



## **NURSING HOME BOARD OF DIRECTORS AGENDA**

County of Champaign, Urbana, Illinois  
Thursday, September 17, 2009 – 6:00pm

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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**

August 13, 2009

Closed Session 1 – August 13, 2009

Closed Session 2 – August 13, 2009

**V. PUBLIC PARTICIPATION**

**VI. OLD BUSINESS**

None

**VII. NEW BUSINESS**

a. Management Report (Scavotto)

**VIII. OTHER BUSINESS**

Closed session pursuant to 5 ILCS 120/2©1 to consider the employment, compensation, discipline, performance, or dismissal of an employee

**IX. NEXT MEETING DATE & TIME**

a. October 15, 2009

**XII. ADJOURNMENT**

**Board of Directors  
Champaign County Nursing Home  
Urbana, Illinois  
August 13, 2009**

Directors Present: Hirsbrunner, Czajkowski, Anderson, Holley, Nudo

Directors Absent/Excused: Lansford, O'Shaughnessy

Also Present: Busey, Scavotto

**1. Call to Order**

The meeting was called to order at 6:00pm by acting Chair Hirsbrunner

**2. Roll Call**

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

**3. Agenda**

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

**4. Approval of Minutes**

On motion by Czajkowski (second Anderson) the minutes of the July 16, 2009 regular meeting were approved (unanimous). On motion by Holley (second Anderson) the closed session minutes of July 16, sessions 1 and 2, were approved (unanimous).

**5. Public Participation**

There was no public participation.

**6. Old Business**

There was no old business.

**7. New Business**

**a. Management Report**

There was no management report.

**8. Other Business**

There was no Other Business

**9. Closed Session (1)**

It was moved (Czajkowski) and seconded (Holley) 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 6:20 pm with no action being taken.

**10. Closed Session (2)**

It was moved (Czajkowski) and seconded (Anderson) that the Board enter closed session pursuant to 5 ILCS 120/2 c 17 to consider recruitment, credentialing, discipline or formal peer review of physicians or other health care professionals for an institution providing medical care that is operated by Champaign County.

Busey called the roll, unanimous.

The Board emerged from closed session at 6:50 pm with no action being taken.

**11. Next Meeting Date**

Thursday September 17, 2009, 6 pm.

**10. Adjournment**

The meeting adjourned at approximately 6:55 pm (motion Holley), second Nudo (unanimous)

Respectfully submitted

Michael A. Scavotto  
Recording Secretary

To: Board of Directors  
Champaign County Nursing Home

From: M.A. Scavotto  
Manager

Date: September 11, 2009

Re: Management Report

As I write this update, census is at 177; lately 180-185 has been CCNH's average. ADC for June was 178.9; July was 179.8

Admission and discharge activity was:

Month	Admits	Discharges
June	17	14
July	22	29

June's results were as bad as originally reported; in June, we elected to write off bad debts so that we would move onto the MDI system with bad debts being handled on a monthly basis, rather than in large, episodic sums as they have been handled in the past. This factor clearly had an impact on our calculations for both Private Pay and Medicaid.

July was essentially break-even, showing a net gain of \$2.1k. We'll take it after June's results.

For Private Pay in June, a number of days -191- were re-classified as Medicaid. The result is lower Private Pay revenues. For Medicaid, about \$124k was written off in the form of bad debts. (Of this amount, \$54k will be recovered via the Medicare Cost Report as the Medicare program picks up bed debt expense for co-pays and deductibles that Illinois does not pay for Medicaid residents.) Transferring 191 days to Medicaid status would not impact the revenue per diem, but the bad debts would. A large part of the bad debts associated with Medicaid occurs with hospice, where we have recorded revenues at the higher alternate (IGT) rate knowing that we will receive only 95 percent of the standard rate. The MDI system will allow us to recognize multiple Medicaid rates so this procedural work-around should stop with August's statements.

In July, we continued to experience revenue swings. Medicare A came in at \$179k, down from June's level of \$195k. Med B experienced a huge drop from \$139k in June to only \$74k in July. Medicaid was up \$40k from \$498k (June) to \$538k (July). Private Pay

came roaring back from a paltry \$275k in June to \$465k in July. This represents a very strong month in Private Pay.

Average daily census has not been steady. The pattern for the year has been:

**CCNH Average Daily Census  
FY 2009, Dec thru July  
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

There is no question that census is better than when we began the turnaround effort. CCNH is a large facility with high fixed cost load; as a result, it has a high break-even point. So, census is a critical factor in navigating the swamp.

