



NURSING HOME BOARD OF DIRECTORS AGENDA

County of Champaign, Urbana, Illinois
Thursday, January 14, 2010 - 6:00pm

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

CHAIR:

DIRECTORS:

Charles Lansford

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

November 12, 2009

Closed Session - November 12, 2009

V.

PUBLIC PARTICIPATION

VI.

OLD BUSINESS

None

VII.

NEW BUSINESS

a. Election of Directors

b. Management Report (Scavotto)

VIII. OTHER BUSINESS

None

IX. CLOSED SESSION

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

X. NEXT MEETING DATE & TIME

a. February 11, 2010

XII. ADJOURNMENT

**Board of Directors
Champaign County Nursing Home
Urbana, Illinois
November 12, 2009**

Directors Present: Czajkowski, Hirsbrunner, Anderson, Lansford, O'Shaughnessey

Directors Absent/Excused: Nudo, Holley

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 & Addendum

On motion by Anderson (second O'Shaughnessey) the agenda and addendum were approved (unanimous).

4. Approval of Minutes

On motion by Anderson (second Czajkowski), the Board approved the minutes of October 15, 2009. Minutes of the October 15, 2009 Closed Session were approved (motion Czajkowski, second O'Shaughnessey, unanimous).

5. Public Participation

The League of Women Voters distributed the latest directory of Who's Who in Government.

6. Old Business

There was no old business.

7. New Business

a. Management Report

Scavotto reviewed the operating results for September. CCNH suffered from a huge

decrease in Private Pay revenues from prior months. A detailed review of September's payer mix statistics showed a drop of 361 Private Pay days, 198 of which were attributable to conversions from Private Pay to Medicaid. The remaining difference equates to a drop of 5.2 Private Pay residents each calendar day. Expenses reflected the impact of approximately \$94k of extraordinary items; these items represented expenses incurred for retro salary and benefit increases associated with the collective bargaining agreement, the correction of payroll expense from prior months, and agency expenses for August that were not expensed correctly in August.

Scavotto gave a short review of the re-structuring currently under way with the IGT program. The former alternate rate methodology is being replaced with the Standard Rate (which all homes receive) plus Certified Costs (representing County overhead). The purpose of the IGT is to take advantage of additional Federal Medicaid dollars available to County homes; the strategy issue is negotiating the split of these additional Federal dollars with State HFS. The current proposal is a split of 25 percent, which is inadequate as it leaves several County homes as a loss position. CCNH is currently benefiting from increased reimbursement of approximately \$7 per resident day under the Standard Rate.

b.) Closed session (1)

It was moved (Anderson) and seconded (Hirsbrunner) that the Board enter into closed session pursuant to 5 ILCS120/2(c) 2 to consider salary schedules for one or more classes of employees.

Busey called the roll. The Board entered closed session at 6:40 pm and exited at 6:47 pm.

c) Adoption of Salary Administration Plan for Nursing Home Non-Bargaining Employees for FY 2010

It was moved (Hirsbrunner) and seconded (Czajkowski) that non-bargaining unit employees receive an increase of 1 percent, which increase is to be based on performance as reflected on employee annual evaluations. (Unanimous)

8. Other Business

There was no Other Business

9. Closed Session (2)

It was moved (Anderson) and seconded (O'Shaughnessey) 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 7:51 pm with no action being taken.

10. Next Meeting Date

Thursday January 14, 2010, 6 pm.

11. Adjournment

The meeting adjourned at approximately 8 pm (motion Hirsbrunner), second O'Shaughnessey (unanimous)

Respectfully submitted

Michael A. Scavotto
Recording Secretary

To: Board of Directors
Champaign County Nursing Home

From: M.A. Scavotto
Manager

Date: January 6, 2010

Re: Management Report

As I write this update, census is at 184; census reached a low of 172 over the Christmas holiday season, but was back up quickly. As you will see from the statistics (below), we had more admits than discharges in December.

Here's what's happened on admissions and discharges.

	Oct-09	Nov-09	Dec-09
Admits			
Pvt Pay/Insurance	4	9	16
Medicare A	12	12	14
Medicaid	1	0	1
Total	17	21	31
Discharges			
Pvt Pay/Insurance	8	15	15
Medicare A	10	6	8
Medicaid	2	4	2
Total	20	25	25

November's results reflect a gain of \$77k. Included in this amount is \$45k in Medicaid representing the Federal portion of CCNH's certified costs for October and November; in other words, we really did not lose money in October, and didn't make as much in November – but both months were profitable.

***Special Note:** the situation with Medicaid is still fluid. We know what the Standard Rate is for the 4th quarter 09. We do not know what the final Federal portion will be under an intergovernmental arrangement; we know that State HFS is adamantly opposed to increasing the proposed 25 percent; so, we'll have to see if County homes can generate any political power.*

Keep in mind that managing under the Standard Rate is new to CCNH and requires a new set of skills, which we are learning. The Standard Rate changes quarterly. We know

that the rate for the next quarter will be less. Medicaid revenues will be much less consistent under this new program.

