Planning for the Future

CCNH Advisory Board

May 2016

Study Session Overview

Step I:

➢ *Review of Strategic and financial position:*

- *Review of key SWOT factors*
- *Review of Environmental factors*
- *Review and Identify key issues*

Step II:

➢ *Vision: Where do we want to be in 3 years?*

Step III:

➢ *Strategy Development:*

- *What are our options?*
  - *Continue as current*
  - *Operational changes*
  - *Seek additional funding*
  - *Sell*
  - *Lease*

➢ *Step IV:*

- *Financial projections that correspond to strategies*
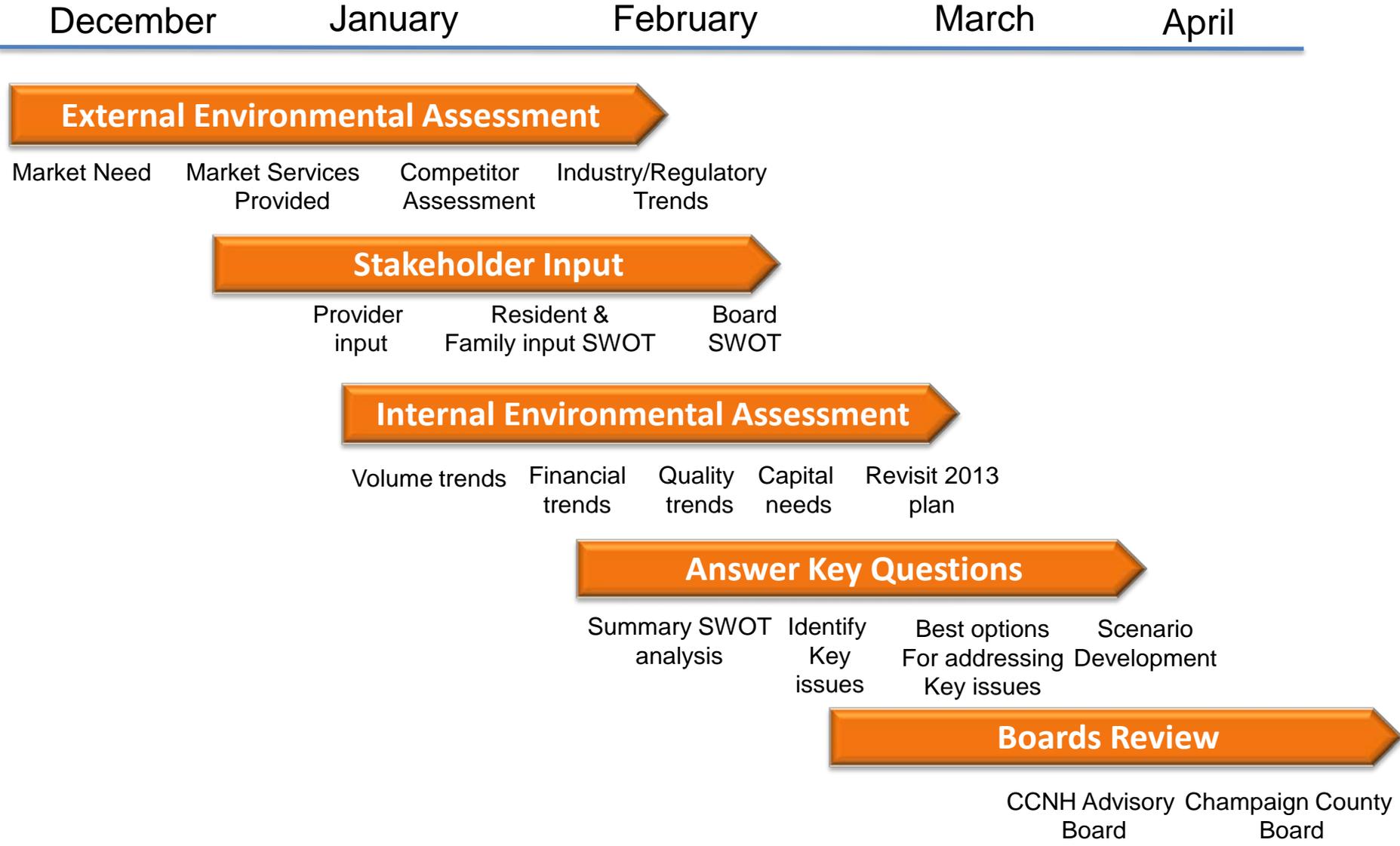- *Recommendations to County Board*

Champaign County Nursing Home

Mission Statement

The Champaign County Nursing Home 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. Our Adult Day Care provides exceptional daily respite services for local caregivers and members of our community who prefer the safety and comfort of a day care center to staying at home. We give residents and clients something to look forward to each morning, and something to dream about each night.

Process and Timeline

December	January	February	March	April

External Environmental Assessment

Market Need — Market Services Provided — Competitor Assessment — Industry/Regulatory Trends

Stakeholder Input

Provider input — Resident & Family input SWOT — Board SWOT

Internal Environmental Assessment

Volume trends — Financial trends — Quality trends — Capital needs — Revisit 2013 plan

Answer Key Questions

Summary SWOT analysis — Identify Key issues — Best options For addressing Key issues — Scenario Development

Boards Review

CCNH Advisory Board — Champaign County Board

Market Need & Services Summary

Market Need

- Excess of long term care beds in local market
- Carle developing Post Acute network for Medicare Advantage
- Presence developing Post Acute Preferred network

Market Services Provided

- Independent Living
- Skilled Nursing Facilities
- Assisted Living Facilities
- Dementia Facilities
- Home Care Services (Carle, Presence, national agencies, local)
- Supportive Living
- Independent Living
- Adult Day Care

Independent Living

	Beds/Units
Parkview Senior Apartments	176
Windsor of Savoy	174
Inman Place	60
Florida House Apartments	120
Total	530

Skilled Nursing Facilities

	Alzheimer's Beds	Medicaid Beds	Beds
Champaign County Nursing Home	23	243	243
Heartland of Champaign		45	102
CUNR		213	213
Illini Heritage		60	60
Helia		118	118
Clark Lindsey Village		0	83
Country Health		89	89
Total	23	768	908

Illinois Department of Public Health Inventory of SNF
Existing   908
Need   885   Excess beds   23

Assisted Living

	Alzhemier's Beds	Regular Beds
Amber Glen	38	
Brookdale	9	91
Autumn Fields		46
Aspen Creek of Tolono	8	
Glenwood Mahomet		55
Bickford Champaign Cottage	16	
Villas of Holly Brook Savoy		50
Windsor Court Savoy		36
Eagle View Retirement Center		76
Willow Brook of Savoy	12	
Bridlebrook Assisted Living	30	48
Reflections Memory Care	32	
Total	145	402

Supportive Living

	Beds/Units
Prairie Winds	94

Adult Day Care

	Hours
Circle of Friends Adult Day Care	730-530 Monday – Friday
Champaign County Nursing Home Sunshine Center	730 – 530 Monday - Friday

Market Need & Services Summary

Competitor Assessment

- Competitors have higher overall star ratings:
    - Country Health; Illini Heritage; Clark Lindsey
    - Clark-Lindsey only 5-star facility in market
- CCNH increasing market share in all payor groups
    - CCNH only home to increase in Medicare census
    - Heartland Champaign half the beds of CCNH; twice the Medicare census
    - CCNH has lowest Medicare Market Share
    - CCNH gained in Medicaid Market Share
    - CCNH largest gain of all facilities in Private Pay market share

CENSUS, MARKET SHARE AND PAYOR MIX BY FACILITY 2009-2014

Source: Illinois Medicaid Cost Reports

Primary and Secondary Market SNFs

Primary Market Facilities   Beds

CCNH   243 beds

CUNR   213

Heartland Champaign   102

Clark Lindsey   83

Secondary Market Facilities
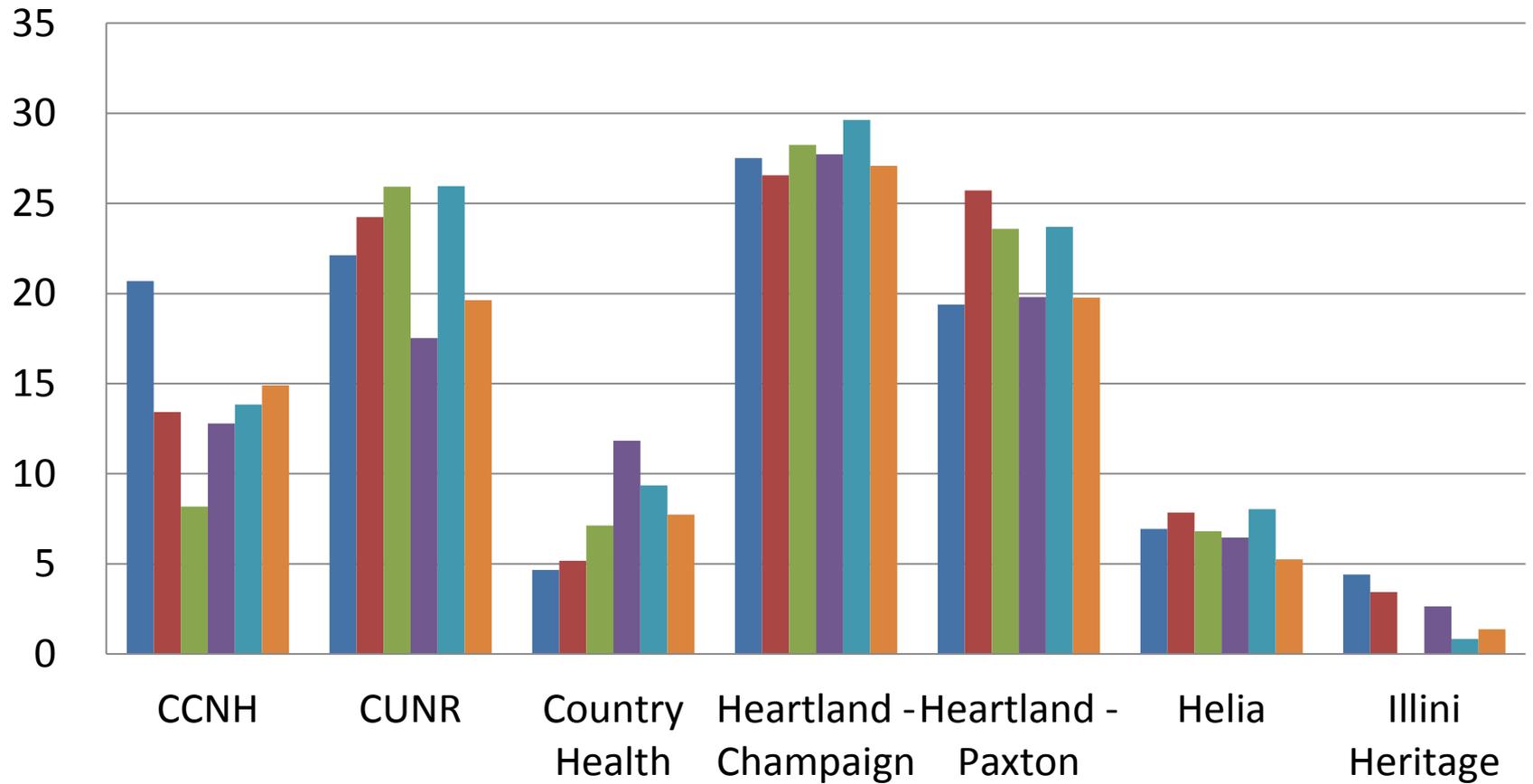
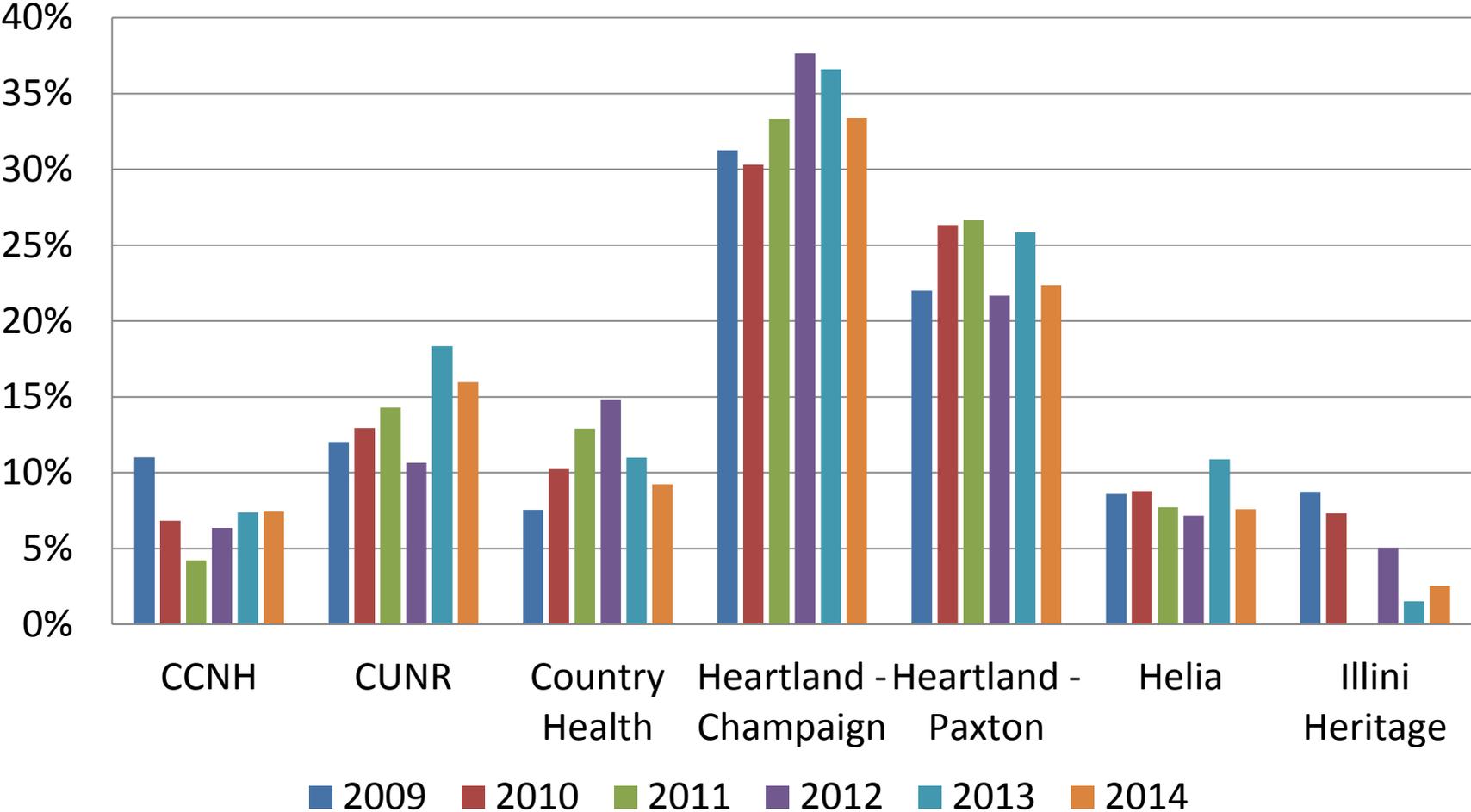Helia   118

