



NURSING HOME BOARD OF DIRECTORS AGENDA

County of Champaign, Urbana, Illinois

Thursday, January 15, 2009 – 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. December 11, 2008
- b. December 11, 2008 – Closed Session

V. PUBLIC PARTICIPATION

VI. OLD BUSINESS

None

VII. NEW BUSINESS

- a. Management Report (Scavotto)
- b. Marketing Discussion:
 - 1) Resident Surveys Using Pinnacle Consulting (Buffenbarger)
 - 2) CMS 5-Star Ratings (Scavotto & Buffenbarger)

VIII. OTHER BUSINESS

IX. NEXT MEETING DATE & TIME

- a. Thursday, February 12, 2009 at 6:00pm

XII. ADJOURNMENT

**Board of Directors
Champaign County Nursing Home
Urbana, Illinois
December 11, 2008**

Directors Present: Czajkowski, Anderson, Nudo, Hirsbrunner, O'Shaughnessy

Directors Absent/Excused: Lansford, Holley

Also Present: Busey, Scavotto

1. Call to Order

The meeting was called to order at 6:00 pm by Acting Chair O'Shaughnessy.

2. Roll Call

Busey called the roll of Directors.

3. Agenda

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

4. Approval of Minutes

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

On motion by Anderson (second Hirsbrunner) the minutes from the three (3) closed sessions on November 13, 2008 were approved.

5. Public Participation

It was announced that the League of Women Voters would be following the CCNH Board meetings.

6. Old Business

There was no old business.

7. New Business

a. Management Report

Scavotto updated the Board on October's performance, which was much improved. In response to a recommendation by Czajkowski, Scavotto allocated property tax receipts on a monthly basis. This treatment change shows CCNH turning a slight profit on October.

Preliminary results for November are even more encouraging as census was consistently over 180 and, for many days, over 190. Preliminary results for November indicate that revenues (without property tax receipts or allocations) were \$1.272 million, the highest level in CCNH's recent history. The Medicare per diem jumped from \$378 to \$414. Rehab expenses, primarily for Alliance Rehab, were just slightly over October's level of \$69k.

b. Marketing Discussion

O'Shaughnessy reported on continued efforts to develop a marketing approach to be implemented after Jan 1, 2009. O'Shaughnessy related recent writing efforts on a letter to the community about developments at CCNH. Guest commentaries and promotions (for example, resident life stories) are strong possibilities to be developed around the theme that CCNH is dedicated, affordable, and close to home.

There was related discussion prompted by Nudo regarding community speaking engagements. The general consensus was that CCNH should expand its use of resident satisfaction questionnaires and formalize routine post admission visits with resident and families in a continuing effort to learn more about resident satisfaction.

c. Discussion of Opportunities for Nursing Home Board of Directors Interaction with Nursing Home Employees

Nudo encouraged all Directors to visit CCNH more frequently, interacting with residents, families, and employees.

d. Quality Indicators – Quarterly Report

Scavotto introduced the Board to the QI/QM report for the period August 1 thru October 31, 2008. Scavotto, with strong assistance from Hirsbrunner, reviewed the purpose and use of the report and its implications for managing quality at CCNH. There was discussion of the need for a systems approach with an emphasis on documentation, training, and new software tools.

In January, CCNH Directors will begin a series of training sessions designed to familiarize them with long-term care quality issues, the measurement process, and their specific applications to CCNH.

8. Other Business

There was no Other Business.

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

At approximately 7:20 pm, it was moved (Nudo, second Anderson, unanimous) to go into Closed Session. Busey called the roll. The Board emerged from Closed Session at approximately 7:50 with no action being taken.

10. Next Meeting Date

Thursday January 15, 2009, 6 pm

12. Adjournment

The meeting adjourned at approximately 7:55 (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: January 7, 2009

Re: Management Report

As I write this update, census is at 197. We continue to receive the support of the local hospitals and have been rewarded with the community's trust in our ability to care for seniors.

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. November's mix was 30 percent private, 54 percent Medicaid, and 16 percent Medicare. *This represents a significant change.* The mix for the period Dec thru June was 29 percent private, 62 percent Medicaid, and 9 percent Medicare. I expect to see a stronger Medicare mix as growth continues.

We began the fiscal year close to, but short of, our budgeted 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. Nonetheless, that target census seems to be attainable.

Financial management continues to focus on the income statement and on cash holdings. With the Tax Anticipation Warrants now received for property tax revenues, CCNH has exhausted its County subsidy for 2009. Virtually all of that money reimbursed the County for 2008 IMRF and employee benefit costs. The quick summary of all this: we are now supporting ourselves and need to generate our own cash flow.

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

Please note that this month's methodology has changed! In November, CCNH posted approximately \$158k in expenses that represent County overhead charges for services such as insurance and administrative support (e.g., the County Auditor's office). Because these services impact CCNH all year, I spread the impact of these services over all twelve months. In the current fiscal year, we will expense County overhead amounts each month, just like we do FICA and IMRF.

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

	Sep-08	Oct-08	Nov-08
Medicare A	\$ 121,684	\$ 230,024	\$ 369,345
Medicare B	\$ 63,448	\$ 41,390	\$ 34,227
Medicaid	\$ 551,650	\$ 613,330	\$ 545,242
Pvt Pay	\$ 210,644	\$ 279,580	\$ 287,237
Adult Day-Private	\$ 7,730	\$ 7,988	\$ 6,684
Adult Day-TXX	\$ 10,106	\$ 11,478	\$ 7,946
Miscellaneous	\$ 19,816	\$ 20,589	\$ 15,309
Property Tax	\$ 70,577	\$ 70,577	\$ 70,577
All Revenues	\$1,055,655	\$1,274,956	\$1,336,567
All Expenses	\$1,232,878	\$1,239,035	\$1,290,877
Net Income/(Loss)	\$ (177,223)	\$ 35,921	\$ 45,690
Census change	5095	5522 427	5691 169

The short stroke is that CCNH is moving to profitability and we are moving there steadily and quickly. Admittedly, all the adjustments with property tax revenues and County overhead are different from the way financial information has been presented in the past. But I believe we present a better picture of CCNH's financial performance.

Currently, we are working on a refined Cash Flow Model. We are close to having a draft version ready and will get it to Peter for his review. Cash is thin but, as one would expect with improved census, things are getting better. January 2009 will be a tough month because of the three payrolls. As a result, we are holding off on some payables, including this month's IGT transfer to State HFS. Current cash position is \$856k with \$260k expected to be cash-on-hand at month's end.

I have no further on the IGT, but cite last month's report:

The situation with the IGT continues to unfold. We are hearing two different stories and don't know which one is likely to see the light of day. It appears that the certified cost methodology, which I have reported previously, is being accepted by Illinois HFS and the Federal government. HFS informs us that action on restructuring the IGT is unlikely until April 2009. We had been informed that January 2009 was the target date. However, the State budget reviewers apparently want to look over the methodology – and that takes more time. We are also hearing that the Feds have backed off their mission to restructure the IGT; therefore, given the State's budget crisis, no one knows when anything is likely to happen.