Private Pay revenues were down by \$12k over October; the per diem was \$175, which is on the low side but realistic. Below, I have listed the major payer classes below and you'll see right away that Medicaid revenues are up while other revenue classes are down:

	Oct-09	Nov-09	variance
Med A	\$ 226,202	\$ 217,712	\$ (8,490)
Med B	\$ 84,619	\$ 77,796	\$ (6,823)
Medicaid	\$ 382,392	\$ 416,057	\$ 33,665
Pvt Pay	\$ 377,729	\$ 364,342	\$ (13,387)

Expenses were down from October by over \$40k. However, agency usage spiked to \$69k from October's low of \$52k. Nonetheless, total nursing expenses were below October's level.

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

**CCNH Average Daily Census
FY 2009, Dec thru November
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
Sept	181.5
Oct	183
Nov	179.2

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. Census remains the critical factor in improving CCNH's position.

Medicare days were 528 in October and dropped to 448 in November. 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. Here’s the pattern:

Dec	884	June	396
Jan 09	938	July	442
Feb	755	Aug	485
Mar	675	Sep	470
Apr	540	Oct	528
May	573	Nov	448

In October, Medicare A revenues were \$226k, a step up from September’s \$196k. November’s revenues were \$218k. July thru September were the low points 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

Dec	\$379k
Jan-09	\$396k
Feb	\$313k
Mar	\$308k

Last 6 Months

May	\$211k
June	\$195k
July	\$179k
Aug	\$198k
Sep	\$196k
Oct	\$226k
Nov	\$218k

Volumes at the hospitals are up and CCNH is rebuilding its admission function. Referrals have been up and Carle is reporting that previous problems have been resolved.

Medicare B fell to \$44k in September; in October we were up significantly to \$85k. November dropped a bit to \$78k, but that is still up over July- September. Med B has been impossible to predict and continues to display wide swings. Thankfully, we have been staying on the upside.

August’s private pay revenues were a record \$474k. In September, they tanked to \$320k; October was up by \$59k to \$378k. In November, private pay revenues dropped a bit to 365k. The per diem was \$175 – not great, but acceptable.

In October, Medicaid census jumped 12 percent, which was a huge increase; revenues were lower because of the discontinuation of the IGT expense. However, the increase in Medicaid days cannot be considered favorable from a financial perspective. In November, Medicaid returned to lower levels, but it still represents CCNH's largest source of revenue. 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)%
Sep	\$561k	9.8%	2818	6.3%
Oct*	\$382k	(32)%	3160	12.1%
Nov	\$416	(8.9)%	2837	(10.2)%

**Medicaid revenues now recorded at net.*

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	Sep-08 thru Nov-09
Medicaid	62%	53.2%
Medicare	9%	10.3%
Pvt Pay	29%	36.5%
Totals	100%	100%

From the standpoint of market position, CCNH's payer mix is headed in the right direction. We need more Medicare and some predictability for Private Pay and Medicaid.

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 September, we posted \$416 and \$428 for October. November soared to \$486.

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

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

	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09
Medicare A	\$178,572	\$198,262	\$195,592	\$226,202	\$217,712
Medicare B	\$73,677	\$51,502	\$43,799	\$84,619	\$77,796
Medicaid	\$537,788	\$511,756	\$561,197	\$382,392	\$416,057
Pvt Pay	\$464,582	\$473,858	\$319,169	\$377,729	\$365,342
Adult Day-Private	\$5,826	\$5,085	\$9,642	\$8,731	\$6,225
Adult Day-TXX	\$13,050	\$11,716	\$11,226	\$11,731	\$11,760
Miscellaneous	\$17,353	\$13,461	\$9,711	\$7,798	\$56,362
Property Tax	\$78,902	\$78,902	\$78,902	\$78,902	\$73,034
All Revenues	\$1,369,750	\$1,344,541	\$1,229,237	\$1,178,104	\$1,224,288
All Expenses	\$1,367,604	\$1,325,796	\$1,407,752	\$1,189,130	\$1,147,424
Net Income/(Loss)	\$2,145	\$18,746	\$(178,514)	\$(11,026)	\$76,864
Census	5575	5654	5444	5673	5377
Change		1.4%	-3.7%	4.2%	-5.2%
ADC	179.8	182.4	181.5	183.0	179.2
Change		1.4%	-0.5%	0.8%	-2.1%
FTE	203.3	185.5	184.5	191.7	186.0

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. September took a noticeable dive to \$1.155 million, a decline of \$(97)k. October was lower yet; however, the elimination of the IGT appears to be the cause as Medicaid days were higher in October. Considering November's lower census, patient service revenues were on a par with October; keep in mind that the \$45k representing the Federal portion of certified costs includes an amount for October.

Cash position remains tight and this should come as no surprise as census targets have not materialized. At December 30, cash was at \$820k. We project cash at \$719k at January 31 2010.

The following graphs provide a comparative statement of position for CCNH through October 2009.

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.)

