

TABLE of CONTENTS
DOCUMENTS for COUNTY BOARD STUDY SESSION
January 29, 2013 – 6:00pm

<u>DOCUMENT</u>	<u>Page #</u>
1. MPA Nursing Home Presentation	3-18
2. Champaign County Nursing Home Financial Overview – Chris Alix	19-25
3. Champaign County Nursing Home Memo – Gary Maxwell	27-29
4. Summary of Nursing Home Board By-Laws Highlights	31-32
5. Resolution No. 6307 – Adoption of Nursing Home Board of Directors By-Laws	33-45
6. Resolution No. 8369 – Amending the Nursing Home Board of Directors By-Laws	47-48
7. Nursing Home Board of Directors Policy Book	49-65



**Champaign County Nursing Home
Champaign County Study Session**

January 29, 2013

**Scott Gima, RN, MHA
Vice President**

**Gary Winschel
Director of Financial Services**

**Management Performance Associates
Saint Louis, Missouri**

1

Champaign County Nursing Home

- 243 beds
- Medicare and Medicaid Certified
- New facility opened on February 28, 2007
- MPA Management began July 2008

2

Presentation Highlights

- Payor Sources
- Census and Payor Mix History
- Income, Revenue, & Expense History
- Cash

3

Payor Sources

- Medicare
- Medicaid
- Private Pay

4

Medicare

- Short term coverage – up to 100 days per episode of care
- Residents may be discharged or transition to a permanent stay
- Requires a minimum 3-day hospital stay
- CCNH provides high level of rehabilitation and nursing care
- Reimbursement averages \$458 per Medicare resident per day
- Represents 8% of residents and 20% of revenue

5

Medicaid

- Long term coverage
- Low reimbursement at about \$151 per day
- Rate includes a \$21 inter-governmental transfer add-on
- Represents 58% of residents but only 47% of revenue
- Low-income individuals or coverage after spend down of assets to qualifying level

6

Private Pay

- Long term coverage
- Reimbursement at about \$180 per day
- Represents 34% of residents and 33% of revenue

7

Margin versus Mission

8

Mission

- CCNH takes Medicaid
- Other facilities limit Medicaid or do not accept Medicaid

9

Margin

- Medicaid rate is \$150 per day
- Expenses are \$200 per day
- Loss of \$50 per day
- Difference is \$2,125,000 annually

10

Mission Must be Balanced Against Finances

- Medicaid mix has been reduced
- Emphasis on Medicare admissions
- CCNH will not accept new Medicaid applicants from the community
- CCNH does not have a specific limit on Medicaid

11

Annual Census by Payor & Occupancy Rate

	2008	2012
Medicaid	102	116
Medicare	16	15
Private Pay	51	69
Total	169	200
Occupancy	70%	82%

12

Payor Mix

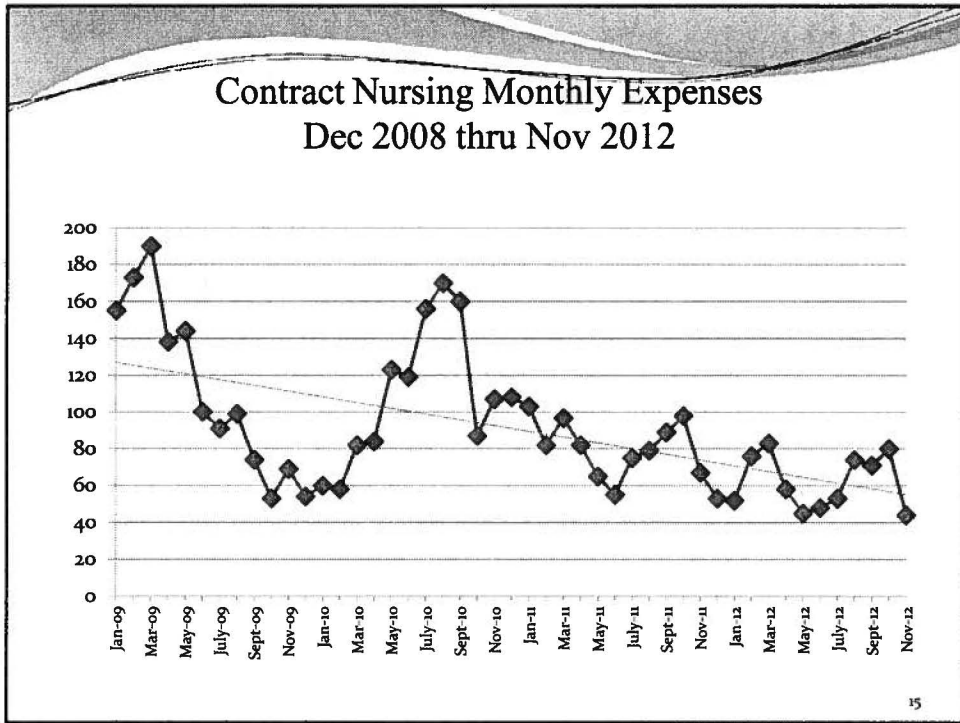
Days	2008	2012
Medicaid	61%	58%
Medicare	9%	8%
Private Pay	30%	34%
Revenue	2008	2012
Medicaid	58%	47%
Medicare	18%	20%
Private Pay	24%	33%

13

Expense Improvements

- Reduced staff turnover
- Improved workforce – reduced the number of poor performing staff, improved hiring practices
- Reduction in agency use
- New vendor pricing structure - Therapy, Pharmacy, Food
- Quarterly review supply costs

14



Future Reimbursement Issues

- Medicare Rates
 - 1.8% increase in October
 - Fiscal cliff– 2% reduction in January if Congress does not act.
 - \$53,000 annual loss
- Medicaid Rates
 - Frozen until January 2014
 - \$500,000 annual increase with new rate methodology

16

Looking Ahead - Revenue Opportunities in a Rapidly Changing Market

- Reducing Hospital Readmissions
- IL Dual Eligible Managed Care Demonstration Program

Goals – save Medicare/Medicaid costs, improve coordination of care

- Opportunity for high performing SNFs
- Changing Incentives

17

Initiatives to Position CCNH for Managed Care

- Renal Dialysis
- Respiratory Therapy
- Medical Management
- Nursing Case Management

18

Cash Flow

19

Recent Issues Impacting Cash Flow

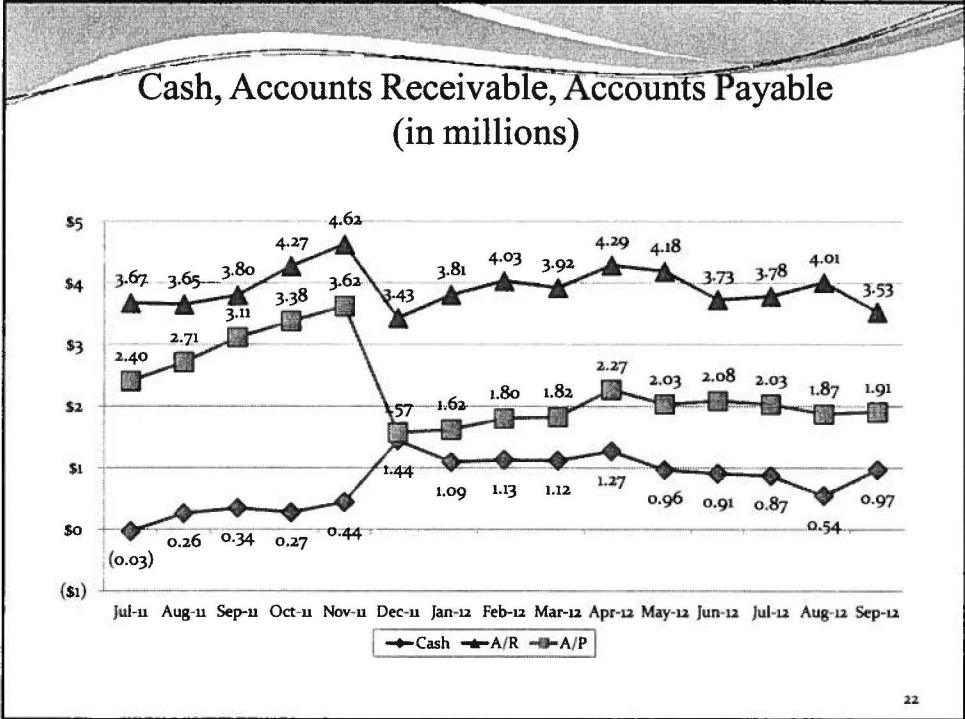
- IGT payments stopped in September 2009
- A lump sum IGT payment was made in December 2011 covering the period October 2009 through December 2011 – approximately \$1.2 million.
- No Medicaid payments between July 2011 and December 2011 – 6 month payment delay
- In December 2011, CCNH was classified as an expedited facility – 3 month payment delay
- CCNH received approximately \$900,000

20

Current Accounts Payable Position

- Paid down about \$2 million in payables since December 2011
- Currently about 2 months in arrears

21



Cash Flow - Medicaid

- Currently paid 2 to 3 months in arrears
- Receiving regular monthly payments
- Delays ~~likely~~ will occur in 2013
- Maybe as early as March 2013

23

Cash Flow Projection Handout

- Actual cash payments and disbursements between July 2012 and December 2012
- Projected cash payments and outlays from January 2013 to December 2013

24

Cash Flow Projection Assumptions

- **Status quo**
Cash increases to \$2 million by 12/13
- **Medicaid payments stop in March 2013**
Cash depleted in June

25

Cash Flow Projection Assumptions

- **Medicaid payments stop in March & CCNH reduces payout of payables by about \$200k per month in starting in March**

Probably gets us through August or September
Six (6) or seven (7) additional months

Depends on vendor reaction

26

Options to Preserve Cash Flow

- Political solution for all Illinois County Homes
- Conserve cash by increasing the delay in paying bills
- Revenue Anticipation Notes

27

Revenue Anticipation Notes (RAN)

- Short term debt – one year maturity
- Amount based on 85% of anticipated revenue source
- Interest Rate estimated between 2-4%
- Payoff with revenue source other than taxes
- County approves amounts in increments (option for quarterly or annual increments)

28

Collateral

- Medicaid Accounts Receivable – as reported by HFS
- Champaign County Guaranty, upon 12 month maturity

29

County Exposure to Making a Payment How Bad Does It Have To Get?

- Current payment delay – Three months
- RAN provides twelve additional months
- RAN provides protection up to a fifteen (15) month payment delay

30

Likelihood of Extended Delay (15 Months)

- We are entering uncharted waters
- An extended payment delay is possible
- Overall risk is low

31

Likelihood of Extended Delay (15 Months) is Low - Why?