There are some big issues with the IGT. One is the split between HFS and nursing home; the other is the take-back of the 2007 overpayment. Of the two, I am most concerned about the take-back because it represents a drain on CCNH's cash, something that is in short supply.

The following graphs provide a comparative statement of position for CCNH for the current fiscal year through November. I expect to have a good idea of December's results next week and will update you at the meeting.

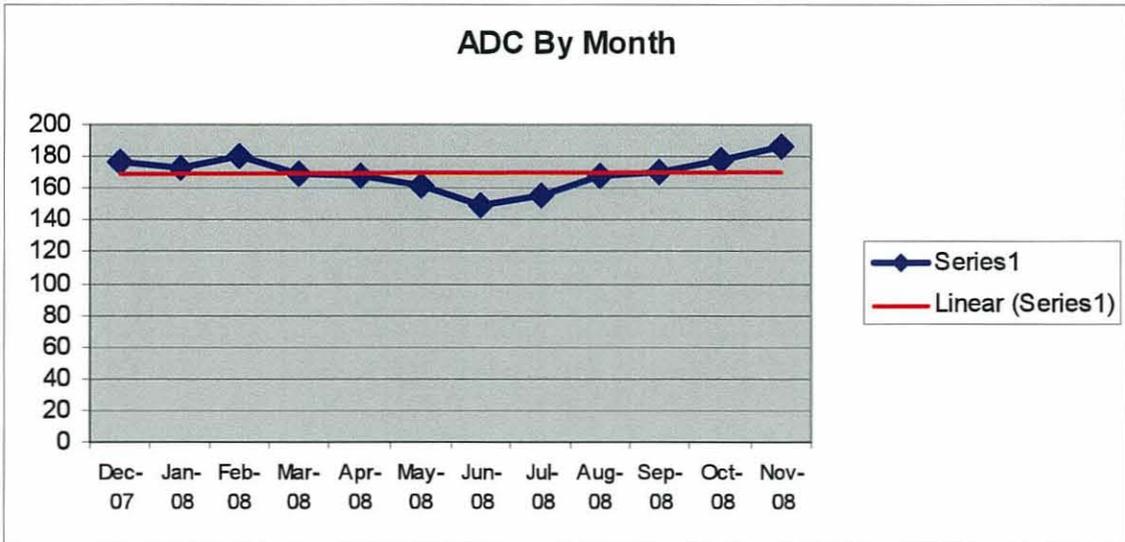
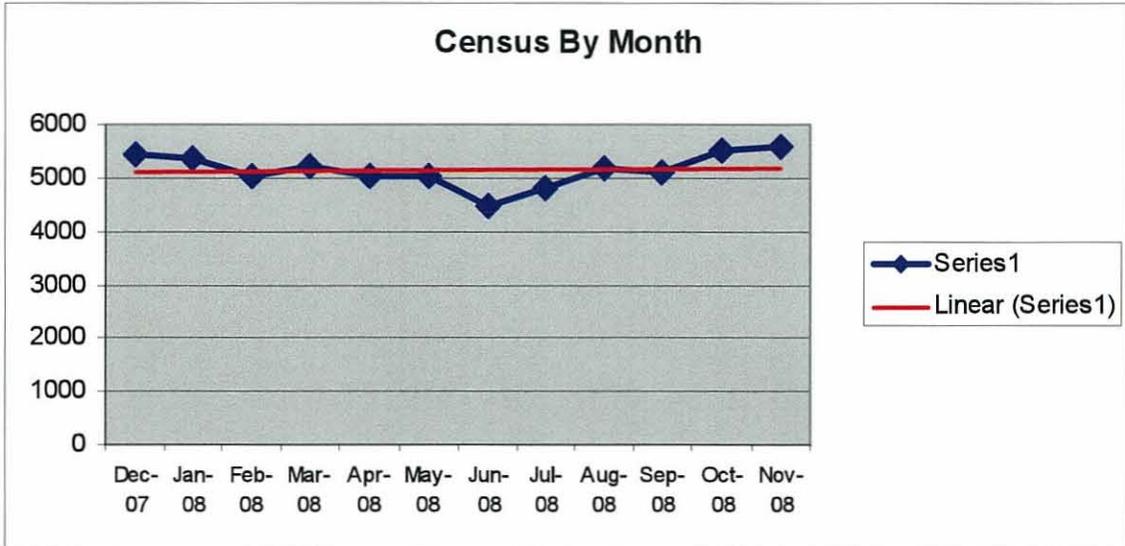
The solid line is a trend line for the fiscal year-to-date and it should appear in red on your computers. (These graphs will display best when viewed on your screens.)

Census

Census rebounded in October with the month's total days being 427 above September's actual. November was better as overall census continued to climb to an average of 190 (189.7); December's results should show that CCNH is solidly into the 190s. As I write this report, for example, census is at 198. (Census actually hit 201, but we dropped back down to 198.)

**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
Nov	1704	3070	917	5691

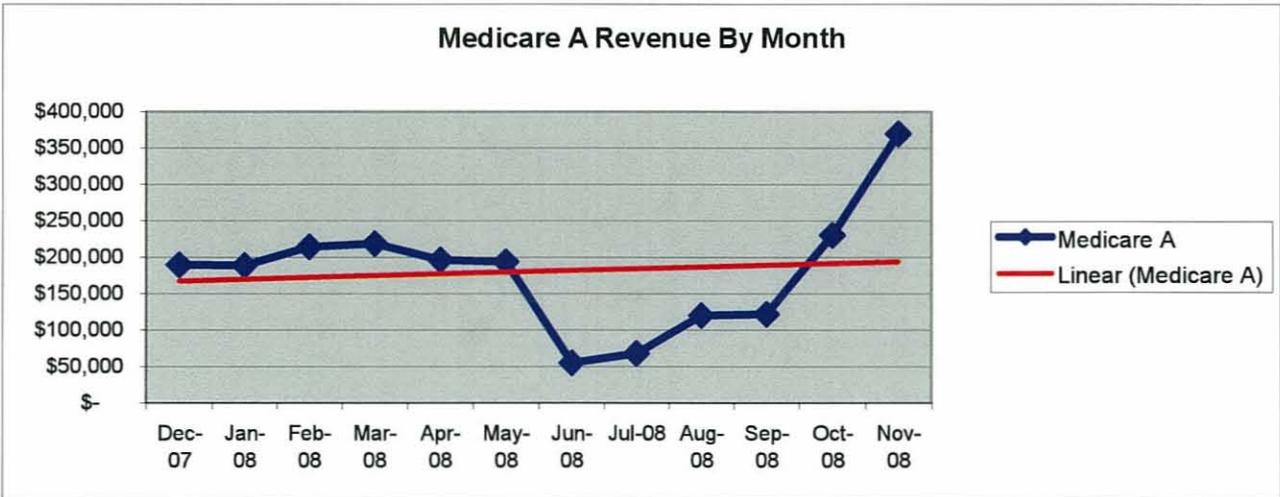
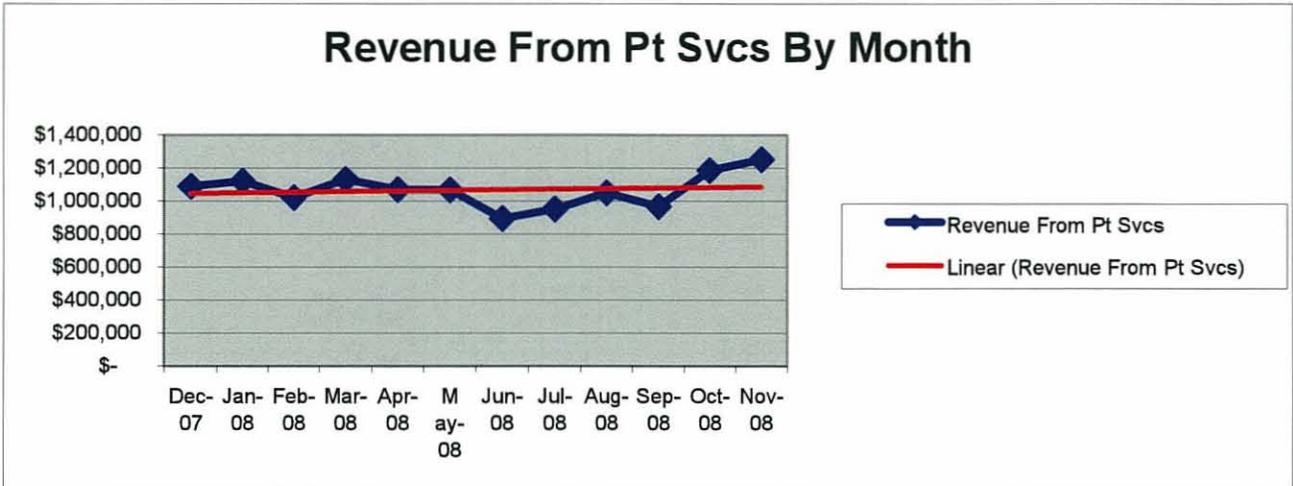


