

COUNTY BOARD STUDY SESSION

*County of Champaign, Urbana, Illinois
Tuesday, February 13, 2007 – 7:00 p.m.*

*Lyle Shields Meeting Room, Brookens Administrative Center
1776 East Washington Street, Urbana*

***PLEASE BRING THE NURSING HOME OPERATIONAL
AUDIT (GREEN COVER) WITH YOU TO THIS SESSION***

- I Read Notice of Meeting**
- II Roll Call**
- III Approval of Agenda/Addendum**
- IV Public Participation**
- V Presentation of Champaign County Nursing Home Operational Audit by Management Performance Associates**
- VI Discussion Regarding the Operation of the Champaign County Nursing Home**
- VII Executive Session Pursuant to 5 ILCS 120/2 (C) 1 to Consider the Employment, Compensation, Discipline, Performance, or Dismissal of an Employee**
- IX Adjourn**

*Roll Call

**Roll call and 18 votes

***Roll call and 21 votes

****Roll call and 14 votes

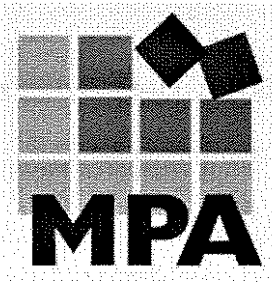
Except as otherwise stated, approval requires the vote of a majority of those County Board members present.

County Board members and guests are encouraged to park in the north parking lot, off Lierman Avenue, and enter the Brookens facility through the north door. The Brookens Administrative Center is an accessible facility. For additional information, contact Kay Rhodes in the County Administrator's Office at (217) 384-3776.

Champaign County
Nursing Home
Operational Audit Report

Management Performance
Associates

2007



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January, 2007

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Champaign County Nursing Home
1701 East Main Street
Urbana, Illinois 61801

Re: Financial Viability/Operational Audit

The following represent our findings for the Financial Viability Study/Operational Audit that you requested. For ease of review, the findings are grouped into two classifications, financial and management. Of course, it is difficult to separate the two in actual practice. There are significant financial improvements that can be realized and we deal with these items first.

Attached to this report are the Operating Profile and the exhibit package.

Financial

1. Accounting for Revenues

The current system of revenue accounting is not as flexible as it might be. Currently, all co-pays and deductibles, along with the resident's liability portion of Medicaid, are placed in the Private Pay classification. Shelter Care revenues were mixed with skilled nursing revenues; fortunately, Shelter Care will no longer be an issue in the new building.

With the assistance of the Comptroller, which was considerable throughout this study, we were able to adjust the revenue classifications and achieve a good measure of comparability between payer groups and years. For improved management information, it would be most beneficial if revenues were tracked by payer with the resident liability and related co-pays and deductibles being recorded to the relevant revenue accounts.

2. Rejuvenate the Medicare program and make it a strategic priority.

The current Medicare program is under-performing in both Parts A and B.

The Medicare Per Diem

Historically, Medicare A has yielded the following results in terms of average per diem reimbursements:

2001	\$238
2002	\$295
2003	\$300
2004	\$306
2005	\$308

Preliminary results for year-ended November 30, 2006 indicate that the Part A per diem may be up by a modest amount, but not by any magnitude that that would indicate a reversal of prior years' performance. (Our assessment is based on revenues recorded as Medicare Part A and does not include co-pays and deductibles; in other words, excluding co-pays and deductibles, Medicare A revenues in 2006 are higher than they were in 2005.)

Part A revenue is sub-par and indicates underutilization of higher level rehabilitation RUG groups. It is possible – in fact, likely – that needed therapies are not being provided to Medicare beneficiaries as we understand that the current therapy provider does not provide therapists on weekends. Without coverage seven-days-a-week, it is impossible to provide enough therapy minutes to qualify for the higher rehabilitation RUGs groups.

A conservative target for your facility is \$380 per day; we believe that you can beat that target with a well-coordinated effort. Department management should be provided with meaningful, monthly measures of progress against the target of \$380 and a concerted effort should be made to develop additional expertise in Part A. The current program is oriented towards orthopedics and growth in this program is possible. There is also ample opportunity to develop capabilities in complex medical that will increase the number of Medicare days.

Therapy Provider

On January 1, 2006 the current therapy contract with ONR was amended from a per diem rate structure to a per minute basis for nine (9) new classifications under RUGS-53. These classifications should be placed on a per diem rate as soon as possible. When the nursing home is at risk under prospective payment, important ancillary providers such as ONR should be similarly at risk. Otherwise, the nursing home is exposed to over-payment for services.

The current cost data for ONR indicates that it is probably not abusing its privilege. Professional fees for Speech-Occupational-Physical Therapies in 2006 are expected to be approximately \$292,000, which equates to a per diem of \$52.44 based on 5,611 Medicare days. At 17 percent of an assumed per diem of \$310, this does not appear to be an issue *at first glance*. We strongly recommend that ONR return to per diem status which will eliminate the possibility of over-utilization by the therapy provider.

We are familiar with current pricing for rehabilitation services in markets like Champaign County. Therapy services from very reputable providers are available at \$.90-\$.95 per minute and can be structured on a per diem basis. Using this comparison, ONR represents a premium of 9.5 – 14 percent.

Medicare Part B Therapy

Historical Part B revenue performance is as follows:

2001	\$261,602
2002	\$139,908
2003	\$151,981
2004	\$120,595
2005	\$96,361
2006	\$96,630 (preliminary)

Clearly, the trend in Part B revenues is negative and needs to be reversed. Significantly, we find that, when programs suffer from low reimbursement in Part A, they also under-perform in Part B. From 2001, Champaign County’s revenue performance has withered from \$21,800 per month to approximately \$8,000 per month in 2006. For a facility with an average daily census of 200+ residents, Part B revenues from all services should average about \$30,000 per month

Pharmacy Provider

The pharmacy contract is open-ended and should be re-negotiated for per diem reimbursement. The current vendor recognizes the existence of such an arrangement in the current contract when it refers to “capitated” arrangements. Current equivalent per diem costs for Part A pharmacy have been:

2001	\$26.31
2002	\$26.92
2003	\$22.36
2004	\$25.34
2005	\$25.15
2006	\$32.95

Based on our work at other Illinois County facilities, the 2006 costs are excessive. A realistic per diem is in the \$25-\$28 range and should be achievable if a reasonable approach to carve-outs is taken.

Under the current contract structure, the pharmacy has no financial incentive to control drug costs. A per diem contract solves this problem by placing the pharmacy provider in a fixed-cost position which motivates it to work with physicians and nursing home staff to manage the cost of drugs provided; overall performance will improve.

We have experience in the types of per-diem negotiation discussed above and will be happy to assist you if desired.

Medicare Wrap-Up

The nursing home ended fiscal 2006 at 5,611 Medicare days. In our calculations below, we rounded this figure to 5,600 days. Assuming 5,600 days in Medicare A, we calculate the following performance improvement.

To the extent that additional Medicare volume is realized, each additional day to Average Daily Census will generate an additional \$138,000 in revenue and, at some future volume point, additional rehab expenses will need to be recognized.

Per Diem Reimbursement (\$380 minus \$308 x 5,600)	\$403,200
Re-Price Therapy Provider (\$52.44 less 9.5 percent)	\$27,898
Convert to Pharmacy Per Diem (\$32.95 minus 28)	\$27,720
Part B Revenue (\$30,000 minus \$8,000 x 25 Percent)	\$66,000
Total Financial Improvement	\$524,818

Obviously, Total Financial Improvement represents a large number. Yet, we believe that it is attainable over time provided that management has the commitment to make the changes to achieve the desired results. To the extent that Medicare census can be improved, Champaign County's revenue performance will improve even more.

As Medicare performance improves, management should monitor on a regular basis its managed delivery position. Currently, the Alliance contract generates \$306 per day. Clearly, we are targeting traditional Medicare clientele to achieve higher revenues per day. Managed Medicare will retard progress toward reaching that goal.

Finally, current Medicare charging practices need to change. With the current charge structure for Medicare services, the total charges for a resident are lower than the payment that is received. Medicare rules allow the payment to be the lower of costs (reimbursement from Medicare) or charges, which could potentially reduce reimbursement.

In order to avoid a Lower-of-Cost-or-Charges problem, Medicare rehabilitation must be separately listed and priced as a separate service, well above what the facility has historically charged. While it is true that there will additional Contractual Allowances, the facility should be assured of getting at least the Medicare RUG rate and not something less from many insurance carriers.

3. Dashboards

Management may wish to employ dashboards for summarizing important operating performance indicators. The purpose of dashboards is to communicate important benchmarks that provide the governing board with a quick and simple monthly summary of operating performance.

Examples of dashboard elements would be the Medicare per diem realized each month and year-to-date, the monthly revenue yield against the Medicaid per diem, average monthly revenue for Part B, food costs per resident day, actual collected yield against the blended private room rate, and number of call-offs by department and/or grievances filed/resolved. The use of the dashboard is limited only by creativity. Many organizations have found dashboards a useful tool that not only provides needed information, but also frees up Board discussion time for important strategic deliberations.

An effective accounting system makes the efficient use of dashboards easier. The current situation where Private Pay revenues include Medicare co-pays and deductibles plus the Medicaid resident liability does not provide for the most efficient gathering of data. We recommend improving the revenue accounting methodology so that relevant statistics can readily be paired with relevant dollars.

4. Food Costs

Raw food costs currently average \$7-\$8 per day due to the use of pre-packaged items. This limitation will be removed once the new building is occupied. Food costs should be lowered by \$3.50 per resident.

On an annual basis, assuming an ADC of 200 (73,000 resident days), savings should be \$255,500.

5. Pricing Discipline

Champaign County needs to apply some discipline into its pricing practices. The pricing practices that we tracked are presented below where we show the increases in rates by type of service between 2003 and 2005:

**Champaign County Nursing Home
Annual Room Rate Increases**

Service	2003	2004	2005
SNF Double	2.3%	0.8%	0.7%
ALZ Double	2.2%	0.7%	0.7%
ALZ Private	2.1%	0.7%	0.7%
ICF Double	2.6%	5.3%	5.0%
ICF Private	2.5%	4.5%	3.3%
Increase in Total Expenses	4.2%	6.9%	6.5%

What the table above presents is a pricing policy that is certain to maintain an underperforming organization. Services must be priced at realistic levels, especially given the level of expense at Champaign County.

The usual response to pricing is to perform a sample of charges for basic room rates at area facilities, and Champaign County does this every year in its budget process. It is difficult to discern the ancillary charging practices at competing facilities; some may bundle by including ancillaries in the basic room rate while others may not. In the budget documents that we reviewed, it seems that Champaign County wanted to maintain a close relationship to pricing at other area homes, and that is certainly a reasonable position. Most consumers compare room rates, but understand that additional ancillary charges may apply.

The new facility presents the County with an opportunity to capitalize on a new pricing policy not only with general nursing services, but also with dementia care. The new facility establishes Champaign County as the area's state-of-the-art

home. Even though private pay is decreasing as a percentage of total days, Champaign County still has a sizable private pay population – 34 percent in 2005.

Dementia services cost more to deliver than routine skilled nursing care. While the current pricing scheme recognizes a differential for dementia, it is not sufficient.

Management should institute a minimum pricing policy and maintain it in ensuing years in order to avoid major swings in revenues. In the Operating Profile, we adjusted Private Pay revenues and removed co-pays and deductibles that applied to Medicare; we also removed Shelter Care revenues and established a baseline estimate for Private Pay at \$3.1 million.

Revenue increases due to pricing changes can be forecast as follows:

Base Level of Resident Days	73,000
Percent of Private Pays Days to Total Days	34.0%
Private Pay Days	24,840
Basic Price Increase	3.0%
Additional Revenues for Basic Services (\$3.1Million x 3%)	\$93,000
Premium for Dementia Care	\$20 per day
Dementia Volume (40 beds @ 95% occupancy)	13,870
Percent of Private Pay Days to Total Days in Dementia	4,715
Differential	\$94,300
Additional Revenues, Total	\$187,300

6. Illinois Medicaid Case Mix Reimbursement System

Illinois is now reimbursing according to the above-referenced system. For now, County homes are exempt as they are reimbursed on a separate basis (i.e., the IGT); however, County homes are still required to submit MDS data into the Case Mix Reimbursement system.

The data submitted under the Case Mix Reimbursement System effects the outcomes of the scoring on the MDS and every effort should be made to maximize Medicaid reimbursement. Currently, Champaign County is using a manual system to submit data. This is not advisable. The Case Mix Reimbursement System is complex and it is virtually impossible to discern “logic errors” without an automated system. As a result, the nursing home is compromising the opportunity it has to improve its future Medicaid reimbursement position.

We recommend that Champaign County acquire the “CareWatch” software application from eHealth Data Solutions. Both Life Services Network and the Illinois Health Care Association are familiar with the product. All of our other County facilities have acquired the application or are in the process of doing so. The application is designed specifically for the Case Mix Reimbursement System and the other benefits in tracking QI performance are considerable.

7. Illinois County Nursing Home Intergovernmental Transfer (IGT) Program

The IGT has recently been restructured in Illinois.

The IGT is a program that reimburses County homes at a higher rate when compared to other Illinois Medicaid certified nursing homes. The IGT is based on a rate that is referred to as “94 percent of Medicare”. The 94-percent-rate is derived from the Minimum Data Set (MDS), which provides a standard set of information for each resident. The 94-percent-rate is recalculated each year in October.

The opportunity exists for CCNH to influence its rate and, therefore, increase its Medicaid reimbursement. Until this current re-structuring of the IGT (November 2006), County homes did not have this opportunity, which represents an upside potential that County homes have not enjoyed previously. However, the importance of MDS coding cannot be emphasized enough and we made this point above under the Illinois Case Mix Reimbursement System.

Under the new IGT program, CCNH will realize a significant increase in reimbursement. The Medicaid rate will increase from approximately \$100 to \$121. Assuming a census of 43,000 Medicaid days, the re-structured IGT represents a revenue increase to CCNH of roughly \$903,000 (43,000 x \$21). The amount of the increased revenue is of windfall proportion and it should be protected by aggressive efforts to code the MDS accurately and consistently. Additional training in MDS coding skills – the MDS is a specialty unto itself – will assure that CCNH is safeguarding its well-deserved increase in Medicaid reimbursement.

8. Staffing

The exhibit package contains staffing comparisons between CCNH and several area facilities. As a general observation, CCNH is comparable to the Manor Care homes using the measure “per occupied bed”. We have applied the “per occupied bed” methodology to other County-operated homes and the results have been good. Because of CCNH’s size, it should be able to take advantage of economies of scale, which would translate into more efficient staffing. There are several instances, particularly in support services, where other facilities are more effective at staffing.

(In the exhibit package under Salary Comparisons – Exhibit 10, there are a considerable number of hours under Other. Analysis indicates that a good many of these hours should be allocated to the RN classifications. As a result, the disparity in Registered Nurses between CCNH and other facilities is minimal.)