- A major payment delay would devastate the industry
- Good relationship with Comptroller to get County Homes paid
- There may be legislation requiring Medicaid vouchers to be generated immediately by HFS

32

Champaign County Nursing Home Financial Overview Draft 2

Chris Alix, Finance Chair
Champaign County Board Study Session
January 29th, 2013

Context

This presentation provides some high-level information about the financial aspects of the Champaign County Nursing Home as it integrates with the Champaign County budget as a whole. It is not intended to be a complete description of the CCNH's finances, which are well documented in the financial reports maintained by the CCNH and the County Auditor.

The following is a summary of the CCNH's debt obligations and revenue sources in approximate chronological order.

Construction Bonds

A 2002 referendum, "Shall Champaign County construct a new Champaign County Nursing Home building and make and acquire related improvements, facilities, fixtures, furnishings and equipment, and issue its general obligation bonds in the amount of \$20,000,000 for the purpose of paying the costs thereof?" was approved 32,749 to 18,298.

\$19.9M of bonds were issued in February 2003, refinanced in 2005 and 2011. The annual debt service (principal and interest) is approximately \$1.4M, supported by a dedicated property tax levy. The bonds will be paid off in 2022 and the tax levy will expire.

This debt, revenue and debt service is not included in the financials prepared by MPA.

Property Tax Levy for Nursing Home Operations

Another 2002 referendum, "Shall Champaign County be authorized to levy and collect a tax at a rate of .03% [3 cents per \$100 of equalized assessed valuation] for the purpose of maintaining a county nursing home?" was approved 29377 to 21694. This levy generates approximately \$1M a year. Increasing it would require a referendum; in any event it is limited by statute to .10%.

The primary justification for the tax when it was originally proposed was reportedly to support the increased level of wages and benefits paid by the County Nursing Home relative to those paid in the private sector. As a point of comparison, without taking wages into account, the annual cost of IMRF contributions is about \$610K and the annual cost of health insurance benefits is about \$642K.

Although it would also seem logical to view the tax levy as a way of subsidizing care for the indigent, restrictions on using local funding sources to supplement Medicaid-funded services may preclude this.

One-Time Grants from General Corporate Fund (2004-2007)

Prior to the completion of the new Nursing Home in 2007, the County Board transferred funds from the General Corporate Fund to the Nursing Home Fund to cover shortfalls in the operation of the old Nursing Home. These were transfers rather than loans, and appear to have been made without expectation of repayment. This list comes from the 2011 CAFR (the audit report).

Fiscal Year	Grants
2004	\$10,000
2005	\$25,786
2006	\$1,229,782
2007	\$327,812
TOTAL	\$1,593,380

General Corporate Fund Bonds (2006)

Mold problems at the construction site and deficiencies in the new building's HVAC systems resulted in construction cost overruns. \$4M of additional bonds were issued in 2006 to cover these costs. A portion of the general 1% sales tax was pledged as the underlying collateral for this bond, under the expectation that these bonds would be serviced from the General Corporate Fund. The annual debt service (principal and interest) is approximately \$307K. The bonds will be paid off in 2026.

The 2007 payment (interest only) of \$138,253 was paid from the General Corporate Fund.

The 2008 payment (principal and interest) of \$305,771 was paid from the General Corporate Fund. The GCF was reimbursed \$299,893 from the Nursing Home Construction Fund, using proceeds from legal settlements with PKD and Otto Baum related to the mold problems at the construction site.

The 2009 payment (principal and interest) of \$305,428 was made from the General Corporate Fund.

Loans from General Corporate Fund (2007-2009)

In 2007 and 2008 the General Corporate Fund made loans to the Nursing Home Fund. These were renewed by the County Board by resolutions in subsequent years.

Fiscal Year	Loan Amount	Balance
2007	\$361,015	\$361,015
2008	\$972,127	\$1,333,142
2009	(\$1,000,000)*	\$333,142

(*)In August 2009, \$1M in proceeds from a legal settlement with Farnsworth Group over the HVAC problems was deposited into the General Corporate Fund. At that time \$1,000,000 of the \$1,333,142 outstanding loan balance was forgiven, and the Nursing Home Fund agreed to begin reimbursing the General Corporate Fund for the full annual interest and principal payment on the 2006 bonds, at an annual cost of about \$307,000. The Nursing Home Fund made these reimbursements in 2010, 2011, and 2012 and it is anticipated that it will continue to do so for the lifetime of the bonds (until 2026).

2006 Bond Revisited

As a result of the 2009 arrangement, the outstanding principal of the \$4M 2006 bond is carried on the Nursing Home balance sheet as a liability, and the interest portion of the debt service is expensed on the Nursing Home's operating statement. The principal payment is revenue neutral in that it amounts to using an asset (cash) to eliminate a liability (debt), but it obviously requires cash, so the impact of both the interest and principal payments appear on the Nursing Home cash flow statement.

Two issues arise as a result of the 2009 arrangement.

First, it seems inconsistent that the 2006 (\$4M) supplemental bonds are carried and serviced by the Nursing Home Fund, whereas the 2003/2005/2011 bonds (the \$20M construction bonds) are not. Moving the 2006 bonds back to the General Corporate Fund would require that the GCF come up with an extra \$307K annually, which in the absence of significant revenue growth does not appear to be feasible. If the Board viewed this as a priority, we could explore the possibility of diverting \$307K from the \$1M Property Tax levy to use to service the 2006 bonds; this would have no net effect since the Nursing Home is out the \$307K either way, but would keep it off the NH's books.

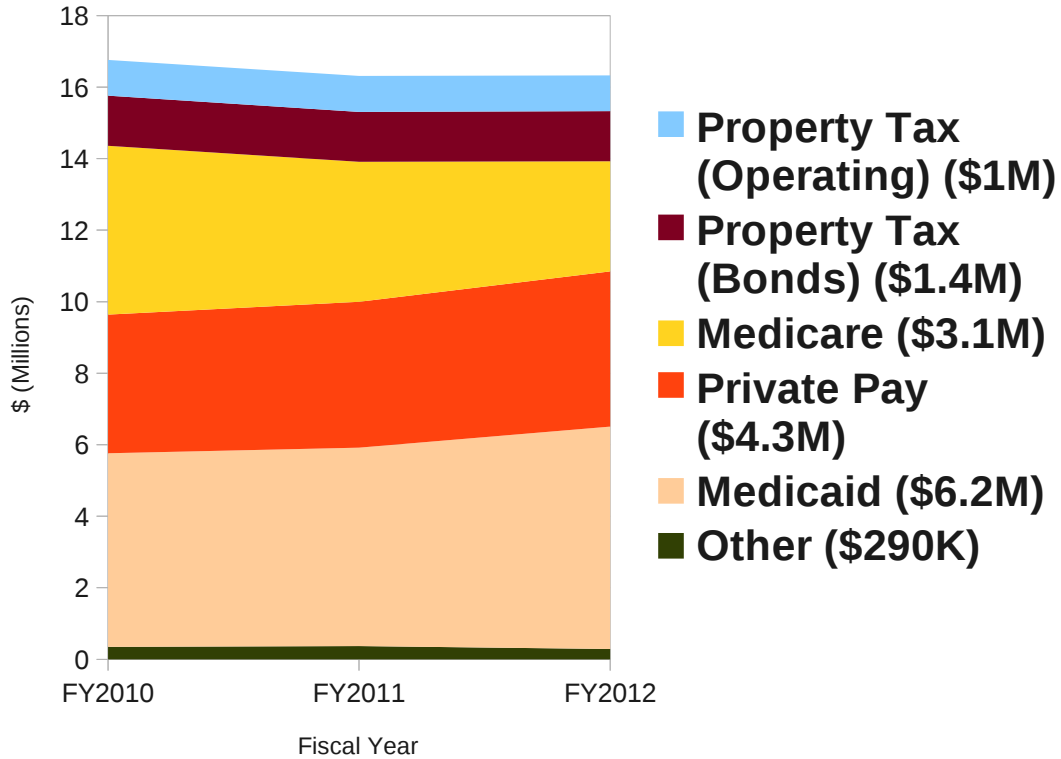
Second, there is the matter of the \$333,142 “outstanding” loan from the General Corporate Fund to the Nursing Home Fund. With the 2006 bonds having been serviced since 2010 by the NHF rather than the GCF as per the 2009 agreement, the NHF has already paid over \$900K in debt service that the GCF would otherwise have been responsible for. Based on the reasoning that taking over the GCF's debt service payments is as good a way of paying back the loan as any, it seems appropriate to declare the loan balance as paid and get it off the books. If the NHF continues to service the 2006 bonds until their maturity in 2026, the NHF will have paid almost \$5M in principal and interest.

Revenues and Expenses

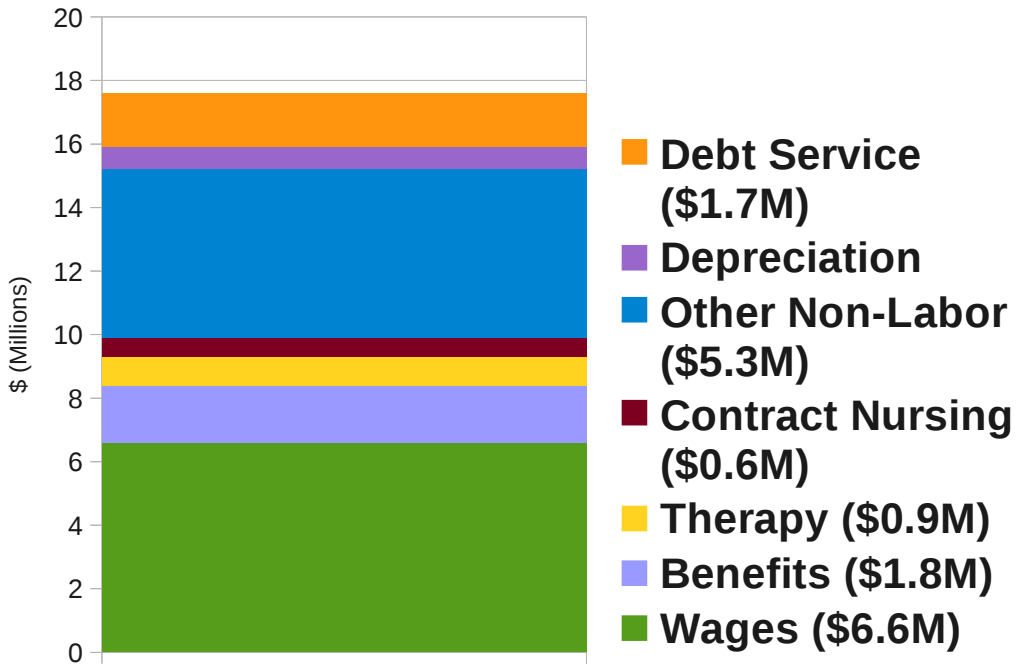
The following graphs are a quick look at major revenues and expenses. Although the MPA-prepared financials do not include the 2003/2005/2011 bonds or the \$1.4M property tax line which services them, they are included here to give a sense of the total “cost of ownership.” In addition, I think it is important to note that in the overall context of the Nursing Home budget, property tax revenues and debt service expenses are relatively small—clearly the Nursing Home sinks or swims on its ability to generate health care revenues and its ability to control health care expenses.