Revenues

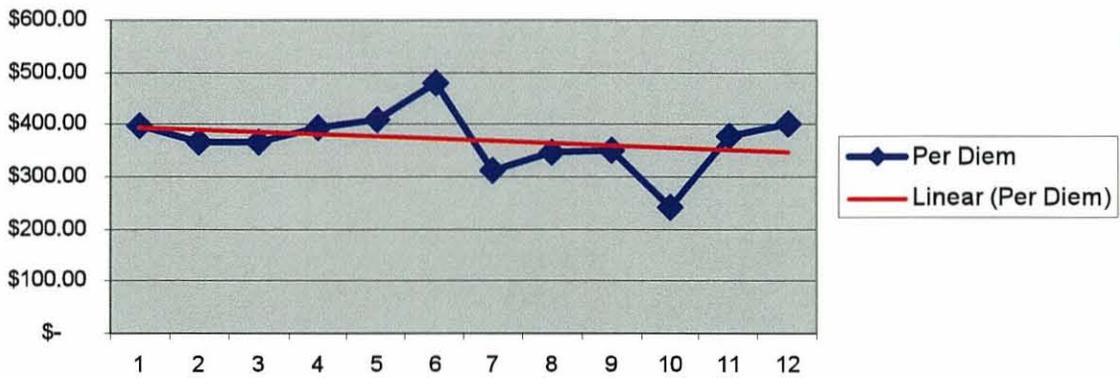
In October, CCNH rebounded from September's dip in performance.

This month, November, we witnessed the second significant gain in 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. October

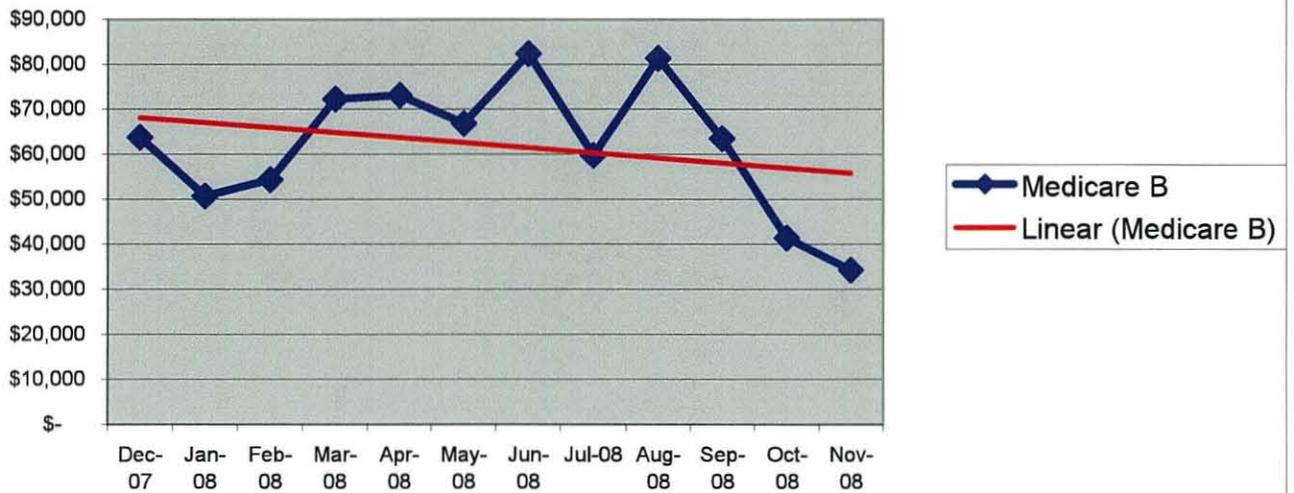
came back with a per diem of \$379. In November, the per diem was \$403. The trendline in Medicare A is now positive. Recent gains in the Medicare census and in the program itself (Alliance Rehab) have swung us back to positive growth. Medicare B still needs some work, but the big building block is in place.

