

CHAMPAIGN COUNTY BOARD
COMMITTEE MINUTES

JOINT MEETING OF THE COUNTY BOARD FINANCE COMMITTEE & THE NURSING HOME BOARD OF DIRECTORS

Thursday, July 10, 2008

**Lyle Shields Meeting Room, Brookens Administrative Center
1776 E. Washington St., Urbana**

7:00 p.m.

FINANCE COMMITTEE MEMBERS PRESENT: Chris Doenitz, Claudia Gross, Brad Jones, Brendan McGinty (Chair), Alan Nudo, Steve O'Connor, Michael Richards, C. Pius Weibel, Barbara Wysocki

MEMBERS ABSENT: None

BOARD OF DIRECTORS PRESENT: Jan Anderson, Peter Czajkowski, Jason Hirsbrunner, Mark Holley, Charles Lansford (Chair), Alan Nudo, Mary Ellen O'Shaughnessey

DIRECTORS ABSENT: None

OTHERS PRESENT: Carol Ammons (County Board Member), Kat Bork (Recording Secretary), Andrew Buffenbarger (Nursing Home Administrator), Deb Busey (County Administrator of Finance & HR Management), Lloyd Carter (County Board Member), Tony Fabri (Auditor), Mathew Gladney (County Board Member), Denny Inman (County Administrator of Facilities & Procurement), John Jay (County Board Member), Ralph Langenheim (County Board Member), Steve Moser (County Board Member), Jenny Putman (County Board Member), Dan Welch (Treasurer), Karl Drake (Outside Auditor), Phyllis Brussel, Belden Fields, Mike Lehman, Rachel Schwartz, Margaret Wright

CALL TO ORDER

Lansford called the meeting to order at 7:03 p.m.

ROLL CALL

The Recording Secretary called the roll. The Finance Committee members present at the time of roll call were Doenitz, Jones, McGinty, Nudo, O'Connor, Richards, Weibel, and Wysocki and the Board of Directors present were Anderson, Czajkowski, Hirsbrunner, Holley, Lansford, Nudo, and O'Shaughnessey establishing the presence of a quorum of both bodies.

APPROVAL OF AGENDA/ADDENDUM

MOTION by Anderson to approve the agenda; seconded by O'Shaughnessey. **Motion carried.**

REPORT OF RACHEL SCHWARTZ REGARDING CHAMPAIGN COUNTY NURSING HOME ACCOUNTING

Lansford introduced Rachel Schwartz. Schwartz addressed the members assembled and explained she looked into many issues, but did not perform an audit of the Champaign County Nursing Home (CCNH).

Gross entered the meeting at 7:05 p.m.

Schwartz claimed the numbers the County Board receives from CCNH are based on payments, not on actual costs incurred. She said no one could run a business based on what was paid rather than what was incurred. She discovered CCNH has no real income statement and she suggested the County Board insist on getting these financial statements. Regarding data integrity, the problems in the accounts payable system were shown by the online, unaudited balance sheet showed CCNH's FY2007 year end was \$261,602. But the accounts payable cost report for November 30, 2007 that was run on January 29, 2008 showed accounts payable at \$988,510. The report run in January allowed enough time to make all of the adjustments. Schwartz said the cost report, which every nursing home has to file with the State of Illinois, showed many interesting things. Schwartz got these numbers from a website that she used as her guide. When Karl Drake issued the outside auditor's report, she learned the real accounts payable for November 30, 2007 was \$1.4 million. Schwartz said she was sure those numbers were true for some point in time, but there is a problem with data integrity at CCNH. She thought it is a fixable problem, but it really needs to be taken care of because the County Board needs the accurate numbers to make decisions regarding CCNH. Her second point on data integrity was that CCNH claimed there was no external auditor on the online cost report that was filed with the state, which is inaccurate because Karl Drake's firm performs the outside audit. Schwartz did not know why CCNH was not reporting this to the state.