As is the case in most enterprises, labor and related costs account for a large share of expenses. Contract Nursing costs are down to about \$600,000, suggesting that are probably not many more savings to be achieved there. Debt Service on the graph includes both the \$20M and \$4M bond issues. Note that I only showed 2012 on the expenses graph assuming it's the best predictor of future results.

Nursing Home Revenue including Property Tax (2010-2012)



Nursing Home Expenses including Debt Service (2012)



Nursing Home Board of Directors Monthly Report

The agenda packet for the monthly meeting of the Nursing Home Board of Directors includes a detailed Statement of Cash Flows, Operating Statement, and Balance Sheet. I am recommending that we incorporate the financial portion of this report into the Finance section of the Committee of the Whole. This will offer County Board members an opportunity to discuss the financial aspects of the CCNH, hopefully involving the Board representatives on the Nursing Home Board of Directors, and more hopefully without devolving into attempts at micromanagement. The relationship between the County Board, the Nursing Home Board of Directors and MPA is a topic for elsewhere in this Study Session, but I think that reviewing, accepting and placing on file the NH financials on a monthly basis is an appropriate exercise of oversight by the County Board.

One thing to note when reviewing the NH financials presented by MPA is that they are maintained on an accrual basis rather than a cash basis. In one sentence, the difference is that in accrual accounting, revenue is recorded at the time it is billed, and expenses are recorded at the time they are incurred; whereas in cash accounting, revenue is recorded at the time it is received and expenses are recorded at the time they are paid. The rest of the County's financials (including the reports from the Auditor) are maintained on a cash basis. As long as the general timing of revenues and expenses is comparable, either method provides a reasonable view into the financial condition of the Nursing Home. At any rate, the document of primary interest to County Board members will be the statement of cash flows (which by definition is maintained on a cash basis), which reflects cash on hand.

Another notable aspect of the Nursing Home financials (including those in the County budget and the Auditor's Report) is that the Nursing Home expenses depreciation on the Nursing Home facility. This theoretically represents the decrease in the value of the building over its useful life. Businesses use depreciation for tax purposes and to provide an accurate estimate of net worth. It has no cash impact. It also results in an overstatement of the Nursing Home's expenses by about \$720K annually. No other County operations expense depreciation; it is apparently a requirement of the external auditor that the Nursing Home do so because it is considered an "enterprise."

Note that depreciation is simply an accounting concept, and is not the same thing as setting aside money for capital replacement! We should be doing that anyway, on a countywide basis, but we aren't. The County's philosophy (like that of many other municipalities) has always been to finance construction projects through bonded debt backed by dedicated sources of tax revenue, rather than by accumulating funds in advance.

Sensitivity to Timing of State Payments

The Nursing Home's numbers seem to indicate that it's in decent financial shape provided that the Federal and State Medicare and Medicaid reimbursements which account for the bulk of its revenue continue to be passed through by the State in a timely fashion.

Currently the Nursing Home is considered as an "expedited facility" due to its limited cash balance. Once the state issues a Medicare/Medicaid voucher acknowledging its responsibility to pay a given bill submitted by the Nursing Home, the Nursing Home is paid quickly. The issue is that the State can still delay the issuance of the voucher.

The State is not excessively delaying payments at the moment. However, in the past the State has a history of slow-rolling payments to providers in order to manage its own cash shortfalls. It would be wise for the County Board to think about contingency plans in case we begin to see delays again, because the dollar amounts are large and the Nursing Home's modest cash reserves are not sufficient to sustain it for very long in the face of substantial payment delays.

Some options which have been suggested are as follows:

Executive Action to Accelerate Payments to State Homes

The Governor has the power to issue a directive to the Director of Healthcare & Family Services saying that County nursing homes should be treated like "Critical Access Hospitals" and "Safety Net Hospitals" (facilities which receive preferential payment because they treat a disproportionate number of indigent patients). MPA and others are lobbying the Governor's office to do this. This would essentially guarantee prompt payment, at least until a different Governor decided to change the policy.

Revenue Anticipation Notes

Revenue Anticipation Notes are one-time loans issued by a bank using specific anticipated revenue (in this case, state payments) as collateral. Notes are typically quarterly or annual. In order for the Nursing Home to get a bank to write a note, the County would have to agree to back the note from the General Corporate Fund. If the state makes its payments before the note expires, there is no financial impact on the county. The problem arises if the state delays payments so long that the Nursing Home is forced to default on the note; that problem being that the General Corporate Fund doesn't have an obvious source of revenue to pay off the note. Keep in mind that the General Corporate Fund receives almost all of its revenue in June and September. By May of each year the GCF would essentially be about \$1M in the red without the ability to borrow against the Public Safety Sales Tax fund to tide it over until the June property tax cycle. Therefore, if the County Board is interested in backing RANs, we need to have a strategy in mind for how to deal with an unlikely but possible default (probably borrowing money from internal or external sources). If the Board decides it is interested in pursuing this approach we can have Dan Welch and our bond counsel provide more information.

Basically, a RAN is a gamble that the State can't stiff its creditors indefinitely. One school of thought is that a years' delay is essentially inconceivable because the sheer number of health care providers dependent on Medicare and Medicaid reimbursements would force federal intervention; most of the funds come from federal tax dollars in the first place, so presumably at some point the feds would step in and stop the state from using the federal dollars to cover its own cash shortages. That being said, in Illinois, anything is possible.

Legislative Action to allow Lines of Credit

Public nursing homes currently do not have the statutory authority to take out lines of credit backed by state receivables. MPA and others are lobbying the legislature to provide this option to County nursing homes to enable them to finance operations in the presence of payment delays. In addition, although the state is currently required to pay 1% interest on late payments, public nursing homes are apparently not statutorily allowed to receive the interest.

A line of credit, although presumably more flexible than a RAN, relies on the same underlying assumption—that the State can't stiff its creditors indefinitely.

Delaying Payables

Vendor payments account for about **\$700K (note correction from previous draft)** of monthly expenses. A modest cash crisis may be able to be ridden out by delaying payments to vendors. This is not without cost—interest is owed late payments, and there is a risk of losing vendors who aren't willing to act as de facto lenders. Vendors are currently being paid about 60 days after receipt of invoice, which is not ideal but not unusual when dealing with large companies or institutions.

Increase in the Property Tax Nursing Home Levy

The property tax levy for the Nursing Home is currently \$.03 per \$100 of equalized assessed valuation. Increasing this, to anywhere between the current level and the statutory maximum of \$.10 (which would generate approximately \$2M in extra annual revenue) would require a referendum. Such a referendum could be put on the ballot by petition or by County Board action. If a referendum were brought to the voters and approved, any proceeds would be realized with the next tax cycle. For example, if a referendum were approved in November 2014, and placed in effect by the County Board soon after adoption, the June 2015 tax receipts would reflect the higher rate.

Even for proponents of an increase, The time delay associated with getting something on the ballot, the effort required to educate voters about the issue, and the difficulty and uncertainty of passing a tax referendum in a struggling economy suggest that this should be viewed more as a policy question than a realistic approach to dealing with short-term delays in state payments.

What else the County Board can do

We can support MPA and the County Nursing Home Association in their lobbying of the Governor's Office and State Legislature in order to achieve favorable treatment for public nursing homes.

We can promote the Nursing Home in the community through our own connections, helping generate interest in the NH among patients who have a choice of where to go. Administrator Karen Noffke is available to speak or present information on the Nursing Home to civic groups, service clubs, etc.

We can help make the NH Auxiliary more effective by direct participation or by promoting it as a volunteer option within the community.

Memo

To: Members of the Champaign Co. Board (CCB)

From: Gary Maxwell

Subject: Champaign County Nursing Home (CCNH)

Memo Date: January 28, 2013

Members of the Board:

This memo will be confined to Item VI, Nursing Home Structure and Item VII, Nursing Home Operations of the January 29, 2013 Study Session Agenda. The memo will include a brief review of the CCNH Board of Directors Policy Book, the Board of Directors Bylaws and the contract between the CCCB and Management Performance Associates, Inc. (MPA). Differentiating between organizational Structure and Operations is in the eye of the beholder. I believe management structure is the organizational flow chart. The chart governs the overall transfer of authority and communications within the organization. Operations includes about everything else.

Item VI, Nursing Home Structure.

The organizational chart for the CCNH is comprised of two charts. The chart for the CCNH from the Nursing Home Administrator level and below can be found on Page 626 of the Champaign County FY 2013 budget. Prior to 2008 there were two levels of management above the Administrator. They were the Champaign County Board and Champaign County Voters. In January, 2008 the CCB instituted a CCNH Board of Directors and inserted the BOD between the County Board and Nursing Home Administrator in the organizational chart. The County Board has since employed Management Performance Associates to manage the daily operation of the Home. The responsibility for employment of the Nursing Home Administrator was transferred to MPA as part of the contract. MPA has been added to the organizational chart and is placed directly below the BOD in the chart. The flow chart above the Nursing Home Administrator can be found on Page 17 of CCNH BOD Policy Book on the CCNH website. Since 2008 the CCB has inserted two additional management layers between it and the Nursing Home. Inserting a professional management team in the organizational structure has improved the Home's operation. However additional management levels can impede communication flow throughout the organization.

Item VII, Nursing Home Operations

This section will focus on direction and management of the Home. It will not seek to discuss the day to day operation of the Home or any Department thereof.