Medicare days totaled 540 in April, the lowest we have seen since September 2008. Medicare days rebounded in May to 573 – better, but nothing to rave about. June slumped to 396, which is the lowest we have experienced since August 08 where the average was 341. July’s Medicare A was better at 442, ADC 14.3.

In June, Medicare A revenues was \$195k, which represents both a low point for the fiscal year and the significant downturn in hospital activity. Compare the results for Medicare A for the last three months versus the start of the fiscal year:

**Medicare A Revenues**

First 4 months		Last 4 Months	
Dec	\$379k	Apr	\$206k
Jan-09	\$396k	May	\$211k
Feb	\$313k	June	\$195k
Mar	\$308k	July	\$179k

Medicare B bounced back in June to \$139k; May’s figure was \$99k. July declined significantly to \$74k, a drop of over 50 percent.

June’s private pay revenues were just wretched at \$275k, our lowest yet for the fiscal year, reflecting a significant transfer of Private days to Medicaid, as noted above. The dollar value of this transfer is roughly \$38k (191 x \$198). July provided us with a record-setting performance of \$465k.

Medicaid revenues felt the combined impact of bad debt write-offs and lower volume. The following depiction shows CCNH's fate over the last four months:

**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%

On the expense side, expenses were lower than any month since January, including February – a 28-day month. Salaries, our biggest expense, were \$528k and were lower than April and May. On a per day basis, salaries jumped to \$98.38 and reflected two things: lower census and increased CCNH hiring in nursing, resulting in lower agency costs. Based on July's preliminary numbers, agency costs were at an all-time low of \$91k.

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	July-08 thru July-09
Medicaid	61%	54.5%
Medicare	9%	10.8%
Pvt Pay	30%	34.7%
<b>Totals</b>	<b>100%</b>	<b>100%</b>

However, there are changes in the last few months that show how hospital activity – or lack of it – impacts Medicare. For the period Dec 08 thru June 09, Private Pay was at 36 percent vs the current level of 34.7. Medicaid has remained constant. Medicare A has dropped from 12 percent to the current average of 10.7.

The Medicare per diem in June rebounded and reached \$492, an historical high for CCNH. In July, we left the rarified atmosphere for a more conventional per diem of \$404.

For the four months ended July 2009, the results of operations are posted below.

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

	<b>Apr-09</b>	<b>May-09</b>	<b>Jun-09</b>	<b>Jul-09</b>
Medicare A	\$205,982	\$210,630	\$195,208	\$178,572
Medicare B	\$106,523	\$98,508	\$138,659	\$73,677
Medicaid	\$633,986	\$596,395	\$497,700	\$537,788
Pvt Pay	\$324,167	\$377,069	\$275,305	\$464,582
Adult Day- Private	\$7,824	\$5,386	\$5,870	\$5,826
Adult Day-TXX	\$11,390	\$10,074	\$11,432	\$13,050
Miscellaneous	\$55,613	\$25,533	\$29,453	\$17,353
Property Tax	\$ 78,902	\$78,902	\$78,902	\$78902
All Revenues	\$1,424,387	\$1,402,498	\$1,232,528	\$1,369,750
All Expenses	\$1,428,267	\$1,432,439	\$1,381,788	\$1,367,604
Net Income/(Loss)	\$(3,880)	\$(29,941)	\$(149,260)	\$2,145
Census Change	5608	5846	5369	5575
ADC Change	186.9	194.9	178.9	179.8
FTE Pay Period Ending	197.8	201.1	199.0	203.3
			13-Jun-09	26-Jul-09

May's patient service revenue was \$1.298 million; this was better than April's by a paltry \$9k, but April was a shorter month. June's patient service revenue tanked to \$1.124 million; July's was back up to \$1.223 million. CCNH keeps experiencing large swings within patient service revenue; one month private pay is up and Medicare is down; the next month it's the reverse, and so forth.

Cash position at August 31 was very tight at \$368k.

The following graphs provide a comparative statement of position for CCNH through July 2009. I expect to have a good idea of August's results by the meeting and will update you then. As all of you know by now, CCNH is a volume-sensitive operation.