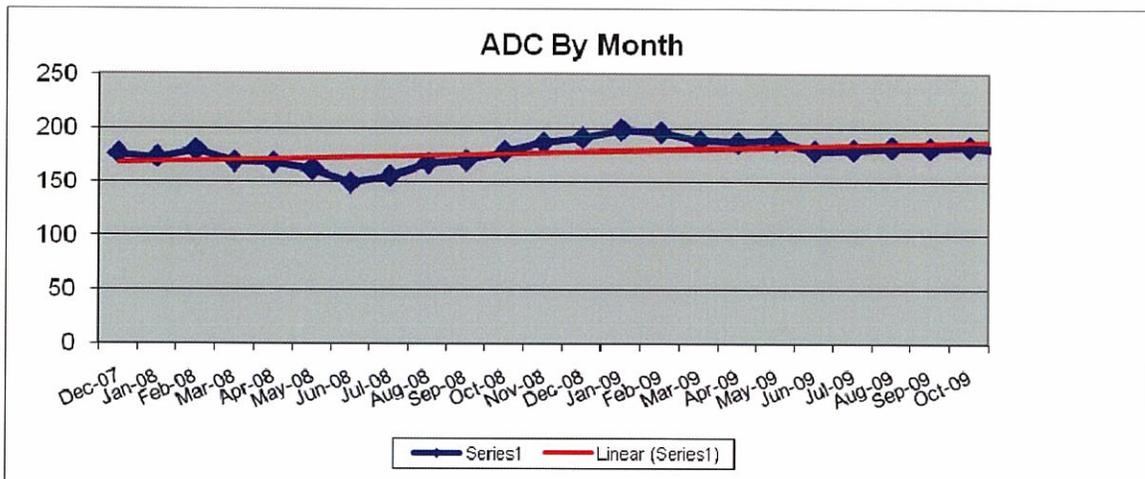
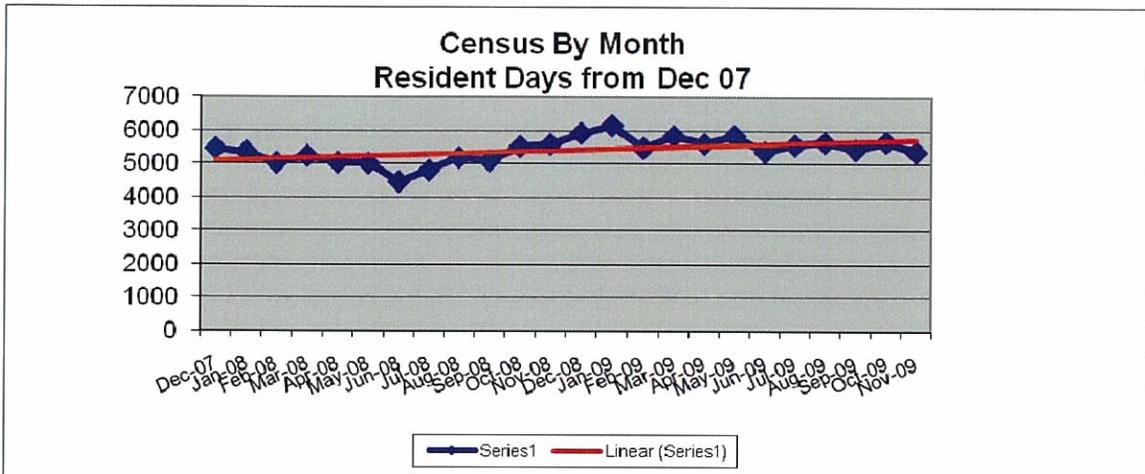
Census

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. Lately, however, activity at the hospitals has increased, but CCNH's census has continued to languish in the low 180s.

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.

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
Sep-09	2156	2818	470	5444
Oct-09	1985	3160	528	5673
Nov-09	2092	2837	448	5377



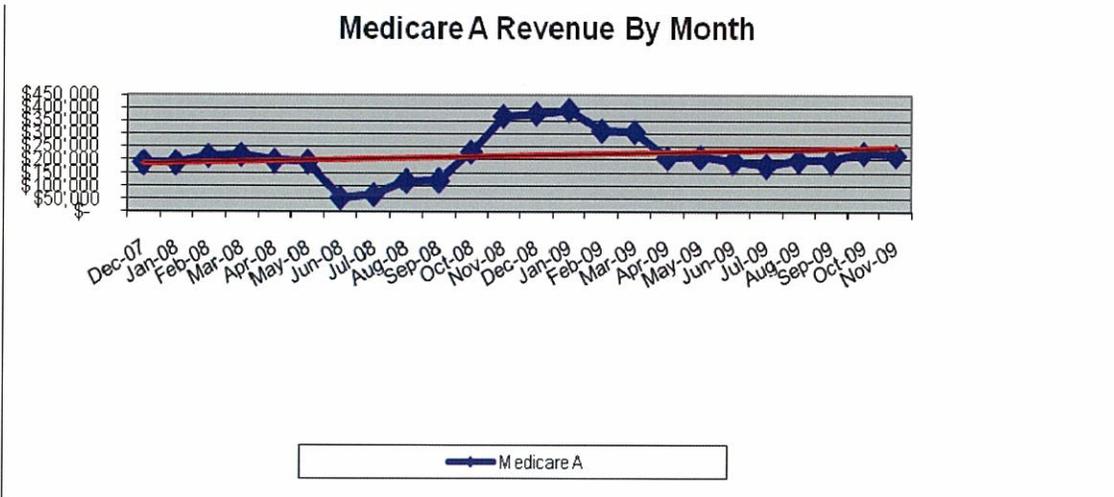
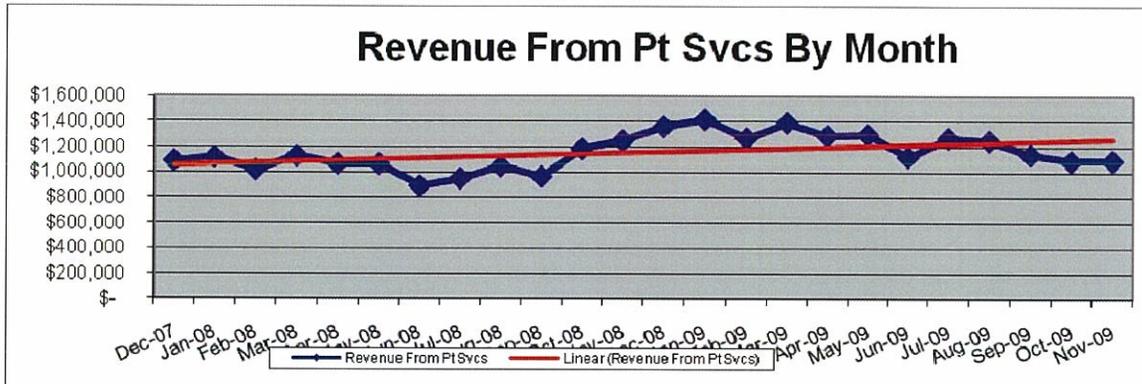
Revenues