Heartland Paxton   106

Country Health   89
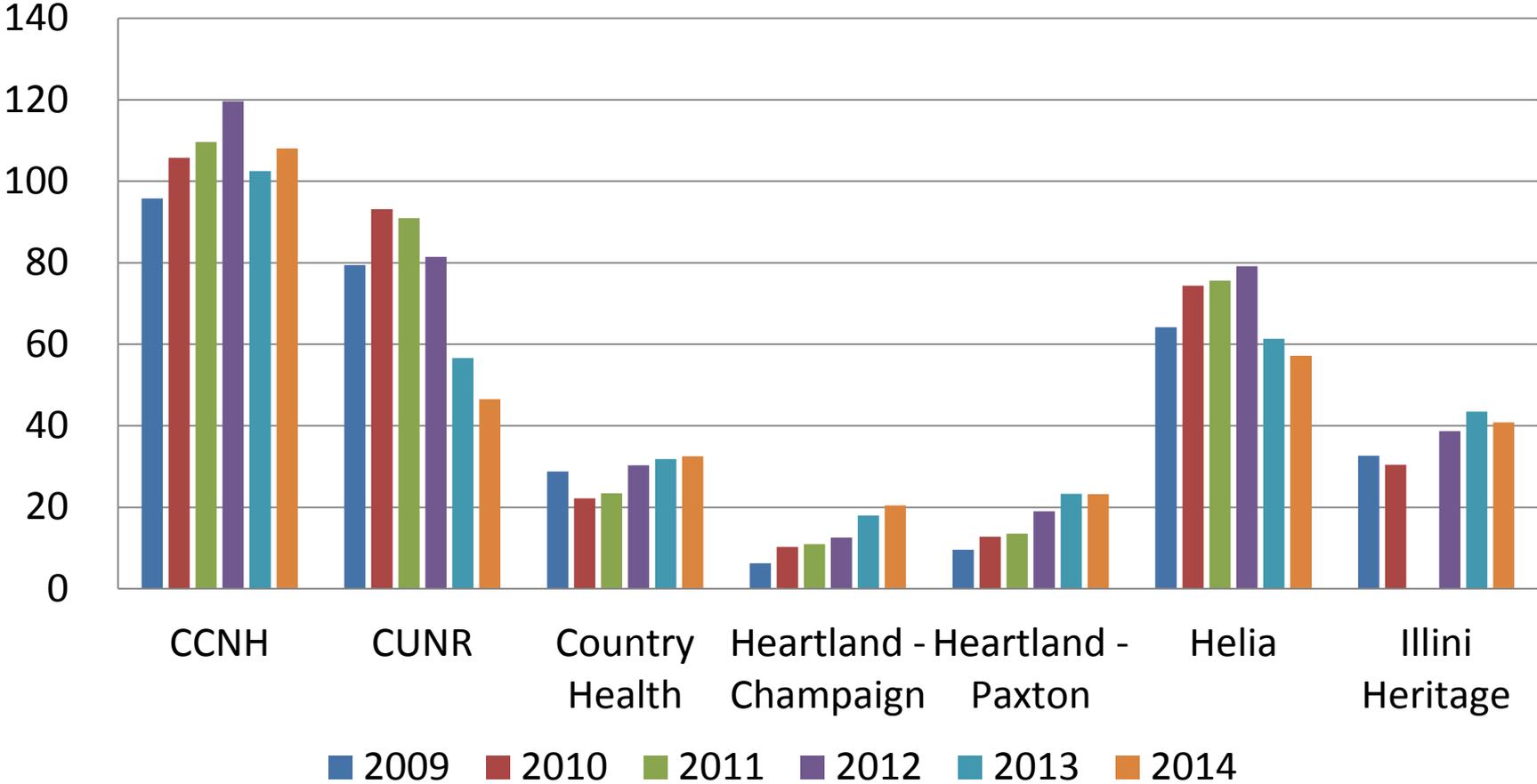
Illini Heritage   60

Total Census by Facility
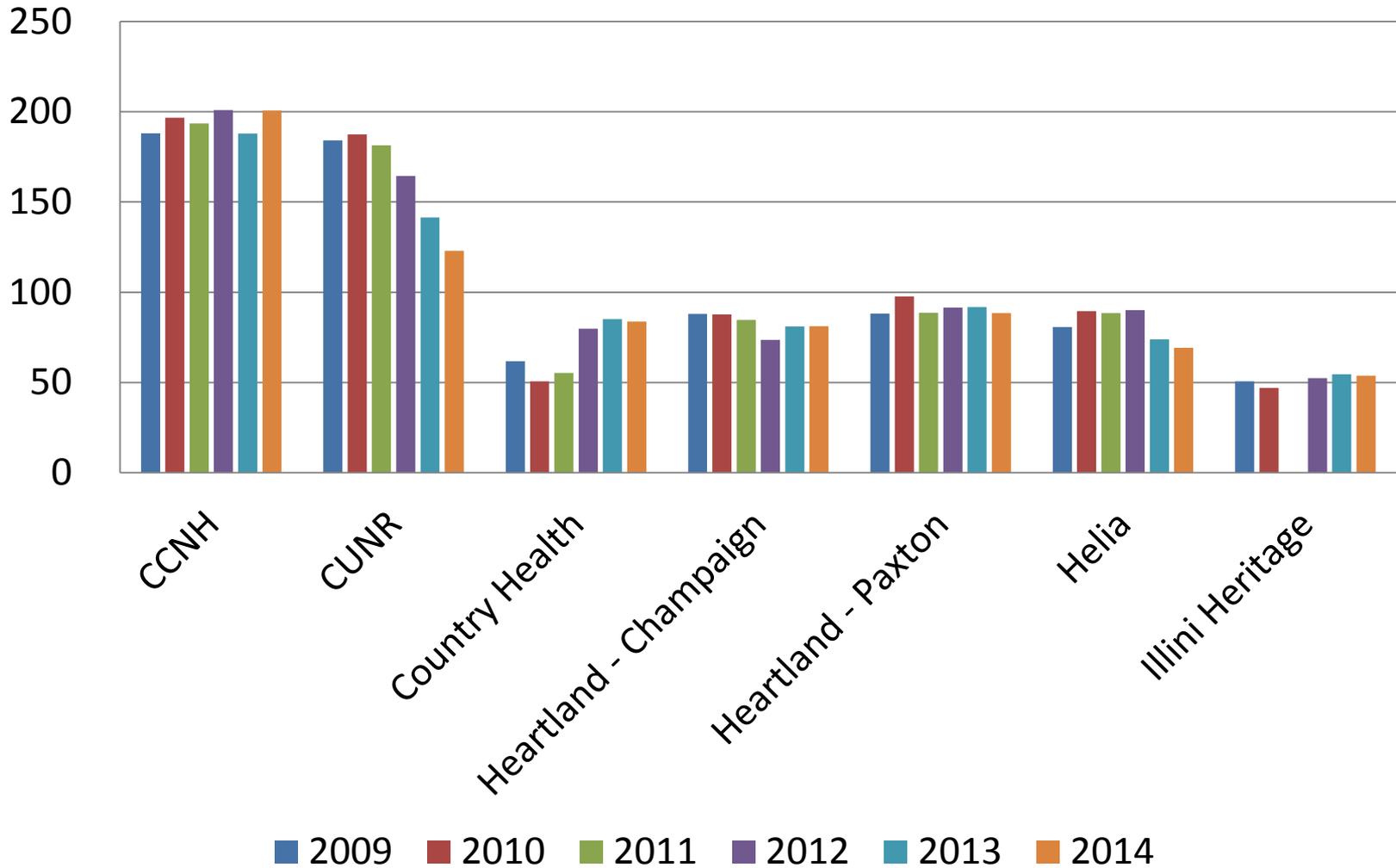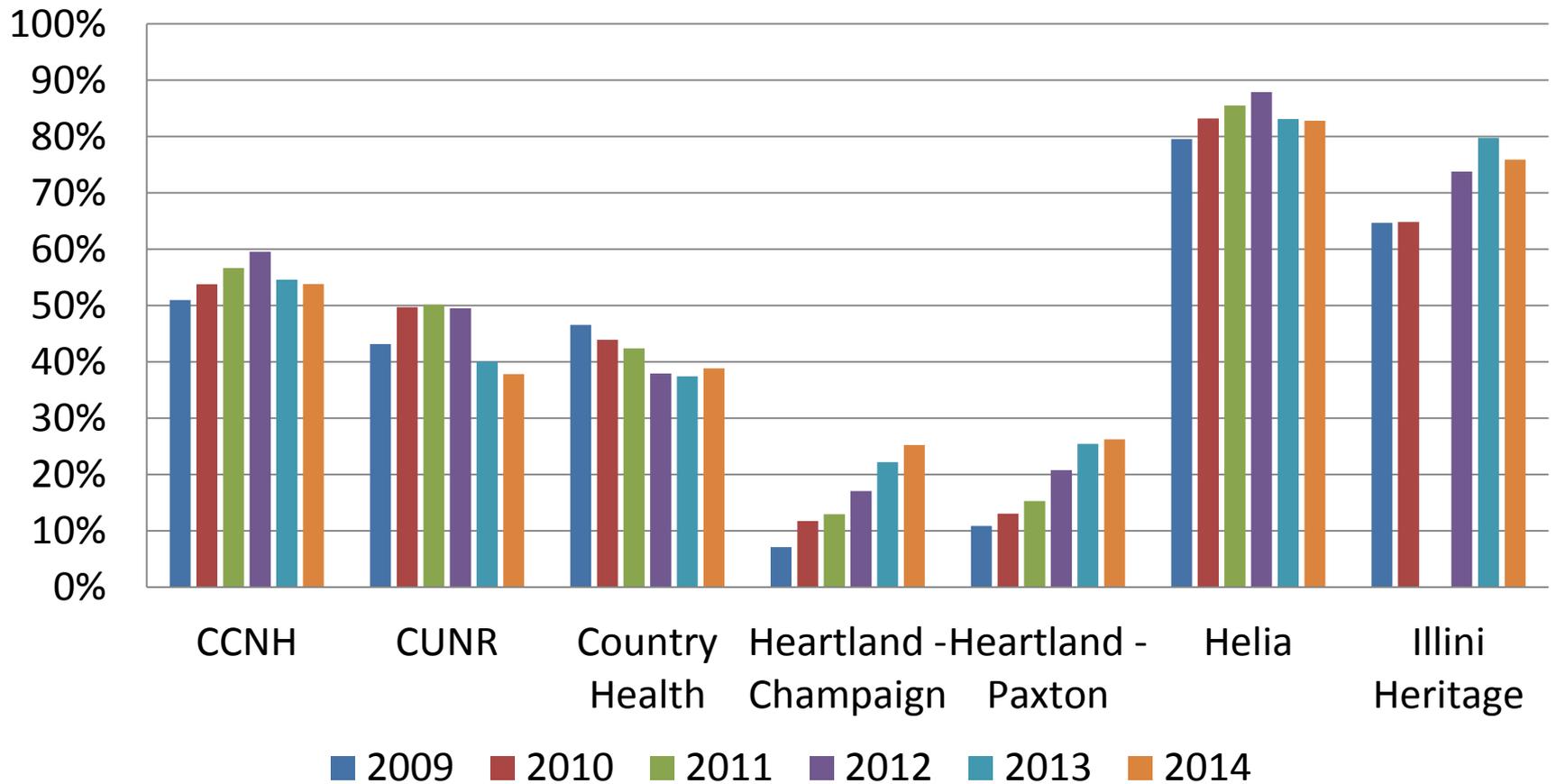
Overall Market Share
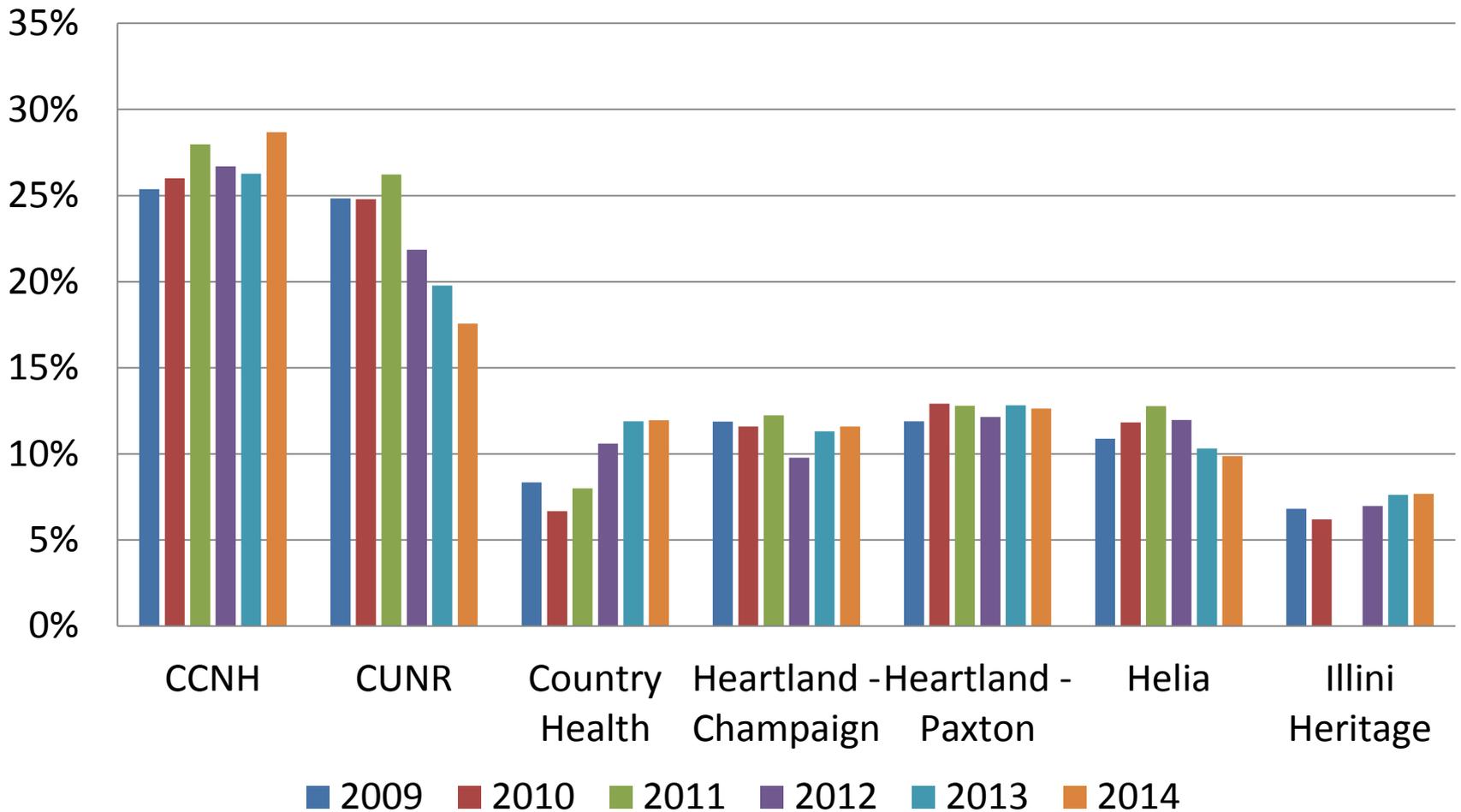
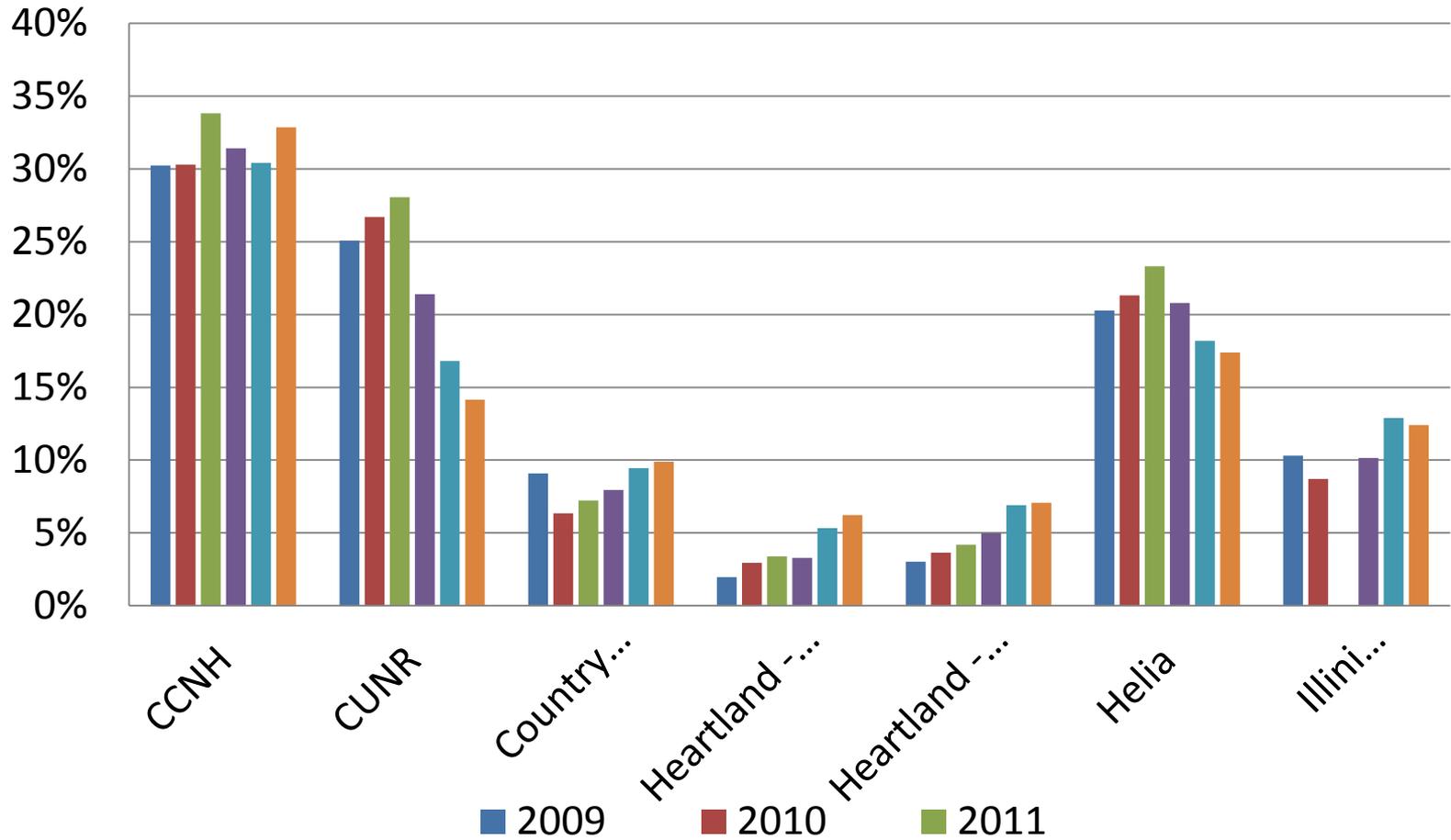# Medicare Census by Facility

