

Committee of the Whole

August 14, 2012
Handouts

1. Item VII F 2 Report to County Board Re: MPA Compliance Program Proposal
2. Item VII H 1-2 General Corporate Fund FY2012 Budget Projection & Change Reports



CHAMPAIGN COUNTY ADMINISTRATIVE SERVICES

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MEMORANDUM

TO: Brendan McGinty, Deputy Chair-Finance & MEMBERS OF THE CHAMPAIGN COUNTY BOARD COMMITTEE of the WHOLE

FROM: Deb Busey, County Administrator *Deb*

DATE: August 10, 2012

RE: REPORT to COUNTY BOARD REGARDING MPA COMPLIANCE PROGRAM PROPOSAL

ISSUE

At the June 12th Finance Committee of the Whole Meeting, the Finance COW deferred consideration of a proposed amendment to the MPA Management Services Agreement to add a Compliance Program to the August 2012 meeting. Requests for additional information made by board members included the following:

1. Recommendations from the National Association of Nursing Homes and the Illinois Association of County Nursing Homes regarding best practices/recommended steps of action to address ACA compliance requirements;
2. What are other nursing homes doing to address the compliance requirements of the ACA;
3. Research to validate the cost of the proposed compliance program.

REPORT

Issue 1: Recommendations from the National Association of Nursing Homes and the Illinois Association of County Nursing Homes regarding best practices/recommended steps of action to address ACA compliance requirements.

Neither of these organizations documents best practices recommendations. Both organizations strive to provide educational programs for their members relevant to issues faced by nursing homes.

Just as an additional note, the Illinois Association of County Nursing Homes and Life Services Network have both been in contact with MPA to inquire about MPA providing educational programs on behalf of these two entities with regard to the additional compliance requirements that will be in effect as a result of the ACA. Both organizations are aware of the program that MPA has put together, and were interested in an educational presentation on that topic by MPA, for their members.

Issue 2: What are other nursing homes doing to address the compliance requirements of the ACA.

The President of the Illinois Association of County Nursing Homes put out an e-mail to all members, posing this question. The responses that were received were basically as follows:

- a) Trying to manage it themselves by getting educated;
- b) Currently working on putting together a plan and documenting additional resources that may be required;
- c) Unaware that there were new compliance requirements that would go into effect in March 2013 as a result of the ACA.

Issue 3: Research to validate the cost of the proposed compliance program.

The research that is presented here will address two issues: (1) industry cost of management services contracts for operating nursing homes; and (2) cost comparison specifically for a compliance program only.

(1) Industry cost of management services contracts for operating nursing homes.

I have spoken with two organizations who provide management services agreements for nursing homes – Provena and Health Dimensions Group. Both organizations confirm that a typical management services agreement will range in cost from 4% to 6% of total operational costs for the facility. This is the management fee only, and does not include additional reimbursement for the salary and benefits package for the nursing home administrator, who is also typically an employee of the management services provider. Given this industry standard, the following depicts the current operating budget of the Nursing Home, and the cost a management services agreement would be at 4% and 6%, and the current cost of the MPA Management Services Agreement, both with and without the Compliance Program included:

FY2012 Nursing Home Operating Budget	Management Services Agreement at 4%	Management Services Agreement at 6%	Current MPA Annual Management Fee	% of Operating Budget	MPA Annual Management Fee with Amendment for Compliance Program	% of Operating Budget
\$14,522,511	\$580,900	\$871,351	\$254,672	1.75%	\$294,672	2.03%

(2) Cost comparison for compliance program services only.

To research this information, a Request for Information document was prepared and sent to three providers who are documented as having the capability to provide the compliance services on a level comparable to what is being proposed by MPA. A copy of the Request for Information document is attached for your benefit.

Only two of the three providers responded to our Request for Information. Following is a summary overview/comparative analysis of the responses of these two providers and the MPA proposal.