The BOD Policy Book:

Probably the best statement on the authority and role of the CCNH BOD I've seen can be found in Section II, page 3 of the policy book. The BOD is referred to as the "Governing Body" of the CCNH. It is appointed by the CCB and is responsible to the CCB for the overall governance of the Home. The BOD serves in an advisory role to the CCB. Subject to the oversight of the CCB, BOD Bylaws and applicable laws the activities and affairs of the CCNH shall be under the Direction of the Governing Body. The Governing Board shall govern by overseeing the activities of the Nursing Home Administrator. (Note: This section of the policy book may need to be amended to oversee MPA since the Administrator is no longer a County employee.)

The Governing Body recognizes four 4 primary functions and responsibilities for effective governance.

1. Provision of High-Quality Service
2. Planning
3. Managing
4. Maintaining Financial Viability

A detailed chart of these four areas of responsibilities can be found on pages 4 and 5.

Page 6 of the Policy Book sets the number of Directors at 7 and encourages turnover on the BOD by setting term limits. Pages 7-9 deal with conflicts of interest by the Directors.

Contracting Authority is covered on pages 10 and 11. The Administrator is authorized under certain conditions to enter into contracts for the CCNH. In addition the Administrator has the authority to bind CCNH for Medicaid reimbursements. Since the Administrator is no longer an employee of the County the CCB may wish/need to review this section of the Policy Book.

A provision committing the Governing Board to seek continuous quality improvement can be found on pages 11 and 12. The section requires quarterly quality improvement reports be presented to the Governing Body in March, June, September and December of each year.

A policy along with minimum criteria for business opportunities can be found on pages 12 and 13.

Pages 14 and 15 spell out a process to orient new BOD members.

BOD Bylaws:

Deb Busey summarized the BOD bylaws. Her summary is attached. I add the following comments to Ms. Busey's summary.

Article IV, Section 2 of the Bylaws state the Board of Directors shall meet in December of each year for the purpose of organizing, election of officers and transacting other business as may come before the Board. Article V, Section 2 indicates officers shall be elected bi-annually in December of even numbered years. Perhaps this is simply a matter of interpretation but it would seem at first reading that the Sections are inconsistent.

Article IX places the Board of Directors under the County's liability insurance protection.

Article X, Section 1 gives the BOD authority to delegate to officers or agents of the Home the power to enter into contracts under certain conditions. The CCB may wish to review this issue since the Administrator is not a County Employee and MPA is a contractor.

MPA Contract:

On June 19, 2011 Champaign County and Management Performance Associate, Inc. entered into a 3 year contract to manage the operation of the CCNH. The Management contract fee was split into two areas. The management fee was set at \$186,354 effective July 1, 2011 with annual CPI adjustments thereafter. The management of the business office fee was set at \$60,900 effective July 1, 2011 with annual CPI adjustments. The contract requires MPA to employ a qualified Administrator. The CCNH shall pay for the Administrator. The compensation of the Administrator shall be "preapproved" by the BOD. The contract requires MPA to maintain the Home in good repair at the Home's expense. The proper preparation and documentation of Medicaid and Medicare claims shall remain the responsibility of the Home. The Home shall hold MPA harmless from any overpayment or underpayment claims from third party payers.

The CCB and MPA entered into a separate agreement dated August 31, 2012 for MPA to develop and implement a compliance program for the Home. The contract amount is \$40,000.

I have listed some but not all provisions in the MPA contracts. Each CCB member may wish to review the terms of the contracts in order to be more fully informed.

SUMMARY OF NURSING HOME BOARD of DIRECTORS BY-LAWS HIGHLIGHTS
with REGARD TO REQUIREMENTS & AUTHORITY

EXPERTISE of NURSING HOME BOARD of DIRECTORS:

The Board of Directors shall have at least one member who has expertise in each of the following areas: health care, finance/banking, accounting, social, personnel, and marketing/sales.

AUTHORITY GRANTED TO CHAMPAIGN COUNTY NURSING HOME BOARD OF DIRECTORS by THE BY-LAWS

1. Authority and ultimate responsibility for the operation of the Home shall rest with the Champaign County Board.
2. Except as otherwise provided by the County Board, Nursing Home Bylaws or applicable law, the activities and affairs of the Home shall be conducted and all powers shall be exercised by or under the direction of the Board of Directors...It shall be the goal of the Board of Directors to govern The Home. . . in such a manner that the Home will retain its mission to provide compassionate long-term, rehabilitative and memory services, and operate as an economically viable and competitive entity.
3. The Board of Directors shall require: (a) that the Nursing Staff prepare and maintain adequate and accurate medical records for all residents, and (b) that the person responsible for each basic and supplemental medical service shall cause written policies and procedures to be developed and maintained and that such policies be approved by the Board of Directors. The Board of Directors shall further require, after considering the recommendations of the Nursing Staff, the conduct of specific review and evaluation activities to assess, preserve, insure, and improve the overall quality and efficiency of resident care at The Home and to assure the provision of a single standard of care for residents with the same diagnosis, which assurance is provided by holding The Home staff accountable for its delegated responsibilities in areas of utilization review, and quality assurance. The Board of Directors shall provide whatever administrative assistance is reasonably necessary to support and facilitate the implementation and the ongoing operation of these review and evaluation activities.
4. The Home staff shall conduct and be accountable to the Board of Directors for conducting activities that contribute to the preservation and improvement of the quality and efficiency of resident care provided in The Home and operating The Home on a break-even or sustainable basis. Without limiting the generality of the foregoing, these activities shall include:
 - a) The conduct of periodic meetings at regular intervals to review and evaluate the quality of resident care and the correction of identified problems;

- b) Ongoing monitoring of resident care practices through the defined functions of the Nursing Staff, other professional services and The Home administration;
 - c) Review of utilization of The Home's medical resources to provide for their allocation to meet the needs of the residents;
 - d) Such other measures as the Board of Directors may, after considering the advice of the Nursing Staff, other professional services and The Home administration, deem necessary for the preservation and improvement of the quality and efficiency of resident care; and
 - e) Periodic review of the capital and operating budgets versus actual revenue and expenditures, and review of the economic viability of all of the above activities.
5. The Board of Directors, except as in these Bylaws or otherwise provided, may authorize an officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of The Home, if the expenditure necessitated by such a contract has been approved by the County Board in the Nursing Home budget for the fiscal year in question, or specifically authorized by the County Board during the course of the fiscal year in question. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind The Home by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount. The execution of any contract is subject to, and bound by, current Champaign County Purchasing Policy. However, the Board of Directors does not have the power to negotiate or enter into collective bargaining agreements, which said power is reserved exclusively to the Champaign County Board.

**ACTION REQUIRING APPROVAL BY THE CHAMPAIGN COUNTY BOARD as
DETERMINED BY THE BY-LAWS**

Actions initiated by the Board of Directors on the following matters can be authorized by and shall be effective only upon the prior written assent of a statutory majority of the Champaign County Board:

- 1. The acquisition, purchase, sale, lease, transfer or encumbrance of any real estate or of any substantial part of other assets of The Home,
- 2. Any increment or additions to the capital debt or the renegotiation, modification or other change the existing capital debt obligations of The Home,
- 3. Any borrowing not indicated in the capital or operating budgets of The Home, and
- 4. The adoption of the annual operating and capital budgets of The Home or any changes thereto.
- 5. The negotiation and adoption collective bargaining agreements.

RESOLUTION NO. 6307

RESOLUTION TO APPROVE BYLAWS OF THE CHAMPAIGN COUNTY NURSING
HOME BOARD OF DIRECTORS

WHEREAS, the Champaign County Board operates a nursing and rehabilitation facility known as the Champaign County Nursing Home; and

WHEREAS, the Champaign County Board wishes to establish a Board of Directors to carry out the responsibilities for the Champaign County Nursing Home; and


WHEREAS, the Justice and Social Services Committee recommends to the County Board approval of Bylaws of the Champaign County Nursing Home Board of Directors, which will result in the appointment of a seven (7) member Board of Directors for the Champaign County Nursing Home.

NOW, THEREFORE, BE IT RESOLVED, that the Champaign County Board approves the Bylaws of the Champaign County Nursing Home Board of Directors, as attached to this Resolution as Attachment A, which will result in the appointment of a seven (7) member Board of Directors for the Champaign County Nursing Home.

PRESENTED, ADOPTED, APPROVED, and RECORDED this 24th day of January, 2008.



C. Pius Weibel, Chair
Champaign County Board

ATTEST: 
Mark Shelden, County Clerk
and ex-officio Clerk of the
Champaign County Board

BYLAWS
OF THE
BOARD OF DIRECTORS
CHAMPAIGN COUNTY NURSING HOME

CHAMPAIGN COUNTY, ILLINOIS

TABLE OF CONTENTS

Introduction..... 1

ARTICLE I Name and Purposes 1

ARTICLE II Governing Authority..... 1

ARTICLE III Operating Authority..... 1

ARTICLE IV Meetings of the Board of Directors..... 3

ARTICLE V Officers 4

ARTICLE VI Committees 5

ARTICLE VII Quality of Nursing & Related Services 6

ARTICLE VIII Adjunct Organizations 7

ARTICLE IX Indemnification 7

ARTICLE X General Provisions 8

ARTICLE XI Powers of the Champaign County Board..... 8

ARTICLE XII Action Requiring Approval by the Champaign County Board 9

ARTICLE XIII Amendments and Review 9

**BYLAWS
OF THE
BOARD OF DIRECTORS
CHAMPAIGN COUNTY NURSING HOME
CHAMPAIGN COUNTY, ILLINOIS**

INTRODUCTION

The County of Champaign operates a nursing and rehabilitation facility known as Champaign County Nursing Home, hereinafter referred to as “The Home”, located at 500 South Bartell Road, Urbana, Illinois. The County operates and maintains The Home in accordance with Illinois law as it pertains to county nursing homes (see the Illinois Counties Code, 55 ILCS 5/1 - 1001 *et seq.*, and the Nursing Home Care Act, 210 ILCS 45/1-101 *et seq.*). The County of Champaign has elected to carry out its responsibilities for The Home through an Board of Directors. With these Bylaws, the County of Champaign establishes a formal governance process that the Board of Directors is to follow.

**ARTICLE I
NAME AND PURPOSES**

The name of the nursing and rehabilitation facility is the Champaign County Nursing Home. The principal purpose of The Home is to offer skilled nursing, rehabilitation, long-term dementia care, and adult day care.

**ARTICLE II
GOVERNING AUTHORITY**

Except as set forth in these Bylaws, the authority and ultimate responsibility for the operation of The Home shall rest with the Champaign County Board. Nothing in these Bylaws shall be interpreted to the contrary.

