NURSING HOME BOARD OF DIRECTORS AGENDA

County of Champaign, Urbana, Illinois
Thursday, April 15, 2010 – 6:00pm

In Service Classroom, Champaign County Nursing Home
500 S. Art Bartell Road, Urbana

CHAIR: **Mary Ellen O'Shaughnessey**
DIRECTORS: **Jan Anderson, Peter Czajkowski, Jason Hirsbrunner, Lashunda Hambrick, Alan Nudo, Charles Lansford**

ITEM

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF AGENDA/ADDENDUM

IV. APPROVAL OF MINUTES
March 11, 2010
Closed Session – March 11, 2010

V. PUBLIC PARTICIPATION

VI. OLD BUSINESS

None

VII. NEW BUSINESS
a. IDPH Report (Buffenbarger & Noffke)
b. Management Report

VIII. OTHER BUSINESS

None

CLOSED SESSION

Closed session pursuant to 5 ILCS 120/2(c)2 to consider collective negotiating matters between Champaign County and its employees or their representatives.

IX.

X. NEXT MEETING DATE & TIME
a. May 6, 2010 (note change from published schedule)

XII. ADJOURNMENT

Board of Directors
Champaign County Nursing Home
Urbana, Illinois
March 11, 2010

Directors Present: Czajkowski, Lansford, Anderson, O'Shaughnessey, Hambrick, Nudo

Directors Absent/Excused: Hirsbrunner

Also Present: Busey, Scavotto, Buffenbarger, L. Campbell

1. Call to Order

The meeting was called to order at 6:05pm by Chair O'Shaugnessey

2. Roll Call

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

3. Agenda & Addendum

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

4. Approval of Minutes

On motion by Hambrick (second Nudo), the Board approved the open session minutes of February 11, 2010. On motion by Hambrick (second Czajkowski), the Board approved the closed session minutes of February 11, 2010.

5. Public Participation

CCNH resident James Campbell addressed the Board. He indicated that he enjoys living at CCNH and expressed accolades for ADON Lori Campbell. He pointed out a few "rough spots in the kitchen" and indicated that he had spoken with Administrator Andrew Buffenbarger about them. He was confident that they would be resolved. Chair O'Shaughnessey thanked Mr. Campbell for his comments.

6. Old Business

There was no old business.

7. New Business

a. IDPH Report

Buffenbarger and Campbell reported on the status of the recent IDPH survey with citations for Immediate Jeopardy. Buffenbarger reviewed the findings of the survey in three areas: management of anticoagulant medications, medication administration, and resident fall event management. The "immediacy" was removed within 24 hours of the arrival of notification. A Plan of Correction us due to IDPH within 10 days of March 11; substantial compliance must be achieved before April 1, 2010.

b. Management Report

Financial results for January are not yet available, as expected. Continuing discussion begun in February, Scavotto reviewed some statistics characterizing the local long-term care market and including Carle Arbours, Manor Care and CCNH. Clark Lindsay's figures were not available through the Medicaid Cost Report. There have been some noticeable shifts in the market. Private Pay has moved away from Manor Care towards Carle Arbours; CCNH has lost a few points in Private Pay market share over its 2006 position.

Because of its loss of Private Pay, Manor Care appears to have been forced to accept more Medicaid residents.

Manor Care remains the market leader in Medicare by a comfortable lead over Carle. The average daily Medicare census for all three facilities was 72 in 2008, representing a small but important segment of the market.

Excess capacity in terms of available beds continues to grow and stands at about 130 excess beds as of 2008.

There was discussion about re-positioning CCNH in both rehab and Dementia services; these efforts continue.

c. Proposal to Expand MPA Scope of Work

The proposal to expand MPA's scope of work to include the management of the business office, as represented in the memorandum provided, was discussed. The Board found that the current situation in the business office requires immediate attention, that MPA's costs represent a significant savings over the current staffing level, and that CCNH retained great flexibility by being able to end the arrangement at any time.

It was moved (Nudo, second Hambrick) to accept the MPA proposal and to recommend to the County Board that MPA Management Contract be amended to include the expanded scope of services for the business office. It is the intent of the Board that the business office arrangement with MPA continue to the end of MPA's current contract with Champaign County.

8. Other Business

There was no Other Business

9. Closed Session

It was moved (Nudo) 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 8:00 pm with no action being taken.

10. Next Meeting Date

Thursday April 15, 2010, 6 pm.

Directors are requested to check their calendars for a change in meeting date from May 13 to May 6.

11. Adjournment

Chair O'Shaughnessey declared meeting adjourned at approximately 8:05 pm.

Respectfully submitted

Michael A. Scavotto
Recording Secretary

To: Board of Directors
Champaign County Nursing Home

From: M.A. Scavotto
Manager

Date: April 8, 2010

Re: Management Report

As I write this update, census has been good, running in the mid-190s. There have been brief periods where census was over 200. You will see from the statistics (below), we had more admits than discharges in January.

Here's what's happened on admissions and discharges.

	Oct-09	Nov-09	Dec-09	Jan-010	Feb	Mar
Admits						
Pvt Pay/Insurance	4	9	12	8	10	17
Medicare A	12	12	18	16	6	23
Medicaid	1	0	1	1		1
Total	**17**	**21**	**31**	**25**	**16**	**41**
Discharges						
Pvt Pay/Insurance	8	15	11	13	17	13
Medicare A	10	6	11	7	5	6
Medicaid	2	4	4	1	1	1
Total	**20**	**25**	**26**	**21**	**23**	**20**

January's mix was 40 percent Private Pay, 49 percent Medicaid, and 11 percent Medicare A. Both private pay and Medicare A were up over December. Census for January reflected an average of 188.5. ADC was down in February to 185.2. February's mix was not as strong as January with 37 percent Private Pay, 54 percent Medicaid, and 9 percent Medicare. There were approximately 200 days that converted from Private Pay status to Medicaid, and Medicare census was lower.

