



NURSING HOME BOARD OF DIRECTORS AGENDA

County of Champaign, Urbana, Illinois

Thursday, October 15, 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**
September 17, 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**
None
- IX. NEXT MEETING DATE & TIME**
 - a. November 12, 2009
- XII. ADJOURNMENT**

**Board of Directors
Champaign County Nursing Home
Urbana, Illinois
September 17, 2009**

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

Directors Absent/Excused: 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. A quorum was established.

3. Agenda

On motion by Anderson (second O'Shaughnessey) the agenda was approved (unanimous).

4. Approval of Minutes

On motion by Nudo (second Anderson) the minutes of the August 13, 2009 regular meeting were approved (unanimous).

5. Public Participation

Volunteer Coordinator Jim Hronik urged Nursing Board Directors to volunteer one hour per month.

6. Old Business

There was no old business.

7. New Business

a. Management Report

Scavotto reviewed the operating results for June and July. June experienced significant revenue write-downs related to bad debts; going forward, we should expect bad debts to

be handled on a more frequent, hopefully monthly, basis. A large factor in bad debts was related to hospice and which represented a work-around from the old accounting system. Revenues were recorded at the alternate Medicaid rate (the IGT level), while the facility receives 95 percent of the standard rate; the effect was to have over-stated Medicaid revenue. July's results were break-even, but significantly better than June's.

CCNH continues to experience wide revenue swings, notably between private pay and Medicare. Expenses are remaining under good control. As you will note in the management report narrative, agency expense for June and July were down by over \$90k in each month. Being able to hire and retain staff has allowed us to make real progress in dropping agency expenses.

The agreement for the CareWatch software has been received, reviewed and re-submitted to eHealthDataSolutions. There will be some coordination of activities and database population before the software is operational.

8. Other Business

There was no Other Business

9. Closed Session (1)

It was moved (Nudo) and seconded (Hirsbrunner) 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 8:00 pm with no action being taken.

10. Next Meeting Date

Thursday October 15, 2009, 6 pm.

11. Adjournment

The meeting adjourned at approximately 8:05 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: October 8, 2009

Re: Management Report

As I write this update, census is at 183; lately 180-184 has been CCNH's average; there have been days when we've dropped below this level but, for the most part, September has been steady. ADC for July was 179.8; August was 182.4.

There were 17 admissions and 15 discharges in August.

August's results reflect a small gain of about \$19k. Total revenues were about \$25k lower than July; expenses came in \$42k lower and that spread is what created the gain. Since May, CCNH has experienced wide swings in revenues. That phenomenon did not occur in August. I have listed the major payer classes below and you'll see right away that the changes between July and August were not significant:

| | Jul-09 | Aug-09 | Variance |
|-----------|---------------|---------------|-----------------|
| MedicareA | \$ 178,572 | \$198,262 | \$19,690 |
| MedicareB | \$73,677 | \$51,502 | \$(22,175) |
| Medicaid | \$537,788 | \$511,756 | \$(26,032) |
| Pvt Pay | \$ 464,582 | \$473,858 | \$9,275 |

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 |
| Aug | 182.4 |

There is no question that census is better than when we first 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 were 485 in August. In April, Medicare days totaled 540, 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. Despite the fact that the last three months have each experienced higher Medicare volumes, there is no question that CCNH is in a Medicare slump, as are all of the other area providers.

In August, Medicare A revenues were \$198k, a step up from July’s low point for the fiscal year. Nonetheless, we are still experiencing the significant downturn in hospital activity. Compare the results for Medicare A for the last four months versus the start of the fiscal year; we have been mired right around \$200k and haven’t been able to get back to earlier levels, which approximated \$400k.

Medicare A Revenues

| First 4 months | | Last 4 Months | |
|----------------|--------|---------------|--------|
| Dec | \$379k | May | \$211k |
| Jan-09 | \$396k | June | \$195k |
| Feb | \$313k | July | \$179k |
| Mar | \$308k | Aug | \$198k |

Medicare B fell to \$51k. Med B has been impossible to predict and continues to display wide swings and deserves a detailed review, which has commenced.

August’s private pay revenues were a record \$474k, which can only be considered great news.

