NURSING HOME BOARD OF DIRECTORS AGENDA

County of Champaign, Urbana, Illinois
Thursday, May 6, 2010 – 6:00pm

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

CHAIR: **Mary Ellen O'Shaughnessey**
DIRECTORS: **Jan Anderson, Peter Czajkowski, Jason Hirsbrunner, Lashunda Hambrick, Alan Nudo, Charles Lansford**

ITEM

I. **CALL TO ORDER**

II. **ROLL CALL**

III. **APPROVAL OF AGENDA/ADDENDUM**

IV. **APPROVAL OF MINUTES**
April 15, 2010
Closed Session – April 15, 2010

V. **PUBLIC PARTICIPATION**

VI. **OLD BUSINESS**

None

VII. **NEW BUSINESS**
a. IDPH Report (Buffenbarger & Noffke)
b. Management Report

VIII. **OTHER BUSINESS**

None

IX. **NEXT MEETING DATE & TIME**
a. June 17, 2010

XII. **ADJOURNMENT**

Board of Directors
Champaign County Nursing Home
Urbana, Illinois
April 15, 2010

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

Directors Absent/Excused:

Also Present: Busey, Scavotto, Buffenbarger, K.Noffke

1. Call to Order

The meeting was called to order at 6:00pm by Chair O'Shaugnessey

2. Roll Call

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

3. Agenda & Addendum

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

4. Approval of Minutes

On motion by Anderson (second Nudo), the Board approved the open session minutes of March 11, 2010. On motion by Lansford (second Nudo), the Board approved the closed session minutes of March 11, 2010.

5. Public Participation

There was no public participation.

6. Old Business

There was no old business.

7. New Business

a. IDPH Report

Buffenbarger and Noffke reported on the status of the recent IDPH survey with citations for Immediate Jeopardy and a secondary complaint alleging abuse and delayed response to resident call lights. Buffenbarger reviewed the findings of the first survey which resulted in a finding of Immediate Jeopardy and in remedies for deficient practices, primarily in the administration of Coumadin. Three financial remedies have been imposed on CCNH, culminating in a denial of payment for new admissions effective April 1, 2010. The denial payment applies to Medicaid and Medicare. The second complaint resulted in no additional remedies, but the concurrent survey window makes denial of payment a certainty. At this report date, the best case appears to be a denial of payment for a period of 15 days, impacting 17 admissions in April. Re-surveys are required in order to clear the findings; the surveyor has indicated that she will cover both surveys in one re-visit. Since the Plan of Correction has been submitted for the initial survey, Coumadin administration has been closely monitored and CCNH is in compliance. The second Plan of Correction will be submitted April 16.

b. Management Report

Activity Director Gail Shivers has accepted the position of dementia director.

CCNH staff have returned from training and will be implementing the predictive index.

The business office transition has gone smoothly with statements thru February being prepared quickly. The balance sheet will be ready in March and will accompany the income statement in future months. The system interface between CCNH and County Auditor remains an open matter.

The restructuring of the Intergovernmental Transfer is an open item with communication from HFS being sparse. It is likely that county homes will have one-on-one negotiations with HFS, an unfortunate outcome. CCNH is still recognizing Medicaid revenues that include the Federal portion of certified costs; however, no cash will be received until an Intergovernmental Agreement is signed between HFS and the Feds, first, and between HFS and CCNH, second.

Progress on objectives is behind expectations, largely due to the IDPH issues.

Financial results for January and February were presented. Based on census and mix data, the outlook for March is positive with April being negative because of the certainty of payment denial. Census for March was 193.9; CCNH has not experienced census this high since Jan and Feb of 2009. The significant features about March's census are that Medicaid volume was lower than in previous months while Medicare volume was up; Pvt Pay remained essentially the same. The combination of payer mix and volume creates an optimistic outlook for March financial results.

Payer Class	Sep 08 thru Feb 10 (Average)	Jan 2010	February 2010	March 2010
Medicaid	53.6%	49%	54%	48%
Medicare A	9.5%	11%	9%	13.2%
Pvt Pay	36.8%	40%	37%	38.8%
Avg Census		188.5	185.2	193.9
Gain (Loss)		$64k	$(15)k	Favorable??

8. Other Business

There was no Other Business

9. Closed Session

It was moved (Nudo) and seconded (Czajkowski) that the Board go into closed session pursuant to 5 ILCS 120/2 c 1 to consider collective negotiating matters between Champaign County and its employees or their representatives.

Busey called the roll, unanimous.

The Board emerged from closed session at 7:45 pm with no action being taken.

10. Next Meeting Date

Thursday May 6, 2010, 6 pm.

There was some discussion about meeting on May 6 since the May meeting will be so soon after the April meeting. Scavotto will poll the directors and report to Chair O'Shaughnessey.

11. Adjournment

Chair O'Shaughnessey declared meeting adjourned at approximately 7:50 pm.

Respectfully submitted

Michael A. Scavotto
Recording Secretary

To: Board of Directors
Champaign County Nursing Home

From: M.A. Scavotto
Manager

Date: April 30, 2010

Re: Management Report

As I write this update, census has softened from March's average of 192; census levels have been running from 188-192.