FR&R Healthcare Consulting	Quality Management Consulting Group, Ltd.	MPA
<p><i>Assessment of Current Status</i> One day on-site general education regarding required elements of a compliance program and to assist with the development of a work plan</p>	<p><i>Assessment of Current Status</i> Will provide a request for a billing sample, and perform an on-site review of claims and support documentation.</p>	<p><i>Assessment of Current Status</i> Conduct a baseline audit that evaluates the extent to which all organization processes are complying with the law by providing checklists and requests for information (RFIs) to be presented to and completed by staff and returned to MPA for review</p>
<p><i>Risk Assessment & Policy Development</i> 1-2 days on-site risk assessment and identify policies & procedures required to address specific risk areas; Provide guidance and assistance in the development of policies and procedures and/or provide review of policies and procedures that you develop</p>	<p><i>Risk Assessment & Policy Development</i> Will perform a comprehensive review of existing policies and procedures, revise as necessary and develop additional policies and procedures as necessary.</p>	<p><i>Risk Assessment & Policy Development</i> Review and analyze responses to RFIs, and develop statement of strengths, weaknesses & goals; Draft compliance program document for CCNH; Amend existing policies and draft additional policies and procedures;</p>
<p><i>Compliance Education</i> Will provide three compliance education sessions to staff and/or Board of Directors on-site</p>	<p><i>Compliance Education</i> Will conduct at least one in-person meeting and additional conference calls to allow us to</p>	<p><i>Compliance Education</i> Train employees on compliance topics, as well as on the importance of compliance and of</p>

<p>on the same day; suggest video-recording of sessions for other shifts and/or orientation purposes for new staff/Board members</p>	<p>develop the necessary job description and reporting relationship documentation, and otherwise assist CCNH in identifying its Compliance Officer. Will assist in organizing and provide on-site leadership and assistance for a kick-off education and orientation session for staff.</p>	<p>reporting compliance; and establishing compliance leaders within the organization by: Conducting one compliance training session for department managers and employees; Conducting live or webinar training on 2 additional compliance issues; Develop a plan for how CCNH will conduct, document and evaluate training on an ongoing basis</p>
<p>Ongoing Compliance Auditing Develop the tools that your facility will need to audit and monitor your ongoing compliance. Together with your assigned staff, we will conduct a one-day, on-site audit. Your staff will be responsible for completing the tools we have developed. Provide a written report of any deficiencies in the process itself.</p>	<p>Ongoing Compliance Auditing No proposal for audit and monitoring of ongoing compliance.</p>	<p>Ongoing Compliance Auditing Develop audit tools for each of the risk areas that are part of CCNH compliance program; Schedule timelines for audits; Review ongoing audit results with CCNH staff and monitor results for improvement and effectiveness; Provide continual ongoing auditing of the organization to evaluate its performance and identify areas in which it can improve compliance with the law</p>
<p>Update and Improvement Go over any additional services needed to have a functioning compliance program.</p>	<p>Update and Improvement</p>	<p>Update and Improvement Provide continual updates to the compliance program based on regulatory and other changes; Create a culture of</p>

		compliance within the organization (includes providing anonymous ways to report non-compliance, rewarding adherence to the compliance program, and disciplining those who do not follow the program).
Cost: Range of \$16,000-\$25,500 with finite time frames, and posted hourly rates if time frames are exceeded	Cost: \$40,000	Cost: \$40,000

The most comprehensive of the programs proposed is the program proposed by MPA. Both the MPA and Quality Management proposals include development of the compliance program documents and update of any related policies through access to attorneys specializing in health care law. FR&R does not offer development and writing the compliance program documents or editing of existing policies – but instead offers guidance and assistance in that development and review. FR&R also does not provide access to a health care attorney, which is an additional expense the County would likely incur in writing the documents if FR&R were hired for this project. The Quality Management proposal does not include any ongoing assistance in auditing or monitoring the effectiveness of the compliance program after development, while MPA provides ongoing access to their health care attorney in addressing those issues as we move forward. Both the FR&R and Quality Management proposals are more limited in scope than the MPA proposal. MPA is in a very good position to provide greater scope of services in this endeavor because of the management services they already provide to the Nursing Home through their existing contract.