Medicaid census was down 5 percent and so were the revenues (and associated IGT expense). The per diem for July and August has been running right around \$193. The following table shows CCNH’s experience over the last several 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% |
| Aug | \$511k | (5)% | 2652 | (5)% |

On the expense side, July's expenses were lower than any month since January, including February – a 28-day month. *August's expenses were lower than July's by \$42k making August's expense performance excellent.* Salaries, our biggest expense, were \$486k and were lower than every other month this fiscal year except for February. On a per day basis, salaries averaged \$86.03 which is among our better results for the year. *Contract agency costs reached a low of \$78k.*

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 | Aug-08 thru Aug-09 |
| Medicaid | 62% | 53.3% |
| Medicare | 9% | 11.1% |
| Pvt Pay | 29% | 35.6% |
| Totals | 100% | 100% |

From the standpoint of market position, CCNH's payer mix is headed in the right direction. Simply stated, we need more Medicare.

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. August was up a little to \$409.

For the five months ended August 2009, the results of operations are posted below.

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

| | Apr-09 | May-09 | Jun-09 | Jul-09 | Aug-09 |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Medicare A | \$205,982 | \$210,630 | \$195,208 | \$178,572 | \$198,262 |
| Medicare B | \$106,523 | \$98,508 | \$138,659 | \$73,677 | \$ 1,502 |
| Medicaid | \$633,986 | \$596,395 | \$497,700 | \$537,788 | \$511,756 |
| Pvt Pay | \$324,167 | \$377,069 | \$275,305 | \$464,582 | \$473,858 |
| Adult Day- Private | \$7,824 | \$5,386 | \$5,870 | \$5,826 | \$5,085 |
| Adult Day-TXX | \$11,390 | \$10,074 | \$11,432 | \$13,050 | \$11,716 |
| Miscellaneous | \$55,613 | \$25,533 | \$ 29,453 | \$17,353 | \$13,461 |
| Property Tax | \$78,902 | \$78,902 | \$78,902 | \$78,902 | \$78,902 |
| | | | | | |
| All Revenues | \$1,424,387 | \$1,402,498 | \$1,232,528 | \$1,369,750 | \$1,344,541 |
| | | | | | |
| All Expenses | \$1,428,267 | \$1,432,439 | \$1,381,788 | \$1,367,604 | \$1,325,796 |
| | | | | | |
| Net Income/(Loss) | \$ (3,880) | \$(29,941) | \$(149,260) | \$ 2,145 | \$18,746 |
| | | | | | |
| Census | 5608 | 5846 | 5369 | 5575 | 5654 |
| Change | | 4.2% | -8.2% | 3.8% | 1.4% |
| ADC | 186.9 | 194.9 | 178.9 | 179.8 | 182.4 |
| Change | | 4.3% | -8.2% | 0.5% | 1.4% |
| | | | | | |
| FTE Pay Period Ending | 197.8 | 201.1 | 199.0 | 203.3 | 185.5 |
| | | | 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 \$1.273 million. August was a bit lower at \$1.252 million.

Cash position at August 31 was very tight at \$368k. Current cash at October 7 is \$1.092 million.

The following graphs provide a comparative statement of position for CCNH through August 2009. I expect to have a good idea of September'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.)