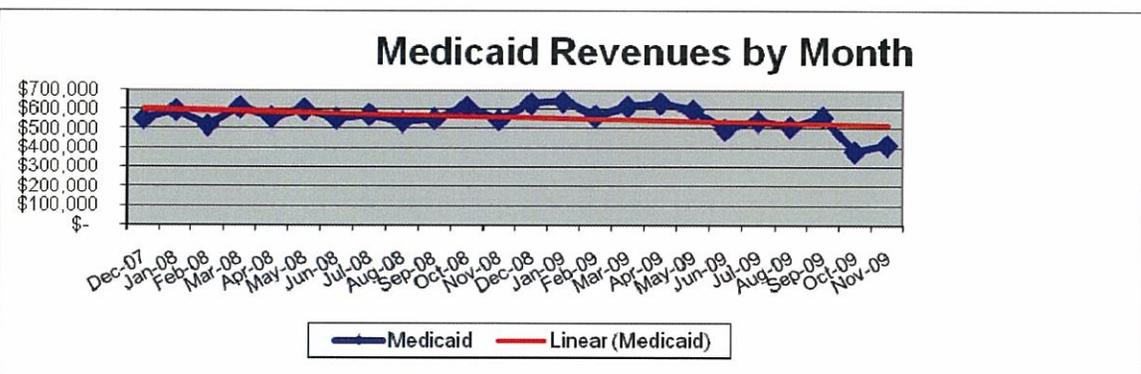
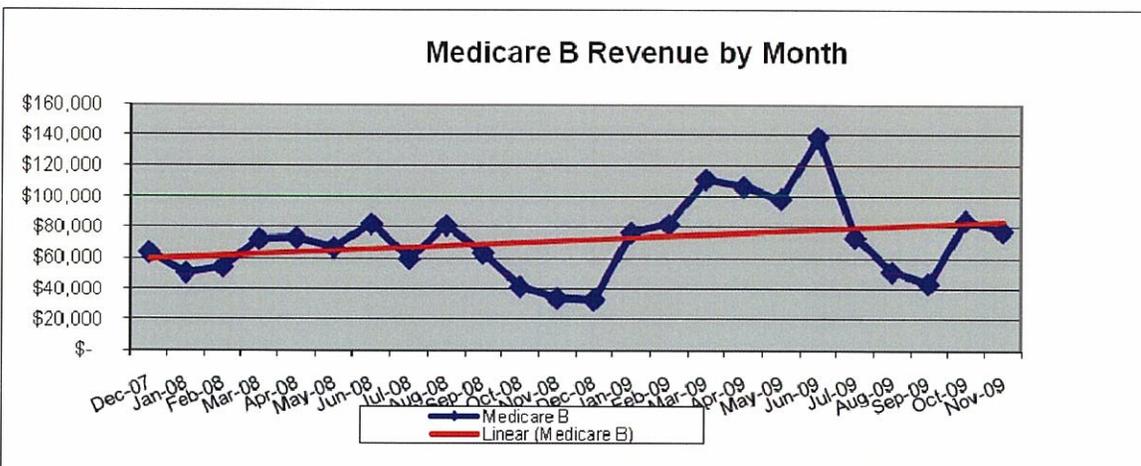
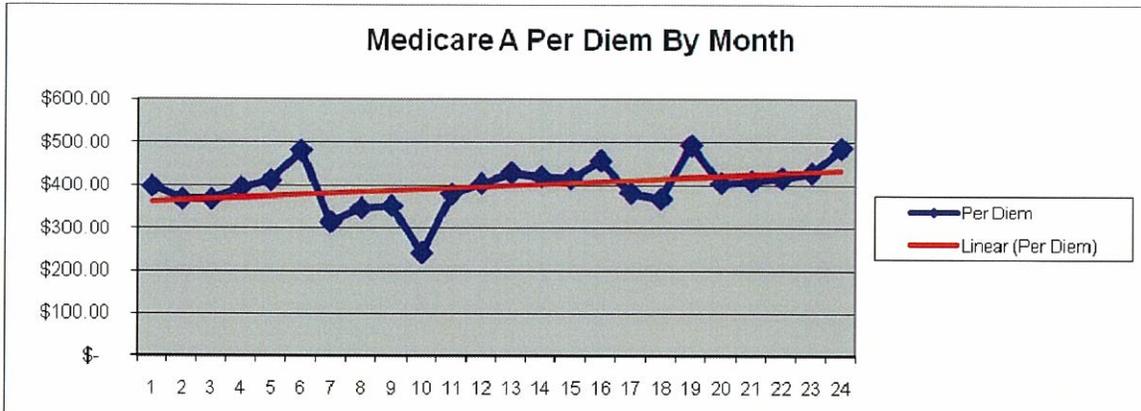
Since April, we have witnessed a sharp drop in Medicare A. The obvious cause is lower discharge activity at the local hospitals. For December thru March, Medicare A was over \$300k per month; since April, Medicare A revenues are down considerably – over \$100k per month in June and July. The thing we need most is census.