January's results reflect a gain of $64k while February shows a loss of $(15)k. Year-to-date, CCNH is at break-even with a small profit of $24k.

Private Pay revenues were exceptionally strong in December at $454k; our previous high

was $474k in August. Private Pay revenues were lower in both January and February. Since February represents a shorter month, it is helpful to look at our primary revenues in terms of percent. In the table below, the basis is as a percent of patient service revenues:

	Dec 09	As Pct of Pt Revenue	Jan-10	As Pct of Pt Revenue	Feb-10	As Pct of Pt Revenue
Medicare A	$210k	19%	$276k	24%	$164k	21%
Medicaid	$377k	34%	$430K	37%	$376K	37%
Pvt Pay	$454k	43%	$416k	36%	$392k	36%

Medicare was able to off-set the impact of higher Medicaid and lower Private Pay in January; that was not the case in February. Also in February we had over 200 days convert from Private Pay to Medicaid; that happens regularly and the revenue impact usually more than one month.

Expenses were in good shape compared to December. Agency usage continues to be down and labor is staying under control.

Average daily census is showing signs of stabilizing. The recent history has been:

CCNH Average Daily Census
Dec 2008 thru Feb 2010
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
Oct	183
Nov	179.2
Dec	187.7
Jan 2010	188.5
Feb	185.2

There is no question that census is better than when we first began the turnaround effort. If you start with August, it looks like CCNH is picking up some speed. CCNH is a large facility with high fixed cost load; as a result, it has a high break-even point and census remains the critical factor in improving CCNH's position.

Medicare days were 644 in January for an ADC of 21, including 140 days of Medicare Advantage which does not pay on a par with traditional Medicare. February saw less activity, even though it is a short month; Medicare A came in at 471 for an average daily census of 16.8. For comparison, Medicare days were 451 in December, 528 in October and 448 in November. The highest Medicare load CCNH has experienced was 938 (ADC 30.2) in January 2009. There can be no question that CCNH is in a Medicare slump, and needs to rebuild its referral base. Here's the pattern:

Dec	884	July	442	Feb 10	471
Jan 09	938	Aug	485		
Feb	755	Sep	470		
Mar	675	Oct	528		
Apr	540	Nov	448		
May	573	Dec	451		
June	396	Jan 10	644		

In October, Medicare A revenues were $226k, a step up from September's $196k. November's revenues were $218k and dropped to $210k in December. Compare the results for Medicare A for the last 10 months versus the start of last fiscal year; we have been mired right around $200k and haven't been able to get back to earlier levels, which approximated $400k. February's Medicare A performance was not as strong.

Medicare A Revenues

First 4 months		**Last 10 Months**	
Dec	$379k	May 09	$211k
Jan-09	$396k	June	$195k
Feb	$313k	July	$179k
Mar	$308k	Aug	$198k
		Sep	$196k
		Oct	$226k
		Nov	$218k
		Dec	$209k
		Jan-10	$276k
		Feb	$208k

Medicare B just plain tanked to $39k in December and represents one of the lowest Part B revenue performances on record for CCNH. Med B has been impossible to predict and continues to display wide swings. We have been living with therapy caps for Part B since January and the results speak for themselves – lower revenues. The therapy cap exception has been re-implemented by act of Congress and we should see better Part B performance beginning in April.

January's Medicaid revenues spiked due to the conversion of several residents who were paid under the former IGT Alternate Rate; there were 112 conversions in January, 20 of whom were paid at the Alternate Rate. When looking over the table below, keep in mind that CCNH went to the Standard Rate on October 1, 2009:

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%
Oct*	$382k	(32)%	3160	12.1%
Nov	$416k^	8.9%	2837	(10.2)%
Dec	$377k	(9.4)%	2937	3.5%
Jan 10	$430k	14%	2839	(3.3)%
Feb	$376k	(13)%	2788	(1.8)%

**Medicaid revenues now recorded at net.*
^ Includes October's portion of certified costs

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 Feb-10
Medicaid	62%	53.6%
Medicare	9%	9.5%
Pvt Pay	29%	36.8%
Totals	**100%**	**100%**

We need more Medicare and some predictability for Private Pay and Medicaid.

The Medicare per diem has been consistently over $400. In January the per diem was $442; in February the figure was $428.

For the three months ended February 2010, the results of operations are posted below.

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

	Dec-09	Jan-10	Feb-10
Medicare A	$209,875	$ 275,759	$208,224
Medicare B	$ 39,154	$27,840	$32,779
Medicaid	$377,223	$430,809	$376,710
Pvt Pay	$454,765	$ 416,163	$347,717
Adult Day-Private	$5,567	$ 6,209	$3,455
Adult Day-TXX	$14,146	$8,943	$9,740
Miscellaneous	$5,257	$6,881	$7,175
Property Tax	$81,437	$80,973	$80,973
All Revenues	$1,187,423	$1,253,577	$1,066,772
All Expenses	$1,212,081	$1,189,086	$1,082,184
Net Income/(Loss)	$ (24,657)	$64,491	$(15,412)
Census	5632	5845	5185
Change		3.8%	(11.2)%
ADC	187.7	188.5	185.2
Change		0.4%	(1.7)%
FTE	194.5	184.0	184.0

Cash position remains tight and this should come as no surprise as census targets have not materialized. At March 31, cash was at $484k. We are projecting cash to be $549k at April 30 and $834k at May 31.