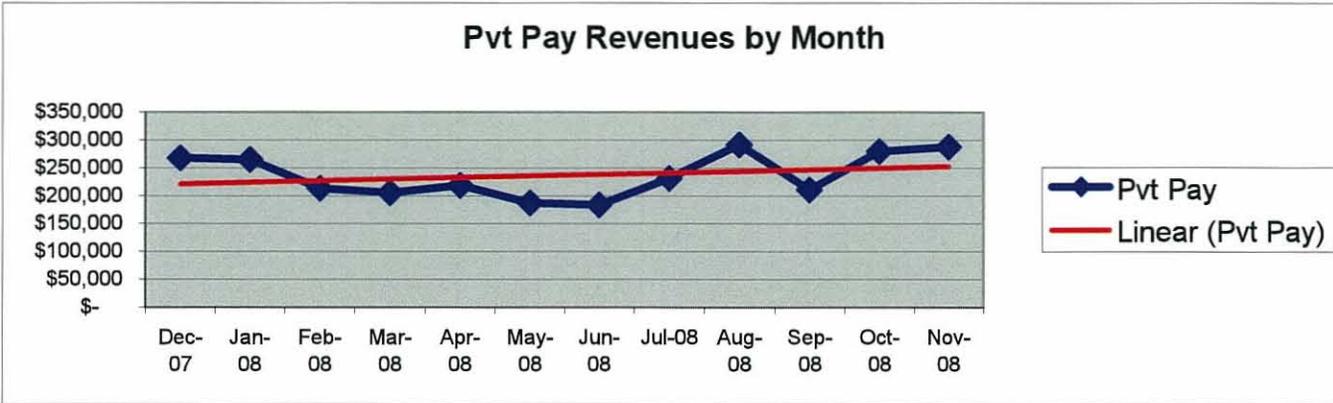
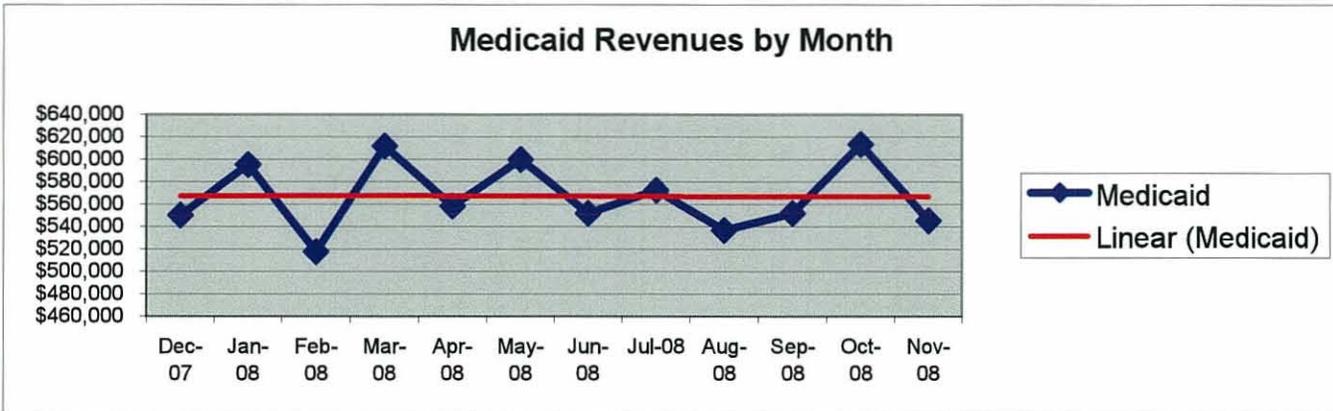


Medicare A Per Diem By Month



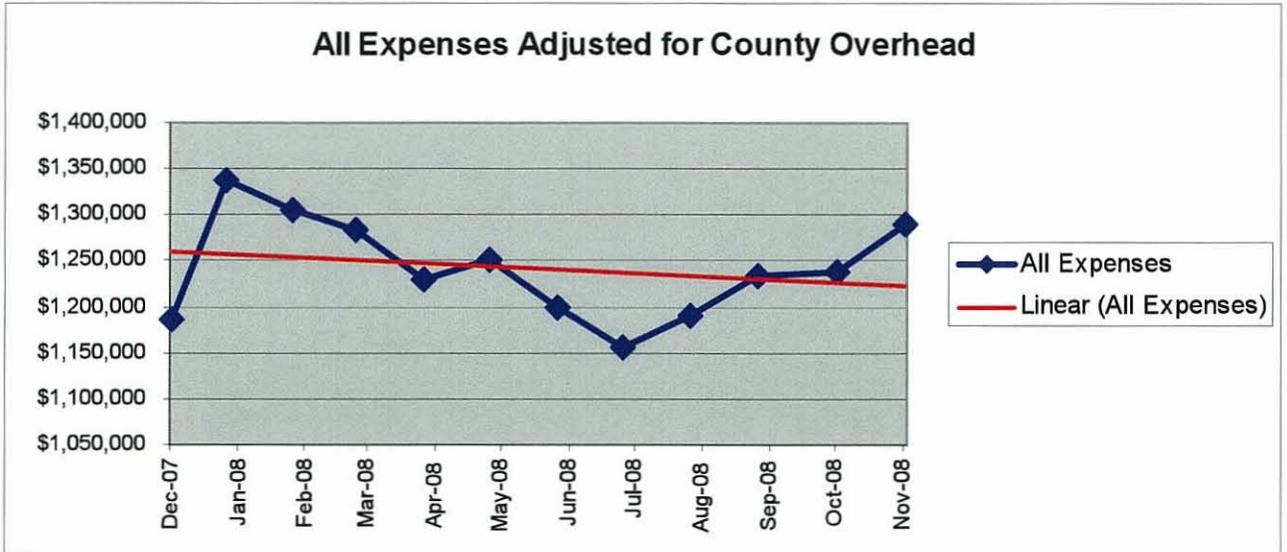
Medicare B Revenue by Month





Expenses

CCNH's expense control was much better in October. Some items are over the budget due to increased Medicare activity and to incremental costs associated with increased census. These include drugs, medical supplies, and rehab salaries (non-licensed personnel). Rehab costs were up about \$9k over October, but rehab days were 300 more than October. We started to incur costs for the Federal investigation in October, but had no expenses in November. And, we are running ads for the Social Services and Food Service directorships.



Graph

Note:

County overhead expenses are allocated monthly throughout the year. In November, there are extra agency costs that appear to pertain to earlier months. This represents \$43,578. If this amount were removed from Nov, expenses would be virtually the same as October. However, the realistic assessment is that agency costs for each month from May 08 thru Oct 08 should be a little higher than shown.

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	Month	Salaries
Dec 07	\$513,472	Sep 08	\$441,682
Jan 08	\$533,987	Oct 08	\$512,667
Feb 08	\$485,964	Nov 08	\$488,561
Mar 08	\$522,836		
Apr 08	\$520,501		
May 08	\$529,580		
Jun 08	\$480,220		
Jul 08	\$476,495		
Aug 08	\$432,380		