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

	Oct-09	Nov-09	Dec-09	Jan-010	Feb	Mar
Admits						
Pvt Pay/Insurance	4	9	12	8	10	17
Medicare A	12	12	18	16	6	23
Medicaid	1	0	1	1		1
Total	**17**	**21**	**31**	**25**	**16**	**41**
Discharges						
Pvt Pay/Insurance	8	15	11	13	17	13
Medicare A	10	6	11	7	5	6
Medicaid	2	4	4	1	1	1
Total	**20**	**25**	**26**	**21**	**23**	**20**

March's payer mix was 36 percent Private Pay, 50 percent Medicaid, and 13 percent Medicare. These percentages are slightly different from what I had estimated last month and the difference is likely due to bed-hold days or conversions from Pvt Pay to Medicaid.

March's results reflect a gain of $50k. Year-to-date, CCNH is reporting a small profit of $74k.

Private Pay revenues were excellent at $434k; December was better at $454k, so this gives you some perspective on how well we did in March. Our previous high was $474k

in August. In the table below, the basis is as a percent of patient service revenues:

	Dec 09	As Pct of Pt Revenue	Jan-10	As Pct of Pt Revenue	Feb-10	As Pct of Pt Revenue	Mar-10	As Pct of Pt Revenue
Medicare A	$210k	19%	$276k	24%	$164k	21%	$326k	27.4%
Medicaid	$377k	34%	$430K	37%	$376K	37%	$388k	32.7%
Pvt Pay	$454k	43%	$416k	36%	$392k	36%	$434k	36.4%

Because of the large increase in Medicare A revenue, March's revenue was excellent.

Expenses were in good shape compared to budget, coming in at $179k under budget. However, CCNH had a poor performance with agency usage and March's spike to $81k is being investigated.

Average daily census is showing signs of stabilizing. The recent history has been:

CCNH Average Daily Census
Dec 2008 thru Mar 2010
without bedholds

Dec	190.9	Aug	182.4
Jan 09	198.4	Sep	181.5
Feb	195.8	Oct	183
Mar	188.4	Nov	179.2
Apr	186.9	Dec	187.7
May	188.6	Jan-10	188.5
June	178.9	Feb	185.2
July	179.8	Mar	192.1

There is no question that census is better than when we first began the turnaround effort. If you start with August, it looks like CCNH is picking up some speed. CCNH is a large facility with high fixed cost load; as a result, it has a high break-even point and census remains the critical factor in improving CCNH's position.

Medicare days were 803 in March for an ADC of 25.9, including the Medicare Advantage days, which does not pay on a par with traditional Medicare. Based on CCNH's recent experience, March's Medicare A volume represents a spike, but one that we'll take willingly. Here's the pattern:

Dec	884	July	442	Feb 10	471
Jan 09	938	Aug	485	Mar	803
Feb	755	Sep	470		
Mar	675	Oct	528		
Apr	540	Nov	448		
May	573	Dec	451		
June	396	Jan 10	644		

March's Medicare A revenues snapped our slump; however, it is a real stretch to think that we can easily replicate March's performance. Compare the results for Medicare A for the last 10 months versus the start of last 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 10 Months**	
Dec	$379k	May 09	$211k
Jan-09	$396k	June	$195k
Feb	$313k	July	$179k
Mar	$308k	Aug	$198k
		Sep	$196k
		Oct	$226k
		Nov	$218k
		Dec	$209k
		Jan-10	$276k
		Feb	$208k
		Mar	$434k

Medicare B has been in the tank thanks to the implementation of the $1500 therapy caps. The caps have since been repealed. This year, the caps were repealed later than in previous years. Med B should pick up in April.

The Medicaid revenue pattern has been smoothing out. When looking over the table below, keep in mind that CCNH went to the Standard Rate on October 1, 2009:

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	$416k^	8.9%	2837	(10.2)%
Dec	$377k	(9.4)%	2937	3.5%
Jan 10	$430k	14%	2839	(3.3)%
Feb	$376k	(13)%	2788	(1.8)%
Mar	$389k	3.5%	2982	7%

**Medicaid revenues now recorded at net.*
^ Includes October's portion of certified costs

March's Medicaid revenues and days are out of synch because 183 Pvt Pay days converted to Medicaid status.

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 Mar-10
Medicaid	62%	52.5%
Medicare	9%	10.8%
Pvt Pay	29%	36.7%
Totals	**100%**	**100%**

We need more Medicare and some predictability for Private Pay and Medicaid.

The Medicare per diem has been consistently over $400. In January the per diem was $442; in February the figure was $428. In March, despite the high volume, the per diem dropped to $407. Medicare Advantage days were 16 percent of total Med A volume and dropped the per diem average.

For the four months ended March 2010, the results of operations are posted below.

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

	Dec-09	Jan-10	Feb-10	Mar-10
Medicare A	$209,875	$275,759	$208,224	$326,417
Medicare B	$39,154	$27,840	$32,779	$23,882
Medicaid	$377,223	$430,809	$376,710	$388,912
Pvt Pay	$454,765	$416,163	$347,717	$434,007
Adult Day-Private	$5,567	$6,209	$3,455	$4,666
Adult Day-TXX	$14,146	$8,943	$9,740	$13,108
Miscellaneous	$5,257	$6,881	$7,175	$7,002
Property Tax	$81,437	$80,973	$80,973	$80,973
All Revenues	$1,187,423	$1,253,577	$1,066,772	$1,278,967
All Expenses	$1,212,081	$1,189,086	$1,082,184	$1,228,928
Net Income/(Loss)	$(24,657)	$ 64,491	$(15,412)	$50,039
Census	5632	5845	5185	5956
Change		3.8%	(11.2)%	14.9%
ADC	187.7	188.5	185.2	192.1
Change		0.4%	(1.8)%	3.7%
FTE	194.5	184.0	184.0	182.6

Cash position remains tight and this should come as no surprise as census targets have not materialized. At March 31, cash was at $508k. We are projecting cash to be $727k at May 31.