**ARTICLE III
OPERATING AUTHORITY**

Section I. POWERS

Except as otherwise provided by the Champaign County Board, these Bylaws, or applicable law, the activities and affairs of The Home shall be conducted and all powers shall be exercised by or under the direction of the Board of Directors and its members. It shall be the goal of the Board of Directors to govern The Home according to all applicable laws and regulations and in such a manner that the Home will retain its mission to provide compassionate long-term, rehabilitative and memory services, and operate as an economically viable and competitive entity.

Section 2. NUMBER AND QUALIFICATION

The Board of Directors shall consist of seven (7) persons. Board members shall be Champaign County residents or individuals who maintain full-time employment in Champaign County who possess the ability to participate effectively in the discharge of the Board of Directors' responsibilities. The Board of Directors shall have at least one (1) member who has expertise in each of the following areas: health care, finance/banking, accounting, social services, personnel, and marketing/sales. At least two (2) Board Members shall be members of the Champaign County Board.

Section 3. SELECTION AND APPOINTMENT

The members of the Board of Directors shall be appointed by the Champaign County Board Chair, with the advise and consent of the Champaign County Board in February 2008 and thereafter in November of each year for terms ending in November of that year, except for the filling of vacancies as provided in Section 5 and 6 below.

Section 4. TERM

Each Board member shall hold office for a term of two (2) years. Each Board member, including a Board member appointed to fill a vacancy, shall hold office until expiration of the term for which appointed and until a successor has been appointed and qualified. Board members may be re-appointed to successive terms, provided no Board member may serve for more than three (3) consecutive two (2) year terms without being off the Board of Directors at least one (1) year.

Section 5. RESIGNATION

Any Board Member may resign at any time, either by oral tender of resignation at any meeting of the Board of Directors or by giving written notice thereof to the Chair of the Champaign County Board. Such resignation shall take effect at the time specified therefore and, unless otherwise specified with respect thereto, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. REMOVAL

A Board Member may be removed, with or without cause, by action of at least fourteen members of the Champaign County Board at the meeting at which such action is being considered.

Section 7. VACANCIES

Any vacancy occurring on the Board of Directors shall be filled by the Champaign County Board Chair, with the advice and consent of the Champaign County Board. A Board member appointed to fill a vacancy occurring on the Board of Directors shall serve for the unexpired term of his or her predecessor in the office.

ARTICLE IV
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. PLACE OF MEETING

All meetings of the Board of Directors shall be held at The Home or at such other place as may be designated for that purpose from time to time by the Chair of the Board of Directors.

Section 2. ORGANIZATIONAL MEETINGS

As soon as reasonably practicable, and within thirty (30) days after the initial appointment of Board of Director members in February 2008, the Board shall meet for the purpose of organizing the Board of Directors, for the election of officers, and for the transaction of such other business as may come before the Board of Directors. Thereafter, the Board of Directors shall meet in December of every year, commencing in 2008, for the purpose of organizing the Board of Directors, for the election of officers, and for the transaction of such other business as may come before the Board of Directors.

Section 3. REGULAR MEETINGS

Regular meetings of the Board of Directors shall be held monthly at the Home at such time and place as the Board of Directors may fix by resolution from time to time.

Section 4. SPECIAL MEETINGS

Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chair or by any three (3) Board members with written notice as specified by the requirements of the Illinois Open Meetings Act, 5 ILCS 120/1 *et seq.*

Section 5. NOTICE OF MEETINGS

Notice of all meetings of the Board of Directors shall comply with the requirements set forth in the Illinois Open Meetings Act, 5 ILCS 120/1 *et seq.* Notice of the time and place of all meetings shall be sent to the Board of Directors members by first-class mail, addressed to each Board of Directors member at the address maintained by the Champaign County Board Office, at least seven (7) days in advance of all regular meetings, and at least two (2) days in advance of all special meetings. The notice shall contain an agenda which complies with the requirements of the Illinois Open Meetings Act.

Section 6. QUORUM

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 7. MINUTES

Minutes of all meetings of the Board of Directors shall be kept and approved by the Board of Directors in compliance with the requirements of the Illinois Open Meetings Act. All minutes shall be copied to the Champaign County Board Chair within seven (7) days of their approval by the Board of Directors.

ARTICLE V
OFFICERS

Section 1. OFFICERS

The officers of the Board of Directors shall be a Chair, a Vice-Chair, and a Secretary.

Section 2. ELECTION OF OFFICERS

The officers of the Board of Directors shall be elected bi-annually, in December of each even-numbered year, by the Board of Directors at its organizational meeting for a term of two years or until he or she shall resign or shall be removed, or otherwise disqualified to serve, or his or her successor shall be appointed and qualified. Officers shall be limited to two (2) consecutive two (2) year terms in the same office.

Section 3. REMOVAL OF OFFICERS

Any officer may be removed either with or without cause by a majority of the Board of Directors members then in office at any regular or special meeting of the Board of Directors. Should a vacancy occur in any office as a result of death, resignation, removal, disqualification or any other cause, the Board of Directors will elect a Director to the vacant office at its next meeting or as soon as practicable thereafter.

Section 4. CHAIR

The Chair shall preside at all meetings of the Board, serve as an *ex-officio* member of all standing committees, and report annually to the Board of Directors and to the Champaign County Board on the current state of The Home and plans for the future. The Chair shall be empowered to call special meetings of the Board of Directors as set forth herein, and shall discharge all other duties as may be required by these Bylaws and from time to time as may be assigned by the Board of Directors and the Champaign County Board.

Section 5. VICE CHAIR

In the absence or disability of the Chair, the Vice Chair shall perform all the duties of the Chair and when so acting shall have all the powers of and be subject to all the restrictions upon the Chair. The Vice Chair shall also perform any other duties as may be assigned by the Board of Directors and the Champaign County Board.

Section 6. SECRETARY

The Secretary shall be responsible for keeping minutes at all meetings of the Board in accordance with the requirements of the Illinois Open Meetings Act, 5 ILCS 120/1 *et seq.* The Secretary shall also perform any other duties as may be assigned by the Board of Directors and the Champaign County Board.

Section 7. ADMINISTRATOR

The Administrator, in accordance with Champaign County Personnel policy, shall have the general overall supervision of The Home affairs and shall act as the duly authorized representative of the Champaign County Board in all matters in which the Champaign County Board has not formally designated some other person to act. The Administrator shall have the right to appoint such subordinate administrative individuals as he/she deems necessary or desirable to ensure the efficient conduct of the business and operations of The Home.

Section 8. OPERATING OFFICER

The Operating Officer shall be designated by the Board of Directors upon the recommendation of the Administrator. The Operating Officer shall report to and be responsible to the Administrator and shall perform the duties associated with the day-to-day administration of the facilities and shall serve as the Assistant Administrator of the Home. In the absence of the Administrator, the Operating Officer shall perform the duties of the Administrator. If no Operating Officer has been designated, the Administrator shall act as the Operating Officer as hereinafter defined.

**ARTICLE VI
COMMITTEES**

Section 1. COMMITTEES GENERALLY

Except as otherwise provided by these Bylaws, the Board of Directors may, by resolution or resolutions passed by a majority of the Board of Directors members, appoint standing or special Committees for any purpose and, if such Committees are comprised solely of Board of Directors members, delegate to such Committees any of the powers and authority of the Board of Directors, except the power and authority to adopt, amend, or repeal these Bylaws, or such other powers as may be prohibited by law or by these Bylaws. Such Committees shall have power to act only in intervals between meetings of the Board of Directors and shall at all times be subject to the control of the Board of Directors. The Board of Directors, or if the Board of Directors does not act, the Committees, shall establish rules and regulations for meetings and shall meet at such times as are deemed necessary, provided the provisions of Section 5, 6, and 7 of Article IV (*Meetings of the Board of Directors*) shall apply to Committee meetings. Committees shall keep regular minutes of their meetings in conformance with the requirements of the Illinois Open Meetings Act, 5 ILCS 120/1 *et seq.* Committees shall also provide notice of their meetings and agendas pursuant to the requirements of the Illinois Open Meetings Act, 5 ILCS 120/1 *et seq.* Any Committee not appointed pursuant to the provisions of the first sentence of this Section or composed of persons, one or more of whom are not Board of Directors members, may act solely in an advisory capacity to the Board of Directors. Except as otherwise provided in these Bylaws, the Chair shall appoint Committee Members and designate the chair of the Committee.

Section 2. NOMINATING COMMITTEE

The Nominating Committee shall consist of no more than three (3) persons appointed by the Chair of the Board of Directors. This Committee shall have the responsibility of maintaining a roster of qualified persons for recommendation to the Champaign County Board to serve as Board members. In the absence of a Nominating Committee, the Board of Directors shall have the responsibility of maintaining a roster of qualified persons for recommendation to the Champaign County Board to serve

as Board members. This roster and these recommendations do not supersede the authority of the Champaign County Board chair to solicit nominations for the Board, nor the authority of the Champaign County Board to advise and consent to any final appointments to the Board of Directors.

Section 3. TERM OF OFFICE

The Chair, and each member of any Board of Directors committee, shall serve until the next annual election of the Board of Directors, and until his or her successor is appointed, or until such committee is sooner terminated, or until he or she is removed, resigns, ceases to be a member of the Board of Directors, or otherwise ceases to qualify as a Chair or member of the Board of Directors, as the case may be, of the Board of Directors.

Section 4. VACANCIES

Vacancies on any Committee may be filled for the unexpired portion of the term in the same manner as provided in the case of original appointment.

Section 5. EXPENDITURES

Any expenditure of The Home funds by a Committee shall require prior approval of the Board of Directors.

ARTICLE VII
QUALITY OF NURSING & RELATED SERVICES

Section 1. BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors shall require: (a) that the Nursing Staff prepare and maintain adequate and accurate medical records for all residents, and (b) that the person responsible for each basic and supplemental medical service shall cause written policies and procedures to be developed and maintained and that such policies be approved by the Board of Directors. The Board of Directors shall further require, after considering the recommendations of the Nursing Staff, the conduct of specific review and evaluation activities to assess, preserve, insure, and improve the overall quality and efficiency of resident care at The Home and to assure the provision of a single standard of care for residents with the same diagnosis, which assurance is provided by holding The Home staff accountable for its delegated responsibilities in areas of utilization review, and quality assurance. The Board of Directors shall provide whatever administrative assistance is reasonably necessary to support and facilitate the implementation and the ongoing operation of these review and evaluation activities.

