

NURSING HOME BOARD OF DIRECTORS AGENDA

County of Champaign, Urbana, Illinois
Thursday, October 16, 2008 – 6:00pm

Chapel, Champaign County Nursing Home
500 S. Art Bartell Road, Urbana

CHAIR: Charles Lansford
DIRECTORS: Jan Anderson, Peter Czajkowski, Jason Hirsbrunner, Mark Holley,
Alan Nudo, Mary Ellen O'Shaughnessy

ITEM

- I. CALL TO ORDER
- II. ROLL CALL
- III. APPROVAL OF AGENDA/ADDENDUM
- IV. APPROVAL OF MINUTES
 - a. September 11, 2008
- V. OLD BUSINESS
 - a. Update on Request for Community Forum
 - b. Report on Nurse Recruiting/Carle (Lansford)
- VI. NEW BUSINESS
 - a. Management Report (Scavotto)
 - b. Marketing Committee Report (O'Shaughnessy, Scavotto)
- VII. OTHER BUSINESS
- VIII. PUBLIC PARTICIPATION
- IX. CLOSED SESSION PURSUANT TO 5 ILCS 120/2(c)1 to CONSIDER THE APPOINTMENT, EMPLOYMENT, PERFORMANCE, OR DISCIPLINE OF SPECIFIC EMPLOYEES OF THE PUBLIC BODY
- X. CLOSED SESSION PURSUANT TO 5 ILCS 120/2(c)1 to CONSIDER COLLECTIVE NEGOTIATING MATTERS BETWEEN THE CHAMPAIGN COUNTY NURSING HOME AND ITS EMPLOYEES OR THEIR REPRESENTATIVES
- XI. NEXT MEETING DATE & TIME
 - a. Thursday, November 13, 2008 at 6:00pm
- XII. ADJOURNMENT

**Board of Directors
Champaign County Nursing Home
Urbana, Illinois
September 11, 2008**

Directors Present: Lansford, Anderson, Holley, Nudo, Hirsbrunner, O'Shaughnessy

Directors Absent/Excused: Czajkowski

Also Present: Busey, Scavotto

1. Call to Order

The meeting was called to order at 6:05 pm by Chairman Lansford.

2. Roll Call

Lansford called the roll of Directors.

3. Agenda

On motion by Hirsbrunner (second Nudo) the agenda was approved (unanimous).

4. Approval of Minutes

On motion by Anderson (second Holley) the minutes of the previous meeting were approved (unanimous).

5. Old Business

Holley updated the Board on nurse recruitment. His subcommittee has met and made a few recommendations, among them was the reinstatement of CCNH as a clinical training site. (Scavotto reported that the required letter has been sent to IDPH.) Holley suggested assembling a list of residents who would be willing to participate in the Friendly Visitor program. This is a second semester initiative requiring a contract between CCNH and Parkland. The overarching theme is that each exposure of nursing students to geriatric care and what it entails will improve future recruitment. Management will follow-up.

Nudo inquired about the Grand Victoria Scholarship program, which pays for textbooks, gas, babysitting, and other items. The recommendation is that CCNH needs to get the word out to its CNAs on the availability of this scholarship. Holley provided the name of the Parkland contact and also suggested that the U of I might be amenable to using CCNH as a clinical site. Management will follow-up.

6. New Business

a. Budget Update & Management Report

Scavotto updated the Board on several items pertaining to the budget and to daily operations. Census continues to hover around 170. Activity at the local hospitals continues to be down and this has an impact on Medicare admissions. Increasing the census continues to be a major element of the turnaround strategy. To this end, Mary Amin has assumed responsibility for admissions with the immediate goal of improving our capture rate from the hospitals.

The latest news from State HFS is that the IGT restructuring apparently will be delayed until 2009. We understand that State HFS has been busy determining the procedure for recovering the overpayments made under the IGT program between 9-1-06 and 10-30-07.

ONR has been served notice that its therapy contract with CCNH will end on November 1, 2008. Alliance Rehab will be the new therapy provider.

Scavotto provided the Board a brief overview of developments with the new Medicare rates effective October 1, 2008 as well as the Recovery Audit Contractor program, designed as a series of random facility audits to weed out fraud & abuse.