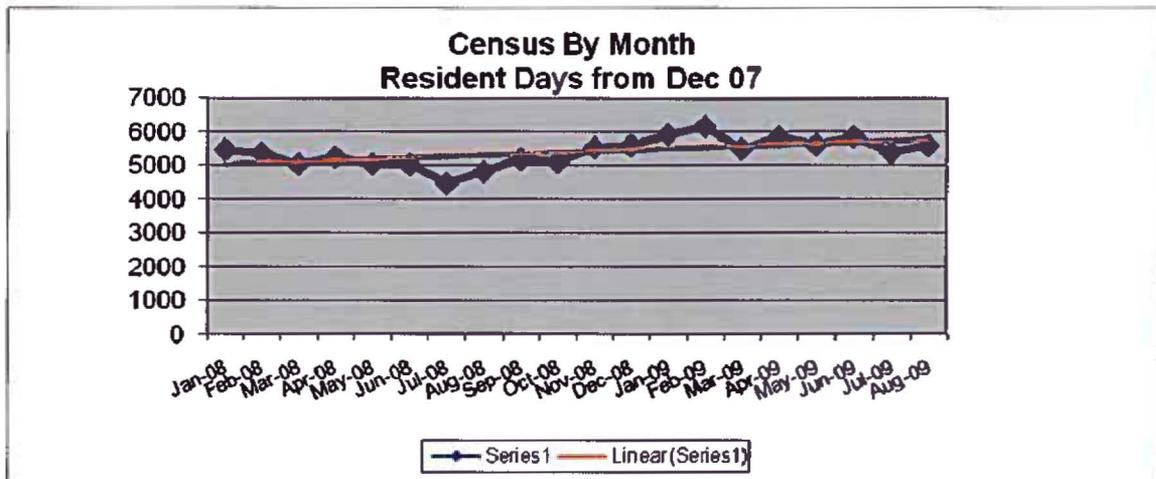
Census

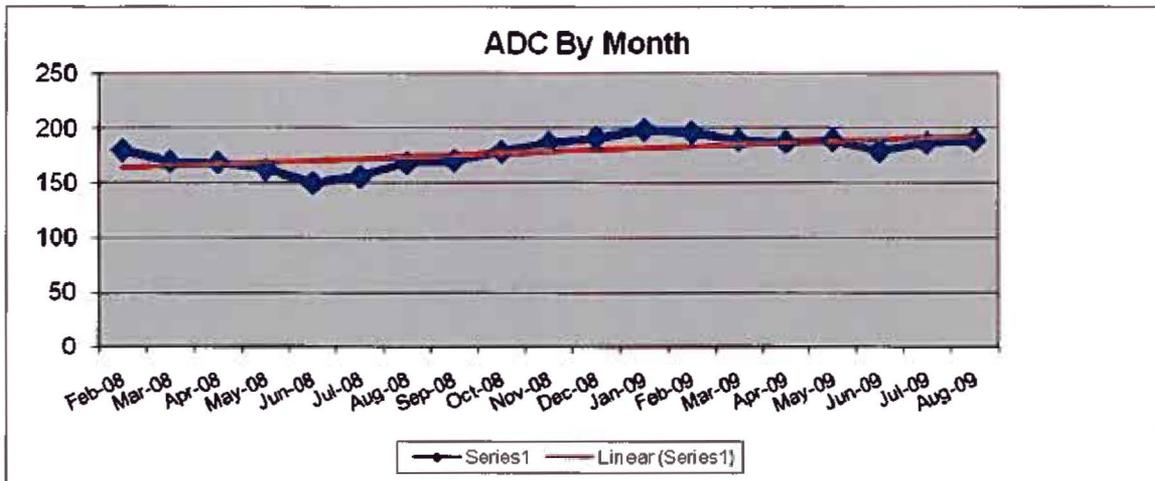
Census continues to receive a lot of attention. Our target of 208 has proven to be elusive. So much of our volume is hospital-generated and both Carle and Provena are experiencing wide swings in occupancy. We know that other homes are also experiencing lower census.

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 |
| Aug-09 | 2517 | 2652 | 485 | 5654 |





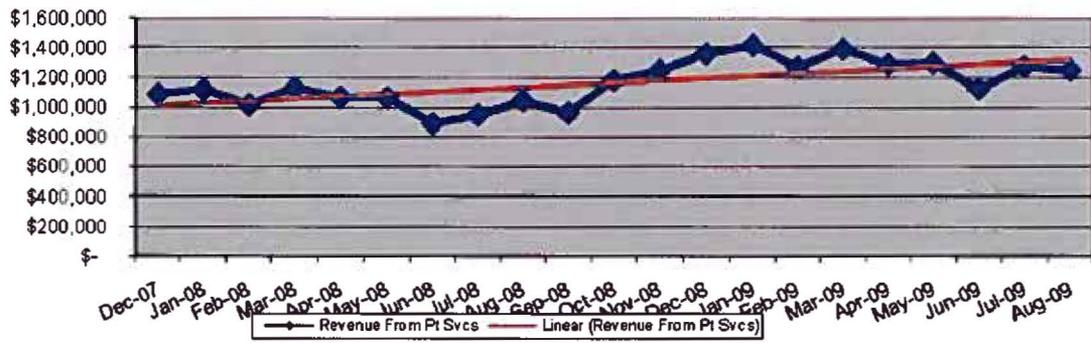
Revenues

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, July, and August but the thing we need most is census.