The following graphs provide a comparative statement of position for CCNH through March 2010.

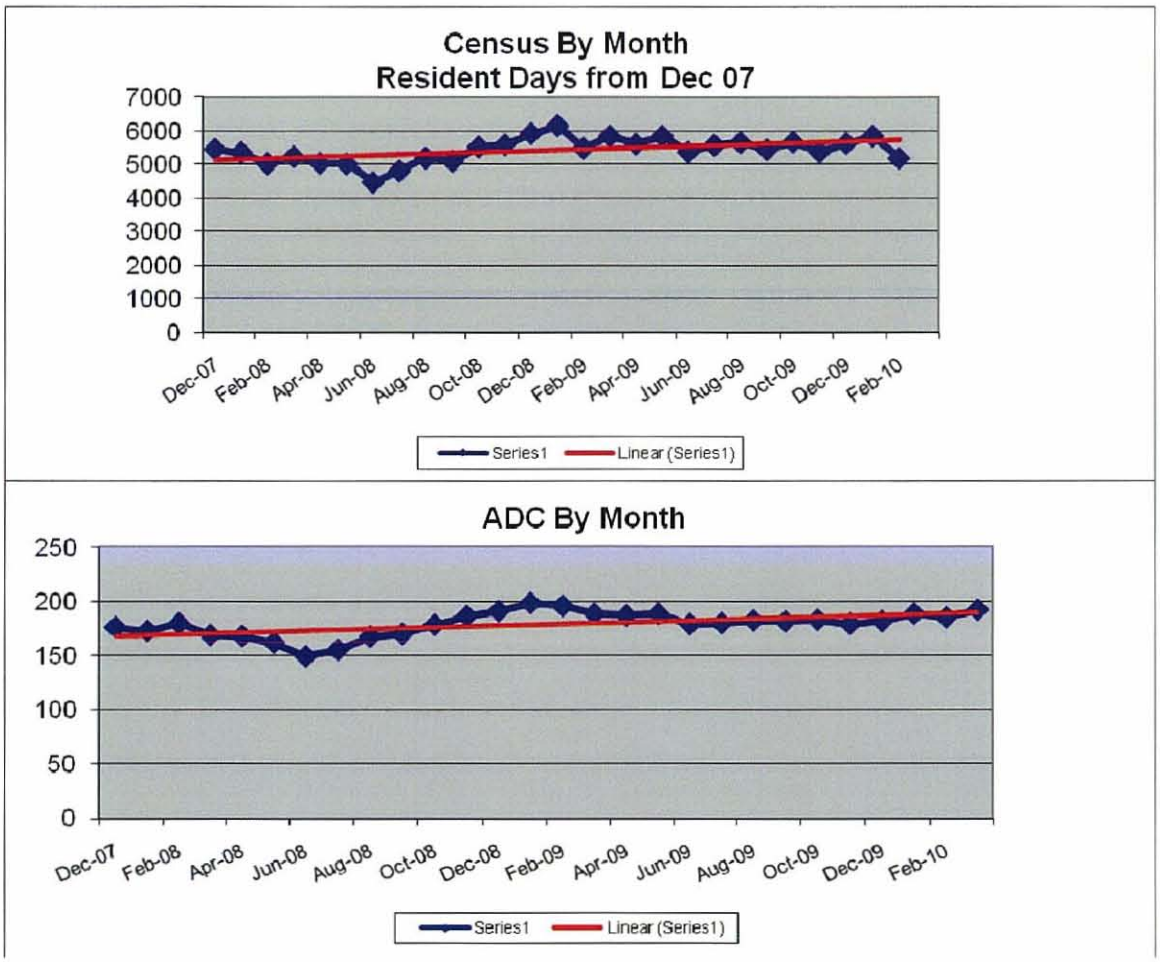
The solid line is a trend line for the displayed data and it should appear in red on your computers. (These graphs will display best when viewed on your screens.)

Census

Census continues to receive a lot of attention. Fiscal 2010 is off to a decent start with an ADC of 188.4 versus our target of 195. March has provided the strongest census this fiscal year with an ADC of 192.1.

Current Census by Payer by Month
(without bedholds)

Month	Pvt Pay	Medicaid	Medicare	Total
Aug -2008	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-2009	1906	3306	938	6150
Feb	1773	2955	755	5483
Mar	2102	3064	675	5841
Apr	2183	2885	540	5608
May	2332	2941	573	5846
June	2248	2725	396	5369
July	2342	2791	442	5575
Aug	2517	2652	485	5654
Sep	2156	2818	470	5444
Oct	1985	3160	528	5673
Nov	2092	2837	448	5377
Dec	2244	2937	451	5632
Jan-2010	2362	2839	644	5845
Feb	1926	2788	471	5185
Mar	2171	2982	803	5956