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

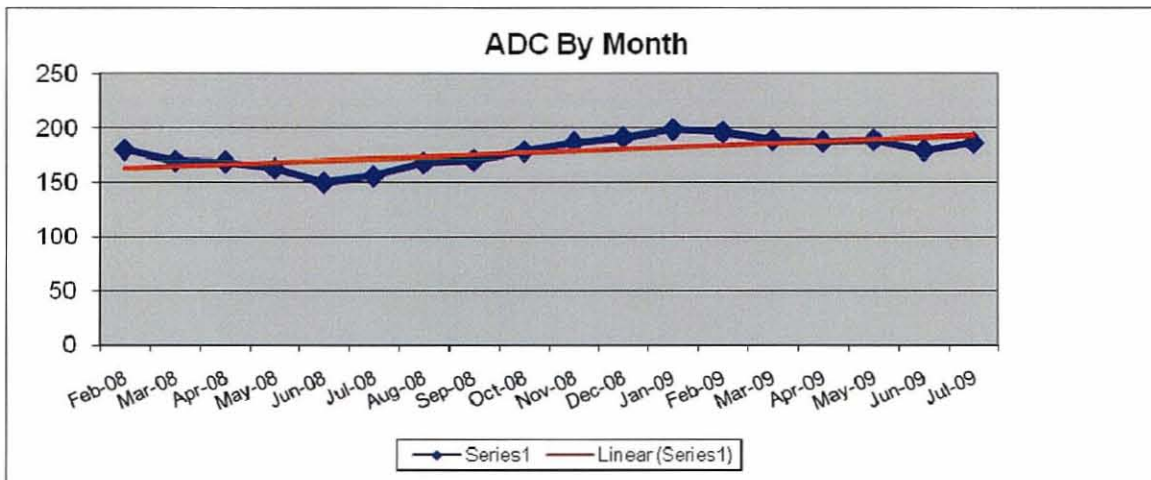
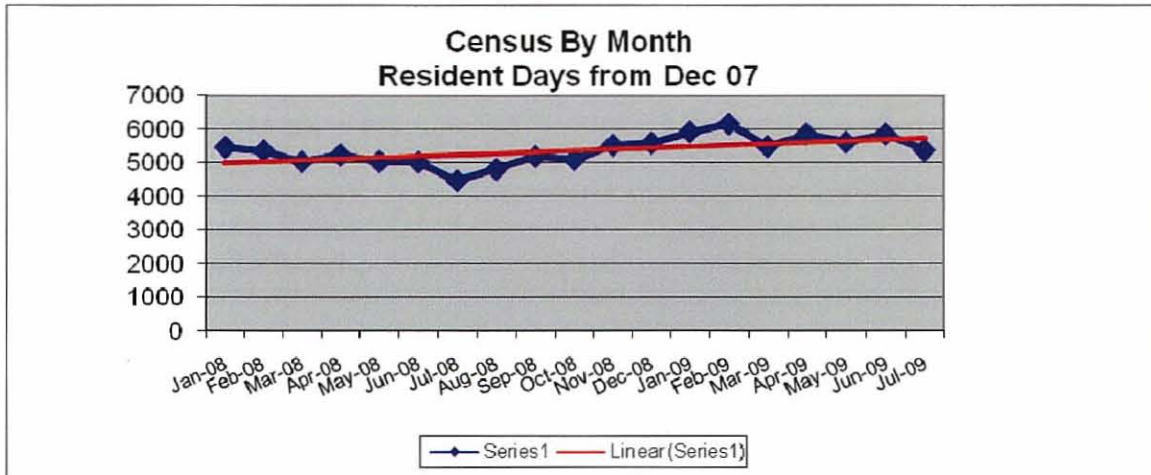
Census continues to receive a lot of attention. Our target of 208 has proven to be elusive. So much of our volume is hospital-generated and both Carle and Provena are experiencing wide swings in occupancy. We know that other homes are also experiencing lower census.

The fiscal year got off to a good start, building to a high of 6150 resident days (ADC 198) in Jan-09. Census has since tailed off and, hopefully, is starting to come back.

### 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





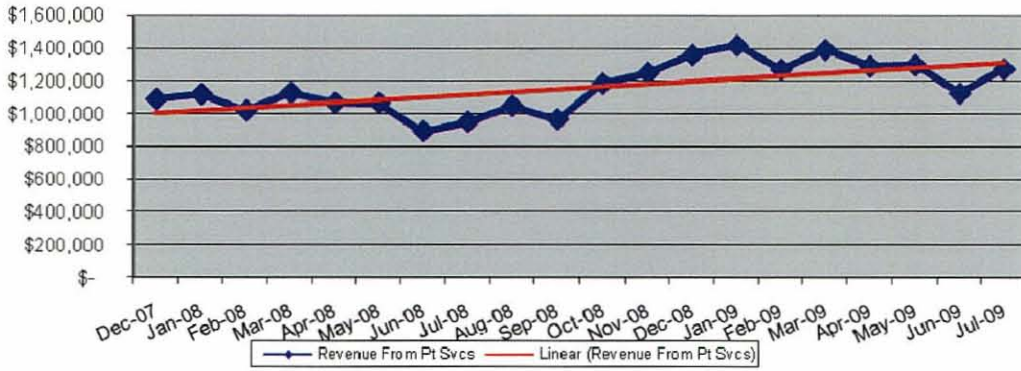
## Revenues

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. We did better with the per diem in June and July, but the thing we need most is census.