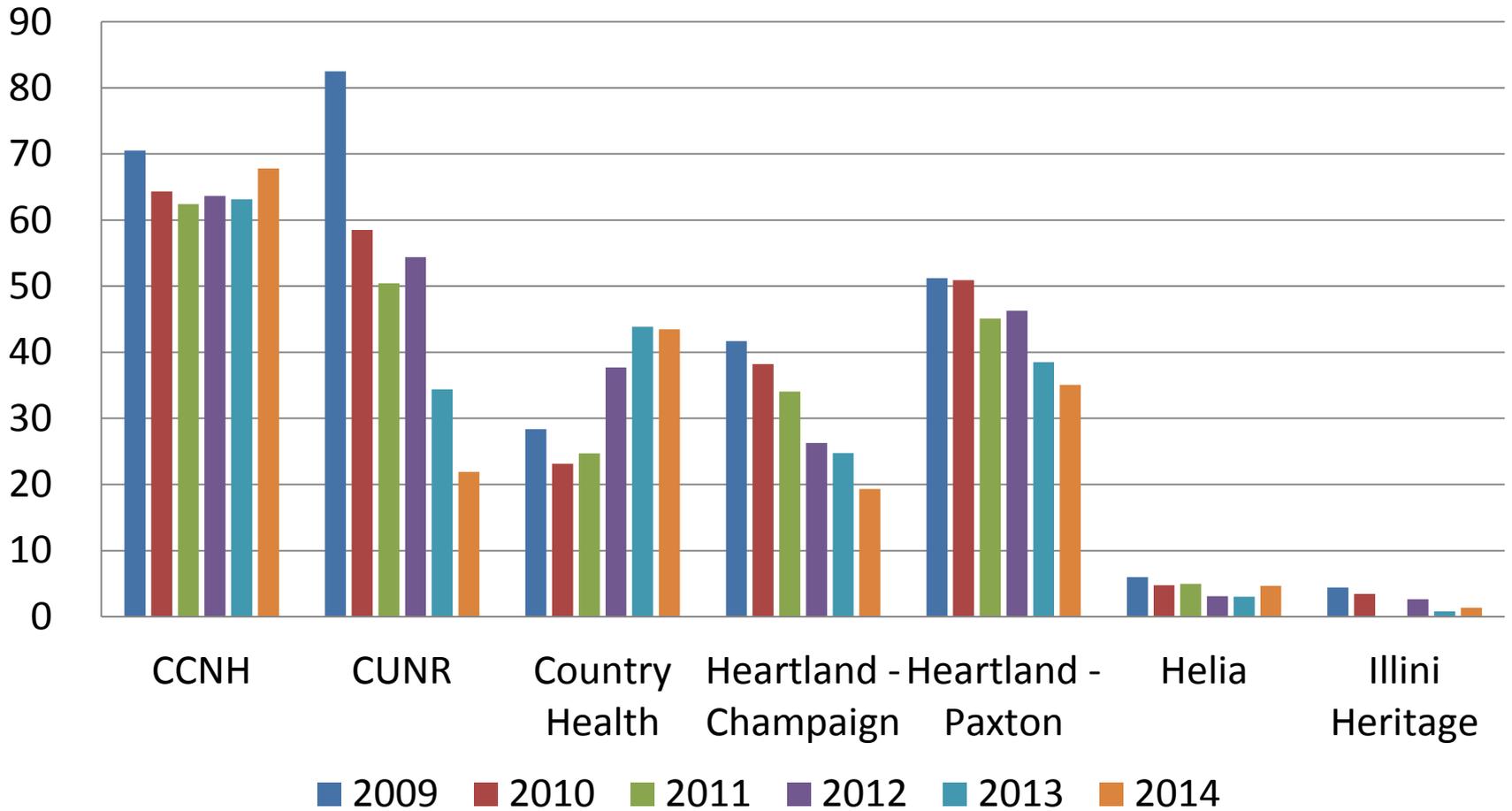# Medicare Market Share by Facility
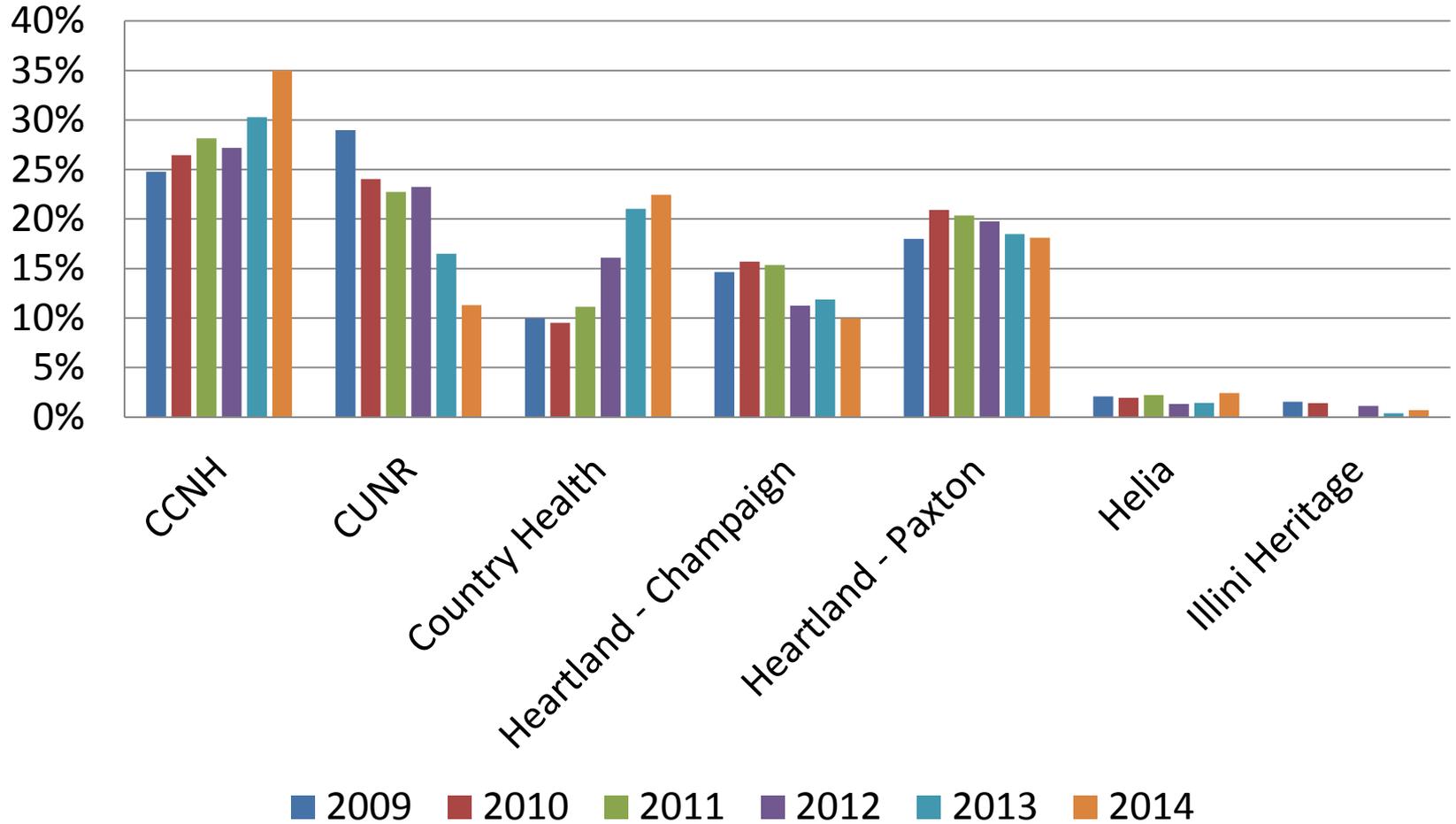
Medicaid Census by Facility