The next thing Schwartz wanted to talk about was contact nursing. CCNH spent \$1.2 million on contract nursing last year. Schwartz has heard this problem blamed on no-show employees, except the cost reports show 80% is for RNs and LPNs, not CCNH employees who were absent. She pointed this out to Mike Scavatto of Management Performance Associates (MPA) and he was surprised. It is not how much money CCNH spent on contract nursing, it is the percentage of hours provided by RNs and LPNs in CCNH that are covered by agency nurses. Agency nurses are not constant CCNH employees and Schwartz felt this leads to a lack of stability and consistency. Schwartz hypothesized that agency nurses cause more violations. In 2007, about 40% of the RN and LPN hours were provided by agency nurses. Schwartz said the most profitable CCNH residents are Medicare A residents, if Medicare is correctly billed for services provided. Schwartz said the therapy contract was written in a way that has CCNH paying for therapy time that is not covered by Medicare. There are issues with Medicare B that she offered to talk about some other time. Schwartz ended her presentation. Lansford asked if Schwartz was willing to answer questions from the members present. Schwartz agreed.

Anderson asked if the Medicare problem was caused by the way it was coded. Schwartz said no and explained it has to do with the provision of therapy services. Medicare pays per individual patient. The contract with the therapy company allows the company to be paid per minute and Schwartz found that the therapy company provides a few thousand minutes every month. She estimated the CCNH was spending \$50,000 annually without getting reimbursed by Medicare because Medicare pays the number of minutes that a resident should receive based on an assessment and not the number of minutes the therapy company charged the nursing home. In this situation, CCNH loses money on Medicare patients when it does not have to.

Ammons asked if CCNH was being billed for services that were not being provided. Schwartz clarified that she was saying CCNH was paying for therapy for its Medicare residents and then was not being fully reimbursed by Medicare for the therapy time spent on the residents. Hirsbrunner explained that Medicare only allows a certain amount of reimbursement regardless of how much therapy the Medicare resident actually receives. Schwartz found that CCNH residents are being placed in categories that allow the therapy company to be reimbursed by the minute and the company is exceeding the number of minutes allowable by Medicare. This means CCNH is paying for Medicare residents' additional therapy. Schwartz pointed out that CCNH pays \$5 per day for each Medicare resident that does not need rehab. She did not see the logic of this. She has spoken to Scavatto about this.

McGinty thanked Schwartz for her efforts and asked if all of her information was shared with Scavatto. Schwartz said she shared all this and more in a meeting with Scavatto and O'Shaughnessey. Scavatto was going to look into the therapy contract. O'Shaughnessey found Scavatto very open to listening and gathering data to find out about the discrepancies. She was heartened by his clear concern to find out what is going on.

McGinty asked about the cash versus accrual numbers. Schwartz said the accruals are not full disclosed. Nudo expressed concern about CCNH's accounting and their ability to accurately show how much is owed. Nudo feels it is a priority for MPA to correct this and work on how to streamline the information to the Auditor to avoid the duplication of work that now occurs. Schwartz commented CCNH has the accurate data for the most part. The CCNH Comptroller has spreadsheets with up-to-date revenue and expenses, so all the Board needs to do is ask her to provide it. Nudo was concerned with 2007 bills not being paid until six months later. Schwartz said it has to do with data entry not being done from the invoices.

Putman asked if Schwartz's contract nursing report took into account the CNAs. Schwartz said the total spending included CNAs. Putman asked about the Texas-based provider of therapy services. Schwartz replied it has to do with complex Medicare billing. The Texas firm covers all of the paperwork. The point is that DeKalb County gets more Medicare revenue from rehab. Scavatto is going to look into finding another firm or modifying the contract.

Jones asked about the cost of agency help caused by employee absenteeism because Buffenbarger informed the Finance Committee last month that 40% of contract nursing expense was from abuse of the attendance policy. Schwartz is reaching a different conclusion in her report. Buffenbarger said he only looked at CNAs, not nurses, and about 40% of CNA agency hours used by CCNH is caused by abuse of the attendance policy. The number of nursing agency hours used by CCNH matches the number of vacant nurse positions almost perfectly. The agency nurses are used because CCNH does not have enough nurses on staff. Schwartz did not think she and Buffenbarger were saying different things. On the RN and LPN level, the use of agency staff is due to a lack of RNs and LPNs employed at CCNH. At the CNA level, the use of agency staff is due to employee absenteeism. O'Shaughnessey asked why CCNH is still down ten nurses and what is stopping the County from becoming employer of choice for local nurses. McGinty said Board members have heard CCNH is behind on nurses' salaries compared to other places in town, such as the hospitals. O'Shaughnessey agreed there are multiple factors to the nursing shortage; therefore they will need to line those factors up and deal with each one. Hirsbrunner explained that a nursing agency can be started by anyone and has to have a required staffing level. This often leads to agencies stealing nurses from nursing homes by offering them more money and then selling the same nurses back to the nursing homes at a higher cost. The agencies are aware nursing homes have to maintain minimum staffing levels for a number of residents. In his experience this process cannot be slow because that allows the agencies to continue to raise their prices. To stop contract nursing, CCNH has to say it is done using contract nursing. Such a stoppage would necessitate relying heavily on management nursing staff, adjusting the nursing home neighborhoods, and obtaining an understanding from residents and their families that this is for the long-term good of the nursing home. The agency nurses who live in the area will start to come back to working full-time at CCNH if their options for agency work are limited to facilities that are not local and would require that they travel a significant distance to work. Hirsbrunner emphasized that there is a price at which employees will leave even a wonderful nursing home to work for an agency and the agencies will find that price.