Financial Recap

We believe the following improvements are possible:

Medicare	\$524,818
Food Costs	\$225,500
Pricing	\$187,300
Subtotal	\$937,618
Additional IGT Reimbursement	\$903,000
Total	\$1,040,618

Management

Labor – Management Relations

There are clearly labor relations issues at Champaign County and there is an issue of management depth, particularly in the nursing department.

In our interviews, we learned the following:

- there has been an historical reluctance to discipline employees;
- the union protects repeat offenders, usually to the detriment of CCNH and, ironically, to the detriment of its own members;
- workplace productivity has been compromised;
- poor supervision is a major problem in Nursing and is directly related to the inability to retain RN managers; if uncorrected, existing nurse managers may well leave the organization because of frustration and of the inability to solve disciplinary and productivity problems that now have deep roots at CCNH;

- call-offs are high and contribute to over-staffing;
- the current union contract is burdensome;
- there appears to be a core group of union employees who are intent on creating dissent and compromising the ability of management to deal with problem employees.

Maintaining workplace productivity is likely to require additional supervisory training and emphasis on a daily basis. The historical practice has been to tolerate attendance abuses rather than to endure the hardship of working short. As a result, basic workplace discipline has suffered and an adversarial climate between labor and management appears to be the result. Wherever we have dealt with this problem in the past, we have found that the only lasting solution comes from a return to workplace discipline, applied fairly and impartially, and from a management orientation/knowledge that staffing the organization may be a challenge for a period of time.

Special Note: The problem we are describing in labor-management relations is not new to CCNH. Moreover, management cannot blame the union for all of its troubles. The current management approach is realistic and should be supported as a means of establishing management credibility in addressing workplace productivity.

The governance issues attendant to improving the labor-management relationship are significant. It is entirely possible that management, which is fully aware of the depth and severity of the problem, will need additional support in the near term to create a better working environment in the long term. It would not be at all unrealistic to retain independent labor counsel not only for negotiations, but also for consistent advice to management as it wrestles with a very difficult situation.

Organization Structure and Management

The organization structure is typical of nursing homes, i.e., flat. The administrator has approximately 15 direct reports. Some, as in the Environmental Services group, could be combined and reduce the span of control for the administrator.

In Nursing, management depth is critical. Current efforts to retain nurse managers have been frustrated largely, as we have been told, by the shortage of nurses in the Champaign market. It seems to us that the criterion that should be rewarded is longevity in nursing management. The place to recruit nurse managers may be from the existing cadre of RNs, even if they are currently in a bargaining unit. Admittedly, replacement RNs will need to be recruited, but our hope is that floor nurses prove easier to replace than managers.

A program to attract nurse managers might have the following features:

- management level salaries;
- training in management and supervisory skills ranging from basic to advanced;
- a recognition that some excellent nurses may want flexibility in determining their work times; job-sharing may be an attractive option;
- a staffing ratio that is attractive to nurses, meaning that management may need to structure the program with richer staffing than it might initially consider;
- financial bonuses that reward nurse managers based on achievements and, in particular, on time served as a nurse manager; to be effective, bonuses should be flexible and significant; nurse managers should be rewarded in terms of money and, if at all possible, benefits. The position will not be attractive if nurse managers perceive that they can make more money on an hourly basis.

Move-In to New Facility

We noted several times in the course of our interviews that the move was to take place over a period of weeks – three, to be exact. There was a general acknowledgement that planning for the move needs to resume and we concur. Once the facility is in condition to occupy, as much equipment, furnishings, food, etc. as possible should be moved in advance of move day. The residents should be moved in one day.

The Market

The market for long-term care is changing. Champaign County management is well aware of the trends affecting providers and is taking proactive steps to improve the County's strategic position.

Private pay occupancies are down across the country, largely due to Assisted Living. Home care and long-term care insurance practices also are factors in declining nursing home private pay occupancies. Now, Supportive Living – i.e., the Medicaid version of Assisted Living – is developing in Illinois and strategists must expect that Supportive Living policies will advance and will have a negative impact on occupancy.

At issue, then, is the strategic position of the nursing home to meet these market changes. As seniors continue to embrace alternative services, the traditional

skilled nursing facility (SNF) is being challenged. Occupancies are down and financial performance is well off the pace of prior years as more of a SNF's reimbursement is dependent upon government payers (Medicare and Medicaid).

There will still be a role for SNFs. The challenge is to find it and position for it. We believe that management's current thinking of featuring Medicare rehabilitation is solid. However, we caution that every competitor in the market has the same strategy, making it more difficult to achieve this goal. So, we must find a way to generate the required volume in order for program to be a success. In this respect, Medicaid can be a positive force, i.e., a source of supply for Medicare services. Recognize, though, that the challenge becomes one of keeping costs under control as Medicaid volume increases. Wound care and incontinence management are two examples of programs that could be used to differentiate Champaign County's Medicare program.

Dementia care appears to be an opportunity that Champaign County can seize and develop market dominance. CCNH can build from a position of strength with a state-of-the art Alzheimer's unit in the new facility. An organizational dementia culture must be developed and resources deployed differently to make a serious move to obtain a dominant dementia position in the Champaign County community. However, the need appears to us to be readily apparent. Moreover, Champaign County has the opportunity to respond to a difficult market in a proactive manner and, hopefully, secure the dominant position.

Improving financial performance and securing a new strategic position will involve challenges and new directions at the governance level. Well-prepared plans including detailed financial and market assumptions will need to be reviewed and updated as conditions change. Some Counties have chosen to stay with the traditional committee structure to govern their health care facilities. Others have found that effectiveness and performance have improved when community expertise supplements the capabilities of elected officials.

It appears to us that CCNH must become more aggressive strategically. Management may need increased flexibility to make decisions, and the advisability of moving in such a direction needs to be thoroughly considered by the Board. Accordingly, we suggest that management and the governing committee begin discussing how they can best respond to the challenges of today's long-term care market and, if necessary, adapt governance practices so Champaign County can benefit from proactive strategic action.

Moves should be strategic and should be coordinated. For example, we have been asked for our comments on the use of the space that was formerly designated for Child Care in the new facility. To what use should it be put? There are several ideas under consideration. We suggest that Champaign County think of this space in a strategic context – if we want to occupy a certain position, how can that space help us get there?

One of the positions we are suggesting for CCNH is dementia. CCNH should become the most recognized provider in the market not only for dementia care, but also for dementia education. With this broader construct, the vacant space could serve several uses, perhaps simultaneously:

- An education facility for families and community groups including the Area Aging on Aging and the Alzheimer's Association;
- An extension of the Adult Care Center as it expands its dementia offerings;
- A site for a collaborative program with the local YMCA, which collaboration would allow the YMCA to add depth and clinical management to its senior services (including dementia); such a program could easily incorporate Senior Fitness regimens;
- An opportunity to develop a relationship with the University of Illinois in areas related to dementia and gerontology, offering CCNH yet another opportunity for positioning and increased community outreach

We offer these observations on dementia positioning as examples of the possibilities that can be explored when strategic thinking drives the organization. Reactive plans seldom result in achieving a new position because, by definition, you are following another player's move. Understanding the needs of the market, knowing the competitive positions of other facilities, and seeking differentiation are high-order strategic discussions that should take place at the governance level. CCNH will only benefit from such an approach.

We appreciate the opportunity to have been of service and wish you every success as you move ahead with CCNH.

Very truly yours,

Management Performance Associates, Inc.
St Louis, Missouri

Operating Profile
Financial Viability/Operational Audit
Champaign County Nursing Home

**Operating Profile
Financial Viability/Operational Audit
Champaign County Nursing Home**

The following comments constitute our Operating Profile for Champaign County Nursing Home, a 243-bed skilled nursing facility owned and operated by Champaign County. As part of this memorandum, we are enclosing a series of Exhibits which will help illustrate our points.

We have received excellent cooperation and understanding from all the people with whom we have spoken. The data that we used to prepare the Operating Profile came from several primary sources:

1. The Medicaid Cost Reports for the years 2001-2005;
2. Balance Sheets and Income Statements for the fiscal years ended 2002-2005 provided by the nursing home comptroller;
3. Audited financial statements for the fiscal periods 2001-2005;
4. Historical annual payroll summaries provided through the nursing home comptroller; and
5. The Accounts Receivable and PPS data provided by nursing home comptroller.

The Medicaid Cost Reports offered the most reliable source for organizing comparative financial data for the nursing home. While the Cost Report data is comparable, it may not represent audited financial data. For the purposes of this Operating Profile, the Cost Report information is as good as we are likely to get and, fortunately, we were able to tie the Cost Report numbers back to audited financial to a degree that the variation is not material for purposes of identifying larger-scale management issues.

Immediately, a few observations are readily apparent. Champaign County Nursing Home (hereafter CCNH) has a stable census ranging, weak revenues, and an abundance of expenses. There are indications that current management has done well in getting expenses under tighter control. There are concerns that census will weaken and, after moving to the new facility, some adjustments may be necessary to deal with a changing payer mix.

Resident Days

Resident days for the period 2001-05 are presented below. The Medicare category is the "Other Skilled" classification on the Cost Report.

Resident Days by Payer Class by Year 2001-2005 Including Shelter Care

Group	2001	2002	2003	2004	2005
Medicaid	35,477	37,917	39,621	42,352	43,085
Private Pay	34,884	35,936	28,666	25,528	24,880
Medicare	4,232	5,676	5,537	5,346	5,087
Total	74,593	74,968	73,824	73,226	73,052
Average Daily Census (ADC)	204	205	202	200	200

Census has been stable, but is showing signs of weakening, particularly in the Private Pay classification. This phenomenon is especially noticeable since 2004. Private Pay has been a mainstay of CCNH's census, and it still is. However, the drop in Private Pay reflects national trends and is not limited to Champaign County. For purposes of comparison, Private Pay days represented 46.8 percent of total days in 2001 and declined to 34.1 percent in 2005. Medicaid moved in to fill the gap, increasing from 47.6 percent in 2001 to 59 percent in 2005 – meaning that CCNH is becoming more dependent upon government business. Again, this is not a development that is limited to Champaign County.

CCNH has decided to discontinue Shelter Care in the new facility and we believe that this decision is correct. With the growth of Assisted Living, Shelter Care is a dying program in Illinois and Medicaid reimbursements are insufficient for most programs to continue. We understand that some remaining Shelter Care residents will transfer to the new CCNH as ICF residents. The impact Shelter Care has had on historical census is as follows:

Champaign County Nursing Home Average Daily Census With and Without Shelter Care

	2001	2002	2003	2004	2005
Total	204	205	202	200	200
Shelter Care	11.1	12.7	11.5	9.2	10.4
Net w/o Shelter Care	192.9	192.3	190.5	190.8	189.6
Shelter Care as Pct of Total	5.4%	6.2%	5.7%	4.6%	5.2%

With the Comptroller, we tested the procedure for handling Medicaid-pending days. Some residents are admitted pending approval of Medicaid coverage. Initially, these residents are classified as Private Pay. When eligibility is confirmed, the Private Pay days are changed to Medicaid. It is very important that the Private Pay revenues are also switched and we understand that this is the case at CCNH.

Revenues

Revenues are grouped by payer class. Our examination of revenues highlights patient service revenues only. There are other revenue accounts, to be sure, and these cover such diverse items as gift & coffee shop, non-patient meals, interest income, and property taxes. Since the base business at CCNH is characterized by patient service revenues, these are the focus of our analysis.

CCNH's revenue accounting required some adjustments, all of which were readily provided by the comptroller. The resident liability of Medicaid revenues is recorded under Private Pay; so are co-pays and deductibles for Medicare. Shelter Care revenues were not classified separately; while Shelter Care revenues represent a best-estimate, they appear to be realistic.

**Champaign County Nursing Home
Historical Medicaid Revenue Pattern**

	2001	2002	2003	2004	2005
Medicaid	\$1,931,007	\$2,208,851	\$2,332,804	\$2,586,951	\$2,883,833
Add Back Resident Portion	977,285	1,073,186	1,245,333	1,210,696	1,234,282
Less Shelter Care	(7,698)	(11,875)	(9,959)	(6,521)	(8,816)
Adjusted Medicaid	\$2,900,594	\$3,270,162	\$3,568,178	\$3,791,126	\$4,109,299
Days less Shelter Care	34,255	36,400	38,201	40,586	40,747
Medicaid Per Diem	\$84.68	\$89.84	\$93.41	\$93.41	\$100.85
Actual Medicaid Rate	\$84.74	\$85.53	\$90	\$91.17	\$94.25
Yield Against Rate	99.9%	105%	103.8%	102.5%	107%

Note: we made similar adjustments for co-pays, deductibles, and shelter care as appropriate in other revenue accounts.

The "Yield Against Rate" calculation indicates that Medicaid activity is within normal limits. For example, it would be unacceptable if CCNH were recognizing only 85 percent of its Medicaid rate. Given the fact that there will be periods throughout the year where additional Medicaid dollars are received for Medicaid-pending individuals, the yield looks realistic.

Medicare

	2001	2002	2003	2004	2005
Medicare Part A Revenue	\$1,008,585	\$1,674,496	\$1,663,120	\$1,634,174	\$1,567,042
Medicare Per Diem	\$238	\$295	\$300	\$306	\$308

At first, glance, Medicare volume, in terms of revenues, is up significantly over 2001 and this is a positive finding. However, on a per diem basis, the program is not effective and needs to be rejuvenated. Having a reliable and regular per diem measurement allows management to investigate particular RUG classifications under the Medicare Prospective Payment System and quickly spot areas that merit investigation.

Medicare B revenues have done nothing but decrease from 2001. Med B has fallen from \$21,800 per month in 2001 to approximately \$8,000 per month in 2005 (and projected for 2006). Like its cousin, Medicare A, this program needs to be rejuvenated.

Private Pay

	2001	2002	2003	2004	2005
Private Pay Revenue	\$3,980,988	\$3,252,487	\$3,235,029	\$3,054,385	\$3,104,836
Private Pay Per Diem	\$114	\$104	\$113	\$120	\$125
Private Pay Benchmark	\$111	\$120.67	\$123.67	\$127.88	\$131.68
Yield Against Benchmark	103%	86%	91%	94%	95%

Medical supplies excluded

The Private Pay, above, illustrates our Medicare point of having a reliable measure. CCNH has multiple private rates and it is difficult to establish a weighted average given the adjustments and accommodations that one must make in the accounting system. In the table above, we blended ICF and SNF rates (excluding Shelter Care and Alzheimer's) and we did so knowing that we would get a skewed result.

Nonetheless, we believe our point has educational value. Presuming the benchmark rate is realistic, the results from 2002-05 are not acceptable as they indicate that CCNH is not recognizing sufficient private revenue to realize the benchmark rate. There are obvious implications for utilization. For example, higher-than-expected numbers of ALZ residents will drive the yield up; more ICF will lower it. Less obvious, but more important, is the application of the benchmark to assist in pricing future budget plans. Using the benchmark approach provides management a tool to assess overall pricing strategy across all types of room accommodations.