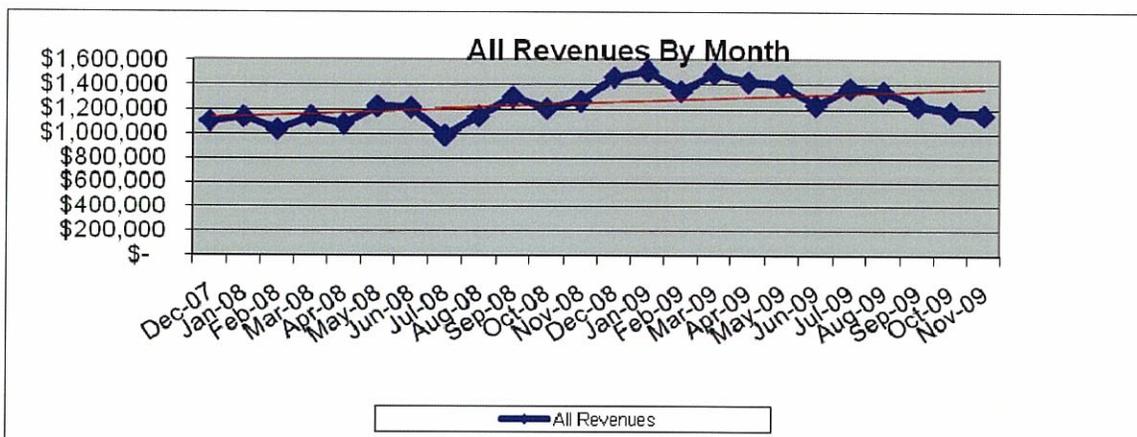
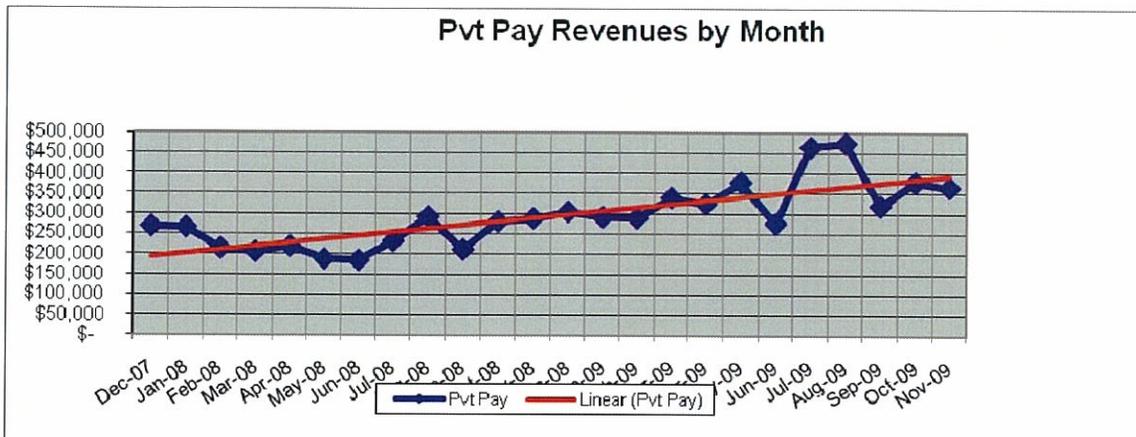
The Medicare per diem is a critical factor in building a better revenue base and we have significant improvements to make in our performance. The graph indicates that CCNH's Medicare per diem was at acceptable levels prior to June 2008 at roughly \$400. The per diem dropped precipitously in June 08 when 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,

August at \$408, September at \$416, and October at \$428. In November, the per diem result (\$486) was outstanding. The trend line in Medicare A remains positive, but barely so. 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, but September experienced an increase to \$561k – the highest level since May 09. Private Pay revenues for July and August were very strong with August at a record level; September saw a huge decline of over \$(140)k. Interestingly, Private Pay rebounded in October despite a drop in days, indicating that CCNH benefited from higher Private Pay per diem.