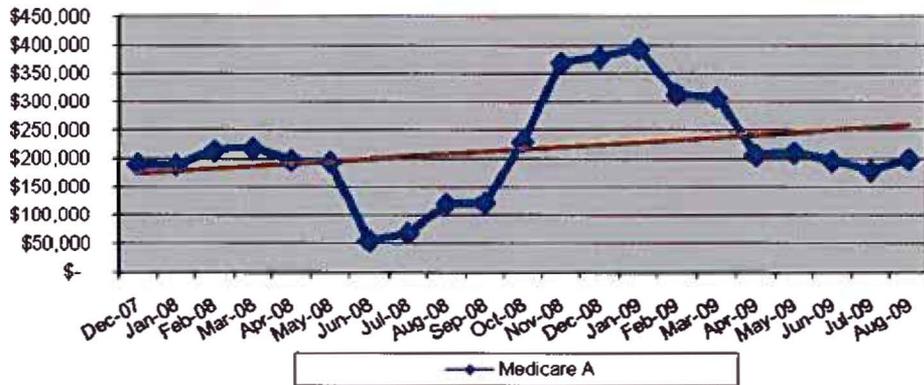
The Medicare per diem is a critical factor in building a better revenue base and we have significant improvements to make in our performance. The graph indicates that CCNH's Medicare per diem was at acceptable levels prior to June 2008 at roughly \$400. The per diem dropped precipitously in June 08 when 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 09 dropped to \$381 and May was even lower at \$367. Performance rebounded with June coming in at \$493 (a record), July at \$404, and August at \$408. The trend line in Medicare A remains positive. Also, take a look at the chart for Part B revenue; this classification continues to defy classification.

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. August was lower still. The last two months of Private Pay were very strong with August at a record level.

