NURSING HOME BOARD OF DIRECTORS AGENDA

County of Champaign, Urbana, Illinois
Wednesday, May 20, 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
April 16, 2009
April 16, 2009 – Closed Session

V. PUBLIC PARTICIPATION

VI. OLD BUSINESS

None

VII. NEW BUSINESS
a. Board Education Session: Introduction of Karen Noffke, Director of Nursing, & Discussion
b. Management Report (Scavotto)

VIII. OTHER BUSINESS

IX. NEXT MEETING DATE & TIME
a. June 11, 2009

XII. ADJOURNMENT

Board of Directors
Champaign County Nursing Home
Urbana, Illinois
April 16, 2009

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

Directors Absent/Excused: Anderson, Czajkowski

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.

3. Agenda

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

4. Approval of Minutes

On motion by Hirsbrunner (second Nudo) the minutes of the March 18, 2009 meeting were approved (unanimous).

5. Public Participation

There was no public participation.

6. Old Business

There was no old business.

7. New Business

a. Performance Partnering Program

Corbin Smith, Director of Labor Relations, at U of I presented the PPP program based on the work of Dick Grote. The system represents a different approach to discipline, particularly to suspensions which are eliminated. The PPP system emphasizes personal responsibility and employee commitment; at the same time, supervisors emphasize positive employee actions rather than emphasizing the negative.

The benefits have been a decrease in discipline, a decrease in grievances and appeals, consistent documentation, and supervision characterized by coaching rather than punishment. The PPP approach has worked well in a unionized environment.

b. CCNH Admissions Process

Andrew Buffenbarger, CCNH Administrator, presented the admissions process for the three primary payer groups – Medicaid, Medicare, and private pay. A table summarizing his remarks is attached.

c. Management Report

Scavotto reported on operations thru February and provided some preliminary comments for March. Procedural problems that effected February's results have been corrected and should not recur. Preliminary revenue results for March indicate that further review of revenue is required. Revenue is booked at approximately $1.5 million – higher than January's $1.4 million with a census that is lower. It is virtually certain that State HFS overpaid on Medicaid; the revenue impact looks like it will not exceed $(20)k. Private pay activity is getting more scrutiny as revenue is reported to up by approximately $50 per day. While such an increase may be correct, management is verifying them and will report back as soon as it has the results.

CCNH continues to make progress paying its bills and handling fully-loaded expenses. Cash balance is expected to weaken as cash flow slows down, reflecting lower census levels (March). The next cash crunch for CCNH to weather will be in July where there are three payrolls.

The maternity-family leave situation in the business office is holding. CCNH will need a replacement biller for several months due to maternity leave. The comptroller (family leave) continues to work from home. From a systemic perspective, completing the MDI conversion as quickly as possible will make it easier to deal with future situations like this.

d. Discussion regarding Nursing Home Outreach

Scavotto took March's marketing discussion, highlight two topics – Navigating the System and Dementia – and incorporated it into the Preliminary Marketing Plan Outline. There were no changes suggested. Scavotto will move towards organizing a speaker's bureau to present these topics at community events.

8. Other Business

It was moved (Hirsbrunner) and seconded (O'Shaughnessy) to enter into Executive Session pursuant to 5 ILCS 120/2 (c) 1to consider the employment, compensation,

performance, or dismissal of an employee. Busey and Scavotto were requested to remain present.

Busey called the roll with all Directors voting "yes".

9. Closed Session

It was moved (Nudo) and seconded (O'Shaughnessy) to enter into Closed Session pursuant to 5 ILCS 120/2 (c) 1to consider collective negotiating matters between the Champaign County Nursing Home and its employees or their representatives. Busey and Scavotto were requested to remain present.

Busey called the roll with all Directors voting "yes".

10. Next Meeting Date

Wednesday May 20, 2009, 6 pm.

10. Adjournment

The meeting adjourned at approximately 8:00 pm (motion O'Shaughnessy), second Nudo, unanimous)

Respectfully submitted

Michael A. Scavotto
Recording Secretary

To: Board of Directors
Champaign County Nursing Home

From: M.A. Scavotto
Manager

Date: May 8, 2009

Re: Management Report

As I write this update, census is at 190 and looks like it is holding. Other facilities around the area are not doing as well with their census levels, a phenomenon that we are seeing in other communities as well.