Medicaid Payor Mix

Medicaid Market Share

Private Pay Census by Facility

Private Pay Market Share

Industry/Regulatory Summary

Industry/Regulatory Trends

- Industry Trends
  - Resident days declining in market 5.5% in past 6 years
  - Biggest decline in private pay
  - Increase in Medicaid patient days
  - Continued pressure from Medicare to reduce SNF days
  - Continued competition from other options, e.g., assisted living
- Regulatory Trends – Impact of Health Care Reform
  - SNFs being held accountable
  - Moving away from Fee-For-Service: bundling, risk
  - Need for Hospital partner
  - Requirement for quality standards to be in-network
  - Need for technology investment

All Resident Days
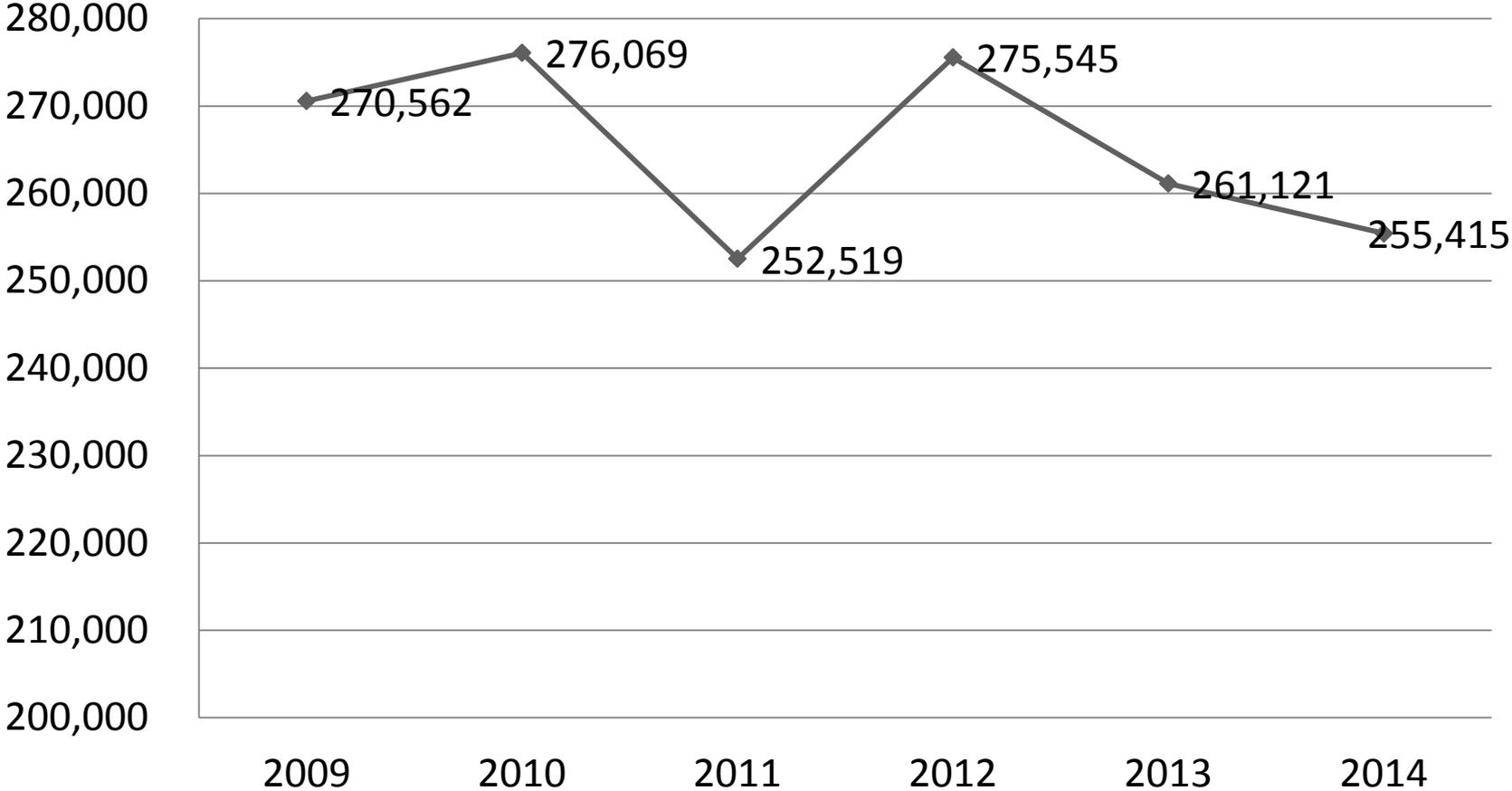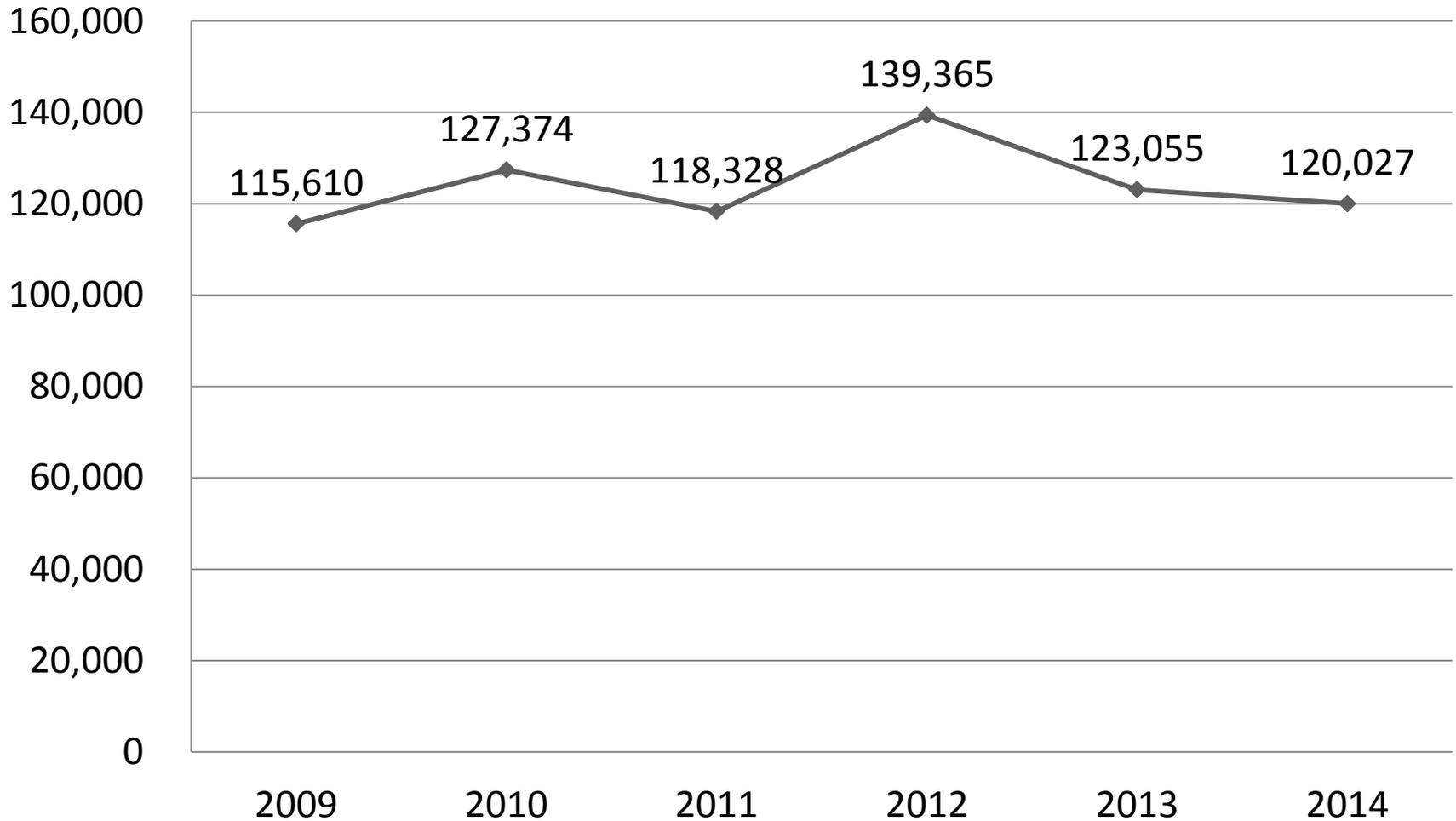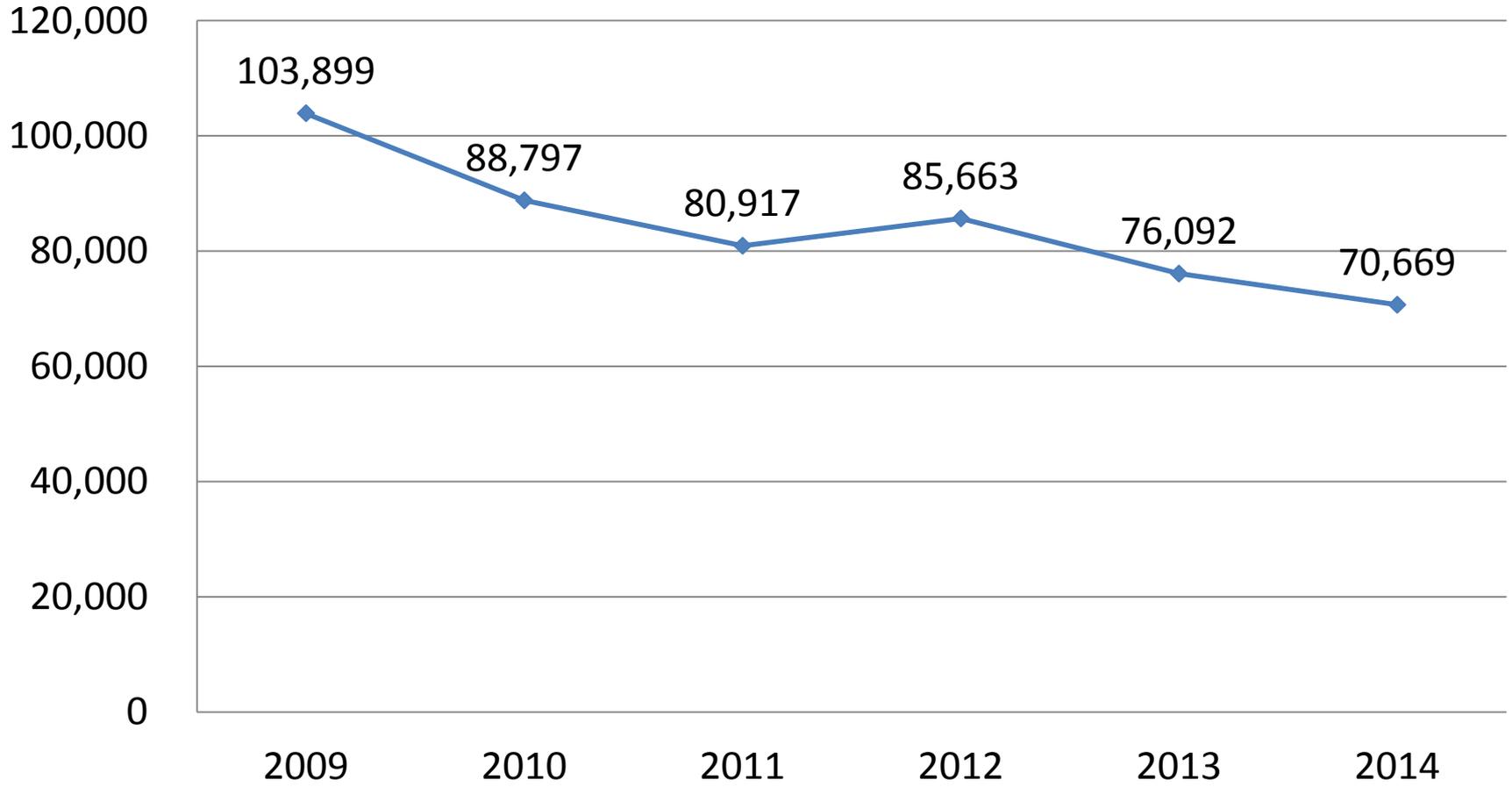
All Medicare Days
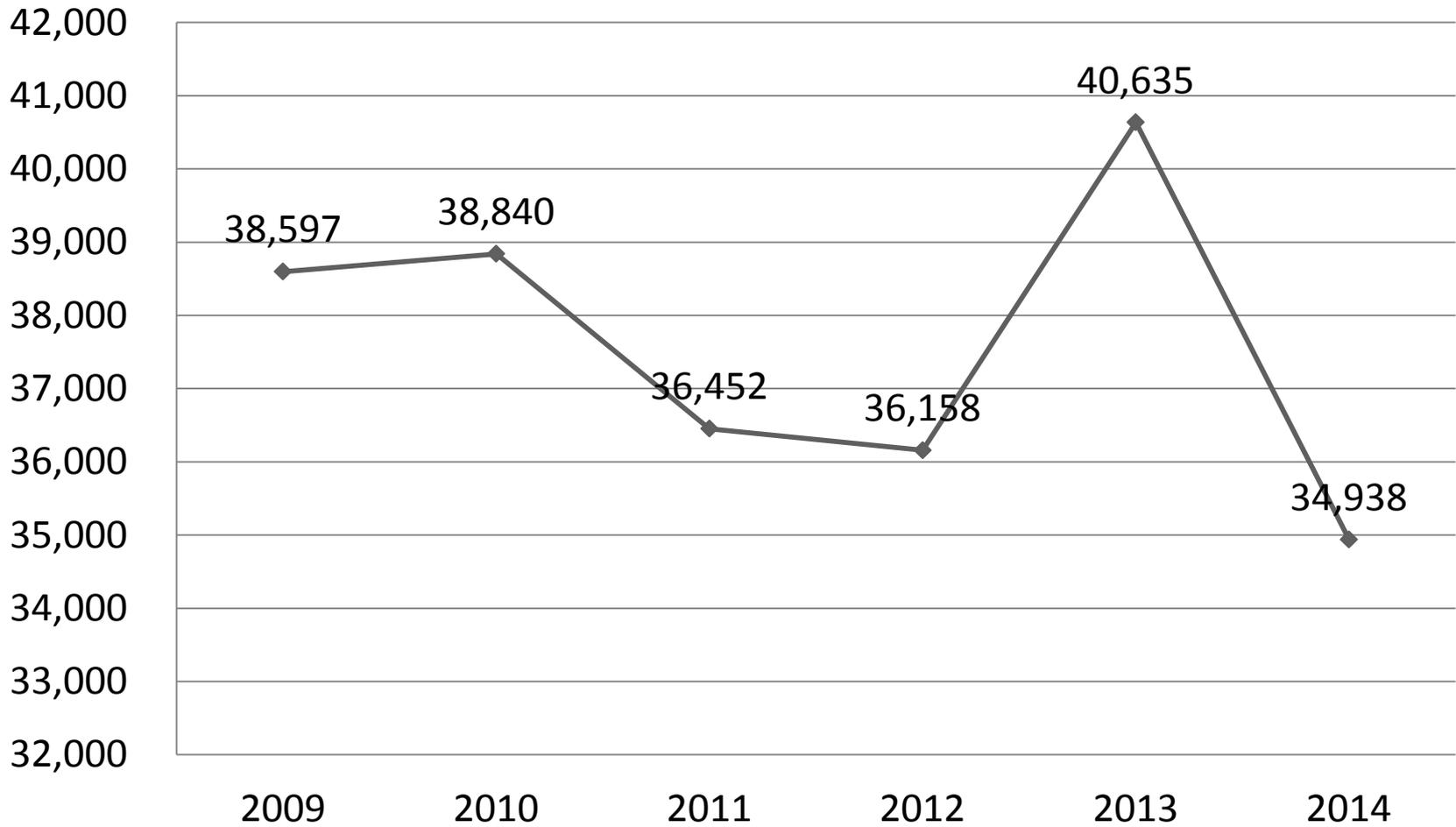
All Medicaid Days