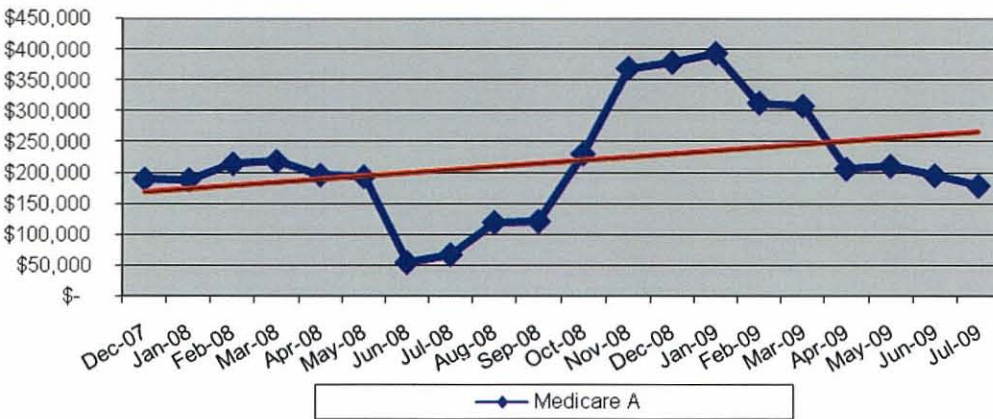
The Medicare per diem is a critical factor in building a better revenue base and we have significant improvements to make in our performance. The graph indicates that CCNH's Medicare per diem was at acceptable levels prior to June 2008 at roughly \$400. The per diem dropped precipitously in June when admission sanctions were imposed. Since that time, the per diem has recovered somewhat, only to drop miserably in September. October saw a per diem of \$379. April dropped to \$381 and May was even lower at \$367. Performance rebounded with June coming in at \$493 (a record) and July at \$404. The trend line in Medicare A is no longer positive, but has flattened. Also, take a look at the chart for Part B revenue which reflects private pay participation in Part B services.