Revenues

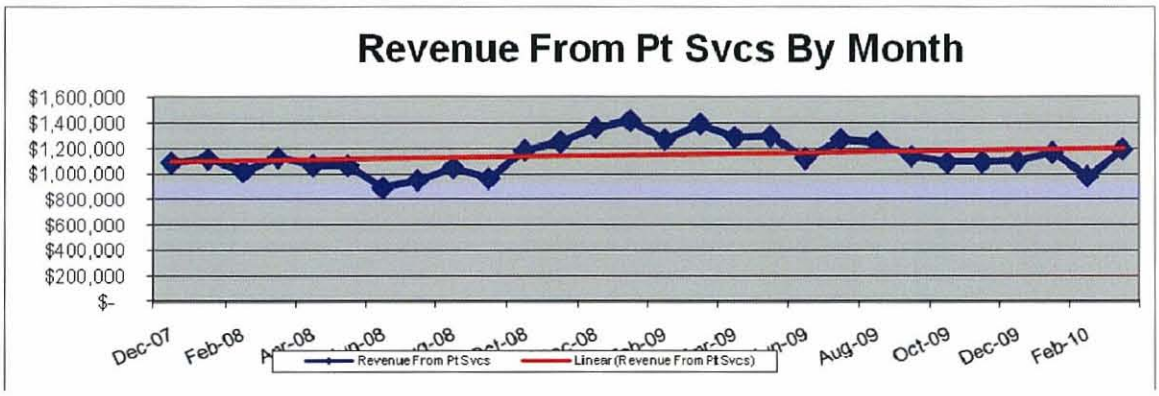
March's Medicare A activity reverses the sharp drop in Medicare volume that dates back to April 09. The obvious cause is lower discharge activity at the local hospitals. For December thru March, Medicare A was over $300k per month; since April, Medicare A revenues are down considerably – over $100k per month in June and July. The thing we need most is census and March's Med A revenue performance is an attestation to that point.

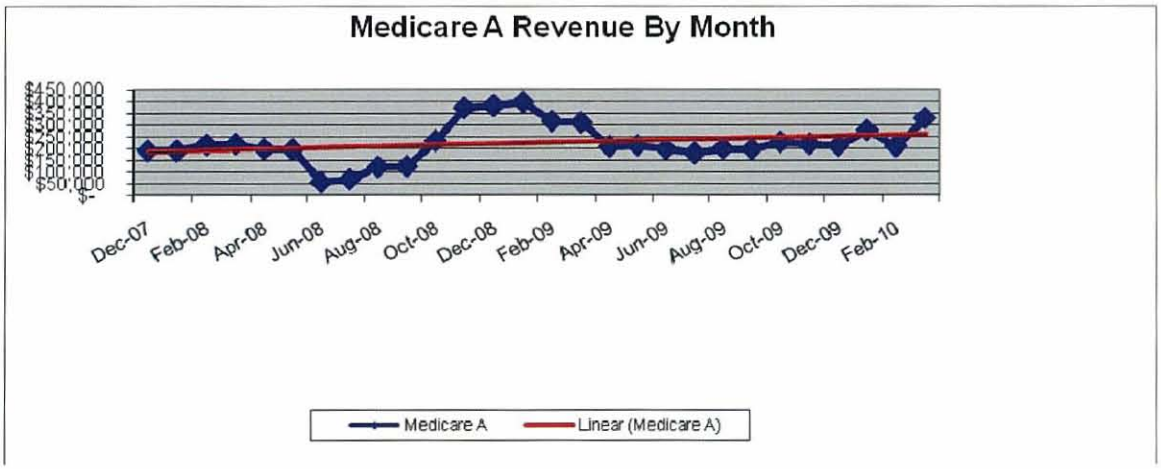
The Medicare per diem is a critical factor in building a better revenue base and we have significant improvements to make in our performance. For November and December, the per diem has been up - $486 and $465, respectively. January and February have followed suit with $442 and $428, respectively. March was disappointing at $407; as noted earlier, Medicare Advantage's per diem is considerably less than traditional Medicare; at approximately $375 per Advantage day, the overall average can drop fast.

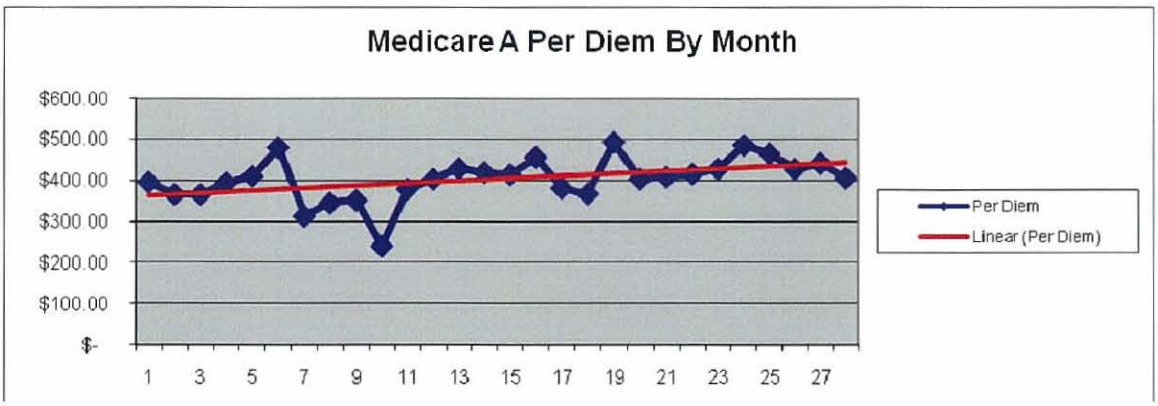
The trend line in Medicare A remains flat and that is a negative factor. Medicare census remains a critical ingredient to success and it also remains elusive. Also, take a look at