All Private Pay Days

CMS 5 Star Rating

	CHAMPAIGN COUNTY NURSING HOME	CHAMPAIGN URBANA NRSG & REHAB	HELIA HEALTHCARE OF CHAMPAIGN	HEARTLAND OF PAXTON	HEARTLAND OF CHAMPAIGN	COUNTRY HEALTH	ILLINI HERITAGE REHAB & HC	CLARK-LINDSEY VILLAGE
Overall Rating	Rating: 2 out of 5 Below Average	Rating: 1 out of 5 Much Below Average	Rating: 2 out of 5 Below Average	Rating: 2 out of 5 Below Average	Rating: 2 out of 5 Below Average	Rating: 4 out of 5 Above Average	Rating: 4 out of 5 Above Average	Rating: 5 out of 5 Much Above Average
Health Inspection	Rating: 1 out of 5 Much Below Average	Rating: 1 out of 5 Much Below Average	Rating: 1 out of 5 Much Below Average	Rating: 1 out of 5 Much Below Average	Rating: 1 out of 5 Much Below Average	Rating: 4 out of 5 Above Average	Rating: 4 out of 5 Above Average	Rating: 5 out of 5 Much Above Average
Staffing	Rating: 4 out of 5 Above Average	Rating: 2 out of 5 Below Average	Rating: 2 out of 5 Below Average	Rating: 4 out of 5 Above Average	Rating: 3 out of 5 Average	Rating: 3 out of 5 Average	Rating: 2 out of 5 Below Average	Rating: 5 out of 5 Much Above Average
Quality Measures	Rating: 5 out of 5 Much Above Average	Rating: 2 out of 5 Below Average	Rating: 5 out of 5 Much Above Average	Rating: 2 out of 5 Below Average	Rating: 5 out of 5 Much Above Average	Rating: 3 out of 5 Average	Rating: 3 out of 5 Average	Rating: 2 out of 5 Below Average

Impact of Healthcare Reform

Move Away from Fee-For-Service Payments

50% of all fee-for-service payments replaced by alternative payment models by 2018

- Fee-for-value payments
- Accountable Care Organizations
- Bundled payments
- Dual-eligible managed care
- SNF value-based purchasing (starts in 2019)

Impact on Acute Care Providers

- Financially at risk for care provided by post-acute care providers

- Responsible for care coordination between hospital and post-acute care providers

- Develop closer relationships with post-acute care providers including nursing homes

- Profiling of nursing homes

Impact on Skilled Nursing Facilities

- Potential to be a non-contracted provider
- Reduction in referrals
- Decreased length of stay
- SNFs are not silos - must be able to work with acute care providers, accountable care organizations or managed care plans

Required Changes for Skilled Nursing Facilities

- Improve transitions of care
- Able to care for medically complex patients such as COPD, congestive health failure
- Able to reduce hospital readmissions
- Prevent hospitalizations of long term resident

"Dream Team" for Post Acute Care

- Services
  - Services available: memory care, wound care,
  - Disease Management programs, e.g., diabetes, Congestive Heart Failure, Cancer, COPD
  - Behavioral Health
  - Palliative Care
- Care Coordination
  - Electronic information
- Quality Metrics
  - Length of stay
  - Clinical Outcomes
  - Patient Satisfaction
  - Community Discharge Rate
  - ED visit; hospital readmission; fall rate
  - Star rating

Stakeholder Input

SWOT ANALYSIS, MANAGEMENT, STAFF, USERS

Management SWOT

- Strengths
  - Management
  - Facility, cleanliness
  - Rehab facility, private rooms
  - The people, caring staff, e.g., Love Code
  - Staffing
  - Quality of care rating
  - Services,e.g., dental, pulmonary, adult day care
  - Activities

Management SWOT

- Weaknesses
  - Lack of cohesiveness, divisiveness in management
  - Turnover
  - Negative publicity
  - Financial performance, state budget
  - Lack of marketing
  - Food Service
  - Lack of communication

Management SWOT

- Threats
  - Uninformed decision makers
  - Divisiveness in management
  - Negative publicity & perception
  - Financial situation with State of Illinois
  - Need to fill rehab unit
  - Assisted Living Competition

Management SWOT

- Opportunities
  - Medicare/Rehab/Private rooms
  - Involvement with Community
  - Nursing Manager Track
  - Improve Medicare reimbursement with restorative care
  - Grow short-stay program
  - More marketing, liaison in each hospital
  - Assisted Living nearby
  - Eden Alternative aspects

Staff SWOT

- Strengths
  - Benefits
  - Rehab
  - Caring staff; people we work with
  - Facility
  - Activities
  - Management out on floors/
  - Services: dental, beauty shop, pet therapy

Staff SWOT

- Weaknesses
  - Response to call lights
  - Food Service
  - Communication between departments
  - Bad publicity; open meetings for board
  - Poor signage

Staff SWOT

- Threats
  - Uninformed decision makers
  - Negative press
  - Shrinking market
  - State budget
  - Assisted Living competition

Staff SWOT

- Opportunities
  - Scholarships for staff
  - Dialysis
  - Day care/grandparents interaction
  - Team building for morale
  - Encouragement potlucks
  - Human interest stories of residents publicized

Family Advisory Council SWOT

- Strengths
  - Staff, caring, nurses aides
  - Facility
  - Not-for-profit
  - Activities
  - Transportation
  - Cleanliness
  - Communication

Family Advisory Council SWOT

- Weaknesses
  - Temperature of food
  - Turnover
  - Weekend staffing
  - Dining service
  - Maintenance of facilities

Family Advisory Council SWOT

- Threats
  - Budget of state
  - Uninformed decision makers
  - Turmoil of health care industry

Family Advisory Council SWOT

- Opportunities
  - Grant funding
  - Better way to communicate with board
  - Good publicity: Human interest stories of residents
  - Staff appreciation
  - Build Adult Day CAre

Internal Environmental Assessment

Internal Trends

- Volume Trends
    - 2015 lowest average daily census since 2008 preceded by highest census since new building
- Financial Trends
    - SNFs being held accountable
    - Moving away from Fee-For-Service: bundling, risk
    - Need for Hospital partner
    - Requirement for quality standards to be in-network
    - Need for technology investment

CCNH Daily Census
FY2008 to FY2015
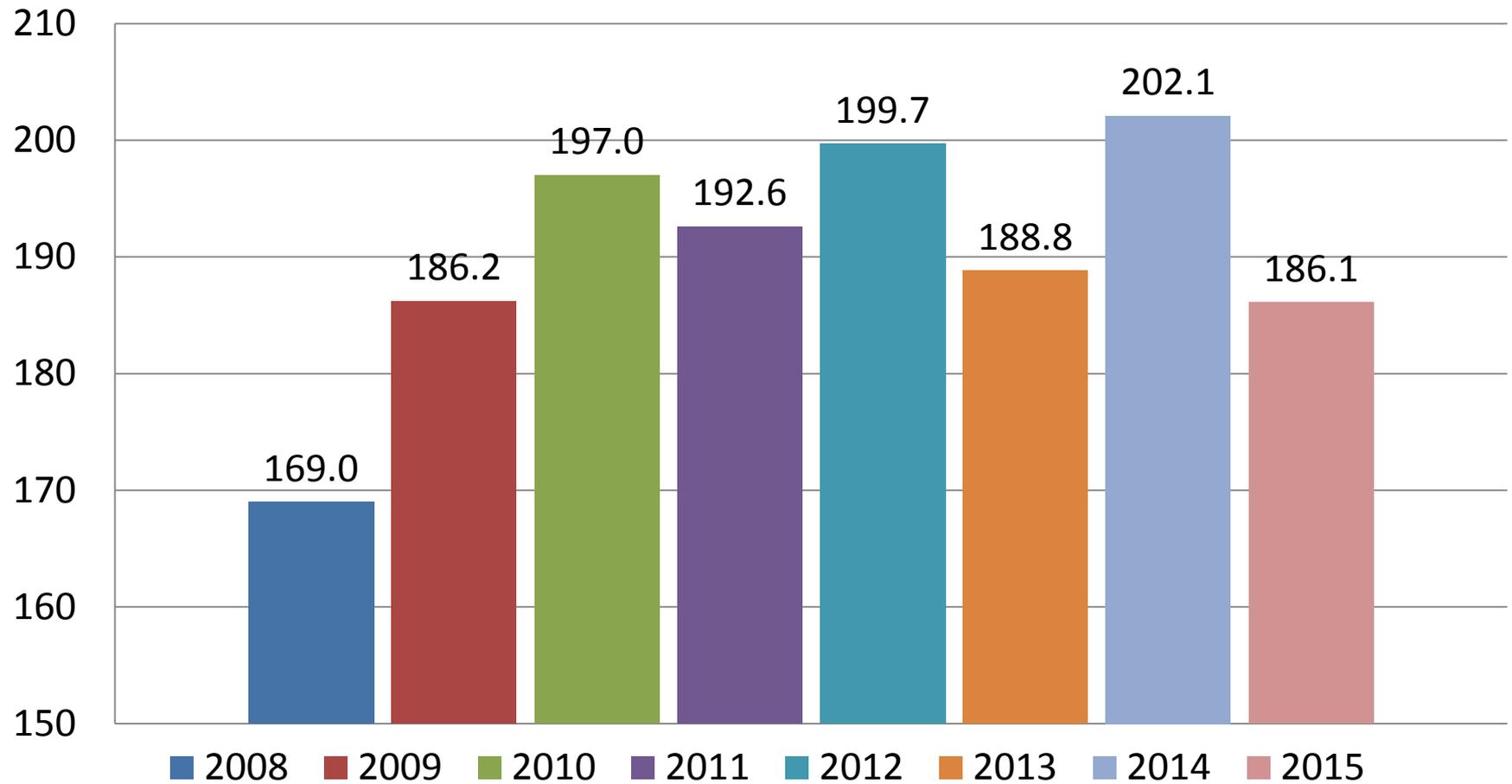
Income Trends
2010 – 2015

Income Trends

	2009	2010	2011	2012	2013	13 months 2014
Average Census	186.2	197.0	192.6	199.7	188.8	202.1
Operating Revenues	15,244,121	14,251,951	14,268,337	14,298,034	13,545,359	16,214,240
Non-Operating Revenue	958,874	992,120	2,011,784	1,031,809	1,062,180	1,105,556
Net Revenue	16,202,995	15,244,071	16,280,122	15,329,843	14,607,539	17,319,796
Expenses (less depreciation)	15,472,149	14,317,221	14,507,833	15,251,265	14,884,427	16,332,726
Cash Flow	730,845	926,850	1,772,289	78,578	(276,888)	987,070

2015 census of 186.1
2015 financial unaudited net cash gain of about $350,000.
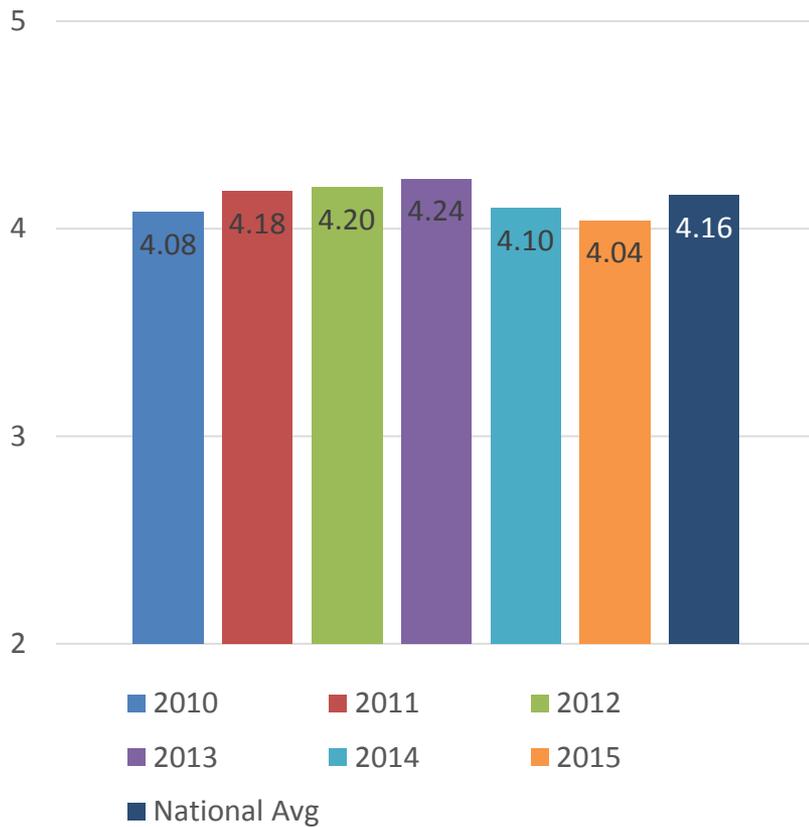
CMS Quality Ratings