The following graphs provide a comparative statement of position for CCNH through February 2010.

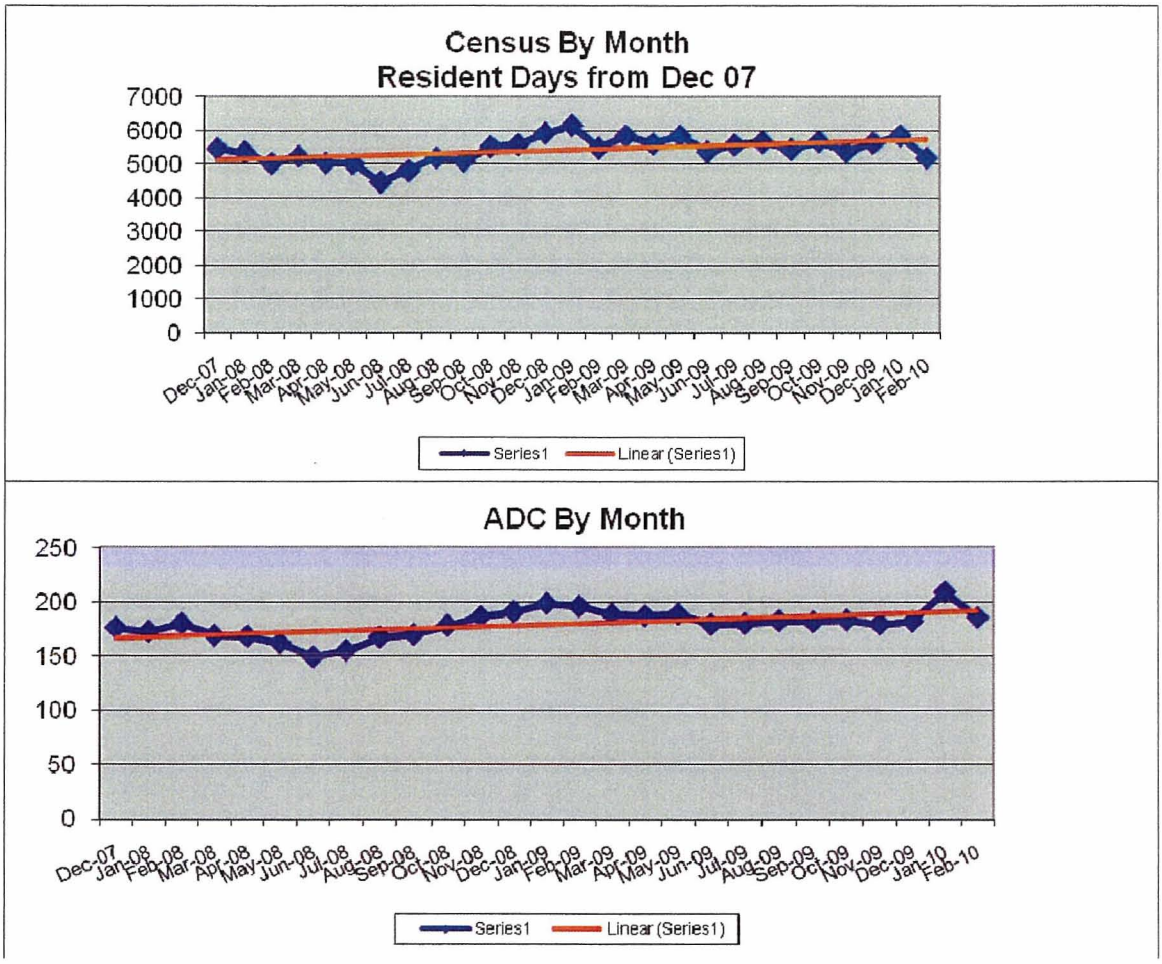
The solid line is a trend line for the displayed data and it should appear in red on your computers. (These graphs will display best when viewed on your screens.)

Census

Census continues to receive a lot of attention. Fiscal 2010 is off to a decent start with an ADC of 185; December's low census of 181.6 pulls down January's average of 188.5. Lately, CCNH has been averaging considerably higher census levels – consistently in the mid-190s and sometimes over 200.

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
Oct-09	1985	3160	528	5673
Nov-09	2092	2837	448	5377
Dec-09	2244	2937	451	5632
Jan-2010	2362	2839	644	5845
Feb	1926	2788	471	5185