SUMMARY

In summary, I recommend moving forward with MPA to provide the Compliance Program services as outlined in their proposal. However, I believe this could be treated as a separate contract with MPA instead of as an Addendum to their current contract. The agreement could be executed for a 12 month period, with the caveat that the program will be reviewed by the Nursing Home Board of Directors and the County Board at the end of that period, to determine the necessity for continuing this service, and the scope that may be necessary once the Nursing Home has implemented the program to be developed by MPA in this first year.

RECOMMENDED ACTION:

The Finance Committee of the Whole approves a one-year agreement in the amount of \$40,000 with Management Performance Associates, Inc. for the development, implementation and ongoing management of a Compliance Program for the Champaign County Nursing Home.

If you have any additional questions or information requests with regard to this issue, please feel free to contact me.

Attachments

**Request for Information/Pricing
Regarding the Provision of a Corporate Compliance Program
Champaign County Nursing Home
Urbana Illinois**

July 2012

Background

Champaign County Nursing Home (CCNH) is a 243-bed skilled nursing facility owned and operated by Champaign County government. CCNH wishes to implement a Corporate Compliance Program in order to meet the March 23, 2013 deadline mandated by the Affordable Care Act. CCNH is requesting a cost estimate based on the scope of services outlined below as well as information regarding qualifications and experience.

Scope of Services

CCNH has determined a need for a Corporate Compliance Program. The Consultant's services should develop and implement a Corporate Compliance Program that satisfies the following:

- The Affordable Care Act's requirement for an effective compliance and ethics program that prevents and detects criminal, civil and administrative violations of the Social Security Act and promotes quality of care (Section 6102)
- The OIG Compliance Guidance for Nursing Facilities
- The OIG Supplemental Guidance for Nursing Facilities

The consultant shall provide the following services:

- Audit and review existing compliance related efforts
- Identify and address all current compliance risks at CCNH
- Develop necessary policies and procedures and audit tools in collaboration with CCNH staff
- Any additional services needed to have a functioning compliance program

The consultant should also state their ability to provide continuing support on an annual recurring basis to assess program effectiveness and address compliance related questions or issues.

Qualifications, Experience, and Licensure

Provide information regarding the scope of its compliance experience. Identify primary personnel that will be working with CCNH. Provide qualifications/experience on each personnel.

Scope of Work

Provide a detailed scope of work describing the compliance services that will be provided to CCNH. The scope of work should describe, in detail, the work product to be provided and the specific services involved. Provide the estimated time period which will be required to perform these services, and the consulting fee for the services.

Submit to:

Deb Busey
County Administrator
Brooken Administrative Center
1776 East Washington Street
Urbana, IL 61802
217-384-3772

Submit By:

Monday, July 30, 2012

FY2012 General Corporate Fund Revenue Projection Report

August 14, 2012

SIGNIFICANT REVENUE LINE ITEMS/CATEGORIES	FY2011 YTD 7/31/2011	FY2011 ACTUAL Received	FY2012 BUDGET 12/1/2011	FY2012 Actual 7/31/3012	Projected % to be Received	Projected \$\$ to be Received	\$ Difference to Original Budget
PROPERTY TAXES (CURRENT)	\$4,330,876	\$8,069,033	\$8,285,724	\$4,459,683	100%	\$8,285,724	\$0
PROPERTY TAXES (ESCROW)	\$0	\$0	\$0	\$0	0%	\$0	\$0
PROPERTY TAXES (BACK)	\$0	\$3,010	\$5,200	\$0	100%	\$5,200	\$0
MOBILE HOME TAXES	\$25	\$8,814	\$8,500	\$0	100%	\$8,500	\$0
PAYMENT IN LIEU OF TAXES	\$0	\$4,929	\$4,500	\$0	100%	\$4,500	\$0
COUNTY HOTEL/MOTEL TAX	\$12,486	\$22,232	\$25,000	\$12,591	91%	\$22,817	-\$2,183
COUNTY AUTO RENTAL TAX	\$8,793	\$19,140	\$15,000	\$15,679	205%	\$30,779	\$15,779
PENALTIES ON TAXES	\$77,872	\$678,071	\$674,000	\$137,167	101%	\$680,000	\$6,000
BUSINESS LICENSES & PERMITS	\$39,757	\$40,495	\$33,500	\$37,184	111%	\$37,122	\$3,622
NON-BUSINESS LIC. & PERMITS	\$490,063	\$821,218	\$1,326,500	\$840,591	98%	\$1,294,724	-\$31,776
FEDERAL GRANTS	\$378,514	\$594,999	\$451,626	\$233,498	102%	\$459,951	\$8,325
STATE GRANTS	\$153,059	\$218,090	\$213,911	\$146,169	100%	\$213,911	\$0
STATE SHARED REVENUE							
CORP. PERS. PROP. REPL. TAX	\$467,133	\$736,887	\$832,000	\$538,922	93%	\$773,496	-\$58,504
1% SALES TAX (UNINCORPOR.)	\$608,544	\$1,102,692	\$1,138,484	\$611,030	98%	\$1,119,575	-\$18,909
1/4% SALES TAX (ALL COUNTY)	\$2,886,627	\$5,009,241	\$5,145,952	\$2,986,354	101%	\$5,216,385	\$70,433
USE TAX	\$294,720	\$478,219	\$509,294	\$287,074	94%	\$480,149	-\$29,145
INHERITANCE TAX	\$0	\$32,698	\$165,709	\$328,274	198%	\$328,274	\$162,565
STATE REIMBURSEMENT	\$893,091	\$1,860,082	\$1,296,033	\$666,826	63%	\$818,541	-\$477,492
SALARY REIMBURSEMENT	\$120,961	\$228,813	\$293,360	\$275,017	128%	\$375,085	\$81,725
STATE REV./SALARY STIPENDS	\$31,100	\$38,900	\$40,728	\$21,228	100%	\$40,728	\$0
INCOME TAX	\$1,797,950	\$2,713,396	\$2,639,433	\$1,713,977	106%	\$2,800,620	\$161,187
POLICE TRAINING REIMBURSEMENT	\$0	\$0	\$17,000	\$16,091	100%	\$17,000	\$0
OFF-TRACK BETTING	\$24,170	\$41,142	\$55,000	\$31,057	100%	\$53,840	-\$1,160
LOCAL GOVERNMENT REVENUE							
LOCAL GOVERNMENT REVENUE	\$415,019	\$592,188	\$521,281	\$356,722	117%	\$612,337	\$91,056
LOCAL GOVERNMENT REIMBURSE.	\$275,057	\$525,618	\$486,600	\$289,061	110%	\$536,237	\$49,637
GENERAL GOVERNMENT	\$2,421,951	\$4,048,232	\$4,133,950	\$2,371,556	98%	\$4,044,347	-\$89,603
FINES	\$563,867	\$906,733	\$1,065,000	\$565,040	90%	\$960,701	-\$104,299
FORFEITURES	\$18,533	\$53,034	\$25,000	\$6,613	167%	\$41,698	\$16,698
INTEREST EARNINGS	\$7,588	\$21,194	\$19,500	\$8,013	117%	\$22,858	\$3,358
RENTS & ROYALTIES	\$754,949	\$1,007,936	\$631,623	\$360,501	100%	\$631,623	\$0
GIFTS & DONATIONS	\$6,444	\$21,444	\$7,500	\$10,687	220%	\$16,532	\$9,032
OTHR FIN. SOURCES--FIX. ASSETS	\$13,429	\$15,922	\$8,000	\$12,708	159%	\$12,708	\$4,708
OTHR. MISC. REVENUE	\$48,075	\$79,011	\$67,508	\$59,246	165%	\$111,076	\$43,568
INTERFUND TRANSFERS	\$644,960	\$1,433,309	\$1,463,463	\$727,436	100%	\$1,463,463	\$0
INTERFUND REIMBURSEMENTS	\$91,287	\$456,061	\$418,331	\$77,867	100%	\$418,331	\$0
OTHER FINANCING SOURCES							
TOTALS	\$17,876,900	\$31,882,783	\$32,024,210	\$18,203,861	100%	\$31,938,830	-\$85,380