Expenses

Based on the Medicaid Cost Reports, which exclude costs for Day Care and certain non-allowable items, fully 85 percent of operating expenses are made up of a core group of accounts. Within this core group, salaries and benefits comprise over 70 percent of total expense.

Champaign County Nursing Home Core Elements of Expense 2001- 2005

	2001	2002	2003	2004	2005
Total Expenses	\$9,890,132	\$9,734,425	\$10,143,123	\$10,843,717	\$11,552,536
Annual Percent Change		(1.6)%	4.2%	6.9%	6.5%
Core Group of Expenses	\$7,546,875	\$8,442,279	\$8,849,909	\$9,288,788	\$10,015,692
Annual Percent Change		11.9%	4.8%	5.0%	7.8%
Core Group % of Total	76.3%	86.7%	87.3%	85.7%	86.7%

The core elements of expense are detailed below. (There may be some differences in totals due to rounding.)

Salaries

	2001	2002	2003	2004	2005
Dollars	\$5,047,827	\$5,889,089	\$6,072,917	\$6,192,203	\$6,546,064
% of Total Expenses	51%	60.5%	59.9%	57.1%	56.7%
Annual Change in Dollars		\$841,262	\$183,828	\$119,286	\$353,861
Annual % Change		16.7%	3.1%	2.0%	5.7%
Expenses/Day	\$67.67	\$78.55	\$82.26	\$84.56	\$89.61
Change in Expenses/Day		\$10.88	\$3.71	\$2.30	\$5.05
Annual % Change in Expense/Day		16.1%	4.7%	2.8%	6.0%

Employee Benefits

	2001	2002	2003	2004	2005
Dollars	\$1,155,239	\$1,180,360	\$1,380,978	\$1,488,977	\$1,865,488
% of Total Expenses	11.7%	12.1%	13.6%	13.7%	16.9%
Annual Change in Dollars		\$25,121	\$200,618	\$107,999	\$376,511
Annual % Change		2.2%	17%	7.8%	25.3%
Expenses/Day	\$15.49	\$15.74	\$18.71	\$20.33	\$25.54
Change in Expenses/Day		\$0.25	\$2.97	\$1.62	\$5.21
Annual % Change in Expenses/Day		1.6%	18.9%	8.7%	25.6%

Medical/Dental Supplies

	2001	2002	2003	2004	2005
Dollars	\$161,353	\$163,002	\$225,591	\$275,612	\$265,379
% of Total Expenses	1.6%	1.7%	2.2%	2.5%	2.3%
Annual Change in Dollars		\$1,649	\$62,589	\$50,021	\$(10,233)
Annual % Change		1%	38.4%	22.2%	(3.7)%
Expenses/Day	\$2.16	\$2.17	\$3.06	\$3.76	\$3.63
Change in Expenses/Day		\$0.01	\$0.89	\$0.70	\$(0.13)
Annual % Change in Expenses/Day		0%	41%	23.2%	(3.5)%

Drugs

	2001	2002	2003	2004	2005
Dollars	\$116,375	\$155,538	\$125,194	\$142,577	\$145,895
% of Total Expenses	1.2%	1.6%	1.2%	1.3%	1.3%
Annual Change in Dollars		\$39,163	\$(30,344)	\$17,383	\$3,318
Annual % Change		33.7%	(19.5)%	13.9 %	2.3%
Expenses/Day	\$1.56	\$2.07	\$1.70	\$1.95	\$2.00
Change in Expenses/Day		\$0.51	\$(0.38)	\$0.25	\$0.05
Annual % Change in Expenses/Day		33%	(18.3)%	14.8%	2.6%

Food

	2001	2002	2003	2004	2005
Dollars	\$450,706	\$483,984	\$456,164	\$575,822	\$578,125
% of Total Expenses	4.6%	5.0%	4.5%	5.3%	5.0%
Annual Change in Dollars		\$33,278	\$(27,820)	\$119,658	\$2,303
Annual % Change		7.4%	(5.7)%	26.2%	0.4%
Expenses/Day	\$6.04	\$6.49	\$6.12	\$7.72	\$7.91
Change in Expenses/Day		\$0.42	\$0.28	\$1.68	\$0.05
Annual % Change in Expenses/Day		7.4%	(5.7)%	26.2%	2.5%

Utilities

	2001	2002	2003	2004	2005
Dollars	\$336,693	\$295,759	\$326,921	\$368,235	\$378,391
% of Total Expenses	3.4%	3.0%	3.2%	3.4%	3.3%
Annual Change in Dollars		\$(40,934)	\$31,162	\$41,314	\$10,156
Annual % Change		(12.2)%	10.5%	12.6%	2.8%
Expenses/Day	\$4.51	\$3.96	\$4.38	\$4.94	\$5.18
Change in Expenses/Day		\$(0.55)	\$0.42	\$0.55	\$0.24
Annual % Change in Expenses/Day		(12.2)%	10.5%	12.6%	4.9%

Depreciation

	2001	2002	2003	2004	2005
Dollars	\$278,682	\$274,547	\$262,144	\$245,362	\$236,350
% of Total Expenses	2.8%	2.8%	2.6%	2.3%	2.0%
Annual Change in Dollars		\$(4,135)	\$(12,403)	\$(16,782)	\$(9,012)
Annual % Change		(1.5)%	(4.5)%	(6.4)%	(3.7)%
Expenses/Day	\$3.74	\$3.68	\$3.51	\$3.29	\$3.24
Change in Expenses/Day		\$(0.06)	\$(0.17)	\$(0.22)	\$(0.05)
Annual % Change in Expenses/Day		(1.5)%	(4.5)%	(6.4)%	(1.6)%

During the study period, CCNH has been losing money. However, the losses in 2004 and in 2005 have been exceptionally large. The structure of WH's loss position shows the degree to which revenues and expenses are out of balance.

**Champaign County Nursing Home
Comparisons of Changes in Revenue & Expense
2001 – 2005(Projected)**

	2001	2002	2003	2004	2005
Patient Service Revenue	\$8,504,056	\$8,711,230	\$8,958,645	\$8,910,149	\$9,203,282
Annual Change in Revenues		\$207,174	\$247,415	\$(48,496)	\$293,133
Total Expenses	\$9,890,132	\$9,734,425	\$10,143,123	\$10,843,717	\$11,532,536
Annual Change in Expenses		\$(155,707)	\$408,698	\$700,594	\$708,819

The table does not present a rosy picture. From 2003-05, the growth in expenses eclipsed the growth in revenues by very significant amounts. Our analysis of the core elements of expense indicates that wide swings in expense performance are common.

However, it is unlikely that the performance gap will be closed solely by managing expenses. We believe that CCNH has devoted very little attention to boosting revenues to market rates. The Operating Profile indicates that CCNH's revenue performance is sub-par. Until CCNH makes solid, consistent performance improvement in revenue generation, it will continue to lose money. We do not mean to imply that expense management should lapse. Given the onerous nature of the collective bargaining agreement, expenses must be contained.

The disparity between revenue and expense is so great that management must be willing to undertake fundamental restructuring of both the expense structure and the revenue base if CCNH is to make meaningful progress towards self-sufficiency.

Positioning

The long-term care industry is a low revenue business. This observation is particularly telling for homes like CCNH that have a high percentage of Medicaid residents. In CCNH's case, the Medicaid mix is approaching 60 percent. As a point of reference, Life Services Network, the Illinois trade association representing not-for-profit and government homes, reports that the State-wide average Medicaid mix for its members is roughly 35 percent.

We do not mean to infer that CCNH should reduce its Medicaid mix to 35 percent as we recognize that its mission as a County home requires that it care for those in the greatest need. We do mean to infer that a home with such a high Medicaid mix must deal with some fundamental facts:

- If at least 60 percent of CCNH reimbursement is Medicaid, then at least 60 percent of CCNH reimbursement will be below cost.
- The remaining 40 percent of reimbursement – combinations of Medicare and private pay services – must be sufficient to off-set revenue shortfalls from Medicaid. If private rates, for example, are set below CCNH's cost of doing business, then there is virtually no way for CCNH to remain in business without subsidy of some sort, i.e., Other Revenues, Contributions, Property Taxes, and the like.
- If CCNH is in a low revenue business, its costs must be structured accordingly. They are not. This may be the greatest challenge facing CCNH, but it is one that must be faced squarely if performance is to improve.
- CCNH did not get into its current plight overnight. Improvements will take time and are unlikely to be successful without a well-planned strategy broadly supported at the County level.

Champaign County Nursing Home
Statistical Data
2001 - 2005

Exhibit 1

**Champaign County Nursing Home
Statistical Data
2001 - 2005**

Source: State of Illinois Medicaid Cost Reports, Schedule III

	2001	2002	2003	2004	2005
Beds	243	243	243	243	243
Available Resident Days	88,695	88,695	88,695	88,938	88,938
Resident Days					
IPA	35,477	37,917	39,621	42,352	43,085
Private Pay	34,884	31,375	28,666	25,528	24,880
Medicare	4,232	5,676	5,537	5,346	5,087
Other - ICF	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	74,593	74,968	73,824	73,226	73,052
Average Daily Census					
IPA	97	104	109	116	118
Private Pay	96	86	79	70	68
Medicare	12	16	15	15	14
Other - ICF	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	204	205	202	200	200
Occupancy Rate	84.1%	84.5%	83.2%	82.3%	82.1%
Payor Mix					
IPA	47.6%	50.6%	53.7%	57.8%	59.0%
Private Pay	46.8%	41.9%	38.8%	34.9%	34.1%
Medicare	5.7%	7.6%	7.5%	7.3%	7.0%
Other - ICF	0.0%	0.0%	0.0%	0.0%	0.0%
Skilled -Medicaid	2,864	2,150	888	573	1,482
Skilled -Private	<u>2,608</u>	<u>1,879</u>	<u>891</u>	<u>1,415</u>	<u>658</u>
SubTotal	5,472	4,029	1,779	1,988	2,140
Average Daily Census	15.0	11.0	4.9	5.4	5.9
Intermediate - Medicaid	31,391	34,250	37,313	23,189	39,265
Intermediate -Private	<u>29,464</u>	<u>26,381</u>	<u>24,985</u>	<u>39,359</u>	<u>22,765</u>
SubTotal	60,855	60,631	62,298	62,548	62,030
Average Daily Census	166.7	166.1	170.7	171.4	169.9
Shelter Care-Medicaid	1,222	1,517	1,420	1,766	2,338
Shelter Care-Private	<u>2,812</u>	<u>3,115</u>	<u>2,790</u>	<u>1,578</u>	<u>1,457</u>
SubTotal	4,034	4,632	4,210	3,344	3,795
Average Daily Census	11.1	12.7	11.5	9.2	10.4
Shelter Care Occupancy Rate	32.5%	37.3%	33.9%	26.9%	30.6%
Other-Medicare	4,232	5,676	5,537	5,346	5,087
SubTotal	4,232	5,676	5,537	5,346	5,087
Average Daily Census	11.6	15.6	15.2	14.6	13.9
Total Days incl Shelter Care	74,593	74,968	73,824	73,226	73,052
Occupancy Less Shelter Care	92.5%	92.2%	91.3%	91.6%	90.8%
Occupancy with Shelter Care	84.1%	84.5%	83.2%	82.3%	82.1%
Shelter Care as Pct of Total Days	5.4%	6.2%	5.7%	4.6%	5.2%
Shelter Care Impact on Tot Occ	8.4%	7.7%	8.0%	9.3%	8.6%

Exhibit 2

**Champaign County Nursing Home
Comparative Cost Report Data
Revenue & Expense Summary**

	2001	2002	2003	2004	2005
Total Resident Days	74,593	74,968	73,824	73,226	73,052
Average Daily Census (ADC)	204	205	202	200	200
Revenues					
Inpatient Care, Gross Revenues	\$8,429,480	\$8,823,731	\$8,957,183	\$8,854,912	\$9,155,683
Change in Revenue		\$394,251	\$133,452	(\$102,271)	\$300,771
Percent Change		4.7%	1.5%	-1.1%	3.4%
Revenue Per Day	\$113.01	\$117.70	\$121.33	\$120.93	\$125.33
Change in Revenue Per Day		\$4.69	\$3.63	(\$0.41)	\$4.41
Percent Change in Revenue Per Day		4.2%	3.1%	-0.3%	3.6%
Total Patient Service Revenue	\$8,429,480	\$8,823,731	\$8,957,183	\$8,854,912	\$9,155,683
Change in Revenue		\$394,251	\$133,452	(\$102,271)	\$300,771
Percent Change		4.7%	1.5%	-1.1%	3.4%
Revenue Per Day	\$113.01	\$117.70	\$121.33	\$120.93	\$125.33
Change in Revenue Per Day		\$4.69	\$3.63	(\$0.41)	\$4.41
Percent Change in Revenue Per Day		4.2%	3.1%	-0.3%	3.6%
Expenses					
Total Expenses	\$9,890,132	\$9,734,425	\$10,143,123	\$10,843,717	\$11,552,536
Change in Expense		(\$155,707)	\$408,698	\$700,594	\$708,819
Percent Change		-1.6%	4.2%	6.9%	6.5%
Expense Per Day	\$132.59	\$129.85	\$137.40	\$148.09	\$158.14
Change in Expense Per Day		(\$2.74)	\$7.55	\$10.69	\$10.06
Percent Change in Expense Per Day		-2.1%	5.8%	7.8%	6.8%
Core Elements of Expense	\$7,546,875	\$8,442,279	\$8,849,909	\$9,288,788	\$10,015,692
Percent of Total Expense	76.3%	86.7%	87.3%	85.7%	86.7%
Change in Expense		\$895,404	\$407,630	\$438,879	\$726,904
Percent Change		11.9%	4.8%	5.0%	7.8%
Expense Per Day	\$101.17	\$112.61	\$119.88	\$126.85	\$137.10
Change in Expense Per Day		\$11.44	\$7.27	\$6.97	\$10.25
Percent Change in Expense Per Day		11.3%	6.5%	5.8%	8.1%
Salaries	\$5,047,827	\$5,889,089	\$6,072,917	\$6,192,203	\$6,546,064
Percent of Total Expense	51.0%	60.5%	59.9%	57.1%	56.7%
Change in Expense		\$841,262	\$183,828	\$119,286	\$353,861
Percent Change		16.7%	3.1%	2.0%	5.7%
Expense Per Day	\$67.67	\$78.55	\$82.26	\$84.56	\$89.61
Change in Expense Per Day		\$10.88	\$3.71	\$2.30	\$5.05
Percent Change in Expense Per Day		16.1%	4.7%	2.8%	6.0%
Employee Benefits	\$1,155,239	\$1,180,360	\$1,380,978	\$1,488,977	\$1,865,488
Percent of Total Expense	11.7%	12.1%	13.6%	13.7%	16.1%
Change in Expense		\$25,121	\$200,618	\$107,999	\$376,511
Percent Change		2.2%	17.0%	7.8%	25.3%
Expense Per Day	\$15.49	\$15.74	\$18.71	\$20.33	\$25.54
Change in Expense Per Day		\$0.26	\$2.96	\$1.63	\$5.20
Percent Change in Expense Per Day		1.7%	18.8%	8.7%	25.6%
Medical/Dental Supplies	\$161,353	\$163,002	\$225,591	\$275,612	\$265,379
Percent of Total Expense	1.6%	1.7%	2.2%	2.5%	2.3%
Change in Expense		\$1,649	\$62,589	\$50,021	(\$10,233)