Section 2. ACCOUNTABILITY TO THE BOARD OF DIRECTORS

The Home staff shall conduct and be accountable to the Board of Directors for conducting activities that contribute to the preservation and improvement of the quality and efficiency of resident care provided in The Home and operating The Home on a break-even or sustainable basis. Without limiting the generality of the foregoing, these activities shall include:

- a) The conduct of periodic meetings at regular intervals to review and evaluate the quality of resident care and the correction of identified problems;

- b) Ongoing monitoring of resident care practices through the defined functions of the Nursing Staff, other professional services and The Home administration;
- c) Review of utilization of The Home's medical resources to provide for their allocation to meet the needs of the residents;
- d) Such other measures as the Board of Directors may, after considering the advice of the Nursing Staff, other professional services and The Home administration, deem necessary for the preservation and improvement of the quality and efficiency of resident care; and
- e) Periodic review of the capital and operating budgets versus actual revenue and expenditures, and review of the economic viability of all of the above activities.

Section 3. DOCUMENTATION

The Board of Directors shall require, receive, consider and act upon the findings and recommendations emanating from the activities required by Section 2 of this Article. All such findings and recommendations shall be in writing, assigned by the persons responsible for conducting the review activities and supported and accompanied by appropriate documentation upon which the Board of Directors can take informed action.

**ARTICLE VIII
ADJUNCT ORGANIZATIONS**

From time to time The Home may establish adjunct organizations, including advisory bodies, foundations, and auxiliaries. Each such group shall establish its own Bylaws and rules and regulations and present them to the Board of Directors for approval, and all amendments thereto shall also be subject to the approval of the Board of Directors. The Bylaws of the Board of Directors shall prevail and govern over the documents and actions of such adjunct and subordinate groups.

**ARTICLE IX
INDEMNIFICATION**

The County of Champaign shall indemnify its Board of Directors members, officers, agents, employees, and appointees who are or were parties or who are threatened to be made parties to any proceeding against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding in accordance with and subject to the limitations prescribed by the Constitution of the State of Illinois of 1970, applicable State law, and the current Champaign County Indemnity Policy, as modified from time to time.

The County of Champaign shall also have the power to maintain/provide insurance on behalf of its Board of Directors members, officers, agents, employees, and appointees against any liability asserted against or incurred by them in their capacity as such Board of Directors member, officer, agent, employee, or appointee arising out of their status as such whether or not the County would have the power to indemnify against such liability.

ARTICLE X
GENERAL PROVISIONS

Section 1. EXECUTION OF CONTRACTS

The Board of Directors, except as in these Bylaws or otherwise provided, may authorize an officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of The Home, if the expenditure necessitated by such a contract has been approved by the County Board in the Nursing Home budget for the fiscal year in question, or specifically authorized by the County Board during the course of the fiscal year in question. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind The Home by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount. The execution of any contract is subject to, and bound by, current Champaign County Purchasing Policy. However, the Board of Directors does not have the power to negotiate or enter into collective bargaining agreements, which said power is reserved exclusively to the Champaign County Board.

Section 2. COMPENSATION OF OFFICERS AND BOARD MEMBERS

The members of the Board of Directors and the officers shall receive compensation consistent with the compensation received by County Board members in 2008. Thereafter, the compensation for the Board of Directors and officers shall be periodically reviewed and adjusted by the County Board as the County Board deems appropriate. The Administrator and Operating Officer shall be entitled to receive such compensation for services rendered as determined by the Board of Directors from time to time. In addition, Board of Directors members may be compensated for reasonable expenses incurred in the fulfillment of their responsibilities to The Home. Reasonable expenses shall be defined to include travel and expenses related to educational conferences for Board members, and long distance telephone calls and faxes made to obtain information related to the responsibilities of the Board. Reimbursement of such expenses shall be consistent with applicable County Board policies, including the County's Travel Policy.

Section 3. INSPECTION OF RECORDS

The records of The Home are subject to the requirements of the Illinois Freedom of Information Act, 5 ILCS 140/1 *et seq.* Consistent with the requirements of the Illinois Freedom of Information Act, 5 ILCS 140/1 *et seq.*, and Champaign County Board Resolution 5570, the books of account of The Home and minutes of the Board of Directors and its committees shall be maintained at the Home and available to the public.

Section 4. QUARTERLY REPORTS

The Board of Directors shall cause a quarterly report to be sent to the Champaign County Board no later than 90 days after the close of each fiscal quarter.

ARTICLE XI
POWERS OF THE CHAMPAIGN COUNTY BOARD

The following powers are reserved exclusively to the Champaign County Board, and any attempted exercise of any such powers by any entity other than the Champaign County Board shall not be valid or of any force or effect whatsoever:

1. To change the mission and purposes of The Home for which it was and is formed and exists,
2. To elect the members of the Board of Directors and to remove the same without cause,
3. To amend, alter, modify or repeal these Bylaws,
4. To merge, consolidate, or affiliate The Home with another corporation, organization or program,
5. To dissolve or terminate the existence of The Home and to determine the distribution of assets upon such termination or dissolution,
6. To require a certified audit of The Home at any time and to appoint the fiscal auditor.
7. These Bylaws, or any part thereof, may be amended, modified or repealed, or new Bylaws may be adopted by the vote or written assent of a majority of the Champaign County Board,
8. Annually, the Champaign County Board shall review the progress of the mission and purpose of The Home under the direction of the Board of Directors. The existence of the Board of Directors for The Home shall end on January 31, 2012, unless prior to that date the Champaign County Board shall reinstate these Bylaws providing for its continuation.

ARTICLE XII

ACTION REQUIRING APPROVAL BY THE CHAMPAIGN COUNTY BOARD

Actions initiated by the Board of Directors on the following matters can be authorized by and shall be effective only upon the prior written assent of a statutory majority of the Champaign County Board:

1. The acquisition, purchase, sale, lease, transfer or encumbrance of any real estate or of any substantial part of other assets of The Home,
2. Any increment or additions to the capital debt or the renegotiation, modification or other change the existing capital debt obligations of The Home,
3. Any borrowing not indicated in the capital or operating budgets of The Home, and
4. The adoption of the annual operating and capital budgets of The Home or any changes thereto.
5. The negotiation and adoption collective bargaining agreements.

ARTICLE XIII

AMENDMENTS AND REVIEW

These Bylaws, or any part thereof, may be amended, modified or repealed, or new Bylaws may be adopted by the vote or written assent of a majority of the Champaign County Board.

RESOLUTION NO. 8369

**RESOLUTION AMENDING THE BYLAWS OF THE BOARD OF DIRECTORS,
CHAPAIN COUNTY NURSING HOME**

WHEREAS, on January 24, 2008, the Champaign County Board adopted Resolution No. 6307 Approving the Bylaws of the Champaign County Nursing Home Board of Directors; and

WHEREAS, Article XI, ¶8 of those Bylaws states: “Annually, the Champaign County Board shall review the progress of the mission and purpose of The Home under the direction of the Board of Directors. The existence of the Board of Directors for The Home shall end on January 31, 2012, unless prior to that date the Champaign County Board shall reinstate these Bylaws providing for its continuation”; and

WHEREAS, the County Board failed to act directly pursuant to Article XI, #8 of the Bylaws by reinstating the Bylaws prior to January 31, 2012; and

WHEREAS, since January 31, 2012, the County Board has continued to interact with and rely on the Nursing Home Board of Directors as it had during the period from January 24, 2008 through January 31, 2012, including but not limited to: on February 23, 2012, appointing County Board Member Ron Bensyl as a member of the Nursing Home Board of Directors for a term ending November 30, 2012; on August 24, 2012, on the recommendation of the Nursing Home Board of Directors, amending an Agreement with Management Performance Associates, Inc., to develop and implement the Champaign County Nursing Home Compliance Program which Amendment included a provision by which the Nursing Home Board of Directors would review on a monthly basis certain expenses incurred under that Agreement; since January of 2012, providing administrative and other related assistance and support for meetings of the Nursing Home Board of Directors which have been held every month; and, since January of 2012, participating in the monthly meetings of the Nursing Home Board of Directors through the attendance of two County Board members who serve on the Nursing Home Board of Directors;

WHEREAS, prior to January 31, 2012, the County Board interacted with and relied on the Nursing Home Board of Directors as if the Nursing Home Board of Directors would continue in existence after January 31, 2012, by taking such actions including, but not limited to: on June 19, 2011, approving an Agreement with Management Performance Associates, Inc., which Agreement relies on the existence of the Nursing Home Board of Directors for the management of the Champaign County Nursing Home, said Agreement to be in place through May 2014; and, on November 17, 2011, appointing Peter Czajkowski, Catherine Emanuel, and LaShunda Hambrick to serve on the Nursing Home Board of Directors for terms beginning on December 1, 2011 through November 30, 2013;

NOW, THEREFORE, BE IT RESOLVED by the Champaign County Board that any actions taken by the Nursing Home Board of Directors since January 31, 2012, which were taken

in accordance with the Bylaws and Policy of Nursing Home Board of Directors are hereby ratified, adopted or affirmed by the Champaign County Board;

BE IT FURTHER RESOLVED that the Nursing Home Board of Directors is hereby reinstated, under the terms established in Resolutions 6307 and 6401, as modified herein, and that the respective Directors' terms shall continue through the periods previously established for those terms;

BE IT FURTHER RESOLVED that the Policy of the Nursing Home Board of Directors is approved in the form it was approved on February 21, 2008; and

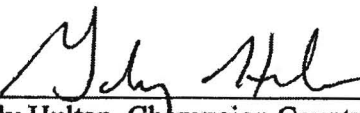
BE IT FURTHER RESOLVED that the Bylaws of the Nursing Home Board of Directors are approved in the form they were approved on January 24, 2008, except that Article XI, ¶8 which states, "Annually, the Champaign County Board shall review the progress of the mission and purpose of The Home under the direction of the Board of Directors. The existence of the Board of Directors for The Home shall end on January 31, 2012, unless prior to that date the Champaign County Board shall reinstate these Bylaws providing for its continuation" shall be deleted and shall not be part of those Bylaws;

PRESENTED, ADOPTED, APPROVED and RECORDED this 27th day of November, A.D. 2012.