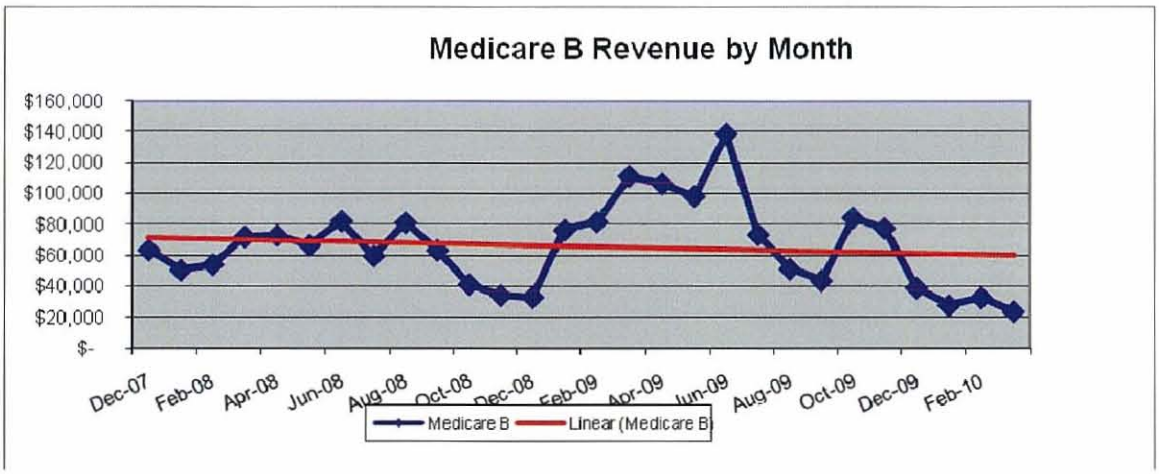
the chart for Part B revenue; this classification continues to defy classification. The imposition of therapy caps played a huge role in reducing Med B revenues. However, the recent removal of the therapy caps should allow us to provide more Part B services in April and in ensuing months.

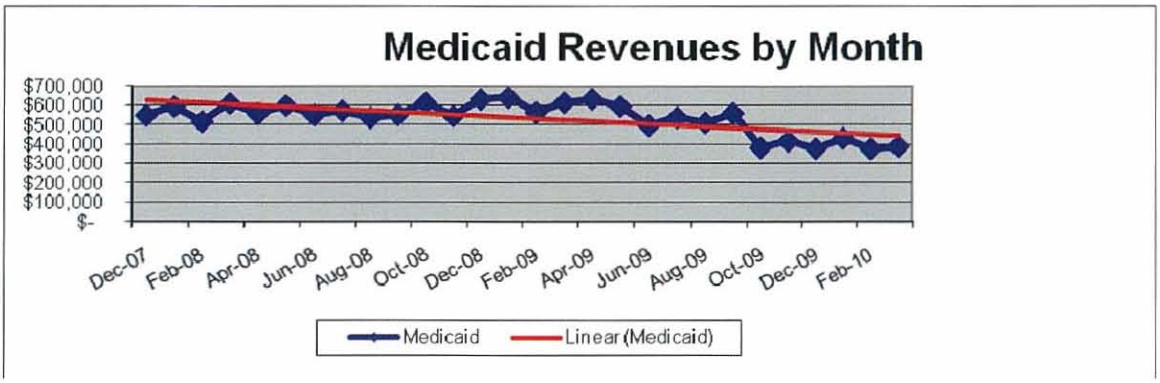
For the most part, Medicaid revenues continue to be stable. You will see from the graph that Medicaid revenues dived with the elimination of the old IGT program; however, our expenses also were reduced significantly. Generally, Medicaid revenues have been stable with some exceptions caused by conversions from Private Pay to Medicaid.