On a point initiated by Nudo, there was discussion about the CareWatch software package and the general state of CCNH's software systems. Management will commit to purchasing the CareWatch software application and, barring any interface problems with existing MDS software, have it in place within 60 days.

b. Marketing Subcommittee Report

O'Shaughnessy gave a brief report about the activities of the Marketing Committee and led a discussion of the developing marketing effort for CCNH. The theme that is shaping up is built around The Amazing Generation, where we tell stories of the lives of CCNH residents. The "message to be transmitted" is crucial and is still being developed. The committee felt that the underlying foundation of the message should be that CCNH has been (and still is) community-owned and operated for xxx years, is affordable, and convenient.

The goal is to have something ready to implement by the end of October with The Amazing Generation likely to be introduced by an open letter to the community featuring the CCNH Board. Guest editorials, public interest spots, and other media outlets will continue to be explored. The scope and budget for the program need to be specified.

c. Request for Nursing Home Representation at a Public Forum

On motion by Nudo (second Hirsbrunner, unanimous), Diana Viesek addressed the Board regarding her initiative as a member of the Libertarian Party to conduct a public forum to

discuss the issues regarding CCNH. After considerable discussion, it was agreed that the focus of the public forum was to inform and that the rules governing such a forum would be structured towards that goal. The CCNH Board agreed to participate on that condition. Viesek is to report back on progress with dates and venue.

7. Other Business

There was no Other Business.

8. Public Participation

Several members of the community addressed the Board, among them Cathy Kincaid (who requested that the previous minutes be corrected to reflect her participation at the meeting; also requested expanded minutes), Diana Viesek (minutes and agenda), Debbie Putnam (marketing, radio ads, candidates for testimonials), Margaret Wright (finances) and Pius Weibel (minutes).

The meeting rules were suspended (motion Nudo, second Hirsbrunner, unanimous) to enable to Board to interact directly with the community participants. A main concern was providing expanded content in the minutes. Several options were discussed. These included a verbatim rendition of the minutes as well as providing a digital recording of the Board discussion on the County's website. No action was taken but the issue will be studied in the spirit of providing information that is accurate and timely, but not unwieldy.

9. Closed Session: Appointment, Employment, Performance, or Discipline of Specific employees of a Public Body

At approximately 7:45 pm, to was moved (Hirsbrunner, second Holley, unanimous) to go into Closed Session. Lansford called the roll. The Board emerged from Closed Session at approximately 8:00 pm with no action being taken.

10: Closed Session: Consider Collective Negotiating Matters between Champaign County nursing Home and Its Employees or Their Representatives

At approximately 8:00 pm, it was moved (Hirsbrunner, second Holley, unanimous) to go into Closed Session. Lansford called the roll. The Board emerged from Closed Session at approximately 8:30 with no action being taken.

11. Next Meeting Date

Thursday October 16 2008, 6 pm

12. Adjournment

The meeting adjourned at approximately 8:40 (motion Holley, second O'Shaughnessy, unanimous)

Respectfully submitted

Michael Scavotto
Recording Secretary

To: Board of Directors
Champaign County Nursing Home

From: M.A. Scavotto
Manager

Date: October 1, 2008

Re: Management Report

As I write this update, census is at 180 including 28 in Medicare A. The mix is 33 percent private, 57 percent Medicaid, and 10 percent Medicare. Improving census and mix continue to be crucial benchmarks in CCNH's turnaround. We are hoping to begin the fiscal year at or close to a census of 208. While we are a lot closer now than when we first began the turnaround effort, we still have more work to do.

Financial management continues to focus on the income statement and on cash holdings. When cash improves to where CCNH has a predictable cash cushion, we will give more emphasis to the balance sheet.

For the three months ended August 2008, the results of operations were:

	Jun-08	Jul-08	Aug-08
Medicare A	\$ 54,852	\$ 67,627	\$ 119,764
Medicare B	\$ 82,333	\$ 59,686	\$ 81,348
Medicaid	\$ 551,609	\$ 572,489	\$ 536,615
Pvt Pay	\$ 183,529	\$ 231,295	\$ 291,321
Adult Day-Private	\$ 7,118	\$ 6,735	\$ 6,846
Adult Day-TXX	\$ 12,497	\$ 13,053	\$ 11,334
Miscellaneous	\$ 14,265	\$ 17,642	\$ 22,607
Property Tax	\$ 306,948	\$ 13,516	\$ 70,742
All Revenues	\$1,213,149	\$ 982,044	\$1,140,576
All Expenses	\$1,186,031	\$1,143,397	\$1,176,440
Net Income/(Loss)	\$27,118	\$(161,353)	\$(35,864)
Census	4470	4810	5188

Without Property Taxes, the losses by month were \$(279,830), \$(174,869), and \$(106,606). Things are looking better.