As you work your way through this memorandum, there are several things to keep in mind. As CCNH becomes better managed, it is learning more about the details of an operation and learning from its discrepancies.

March's results were much improved over February's, but we are still dealing with work-arounds in accounting for revenues. March's revenues were excellent. However, they are skewed by the receipt of approximately $53k in private insurance payments that applied to prior months. The implication is that revenues in prior months were under-stated. The accounting issue arises with the limitations of the current system and should be remedied with MDI. In the current system, multiple payment mechanisms are not recognized. In CCNH's case, managed care arrangements with insurance carriers conflict with the resident billing system. This becomes problematical with per diem arrangements that exceed our usual and customary billed charges, as is the case when CCNH includes extra services such as pharmaceuticals, rehab, or dementia in the per diem. Our accounting is much improved, and it continues to get better. This particular revenue work-around will be with us until the new accounting system is installed. (CCNH is scheduled on MDI's install list.)

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

Comparative Payer Mix
CCNH

	Dec-07 thru June	July thru Mar-09
Medicaid	62%	55.1%
Medicare	9%	12.3%
Pvt Pay	29%	32.6%
Totals	**100%**	**100%**

The Medicare program continues to develop with CCNH enjoying decent census levels. January remains our best performance at 1007 days for an ADC of 32.5; February had 822 days and March 770 (ADC 24.8). Medicare activity is totally dependent upon hospital activity; when the hospitals are slow, so is CCNH.

Financial management continues to focus on the income statement and on cash holdings. This month marks CCNH's fourth reporting venture with accrual accounting. We will continue to refine our reporting throughout the year. Depreciation and County overhead are included in the statements.

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

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

	Jan-09	**Feb-09**	**Mar-09**
Medicare A	$393,509	$312,903	$ 308,040
Medicare B	$76,640	$81,919	$111,413
Medicaid	$641,202	$564,301	$ 616,157
Pvt Pay	$290,704	$288,402	$338,934
Adult Day-Private	$6,087	$12,885	$6,268
Adult Day-TXX	$9,824	$10,496	$11,606
Miscellaneous	$14,575	$(4,726)	$20,059
Property Tax	$78,902	$78,902	$78,902
All Revenues	$1,511,443	$1,345,082	$1,491,378
All Expenses	$1,410,572	$1,395,384	$1,429,717
Net Gain/(Loss)	$100,871	$ (50,302)	$ 61,661
Census	6150	5483	5841
change	4%	-11%	7%
ADC	198.4	195.8	208.6
change	4%	-1%	7%
FTE PPE		166.6	172.5
		2/21/2009	3/21/2009

March's patient service revenue was $1.392 million. January was $1.417m and February was $1.271m.

Current cash position is $1.082 million as of March 31. At May 8, cash was $741k. May and June are looming as months where cash is very tight. As of this writing, Accounts Payable is at about 90 days. We are cleaning up outstanding bills and getting to a more current position.

The following graphs provide a comparative statement of position for CCNH through March 2009. I expect to have a good idea of April's results by the meeting and will update you then.

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.)