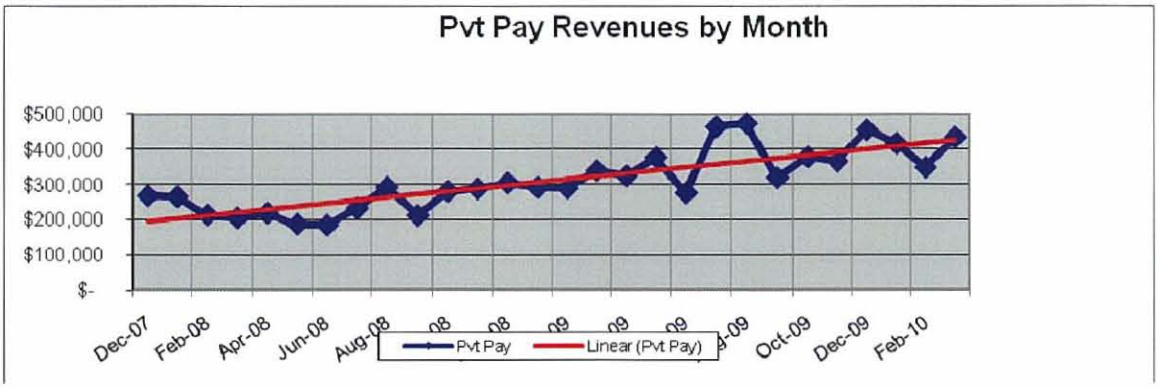


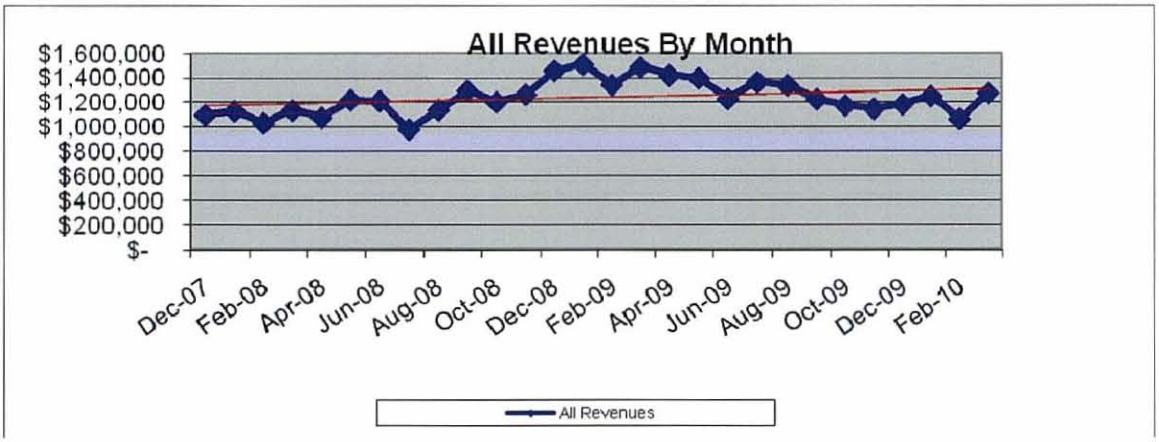



Medicare A Per Diem By Month
$600.00
$500.00
$400.00
$300.00
$200.00
$100.00
$-
1 3 5 7 9 11 13 15 17 19 21 23 25 27
Per Diem
Linear (Per Diem)


Medicare B Revenue by Month
$160,000
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$-
Dec-07 Feb-08 Apr-08 Jun-08 Aug-08 Oct-08 Dec-08 Feb-09 Apr-09 Jun-09 Aug-09 Oct-09 Dec-09 Feb-10
Medicare B
Linear (Medicare B)

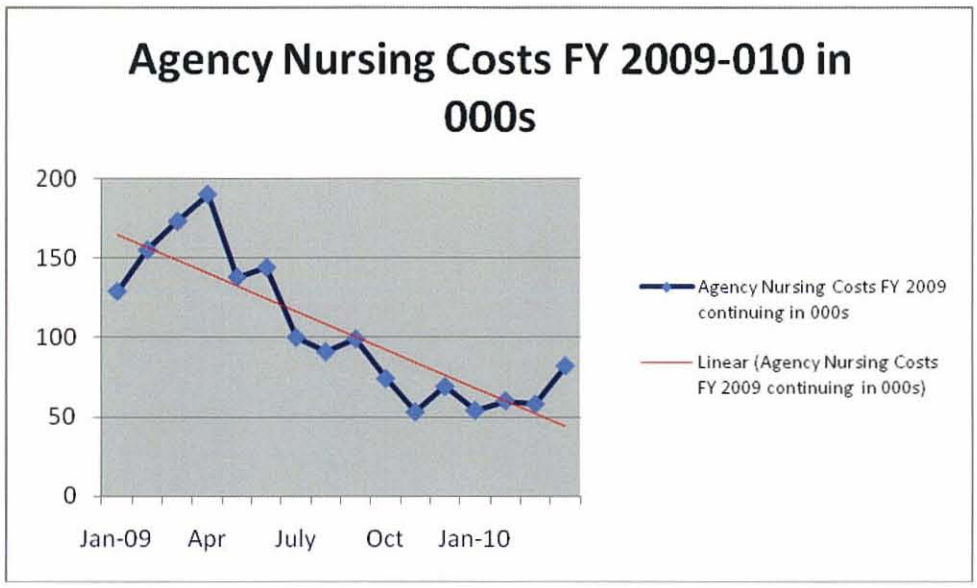

Medicaid Revenues by Month
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$-
Dec-07 Feb-08 Apr-08 Jun-08 Aug-08 Oct-08 Dec-08 Feb-09 Apr-09 Jun-09 Aug-09 Oct-09 Dec-09 Feb-10
Medicaid
Linear (Medicaid)