Exhibit 2

**Champaign County Nursing Home
Comparative Cost Report Data
Revenue & Expense Summary**

	2001	2002	2003	2004	2005
Percent Change		1.0%	38.4%	22.2%	-3.7%
Expense Per Day	\$2.16	\$2.17	\$3.06	\$3.76	\$3.63
Change in Expense Per Day		\$0.01	\$0.88	\$ 0.71	(\$0.13)
Percent Change in Expense Per Day		0.5%	40.5%	23.2%	-3.5%
Drugs	\$116,375	\$155,538	\$125,194	\$142,577	\$145,895
Percent of Total Expense	1.2%	1.6%	1.2%	1.3%	1.3%
Change in Expense		\$39,163	(\$30,344)	\$17,383	\$3,318
Percent Change		33.7%	-19.5%	13.9%	2.3%
Expense Per Day	\$1.56	\$2.07	\$1.70	\$1.95	\$2.00
Change in Expense Per Day		\$0.51	(\$0.38)	\$0.25	\$0.05
Percent Change in Expense Per Day		33.0%	-18.3%	14.8%	2.6%
Food	\$450,706	\$483,984	\$456,164	\$575,822	\$578,125
Percent of Total Expense	4.6%	5.0%	4.5%	5.3%	5.0%
Change in Expense		\$33,278	(\$27,820)	\$119,658	\$2,303
Percent Change		7.4%	-5.7%	26.2%	0.4%
Expense Per Day	\$6.04	\$6.49	\$6.12	\$7.72	\$7.91
Change in Expense Per Day		\$0.45	(\$0.37)	\$1.60	\$0.19
Percent Change in Expense Per Day		7.4%	-5.7%	26.2%	2.5%
Utilities	\$336,693	\$295,759	\$326,921	\$368,235	\$378,391
Percent of Total Expense	3.4%	3.0%	3.2%	3.4%	3.3%
Change in Expense		(\$40,934)	\$31,162	\$41,314	\$10,156
Percent Change		-12.2%	10.5%	12.6%	2.8%
Expense Per Day	\$4.51	\$3.96	\$4.38	\$4.94	\$5.18
Change in Expense Per Day		(\$0.55)	\$0.42	\$0.55	\$0.24
Percent Change in Expense Per Day		-12.2%	10.5%	12.6%	4.9%
Depreciation	\$278,682	\$274,547	\$262,144	\$245,362	\$236,350
Percent of Total Expense	2.8%	2.8%	2.6%	2.3%	2.0%
Change in Expense		(\$4,135)	(\$12,403)	(\$16,782)	(\$9,012)
Percent Change		-1.5%	-4.5%	-6.4%	-3.7%
Expense Per Day	\$3.74	\$3.68	\$3.51	\$3.29	\$3.24
Change in Expense Per Day		(\$0.06)	(\$0.17)	(\$0.22)	(\$0.05)
Percent Change in Expense Per Day		-1.5%	-4.5%	-6.4%	-1.6%

Exhibit 3

**Champaign County Nursing Home
Income Statement
2001 - 2005**

Source: Medicaid Cost Reports
Cost Report Reclassifications Excluded

	2001	2002	2003	2004	2005
Inpatient Care, Gross Revenues	\$8,429,480	\$8,823,731	\$8,957,183	\$8,854,912	\$9,155,683
Ancillary Revenues					
Oxygen	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
SubTotal Ancillary Revenues	\$185,634	\$194,894	\$213,906	\$181,971	\$129,764
Other Operating Revenue					
Gift & Coffee Shop					
Non-Patient Meals					
Telephone, TV, Radio					
Sale of Drugs					
Sale of Supplies to Non-Patients					
Laundry					
Subtotal Other Operating Revenue	\$375,603	\$289,295	\$272,490	\$277,043	\$294,728
Non Operating Revenue					
Contributions					
Interest/Investment Income					
SubTotal, Non Operating Revenue	\$91,445	\$30,255	\$27,972	\$34,343	\$22,886
Other Revenues					
	\$55,079	\$89,907	\$730,630	\$737,271	\$790,033
Total Revenue	\$9,137,241	\$9,428,082	\$10,202,181	\$10,085,540	\$10,393,094
Less Known Tax Receipts			(\$677,910)	(\$707,307)	\$ (737,507)
Adjusted Revenues	\$9,137,241	\$9,428,082	\$9,524,271	\$9,378,233	\$9,655,587
Operating Expenses					
General Services	\$2,295,298	\$2,289,266	\$2,350,365	\$2,646,571	\$2,745,425
Health Care	\$4,938,368	\$4,824,047	\$4,962,267	\$5,088,311	\$5,293,554
Gen Administration	\$1,924,682	\$1,944,338	\$2,214,271	\$2,444,670	\$2,828,939
Ownership	\$286,874	\$279,059	\$268,287	\$264,967	\$273,394
Special Cost Centers	<u>\$444,910</u>	<u>\$397,715</u>	<u>\$347,933</u>	<u>\$399,198</u>	<u>\$411,224</u>
Total Expense	\$9,890,132	\$9,734,425	\$10,143,123	\$10,843,717	\$11,552,536
Grand Total Expenses	\$9,890,132	\$9,734,425	\$10,143,123	\$10,843,717	\$11,552,536
Gain (Loss)	(\$752,891)	(\$306,343)	(\$618,852)	(\$1,465,484)	(\$1,896,949)

Exhibit 4

**Champaign County Nursing Home
Comparative Cost Report Data
(Without Reclassifications)
Operating Expenses**

Source: Medicaid Cost Reports

	2001	2002	2003	2004	2005	Annual Percentage Change			
						2001-02	2002-03	2003-04	2004-05
General Services									
Salaries & Wages	\$1,251,365	\$1,258,156	\$1,310,361	\$1,456,323	\$1,542,159	0.5%	4.1%	11.1%	5.9%
Supplies	\$594,310	\$627,007	\$597,107	\$709,688	\$718,880	5.5%	-4.8%	18.9%	1.3%
Other	<u>\$449,623</u>	<u>\$404,103</u>	<u>\$442,897</u>	<u>\$480,560</u>	<u>\$484,386</u>	<u>-10.1%</u>	<u>9.6%</u>	<u>8.5%</u>	<u>0.8%</u>
Total General Services	\$2,295,298	\$2,289,266	\$2,350,365	\$2,646,571	\$2,745,425	-0.3%	2.7%	12.6%	3.7%
Health Care & Programs									
Salaries & Wages	\$3,342,054	\$4,164,722	\$4,285,224	\$4,188,760	\$4,423,267	24.6%	2.9%	-2.3%	5.6%
Supplies	\$171,049	\$168,816	\$228,964	\$283,027	\$273,310	-1.3%	35.6%	23.6%	-3.4%
Other	<u>\$1,425,265</u>	<u>\$490,509</u>	<u>\$448,079</u>	<u>\$616,524</u>	<u>\$596,977</u>	<u>-65.6%</u>	<u>-8.7%</u>	<u>37.6%</u>	<u>-3.2%</u>
Total Health Care Programs	\$4,938,368	\$4,824,047	\$4,962,267	\$5,088,311	\$5,293,554	-2.3%	2.9%	2.5%	4.0%
General Administration									
Salaries	\$407,629	\$414,170	\$428,194	\$472,653	\$495,832	1.6%	3.4%	10.4%	4.9%
Supplies	\$17,992	\$17,472	\$15,174	\$18,574	\$15,221	-2.9%	-13.2%	22.4%	-18.1%
Other	<u>\$1,499,061</u>	<u>\$1,512,696</u>	<u>\$1,770,903</u>	<u>\$1,953,443</u>	<u>\$2,317,886</u>	<u>0.9%</u>	<u>17.1%</u>	<u>10.3%</u>	<u>18.7%</u>
Total General Administration	\$1,924,682	\$1,944,338	\$2,214,271	\$2,444,670	\$2,828,939	1.0%	13.9%	10.4%	15.7%
Depreciation	\$286,874	\$279,059	\$268,287	\$264,967	\$273,394	-2.7%	-3.9%	-1.2%	3.2%
Special Cost Centers									
Ancillary Service Centers									
Salaries	\$46,779	\$52,041	\$49,138	\$74,467	\$84,806	11.2%	-5.6%	51.5%	13.9%
Supplies	\$116,375	\$155,538	\$125,194	\$142,577	\$145,895	33.7%	-19.5%	13.9%	2.3%
Other	<u>\$281,756</u>	<u>\$190,136</u>	<u>\$173,601</u>	<u>\$182,154</u>	<u>\$180,523</u>	<u>-32.5%</u>	<u>-8.7%</u>	<u>4.9%</u>	<u>-0.9%</u>
Total Special Cost Centers	\$444,910	\$397,715	\$347,933	\$399,198	\$411,224	-10.6%	-12.5%	14.7%	3.0%
Total Expenses	\$9,890,132	\$9,734,425	\$10,143,123	\$10,843,717	\$11,552,536	-1.6%	4.2%	6.9%	6.5%
Total Salaries	\$5,047,827	\$5,889,089	\$6,072,917	\$6,192,203	\$6,546,064	16.7%	3.1%	2.0%	5.7%
Pct Total Expenses	51.0%	60.5%	59.9%	57.1%	56.7%				
Total Supplies	\$899,726	\$968,833	\$966,439	\$1,153,866	\$1,153,306	7.7%	-0.2%	19.4%	0.0%
Pct Total Expenses	<u>9.1%</u>	<u>10.0%</u>	<u>9.5%</u>	<u>10.6%</u>	<u>10.0%</u>				
Total Other	\$3,942,579	\$2,876,503	\$3,103,767	\$3,497,648	\$3,853,166	-27.0%	7.9%	12.7%	10.2%
Pct Total Expense	39.9%	29.5%	30.6%	32.3%	33.4%				
Total Percent	100.0%	100.0%	100.0%	100.0%	100.0%				

Exhibit 5

**Champaign County Nursing Home
Comparative Cost Report Data
(Without Reclassifications)
Operating Expenses Per Resident Day**

	2001	2002	2003	2004	2005	Annual Percentage Change			
						2001-02	2002-03	2003-04	2004-05
General Services									
Salaries & Wages	\$16.78	\$16.78	\$17.75	\$19.89	\$21.11	0.0%	5.8%	12.0%	6.1%
Supplies	\$7.97	\$8.36	\$8.09	\$9.69	\$9.84	5.0%	-3.3%	19.8%	1.5%
Other	<u>\$6.03</u>	<u>\$5.39</u>	<u>\$6.00</u>	<u>\$6.56</u>	<u>\$6.63</u>	<u>-10.8%</u>	<u>11.3%</u>	<u>n/a</u>	1.0%
Total Dietary	\$30.77	\$30.54	\$31.84	\$36.14	\$37.58	-0.8%	4.3%	13.5%	4.0%
Health Care & Programs									
Salaries & Wages	\$44.80	\$55.83	\$57.45	\$56.15	\$59.30	24.6%	2.9%	-2.3%	5.6%
Supplies	\$2.29	\$2.26	\$3.07	\$3.79	\$3.66	-1.3%	35.6%	23.6%	-3.4%
Other	<u>\$19.11</u>	<u>\$6.58</u>	<u>\$6.01</u>	<u>\$8.27</u>	<u>\$8.00</u>	<u>-65.6%</u>	<u>-8.7%</u>	<u>37.6%</u>	-3.2%
Total Medical Director	\$66.20	\$64.67	\$66.52	\$68.21	\$70.97	-2.3%	2.9%	2.5%	4.0%
General Administration									
Administrative Salaries	\$5.46	\$5.52	\$5.80	\$6.45	\$6.79	1.1%	5.0%	11.3%	5.2%
Supplies	\$0.24	\$0.23	\$0.21	\$0.25	\$0.21	-3.4%	-11.8%	23.4%	-17.9%
Other	<u>\$20.10</u>	<u>\$20.18</u>	<u>\$23.99</u>	<u>\$26.68</u>	<u>\$31.73</u>	<u>0.4%</u>	<u>18.9%</u>	<u>11.2%</u>	<u>18.9%</u>
Total General Administration	\$25.80	\$25.94	\$29.99	\$33.39	\$38.73	0.5%	15.6%	11.3%	16.0%
Depreciation	\$3.85	\$3.74	\$3.60	\$3.55	\$3.74	-2.7%	-3.9%	-1.2%	5.4%
Special Cost Centers									
Ancillary Service Centers									
Salaries	\$0.63	\$0.69	\$0.67	\$1.02	\$1.16	10.7%	-4.1%	52.8%	14.2%
Supplies	\$1.56	\$2.07	\$1.70	\$1.95	\$2.00	33.0%	-18.3%	14.8%	2.6%
Other	<u>\$3.78</u>	<u>\$2.54</u>	<u>\$2.35</u>	<u>\$2.49</u>	<u>\$2.47</u>	<u>-32.9%</u>	<u>-7.3%</u>	<u>5.8%</u>	<u>-0.7%</u>
Total Ancillary Services	\$5.96	\$5.31	\$4.71	\$5.45	\$5.63	-11.1%	-11.2%	15.7%	3.3%
Total Expenses	\$132.59	\$129.85	\$137.40	\$148.09	\$158.14	-2.1%	5.8%	7.8%	6.8%
Resident Days	74,593	74,968	73,824	73,226	73,052				

Exhibit 6a

**Champaign County Nursing Home
Comparative Cost Report Data
(Without Reclassifications)
Detailed Operating Expenses - Adjusted**