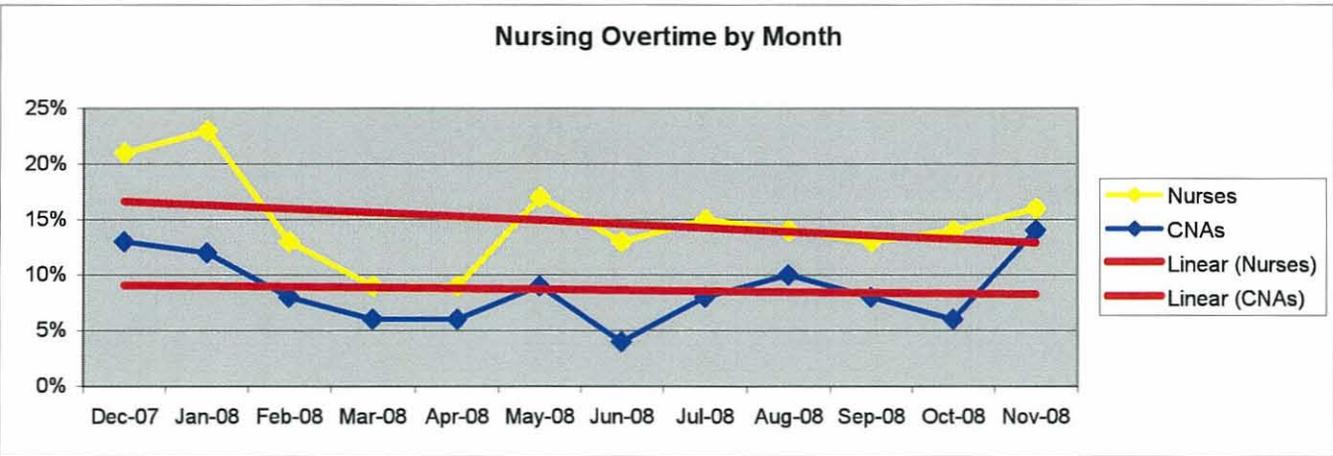
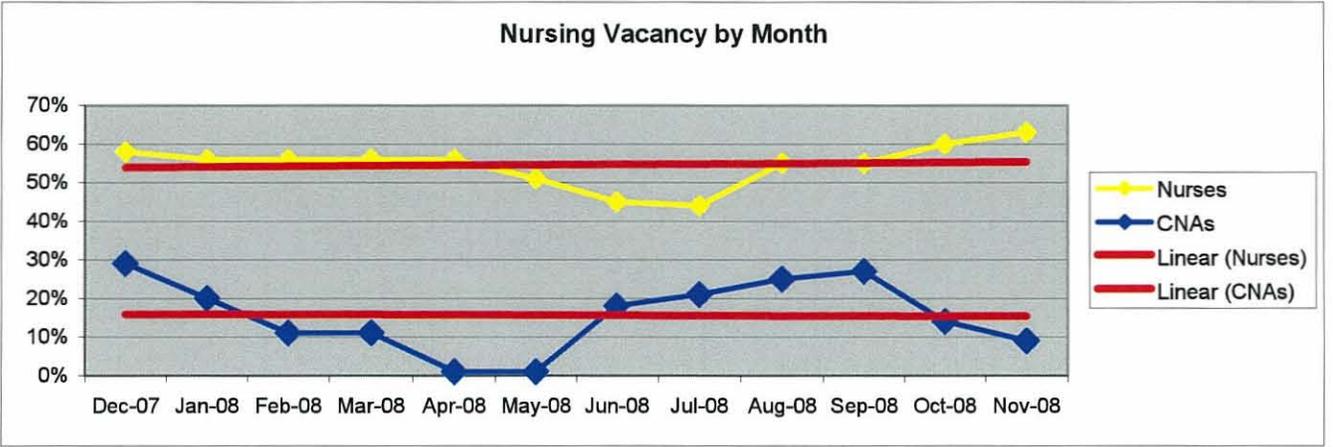
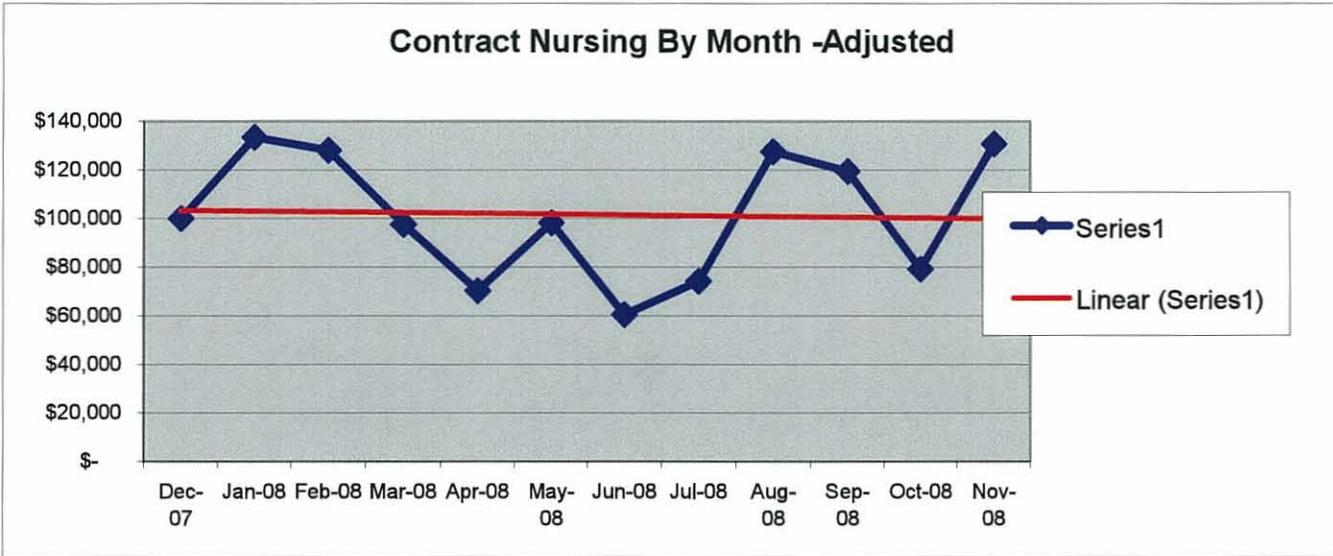
For the period January through June, salaries averaged \$518,574. For the period June through November, the figure was \$472,001 – a reduction of 9 percent. The difference

between these two averages will continue to shrink as we add staff and reduce agency usage. Graphically, the relationship is:



Because CCNH does not have a sufficient supply of nurses, it supplements the core nursing staff with contract labor (agency). We continue working on reducing our reliance on contract agency labor.

The "adjusted" graph shows the contract agency trend with the amounts for August and September being adjusted to actual. *In practice, agency costs are proving to be difficult to identify on a timely basis. The most positive statement I can make is that trendline is flat. In November, we received over \$43k in back invoices from one agency. This skews the figures, even when I spread the amount over 7 months. CCNH is no longer using this particular agency. At any rate, the following graph completes the cycle for FY 2008, and I am hopeful that we can report better information in 2009.*



Summary

November's performance is the best yet in the turnaround effort with a gain of about \$45k.

Census continues on the upswing. Mix is improving with specific reference to Medicare Part A. The Medicare A trendline has turned positive. The increased census in Medicare has come by shifting market share from other homes. There is bound to be increased competition.

Revenues have increased and the expense level has stabilized. Generating enough cash to sustain operations continues to be our biggest challenge.

To: Board of Directors
Champaign County Nursing Home

From: M.A. Scavotto
Manager

Date: January 7, 2009

Re: Resident Surveys
Pinnacle Consulting

Attached to this memorandum is a brief explanation from Andrew about CCNH's use of Pinnacle Consulting. Pinnacle specializes in providing customer feedback to healthcare providers. Andrew will be at the Board meeting to explain the process and the results in greater detail.

It is important to note that the surveys are independently conducted. The data in the attachments cited below are derived by Pinnacle based on actual contact with CCNH customers (i.e., families of residents).

The available data is about CCNH. We know of no data where we can get comparisons of CCNH to others, but Andrew has inquired about just this sort of option. (We have received from Pinnacle a database which provides averages for all of Pinnacle's nursing home clients (500+). We don't know how useful this data will be yet.)