C. Pius Weibel, Chair
Champaign County Board

ATTEST:



Gordy Hulten, Champaign County Clerk
and *Ex-Officio* Clerk of the County Board

CHAMPAIGN COUNTY NURSING HOME
BOARD OF DIRECTORS
POLICY BOOK

TABLE OF CONTENTS

I. Mission Statement: Champaign County Nursing Home (CCNH)..... 3

II. Policy Statements..... 3

 A. Role of the Board of Directors and the Board’s Primary Functions 3

 B. Governing Body Size, Composition, and Tenure 6

 C. Conflicts of Interest 7

 D. Agenda Preparation and Schedule of Meetings..... 10

 E. Contracting Authority..... 10

 F. Human Resources 11

 G. Continuous Quality Improvement 11

 H. Administrative Policies..... 12

 I. Conduct of Meetings..... 12

 J. Business Opportunities 12

 K. Director Orientation and Education..... 14

III. Ordinances of the County Board That Pertain to CCNH 16

IV. Organizational Chart..... 17

I. Mission Statement: Champaign County Nursing Home (CCNH)

The Champaign County Nursing Home provides compassionate long-term, rehabilitative, and memory care services reflective of the community we serve, and in a manner reflective of our 100-year history. Our Adult Day Care provides exceptional daily respite services for local caregivers and members of our community who prefer the safety and comfort of a day care center to staying at home. We give residents and clients something to look forward to each morning, and something to dream about each night.

II. Policy Statements

A. Role of the Board of Directors and the Board's Primary Functions

The Board of Directors, hereinafter referred to as the Governing Body, is responsible to the Champaign County Board for the overall governance and direction of Champaign County Nursing Home, hereinafter referred to as CCNH. The Governing Body is appointed by the County Board and serves in an advisory capacity to it. A full description of the responsibilities of the Governing Body is found in the Board of Directors Bylaws. Henceforward, Board of Directors members are referred to as Directors. Management is hereinafter defined as the Nursing Home Administrator and any Department Leader of the Champaign County Nursing Home.

Except as otherwise provided by the Champaign County Board, the Board of Directors Bylaws, or applicable law, the activities and affairs of CCNH shall be conducted and all powers shall be exercised by or under the direction of the Governing Body (see Bylaws, Articles II and III). The Governing Body shall engage in the process of governance by overseeing the activities of the Administrator; and by seeking to fulfill its obligations to the County Board, residents, physicians and other healthcare professionals, employees, and the communities in which it operates for the exercise of responsible, reasonable diligence in the provision of health care services at CCNH. The Governing Body further seeks to be the primary force pressing CCNH to discover, examine, and realize opportunities that are compatible with the strategic direction of CCNH and with the mission statement.

The Governing Body recognizes four (4) primary functions and responsibilities needed for effective governance:

1. Provision of High-Quality Services
2. Planning
3. Managing
4. Maintaining Financial Viability

These primary responsibilities are specified further in Exhibit 1 which follows immediately.

CHAMPAIGN COUNTY NURSING HOME
RESPONSIBILITIES OF THE GOVERNING BODY

<u>PROVISION OF HIGH-QUALITY SERVICES</u>	<u>Action by Governing Body</u>	<u>Action by Management</u>
To comply with all accreditation standards, standards of licensure, regulatory requirements, and the like to restore or maintain resident function in accordance with accepted care-planning criteria	Yes	Yes
 <u>PLANNING</u>		
A. To implement and direct an institutional planning process to meet the health needs of the community and to provide for the future viability of CCNH	Yes	Yes (via staff support who organize the process, committee and task force work, and feasibility analyses)
B. To establish goals and objectives for CCNH	Yes	As above in A
 <u>MANAGING</u>		
A. To recommend to the County Board, through the Nominating Committee, candidates to serve on the Governing Body and to act as representatives of the County in directing the affairs of CCNH.	Yes - Recommend	No
B. To engage in succession planning at the Governing Body level so that CCNH will have qualified individuals to evaluate the impact of its activities.	Yes - Recommend	Yes
C. To establish policy for CCNH to assure the most effective and productive use of its resources.	Yes	Yes - Recommend

CHAMPAIGN COUNTY NURSING HOME

EXHIBIT 1
(continued)

RESPONSIBILITIES OF THE GOVERNING BODY

- | | | |
|--|-----|---|
| D. To maintain a well-qualified management team. | Yes | Yes |
| E. To comply with applicable regulatory standards.
To maintain applicable licensure and accreditation standing. | Yes | Yes – Recommend Implementation |
| F. To promote CCNH in the community. | Yes | Yes, Staff support, Community relations |

FINANCIAL VIABILITY

- | | | |
|--|-----------------|-----------------|
| A. To cause procedures to be instituted for the proper handling of CCNH funds and to require the preparation of routine reports and an annual audit of CCNH. | Yes | Yes - Implement |
| B. To recommend the operating and capital budgets of CCNH to the Champaign County Board. | Yes | Yes - Recommend |
| C. To review and recommend courses of action to the County Board regarding those capital projects requiring County Board approval. | Yes - Recommend | Yes - Recommend |
| D. To review revenues and expenditures for balance and monitor any shortfall of revenues and excesses of expenditures. | Yes - Recommend | Yes |

B. Governing Body Size, Composition, and Tenure

Consistent with the Governing Body Bylaws (Article III, Section 2), the number of Directors shall be seven (7).

CCNH seeks a balance of skills among its Directors and does not wish to create a reliance upon any particular segment of the population, upon any particular individual, or upon any occupational pursuit for advice or leadership to CCNH. Consequently, ad hoc and committee assignments are made with the express understanding that potential conflicts of interest must be avoided both for the benefit of the individual Director and for CCNH, that independent scrutiny is the greatest benefit any Director can bring to an assignment, and that CCNH ultimately suffers from compromising the independence of a Director or from allowing itself to become dependent upon a particular individual Director or group of Directors. In addition, and as an assist to the Governing Body in obtaining independent deliberation and broader community representation, qualified individuals of the CCNH service area who are not Directors may be asked to serve on Governing Body committees or as advisors to the Governing Body.

The Governing Body believes that regular, controlled turnover of Directors is one manner in which a balanced, independent perspective can be maintained. Directors are limited to a maximum tenure of three (3) two (2) year terms; Directors may return to the Governing Body after an absence of one (1) year.

With the current Directors being appointed to the Governing Body at the same time during 2008, all Directors may rotate off the Governing Body in the same year. The Governing Body recognizes that complete replacement of its Directors may cause difficulties in management succession and directs that staggered rotation off the Governing Body begin in 2008 with terms established as follows:

Date of Appointment – November 2008: Two (2) County Board Member Directors (subsequent appointment would be from December 2008 – November 2010 in concert with the next session of the County Board)

Date of Appointment – November 2009: Three (3) Directors (subsequent appointment would be from December 2009 – November 2011)

Date of Appointment – November 2010: Two (2) Directors (subsequent appointment would be from December 2010 – November 2012)

To assist the Nominating Committee in its efforts to maintain a roster of qualified persons to recommend to the County Board for service on the CCNH Governing Body, the roster shall be compiled and kept in the records of the Governing Body in the Administrator's office.

C. Conflicts of Interest

Disclosure of Self-Dealing Transactions

CCNH is operated under the auspices of the Champaign County Board and the laws of the State of Illinois for charitable purposes and, as such, is subject to all laws, rules, and regulations regarding such operations.

The specific purpose of CCNH is to establish, maintain, and operate a nursing and rehabilitation institution, and other facilities for the care of ill, injured, or disabled persons and to enhance the health of those in the community served by CCNH.

The Board of Directors is responsible for the prudent and proper handling of the activities and affairs of CCNH. Each Director owes to CCNH the duty to perform honestly, promptly, and economically and to use reasonable care, skill, and judgment in such performance.

Keeping in mind the aforesaid laws, rules, regulations, and specific purposes of the CCNH, each Director shall disclose to the other Directors any of the following:

1. A transaction to which CCNH is or may be a party and in which such Director and/or a member of his or her immediate family has a direct or indirect material financial interest;
2. A transaction that may compete in a direct or indirect manner with the activities of CCNH in the purchase, lease, and/or sale of property, goods, and services;
3. A transaction in which advice or consultation is given by such Director to a third party that competes with CCNH in the health care field;
4. A transaction in which gifts or other favors in excess of \$75 are offered to a Director by a third party to influence such Director in the performance of his or her duties;
5. A transaction in which information relating to the business of CCNH is used or communicated to others for the personal profit or advantage of such Director or his or her immediate family.

All such disclosures shall be made at the first opportunity, and before any discussion and/or action by the Governing Body relative to such a transaction.

Once disclosure has been made regarding such a transaction, no vote of such Director shall be counted in determining the existence of a quorum to vote on such a transaction and such Director shall not directly or indirectly discuss or attempt to influence any action on such transaction and such Director shall not vote thereon. The term "immediate family" shall mean spouse, child, parent, brother, or sister of the Director.

All such disclosures shall be recorded in the minutes of the Governing Body, as well as abstentions from voting and abstentions from the determination of quorums.

The foregoing shall not prevent such Director from briefly stating his or her position in the matter, nor from answering pertinent questions from other Directors.

This Conflict of Interest policy and questionnaire shall be circulated among all Directors and administrative personnel (the Administrator and Operating Officer/DON) during September and March of each year. The results of the questionnaire shall be maintained in CCNH offices and at the office of the County Administrator. Further, this Conflict of Interest policy and questionnaire shall be circulated among all Directors and administrative personnel whenever a project involving a potential for conflict of interest through investment of any kind shall arise.

List of Definitions

1. Outside Interests
 - a. A position or a material financial interest, held directly or indirectly, in any outside concern from which the individual Director has reason to believe that CCNH secures goods or services, or provides services competitive with CCNH or any of its related entities.
 - b. Competition, direct or indirect, with CCNH in the purchase or sale of property rights, interests, or services.
2. Outside Activities

Directive, managerial, or consultative services rendered to any outside concern that does business with or competes with the services of CCNH, or renders other services in competition with CCNH or any of its related entities.
3. Gifts, Gratuities, and Entertainment

Gifts or other favors valued in excess of \$75 that are accepted from any outside concern that does business with, is seeking to do business with, or is a competitor of CCNH under circumstances from which it might be inferred that such action is intended to influence or possibly would influence the individual in the performance of his or her duties as a Director. This does not include the acceptance of items of nominal or minor value that are clearly tokens of respect or friendship and are not related to any particular transaction or activity of CCNH or any of its related entities.
4. Inside Information

Information relating to the business of CCNH, or any of its related entities that is used for the personal profit or advantage of the individual Director or his or her immediate family, which information shall be disclosed to the other Directors.
5. Material Financial Interest

A person, his or her spouse, or his or her immediately family member living with that person is ineligible to serve on the CCNH Board of Directors if that person (a) is entitled to receive more than 7½% of the total distributable income under a contract

with CCNH or (b) if that person, together with his or her spouse and immediate family members living with that person, are entitled to receive more than 15% in the aggregate of the total distributable income under a contract with CCNH.