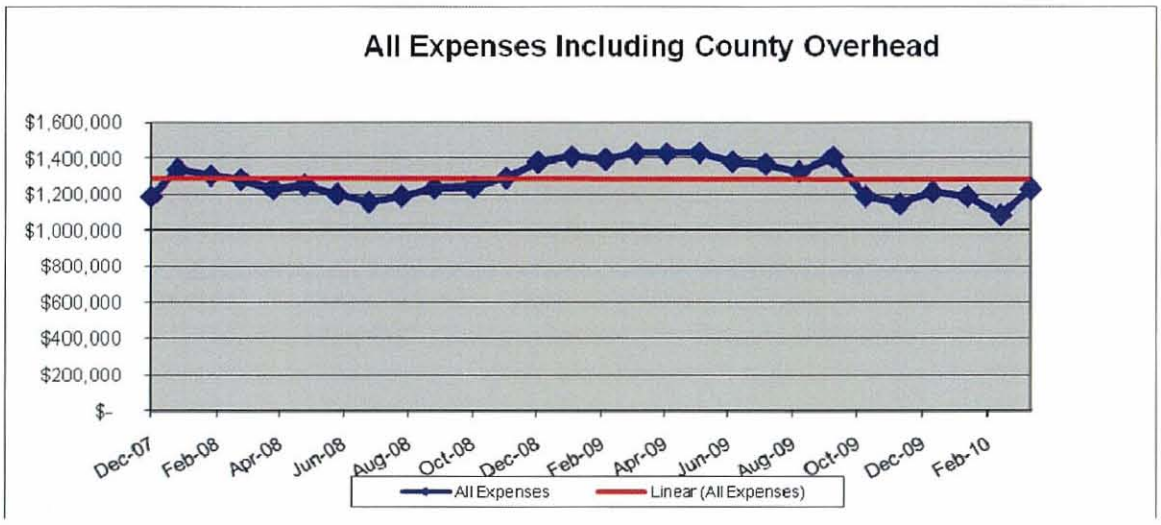
Expenses

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 January and February, agency expense came in at $60k and at $58k. March, unfortunately, represents a set-back in our use of agency staff; agency expense swelled to $81k. There appears to be a pretty tight correlation between agency usage and the CCNH staffing level. We report, above, that CCNH FTE were 182.6, which reflects some turnover in the nursing staff. We continue to use our own people – i.e., the PRN group – but sometimes we have no choice in covering the resident load. The good news is that expenses were under budget by $(179)k.



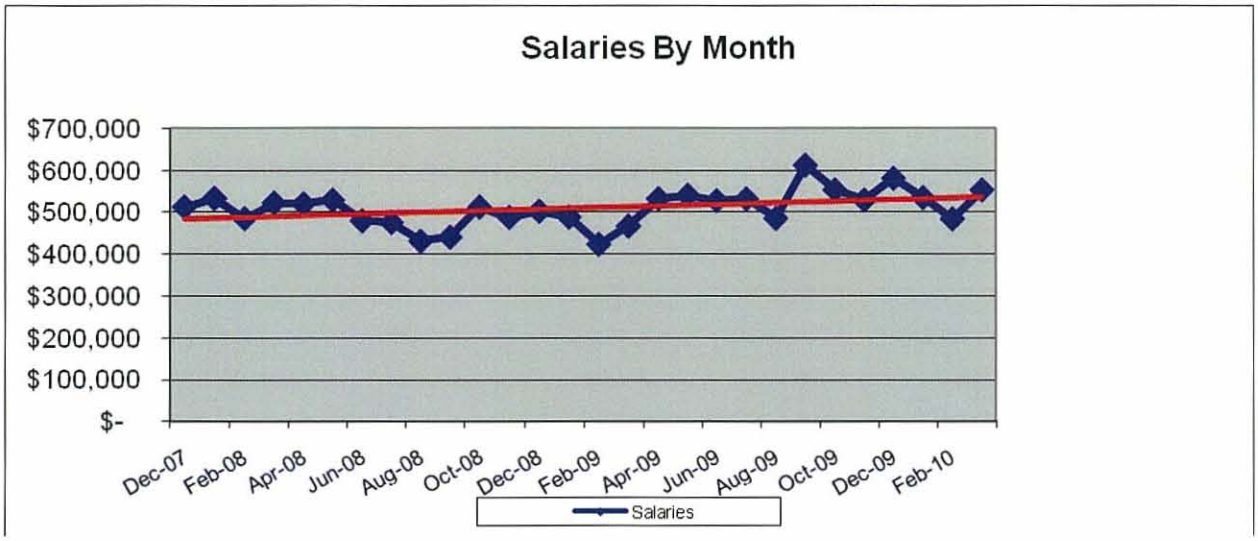
There are some big variable expense items that we watch closely. Examples are food, drugs, and medical supplies. Rehab costs are also variable, and they are set by contract. Utilities represent a fixed cost; there is not much we can do to dramatically alter the cost incurred for gas, electric, and water.

With only a few exceptions, expenses were within reasonable limits. The figures since October 09 reflect the elimination of the transfer expense associated with IGT program.

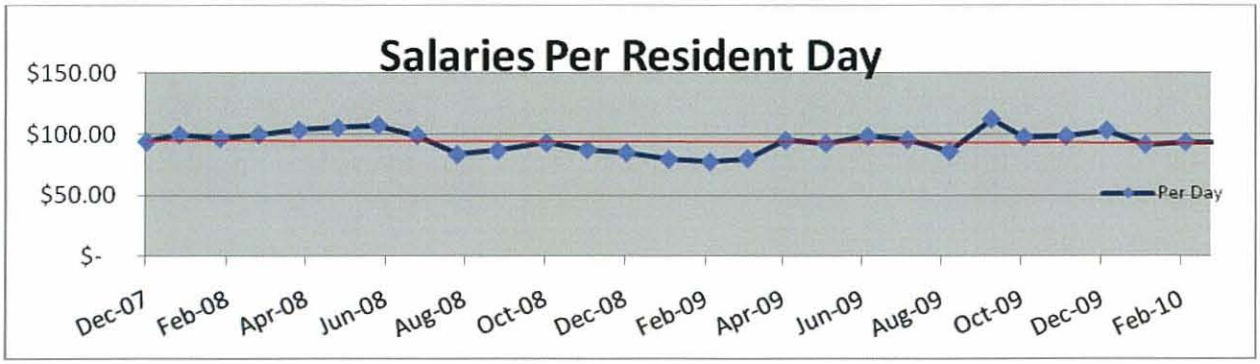


Salaries continue to be our biggest cost.

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. For Fiscal 2010, salaries per day average $95.50; since January, the average is $92.69.



Summary

Census continues to be the big determinant of success. We continue to experience wide swings in revenues by payer and this results in inconsistency. This pattern continues to be a drain on sustained revenue improvement.

Think census and think Medicare. These are the key ingredients to a better position for CCNH. Last December, ADC was 190.9; December 09 was 187.7. In March 2010, a strong census led the way to a good financial performance.