CMS Staffing Data

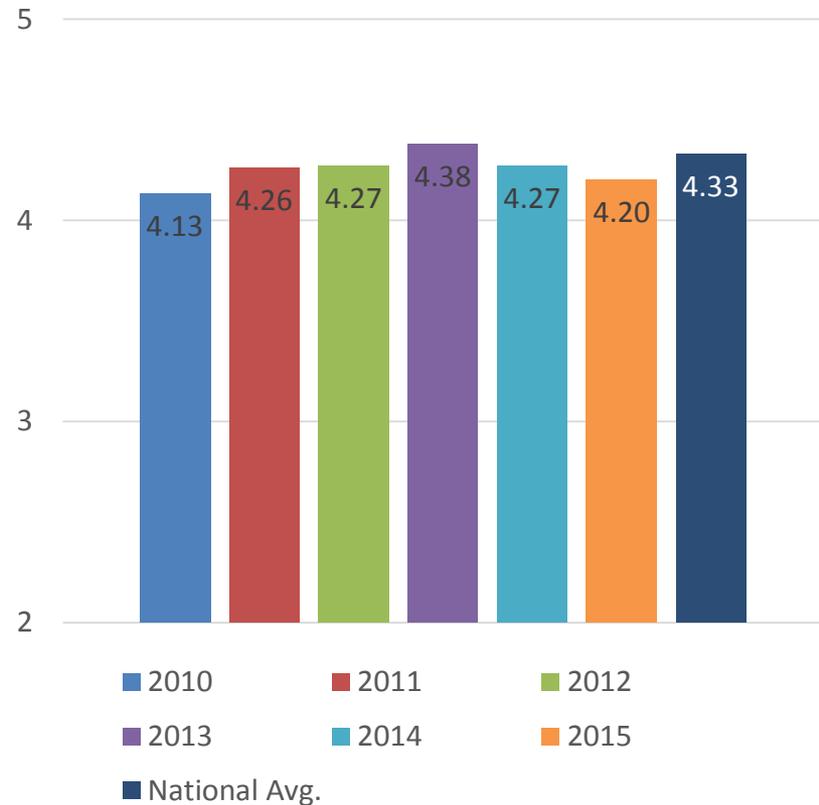| Provider Name	Reported Hours Per Resident Per Day					Expected Hours Per Resident Per Day					Adjusted Hours Per Resident Per Day				
	Aides	LPNs	RNs	Total Licensed	Total Nursing	exp_aide	exp_LPN	exp_RN	exp_nurse	exp_al	adj_aide	adj_lpn	adj_rn	adj_nurse	adj_total
CHAMPAIGN COUNTY NURSING HOME	2.40	0.64	0.75	1.39	3.80	2.40	0.57	0.87	1.44	3.85	2.45	0.93	0.65	1.58	3.98
CHAMPAIGN URBANA NRSG & REHAB	1.61	1.02	0.66	1.68	3.29	2.46	0.64	1.02	1.66	4.12	1.60	1.35	0.48	1.83	3.22
HELIA HEALTHCARE OF CHAMPAIGN	1.61	0.52	0.77	1.29	2.90	2.56	0.57	0.89	1.46	3.71	1.76	0.76	0.65	1.41	3.15
HEARTLAND OF PAXTON	1.98	0.89	0.88	1.78	3.75	2.49	0.70	1.17	1.87	4.36	1.95	1.06	0.56	1.50	3.47
HEARTLAND OF CHAMPAIGN	2.47	0.71	0.69	1.41	3.88	2.53	0.71	1.22	1.93	4.47	2.39	0.84	0.42	1.15	3.50
ILLINI HERITAGE REHAB & HC	1.87	0.70	0.46	1.15	3.02	2.31	0.59	0.84	1.43	3.73	2.00	0.98	0.41	1.28	3.27
COUNTRY HEALTH	2.06	0.78	0.72	1.49	3.55	2.45	0.59	0.96	1.55	4.00	2.06	1.10	0.55	1.65	3.57
Area Average	2.00	0.75	0.70	1.46	3.46	2.46	0.62	1.00	1.62	4.03	2.03	1.00	0.53	1.49	3.45
Illinois State Average	2.24	0.60	0.93	1.53	3.77	2.40	0.64	1.04	1.68	4.07	2.27	0.80	0.64	1.43	3.69

CMS 5 Star Rating

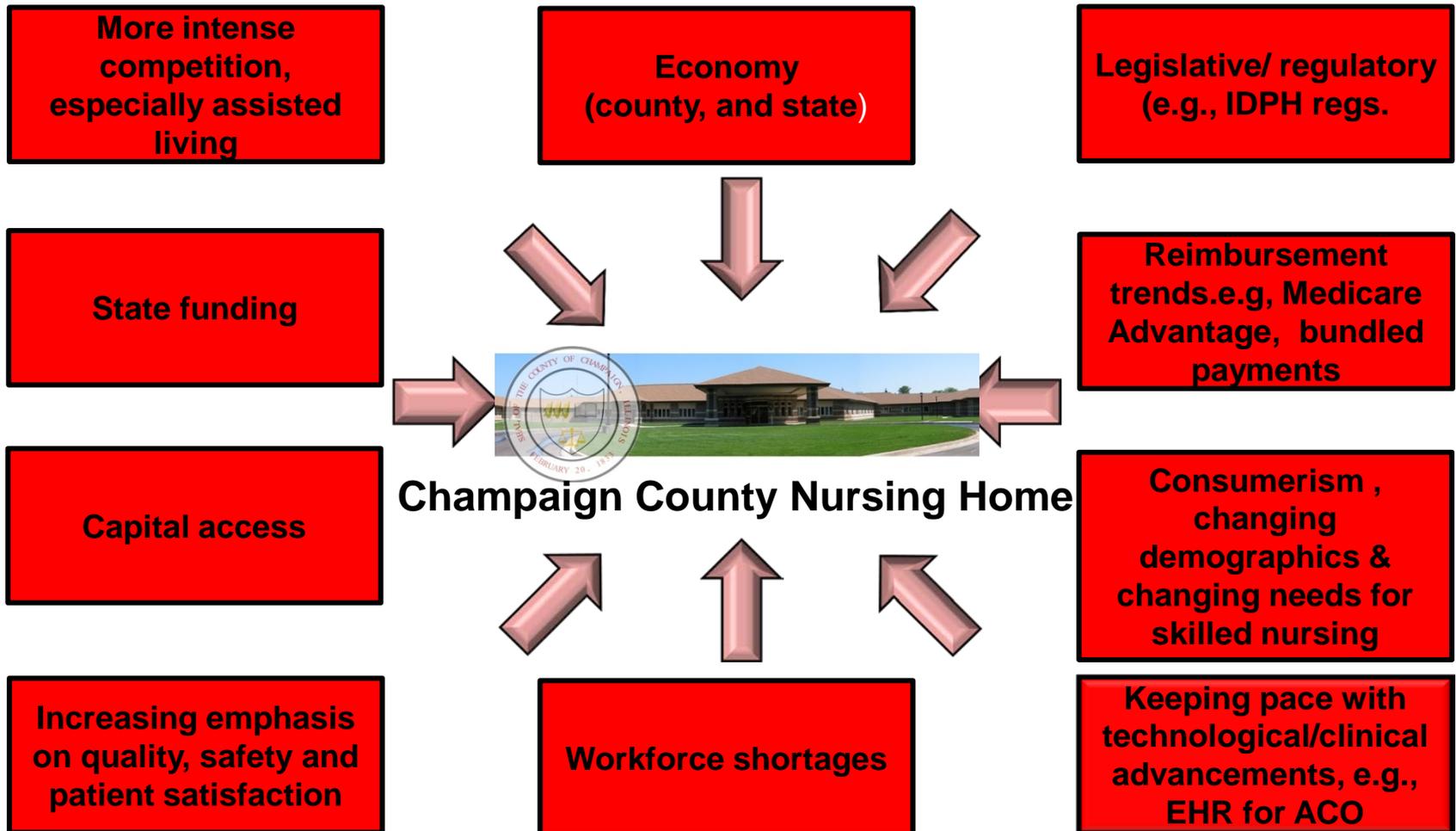|	CHAMPAIGN COUNTY NURSING HOME	CHAMPAIGN URBANA NRSG & REHAB	HELIA HEALTHCARE OF CHAMPAIGN	HEARTLAND OF PAXTON	HEARTLAND OF CHAMPAIGN	COUNTRY HEALTH	ILLINI HERITAGE REHAB & HC	CLARK-LINDSEY VILLAGE
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Overall Satisfaction & Nursing Care

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Factors Shaping
the Future of Champaign County Nursing Home

More intense competition, especially assisted living

Economy (county, and state)

Legislative/ regulatory (e.g., IDPH regs.

State funding

Reimbursement trends.e.g, Medicare Advantage, bundled payments

Champaign County Nursing Home

Capital access

Consumerism , changing demographics & changing needs for skilled nursing

Increasing emphasis on quality, safety and patient satisfaction

Workforce shortages

Keeping pace with technological/clinical advancements, e.g., EHR for ACO

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Current Strategic Issues

Open Positions	**Reduce time to fill open positions** **Reduce turnover rates** **Identify industry benchmarks and set goals**
Supervision lacking	**Assess needs of residents and assure services provided consistent with needs** **Assure proposed staffing levels, especially at supervisor level** **Employee orientation and training**
Improve quality of nursing care and clinical services	**Assess resident needs and assure services provided consistent with needs** **Establish key quality indicator and report to board** **Improve survey results** **Identify comparative quality data and report**
Quality, timeliness, delivery and cleanliness of food service	**Assess resident needs and assure service provided consistent with needs** **Hire sufficient dietary support** **Ensure meals are served on time** **Prepare and serve food that is nutritional, appetizing, attractive, well-cooked and right temperature**
Programs & services offered to need to continually adapt to meet rsidents' needs	**Recommend new programs** **Explore plans for: dementia, rehab, dialysis, respiratory, readmissions**
Service & vendor contracts managed	**Secure and retain contracts on timely basis** **Once/year review all contracts with CCNH board**

Status of Issues Identified in 2015

	STATUS		OUTCOME
➤ Open Positions	Improved	🟩	CAN open positions reduced from 31 3/15 to 0 3/16; dietary reduced from 16 3/15 to 0 3/16
➤ Increase retention rate	In process	🟥	68.9% in 1/14-1/15 – 56.1% 2/16
➤ Reduce turnover rate			51.3% 1/14- 1/15 – 67.4$ 2/16
➤ Supervision			
– Supervisory positions filled	In progress	🟨	2 unit mgrs filled; CAN team leaders open; card coordinator open; Soc Serv Dir. filled
– DON position	No progress	🟥	DON position open
– CNA positions	Improved	🟩	Fully staffed CNAs at market highest level; 2.46 vs. state avg 2.27;
➤ Improve Quality of Nursing Care			
– Nursing staff	Completed	🟩	Adj hrs/pt day 3.98 vs. state avgt 3.69; Country Health next highest at 3.57
– Agency usage	Improved	🟩	Monthly agency expense decreased from $64K 3/15 – $32K 3/16
– Star score Results	Improved	🟨	1 stars 2/15 – 2 stars 3/16
– Pinnacle Scores	Improved	🟩	Overall 4.10 3/15; 2 of 16 exceed nat'l Overall 4.29 2/16; 13 of 16 exceed nat'l avg.
➤ Food Service	In process	🟨	Pinnacle food quality 3.04 3/15; 3.50 2/16; dining service 3.08 3/15; 4.0 2/16
➤ Programs & Service	Improved	🟩🟥	Out patient rehab started, pulmonary; readmissions 44% 3/15 – 50% 2/16
➤ Contracts	Improved	🟩	Updated

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Exercise: Prioritization of Factors Shaping the Future of CCNH

Please rank the factors below (1 being the most important and 10 being the least important) based on the impact that each is likely to have on the future of Methodist

Factor	Rank
Economy (county and state)23 7+	7,6,10
Legislative/regulatory 8, 8	8
Reimbursement 19, 4.75	8,1,1,9,
Consumerism, changing demographics, changing SN needs 19, 5	6,10,2,1
Keeping pace with technological/clinical advancements 23, 7	7,9,7
Workforce shortage, e.g., RNs 23, 5.5	5,5,9,4
Increasing emphasis on quality/safety/patient satisfaction29,5	2,9,6,3,4,5
Capital Access/facilities/technology 34,7	9,6,8,4,7
Cash flow 19,4	1,5,5,1,7
More intense competition, e.g., assisted living 19,5	3,6,6,4
Health Inspection & score 20, 3+	3,2,2,7,2,4
Preferred provider status with hospitals 18, 3	1,2,1,8,3,4
Marketing, reputation, perception, bad publicity 17, 4+	4,4,4,5,
Decreased volume/census 13,6+	10,3,

Issues & Strategiees

Issues	Action
Preferred provider status with hospitals 18, 3	
Health Inspection & score 20, 3+	
Cash flow 19,4	
Marketing, reputation, perception, bad publicity 17, 4+	
Reimbursement 19, 4.75	
Consumerism, changing demographics, changing SN needs 19, 5	
Workforce shortage, e.g., RNs 23, 5.5	
Increasing emphasis on quality/safety/patient satisfaction29,5	
Capital Needs	

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Given the issues: What are strategies?

