a drop of 43 percent.



There are some big variable expense items that we watch closely. Examples are food, drugs, medical supplies. Rehab costs are also variable, and they are set by contract. Utilities represent a fixed cost; there is not much we can do to dramatically alter the cost incurred for gas, electric, and water.

With only a few exceptions, expenses were within reasonable limits.

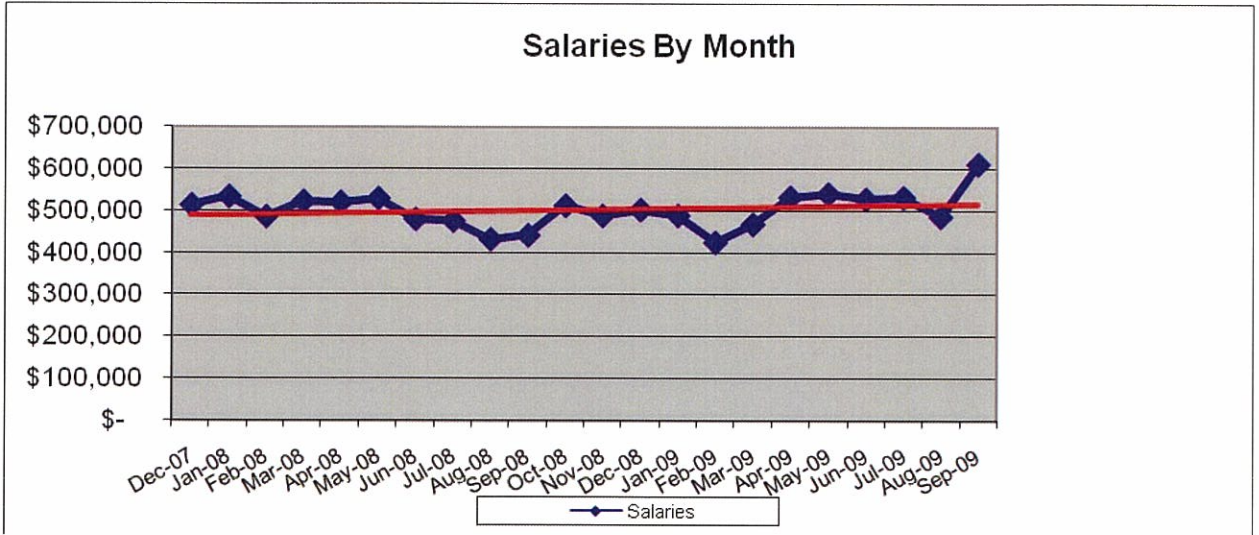


Salaries continue to be our biggest cost. The raw salary data, adjusted for the accrual method of accounting, is:

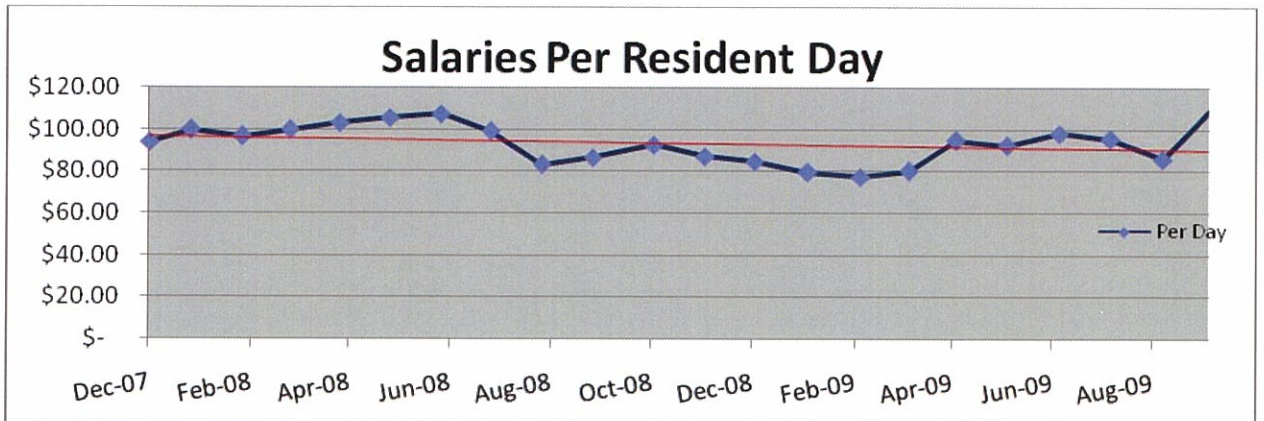
Month	Salaries	Month	Salaries
Dec 07	\$513,472	Dec 08	\$502,788
Jan 08	\$533,987	Jan-09	\$489,013
Feb 08	\$485,964	Feb-09	\$424,740
Mar 08	\$522,836	Mar-09	\$467,998
Apr 08	\$520,501	Apr-09	\$532,809
May 08	\$529,580	May-09	\$540,868
Jun 08	\$480,220	June-09	\$528,199
Jul 08	\$476,495	July-09	\$532,309
Aug 08	\$432,380	Aug-09	\$486,386
Sep 08	\$441,682	Sep-09	\$612,111
Oct 08	\$512,667		
Nov 08	\$488,561		