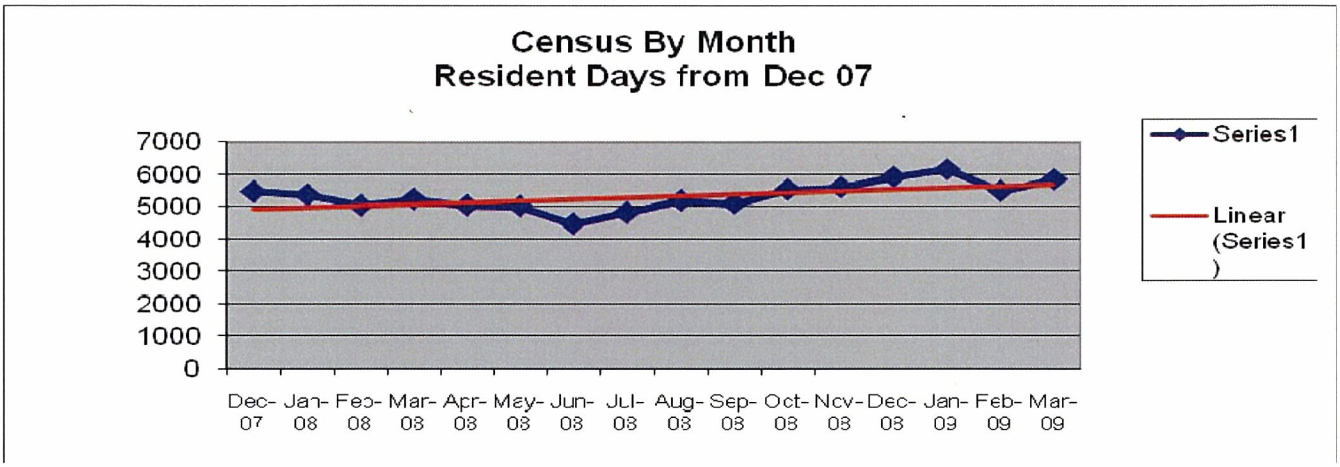
Census

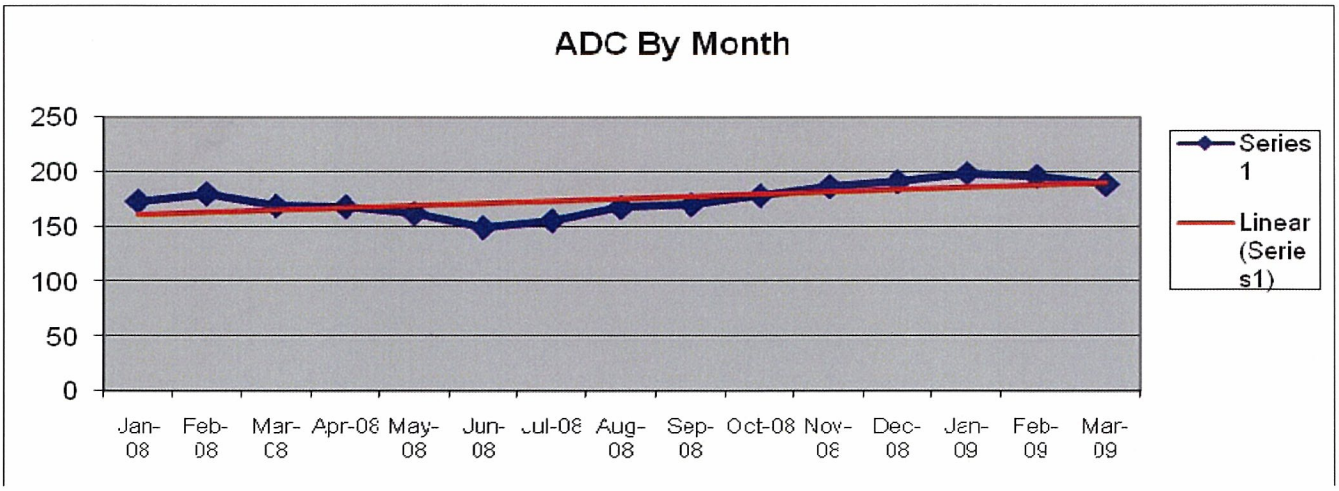
Census continues to solidify even though our target of 208 is proving to be elusive. So much of our volume is hospital-generated and both Carle and Provena are experiencing wide swings in occupancy.

The fiscal year is off to a good start as census is over 190 (ADC): Dec – 190.9; Jan – 198.4; Feb – 195.8; and Mar – 188.4.

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
Dec	1823	3118	944	5916
Jan-09	2001	3142	1007	6150
Feb-09	1845	2816	822	5483
Mar-09	2166	2905	770	5841