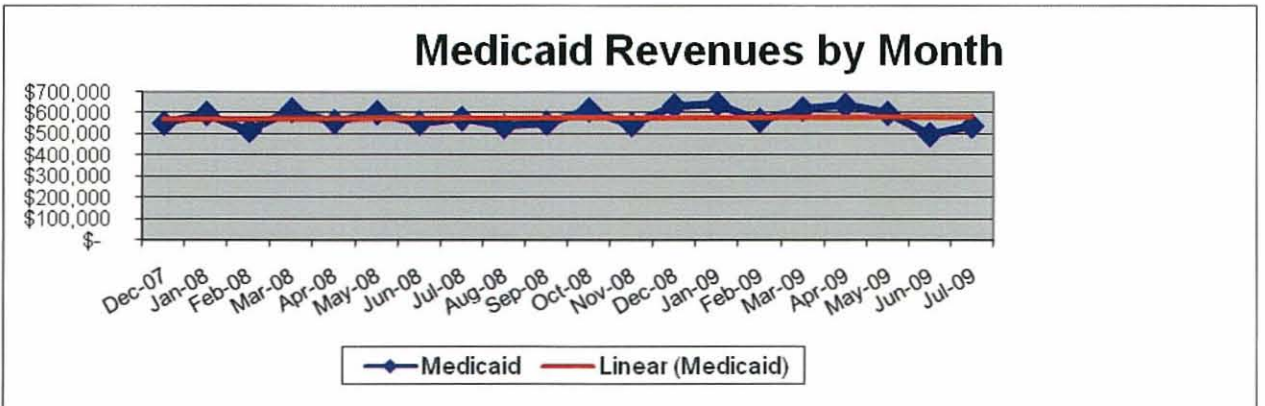
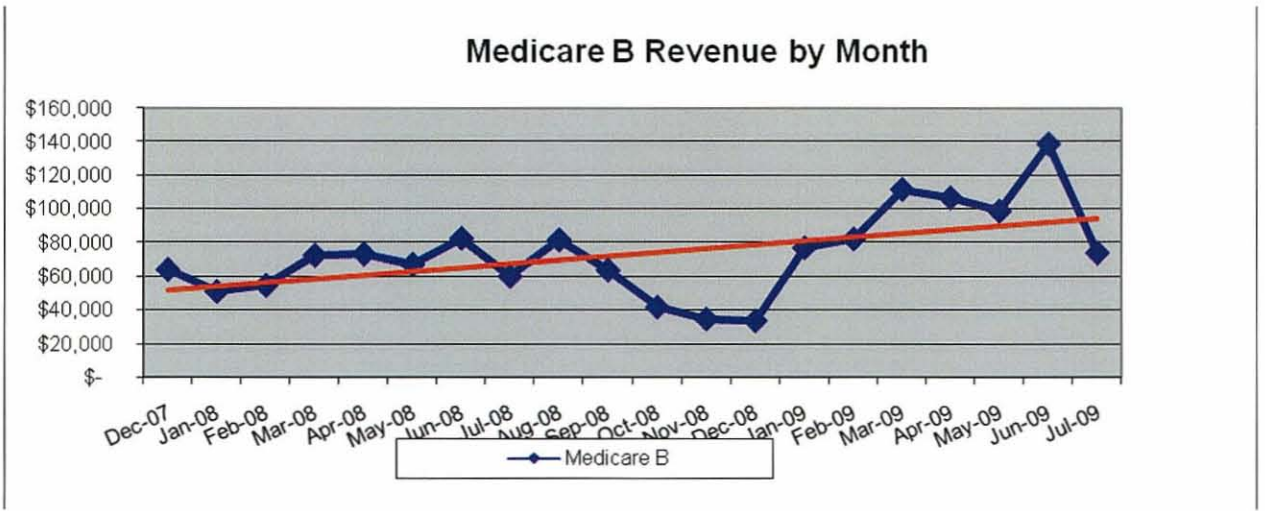
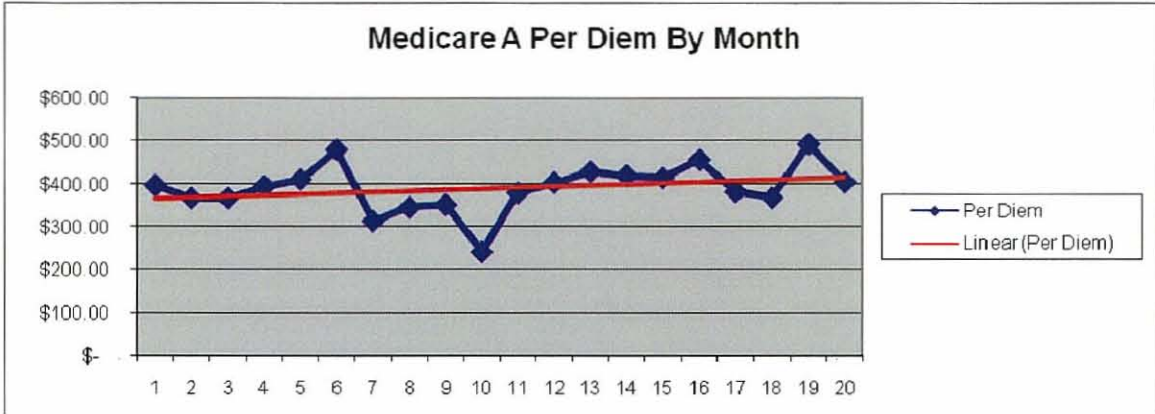
For the most part, Medicaid revenues continue to be stable, but we experienced a significant decrease in June. July came back somewhat but we still ran less than our historical average. The last two months of Private Pay exhibit wide swings; fortunately, July was very strong.