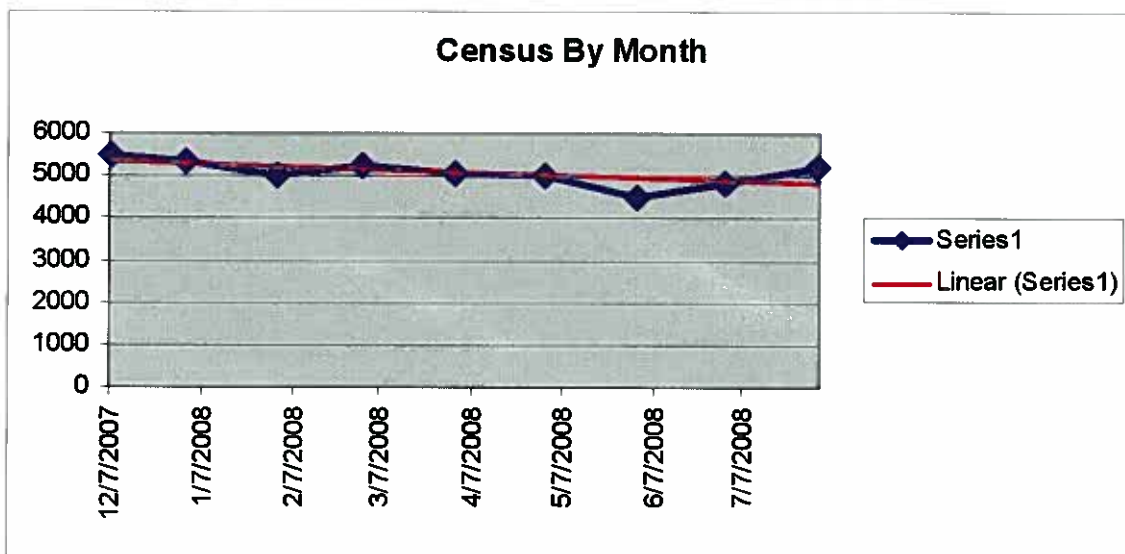
From an accounting standpoint, there are some problems we are still working out. One of them is salary accruals. Originally, August's expenses were up because three payrolls were paid in August and this distorts our results. We have recalculated salaries on the accrual method and we will continue to report on as much of an accrual basis as we can. *In the above expense figures, FICA benefits are not yet accrued.* The important thing to note is that expenses, especially salaries, are down from prior levels – and they are staying down.

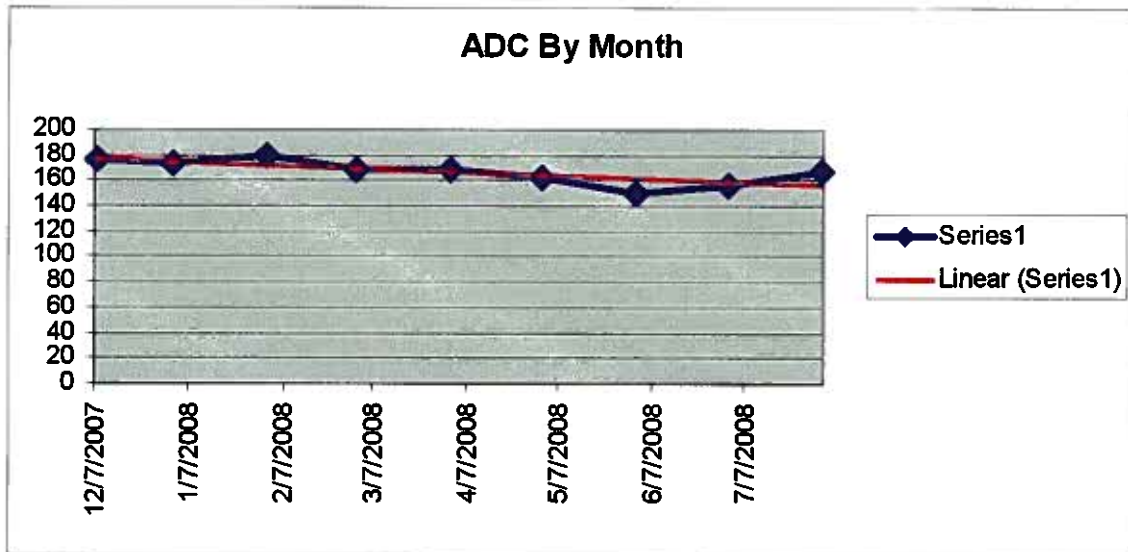
The following graphs provide a comparative statement of position for CCNH for the current fiscal year through August. If I can update the materials for September's results, I will have updated graphs for you at the meeting.