Ammons stated CCNH is in same position with contract nursing as they were two months ago. Buffenbarger was in the room and she felt the Boards were speaking as if he were not. Nurses have told Ammons that they want to work at CCNH, but they will not work there under the current Nursing Home Administrator or Director of Nursing (DON). Ammons said she was shocked that they will continue to not talk about the real issue at these meetings and claimed the County Board has done nothing about the current administration except hire MPA, who affirmed the Nursing Home Administrator. Ammons stated the County Board has done a very bad thing and they are responsible for it.

Langenheim asked if other hospitals and nursing homes are affected by the lack of nurses and how those businesses are dealing with it. If the problem is specific to CCNH, then the solution must be sought in the management of the home. Schwartz said she did not compare CCNH to other county nursing homes, but there is nothing like this in Illinois. She said this problem is specific to CCNH. Many people have heard from nurses that they will not work with the DON and Schwartz thought this was a place to start. Lansford said every institution that he knows of has some contract nurses. The question is the percentage of contract nursing use and whether CCNH is at higher percentage. In the sample that Schwartz took, it seems CCNH's average is high for Illinois. Lansford noted there is a national and international nursing shortage. Holley, the head of Parkland College's nursing program, is on the Nursing Home Board of Directors and they are working on this issue. Langenheim said CCNH's use of contract nursing was abnormally high and it started being abnormally high in 2005. He felt it should be possible to analyze what has been going on in CCNH to identify the reason. Lansford said Scavatto is already looking into this issue.

Nudo wanted everyone to understand that it is inappropriate for County Board members to directly contact MPA and call for somebody's dismissal. There is now a structure in place in which the Nursing Home Board of Directors and MPA will report to the County Board. Nudo thought it was inappropriate to talk about a person's hiring or firing in public because it lends to legal issues and a self-fulfilling prophecy of the relationships between employees and employers. He sees no advantage to doing this. If people continue to make these kinds of statements for the purpose of publicity or making things harder, there will only be more problems at CCNH. MPA has been hired and the County Board should give them a chance to do their job.

Carter addressed Nudo to say that is not true and he does not know of anyone on the County Board who has run down anyone in public. He said someone should have been monitoring the situation and it should have never have gotten this far. Carter stated that whoever was in charge of looking after the Board's interests did not do it.

Ammons asked if Schwartz was able to look at the actual hours that employees and contract nurses worked. Schwartz said she obtained the information from the cost report submitted to the state. She did not verify that the CCNH employees or contract nurses actually worked those hours.

Czajkowski observed there is a nationwide nursing shortage, but there are nurses available in the area, they just work for other businesses like nursing agencies. He wanted to put the \$1.2 million spent on agency nurses in 2007 into perspective. Of that amount, 70% would have been spent on regular employees if CCNH had been able to employ enough nursing staff. Because of contract nursing, CCNH spent about 30% more last year than it would have on regular employees. This is still a major problem, but Czajkowski wanted the public to comprehend the correct numbers and not assume CCNH would save \$1 million dollars if it was fully staffed with nurses. Schwartz agreed CCNH would not be able to save \$1 million in nursing costs if it had a full staff of nurses and stopped using agency nurses. She said this is not for purposes of accounting; it is for purposes of identifying problems.