	2001	2002	2003	2004	2005	Annual Percentage Change			
						2001-02	2002-03	2003-04	2004-05
General Services									
Dietary									
Salaries & Wages	\$692,459	\$690,760	\$723,419	\$817,131	\$861,868	-0.2%	4.7%	13.0%	5.5%
Supplies	\$57,444	\$68,261	\$73,924	\$62,510	\$63,783	18.8%	8.3%	-15.4%	2.0%
Food Purchases	\$450,706	\$483,984	\$466,164	\$575,822	\$578,125	7.4%	-5.7%	26.2%	0.4%
Other	\$9,230	\$30,788	\$23,939	\$22,425	\$19,858	233.6%	-22.2%	-6.3%	-11.4%
Total Dietary	\$1,209,839	\$1,273,793	\$1,277,446	\$1,477,888	\$1,523,634	5.3%	0.3%	15.7%	3.1%
Housekeeping									
Salaries & Wages	\$383,674	\$366,005	\$385,085	\$428,665	\$422,911	-4.6%	5.2%	11.3%	-1.3%
Supplies	\$34,661	\$27,075	\$28,534	\$29,560	\$37,193	-21.9%	5.4%	3.6%	25.8%
Other	\$0	\$0	\$0	\$120	\$125	n/a	n/a	n/a	4.2%
Total Housekeeping	\$418,335	\$393,080	\$413,619	\$458,345	\$460,229	-6.0%	5.2%	10.8%	0.4%
Laundry									
Salaries & Wages	\$116,045	\$126,620	\$129,251	\$134,093	\$138,463	9.1%	2.1%	3.7%	3.3%
Supplies	\$35,364	\$35,176	\$26,221	\$25,606	\$27,799	-0.5%	-25.5%	-2.3%	8.6%
Other	\$0	\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a
Total Laundry	\$151,409	\$161,796	\$155,472	\$159,699	\$166,262	6.9%	-3.9%	2.7%	4.1%
Maintenance									
Salaries & Wages	\$59,187	\$74,771	\$72,606	\$76,434	\$118,917	26.3%	-2.9%	5.3%	55.6%
Supplies	\$16,135	\$12,511	\$12,264	\$16,190	\$11,980	-22.5%	-2.0%	32.0%	-26.0%
Utilities	\$336,693	\$295,759	\$326,921	\$368,235	\$378,391	-12.2%	10.5%	12.6%	2.8%
Other	\$103,700	\$77,556	\$92,037	\$89,780	\$86,012	-25.2%	18.7%	-2.5%	-4.2%
Total Maintenance	\$515,715	\$460,597	\$503,828	\$550,639	\$595,300	-10.7%	9.4%	9.3%	8.1%
Total General Services	\$2,295,298	\$2,289,266	\$2,350,365	\$2,646,571	\$2,745,425	-0.3%	2.7%	12.6%	3.7%
Health Care & Programs									
Medical Director									
Salaries & Wages	\$0	\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a
Supplies	\$0	\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a
Other	\$1,551	\$6,300	\$4,200	\$4,200	\$4,200	306.2%	-33.3%	0.0%	0.0%
Total Medical Director	\$1,551	\$6,300	\$4,200	\$4,200	\$4,200	306.2%	-33.3%	0.0%	0.0%

Exhibit 6a

**Champaign County Nursing Home
Comparative Cost Report Data
(Without Reclassifications)
Detailed Operating Expenses - Adjusted**

	2001	2002	2003	2004	2005	Annual Percentage Change			
						2001-02	2002-03	2003-04	2004-05
Nursing & Medical Records									
Salaries & Wages	\$2,629,880	\$3,480,545	\$3,633,899	\$3,455,272	\$3,740,533	32.3%	4.4%	-4.9%	8.3%
Supplies	\$161,353	\$163,002	\$225,591	\$275,612	\$265,379	1.0%	38.4%	22.2%	-3.7%
Other	<u>\$1,225,210</u>	<u>\$207,374</u>	<u>\$150,694</u>	<u>\$211,627</u>	<u>\$247,838</u>	<u>-83.1%</u>	<u>-27.3%</u>	<u>40.4%</u>	<u>17.1%</u>
Total Nursing & Medical Records	\$4,016,443	\$3,850,921	\$4,010,184	\$3,942,511	\$4,253,750	-4.1%	4.1%	-1.7%	7.9%
Therapy									
Salaries & Wages	\$24,049	\$23,868	\$1,550	\$58,990	\$48,986	-0.8%	-93.5%	3705.8%	-17.0%
Supplies	\$4,446	\$2,417	\$989	\$1,175	\$1,258	-45.6%	-59.1%	18.8%	7.1%
Other	<u>\$190,127</u>	<u>\$269,409</u>	<u>\$284,099</u>	<u>\$292,902</u>	<u>\$230,412</u>	<u>41.7%</u>	<u>5.5%</u>	<u>3.1%</u>	<u>-21.3%</u>
Total Therapy	\$218,622	\$295,694	\$286,638	\$353,067	\$280,656	35.3%	-3.1%	23.2%	-20.5%
Activities									
Salaries & Wages	\$221,119	\$180,141	\$200,025	\$205,222	\$197,950	-18.5%	11.0%	2.6%	-3.5%
Supplies	\$979	\$659	\$266	\$4,219	\$5,046	-32.7%	-59.6%	1486.1%	19.6%
Other	<u>\$2,000</u>	<u>\$2,810</u>	<u>\$4,164</u>	<u>\$0</u>	<u>\$11</u>	<u>40.5%</u>	<u>48.2%</u>	<u>-100.0%</u>	<u>n/a</u>
Total Activities	\$224,098	\$183,610	\$204,455	\$209,441	\$203,007	-18.1%	11.4%	2.4%	-3.1%
Social Services									
Salaries & Wages	\$107,679	\$127,446	\$129,547	\$118,149	\$118,641	18.4%	1.6%	-8.8%	0.4%
Supplies	\$14	\$49	\$27	\$0	\$1	250.0%	-44.9%	-100.0%	n/a
Other	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total Social Services	\$107,693	\$127,495	\$129,574	\$118,149	\$118,642	18.4%	1.6%	-8.8%	0.4%
Nurse Aide Training	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total Nurse Aide Training	\$0	\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a
Program Transportation									
Salaries & Wages	\$0	\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a
Supplies	\$0	\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a
Other	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total Program Transportation	\$0	\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a
Other									
Salary	\$0	\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a
Supplies	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total Other	\$0	\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a

Exhibit 6a

**Champaign County Nursing Home
Comparative Cost Report Data
(Without Reclassifications)
Detailed Operating Expenses - Adjusted**

	2001	2002	2003	2004	2005	Annual Percentage Change			
						2001-02	2002-03	2003-04	2004-05
Total Health Care & Programs	\$4,568,407	\$4,464,020	\$4,635,051	\$4,627,368	\$4,860,255	-2.3%	3.8%	-0.2%	5.0%
General Administration									
Administrative Salaries	\$83,789	\$90,401	\$91,268	\$110,356	\$151,032	7.9%	1.0%	20.9%	36.9%
Clerical, Gen Office Salaries	\$323,840	\$323,769	\$336,926	\$362,297	\$344,800	0.0%	4.1%	7.5%	-4.8%
Supplies	\$0	\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a
Other, Admin	\$44,446	\$43,597	\$46,561	\$55,487	\$55,544	-1.9%	6.8%	19.2%	0.1%
Professional Services	\$70,904	\$33,391	\$31,993	\$46,065	\$44,129	-52.9%	-4.2%	44.0%	-4.2%
Dues, Fees, Subs, Promotions	\$29,926	\$25,110	\$25,248	\$42,107	\$41,197	-16.1%	0.5%	66.8%	-2.2%
Clerical, Gen Office Supplies	\$17,992	\$17,472	\$15,174	\$18,574	\$15,221	-2.9%	n/a	22.4%	-18.1%
Clerical, Gen Office Other	\$59,021	\$63,788	\$63,415	\$70,667	\$63,468	8.1%	-0.6%	11.4%	-10.2%
Employee Benefits & Payroll Taxes	\$1,155,239	\$1,180,360	\$1,380,978	\$1,488,977	\$1,865,488	2.2%	17.0%	7.8%	25.3%
Inservice Training & Education	\$12,046	\$2,881	\$2,289	\$3,981	\$2,526	-76.1%	-20.5%	73.9%	-36.5%
Travel & Seminar	\$13,129	\$8,298	\$9,018	\$11,469	\$8,805	-36.8%	8.7%	27.2%	-23.2%
Other Staff Transportation	\$769	\$590	\$1,696	\$1,289	\$2,159	-23.3%	187.5%	-24.0%	67.5%
Insurance-Prop/Liab/Malpractice	<u>\$113,581</u>	<u>\$154,681</u>	<u>\$209,705</u>	<u>\$233,401</u>	<u>\$234,570</u>	<u>36.2%</u>	<u>35.6%</u>	<u>11.3%</u>	<u>0.5%</u>
Total General Administration	\$1,924,682	\$1,944,338	\$2,214,271	\$2,444,670	\$2,828,939	1.0%	13.9%	10.4%	15.7%
Depreciation	\$278,682	\$274,547	\$262,144	\$245,362	\$236,350	-1.5%	-4.5%	-6.4%	-3.7%
Interest	\$0	\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a
Rent-Equip & Vehicles	<u>\$8,192</u>	<u>\$4,512</u>	<u>\$6,143</u>	<u>\$19,605</u>	<u>\$37,044</u>	<u>-44.9%</u>	<u>36.1%</u>	<u>219.1%</u>	<u>89.0%</u>
Total Ownership	\$286,874	\$279,059	\$268,287	\$264,967	\$273,394	-2.7%	-3.9%	-1.2%	3.2%
Special Cost Centers									
Ancillary Service Centers									
Salaries	\$1,932	\$7,861	\$0	\$22,734	\$32,552	306.9%	-100.0%	n/a	43.2%
Supplies	\$114,272	\$153,416	\$123,794	\$141,121	\$144,235	34.3%	-19.3%	14.0%	2.2%
Other	\$5,336	\$0	\$0	\$0	\$0	-100.0%	n/a	n/a	n/a
Other, Line 43 (Adjusted Out)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total Ancillary Services	\$121,540	\$161,277	\$123,794	\$163,855	\$176,787	32.7%	-23.2%	32.4%	7.9%
Provider Participation Fee	\$114,323	\$114,428	\$114,427	\$114,742	\$114,428	0.1%	0.0%	0.3%	-0.3%
Other (Brber/Beauty Shops Total)	\$46,950	\$46,302	\$50,538	\$53,189	\$53,914	-1.4%	9.1%	5.2%	1.4%
Total Special Cost Centers	\$282,813	\$322,007	\$288,759	\$331,786	\$345,129	13.9%	-10.3%	14.9%	4.0%
Total Expenses	\$9,358,074	\$9,298,690	\$9,756,733	\$10,315,362	\$11,053,142	-0.6%	4.9%	5.7%	7.2%

Exhibit 6a

**Champaign County Nursing Home
Comparative Cost Report Data
(Without Reclassifications)
Detailed Operating Expenses - Adjusted**

	2001	2002	2003	2004	2005	Annual Percentage Change			
						2001-02	2002-03	2003-04	2004-05
Adjust to Cost Report									
Total Expenses	\$9,358,074	\$9,298,690	\$9,756,733	\$10,315,362	\$11,053,142	-0.6%	4.9%	5.7%	7.2%
Less Depreciation	\$278,682	\$274,547	\$262,144	\$245,362	\$236,350	-1.5%	-4.5%	-6.4%	-3.7%
Less Provider Participation Fee	<u>\$114,323</u>	<u>\$114,428</u>	<u>\$114,427</u>	<u>\$114,742</u>	<u>\$114,428</u>	<u>0.1%</u>	<u>0.0%</u>	<u>0.3%</u>	<u>-0.3%</u>
Adjusted Expenses	\$8,965,069	\$8,909,715	\$9,380,162	\$9,955,258	\$10,702,364	-0.6%	5.3%	6.1%	7.5%
Expenses on Cost Report Col 4	\$ 9,890,132	\$ 9,734,425	\$ 10,143,123	\$ 10,843,717	\$ 11,552,536				
Expenses Recorded Above	\$9,358,074	\$9,298,690	\$9,756,733	\$10,315,362	\$11,053,142				
Difference	\$532,058	\$435,735	\$386,390	\$528,355	\$499,394				
Attributed to									
Daycare Expenses	\$ 369,961	360027	\$ 327,216	\$ 460,943	\$ 433,299				
Non Allowable Costs Line43	\$ 162,097	75708	\$ 59,174	\$ 67,412	\$ 66,095				
	\$ 532,058	\$ 435,735	\$ 386,390	\$ 528,355	\$ 499,394				
Expenses From Income Stmt	\$ 9,890,132	\$ 9,734,425	\$ 10,143,123	\$ 10,843,717	\$ 11,552,536				
Salaries	\$4,643,653	\$5,492,187	\$5,703,576	\$5,789,343	\$6,176,653				
Pct Change		18.3%	3.8%	1.5%	6.7%				
Pct Total Expense	49.6%	59.1%	58.5%	56.1%	55.9%				
Benefits	\$1,155,239	\$1,180,360	\$1,380,978	\$1,488,977	\$1,865,488				
Pct Change		2.2%	17.0%	7.8%	25.3%				
Pct of Salaries	24.9%	21.5%	24.2%	25.7%	30.2%				
Pct Total Expense	12.3%	12.7%	14.2%	14.4%	16.9%				
Salaries & Benefits	\$5,798,892	\$6,672,547	\$7,084,554	\$7,278,320	\$8,042,141				
Pct Change		15.1%	6.2%	2.7%	10.5%				
Pct Total Expense	62.0%	71.8%	72.6%	70.6%	72.8%				
All Other Expenses	\$3,559,182	\$2,626,143	\$2,672,179	\$3,037,042	\$3,011,001				
Pct Change		-26.2%	1.8%	13.7%	-0.9%				
Pct Total	38.0%	28.2%	27.4%	29.4%	27.2%				
Food	\$450,706	\$483,984	\$456,164	\$575,822	\$578,125				
Pct Change		7.4%	-5.7%	26.2%	0.4%				
Cost Per Day	\$6.04	\$6.46	\$6.18	\$7.86	\$7.91				
Pct Change		6.8%	-4.3%	27.3%	0.6%				

Exhibit 6a

**Champaign County Nursing Home
Comparative Cost Report Data
(Without Reclassifications)
Detailed Operating Expenses - Adjusted**

	2001	2002	2003	2004	2005	Annual Percentage Change			
						2001-02	2002-03	2003-04	2004-05
Medical Supplies	\$161,353	\$163,002	\$225,591	\$275,612	\$265,379				
Pct Change		1.0%	38.4%	22.2%	-3.7%				
Cost Per Day	\$2.16	\$2.17	\$3.06	\$3.76	\$3.63				
Pct Change		0.5%	40.5%	23.2%	-3.5%				
Utilities	\$336,693	\$295,759	\$326,921	\$368,235	\$378,391				
Pct Change		-12.2%	10.5%	12.6%	2.8%				
Cost Per Day	\$4.51	\$3.95	\$4.43	\$5.03	\$5.18				
Pct Change		-12.6%	12.2%	13.6%	3.0%				

Exhibit 6b

**Champaign County Nursing Home
Comparative Cost Report Data
(Without Reclassifications)
Adjusted Operating Expenses Per Resident Day**