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

Census

Census is trending up and most recently has responded to placing an RN in direct, frequent contact at the hospitals. It is difficult to deal with a high break-even level with low census. By the way, ADC is health-speak for average daily census.

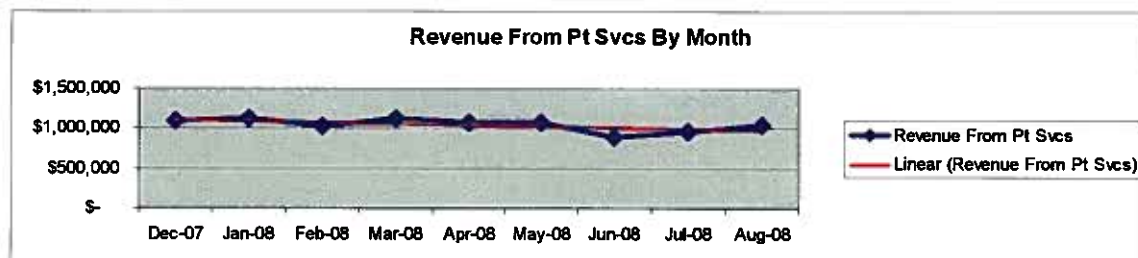


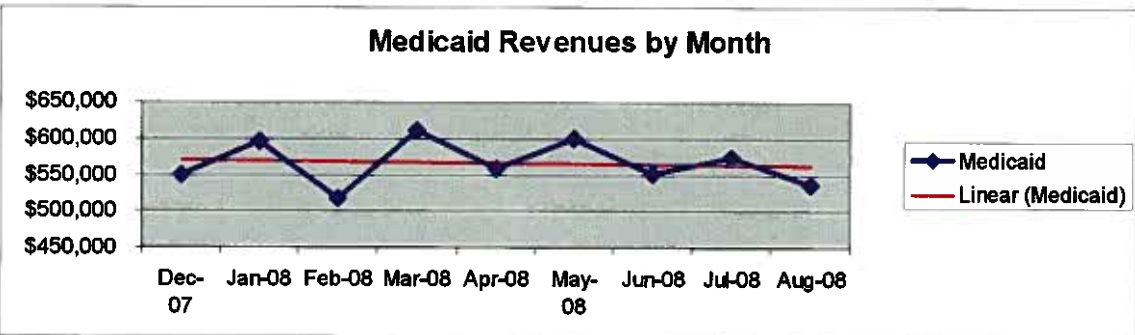
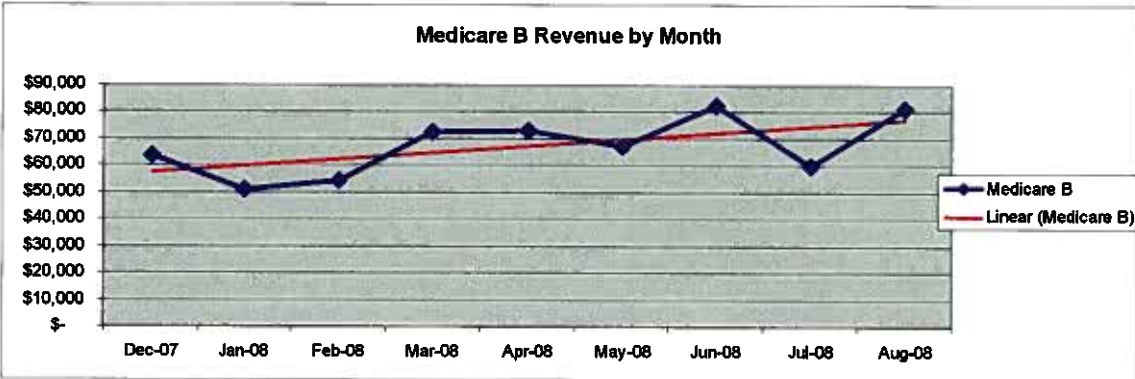
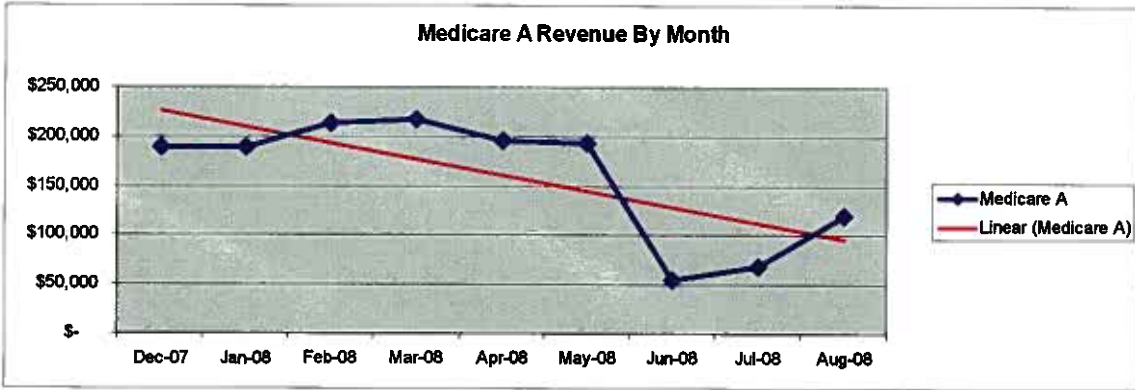