### Revenue From Pt Svcs By Month

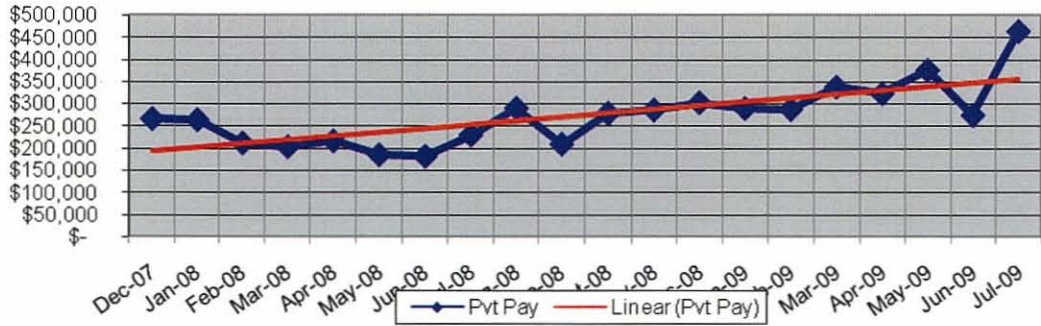


### Medicare A Revenue By Month

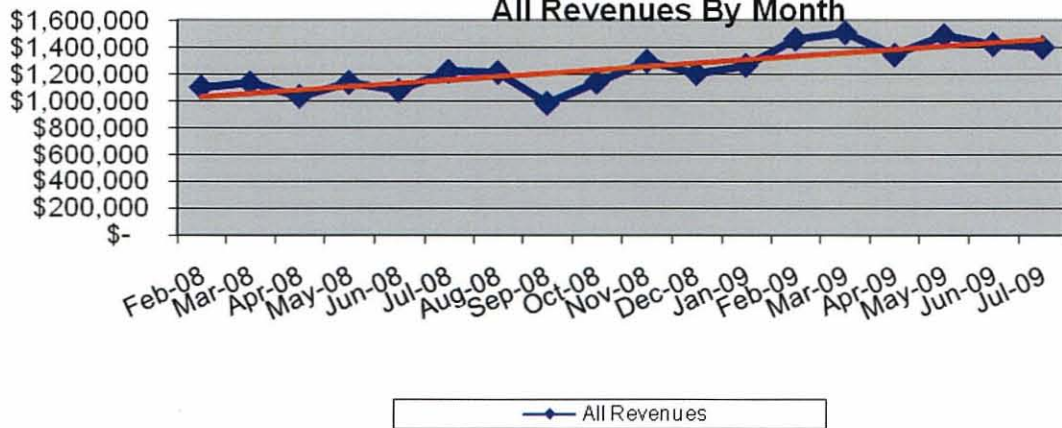




Pvt Pay Revenues by Month



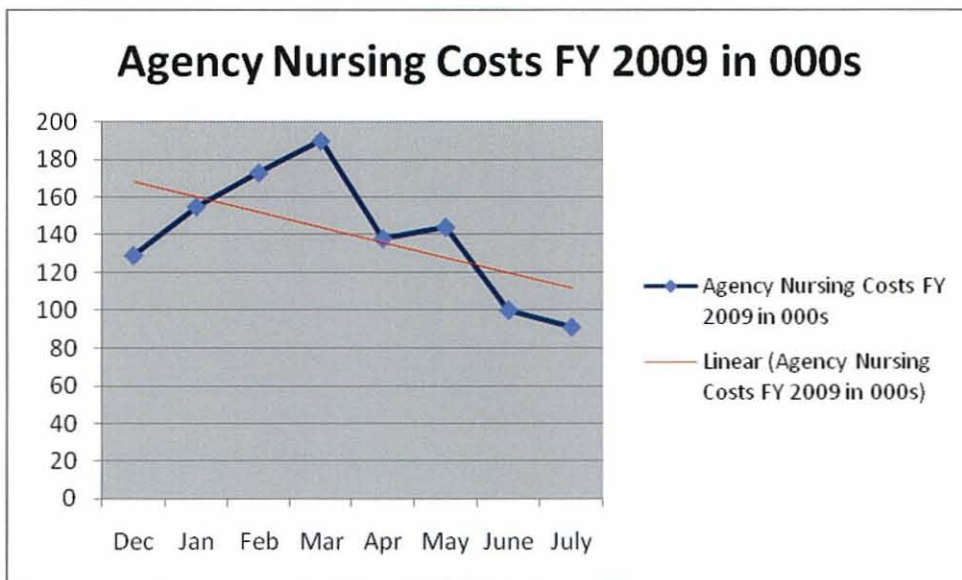
All Revenues By Month



## Expenses

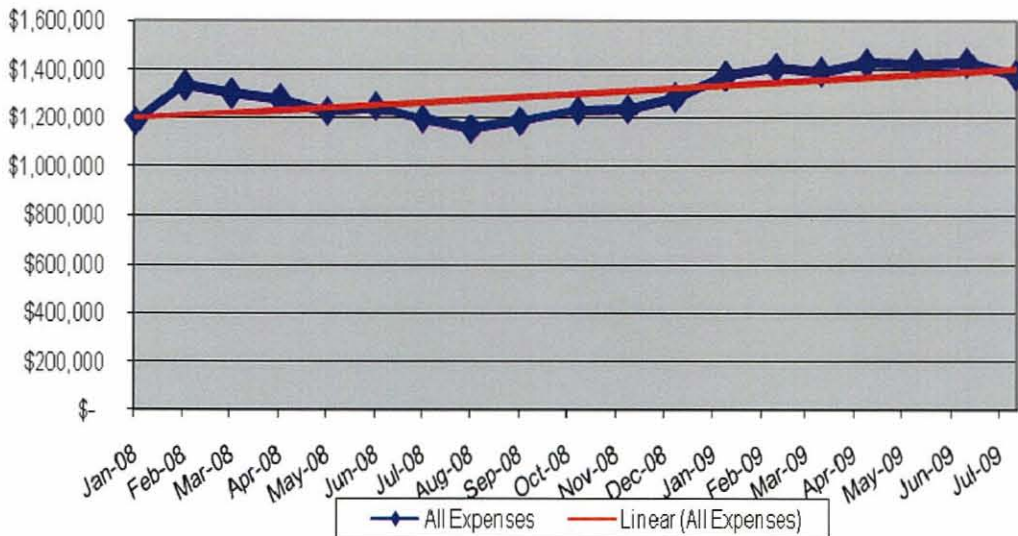
CCNH's expense control continues to be pretty solid but could always be better. There are some big variable expense items that we watch closely. Examples are food, drugs, and medical supplies. Rehab costs are also variable, and they are set by contract. Utilities represent a fixed cost; there is not much we can do to dramatically alter the cost incurred for gas, electric, and water.