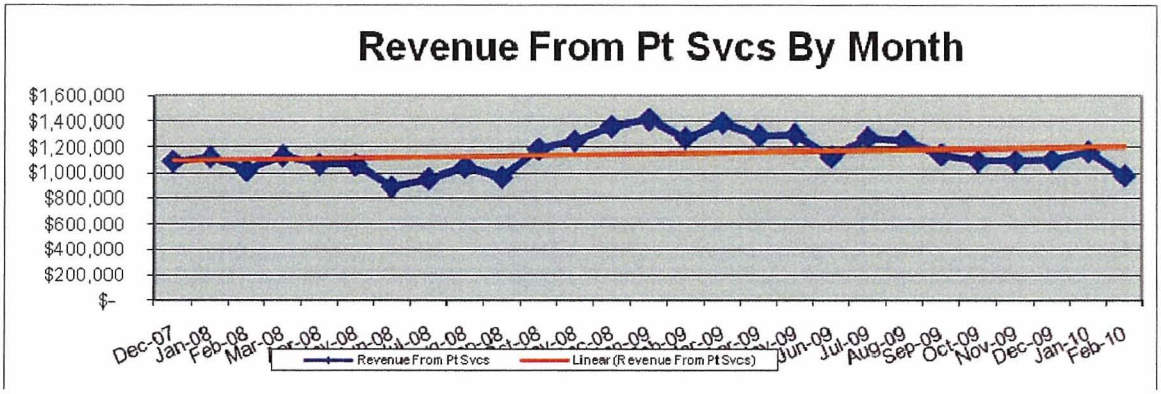
Revenues

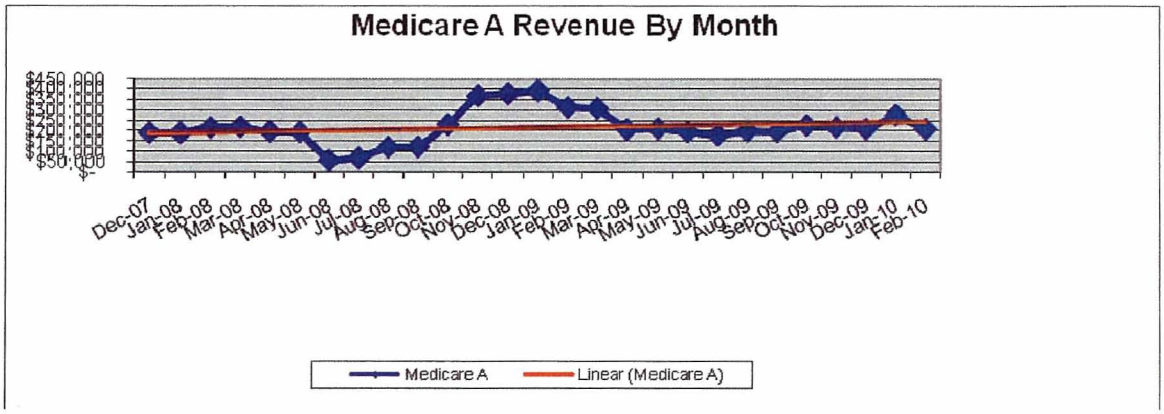
Since April, we have witnessed a sharp drop in Medicare A. The obvious cause is lower discharge activity at the local hospitals. For December thru March, Medicare A was over $300k per month; since April, Medicare A revenues are down considerably – over $100k per month in June and July. The thing we need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

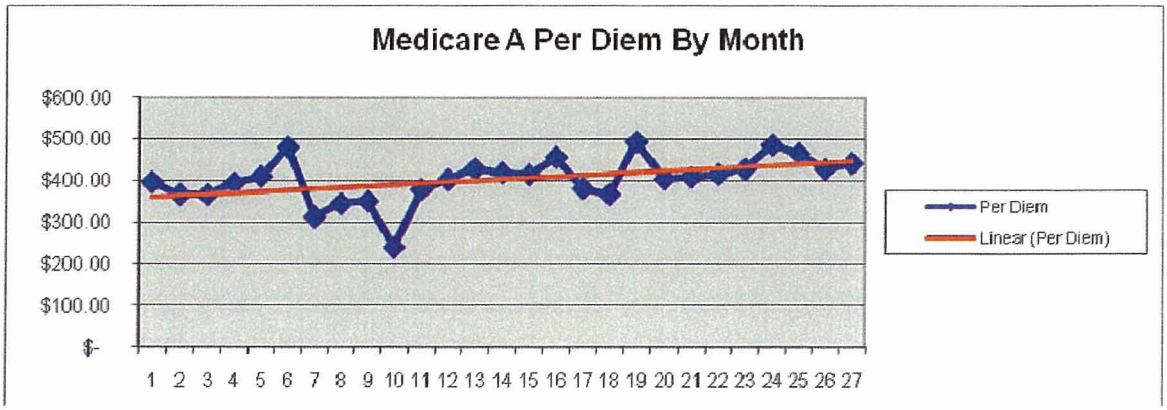
The Medicare per diem is a critical factor in building a better revenue base and we have significant improvements to make in our performance. For November and December, the per diem has been up - $486 and $465, respectively. January and February have followed suit with $442 and $428, respectively.

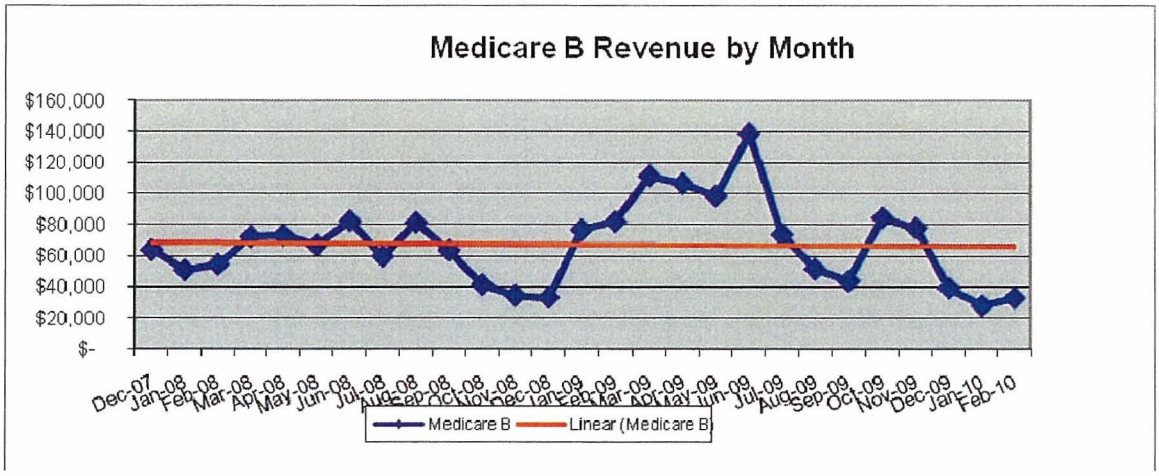
The trend line in Medicare A remains flat and that is a negative factor. Medicare census remains a critical ingredient to success and it also remains elusive. Also, take a look at the chart for Part B revenue; this classification continues to defy classification. However, the removal of the therapy caps should allow us to provide more Part B services in April and in ensuing months.