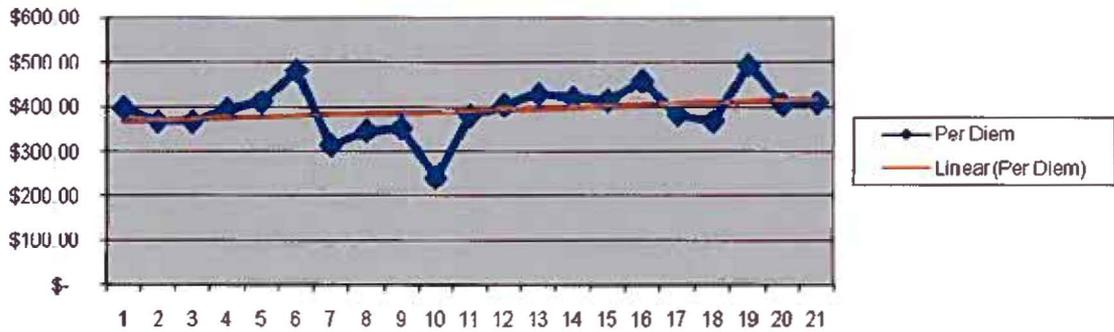
Revenue From Pt Svcs By Month



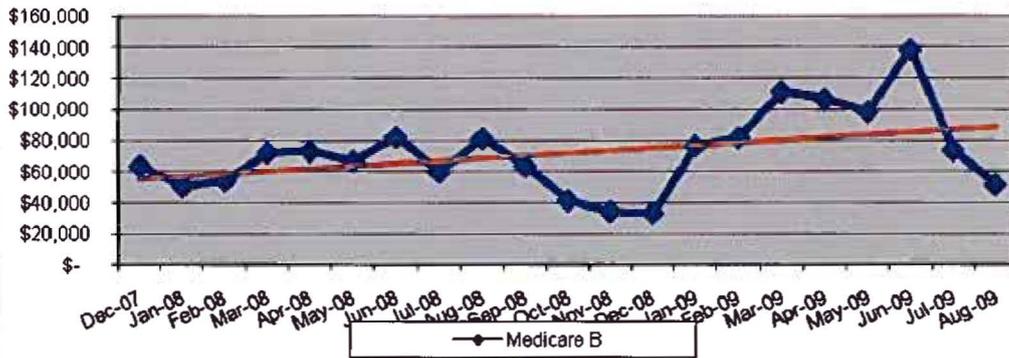
Medicare A Revenue By Month



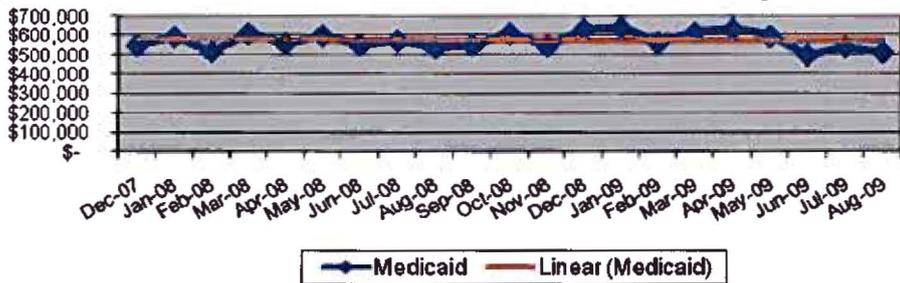
Medicare A Per Diem By Month



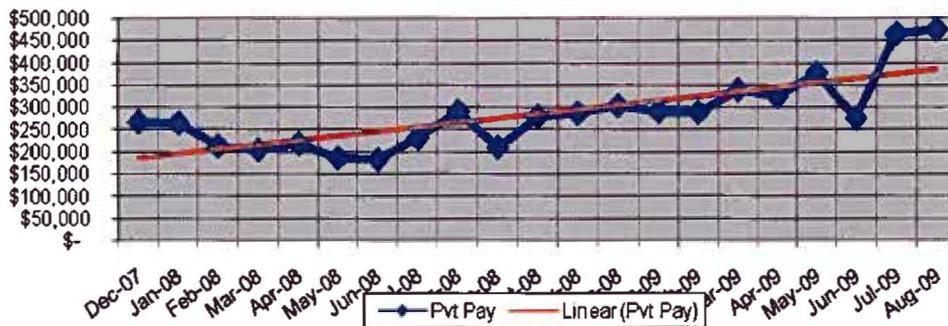
Medicare B Revenue by Month



Medicaid Revenues by Month



Pvt Pay Revenues by Month



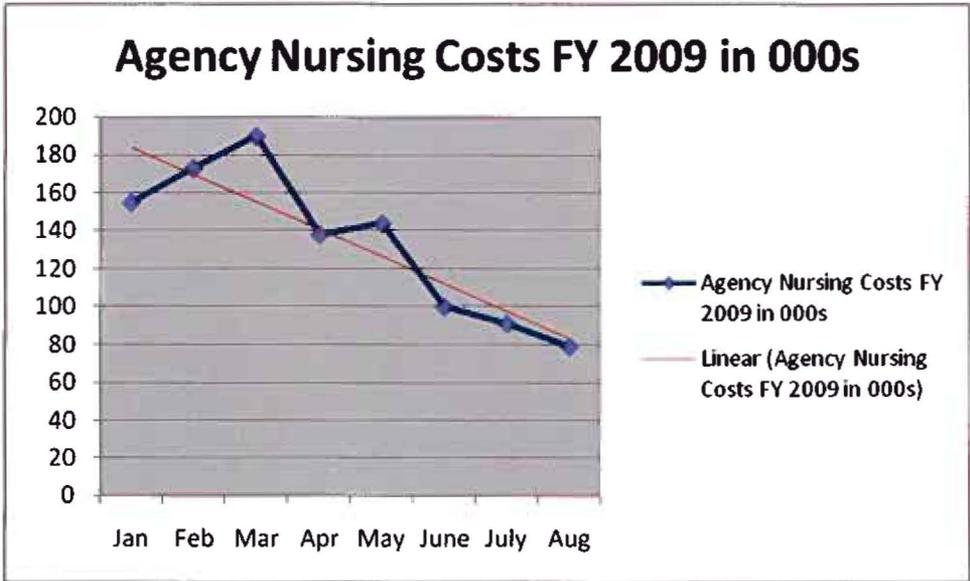
All Revenues By Month



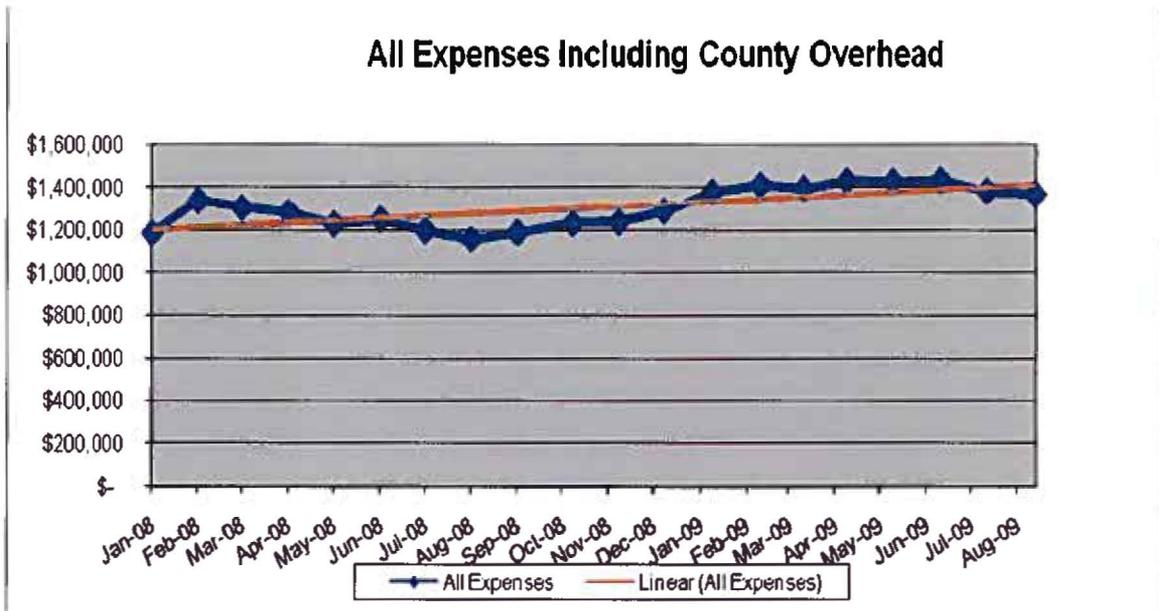
Expenses

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, 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. In August, we were at \$79k.



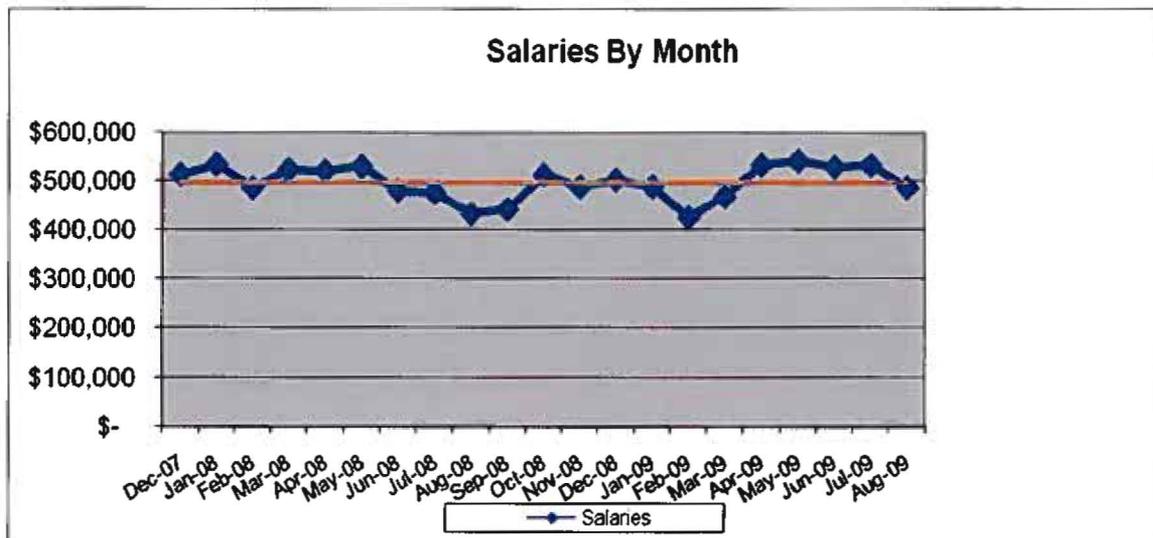
With only a few exceptions, expenses were within reasonable limits.



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 |
| | | Aug-09 | \$486,386 |

For the period January 08 through May 08, salaries averaged \$518,574. For the current fiscal year, CCNH is averaging \$501k per month – drop of 3.3 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 *per day*, 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. We witnessed wide swings in revenues by payer and lack consistency. Hopefully, August reflects a return to stability, but there is no assurance beyond the census level and payer mix. For September, the census level has remained in the 180s with a few exceptions and Medicare volumes have not increased.

