

Champaign County Nursing Home

Go Forward Plan, April 2017

CHAMPAIGN COUNTY, ILLINOIS



April 2017 Referenda Results

- No additional revenue available to support nursing home operations
- County Board has authority to decide what the disposition of the home will be



Moving Forward

- Stabilization of CCNH finances, management
- Disposition evaluation and approval process



Challenges

- Cash flow: \$100,000/month Medicaid shortfall
- Accounts payable increasing
- Declining census impacting revenue (147)
- Consolidation and wing closure almost complete
- Employee and resident uncertainty



Stabilization Issues

- Financial
 - Business Operations
- Management
 - Compliance
 - Patient Services
 - Employee Assistance (crisis management)



History

- Dan Welch, County Treasurer



Strategic Options (then)

- Status quo
- Downsize by 50% (or more)
- Increase operating levy
- Implement 1/4 cent facilities sales tax
- Sell or lease
- Close



Strategic Options (now)

- ~~Status quo~~
- ~~Downsize by 50% (or more)~~
- ~~Increase operating levy~~
- ~~Implement 1/4 cent facilities sales tax~~
- Sell ~~or lease~~
- Close



Sell CCNH

- RFP/RFI for broker
- Evaluation process for home bidder proposals
 - Define objectives
 - Employee involvement
- Not-for-profit option
- May need debt issuance to finance wind down
- Conclude sale within 9-12 months



Sell CCNH

- Estimated valuation: \$9.9 million to \$12.7 million
- Proceeds to pay:
 - \$3 million accounts payable
 - \$500,000-1 million IMRF/FICA
 - \$250k employee benefits
 - \$6.6 million principal (construction bond)
 - \$2.5 million principal (remediation bond)
 - Broker commission



Close

- Final option
- If cannot sell, home will be closed
- Estimated closure cost \$14 million under Scenario 3



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Downsize

- Two scenarios
 - Three units: 102 beds available (48 Medicaid)
 - One unit: 59 beds available (36 Medicaid)
- Assumes State catches up on Medicaid, keep private pay/VA/Medicare patients
- Doesn't address \$3 million accounts payable
- Loss of 73-85 Medicaid patients, 136-164 employees laid off
- Huge risk