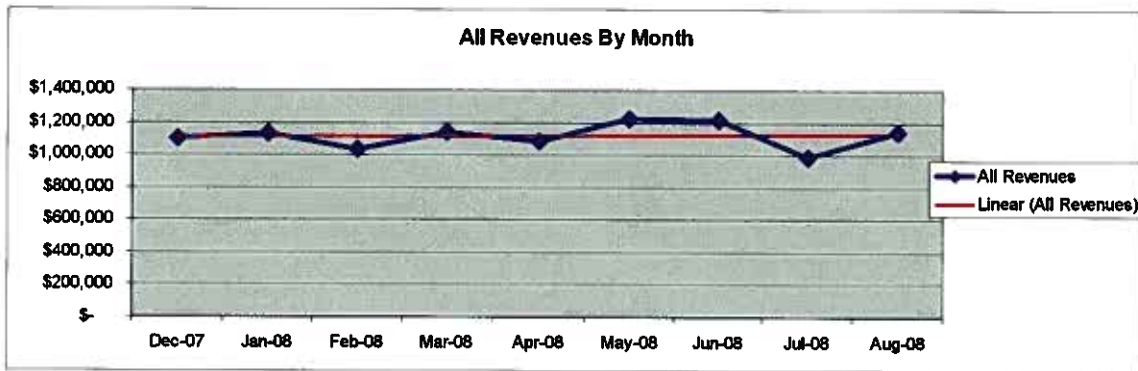
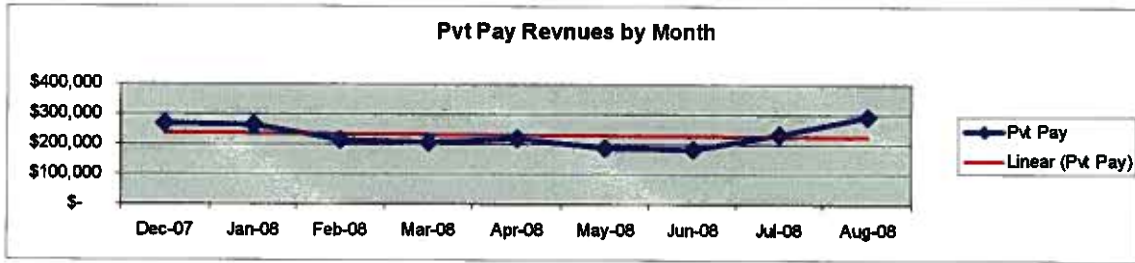
Revenues

We are starting to see some improvement in revenues. Expectedly, overall revenues should improve as census builds. Our emphasis is on revenues from patient services, the fundamentals of any healthcare provider.

Revenue from Patient Services has started to climb. You will recall there was a period where CCNH was prohibited from admitting Medicaid and Medicare residents. The prohibition had an impact of Medicaid revenues. As you will see in the graph below, it had a chilling impact on Medicare Part A.