Revenues

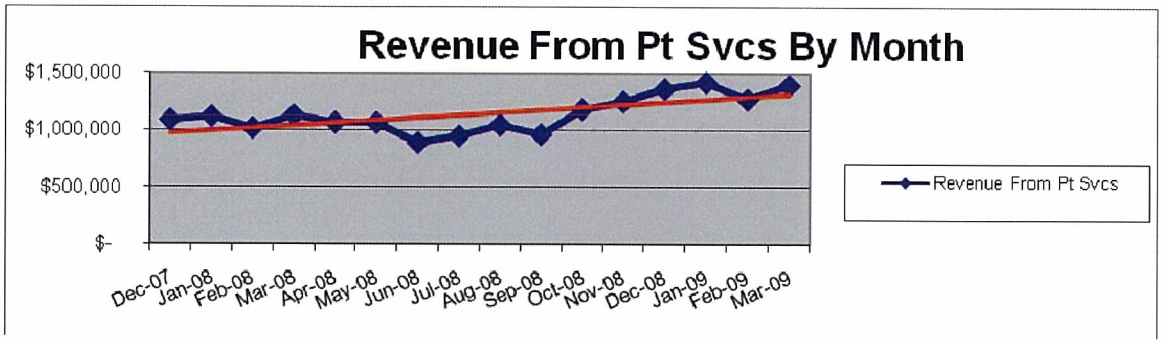
This month, March we witnessed a drop in Medicare A, measured by the raw number of census days and by revenue per day. The per diem reimbursement for March was $400. This is one of our better per diem performances, but we would have liked to have had more census days as well.

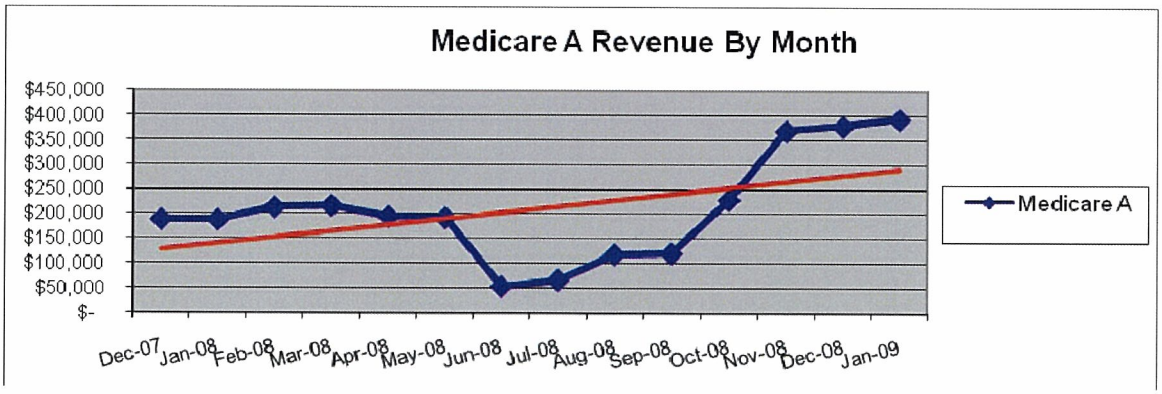
The Medicare per diem is a critical factor in building a better revenue base and we have significant improvements to make in our performance. The graph indicates that CCNH's

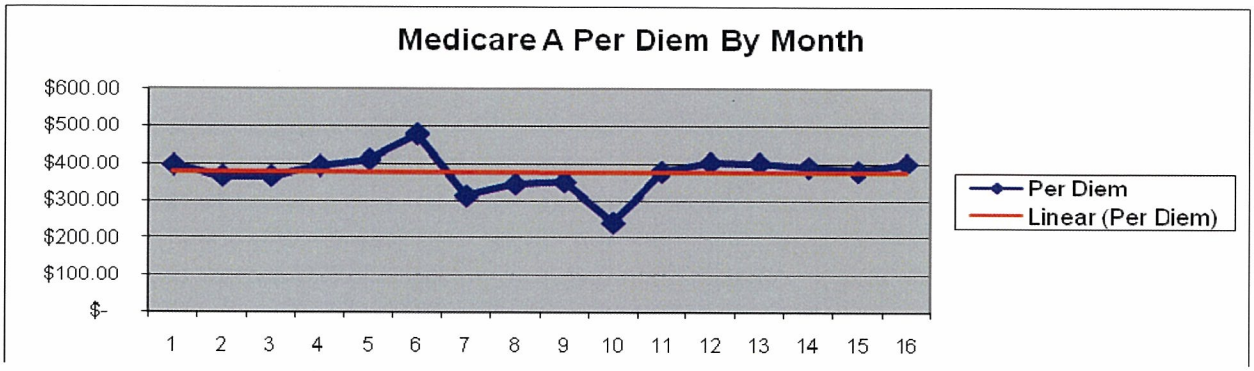
Medicare per diem was at acceptable levels prior to June 2008 at roughly $400. The per diem dropped precipitously in June when admission sanctions were imposed. Since that time, the per diem has recovered somewhat, only to drop miserably in September. October came back with a per diem of $379. The trend line in Medicare A is now positive. Also, take a look at the chart for Part B revenue. It's very noticeable that something is awry, as I noted above in my opening discussion. Fortunately, we caught it early and are taking corrective steps, both in terms of classification and of expense recovery. Medicare B also tends to follow Private Pay as these are the customers that can afford to pay for the service.