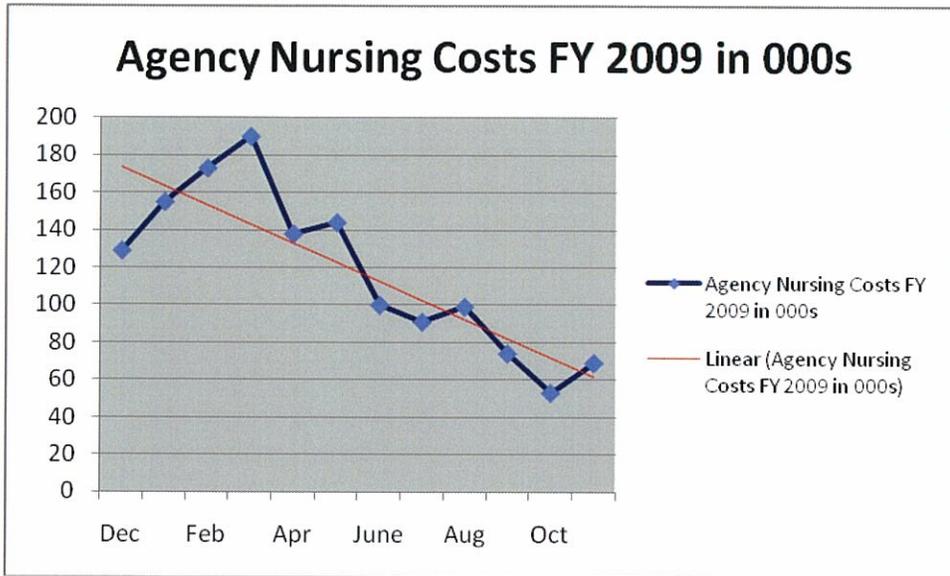






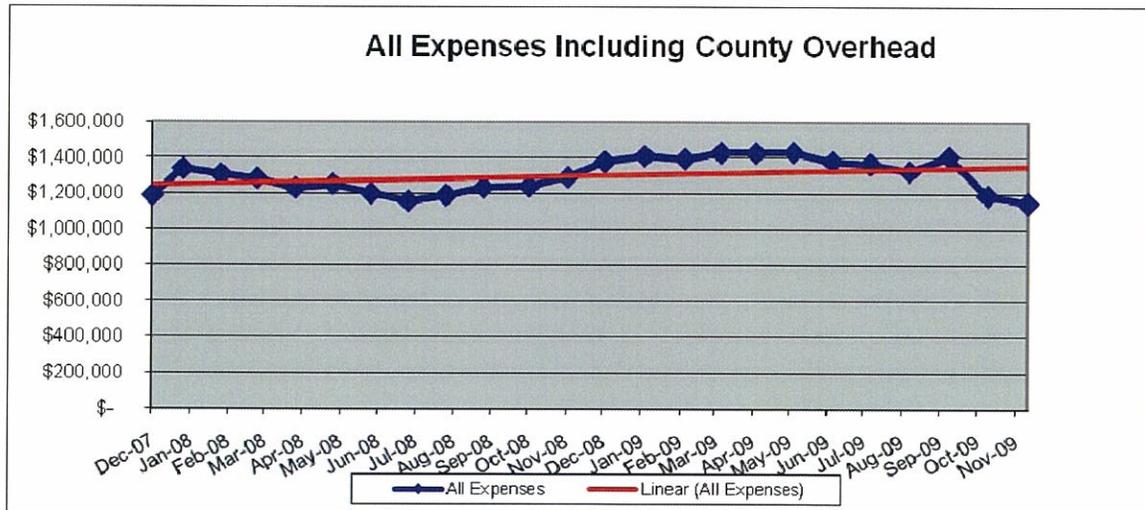
Expenses

CCNH's expense control continues to be pretty solid. We continue to do much better retaining staff and, as a result, agency expense continues to be held in check. For October, agency expense came in at \$52k; November spiked to \$69k. However, November expenses were about \$40k lower than October and, in Nursing, expenses were also lower than October by about \$3k.



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.