There are two attachments regarding Pinnacle's results – one for October and one for November.

Champaign County Nursing Home
Facility Message

To: Board of Directors
From: Andrew Buffenbarger, Administrator
Re: Resident satisfaction surveys

January 7, 2009

The Home currently contracts with Pinnacle Consulting to conduct monthly resident satisfaction surveys. This is a long-standing practice dating back to November, 2003. Satisfaction surveys are completed via telephone with a randomly selected group of fifteen- (15) residents or their representatives.

Satisfaction surveys examine fifteen- (15) categories on a scale of 1-5 as follows:

- Nursing
- Dining
- Food
- Cleanliness
- Telephone
- Laundry
- Communication
- Response to problems
- Dignity
- Activities
- Therapy
- Admissions
- Safety
- Would you recommend the Home to others?
- Overall Quality

The results of each survey are sent to the Home electronically and in hard copy each month. We post the graphical description of our performance each month at the front door.

Included in the report are the results of each survey, including the respondents name and comments. When comments are particularly negative or highlight an area we should address, the Home contacts the respondent to resolve the issue.

Historically we score the highest in Admissions and Cleanliness, while the lowest scores are in Food and Laundry. Attached are the historical scores for each category from November, 2007 – October, 2008 and the actual October, 2008 responses from each customer Pinnacle contacted.

To: Board of Directors
Champaign County Nursing Home

From: M.A. Scavotto
Manager

Date: January 7, 2009

Re: 5-Star rating System

Before the Christmas holidays, the Federal government – specifically, the Center for Medicare & Medicaid Services (CMS) – released the 5-Star Ratings report on the nation’s nursing homes. To say the least, there is a good bit of controversy surrounding the ratings. Nonetheless, the system is here to stay and we need to learn how to manage under the 5-Star Rating methodology. From the public policy perspective, it seems clear that government at all levels is dictating that quality measures be quantified. The eventual development will be that health care providers are paid on the basis of their quality scores. (This type of pay-for-performance approach has already been piloted in hospitals.)

Accompanying this memorandum are some excerpts from the Medicare Nursing Home Compare website. The file is labeled CCNH January 2009 CMS Attachment. The excerpts are not all-inclusive but do give you a sense of how nursing homes are being rated. The attachment begins with Step 2: Choose a Nursing Home to Compare; here you will see a portrait of the homes in the Urbana area. Next, on pages 3 and 4 of 6, you will find the Quality Measures for CCNH compared to National and State averages. Finally, you will find three pages (Step 3: Compare Nursing Homes) summarizing the ratings for CCNH.

We know from other statistics that we need to improve in several areas – vaccinations and incontinence are two items that come to mind.

We’ll have a good discussion next week!

To: Board of Directors
Champaign County Nursing Home

From: M. A. Scavotto
Manager

Date: January 7, 2009

Re: Management Update

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

1. **Census:** Census is up to 198, approximately. We survived the Christmas holidays in good shape and should see December's average daily census (ADC) well into the 190s.
2. **Operations:** See the Management Report for the last three months operating results. September's performance was not good. October's was much improved, showing a small profit, and November's was better than October.

The current cash position is \$856k. At month's end, we are projecting \$256k.

As a point of information, we are now in a new fiscal year. We will be providing detailed financial reports with performance compared to budget. With the census now within reach of our target of 208, this standard type of financial reporting makes much more sense than when we were re-building CCNH's volume. *This month, we are still reporting in Fiscal 08.*

The transition to Alliance Rehab has gone well. The contractual agreement has yet to be finalized; Alliance has the contract with the changes recommended by attorney Susan McGrath. As of this date, we have not heard back from Alliance. I don't see any deal-breakers out there. I would be surprised, though, if Alliance doesn't have some challenges to our changes.

The information system upgrades for hardware and software are moving forward. There have been a few changes, such as delays in shipping dates that are impacting our timetable. Nonetheless, things are moving.

Andrew has completed a draft a corporate compliance plan, required of all hospitals and skilled nursing facilities. The draft has been submitted to special counsel for review. 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.

The Nursing Board's sessions with employees have begun and will continue on a regular schedule. Alan did the first one. As word got around that the session was worthwhile, attendance grew!

3. **Employees:** Negotiations continue, no further update at this time.
4. **Public Image:** No update since the last report

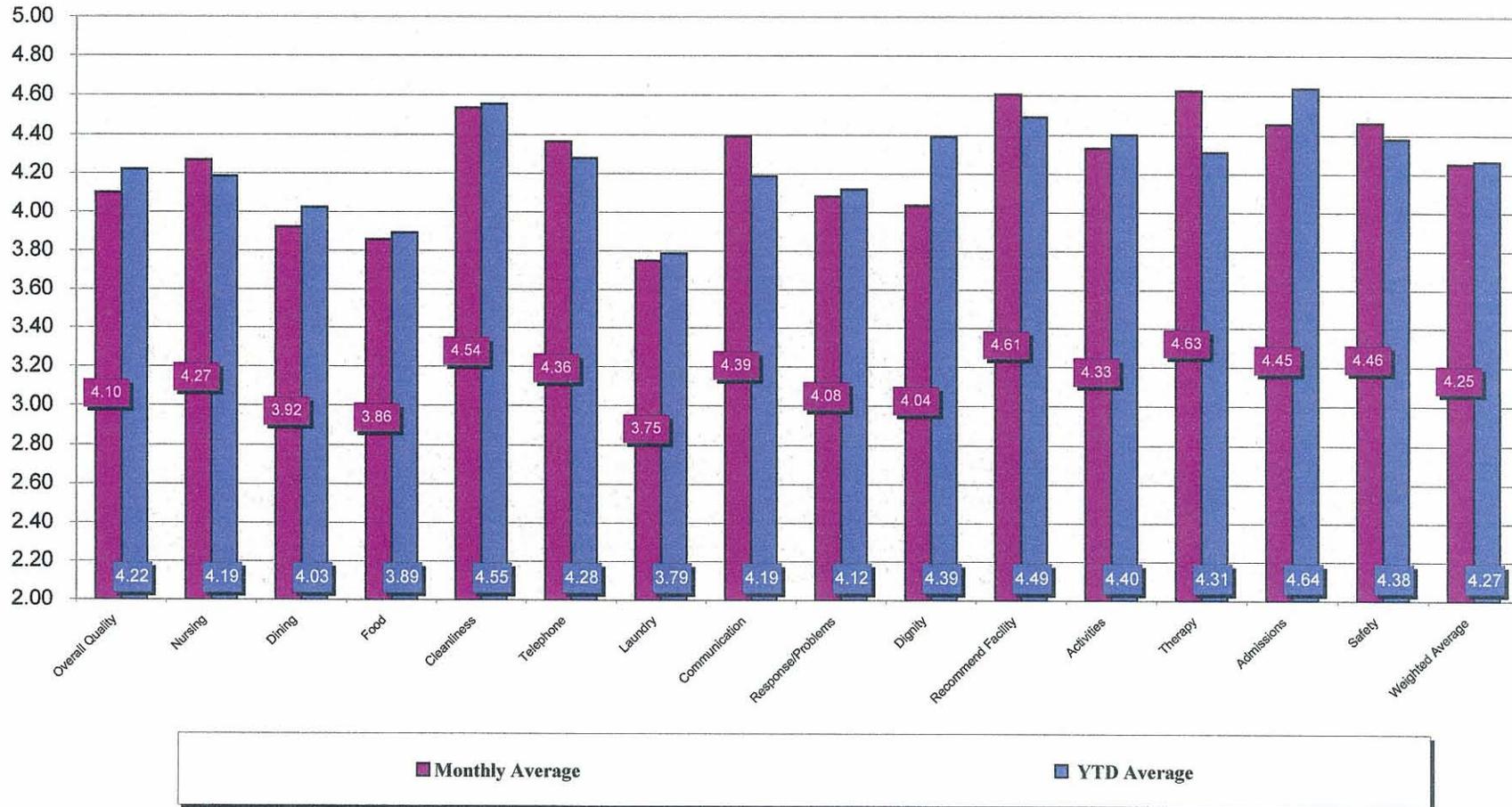
As always, give me a call (314-434-4227) or zap me via e-mail if you have questions or want to discuss anything.