McGinty asked what Schwartz foresaw as the next steps and whether she was willing to continue to work on this. Schwartz said she has spoken to Mike Scavatto and agreed to continue to work on her analysis for free. She said there was a lot more analysis that she has done and not reported. McGinty asked about the reporting mechanism for Schwartz because he saw her reporting to MPA and Nursing Home Board of Directors for the expertise of those two entities; then the Directors would gather information and report to the County Board or the Finance Committee as needed. Gladney felt this report was informative and asked about Schwartz reporting to this month's County Board meeting so the full Board could hear it. McGinty noted the usefulness of committee work is to avoid replication, he understood about making sure plenty of people get the information, but he worried about discussion going for two hours at a County Board meeting when there is other business to attend to. Lansford commented it has been said that if everything goes through the full County Board in a political manner, there is diffusion of energies and dissipation of effectiveness. The County Board

appointed the Board of Directors to focus on what was going on in an apolitical manner. Scavatto and Schwartz will work together, they can gather the information to present it to the Board of Directors, and so the Directors can bring it to the County Board in an apolitical manner to be more efficient. Nudo pointed out that the Board of Directors' bylaws state the Chair will report quarterly to the County Board. Weibel stated that the bylaws allow the Directors to report to the County Board more often than quarterly if they felt it was important. Weibel noted the County Board members and everyone else are free to attend the Nursing Home Board of Directors meetings. The next County Board meeting will be long, but these issues can be rehashed there if the Finance Committee wants to. Langenheim stated the ultimate owner of the Board is the body politic and the County Board or the elected representatives delegated with the responsibility for that institution and keeping them in the dark in the cause of efficiency is not necessarily a very valid argument. Jones reminded the County Board members that the process that was set up was to have MPA report to the Board of Directors, who would then report to the County Board. He preferred to keep the politics out of it and keep this method instead of bypassing it. O'Shaughnessey concurred since the Board of Directors are very concerned to see what can be done to make CCNH financially viable. She was tired of the politics and the lack of attention being given to the good stories about what a fabulous nursing home CCNH is and what a fabulous staff it has. She encouraged the County Board to allow MPA, Schwartz, and the Board of Directors do their jobs so people could start talking about what a great place CCNH is. The negative publicity and politics have been harmful to CCNH because people do not want to put their parents there right now. Moser stated CCNH has lost money any every year since 1994, except for three years, while the County Board was in charge of the home. He did not feel the County Board had much of a record hang its hat on or pass judgment on other people. Moser felt if the any County Board member was interested in CCNH, then they should attend the Board of Directors meetings or meetings like tonight and leave it out of the County Board meeting.

Ammons felt the Finance Committee has become comparative to the Board of Directors in replacing the Justice & Social Services Committee as CCNH's parent committee. She did not agree that the County Board was inept at running CCNH because she claimed many on the County Board did not know the truth of what has been happening at CCNH and many still do not know exactly why the agency nursing use has increased. She said she was resistant to the idea of closed government. She said the County Board certainly did not vote knowingly that it would be removed from having access to all of the information. McGinty responded that Schwartz's report was coming to the joint meeting with the Finance Committee because a recommendation came from a Finance Committee member to have a financial analysis done by Schwartz and reported to the Finance Committee. He did not think anything is being kept hidden or anything intentionally shady was going on. The Nursing Home Board of Directors was appointed for a reason by the County Board. Nudo stated that the County Board voted to install the Nursing Home Board of Directors, not the Finance Committee. His concern was the idea that the County Board would take apart the Board of Directors when it had just been put together to improve the operation at CCNH. Weibel recalled that the County Board, which is in charge of CCNH, has the power to delegate some of its power to another group, which they have done so with the creation of the Board of Directors. The Board of Directors reports to the County Board. He encouraged members to review the bylaws if they had any questions and to attend the Board of Directors meetings if they were interested in nursing home issues. Weibel has attended many of these meetings and many times he has been the only County Board member present except for Anderson and Nudo.

Carter claimed the problem was that the County Board never got the truth on CCNH's finances because every time they asked a question, they got a false answer. He stated it is not the County Board's fault because they have been getting false information from the people they who should have been giving accurate information.

Richards requested that Schwartz bring a version of her report to the County Board meeting for distribution instead her report being on the agenda. Schwartz was willing to do so. He agreed that Board members should be attending the Nursing Home Board of Directors meetings if they want to get all of the information.

Doenitz said the meeting had strayed so far from the agenda that he wanted to move to adjourn the meeting. Lansford pointed out there was public participation remaining.

PUBLIC PARTICIPATION

Belden Fields asked who is doing the work formerly done by the CCNH employees who were laid off.