Issue	Strategy
1.Preferred provider status with hospitals	a.Solidify and enhance relationship with current provider/payors, solidifying relationships with home care
	b. Improve star ratings and health inspection score
	c. Focus on metrics important to hospital and develop communication with employees on metrics
	d. Invest in technology to improve partnership
2. Health Inspection & score	a.Improving supervision, training, consistent care
	b.Reduce agency
	c. Operations focused on measures; tie operation measures to health inspection
	d. Develop plan and communication at board and staff level to improve inspections and rating
	e. Board listening to staff
3.Cash flow, funding capital	a. Increasing occupancy, balance payor mix
	b. Ask for additional funding
	c. Foundation funding, capital campaign
	d. Develop capital, funds need plan, including $2M in facility needs over next 10 years
	e.Aligning space with needs
4. Marketing, reputation, perception, bad publicity	a. Implement marketing plan; liaison with hospitals, other potential referrers
	b. Board role

Options Going Forward

- Stay as is
- New operations/Management -1,1,1,1
  - Downsize
  - Expand to other services,e.g., assisted living, private pay rehab
  - Manage as County
  - Change management agreement
  - Different management company
- Ask voters for additional funding – 1,1,1
- Sell facility to other operators
- Lease facility to other operators

Considerations in options

- Additional funding
  - Currently at 3%; maximum 10%
  - Referendum on November ballot
- Management
  - Contract expires June 2017
  - RFP would need to be issued December
  - Input from other management companies
- Questions on lease/sale
  - Need clarity on lease options; sale implications
  - Lease or sale would be April ballot

JDI (Just Do It) Ideas

- Monthly lunch of CCNH board with management
- Seniority by unit/ not by facility
- Expand hourly program
- Explore ideas in Eden alternative
- Mission/fund raising initiative
- Encouragement potlucks

Next Steps

- Recommendation to County Board

- Get questions answered about lease & sale

- Review of financials, assets and liabilities, payables & receivables

- Review of management contract

- Capital plan

Appendix
Pinnacle Scores
2010 – 2015

Dining Service & Quality of Food

Dining Service

- 2010: 3.80
- 2011: 3.85
- 2012: 3.93
- 2013: 3.74
- 2014: 3.36
- 2015: 3.54
- National Avg: 4.16

Quality of Food

- 2010: 3.74
- 2011: 3.78
- 2012: 3.85
- 2013: 3.60
- 2014: 3.45
- 2015: 3.40
- National Avg.: 3.67
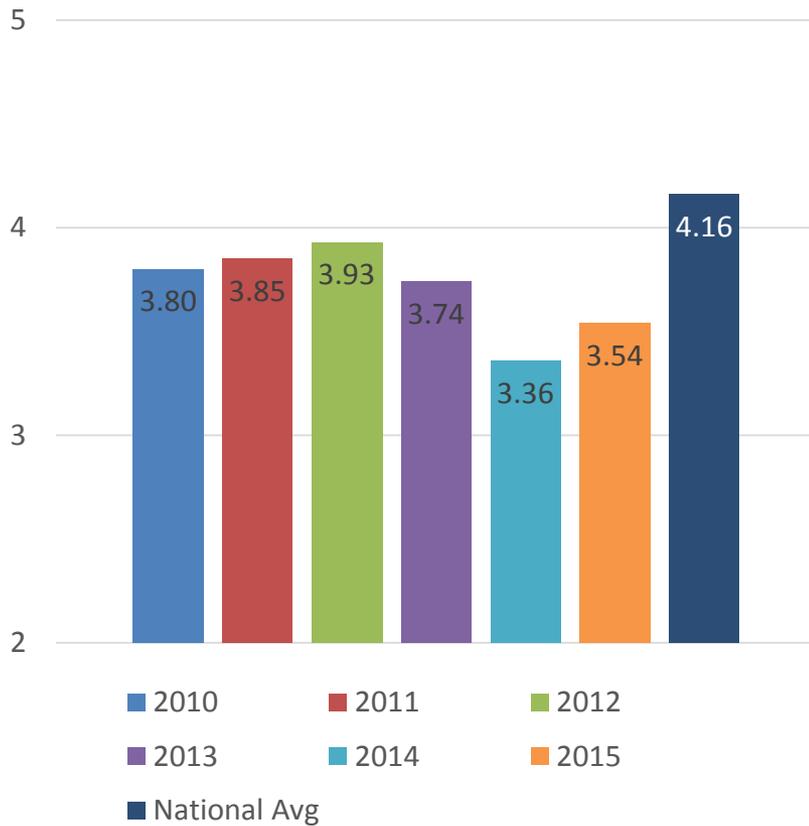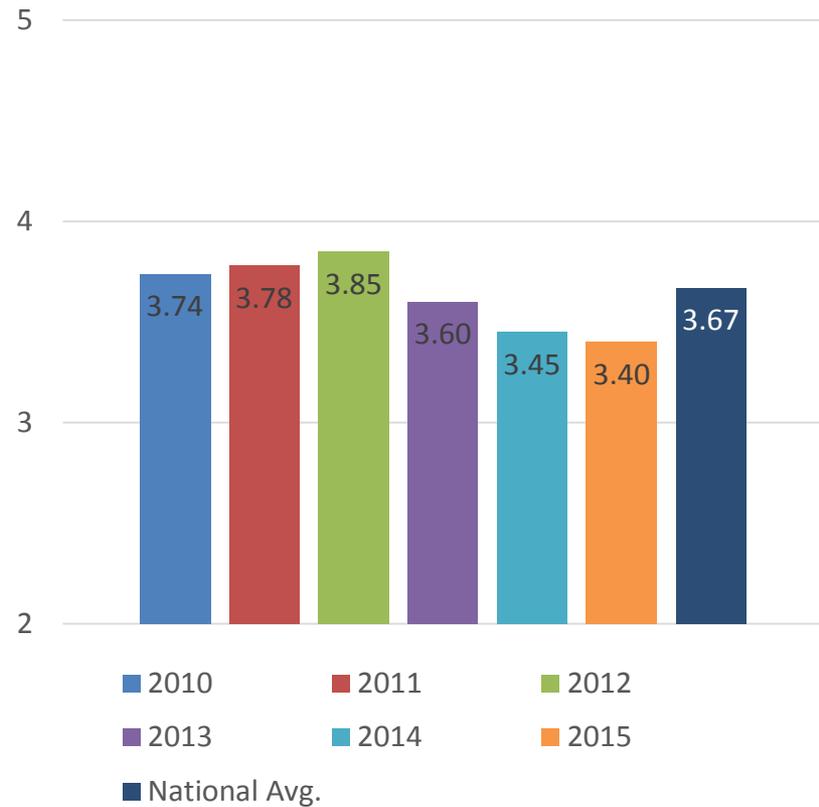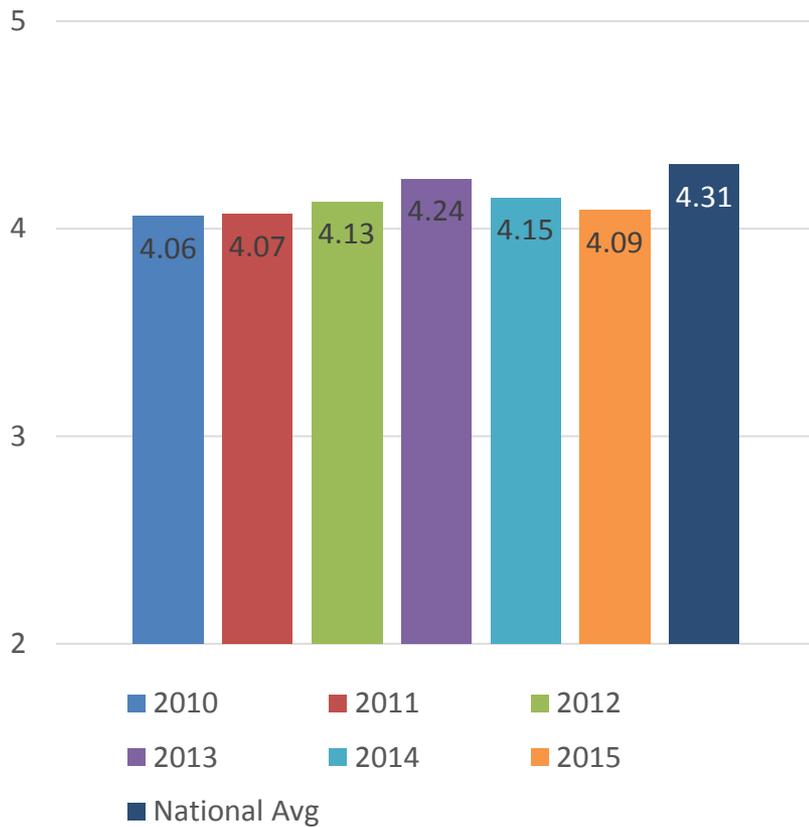
Cleanliness & Individual Needs
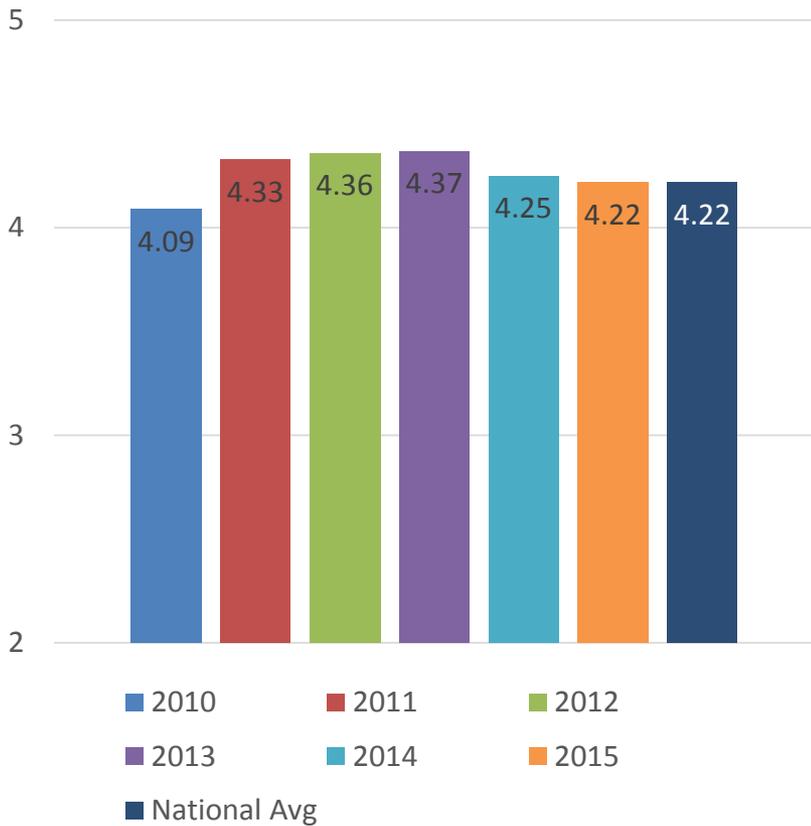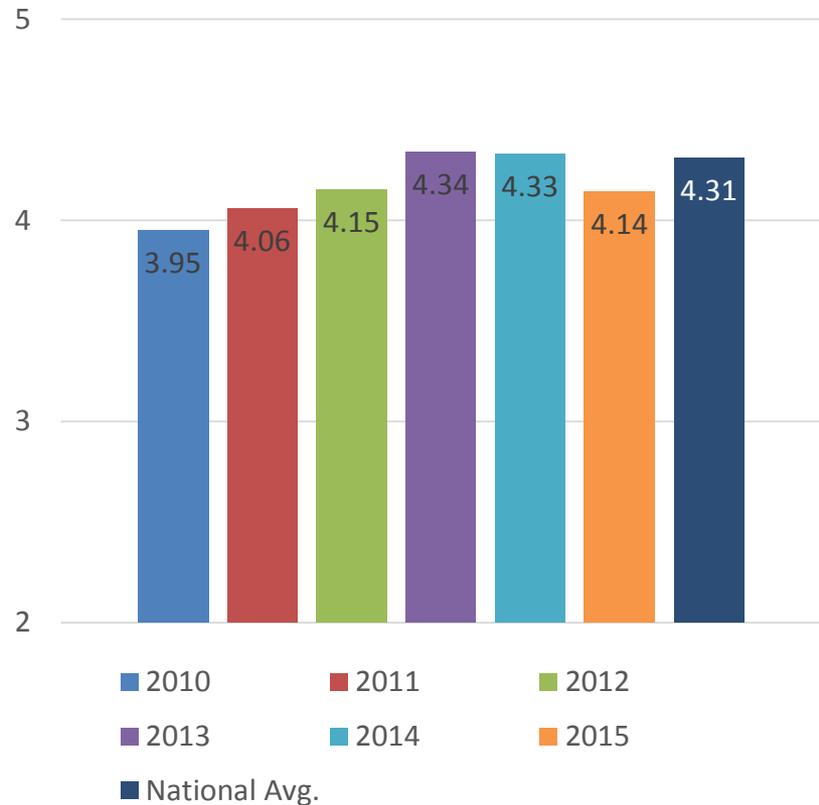
Laundry Service & Communication
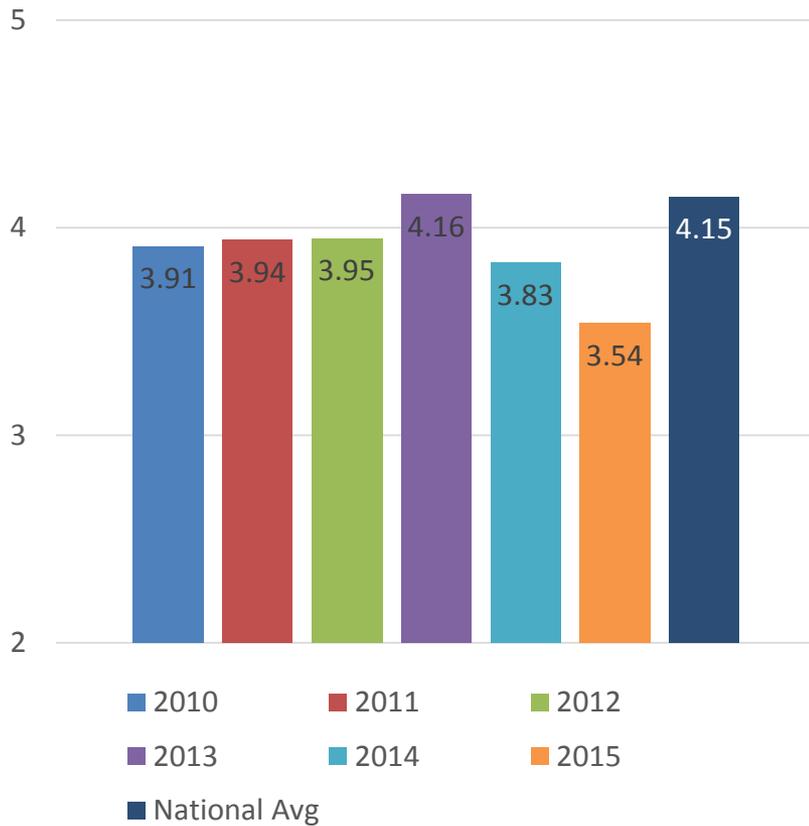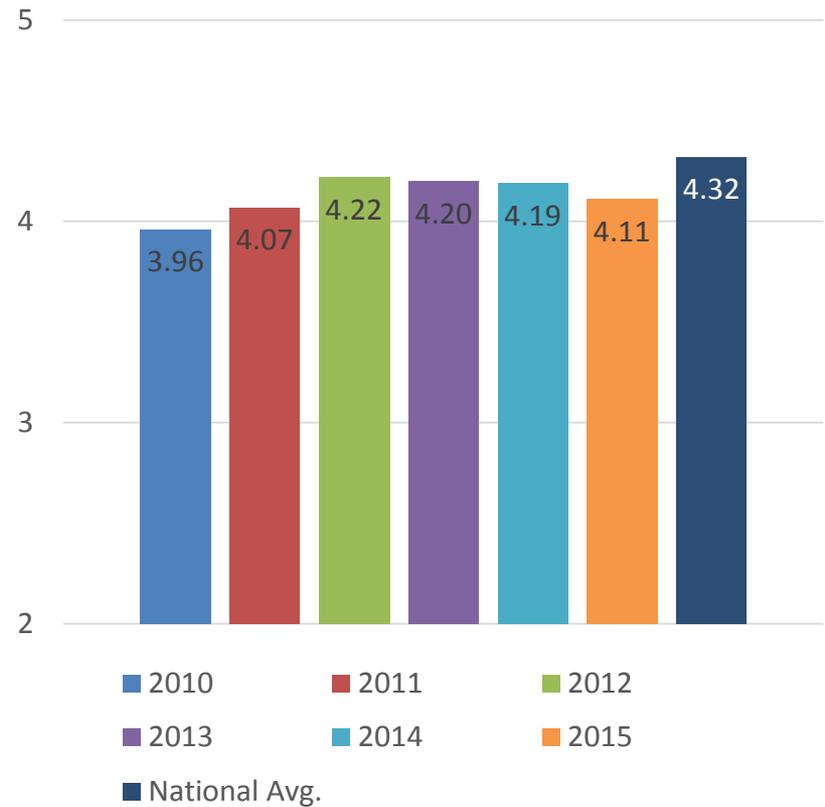
Response to Problems & Dignity and Respect