Overall, 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. Currently, Accounts Payables are between 90 and 120 days. FICA and IMRF are paid thru April, which is behind our objective of being current on these obligations.

To: Board of Directors
Champaign County Nursing Home

From: M. A. Scavotto
Manager

Date: October 8, 2009

Re: Management Update

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

1. **Census:** August closed with census of 182.4. Revenue was slightly below July; expenses were down a bit more. As I write this, CCNH is at 183; we have been running 180-184 for the past few weeks.
2. **Operations:** The Management Report that accompanies this Board mailing contains the report for August.

The August statements were not generated on MDI as planned. I am disappointed with this result. We are functioning smoothly in the business office, however, and that's a plus.

The agreement with eHealthDataSolutions, a/k/a CareWatch, has been reviewed by both sides and is in the final stage of development. The annual license cost is about \$4k plus \$3+k for training in the first year. We'll be operational on this project in the near future.

The architect's estimate of total project costs for required replacement smoke barriers is \$85k. This is a best guess and the project will need to be bid. Our most pressing concern is cash management. The construction time on this is a long three months.

The Quality Improvement Initiative has begun. This is not the same quality program that Chuck has introduced for clinical services. Think of it more in terms of resident-centered care or of a program designed to re-design the work processes to enhance the life of each resident. So far there have been three meetings with the management design team. This project is going to take several months to plan effectively; measures need to be simple, easily understood, and achievable. Once we are ready to move this project to the next stage of development, we'll give you a presentation and demonstration.

CCNH representatives have had a follow-up meeting with Carle regarding medical direction. We have not heard back from Carle on the form of agreement that we submitted.

Things are moving on the restructuring of the IGT. At this juncture, it looks like there is no way that HFS will make the deadlines it has established. MPA, with the help of several County Executives and Board members, is trying to line up political power; without it, the County homes will get run over. I think we are making progress. Also, some HFS staffers now recognize that, under the original HFS proposal, certain County homes would see less reimbursement; they did not have that realization until recently –like last Friday.

We recently engaged well-known dementia consultant Stu Gaines in a review of the CCNH program. There is a lot of work to do, but the market opportunity is certainly there. The biggest issues are the hiring of a full-time dementia manager and creating a better dementia culture at CCNH. The position of dementia manager has been difficult to fill. Realistically, no significant programmatic changes can be made without a manager.

More dementia: The Central Illinois chapter of the national Alzheimer's Association will present Memory Loss 101, featuring speaker Robert Baker. The date is Wednesday, November 18, 4 pm. The program is in conjunction with CCNH's Memory Loss Support Group and is made possible by a donation from a former Garden View resident. If you can attend, I am sure you'll find it rewarding as we try to do better working with residents and families who are coping from this cruel disease.

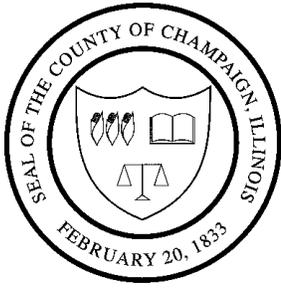
The position of MDS Coordinator has been filled. We have an open position in food service, i.e., assistant manager. We will be engaging a consulting dietitian to get is through this interim period.

Recently, the Chicago Tribune ran a series of stories about nursing homes. CCNH has checked its procedures and is now performing the full criminal background check on all admissions.

It appears that CCNH will soon receive as many as 30 trees. The trees will make a big, most welcome improvement in the landscape. Thank, Alan, and all others who helped plow the road on this one!

3. **Employees:** Performance Improvement Plans have reappeared at CCNH. First introduced in 2005, PIPs are being utilized in very specific cases where job performance needs to be better. Regarding another issue that is important to all of us, we are very close to implementing improved hiring procedures for employee screening and testing.
4. **Public Image:** No update since 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.



NURSING HOME BOARD OF DIRECTORS ADDENDUM

County of Champaign, Urbana, Illinois

Thursday, October 15, 2009 – 6:00pm

In-service Classroom, Champaign County Nursing Home
500 S. Art Bartell Road, Urbana

ITEM

VIII. CLOSED SESSION

- a. Closed session pursuant to 5 ILCS 120/2(c)1 to consider the employment, compensation, discipline, performance, or dismissal of an employee