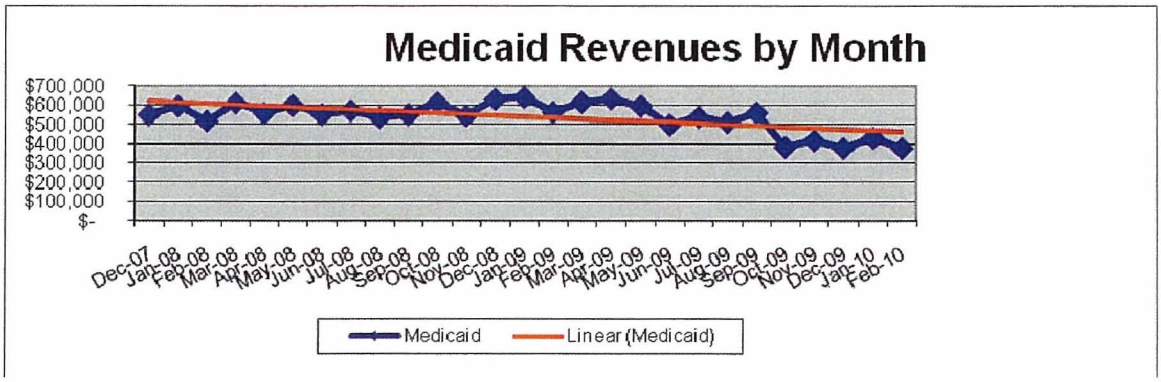
For the most part, Medicaid revenues continue to be stable. You will see from the graph that Medicaid revenues dived with the elimination of the old IGT program; however, our expenses also were reduced significantly. Generally, Medicaid revenues have been stable with some exceptions caused by conversions from Private Pay to Medicaid.

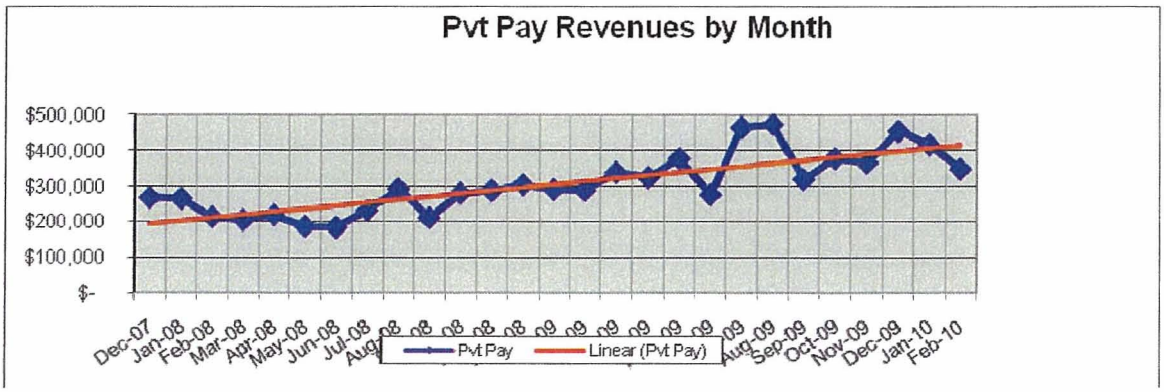


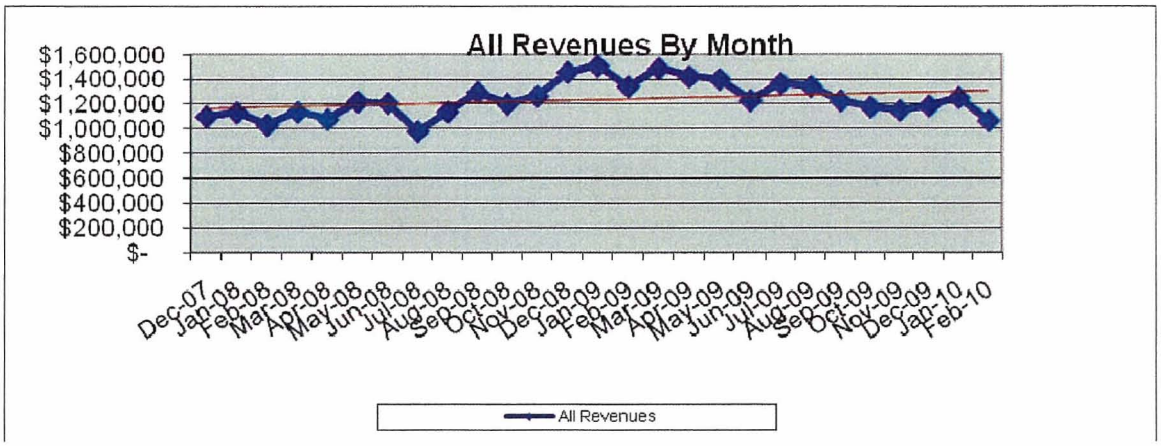





Medicare B Revenue by Month
$160,000
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$-
Dec-07 Jan-08 Feb-08 Mar-08 Apr-08 May-08 Jun-08 Jul-08 Aug-08 Sep-08 Oct-08 Nov-08 Dec-08 Jan-09 Feb-09 Mar-09 Apr-09 May-09 Jun-09 Jul-09 Aug-09 Sep-09 Oct-09 Nov-09 Dec-09 Jan-10 Feb-10
Medicare B
Linear (Medicare B)