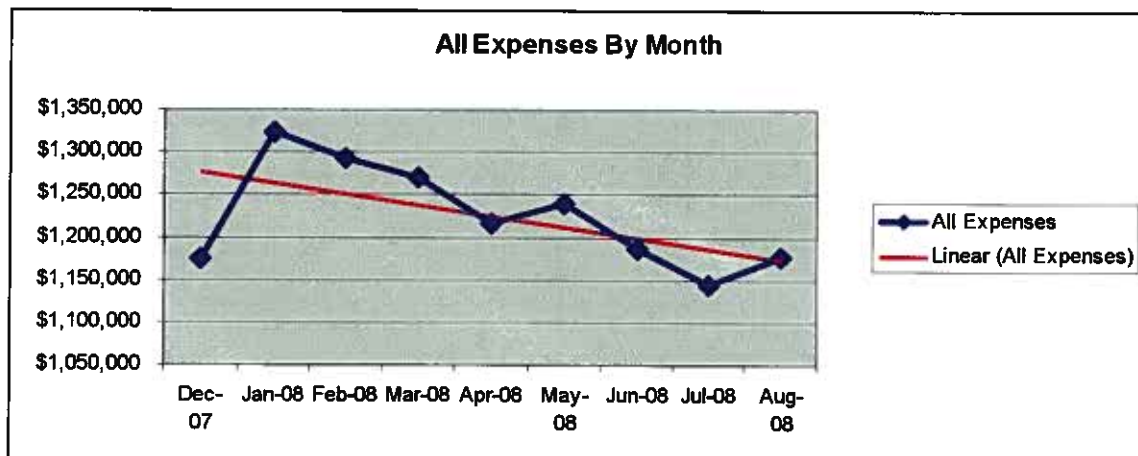






Expenses

CCNH's total expense performance is improving.

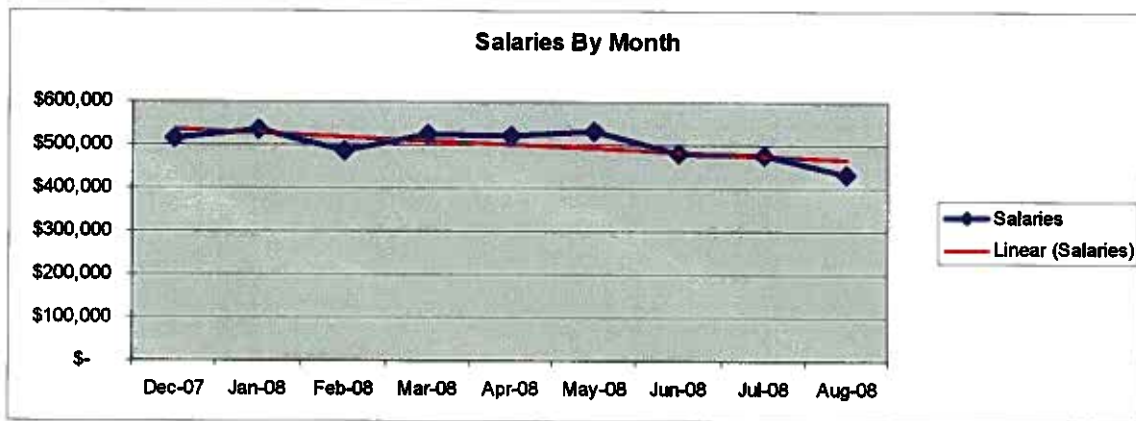


Two of the most critical expenses that impact our performance are salaries and contract nursing. Both are profiled in this section.

The raw salary data, adjusted for the accrual method of accounting, is:

Month	Salaries
Dec 07	\$513,472
Jan 08	\$533,987
Feb 08	\$485,964
Mar 08	\$522,836
Apr 08	\$520,501
May 08	\$529,580
Jun 08	\$480,220
Jul 08	\$476,495
Aug 08	\$432,380