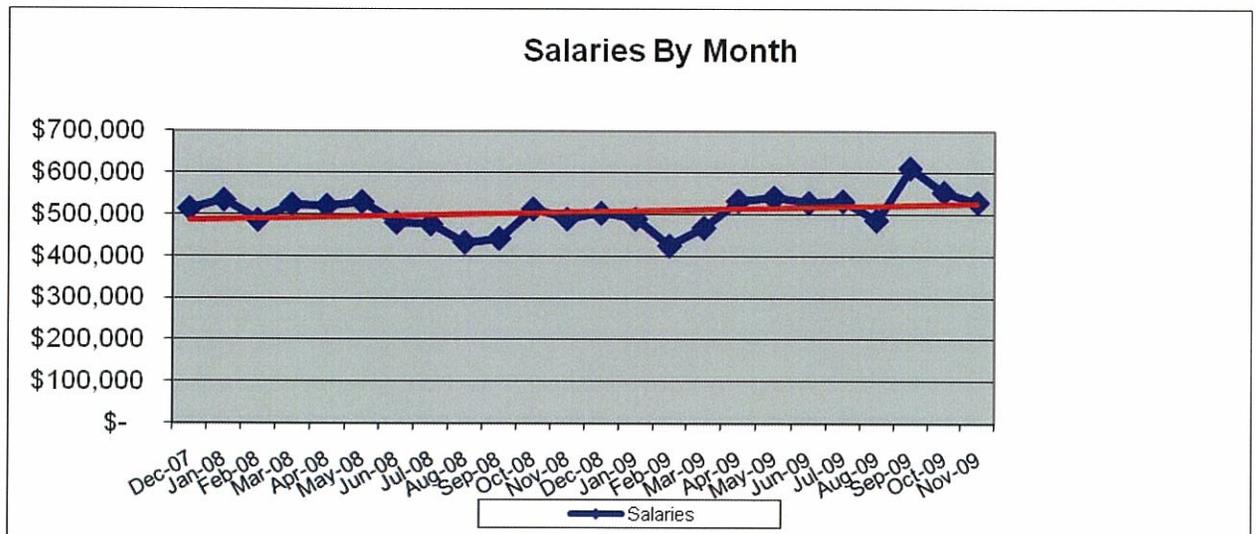
With only a few exceptions, expenses were within reasonable limits.



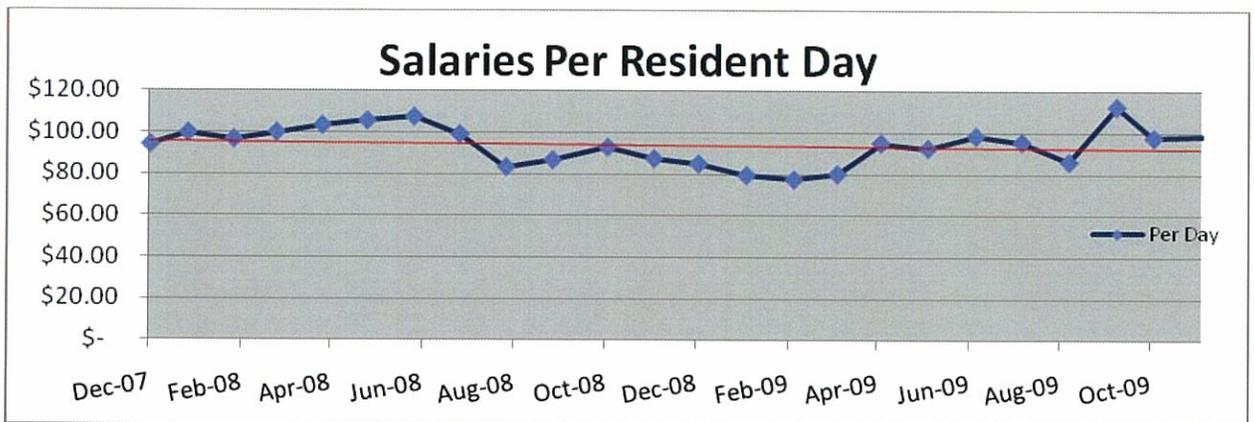
Salaries continue to be our biggest cost. The raw salary data, adjusted for the accrual method of accounting, is:

Month	Salaries	Month	Salaries
Dec 07	\$513,472	Dec 08	\$502,788
Jan 08	\$533,987	Jan-09	\$489,013
Feb 08	\$485,964	Feb-09	\$424,740
Mar 08	\$522,836	Mar-09	\$467,998
Apr 08	\$520,501	Apr-09	\$532,809
May 08	\$529,580	May-09	\$540,868
Jun 08	\$480,220	June-09	\$528,199
Jul 08	\$476,495	July-09	\$532,309
Aug 08	\$432,380	Aug-09	\$486,386
Sep 08	\$441,682	Sep-09	\$612,111
Oct 08	\$512,667	Oct-09	\$553,784
Nov 08	\$488,561	Nov-09	\$529,584

For the period January 08 through May 08, salaries averaged \$518,574. For the current fiscal year, CCNH is averaging \$517k per month. As we drop CCNH's dependency on agency staff, our own staffing costs are increasing. Graphically, the salary relationship is presented below.



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. September's extraordinary labor items also served to increase our costs, but we retreated back to more normal levels in October.



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. CCNH took a big hit in Private Pay in September, closing down 361 days over August. October rebounded with an increase in Medicare A and B volumes, a higher Medicaid rate plus additional Medicaid volume, and a higher Private Pay per diem. November essentially mirrored October.

Think census and think Medicare. These are the key ingredients to a better position for CCNH.

Preliminary figures indicate that CCNH closed fiscal 2009 at a loss of \$(106)k. It's possible that this estimate will change, but it should change by a material amount. As a point of comparison, we closed last fiscal year (11-30-08) with a loss of \$(1.8) million. I think it is safe to say we have made some progress.

To: Board of Directors
Champaign County Nursing Home

From: M. A. Scavotto
Manager

Date: January 6, 2010

Re: Management Update

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

1. **Census:** As expected, census tanked briefly over the holidays reaching a low of 172. It has since rebuilt to the 183-185 range. Obviously, we can expect lower revenue in December. On the plus side, CCNH is handling admissions well. The Carle folks have provided very positive feedback and, lately, admission have outnumbered discharges.
2. **Operations:** The Management Report that accompanies this Board mailing contains the report for October.