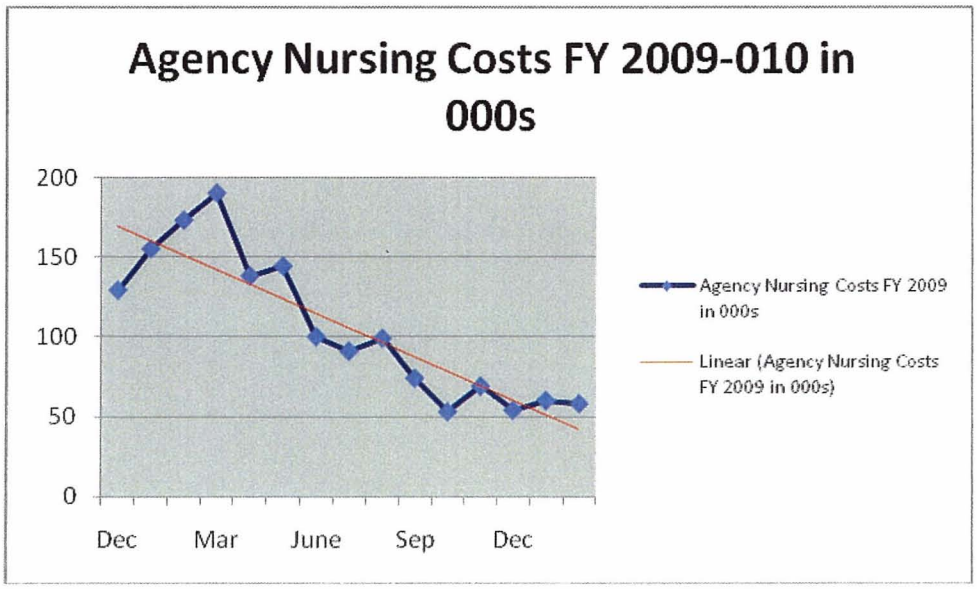

Medicaid Revenues by Month
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$-
Dec-07 Jan-08 Feb-08 Mar-08 Apr-08 May-08 Jun-08 Jul-08 Aug-08 Sep-08 Oct-08 Nov-08 Dec-08 Jan-09 Feb-09 Mar-09 Apr-09 May-09 Jun-09 Jul-09 Aug-09 Sep-09 Oct-09 Nov-09 Dec-09 Jan-10 Feb-10
Medicaid
Linear (Medicaid)


Pvt Pay Revenues by Month
$500,000
$400,000
$300,000
$200,000
$100,000
$-
Dec-07 Jan-08 Feb-08 Mar-08 Apr-08 May-08 Jun-08 Jul-08 Aug-08 Sep-08 Oct-08 Nov-08 Dec-08 Jan-09 Feb-09 Mar-09 Apr-09 May-09 Jun-09 Jul-09 Aug-09 Sep-09 Oct-09 Nov-09 Dec-09 Jan-10 Feb-10
Pvt Pay
Linear (Pvt Pay)



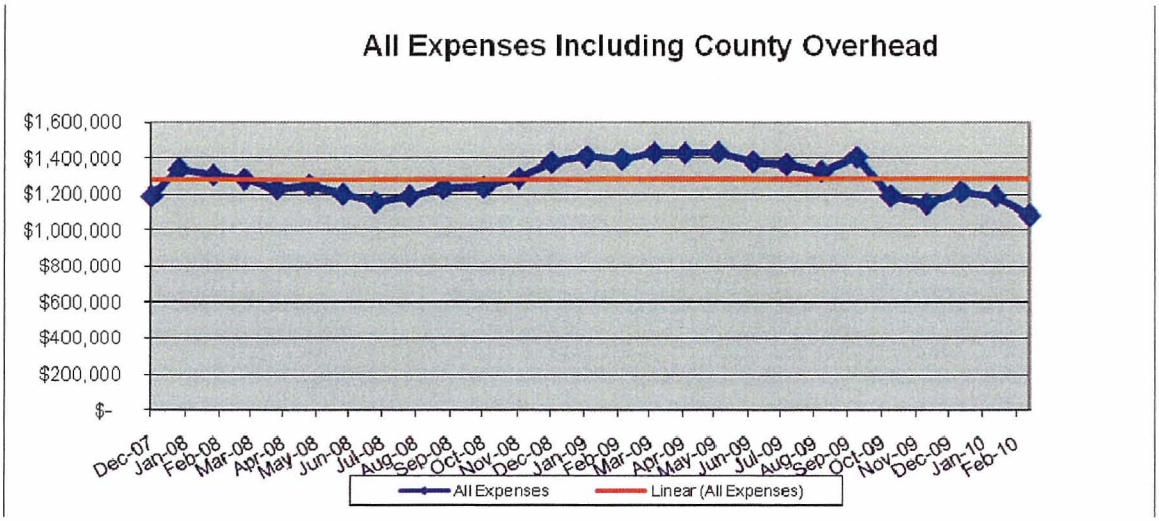
Expenses

CCNH's expense control continues to be pretty solid. We continue to do much better retaining staff and, as a result, agency expense continues to be held in check. For January and February, agency expense came in at $60k and at $58k.