**DOCUMENTS DITRIBUTED
AT JANUARY 15, 2009
NH BOD MEETING**

December 2008

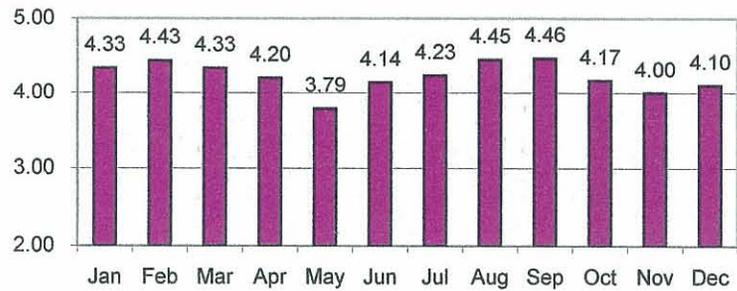


Champaign County

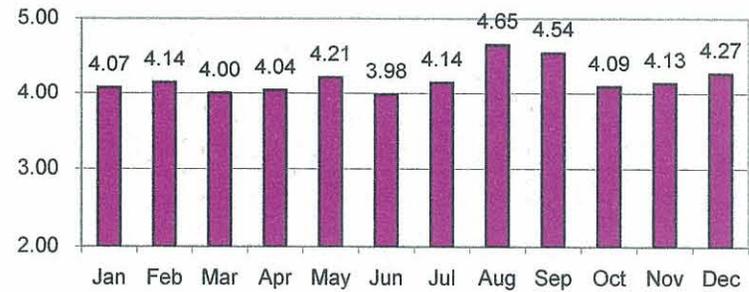


**Focus on Customer Satisfaction
Facility Comparison**

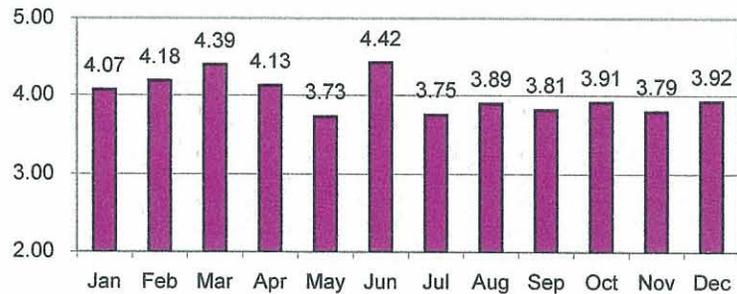
Overall Quality of Stay



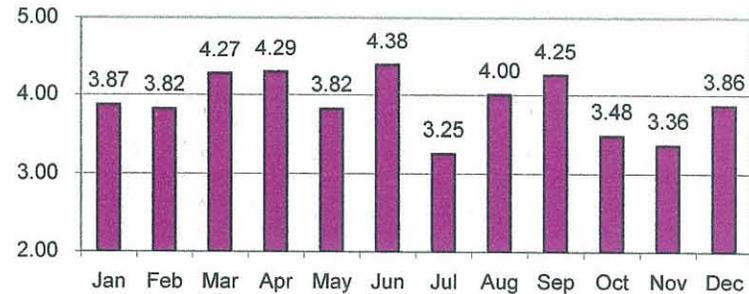
Nursing Care



Dining Service



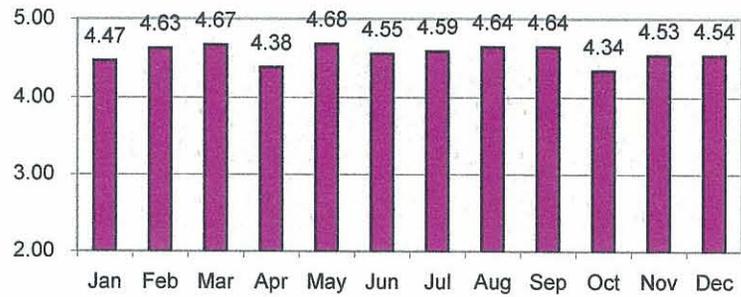
Quality of Food



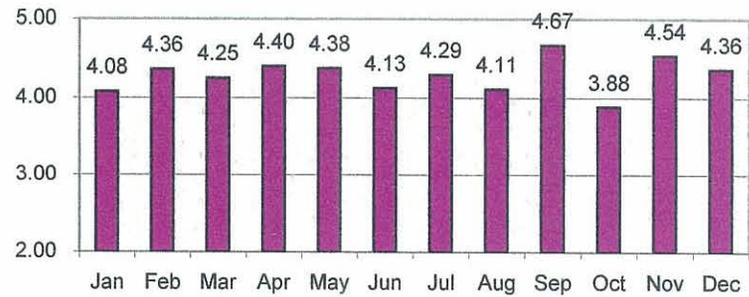
**Focus on Customer Satisfaction
Averages by Month**