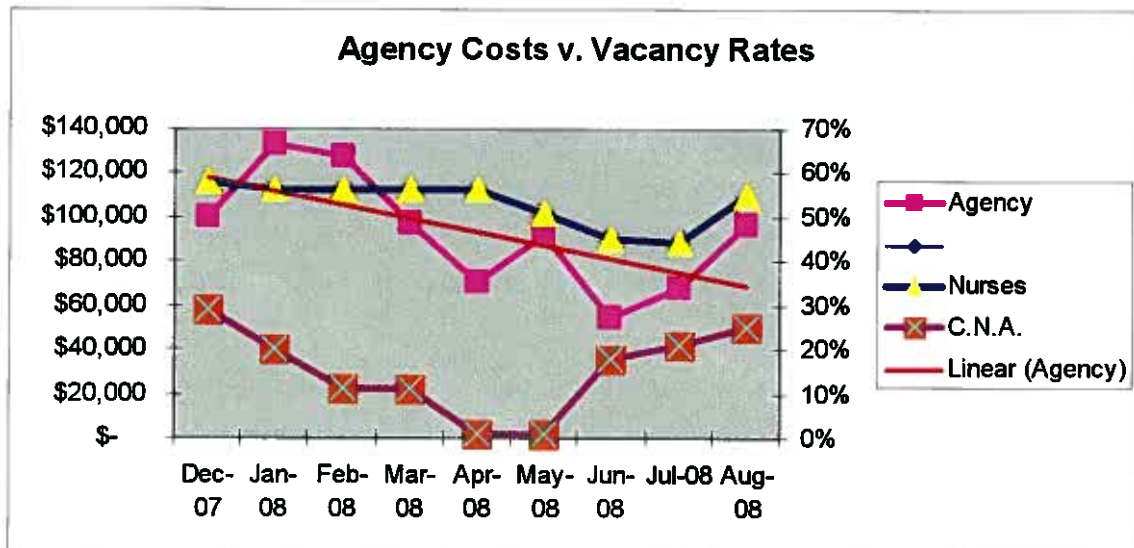
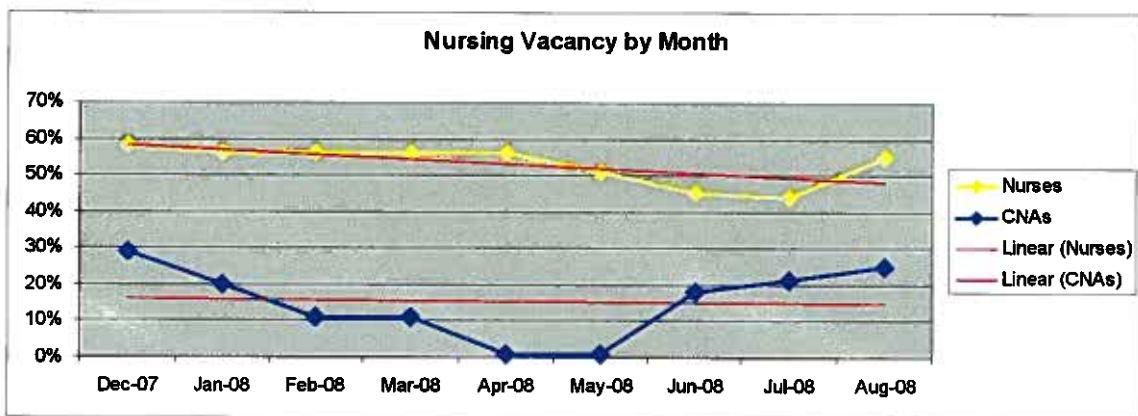
For the period January through June, salaries averaged \$518,574. For the period June through August, the figure was \$460,032 – a reduction of 10.7 percent. Graphically, the relationship is:

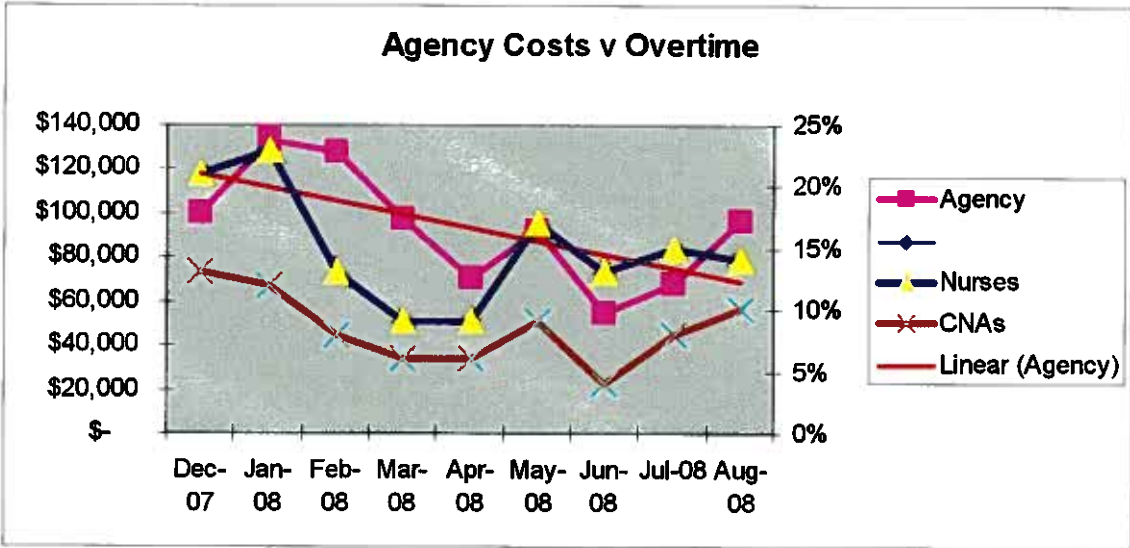


As volume increases, management will need to keep salary costs under control.