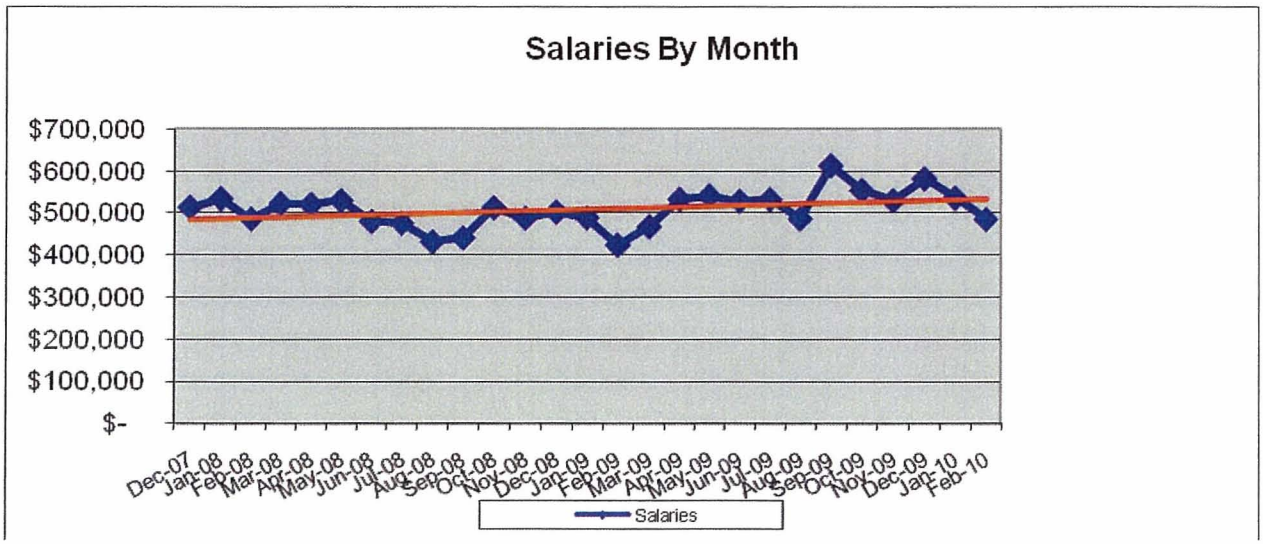
There are some big variable expense items that we watch closely. Examples are food, drugs, medical supplies. Rehab costs are also variable, and they are set by contract. Utilities represent a fixed cost; there is not much we can do to dramatically alter the cost incurred for gas, electric, and water.

With only a few exceptions, expenses were within reasonable limits. The figures since October 09 reflect the elimination of the transfer expense associated with IGT program.



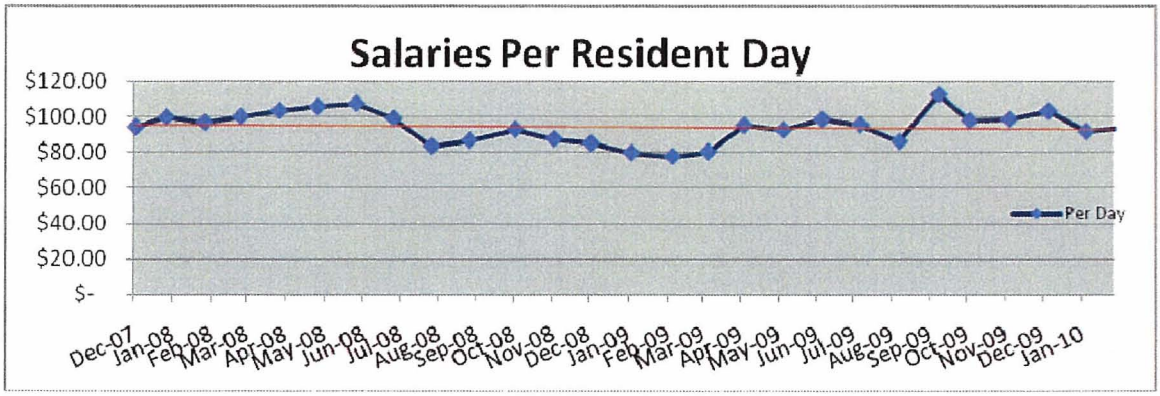
Salaries continue to be our biggest cost.

As we drop CCNH's dependency on agency staff, our own staffing costs are increasing. Graphically, the salary relationship is presented below.



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.



Summary

Census continues to be the big determinant of success. We continue to experience wide swings in revenues by payer and this results in inconsistency. This pattern continues to be a drain on sustained revenue improvement.

Think census and think Medicare. These are the key ingredients to a better position for CCNH. Last December, ADC was 190.9; December 09 was 187.7. In March 2010, we witnessed a rejuvenation of CCNH's census and that should indicate stronger financial results ahead.

The results for the first quarter 2010 are positive. Even though the profit is meager, it is nice to see.

To: Board of Directors
Champaign County Nursing Home

From: M. A. Scavotto
Manager

Date: April 8, 2010

Re: Management Update

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

1. **Census:** CCNH's mix continues to improve. We did not reach our goal of 195 in January (188) or in February (185). We were much closer in March, an attestation to the fact that our outreach efforts have proven beneficial in a short period of time.

2. **Operations:** You will observe that we have regained our form with financial reporting with the exception of the balance sheet. We are researching the history of several debt transactions and will get them represented on the balance sheet as soon as we can.