Response to Problems

2010	4.06
2011	4.07
2012	4.13
2013	4.24
2014	4.15
2015	4.09
National Avg	4.31

Dignity and Respect

2010	4.30
2011	4.39
2012	4.52
2013	4.59
2014	4.51
2015	4.56
National Avg.	4.61
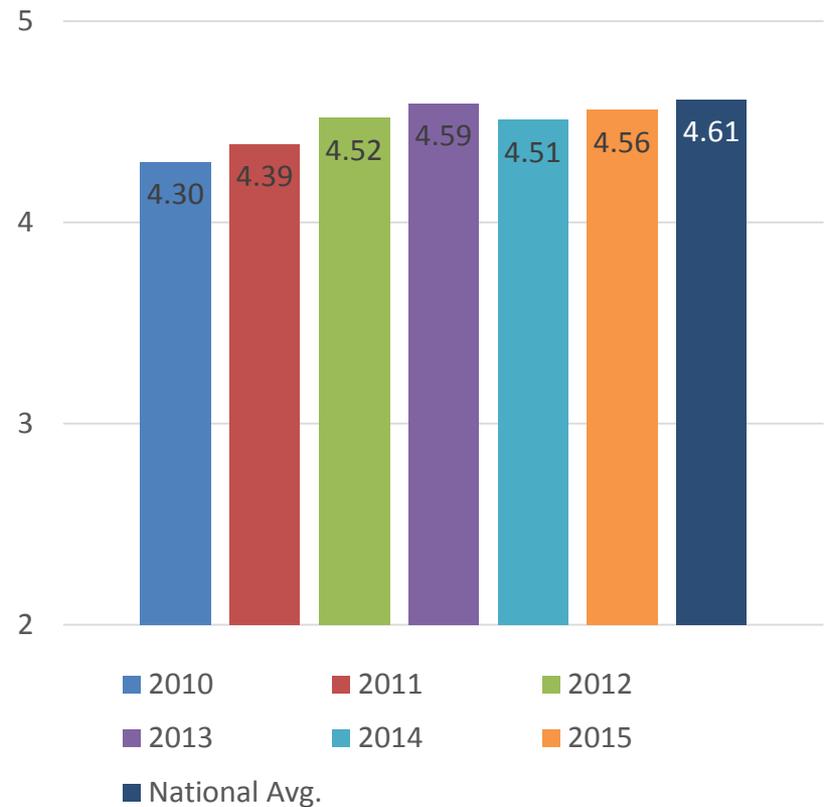
Recommend to Others & Activities
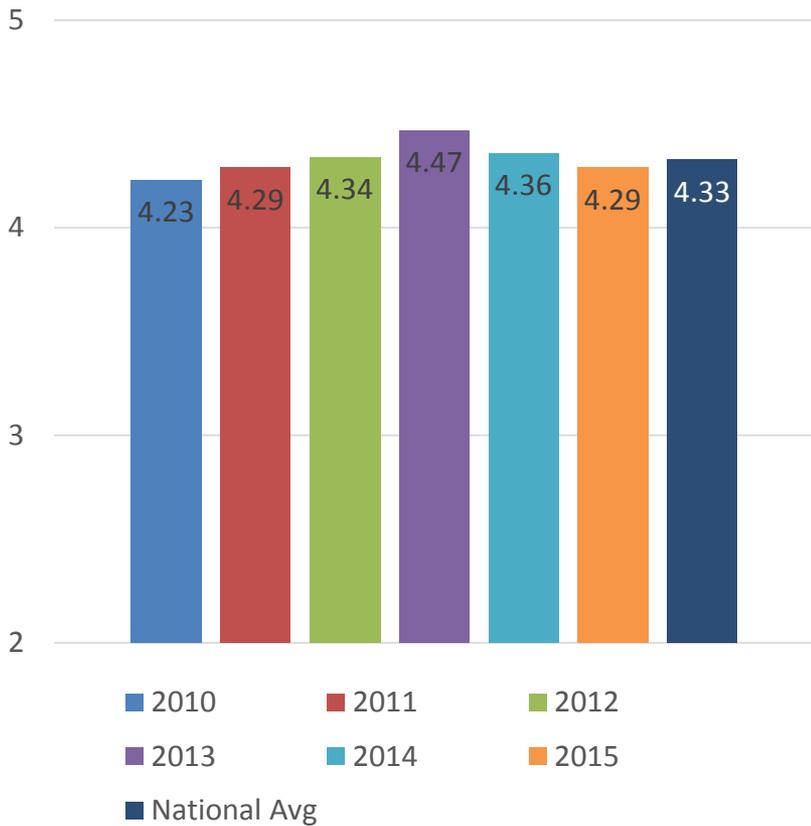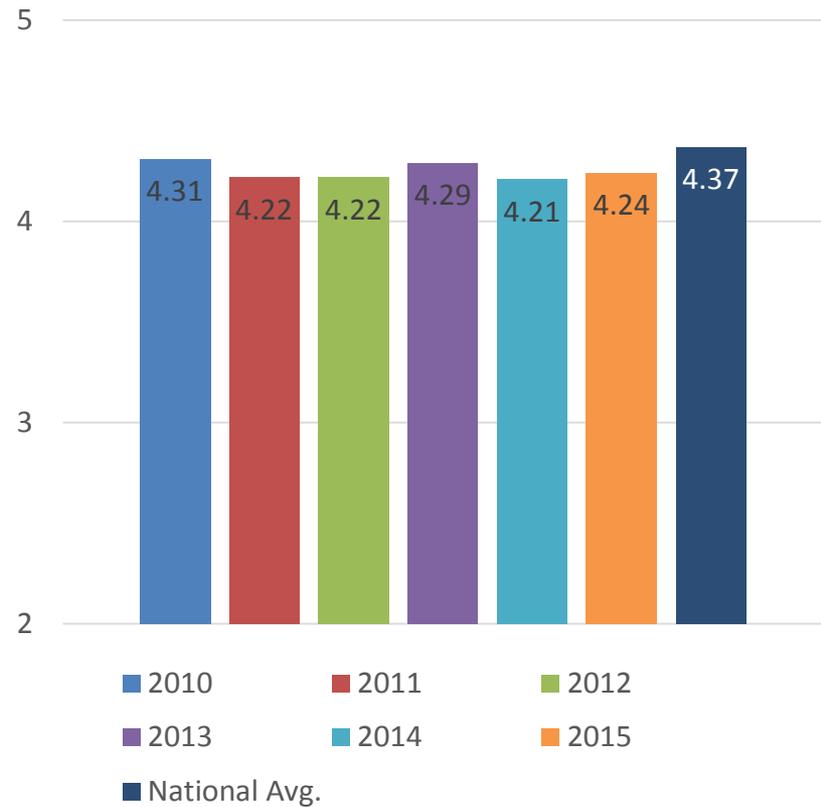
Professional Therapy & Admission Process
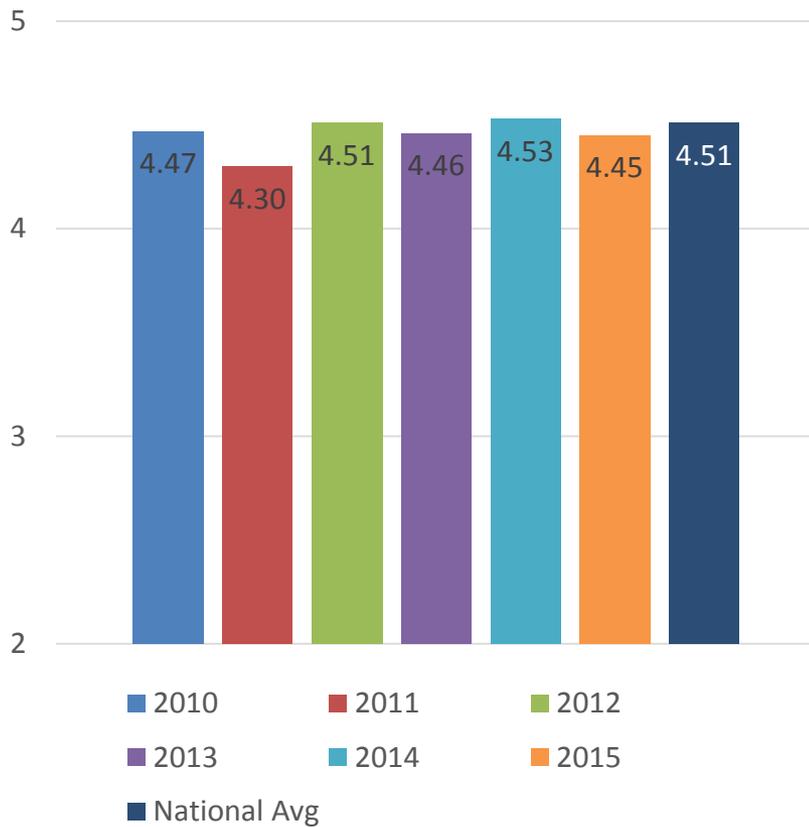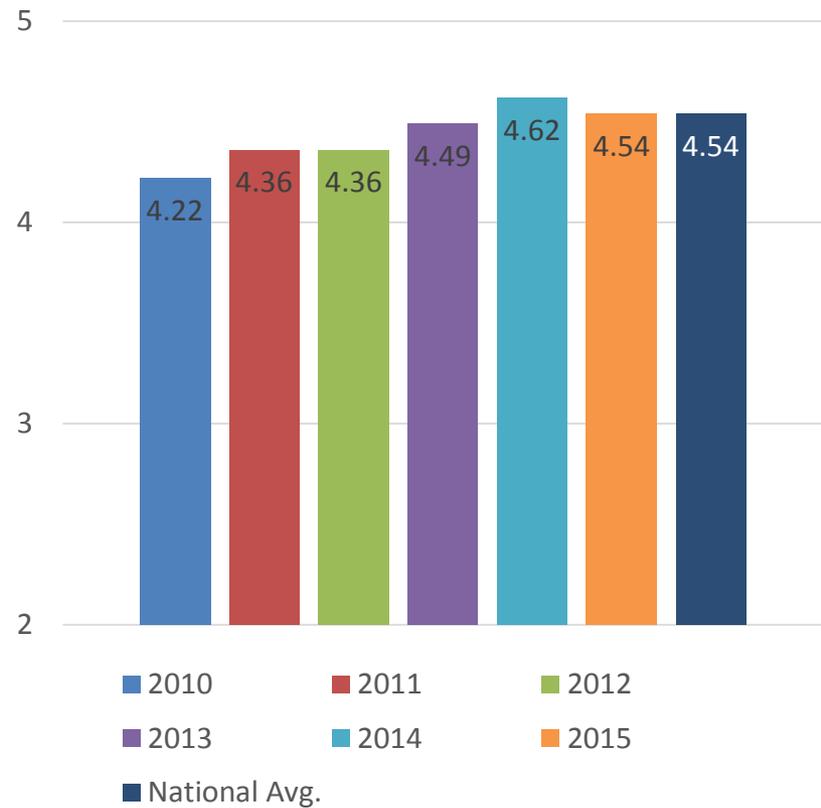
Safety and Security & Combined Average

Safety and Security

- 2010: 4.27
- 2011: 4.34
- 2012: 4.37
- 2013: 4.57
- 2014: 4.58
- 2015: 4.50
- National Avg: 4.51

Combined Average

- 2010: 4.09
- 2011: 4.16
- 2012: 4.22
- 2013: 4.27
- 2014: 4.17
- 2015: 4.12
- National Avg.: 4.32