MOTION by Nudo to waive the rules; seconded by O'Connor. **Motion carried.**

Buffenbarger explained that when the census at CCNH is considerably lower than what its staffing was designed for, so less staff were needed to care for the fewer number of residents. CCNH still has the same balance of staff per resident. Ammons claimed that was not the question. Buffenbarger stated there were a variety of departments affected by the layoffs, including marketing, social services, housekeeping, laundry, and dietary, and human resources. When CCNH has fewer residents, then there is less work to be done, so not as many employees are needed.

Phyllis Brussel, a CCNH volunteer in the garden off the Alzheimer's unit, spoke about how so much turmoil at CCNH is not encouraging. She emphasized that it is important to keep volunteers coming and spoke well of the Volunteer Coordinator. She also spoke about Buffenbarger and how she has never worked with someone who is so helpful and available. He is very easy to work with and positive. Brussel wanted to speak up for Buffenbarger because she appreciates him. She has had only pleasant experiences with CCNH and the people there.

Margaret Wright spoke about the Nursing Home Administrator. She said the MPA contract calls for the Nursing Home Administrator to be an MPA employee. Buffenbarger became an MPA employee and continued as the Nursing Home Administrator, but Wright said the County Board did not vote on accepting or rejecting him as the Nursing Home Administrator. She said it appeared that the nomination of Buffenbarger as the MPA Administrator and the acceptance by the County Board has been assumed. Wright said she has sat through numerous meetings about the troubles of CCNH and she felt an obvious concern was the question of Buffenbarger's continued employment. Wright claimed the CCNH problems have been exacerbated during Buffenbarger's tenure. She asked the County Board to have a vote on Buffenbarger being retained as the Nursing Home Administrator. She said the County Board would be failing in its duty if it did not vote on Buffenbarger, as it bargained for in the MPA contract. It sends a message that CCNH is no longer the Board's responsibility. Wright said the Board might ask the taxpayers for more money in the near future and she questioned, as a candidate in the upcoming election, why the same person who was the head of CCNH during unfortunate mismanagement issues would essentially be an employee of the new management. She asked if MPA would do anything different. McGinty offered to ask for an opinion from the State's Attorney's Office on the contract to understand what the County Board's actions could be in this case. Wright said there were people in the room who negotiated the contract. McGinty thought it was appropriate to ask the County's legal counsel to understand what the County Board's actions should or should not be. Wright urged the County Board to say whether or not they wanted Buffenbarger to stay or leave at the Board meeting.

Weibel exited the meeting at 8:22 p.m.

Tony Fabri, the County Auditor, said he was encouraged by tonight's meeting, which was the first time he has seen the Nursing Home Board of Directors in action. He loved the focus on contract nursing and thanked Schwartz for the work she did. He said the County Board had a sense of denial about the contract nursing problem. Fabri said the amount the County could recoup on contract nursing is significant. The Comprehensive Annual Financial Report (CAFR) is complete and he put a memo on the Finance Committee's desks about the additional footnote, No. 26, on the CCNH finances that was included at the suggestion of the outside auditor, Karl Drake. The footnote is a recap of past five years of income or loss at CCNH and transfers to CCNH from

County government. Fabri felt getting the correct information to the decision-makers was critically important because last year's CCNH loss was \$1.4 million, so it is a real problem. Fabri provided a second memo on pending vouchers at CCNH. The pending vouchers as of July 8th totaled \$774,000; these are the outstanding bills that CCNH has not paid. Fabri pointed out the pending vouchers with FICA and IMRF payments removed totaled about \$400,000, but CCNH will need to pay the \$372,986 for its employees' pension benefits at the end of this fiscal year.

Mike Lehman stated that he did not say that it would be okay to raise all of his taxes two or three times during public participation at the previous Finance Committee meeting. He was trying to say that all of his County taxes amount to about 10% of his tax bill and taxes that support CCNH are a small portion of that amount. He thought the current Nursing Home tax of three cents out of a possible ten cents is a small amount and he would support this tax being doubled or tripled. Lehman continued to speak about CCNH and the need to get to the bottom of CCNH's finances.

Weibel re-entered the meeting at 8:30 p.m.

ADJOURNMENT

MOTION by Czajkowski to adjourn; seconded by Holley. **Motion carried.**

Meeting adjourned at 8:33 p.m.

Respectfully submitted,

Kat Bork
Administrative Secretary

Secy's note: The minutes reflect the order of the agenda and may not necessarily reflect the order of business conducted at the meeting.