The biggest thing we can do is adjust our labor hours to declining census. The staffing patterns reflect the daily workload. We are finally getting ahead of agency costs. In June, agency costs were \$99k; they were down to \$91k in July. With the new AFSCME agreement, we will be paying close attention to how well we have influenced productivity.



With only a few exceptions, expenses were within reasonable limits. Professional fees were up due to our continued use of an outside specialist for MDS services and we continue to incur extra legal fees (the involuntary discharge). July's utilities were down over June. Repairs to the building were up over June by a small amount (\$2k). Nursing overtime was up \$4k over June but operational supplies (nursing) were down \$6k.

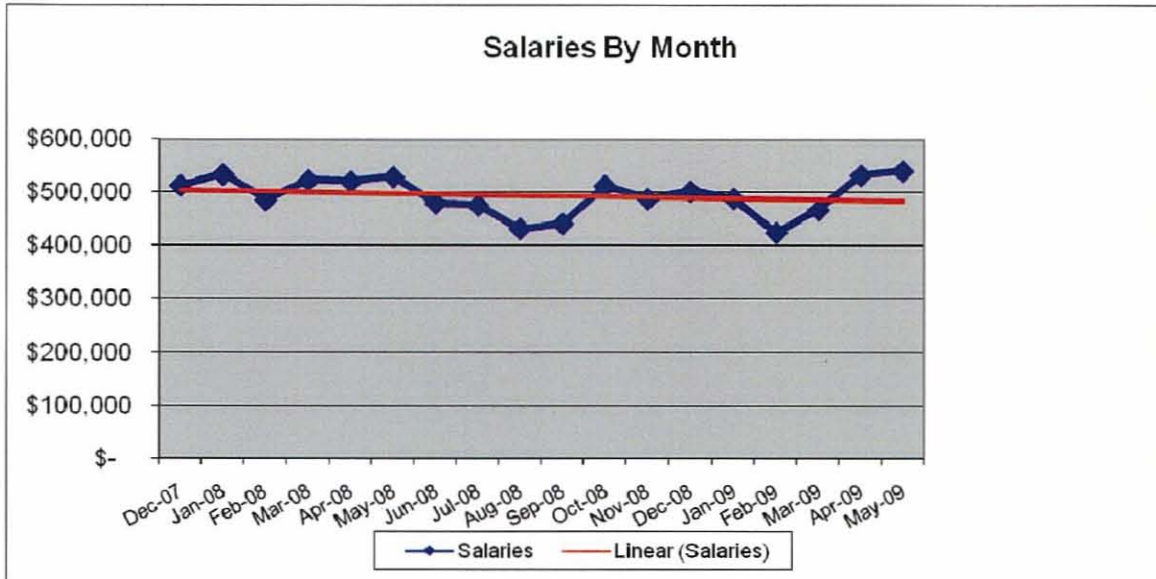
### All Expenses Including County Overhead