Conflict of Interest Questionnaire

Pursuant to the purposes and intent of the conflict of interest policy adopted by the Governing Body of Champaign County Nursing Home requiring disclosure of certain interests, a copy of which has been furnished to me, I hereby state that I or members of my immediate family have the following affiliations or interests and have taken part in the following transactions that, when considered in conjunction with my position with or relation to Champaign County Nursing Home, might possibly constitute a conflict of interest.

(Check "None" where applicable.)

1. Outside Interests

Identify any interests, other than investments, held by you or a member of your immediate family, as described in the list of definitions accompanying this questionnaire.

() None

2. Investments

List and describe all investments held by you or a member of your immediate family that might fall within the category of "material financial interest," as described in the list of definitions accompanying this questionnaire.

() None

3. Outside Activities

Identify any outside activities, engaged in by you or a member of your immediate family, as described in the list of definitions accompanying this questionnaire.

() None

4. Material Financial Interest

Identify whether you, your spouse, or any immediately family member living with you (a) is entitled to receive more than 7½% of the total distributable income under a contract with CCNH or (b) if you, together with your spouse and immediate family members living with you are entitled to receive more than 15% in the aggregate of the total distributable income under a contract with CCNH.

() None

D. Agenda Preparation and Schedule of Meetings

The Administrator is responsible for preparing meeting agendas for the Governing Body and for preparing all business items for information, action, follow-up, or final disposition/reporting. The Administrator shall review the agenda with the Chair of the Governing Body and is responsible for any adjustments the Chair may direct.

Agenda materials shall be mailed in advance of meetings so that Directors will customarily receive items and supporting documents approximately one week preceding each meeting. Agenda items usually cover such topics as:

- > Public participation
- > Strategic planning activities
- > Reports of operations
- > Quality improvement reports
- > Committee reports
- > Annual audit and management letter
- > Major policy issues
- > Operating and capital budget versus actual budget
- > CCNH objectives
- > Legal report/status of litigation and other significant matters.
- > Human resources

Any Director may place an item placed on the agenda by contacting the Administrator in advance of the monthly mailing. If staff work is required to support an item's discussion, the Administrator may request that the matter be deferred. Items not submitted for inclusion on the agenda in time for the advance mailing generally should not be brought up at a regularly scheduled meeting. However, special situations may arise in which advance discussion with the Chair may permit inclusion of an unscheduled item as an addendum to the agenda.

Meetings shall be set by the Board of Directors.

E. Contracting Authority

The Governing Body, except as in the Bylaws or otherwise provided, may authorize the Administrator, an officer(s), or agent(s) to enter into any contract or execute any instrument in the name of and on behalf of CCNH, if the expenditure necessitated by such a contract has been approved by the County Board in the CCNH budget for the fiscal year in question, or has been specifically authorized by the County Board for the fiscal year in question. Unless so authorized by the Governing Body, no Administrator, officer, agent, or employee shall have any power or authority to bind CCNH by any contract or engagement, to pledge its credit, or to render it liable for any purpose or in any amount. The execution of any contract is subject to and bound by the current Champaign County Purchasing Policy. However, the Governing Body does not have the power to negotiate or enter into collective bargaining agreements, which power is reserved exclusively to the Champaign County Board.

The Administrator may execute contracts, including renewals or extensions, for matters covered in the operating and capital budgets as approved by the Governing Body and by the

County Board. Examples of items upon which the Administrator may act directly or may delegate to the Operating Officer are equipment leases, service contracts (e.g., equipment service agreements), and transfer agreements. Professional service agreements consistent with the approved budget and/or program for CCNH may be executed by the Administrator, or by the Operating Officer as delegated by the Administrator.

All contracts, whether or not covered by the operating or capital budgets, that exceed operant statutory limits must be bid competitively and must be approved by the Governing Body and by the Champaign County Board.

The Administrator has the authority to negotiate and to bind CCNH regarding Medicaid reimbursements from the State of Illinois and Medicare reimbursements from the federal government.

Programs under development, as reflected from time to time in the Program Development Budget, are the responsibility of the Administrator once the Program Development Budget has been approved. The Governing Body may elect to commission an ad hoc committee to work with the Administrator in developing a specific project and to enter into contracts necessary and proper to bring a program to fruition, subject to the limitations imposed by Article XII of the Bylaws.

F. Human Resources

The Governing Body recognizes the paramount significance of human resources in providing healthcare services and seeks to maintain harmonious, fair, and impartial personnel policies and practices at all times. The Governing Body further recognizes that human resources are the means through which the values of CCNH are implemented and realized.

The Governing Body shall encourage the maintenance of open channels of communication (e.g., employee meetings, newsletters) and the development and practice of sound supervisory practices for all employees.

As the Governing Body encourages CCNH to pursue higher levels of customer service, it shall have significant concern that the CCNH human resource policy be committed to ongoing training. CCNH is fully committed to training supervisory personnel in techniques of effective supervision, communication, performance appraisal, human resource motivation, and such other management practices that may be effective in implementing the mission of CCNH.

G. Continuous Quality Improvement

The Governing Body shall commit to an active Continuous Quality Improvement function (see Bylaws, Article VII). The Governing Body shall receive written quarterly reports from the Administrator, providing sufficient detail of problems discovered, action taken, and follow-up activity.

Quarterly reports are scheduled to be issued as follows:

March	Includes December, January, and February
June	Includes March, April, and May
September	Includes June, July, and August
December	Includes September, October, and November

The objectives of the Quality Improvement function are:

- > To provide planned, systematic, and ongoing monitoring and evaluation of the quality and appropriateness of care provided to residents.
- > To identify and resolve problems.
- > To provide an effective method of communication and of coordination when problems or opportunities to improve resident care are identified.
- > To provide a process of continued monitoring for evaluation of the effectiveness of the action taken.
- > To provide an objective reporting of quality improvement monitoring activities to the Governing Body.

The Governing Body understands that the above objectives require active support of management efforts in Quality Improvement. Integral to the realization of the objectives is the linking of quality assurance data with actual resident care practices, and with the documentation of corrective action and organizational change as a result of Quality Improvement activities.

H. Administrative Policies

The Governing Body shall approve the CCNH policies, which shall be published and maintained in an Administrative Policy Manual. The Administrator is responsible for carrying out all policies, for reviewing the work of the CCNH Policy Committee, and for keeping the manual up-to-date.

The administrative policies reflect position statements applicable to all departments, employees, and other parties. Policies are developed by a multidisciplinary Policy Committee, appointed by the Administrator, which is responsible for the periodic review and assessment of policies and compliance levels.

I. Conduct of Meetings

All meetings of the Governing Body will be conducted according to “Roberts' Rules of Order” and shall comply with the Illinois Open Meetings Act. However, technical failures to follow such rules shall not invalidate action taken at such a meeting.

J. Business Opportunities

The Governing Body recognizes that CCNH may find it necessary to capitalize upon nontraditional business opportunities in order to achieve its objectives or to respond to competitive challenges in the marketplace.

The policy of the Governing Body in regard to each business opportunity shall be governed by its concerns for compatibility with the mission of CCNH and with the business opportunity's fit with CCNH. Therefore, the CCNH must, at all times, remain in a position to control or to direct these concerns and shall not participate in a venture in which it is a minority shareholder or is a limited partner, absent satisfactory evaluation of these concerns and consent of the Champaign County Board.

The minimum criteria to be used for addressing any business opportunity are:

1. Nature of the Business
The business opportunity should be health-related and fit with the Strategic Plan or should represent an interest vital to CCNH. The objectives of the business venture must be clearly delineated before further analysis.
2. Ethical Principles
The business opportunity must not compromise the values of CCNH or its mission.
3. Conflicts of Interest
The business opportunity should not present undisclosed conflicts of interest to Directors, physicians and other healthcare professionals, employees, or community leaders.
4. Service Area
The business opportunity should be geographically located within the immediate CCNH service area or should demonstrate sufficient management capability to function effectively in another location.
5. Business Risks
The business opportunity must receive a full management work-up following management's standards for Data Requirements for Internal Proposals and Projects.
6. Physician/Hospital Impact
Impact on physicians, allied healthcare professionals, and hospitals must be fully evaluated. Broad-based support is highly desirable for any venture.
7. Competition
The business or market plan for the opportunity should identify the competitors and the effect(s) that marketplace competition is likely to have on CCNH.
8. Organization and Management
The legal and management structure must be fully detailed and must include an assessment of the management capabilities required for success.

K. Director Orientation and Education

All new Directors shall receive an orientation to CCNH that shall be conducted by the Administrator and that shall include, at a minimum, the following elements of CCNH's operations:

1. Legal Organization
County Board
Champaign County Nursing Home (CCNH)
Foundation/Auxiliary Organization
2. Bylaws
Justice & Social Services Committee
3. Governing Body Policies
4. Organization & Plans
5. Annual Financial Statements
6. Administrative and Personnel Policies
7. Community Standing
Customer Surveys
Community Surveys Service
Needs
8. Major Management Practices
Planning Budgeting Finance
Controls
Reimbursement Issues
Government Regulation
9. Quality Assurance Activities
10. Accreditation Status and Issues
11. Facility Tour

All Directors shall receive the Board/Director Orientation Manual containing specific documents relating to the operation of CCNH. The manual is updated periodically and is given to all Directors so that they may possess current information regarding CCNH.

Director Orientation Worksheet

NAME:

DATE:

ORIENTED BY:

REVIEWED:

1. Legal Organization
County Board
Champaign County Nursing Home
CCNH Foundation/Auxiliary
2. Bylaws
Justice & Social Services Committee
3. Governing Body Policies
4. Organization & Plans
5. Annual Financial Statements
6. Administrative and Personnel Policies
7. Community Standing
Customer Surveys
Community Surveys
Service Needs
8. Major Management Practices
Planning
Budgeting
Finance
Controls
Reimbursement Issues
Government Regulation
9. Quality Assurance Activities
10. Accreditation Status and Issues
11. Facility Tour

III. ORDINANCES OF THE COUNTY BOARD

(That pertain to CCNH)

Ordinance No. 323 Establishing Champaign County Purchasing Policy

Ordinance No. 529 Establishing Nursing Home Personnel Policy

Ordinance No. 805 – Equal Employment Ordinance

Ordinance No.652 – Ordinance Establishing Information Technology Resources Policy and Procedures

Ordinance No. 780 Establishing Champaign County Travel Regulations

CHAMPAIGN COUNTY NURSING HOME ORGANIZATIONAL CHART

January 2008