	2001	2002	2003	2004	2005	Annual Percentage Change			
						2001-02	2002-03	2003-04	2004-05
General Services									
Dietary									
Salaries & Wages	\$9.28	\$9.21	\$9.80	\$11.16	\$11.80	-0.7%	6.4%	13.9%	5.7%
Supplies	\$0.77	\$0.91	\$1.00	\$0.85	\$0.87	18.2%	10.0%	-14.7%	2.3%
Food Purchases	\$6.04	\$6.46	\$6.18	\$7.86	\$7.91	6.8%	-4.3%	27.3%	0.6%
Other	<u>\$0.12</u>	<u>\$0.41</u>	<u>\$0.32</u>	<u>\$0.31</u>	<u>\$0.27</u>	<u>231.9%</u>	<u>-21.0%</u>	<u>-5.6%</u>	<u>-11.2%</u>
Total Dietary	\$16.22	\$16.99	\$17.30	\$20.18	\$20.86	4.8%	1.8%	16.6%	3.3%
Housekeeping									
Salaries & Wages	\$5.14	\$4.88	\$5.22	\$5.85	\$5.79	-5.1%	6.8%	12.2%	-1.1%
Supplies	\$0.46	\$0.36	\$0.39	\$0.40	\$0.51	-22.3%	7.0%	4.4%	26.1%
Other	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total Housekeeping	\$5.61	\$5.24	\$5.60	\$6.26	\$6.30	-6.5%	6.9%	11.7%	0.7%
Laundry									
Salaries & Wages	\$1.56	\$1.69	\$1.75	\$1.83	\$1.90	8.6%	3.7%	4.6%	3.5%
Supplies	\$0.47	\$0.47	\$0.36	\$0.35	\$0.38	-1.0%	-24.3%	-1.5%	8.8%
Other	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total Laundry	\$2.03	\$2.16	\$2.11	\$2.18	\$2.28	6.3%	-2.4%	3.6%	4.4%
Maintenance									
Salaries & Wages	\$0.79	\$1.00	\$0.98	\$1.04	\$1.63	25.7%	-1.4%	6.1%	56.0%
Supplies	\$0.22	\$0.17	\$0.17	\$0.22	\$0.16	-22.8%	-0.5%	33.1%	-25.8%
Utilities	\$4.51	\$3.95	\$4.43	\$5.03	\$5.18	-12.6%	12.2%	13.6%	3.0%
Other	<u>\$1.39</u>	<u>\$1.03</u>	<u>\$1.25</u>	<u>\$1.23</u>	<u>\$1.18</u>	<u>-25.6%</u>	<u>20.5%</u>	<u>-1.7%</u>	<u>-4.0%</u>
Total Maintenance	\$6.91	\$6.14	\$6.82	\$7.52	\$8.15	-11.1%	11.1%	10.2%	8.4%
Total General Services	\$30.77	\$30.54	\$31.84	\$36.14	\$37.58	-0.8%	4.3%	13.5%	4.0%
Health Care & Programs									
Medical Director									
Salaries & Wages	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a	n/a	n/a	n/a
Supplies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a	n/a	n/a	n/a
Other	<u>\$0.02</u>	<u>\$0.08</u>	<u>\$0.06</u>	<u>\$0.06</u>	<u>\$0.06</u>	<u>304.2%</u>	<u>-32.3%</u>	<u>0.8%</u>	<u>0.2%</u>
Total Medical Director	\$0.02	\$0.08	\$0.06	\$0.06	\$0.06	304.2%	-32.3%	0.8%	0.2%

Exhibit 6b

**Champaign County Nursing Home
Comparative Cost Report Data
(Without Reclassifications)
Adjusted Operating Expenses Per Resident Day**

	2001	2002	2003	2004	2005	Annual Percentage Change			
						2001-02	2002-03	2003-04	2004-05
Nursing & Medical Records									
Salaries & Wages	\$35.26	\$46.43	\$49.22	\$47.19	\$51.20	31.7%	6.0%	-4.1%	8.5%
Supplies	\$2.16	\$2.17	\$3.06	\$3.76	\$3.63	0.5%	40.5%	23.2%	-3.5%
Other	<u>\$16.43</u>	<u>\$2.77</u>	<u>\$2.04</u>	<u>\$2.89</u>	<u>\$3.39</u>	<u>-83.2%</u>	<u>-26.2%</u>	<u>41.6%</u>	<u>17.4%</u>
Total Nursing & Medical Records	\$53.84	\$51.37	\$54.32	\$53.84	\$58.23	-4.6%	5.7%	-0.9%	8.2%
Therapy									
Salaries & Wages	\$0.32	\$0.32	\$0.02	\$0.81	\$0.67	-1.2%	-93.4%	3736.9%	-16.8%
Supplies	\$0.06	\$0.03	\$0.01	\$0.02	\$0.02	-45.9%	-58.4%	19.8%	7.3%
Other	<u>\$2.55</u>	<u>\$3.59</u>	<u>\$3.85</u>	<u>\$4.00</u>	<u>\$3.15</u>	<u>41.0%</u>	<u>7.1%</u>	<u>3.9%</u>	<u>-21.1%</u>
Total Therapy	\$2.93	\$3.94	\$3.88	\$4.82	\$3.84	34.6%	-1.6%	24.2%	-20.3%
Activities									
Salaries & Wages	\$2.96	\$2.40	\$2.71	\$2.80	\$2.71	-18.9%	12.8%	3.4%	-3.3%
Supplies	\$0.01	\$0.01	\$0.00	\$0.06	\$0.07	-33.0%	-59.0%	1499.0%	19.9%
Other	<u>\$0.03</u>	<u>\$0.04</u>	<u>\$0.06</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>39.8%</u>	<u>50.5%</u>	<u>-100.0%</u>	<u>n/a</u>
Total Activities	\$3.00	\$2.45	\$2.77	\$2.86	\$2.78	-18.5%	13.1%	3.3%	-2.8%
Social Services									
Salaries & Wages	\$1.44	\$1.70	\$1.75	\$1.61	\$1.62	17.8%	3.2%	-8.1%	0.7%
Supplies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	248.2%	-44.0%	-100.0%	n/a
Other	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total Social Services	\$1.44	\$1.70	\$1.76	\$1.61	\$1.62	17.8%	3.2%	-8.1%	0.7%
Nurse Aide Training	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a	n/a	n/a	n/a
Program Transportation									
Salaries & Wages	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a	n/a	n/a	n/a
Supplies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a	n/a	n/a	n/a
Other	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total Program Transportation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a	n/a	n/a	n/a
Other									
Salary	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a	n/a	n/a	n/a
Supplies	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a	n/a	n/a	n/a

Exhibit 6b

**Champaign County Nursing Home
Comparative Cost Report Data
(Without Reclassifications)
Adjusted Operating Expenses Per Resident Day**

	2001	2002	2003	2004	2005	Annual Percentage Change			
						2001-02	2002-03	2003-04	2004-05
Total Health Care & Programs	\$61.24	\$59.55	\$62.79	\$63.19	\$66.53	-2.8%	5.4%	0.6%	5.3%
Administrative Salaries	\$1.12	\$1.21	\$1.24	\$1.51	\$2.07	7.4%	2.5%	21.9%	37.2%
Clerical, Gen Office Salaries	\$4.34	\$4.32	\$4.56	\$4.95	\$4.72	-0.5%	5.7%	8.4%	-4.6%
Supplies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a	n/a	n/a	n/a
Other	\$0.60	\$0.58	\$0.63	\$0.76	\$0.76	-2.4%	8.5%	20.1%	0.3%
Professional Services	\$0.95	\$0.45	\$0.43	\$0.63	\$0.60	-53.1%	-2.7%	45.2%	-4.0%
Dues, Fees, Subs, Promotions	\$0.40	\$0.33	\$0.34	\$0.58	\$0.56	-16.5%	2.1%	68.1%	-1.9%
Clerical, Gen Office Supplies	\$0.24	\$0.23	\$0.21	\$0.25	\$0.21	-3.4%	n/a	23.4%	-17.9%
Clerical, Gen Office Other	\$0.79	\$0.85	\$0.86	\$0.97	\$0.87	7.5%	1.0%	12.3%	-10.0%
Employee Benefits & Payroll Taxes	\$15.49	\$15.74	\$18.71	\$20.33	\$25.54	1.7%	18.8%	8.7%	25.6%
Inservice Training & Education	\$0.16	\$0.04	\$0.03	\$0.05	\$0.03	-76.2%	-19.3%	75.3%	-36.4%
Travel & Seminar	\$0.18	\$0.11	\$0.12	\$0.16	\$0.12	-37.1%	10.4%	28.2%	-23.0%
Other Staff Transportation	\$0.01	\$0.01	\$0.02	\$0.02	\$0.03	-23.7%	191.9%	-23.4%	67.9%
Insurance-Prop/Liab/Malpractice	<u>\$1.52</u>	<u>\$2.06</u>	<u>\$2.84</u>	<u>\$3.19</u>	<u>\$3.21</u>	<u>35.5%</u>	<u>37.7%</u>	<u>12.2%</u>	<u>0.7%</u>
Total General Administration	\$25.80	\$25.94	\$29.99	\$33.39	\$38.73	0.5%	15.6%	11.3%	16.0%
Depreciation	\$3.74	\$3.68	\$3.51	\$3.29	\$3.24	-1.5%	-4.5%	-6.4%	-1.6%
Interest	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a	n/a	n/a	n/a
Rent-Equip & Vehicles	\$0.11	\$0.06	\$0.08	\$0.26	\$0.51	-44.9%	36.1%	219.1%	92.9%
Special Cost Centers									
Ancillary Service Centers									
Salaries	\$0.03	\$0.10	\$0.00	\$0.31	\$0.45	304.8%	-100.0%	n/a	43.5%
Supplies	\$1.53	\$2.05	\$1.68	\$1.93	\$1.97	33.6%	-18.1%	14.9%	2.5%
Other	\$0.07	\$0.00	\$0.00	\$0.00	\$0.00	-100.0%	n/a	n/a	n/a
Other, Line 43 (Supplies)	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>#DIV/0!</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total Ancillary Services	\$1.63	\$2.15	\$1.68	\$2.24	\$2.42	32.0%	-22.1%	33.4%	8.1%
Provider Participation Fee	\$1.53	\$1.53	\$1.55	\$1.57	\$1.57	-0.4%	1.5%	1.1%	0.0%
Other	\$0.63	\$0.62	\$0.68	\$0.73	\$0.74	-1.9%	10.8%	6.1%	1.6%
Total Special Cost Centers	\$3.79	\$4.30	\$3.91	\$4.53	\$4.72	13.3%	-8.9%	15.8%	4.3%
Total Expenses	\$125.46	\$124.04	\$132.16	\$140.87	\$151.31	-1.1%	6.6%	6.6%	7.4%

Exhibit 6c

**Champaign County Nursing Home
Comparative Cost Report Data
(Without Reclassifications)
Salaries and Wages Summary**

	2001	2002	2003	2004	2005	Annual Percentage Change			
						2001-02	2002-03	2003-04	2004-05
General Services Salaries & Wages									
Dietary	\$692,459	\$690,760	\$723,419	\$817,131	\$861,868	-0.2%	4.7%	13.0%	5.5%
Housekeeping	\$383,674	\$366,005	\$385,085	\$428,665	\$422,911	-4.6%	5.2%	11.3%	-1.3%
Laundry	\$116,045	\$126,620	\$129,251	\$134,093	\$138,463	9.1%	2.1%	3.7%	3.3%
Maintenance	<u>\$59,187</u>	<u>\$74,771</u>	<u>\$72,606</u>	<u>\$76,434</u>	<u>\$118,917</u>	<u>26.3%</u>	<u>-2.9%</u>	<u>5.3%</u>	<u>55.6%</u>
Total General Service Salaries	\$1,251,365	\$1,258,156	\$1,310,361	\$1,456,323	\$1,542,159	0.5%	4.1%	11.1%	5.9%
Health Care & Programs Salaries & Wages									
Medical Director	\$0	\$0	\$0	\$0	\$0	0.0%	0.0%	0.0%	0.0%
Nursing & Medical Records	\$2,629,880	\$3,480,545	\$3,633,899	\$3,455,272	\$3,740,533	32.3%	4.4%	-4.9%	8.3%
Therapy	\$24,049	\$23,868	\$1,550	\$58,990	\$48,986	-0.8%	-93.5%	3705.8%	-17.0%
Activities	\$221,119	\$180,141	\$200,025	\$205,222	\$197,950	-18.5%	11.0%	2.6%	-3.5%
Social Services	\$107,679	\$127,446	\$129,547	\$118,149	\$118,641	18.4%	1.6%	-8.8%	0.4%
Nurse Aide Training	\$0	\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a
Program Transportation	\$0	\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a
Other	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total Health Care & Programs	\$2,982,727	\$3,812,000	\$3,965,021	\$3,837,633	\$4,106,110	27.8%	4.0%	-3.2%	7.0%
General Administration Salaries & Wages									
Administrative Salaries	\$83,789	\$90,401	\$91,268	\$110,356	\$151,032	7.9%	1.0%	20.9%	36.9%
Clerical, General Office Salaries	<u>\$323,840</u>	<u>\$323,769</u>	<u>\$336,926</u>	<u>\$362,297</u>	<u>\$344,800</u>	<u>0.0%</u>	<u>4.1%</u>	<u>7.5%</u>	<u>-4.8%</u>
Total General Administration Salaries	\$407,629	\$414,170	\$428,194	\$472,653	\$495,832	1.6%	3.4%	10.4%	4.9%
Ancillary Service Center Salaries & Wages	\$1,932	\$7,861	\$0	\$22,734	\$32,552	306.9%	-100.0%	n/a	43.2%
Total Salaries & Wages	\$4,643,653	\$5,492,187	\$5,703,576	\$5,789,343	\$6,176,653	18.3%	3.8%	1.5%	6.7%
Employee Benefits & Payroll Taxes	\$1,155,239	\$1,180,360	\$1,380,978	\$1,488,977	\$1,865,488	2.2%	17.0%	7.8%	25.3%
Total Salaries Benefits & Payroll Taxes	\$5,798,892	\$6,672,547	\$7,084,554	\$7,278,320	\$8,042,141	15.1%	6.2%	2.7%	10.5%