FY2012 General Corporate Fund Expenditure Projection Report

SIGNIFICANT EXPENDITURE LINE ITEMS/CATEGORIES	FY2011 YTD 7/31/2011	FY2011 ACTUAL 12/31/2011	FY2012 BUDGET 12/1/2011	FY2012 YTD 7/31/2012	PROJECTED % TO BE SPENT	Projected \$ to be SPENT	\$ Difference to Original BUDGET (+/-)
PERSONNEL							
Regular Salaries & Wages	\$8,081,074	\$12,478,798	\$12,991,601	\$8,118,315	98.04%	\$12,736,519	-\$255,082
SLEP Salaries	\$4,355,765	\$6,771,176	\$7,048,964	\$4,429,627	98.59%	\$6,949,475	-\$99,489
SLEP Overtime	\$202,046	\$391,223	\$416,676	\$199,908	75.27%	\$313,628	-\$103,048
Fringe Benefits	\$1,751,180	\$2,623,967	\$2,653,214	\$1,774,956	100.35%	\$2,662,434	\$9,220
COMMODITIES							
Postage	\$159,985	\$230,619	\$241,647	\$229,766	125.68%	\$303,691	\$62,044
Purchase Document Stamps	\$380,925	\$500,925	\$748,150	\$480,000	95.20%	\$712,214	-\$35,936
Gasoline & Oil	\$130,590	\$225,469	\$247,451	\$118,381	86.32%	\$213,595	-\$33,856
All Other Commodities	\$307,248	\$613,044	\$632,754	\$351,581	107.73%	\$681,688	\$48,934
SERVICES							
Gas Service	\$261,296	\$355,604	\$396,500	\$201,772	71.01%	\$281,535	-\$114,965
Electric Service	\$437,302	\$863,826	\$896,500	\$461,091	99.07%	\$888,189	-\$8,311
Medical/Professional Services	\$694,435	\$1,029,512	\$1,010,470	\$690,784	111.15%	\$1,123,151	\$112,681
All Other Services	\$2,250,977	\$3,565,621	\$3,821,953	\$2,222,963	98.60%	\$3,768,378	-\$53,575
CAPITAL							
Vehicles	\$64,957	\$182,942	\$120,000	\$42,306	100.00%	\$120,000	\$0
All Other Capital	\$54,090	\$121,920	\$7,050	\$0	100.00%	\$7,050	\$0
TRANSFERS							
To Capital Improvement Fund	\$0	\$123,028	\$86,884	\$0	100.00%	\$86,884	\$0
All Other Transfers	\$48,035	\$175,133	\$170,096	\$47,965	100.00%	\$170,096	\$0
DEBT REPAYMENT							
	\$375,015	\$393,050	\$549,246	\$531,541	100.00%	\$549,246	\$0
TOTAL	\$19,554,922	\$30,645,858	\$32,039,156	\$19,900,956	98.53%	\$31,567,772	-\$471,384

FY2012 General Corporate Fund Projection Summary Report

FUND BALANCE 11/30/11 (unaudited)	\$4,136,581	<i>Fund Balance Less Loan</i> \$3,803,454
BEGINNING FUND BALANCE % OF BUDGET -	13.06%	12.01%
	<i>Budgeted</i>	<i>Projected</i>
ADD FY2012 REVENUE	\$32,024,210	\$31,938,830
LESS FY2012 EXPENDITURE	\$32,039,156	\$31,567,772
Revenue to Expenditure Difference	-\$14,946	\$371,058
FUND BALANCE PROJECTION - 11/30/12	\$4,121,635	\$4,507,639
% OF 2012 Expenditure Budget	12.86%	14.28%
Outstanding Loan to Nursing Home	-\$333,127	-\$333,127
Unreserved Fund Balance Projection - 11/30/12	\$3,788,508	\$4,174,512
% of FY2012 Budget	11.82%	13.22%