The results for the first four months, FY 2010 is positive. Even though the profit is meager, it is nice to see.

To: Board of Directors
Champaign County Nursing Home

From: M. A. Scavotto
Manager

Date: April 30, 2010

Re: Management Update

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

1. **Census:** CCNH's mix continues to improve. We did not reach our goal of 195 in January (188) or in February (185). We were much closer in March at 192, an attestation to the fact that our outreach efforts have proven beneficial in a short period of time. We got a boost in March from higher Medicare A volumes and revenues. For the fiscal year, we are averaging an ADC of 188 versus our goal of 195.

2. **Operations:** You will observe that we have regained our form with financial reporting with the exception of the balance sheet. We need to record one debt transaction representing $4m in emergency construction loans from the County; I had expected to have this done in March. CCNH staff is working on having April closed by May 15.

   I have had good discussions with County IT and with the County Auditor's office (Carol Wadleigh). County IT represents that that they can do a large portion of the work needed to automate the transfer of information to the County Auditor. The Export function needs to be better understood. Look for things to heat up in July once the County Auditor is more available.

   There is no further update on the dementia program. Gail Shivers will be moving from Activities to dementia. She will be taking training at the Rush dementia institute (Chicago) and we'll keep up her training level so we can move to state-of-the-art.

   The new Social Services Director starts May 3.

   CCNH has been interviewing meeting/admissions candidates and has an offer out to an experienced individual. *This is the first new hire who will have undergone the Predictive Index testing experience.* All departments have reviewed their job classifications and have turned their criteria in to Assistant Administrator Traci Heiden, who is responsible for implementing the Predictive Index program. An

important detail of this implementation experience is that we want this to be a reflection of delegation that works.

We are giving serious thought to reorganizing the Nursing Department in order to bolster supervision on the nursing units. This has a high priority. Also, it's no secret that we are behind on our objectives; we intend to do better in the months ahead.

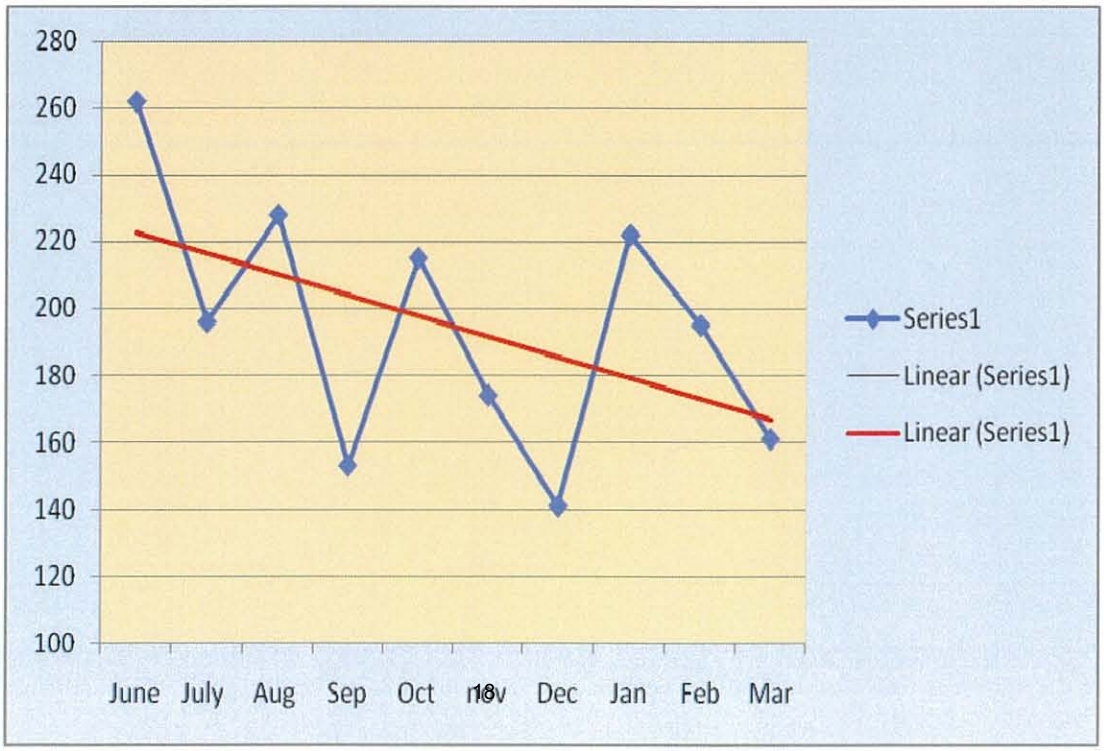
Regarding the IGT, HFS requested copies of the Medicare Cost Report yesterday. Our initial reaction at MPA was curiosity; it appears that the Feds are more comfortable working with Medicare costs; the probable reason is that States do different things with their definitions and with their treatment of allowable and non-allowable costs; the Medicare cost standards are more consistent. We are being told by HFS that something should happen by August…. That's about as vague as I can make it.

Re-positioning rehab will continue. We have had initial discussion with Alliance Rehab and will have more. We have plenty of unused beds and are searching for ways to create a space much more conducive to rehab and to younger seniors undergoing more elective procedures.

3. **Employees:** The unscheduled absence position has not changed from my last report. If I can get update information to you by next week, I will do so.

   The latest information through March 2010 indicates that might be back on track to reducing unscheduled absences. Here's what the trend looks like from June 2009 (the highest total of unscheduled absences for 2009) through March 2010:

June 2009 thru March 2010



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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.