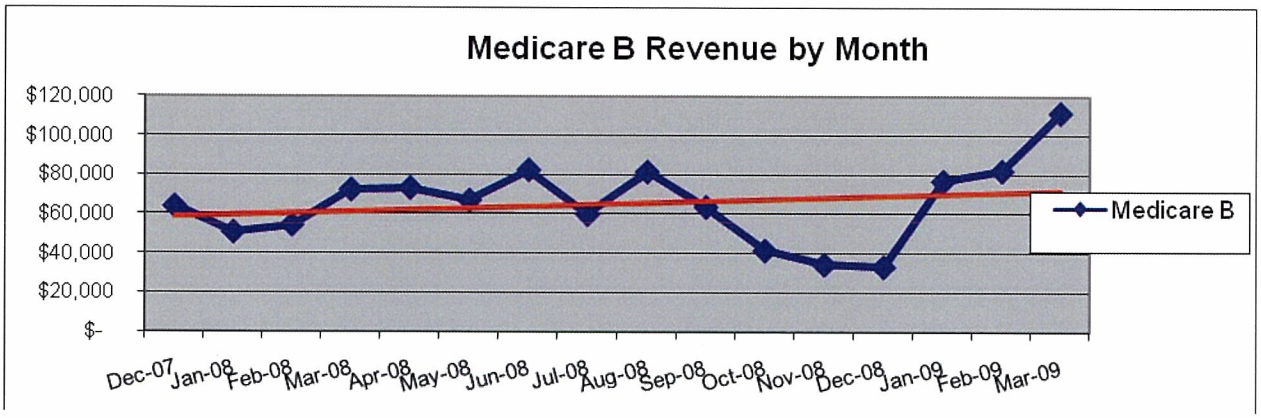
As noted above in the opening remarks, Private Pay surprised us with some retroactive payments appearing in March. These were not booked in prior months and, consequently, over-state March's Private Pay performance – but we'll live with it because there is not a better option.

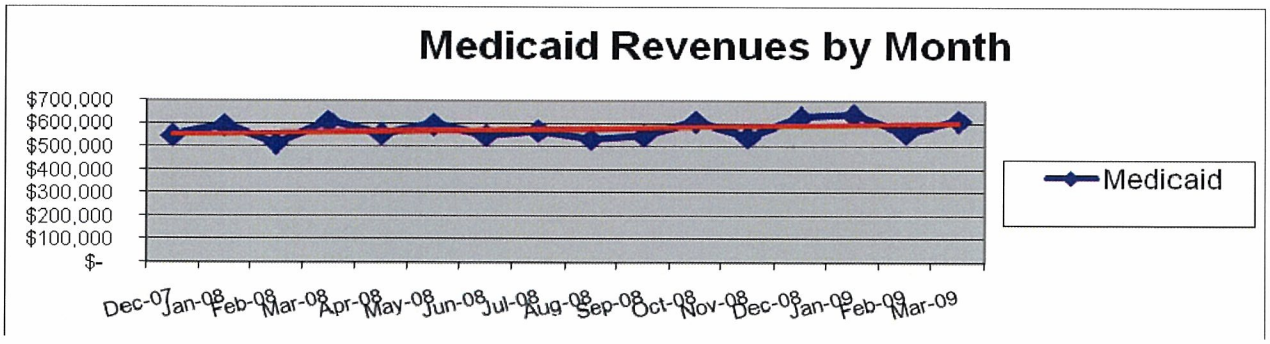
Medicaid revenues continue to be stable.