Exhibit 6c

**Champaign County Nursing Home
Comparative Cost Report Data
(Without Reclassifications)
Salaries and Wages Summary**

Salaries and Wages Per Resident Day Summary

	2001	2002	2003	2004	2004	Annual Percentage Change			
						2001-02	2002-03	2003-04	2004-05
General Services									
Dietary	\$9.28	\$9.21	\$9.80	\$11.16	\$11.80	-0.7%	6.4%	13.9%	5.7%
Housekeeping	\$5.14	\$4.88	\$5.22	\$5.85	\$5.79	-5.1%	6.8%	12.2%	-1.1%
Laundry	\$1.56	\$1.69	\$1.75	\$1.83	\$1.90	8.6%	3.7%	4.6%	3.5%
Maintenance	<u>\$0.79</u>	<u>\$1.00</u>	<u>\$0.98</u>	<u>\$1.04</u>	<u>\$1.63</u>	<u>25.7%</u>	<u>-1.4%</u>	<u>6.1%</u>	<u>56.0%</u>
Total General Service Salaries	\$16.78	\$16.78	\$17.75	\$19.89	\$21.11	0.0%	5.8%	12.0%	6.1%
Health Care & Programs									
Nursing & Medical Records	\$35.26	\$46.43	\$49.22	\$47.19	\$51.20	31.7%	6.0%	-4.1%	8.5%
Therapy	\$0.32	\$0.32	\$0.02	\$0.81	\$0.67	-1.2%	-93.4%	3736.9%	-16.8%
Activities	\$2.96	\$2.40	\$2.71	\$2.80	\$2.71	-18.9%	12.8%	3.4%	-3.3%
Social Services	\$1.44	\$1.70	\$1.75	\$1.61	\$1.62	17.8%	3.2%	-8.1%	0.7%
Program Transportation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a	n/a	n/a	n/a
Other	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total Health Care & Programs	\$39.99	\$50.85	\$53.71	\$52.41	\$56.21	27.2%	5.6%	-2.4%	7.3%
General Administration									
Administrative Salaries	\$1.12	\$1.21	\$1.24	\$1.51	\$2.07	7.4%	2.5%	21.9%	37.2%
Clerical, General Office Salaries	<u>\$4.34</u>	<u>\$4.32</u>	<u>\$4.56</u>	<u>\$4.95</u>	<u>\$4.72</u>	<u>-0.5%</u>	<u>5.7%</u>	<u>8.4%</u>	<u>-4.6%</u>
Total General Administration Salaries	\$5.46	\$5.52	\$5.80	\$6.45	\$6.79	1.1%	5.0%	11.3%	5.2%
Ancillary Service Center Salaries	\$0.03	\$0.10	\$0.00	\$0.31	\$0.45	304.8%	-100.0%	n/a	43.5%
Total Salaries	\$62.25	\$73.26	\$77.26	\$79.06	\$84.55	17.7%	5.5%	2.3%	6.9%
Employee Benefits & Payroll Taxes	\$15.49	\$15.74	\$18.71	\$20.33	\$25.54	1.7%	18.8%	8.7%	25.6%
Total Salaries Benefits & Payroll Taxes	\$77.74	\$89.01	\$95.97	\$99.40	\$110.09	14.5%	7.8%	3.6%	10.8%

Exhibit 6d

**Champaign County Nursing Home
Comparative Cost Report Data
Salaries and Benefits Summary**

	2001	2002	2003	2004	2005	Annual Percentage Change			
						2001-02	2002-03	2003-04	2004-05
All Salaries	\$4,643,653	\$5,492,187	\$5,703,576	\$5,789,343	\$6,176,653	18.3%	3.8%	1.5%	6.7%
All Benefit Expense	<u>\$1,155,239</u>	<u>\$1,180,360</u>	<u>\$1,380,978</u>	<u>\$1,488,977</u>	<u>\$1,865,488</u>	<u>2.2%</u>	<u>17.0%</u>	<u>7.8%</u>	<u>25.3%</u>
Total Salary & Benefits	\$5,798,892	\$6,672,547	\$7,084,554	\$7,278,320	\$8,042,141	15.1%	6.2%	2.7%	10.5%

Salaries and Benefits as a Percentage of All Expenses

	2001	2002	2003	2004	2005
All Salaries	49.6%	59.1%	58.5%	56.1%	55.9%
All Benefit Expenses	<u>12.3%</u>	<u>12.7%</u>	<u>14.2%</u>	<u>14.4%</u>	<u>16.9%</u>
Total Salary & Benefits	62.0%	71.8%	72.6%	70.6%	72.8%

Annual Percent Change in Salary & Benefit Expenses Per Resident Day

	2001-02	2002-03	2003-04	2004-05
All Salaries	18.3%	3.8%	1.5%	6.7%
All Benefit Expenses	<u>2.2%</u>	<u>17.0%</u>	<u>7.8%</u>	<u>25.3%</u>
Total Salary & Benefits	15.1%	6.2%	2.7%	10.5%

Exhibit 6e

**Champaign County Nursing Home
Comparative Cost Report Data
(Without Reclassifications)
Non-Labor Expenses**

	2001	2002	2003	2004	2005	Annual Percentage Change			
						2001-02	2002-03	2003-04	2004-05
General Services Non-Labor Expenses									
Dietary	\$517,380	\$583,033	\$554,027	\$660,757	\$661,766	12.7%	-5.0%	19.3%	0.2%
Housekeeping	\$34,661	\$27,075	\$28,534	\$29,680	\$37,318	-21.9%	5.4%	4.0%	25.7%
Laundry	\$35,364	\$35,176	\$26,221	\$25,606	\$27,799	-0.5%	-25.5%	-2.3%	8.6%
Maintenance	<u>\$456,528</u>	<u>\$385,826</u>	<u>\$431,222</u>	<u>\$474,205</u>	<u>\$476,383</u>	<u>-15.5%</u>	<u>11.8%</u>	<u>10.0%</u>	<u>0.5%</u>
Total General Service Salaries	\$1,043,933	\$1,031,110	\$1,040,004	\$1,190,248	\$1,203,266	-1.2%	0.9%	14.4%	1.1%
Health Care & Programs Non-Labor Expenses									
Medical Director	\$1,551	\$6,300	\$4,200	\$4,200	\$4,200	306.2%	-33.3%	0.0%	0.0%
Nursing & Medical Records	\$1,386,563	\$370,376	\$376,285	\$487,239	\$513,217	-73.3%	1.6%	29.5%	5.3%
Therapy	\$194,573	\$271,826	\$285,088	\$294,077	\$231,670	39.7%	4.9%	3.2%	-21.2%
Activities	\$2,979	\$3,469	\$4,430	\$4,219	\$5,057	16.4%	27.7%	-4.8%	19.9%
Social Services	\$14	\$49	\$27	\$0	\$1	250.0%	-44.9%	-100.0%	n/a
Nurse Aide Training	\$0	\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a
Program Transportation	\$0	\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a
Other	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total Health Care & Programs	\$1,585,680	\$652,020	\$670,030	\$789,735	\$754,145	-58.9%	2.8%	17.9%	-4.5%
General Administration Non-Labor Expenses	\$361,814	\$349,808	\$405,099	\$483,040	\$467,619	-3.3%	15.8%	19.2%	-3.2%
Depreciation	\$278,682	\$274,547	\$262,144	\$245,362	\$236,350	-1.5%	-4.5%	-6.4%	-3.7%
Interest	\$0	\$0	\$0	\$0	\$0	n/a	n/a	n/a	n/a
Rent Equipment & Vehicles	\$8,192	\$4,512	\$6,143	\$19,605	\$37,044	-44.9%	36.1%	219.1%	89.0%
Special Cost Center Non-Labor Expenses	\$280,881	\$314,146	\$288,759	\$309,052	\$312,577	11.8%	-8.1%	7.0%	1.1%
Total Non-Labor Expenses	\$3,559,182	\$2,626,143	\$2,672,179	\$3,037,042	\$3,011,001	-26.2%	1.8%	13.7%	-0.9%

Exhibit 6e

**Champaign County Nursing Home
Comparative Cost Report Data
(Without Reclassifications)
Non-Labor Expenses**

Non-Labor Expenses Per Resident Day Summary

	2001	2002	2003	2004	2005	Annual Percentage Change			
						2001-02	2002-03	2003-04	2004-05
General Services									
Dietary	\$6.94	\$7.78	\$7.50	\$9.02	\$9.06	12.1%	-3.5%	20.2%	0.4%
Housekeeping	\$0.46	\$0.36	\$0.39	\$0.41	\$0.51	-22.3%	7.0%	4.9%	26.0%
Laundry	\$0.47	\$0.47	\$0.36	\$0.35	\$0.38	-1.0%	-24.3%	-1.5%	8.8%
Maintenance	<u>\$6.12</u>	<u>\$5.15</u>	<u>\$5.84</u>	<u>\$6.48</u>	<u>\$6.52</u>	<u>-15.9%</u>	<u>13.5%</u>	<u>10.9%</u>	<u>0.7%</u>
Total General Service Salaries	\$14.00	\$13.75	\$14.09	\$16.25	\$16.47	-1.7%	2.4%	15.4%	1.3%
Health Care & Programs									
Medical Director	\$0.02	\$0.08	\$0.06	\$0.06	\$0.06	304.2%	-32.3%	0.8%	0.2%
Nursing & Medical Records	\$18.59	\$4.94	\$5.10	\$6.65	\$7.03	-73.4%	3.2%	30.5%	5.6%
Therapy	\$2.61	\$3.63	\$3.86	\$4.02	\$3.17	39.0%	6.5%	4.0%	-21.0%
Activities	\$0.04	\$0.05	\$0.06	\$0.06	\$0.07	15.9%	29.7%	-4.0%	20.1%
Social Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	248.2%	-44.0%	-100.0%	n/a
Nurse Aide Training	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a	n/a	n/a	n/a
Program Transportation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a	n/a	n/a	n/a
Other	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total Health Care & Programs	\$21.26	\$8.70	\$9.08	\$10.78	\$10.32	-59.1%	4.4%	18.8%	-4.3%
General Administration	\$4.85	\$4.67	\$5.49	\$6.60	\$6.40	-3.8%	17.6%	20.2%	-3.0%
Depreciation	\$3.74	\$3.66	\$3.55	\$3.35	\$3.24	-2.0%	-3.0%	-5.6%	-3.4%
Interest	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	n/a	n/a	n/a	n/a
Rent Equipment & Vehicles	\$0.11	\$0.06	\$0.08	\$0.27	\$0.51	-45.2%	38.3%	221.8%	89.4%
Special Cost Center	\$3.77	\$4.19	\$3.91	\$4.22	\$4.28	11.3%	-6.7%	7.9%	1.4%
Total Non-Labor Expenses	\$47.71	\$35.03	\$36.20	\$41.47	\$41.22	-26.6%	3.3%	14.6%	-0.6%

Exhibit 7

Champaign County Management Analysis Revenue Detail

Source: Nursing Budget Reports with Year-End Actual Figures

	2001	2002	2003	2004	2005
Medicare A	\$933,672	\$1,331,187	\$1,338,670	\$1,302,683	\$1,221,701
Days	4,232	5,676	5,537	5,346	5,087
Per Diem	\$221	\$235	\$242	\$244	\$240
% Change		6.3%	3.1%	0.8%	-1.4%
Medicare B	\$212,938	\$109,537	\$90,982	\$78,852	\$56,170
Change		-48.6%	-16.9%	-13.3%	-28.8%
Medicaid	\$1,931,007	\$2,208,851	\$2,332,804	\$2,586,951	\$2,883,833
Days	35,477	37,917	39,621	42,352	43,085
Per Diem	\$54	\$58	\$59	\$61	\$67
% Change		7.0%	1.1%	3.7%	9.6%
Private Pay	\$5,292,233	\$4,966,710	\$5,099,821	\$4,850,421	\$4,945,484
Days	34,884	31,375	28,666	25,528	24,880
Per Diem	\$152	\$158	\$178	\$190	\$199
% Change		4.3%	12.4%	6.8%	4.6%
Medical Supplies	\$134,206	\$94,945	\$96,368	\$91,242	\$96,094
% Change		-29.3%	1.5%	-5.3%	5.3%
SubTotal, Patient Services	\$8,504,056	\$8,711,230	\$8,958,645	\$8,910,149	\$9,203,282
% of Total Revenues	93.7%	94.5%	88.6%	88.7%	88.5%
% Change		2.4%	2.8%	-0.5%	3.3%
Tax Support			\$679,634	\$709,715	\$740,488
Day Care Grant	\$178,929	\$139,387	\$123,582	\$133,284	\$196,787
Adult Day Care Charges	\$118,853	\$96,387	\$101,680	\$86,157	\$64,932
Kid Care	\$66,781	\$97,891	\$112,226	\$95,814	\$64,832
Outside Food service	\$289				
Barber/Beauty	\$42,660	\$44,031	\$49,526	\$49,607	\$47,668
Pt Transport	\$4,920	\$3,285	\$3,420	\$6,900	\$9,270
Investment Interest	\$83,242	\$17,810	\$11,879	\$14,756	\$12,741
Restricted Donations	\$8,213	\$10,563	\$16,093	\$19,587	\$10,145
Other Financing Sources	\$0				
Other Misc Revenue	\$63,828	\$33,099	\$12,193	\$13,564	\$17,634
Interfund Reimbursements	\$0	\$66,870	\$40,407	\$10,000	\$25,786
Totals	\$9,071,771	\$9,220,553	\$10,109,285	\$10,049,533	\$10,393,565
% Change		1.6%	9.6%	-0.6%	3.4%

Exhibit 8

**Champaign County Nursing Home
Revenue Detail With Adjustments**

Source: Nursing Budget Reports with Year-End Actual Figures

	2001	2002	2003	2004	2005
Medicare A					
Revenue	\$933,672	\$1,331,187	\$1,338,670	\$1,302,683	\$1,221,701
Add Back Co-Insurance	\$74,913	\$343,309	\$324,450	\$331,491	\$345,341
Adjusted Subtotal Medicare A	\$1,008,585	\$1,674,496	\$1,663,120	\$1,634,174	\$1,567,042
Days	4,232	5,676	5,537	5,346	5,087
Per Diem	\$238	\$295	\$300	\$306	\$308
Pct Change		23.8%	1.8%	1.8%	0.8%
CMS Price Increase					
Yield Against CMS					
Medicare B					
Revenue	\$212,938	\$109,537	\$90,982	\$78,852	\$56,170
Add Back Co-Insurance	\$48,664	\$30,371	\$60,999	\$41,743	\$40,191
Adjusted Subtotal Medicare B	\$261,602	\$139,908	\$151,981	\$120,595	\$96,361
Pct Change		-46.5%	8.6%	-20.7%	-20.1%
Avg Per Month	\$21,800	\$11,659	\$12,665	\$10,050	\$8,030
Medicaid					
Revenue	\$1,931,007	\$2,208,851	\$2,332,804	\$2,586,951	\$2,883,833
Add Back Resident Liability	\$977,285	\$1,073,186	\$1,245,333	\$1,210,696	\$1,234,282
Less Shelter Care	\$7,698	\$11,875	\$9,959	\$6,521	\$8,816
Adjusted Subtotal Medicaid	\$2,900,594	\$3,270,162	\$3,568,178	\$3,791,126	\$4,109,299
Days (less Shelter Care)	34,255	36,400	38,201	40,586	40,747
Per Diem	\$85	\$90	\$93	\$93	\$101
Pct Change		6.1%	4.0%	0.0%	8.0%
Medicaid Per Diem Pd	\$85	\$86	\$90	\$91	\$94
Yield Against Medicaid	99.9%	105.0%	103.8%	102.5%	107.0%
Private Pay					
Revenue	\$5,292,233	\$4,966,710	\$5,099,821	\$4,850,421	\$4,945,484
Less Above Add Backs	\$1,100,862	\$1,446,866	\$1,630,782	\$1,583,930	\$1,619,814
Less Shelter Care	\$210,383	\$267,357	\$234,010	\$212,106	\$220,834
Adjusted Subtotal Pvt Pay	\$3,980,988	\$3,252,487	\$3,235,029	\$3,054,385	\$3,104,836
Days	34,884	31,375	28,666	25,528	24,880
Per Diem	\$114	\$104	\$113	\$120	\$125
Pct Change		-9.2%	8.9%	6.0%	4.3%
Benchmark Avg Room Charge					
Yield Against Wtd Avg					
Medical Supplies	\$134,206	\$94,945	\$96,368	\$91,242	\$96,094
Pct Change		-29.3%	1.5%	-5.3%	5.3%
Shelter Care Revenue Estimate	\$218,081	\$279,232	\$243,969	\$218,627	\$229,650
SubTotal, Patient Services	\$8,504,056	\$8,711,230	\$8,958,645	\$8,910,149	\$9,203,282
Total Revenues	\$9,071,771	\$9,220,553	\$10,109,285	\$10,049,533	\$10,393,565
% of Total Revenues	93.7%	94.5%	88.6%	88.7%	88.5%
% Change		2.4%	2.8%	-0.5%	3.3%
Dollar Change in Total Revenues		\$148,782	\$888,732	(\$59,752)	\$344,032
% Change in Total Revenues		1.6%	9.6%	-0.6%	3.4%
Total Expenses	\$9,358,074	\$9,298,690	\$9,756,733	\$10,315,362	\$11,053,142
Dollar Change in Expenses		(\$59,384)	\$458,043	\$558,629	\$737,780
% Change in Expenses		-0.6%	4.9%	5.7%	7.2%
Gain (Loss)	(\$286,303)	(\$78,137)	\$352,552	(\$265,829)	(\$659,577)