   The smoke barrier project is nearing completion. There was a change order issued for a damper that was missing on the plans. Once that's done, we are finished except for inspection and close-out.

   Mary Ellen has begun assisting with some management training; we'll keep it going as long as we need to. Management training continues to receive a lot of emphasis.

   The dementia program is unexpectedly without a Director. We are giving a great deal of thought to internal candidates, but also are canvassing the local market area. CCNH's past experience is that this has proven to be a very difficult position to fill. There are significant issues with dementia ranging from marketing to community education. I continue to believe that CCNH has a unique opportunity to serve the Champaign County community better.

   On a related point, we have requested some architectural estimates to modify the current dementia space to make it much more dementia-friendly. The initial scope is just under $16k. Cash resources will dictate what we can do and when. However, we'll have a full discussion of our dementia program before that happens.

   The position of Social Services Director is now filled with a start date of May 3. The

Marketing/Admissions Coordinator has been very capably filled on an interim basis and we are searching for a permanent replacement. This is a position that is crucial for CCNH's census. An internal candidate would be our preference.

I have no further word on the IGT. Here's a repeat of my last update:

> The IGT remains in a state of flux. We have learned that the Feds have asked State HFS several questions regarding the State Medicaid plan amendment. (No Intergovernmental Agreement can be executed until the Feds have approved the State plan.) We understand that HFs is working on the answers; for now, there's nothing we can do except sit tight. As a practical matter, I continue to believe that the IGA will happen; the State cannot afford to pass on $40 million of reimbursement that the Feds currently owe, nor can it ignore the significant pool of money the IGA mechanism allows it to receive from the federal government.

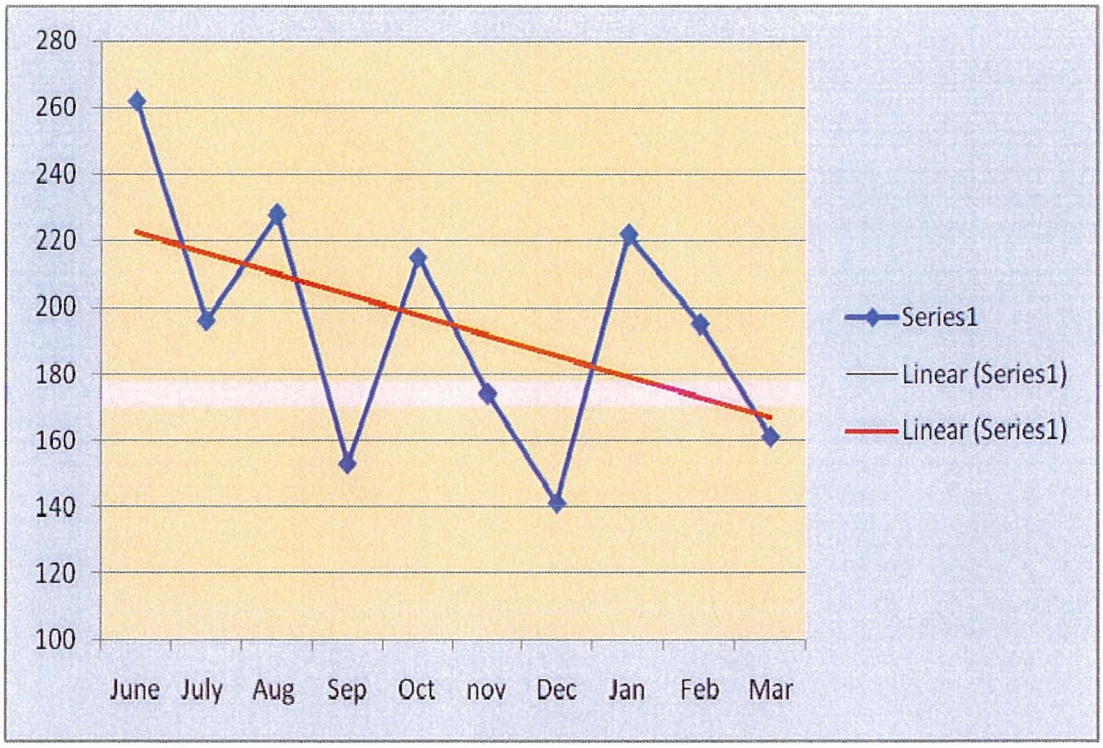
Two CCNH staffers are headed to Louisville in April 13/14 for training by The Oliver Group in the predictive index. This program is launched and moving.

Re-positioning rehab will continue. We have had initial discussion with Alliance Rehab and will have more. We have plenty of unused beds and are searching for ways to create a space much more conducive to rehab and to younger seniors undergoing more elective procedures.

Within the next few weeks, MPA will begin a program for its Illinois County clients whereby we establish a best practices methodology for dealing with admissions, the Minimum Data Set and Medicaid reimbursement, compliance programs, and related clinical issues. We have started this effort with standardizing the approach to the business functions. There is lots more to do.

3. **Employees:** The latest information through March 2010 indicates that might be back on track to reducing unscheduled absences. Here's what the trend looks like from June 2009 (the highest total of unscheduled absences for 2009) through March 2010:

June 2009 thru March 2010



The staff in the business office are responding to new roles and are adapting well. We have had the usual glitches in communication and procedures. Once the electronic hook-up to MDI Matrix was implemented, things improved quickly as everyone could see the general ledger. The process of producing the financial statements will improve quickly. The larger element of improving productivity will involve a systemic fix between CCNH and the County Auditor. I don't think we are too far away from beginning discussions.

Public Image: No update since last report. I will drop this item from future updates until we are ready with a program

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