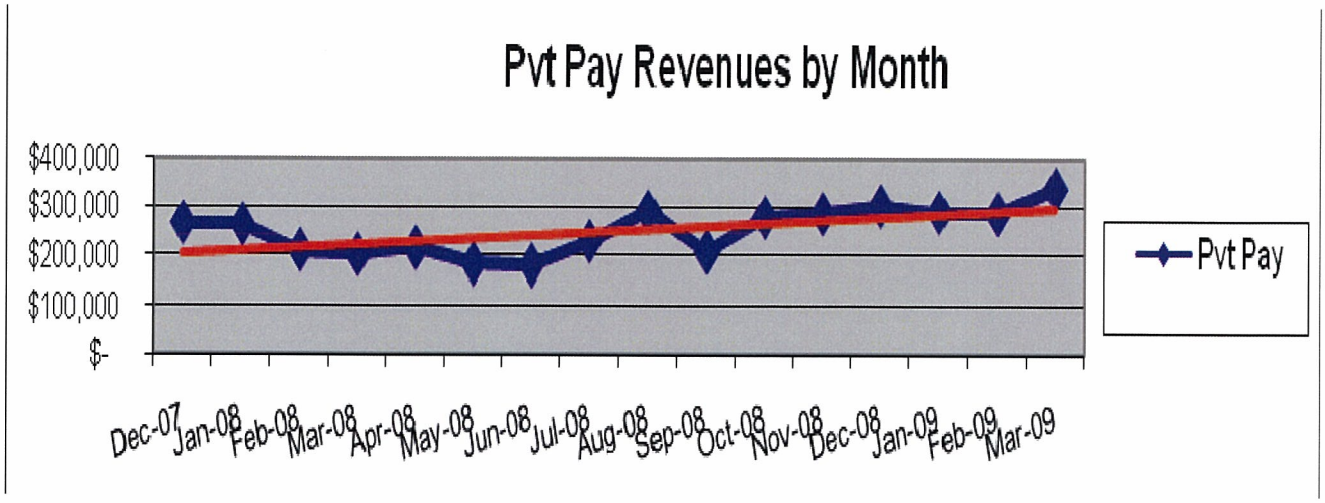


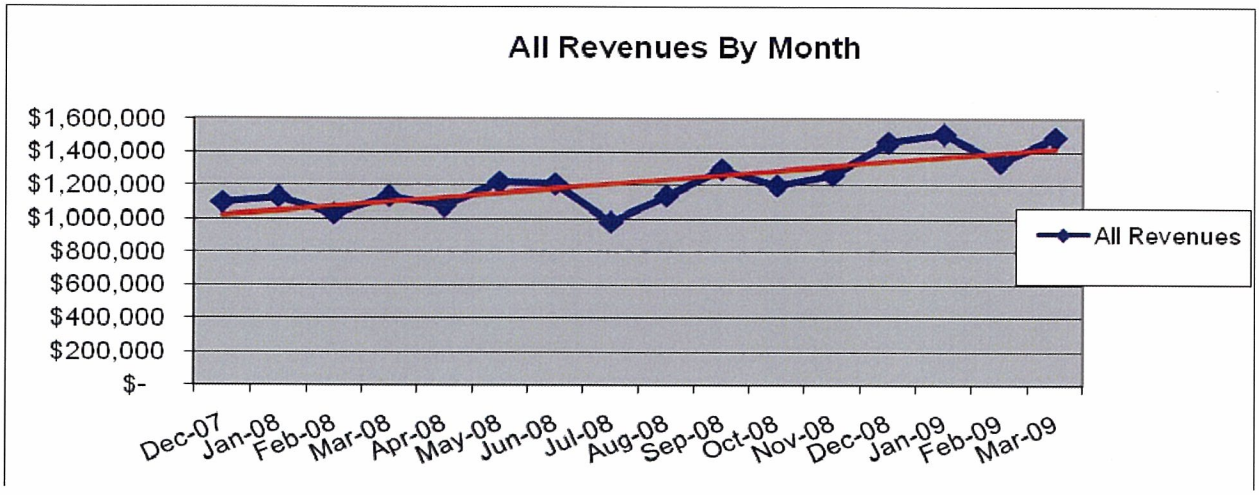



Medicare A Per Diem By Month
$600.00
$500.00
$400.00
$300.00
$200.00
$100.00
$-
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16
Per Diem
Linear (Per Diem)


Medicare B Revenue by Month
$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
Medicare B