Because CCNH does not have a sufficient supply of nurses, it supplements the core nursing staff with contract labor (agency). Agency costs appear to be on the rise, partly because a number of CCNH part-time nurses are reaching their maximum workload of 1,000 hours. After 1,000 hours, contributions to IMRF will be required. As a result, these part-timers convert to agency status, but continue to work at CCNH. We enjoy continuity but take a financial hit. You will also note that the increase in agency usage parallels nursing vacancies. While the trend line for agency is down, there is no assurance that we can maintain this direction.

Finally, there is a correlation between agency usage, vacancies and overtime.





Summary

Getting on the accrual basis of accounting will help our financial reporting by smoothing out the swings that we are seeing in expenses. The basic requirements for a turnaround are in place. Census is on the upswing. Mix is improving with specific reference to Medicare Part A. Revenues are starting to increase and major elements of expenses are down.

To: Board of Directors
Champaign County Nursing Home

From: M. A. Scavotto
Manager

Date: October 1, 2008

Re: Management Update – October 2008

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

1. **Census:** Census is up to 180, approximately. We had been frustrated breaking through 170 and, with a little luck, we have put 170 behind us for good. The current payer mix is 33 percent private, 57 percent Medicaid, and 10 Medicare. This is a decent mix; it is better this month than last and it will keep improving as long as we can gain ground with Medicare.

Andrew and his team are out in the community, talking with providers and staying in touch with them. Mary is at the hospitals constantly and this approach is paying off. Andrew and his crew are dealing with some coordination issues between CCNH and the hospitals. These will get worked out and –let’s face it – this is a good problem to have.

I updated you earlier in a Flash Update about CCNH’s new-found flexibility with the Veterans’ Administration. We are all curious about how this plays out. At first glance, the VA represents an opportunity to improve our revenues, particularly if existing Medicaid residents can convert to VA payer status. Nobody is certifying anything yet. Just be aware that the VA contract may open up this possibility.

2. **Operations:** See the Management Report for the last three months operating results. The more we get into the details of the operations, the more apparent is the need for systemic reform. On the accounting side, we need to get as close to full accrual as we can, even if it causes some pain with the County Auditor. The big issue is salaries and FICA benefits. Both of these items should be accrued to smooth out wide swings like we just experienced in August where there were three payrolls. By the October meeting, we should have the Income Statement completed for accrual reporting and we’ll have a better idea of how we are managing the turnaround.

I don’t mean to make too much of the accrual accounting issue. When we examine the statements, about the only items not being handled correctly are salaries and FICA. So, there’s no reason not to fix the statements. It’s nothing the nursing home cannot handle and handle well.

The current cash position at October 1 is \$216k. At month's end, we are projecting \$255k.

The Intergovernmental Transfer (IGT) restructuring has great significance for CCNH. Unfortunately, there is no further update. It appears that any restructuring of the program to certified costs will be delayed until 2009. CCNH should be in a good position to benefit from the certified costs approach.

I have no further news on the rehab therapy deal. ONR is on the way out and Alliance Rehab is on the way in. November 1 is the target date for Alliance to commence service.

Our meeting with Carle went well and has opened the door for future meetings with their nurse recruiting team. Andrew has already followed up with them. We are looking at both short- and long-term solutions.

Discussions are proceeding with eHealthDataSolutions regarding the CareWatch software. At the same time, we must acquire an MDS application that interfaces with CareWatch. That application is likely to be MDI's. We need to get the scope and budget worked out and factor it into our cash position before we sign off on any deal. The scope concern means that we are not talking just software; there are hardware-related costs that we have to account for. Our intent is to acquire both applications as soon as we can.

3. **Employees:** I will have something for you during the closed session on October 16.
4. **Public Image:** Work continues on a CCNH marketing effort. The more we dig into things, the more issues we have to deal with. Current thinking This may take a bit longer to pull off.

As always, give me a call (314-434-4227) or zap me via e-mail if you have questions or want to discuss anything.