For the period January 08 through May 08, salaries averaged \$518,574. For the current fiscal year, CCNH is averaging \$511k per month – drop of 1.5 percent. As we drop CCNH’s dependency on agency staff, our own staffing costs are increasing. Graphically, the salary relationship is presented and, obviously, something extraordinary happened in September. Those “extraordinary somethings” were detailed at the beginning of this section:

Additional TOPS expense	\$30,000
Signing bonus, CBA	\$26,800
Dec-May additional payroll	\$16,497
All extra salary items, totaled	\$73,297



It is no secret that we have been staffing up in the nursing department. You can see what happens when volume (census) dips in a healthcare facility. Fixed costs *per day*, which – I would argue -include a large portion of total salaries, increase when volume declines, and that is the pattern we are seeing below. This month’s extraordinary labor items also served to increase our costs.



Summary

Census continues to be the big determinant of success and we have experienced some recent drops which have been sobering. We witnessed wide swings in revenues by payer and lack consistency. CCNH took a big hit in Private Pay in September, closing down 361 days over August. This month, we saw that CCNH is also vulnerable to extraordinary expense events.

We have been able to manage CCNH's cash position but, as many of you have pointed out, CCNH is still operating on a very thin cash basis. The basic aspects of the operation are under control. However, while we continue to experience wild swings in volume, the profit and loss position will be volatile and cash flow will lag our objective.

To: Board of Directors
Champaign County Nursing Home

From: M. A. Scavotto
Manager

Date: November 5, 2009

Re: Management Update

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

1. **Census:** September closed with a census of 181.5. August closed with 182.4. As I write this update, census continues to languish in the low-to-mid 180s.
2. **Operations:** The Management Report that accompanies this Board mailing contains the report for September.

The September statements were *almost* generated on MDI. We have statements, but not the comfort level to release them yet; I know we are all impatient, but this is normal for a system conversion. The crew has worked very, very hard to accomplish the conversion and they deserve a little slack right now. We'll need some experience getting used to the format of the information, but I think you'll find things much improved over the old Excel worksheets, which took quite a bit of work to follow.

Care Watch database has been loaded and the next step is training. CareWatch is a great program as far as having data that we can use; it will require some adaptability as it is not the most user-friendly program I have seen. (eHDS is working on this aspect of the software.)

The Quality Improvement Initiative is moving ahead. Progress will slow somewhat as performance measures are developed in the following areas:

Infection Control
Safety
Dining
Pharmaceuticals
Quality of Life

This is a major initiative for CCNH.

We have not heard back from Carle on the form of agreement that we submitted for the Medical Director.

We continue to search for a director for dementia services.

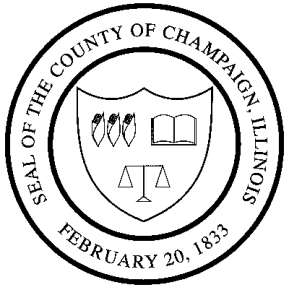
We have been watching developments with the Red Flags rules as they pertain to identity theft within the organization, particularly with residents. The rules have been delayed a fourth time by the FTC. However, even though the deadline is now June 1, 2010 CCNH has the policy in place.

Things are moving on the restructuring of the IGT. HFS has met with some State Representatives who have been pushing HFS to change its approach to County homes. Political pressure is required if we are to move HFS; there are signs that HFS is reconsidering, but the battle is not won. Metro Counties (very powerful) and the County Nursing Home Association (not powerful at all) have requested public hearings before the Joint Committee on Administrative Rules. Metro Counties has some strong lobbyists, who are also reaching out to Cook County. We are continuing to press for sharing 50 percent of the Federal portion rather than 25. This is huge, folks; it is a game-changer by any definition.

Speaking of Medicaid, CCNH has a new Medicaid rate as of 10-1-09. The increase is \$6.71 per day, which will be welcome. HFS is implementing the re-structured IGT even though there is no agreement with the County homes. The significance is that, as of 10-1-09, CCNH is on the standard rate, meaning that a new set of coding skills needs to be applied. The rate gets adjusted quarterly – up and down. So, we live and die by the codes.

3. **Employees:** no update since last report.
4. **Public Image:** No update since 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 12, 2009 – 6:00pm

In-service Classroom, 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. Adoption of Salary Administration Plan for Nursing Home Non-Bargaining Employees for FY2010