For November, the Income Statement was generated from the MDI system and is included with this mailing. The Balance sheet is not ready yet. One point on the revenue chart of accounts: they strike me as awkward and not the usual nomenclature one attaches to healthcare revenues. It's a workable situation and one that may represent more of an accommodation than an effort to make revenues hard to decipher.

The MDI Matrix clinical package is functioning. The care planning process has been streamlined and quarterly updates should be much faster. All of this is a long-winded way of saying that the care plan team can be more productive.

The staff continues to work with the CareWatch application. This software app is not the easiest to use but, with practice, we can take advantage of lots of information. For

example, the Medicaid Standard Rate rewards services rendered in restorative nursing and in activities of daily living. CareWatch allows us to zero in on those particulars. If we keep this up day in and day out, CCNH's Medicaid rate will improve. (Next quarter, however, it looks like we'll be taking a dip – perhaps \$3 per day.)

Dr. Jigar Takar is on board. He has made two visits to CCNH and Andrew reports that he is getting familiar with the staff. There appear to be issues at Carle regarding the assignment of patients to Dr. Takar and we'll be looking to resolve that shortly. Our goal is to get as many CCNH residents assigned to Takar as we can.

Dementia Director Robert Baker started Monday January 4. He is responsible for everything related to dementia...delivery of care, relationships with service departments, staff training, public education and family support groups. This is not an easy undertaking! Let's allow Robert a few months to get acclimated to CCNH; then we'll get him before the Board.

We still have management vacancies to fill in Social Services and in Marketing/Admissions. There is a promising candidate scheduled for an interview next week for Marketing/Admissions.

We have prepared a draft policy manual that updates personnel and administrative policies as well as coordinates the manual with the collective bargaining agreement. Andrew and his team are in the process of reviewing it for accuracy. The next step will be to coordinate this effort with the broader County policies.

December's update on the IGT:

At the Peoria meeting of December 16, it was obvious that HFS had made a good effort to recognize the needs of Counties. Expedited payment does not seem to be an issue, meaning that Counties will continue to be paid on a timely basis. Some Counties that were previously "under water" surfaced, but we are not certain what drove these Counties to better reimbursement. As a result, we will be analyzing the rate structure for all County homes – or at least as many as we can get information on. HFS is unwilling to grant additional consideration on the Federal portion; HFS continues to offer 25 percent and we are asking for 50 percent. Based on HFS comments, getting past the 25 percent was going to take a Herculean effort – and the Counties indicated that they were willing to engage.

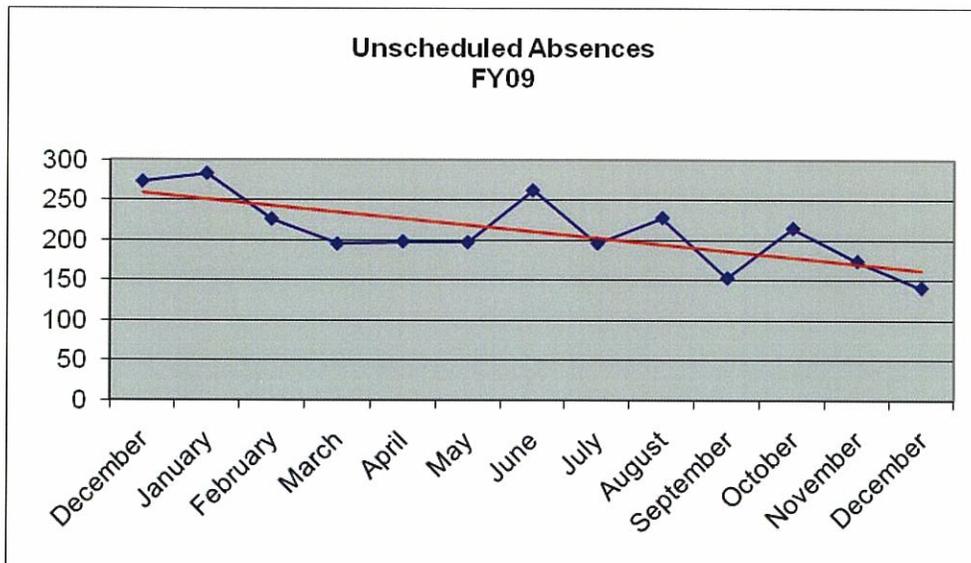
We await word of a third meeting in Peoria on January 14. The situation remains unchanged from December.

The Oliver Group remains an outstanding matter and we are awaiting follow-up from the State's Attorney on the agreement.

Last month's update reported that "CCNH's annual licensure survey was significantly improved over part years and that is welcome news to all of us." This month, CCNH's Plan of Correction for the annual licensure survey was accepted, meaning that there will not be a re-visit. At this time, our only open item is the construction of the fire/smoke barriers (in progress).

3. **Employees:** The Bonus Bucks auction and Christmas Tea events were a success – actually, quite a success. The management team is gathering the requisite release forms so it can post pictures not only around the home, but also on the website. (The News-Gazette was invited to cover these events, but declined.)

Alan always asks about productivity. How are we doing with reducing unscheduled absences. Here's a summary through December:



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.