Exhibit 9

Champaign County Nursing Home
Room Rates

		2001		2002		2003		2004		2005	
Medicaid											
		12/00 - 6/01	\$83.12	12/01 - 6/02	\$86.35	12/02 - 09/03	\$89.90	12/03 - 6/04	\$90.10	12/04 - 12/04	\$92.23
		7/01 - 11/01	\$86.35	7/02 - 9/02	\$81.26	10/03 - 11/03	\$90.10	7/04 - 11/04	\$92.23	1/05 - 9/05	\$96.21
	Avg rate		\$84.74	10/02-11/02	\$89.90		\$90.00		\$91.17	10/05 - 11/05	\$96.35
					\$85.53						\$94.25
Private Pay											
				2001 - 02		2002 - 03		2003 - 04		2004 - 05	
				% Change		% Change		% Change		% Change	
Skilled	Double	\$119.00	\$129.50	8.8%	\$132.50	2.3%	\$133.50	0.8%	\$134.50	0.7%	
ALZ	Double	\$127.00	\$136.00	7.1%	\$139.00	2.2%	\$140.00	0.7%	\$141.00	0.7%	
ALZ	Pvt	\$132.00	\$143.50	8.7%	\$146.50	2.1%	\$147.50	0.7%	\$148.50	0.7%	
ICF	Semi	\$105.00	\$114.00	8.6%	\$117.00	2.6%	\$123.15	5.3%	\$129.30	5.0%	
ICF	Pvt	\$109.00	\$118.50	8.7%	\$121.50	2.5%	\$127.00	4.5%	\$131.25	3.3%	
Shelter	Double	\$61.00	\$66.50	9.0%	\$69.50	4.5%	\$92.00	32.4%	\$113.75	23.6%	
Shelter	Pvt	\$66.00	\$72.00	9.1%	\$75.00	4.2%	\$92.00	22.7%	\$113.75	23.6%	

Exhibit 10

**Champaign County Nursing Home
2005 Salary Comparisons**

Average Hourly Rates									
	Carle Arbours	Care Ctr Urbana	Care Ctr Champaign	ManorCare Champaign	ManorCare Urbana	Avg Rate	Champaign County	Variance Dollars	Variance Percent
DON	\$31.84	\$25.41	\$26.24	\$28.79	\$27.85	\$28.03	\$31.69	\$3.66	13.1%
Asst DON	\$26.89	\$20.29		\$24.81	\$23.15	\$23.79	\$26.93	\$3.15	13.2%
RN	\$27.36	\$24.29	\$23.56	\$20.95	\$23.05	\$23.84	\$21.44	(\$2.40)	-10.1%
LPN	\$19.12	\$19.49	\$19.50	\$17.42	\$17.74	\$18.65	\$17.64	(\$1.01)	-5.4%
C.N.A./Orderlies	\$11.15	\$11.47	\$11.79	\$10.18	\$10.31	\$10.98	\$12.45	\$1.47	13.4%
C.N.A.Trainees						\$0.00			
Licensed Therapist	\$12.04			\$27.10	\$23.31	\$20.82		(\$20.82)	-100.0%
Rehab/Therapy Aides		\$32.30	\$20.23		\$7.71	\$20.08	\$11.56	(\$8.52)	-42.4%
Activity Director	\$13.38	\$8.49	\$10.72			\$10.86	\$21.22	\$10.36	95.3%
Activity Assts	\$11.10		\$6.63	\$10.11	\$9.29	\$9.28	\$9.88	\$0.60	6.4%
Soc Svc Workers	\$19.00	\$16.82	\$11.19	\$16.58	\$15.09	\$15.74	\$17.89	\$2.15	13.7%
Dietitian						\$0.00			
Food Svc Supervisor		\$18.98	\$15.95			\$17.47	\$24.90	\$7.44	42.6%
Head Cook	\$19.91					\$19.91	\$13.43	(\$6.48)	-32.5%
Cook Helpers/Assts	\$10.77	\$9.02	\$9.44	\$10.01	\$9.08	\$9.66	\$8.51	(\$1.15)	-11.9%
Dishwashers		\$7.21	\$7.61			\$7.41		(\$7.41)	-100.0%
Maintenance Workers	\$10.06	\$13.46	\$14.46	\$14.70	\$14.67	\$13.47	\$15.36	\$1.89	14.0%
Housekeepers	\$9.89	\$7.66	\$7.28	\$9.09	\$8.87	\$8.56	\$10.44	\$1.88	22.0%
Laundry	\$9.11	\$7.28	\$7.44	\$11.10	\$9.68	\$8.92	\$9.80	\$0.88	9.8%
Administrator		\$25.64	\$27.52	\$31.24	\$33.66	\$29.52	\$41.82	\$12.31	41.7%
Asst Admin			\$17.58	\$19.00	\$18.55	\$18.38	\$31.82	\$13.44	73.2%
Other Administrative	\$20.90					\$20.90		(\$20.90)	-100.0%
Office Mgr		\$16.74	\$16.83			\$16.79		(\$16.79)	-100.0%
Clerical	\$14.36	\$9.28		\$14.49	\$14.85	\$13.25	\$15.82	\$2.58	19.4%
Vocational Instruction						\$0.00			
Academic Instruction						\$0.00			
Medical Director						\$0.00			
Qualified Med Rec Prof						\$0.00			
Resident Svcs Coordinator						\$0.00			
Habilitation Aides						\$0.00			
Medical Records	\$13.61	\$9.71	\$12.08	\$13.58	\$11.44	\$12.08	\$10.45	(\$1.63)	-13.5%
Other Health						\$0.00	\$17.27	\$17.27	
Other		\$12.94	\$15.64			\$14.29	\$10.75	(\$3.54)	-24.8%
						\$0.00			
Total	\$14.14	\$12.57	\$13.31	\$13.71	\$13.60	\$13.47	\$13.54	\$0.07	0.5%

Exhibit 10

**Champaign County Nursing Home
2005 Salary Comparisons**

Hours Paid											
	Carle Arbours	Care Ctr Urbana	Care Ctr Champaign	ManorCare Champaign	ManorCare Urbana	Avg Hours	Pct Total Hours	Champaign County	Variance Hours	Variance Pct	Pct Total Hours
DON	2,080	1,451	1,950	2,094	2,834	2,082	1.2%	2,200	118	5.7%	0.5%
Asst DON	2,012	2,878		6,144	512	2,887	1.7%	2,107	(780)	-27.0%	0.4%
RN	21,866	3,703	8,908	12,811	17,498	12,957	7.4%	19,719	6,762	52.2%	4.1%
LPN	41,119	10,150	2,274	23,691	13,465	18,140	10.4%	35,816	17,676	97.4%	7.4%
C.N.A./Orderlies	101,452	45,407	41,267	76,561	71,991	67,336	38.6%	162,353	95,017	141.1%	33.6%
C.N.A. Trainees											
Licensed Therapist	4,065			6,873	9,328	6,755	3.9%		(6,755)	-100.0%	0.0%
Rehab/Therapy Aides		274	893		72	413	0.2%	4,239	3,826	926.4%	0.9%
Activity Director	2,448	4,655	2,506			3,203	1.8%	2,175	(1,028)	-32.1%	0.4%
Activity Assts	6,988		2,350	9,756	5,911	6,251	3.6%	15,364	9,113	145.8%	3.2%
Soc Svc Workers	6,141	2,247	1,969	6,374	5,733	4,493	2.6%	6,630	2,137	47.6%	1.4%
Dietitian											
Food Svc Supervisor		2,080	1,760			1,920	1.1%	2,223	303	15.8%	0.5%
Head Cook	2,169					2,169	1.2%	16,213	14,044	647.5%	3.4%
Cook Helpers/Assts	37,040	4,287	7,597	20,018	20,311	17,851	10.2%	69,155	51,304	287.4%	14.3%
Dishwashers		8,318	4,083			6,201	3.6%		(6,201)	-100.0%	0.0%
Maintenance Workers	5,235	2,159	2,249	2,230	2,730	2,921	1.7%	7,743	4,822	165.1%	1.6%
Housekeepers	19,678	8,396	10,265	12,072	10,420	12,166	7.0%	40,519	28,353	233.0%	8.4%
Laundry	8,581	4,780	5,666	3,501	4,855	5,477	3.1%	14,132	8,655	158.0%	2.9%
Administrator		1,410	2,080	2,437	2,032	1,990	1.1%	2,301	311	15.6%	0.5%
Asst Admin			2,080	240	2,038	1,453	0.8%	1,722	269	18.5%	0.4%
Other Administrative	1,354					1,354	0.8%		(1,354)	-100.0%	0.0%
Office Mgr		2,080	2,379			2,230	1.3%		(2,230)	-100.0%	0.0%
Clerical	12,071	3,658		10,516	7,134	8,345	4.8%	21,795	13,450	161.2%	4.5%
Vocational Instruction											
Academic Instruction											
Medical Director											
Qualified Med Rec Prof											
Resident Svcs Coordinator											
Habilitation Aides											
Medical Records	6,888	1,880	2,140	2,384	2,467	3,152	1.8%	2,094	(1,058)	-33.6%	0.4%
Other Health								50,146	50,146		10.4%
Other		865	1,760			1,313	0.8%	4,861	3,549	270.4%	1.0%
						0					
Total	281,186	110,678	104,176	197,702	179,331	174,615	100.0%	483,507	308,892	176.9%	100.0%

**Champaign County Nursing Home
FTEs Per Occupied Bed Comparisons**

	Carle Arbours		Care Center - Urbana		Care Center - Champaign		ManorCare - Champaign		ManorCare - Urbana		Champaign County	
	Hours Paid	FTEs Per Occupied Bed	Hours Paid	FTEs Per Occupied Bed	Hours Paid	FTEs Per Occupied Bed	Hours Paid	FTEs Per Occupied Bed	Hours Paid	FTEs Per Occupied Bed	Hours Paid	FTEs Per Occupied Bed
DON	2,080	0.006	1,451	0.010	1,950	0.013	2,094	0.011	2,834	0.019	2,200	0.005
Asst DON	2,012	0.006	2,878	0.019			6,144	0.033	512	0.003	2,107	0.005
RN	21,866	0.063	3,703	0.025	8,908	0.060	12,811	0.069	17,498	0.118	19,719	0.047
LPN	41,119	0.118	10,150	0.068	2,274	0.015	23,691	0.128	13,465	0.091	35,816	0.086
C.N.A./Orderlies	101,452	0.291	45,407	0.304	41,267	0.276	76,561	0.413	71,991	0.487	162,353	0.390
C.N.A. Trainees												
Licensed Therapist	4,065	0.012					6,873	0.037	9,328	0.063		
Rehab/Therapy Aides			274	0.002	893	0.006			72	0.000	4,239	0.010
Activity Director	2,448	0.007	4,655	0.031	2,506	0.017					2,175	0.005
Activity Assts	6,988	0.020			2,350	0.016	9,756	0.053	5,911	0.040	15,364	0.037
Soc Svc Workers	6,141	0.018	2,247	0.015	1,969	0.013	6,374	0.034	5,733	0.039	6,630	0.016
Dietitian												
Food Svc Supervisor			2,080	0.014	1,760	0.012					2,223	0.005
Head Cook	2,169	0.006									16,213	0.039
Cook Helpers/Assts	37,040	0.106	4,287	0.029	7,597	0.051	20,018	0.108	20,311	0.137	69,155	0.166
Dishwashers			8,318	0.056	4,083	0.027						
Maintenance Workers	5,235	0.015	2,159	0.014	2,249	0.015	2,230	0.012	2,730	0.018	7,743	0.019
Housekeepers	19,678	0.056	8,396	0.056	10,265	0.069	12,072	0.065	10,420	0.070	40,519	0.097
Laundry	8,581	0.025	4,780	0.032	5,666	0.038	3,501	0.019	4,855	0.033	14,132	0.034
Administrator			1,410	0.009	2,080	0.014	2,437	0.013	2,032	0.014	2,301	0.006
Asst Admin					2,080	0.014	240	0.001	2,038	0.014	1,722	0.004
Other Administrative	1,354	0.004										
Office Mgr			2,080	0.014	2,379	0.016						
Clerical	12,071	0.035	3,658	0.024			10,516	0.057	7,134	0.048	21,795	0.052
Vocational Instruction												
Academic Instruction												
Medical Director												
Qualified Med Rec Prof												
Resident Svcs Coordinator												
Habilitation Aides												
Medical Records	6,888	0.020	1,880	0.013	2,140	0.014	2,384	0.013	2,467	0.017	2,094	0.005
Other Health											50,146	0.120
Other			865	0.006	1,760	0.012					4,861	0.012
Total	281,186	0.806	110,678	0.740	104,176	0.698	197,702	1.067	179,331	1.213	483,507	1.162
Variance from County Home		-0.356		-0.422		-0.464		-0.095		0.051		
% Variance from County Home		-44.2%		-57.0%		-66.5%		-8.9%		4.2%		
To reach 1.0 FTE per Occupied Bed Reduction in terms of FTEs										416,208 Hours 32.4 FTEs		