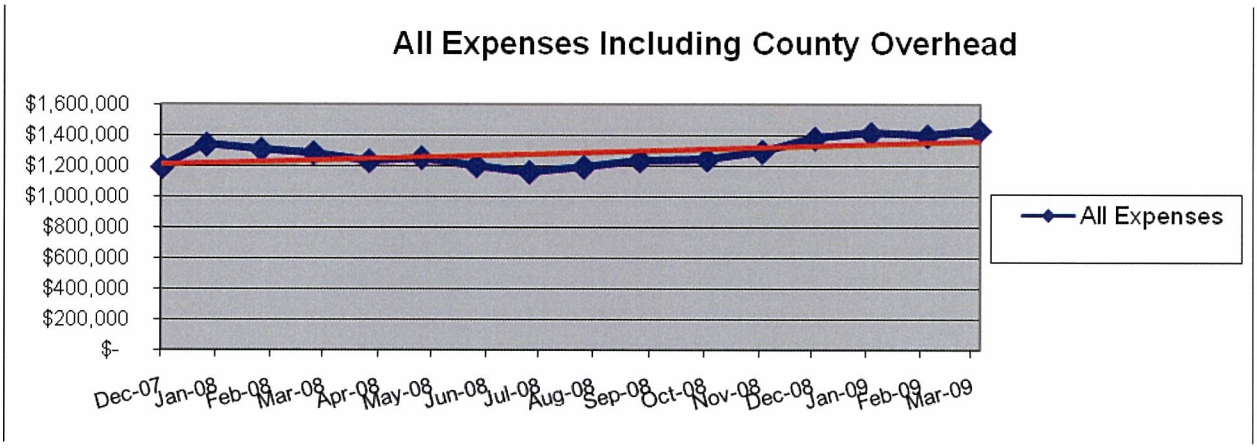

Medicaid Revenues by Month
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$-
Dec-07 Jan-08 Feb-08 Mar-08 Apr-08 May-08 Jun-08 Jul-08 Aug-08 Sep-08 Oct-08 Nov-08 Dec-08 Jan-09 Feb-09 Mar-09
Medicaid


Pvt Pay Revenues by Month
$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
Pvt Pay


All Revenues By Month
$1,600,000
$1,400,000
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$-
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
All Revenues

Expenses

Once we get past February's accounting glitches, CCNH's expense control continues to be pretty solid and we owe that performance to Andrew and his crew. Some line items will show increased activity due to greater Medicare activity and to incremental costs associated with a growing census. These include drugs, medical supplies, and rehab salaries (non-licensed personnel). Rehab costs, with the exception of Speech Therapy, were over budget – and so is the revenue – and it's good that this is the case.



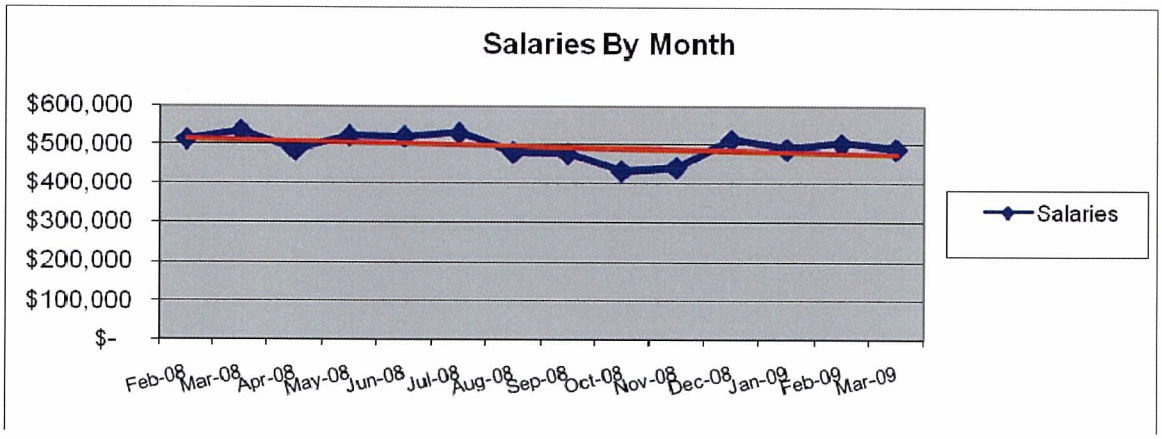
Here's a listing of departmental overages compared to March 09 budgets:

IGT Transfer Expense	$(57)k (HFS Adjustments)
Nursing supplied	$6,377
Contract Nursing	$61,000 (PRN group working as agency)
Physical Therapy	$25,000
Occ Therapy	$8,000

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	Sep 08	$441, 682
Jan 08	$533,987	Oct 08	$512,667
Feb 08	$485,964	Nov 08	$488,561
Mar 08	$522,836	Dec 08	$502,788
Apr 08	$520,501	Jan-09	$489,013
May 08	$529,580	Feb-09	$424,740
Jun 08	$480,220	Mar-09	$467,998
Jul 08	$476,495		
Aug 08	$432,380		

For the period January through June, salaries averaged $518,574. For the period June through March, the figure was $471,654– a reduction of 9 percent. Keep in mind that CCNH has entered a period where its PRN employees are working at the agencies. As a result, labor hours are down but agency costs more than off-set this reduction. Graphically, the relationship is:



Summary

CCNH is beginning to reflect a pattern: if census remains in the 190 area, it should be profitable. Admittedly, the income statement does not reflect full financial requirements yet; most likely, we will start paying debt service to the County in 2010. For Fiscal 2009, CCNH has been self-sufficient and it appears that it will remain so as long census remains at approximately 190.

Census continues to be the big determinant of success and we have experienced some recent drops which have been sobering. The Medicare A trend line has turned positive but this program is totally dependent upon hospital referrals; there is nothing unusual

about this. Medicare B was up significantly in January and February, moreso in March. As reported last month, we learned that there are some Private Pay accounts classified as Part B.

Revenues have increased and the expense level has stabilized. 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 with lean months (May and June) ahead of us.

To: Board of Directors
Champaign County Nursing Home

From: M. A. Scavotto
Manager

Date: May 8, 2009

Re: Management Update

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

1. **Census:** March came in with an ADC of 188 – not as good as we would have liked, but not bad. Fluctuations in census invariably result in cash fluctuations in later months; tighten seat belts, please. So far, CCNH is doing fine, but the road to self-sufficiency is never straight and smooth.

2. **Operations:** See the Management Report for the last three months operating results. March's results show a loss of $50k, but there are extenuating circumstances relating to revenues as detailed in my management report.

   The MDI contract is signed, sealed and delivered. CCNH is in the installation queue and is supplying data to MDI now. Assuming that everything goes splendidly, the financial package will go live July 1 with clinical to follow August 1. (That schedule is aggressive.)

   Special Counsel Sharon Kelley provided her review of the draft compliance plan. The necessary changes have been made along with some required additions to the plan. I should be getting you a draft in the next week or so. Compliance is a big activity throughout the industry, but it's a real sleeper in long-term care. Not many long-term care facilities are doing much with it and that is a dangerous proposition given the emphasis the Feds are placing on fraud and abuse investigations.

   Things are starting to move on the IGT. Metro Counties has us hooked up with a very influential member of the Illinois House, who is an expert in Medicaid matters. A meeting with HFS is in the offing. Peoria County has taken the lead on this one -- but we'll all get to the dance at the same time. HFS still wants an implementation date of July 1, for which we are all going to have to scramble.

I have no further update on the involuntary discharge proceedings. Things are moving slowly and none of us is optimistic about CCNH's chances of prevailing. Our strongest argument is that CCNH cannot meet the ongoing psych needs of the resident. The hearing was Friday, May 1. Our attorney is developing questions for Greenville Regional Hospital, which provided an inpatient psychiatric evaluation but no recommendation. Greenville isn't talking without a subpoena, so we are working on getting the information out of Greenville. The guardian refused to let us take the resident to another psych evaluation. These developments do not look good in the eyes of the hearing officer. CCNH has gone the extra – and then some – on this case.

The meeting with IDPH's Bill Bell has been delayed and I await further word on when it will happen.

New DON Karen Noffke is on board and off to a good start. She'll be at the board meeting to report on her first few weeks and to provide you with an opportunity to get to know her.

We received an offer to settle our outstanding balance with Carle Hospital. (There is also one outstanding to Carle Clinic.) We have responded affirmatively to the offer and are working up a response.

3. **Employees:** Negotiations continue.

4. **Public Image:** There has been no action on the speakers' bureau since the last meeting. We continue to recruit a director for our dementia program and we hope to find someone who is a decent public speaker or who can function in support of a CCNH speaker.

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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.