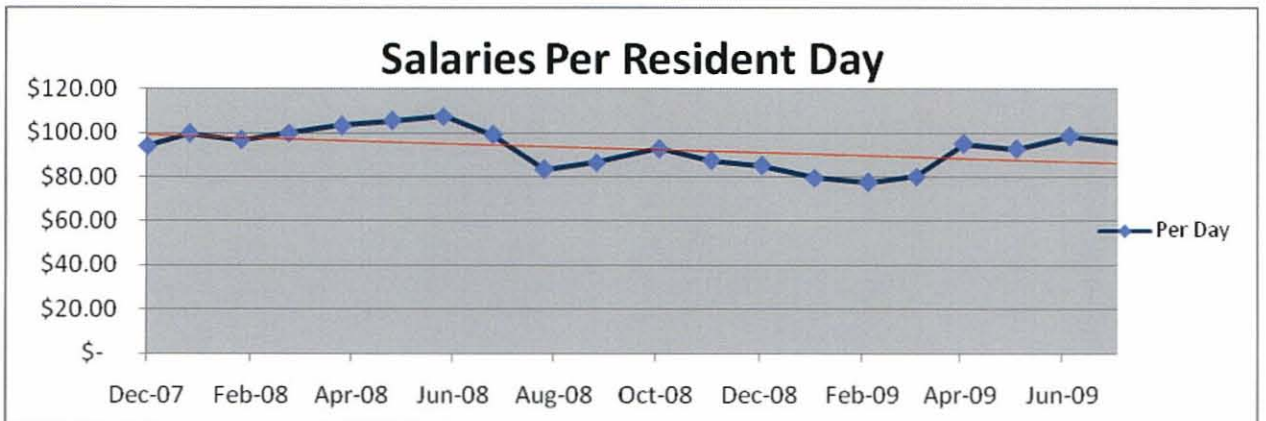
Salaries continue to be our biggest cost. The raw salary data, adjusted for the accrual method of accounting, is:

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	Apr-09	\$532,809
Aug 08	\$432,380	May-09	\$540,868
		June-09	\$528,199
		July-09	\$532,309

For the period January 08 through May 08, salaries averaged \$518,574. For the period June 08 through July 09, the figure was \$502,341 – a decrease of just over 3 percent. Graphically, the salary relationship is:



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, 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 and we have experienced some recent drops which have been sobering. The Medicare A trend line has flattened; this program is totally dependent upon hospital referrals; there is nothing unusual about this. We are witnessing wide swings in revenues by payer and lack consistency.

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. July was forecast to be a challenging month for cash, and it was. We came through it but would like to have much more cash.



To: Board of Directors  
Champaign County Nursing Home

From: M. A. Scavotto  
Manager

Date: September 9, 2009

Re: Management Update

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

1. **Census:** July closed with census of 178.9. No surprise, revenue was low – very low. July closed at 179.8, not great and only a bit better than June. As I write this, CCNH is at 177; we had been running 180-185 for the past few weeks.
2. **Operations:** The Management Report that accompanies this Board mailing contains the report for June and July.

The MDI conversion is has been accomplished; CCNH staff continues to load d-base information into the system, which effort should be completed by the end of September. August should represent the first month of full financials.

CCNH needs to make much more progress in the quality of its communication with employees and of its documentation of employee disciplinary events. Over the years, for whatever reason, CCNH line managers were not held accountable for basic supervisory functions. That is changing. Management training is taking place more frequently. We will have a draft policy manual in place within a few weeks, and that should establish a baseline for expectations. Of course, the collective bargaining agreement has been in place for years and has served as a *de facto* policy manual. Our policy needs are greater than the CBA.

CCNH representatives are following up with Carle on medical direction. I have heard from several of you regarding the proposed agreement and appreciate your support in this endeavor.

HFS has announced its intention of restructuring the IGT. We continue to work on developing a political coalition to help us negotiate with HFS. The State will make every effort to pay County homes as little as it can. MPA's Scott Gima is heading up this effort.

We continue to learn new information from CMS in Washington. Everything we see is that Medicare reimbursement will be re-allocated among new RUG classifications. The implication is that we will work harder to maintain our current reimbursement. Moreover, all skilled facilities will need to embrace information systems management to a much higher degree than to which we have all been accustomed. There is every likelihood that administrative complexity will be increasing.

Regarding the involuntary discharge proceeding, CCNH won and the resident has been transferred. You have been keeping abreast of developments via the flash updates I have sent.

We have interviewed several candidates for the position of MDS Coordinator. This is a highly specialized function and it is extremely important. We literally cannot function without it. There is one potential candidate who is thinking over the job offer.

Carle and CCNH have agreed on a method of resolving the consolidated billing issue. The amount CCNH ends up paying should be in the \$35k range. The remaining issue involves determining the services to be paid. Accountants for both organizations have agreed to keep narrowing the differences on their lists of services rendered. This one is moving to resolution.

At Carle Hospital, we are still in discussions. There is disagreement over what services are actually owed, and that is a fundamental item that needs to get cleaned up. There was an initial meeting last week to move this settlement along.

Mark Holley's sessions about training nursing personnel in handling difficult situations need to be re-scheduled.

We will adjust our statistical reports to provide admissions and discharges.

3. **Employees:** The AFSCME deal has been ratified and put into effect.
4. **Public Image:** No update since last report.

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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.