2008

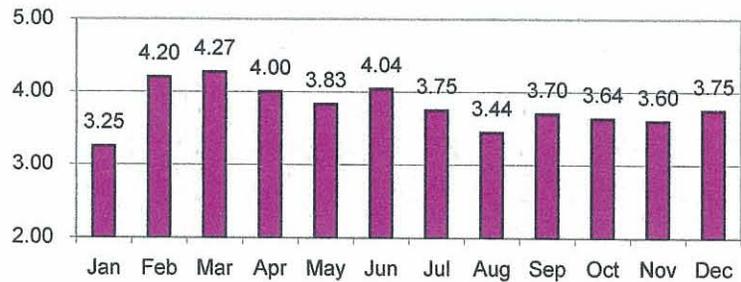
Facility Cleanliness



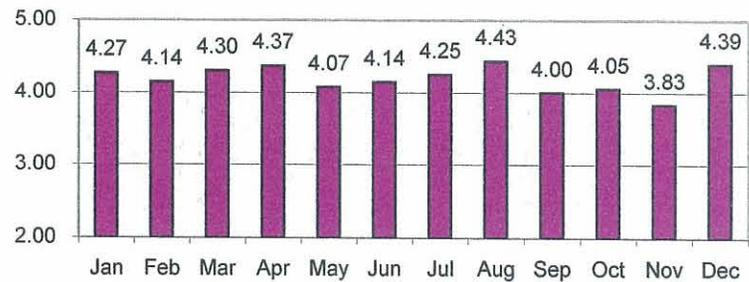
Telephone Service



Laundry Service

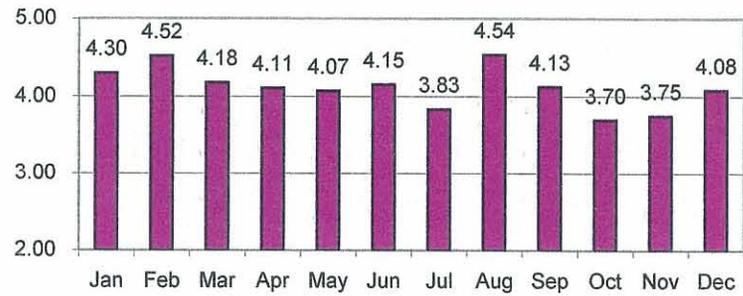


Communication from Facility

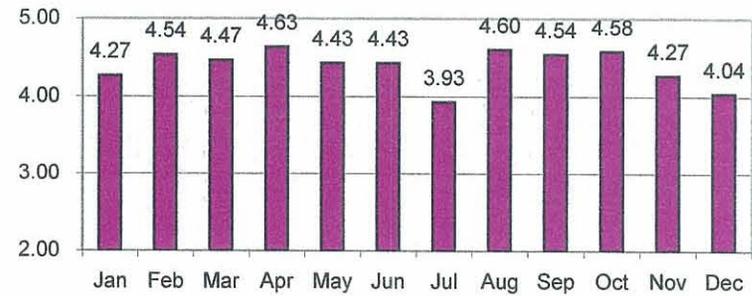


**Focus on Customer Satisfaction
Averages by Month**

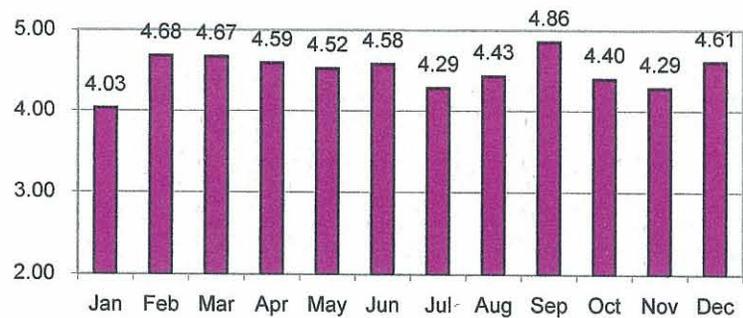
Response to Problems



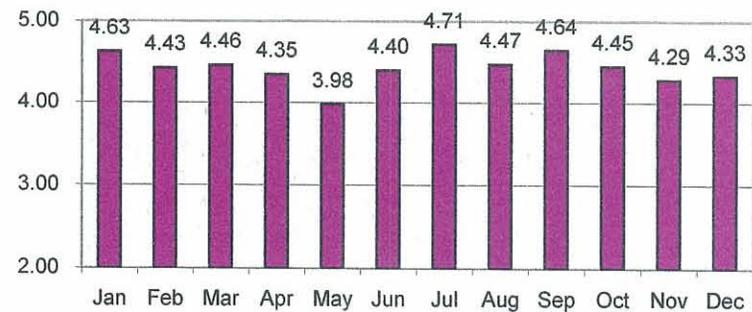
Treatment/Dignity



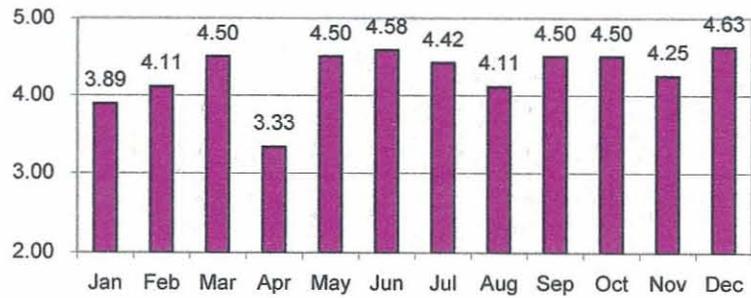
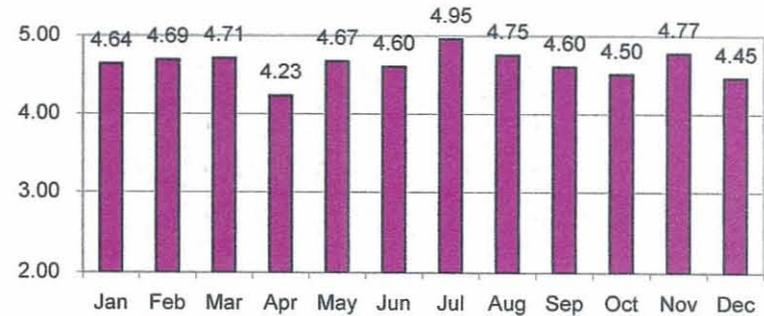
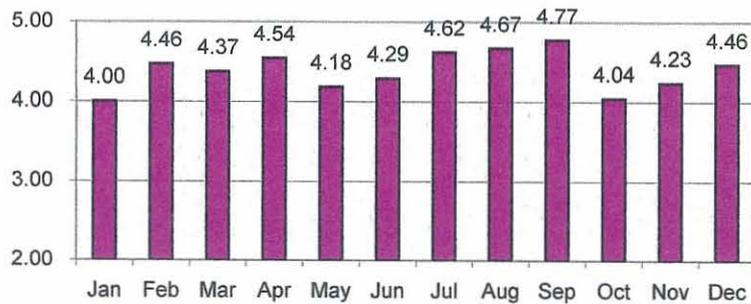
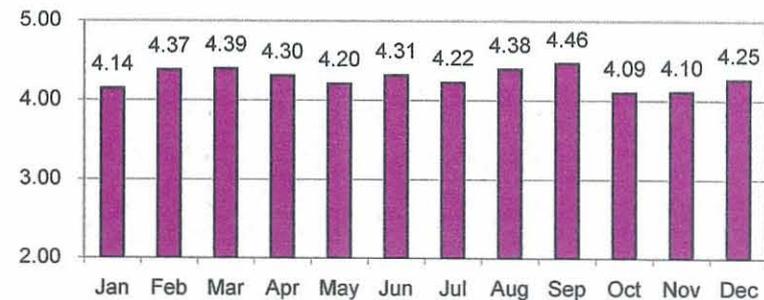
Recommend Facility to Others



Recreational Activities



**Focus on Customer Satisfaction
Averages by Month**

Therapy Services

Admission Process

Overall Safety

Overall Weighted Average


**Focus on Customer Satisfaction
Averages by Month**