



NURSING HOME BOARD OF DIRECTORS AGENDA

County of Champaign, Urbana, Illinois

Thursday, December 11, 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. November 13, 2008
- b. November 13, 2008 – Closed Session 1
- c. November 13, 2008 – Closed Session 2
- d. November 13, 2008 – Closed Session 3

V. PUBLIC PARTICIPATION

VI. OLD BUSINESS

VII. NEW BUSINESS

- a. Management Report (Scavotto)
- b. Marketing Discussion (O'Shaughnessy)
- c. Discussion of Opportunities for Nursing Home Board of Directors interaction with Nursing Home Employees
- d. Quality Indicators – Quarterly Report

VIII. OTHER BUSINESS

IX. CLOSED SESSION PURSUANT TO 5 ILCS 120/2(c)2 to CONSIDER COLLECTIVE NEGOTIATING MATTERS BETWEEN THE CHAMPAIGN COUNTY NURSING HOME AND ITS EMPLOYEES OR THEIR REPRESENTATIVES

X. NEXT MEETING DATE & TIME

- a. Thursday, January 15, 2008 at 6:00pm

XI. ADJOURNMENT

**Board of Directors
Champaign County Nursing Home
Urbana, Illinois
November 13, 2008**

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

Directors Absent/Excused: Czajkowski

Also Present: Busey, Scavotto

1. Call to Order

The meeting was called to order at 6:00 pm by Chairman Lansford.

2. Roll Call

Lansford called the roll of Directors.

3. Agenda

On motion by Anderson (second Holley) the agenda was approved (unanimous).

4. Approval of Minutes

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

5. Public Participation

Jenny Putman expressed her enthusiasm for the Q&A session held prior to the meeting and hoped it would become a regular occurrence. She suggested a monthly report on agency contracting activity by line item (RN, LPN, C.N.A.) and suggested that, at times in the future, the Nursing Board be willing to suspend the rules to interact with public participants.

6. Old Business

Continuing to advance CCNH's nurse recruitment efforts, Holley provided an affiliation agreement with Parkland College. Scavotto will handle implementation.

7. New Business

a. Budget Update & Management Report

Scavotto updated the Board on September's performance including the corrective actions that have been taken in areas where cost controls were not as tight as they should have been. Private pay revenues were down about \$80k over August and CCNH wrote off \$71k due to Medicare sanctions affected in June and July. While new income was positive, it was driven by \$300k in property tax receipts.

Preliminary results for October are much more encouraging. Private pay census has returned to the higher levels. Overall census continues to climb. Currently, it is at 188. The loss for October could be as low as \$(18)k. Medicare A continues to be a cause of concern as the per diem remains low. The transition to Alliance Rehab began Nov 1; we should expect to see significant Medicare A gains within 60 days.

In future meetings, management will begin providing clinical quality information to the Board.

8. Other Business

There was no Other Business.

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

At approximately 6:20 pm, it was moved (Nudo, second O'Shaughnessy, unanimous) to go into Closed Session. Lansford called the roll. The Board emerged from Closed Session at approximately 6:48 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 6:49 pm, it was moved (Nudo, second Anderson, unanimous) to go into Closed Session. Lansford called the roll. The Board emerged from Closed Session at approximately 7:26 with no action being taken.

11. Closed Session: Consider the salary schedules for one or more classes of employees

- a. Recommendation for FY 2009 non-bargaining unit employee salary increases.

At approximately, 7:27 pm, the Board went into closed session to consider salary increases for non-bargaining unit employees. The Board emerged from closed session at 8:06 pm. It was moved (Holley), seconded (Hirsbrunner) and passed unanimously to recommend to the County Board that non-bargaining unit employees receive a general wage increase of 1.875 percent.

- b. Approval of Closed Session Minutes for September 11 2008 (Closed Sessions 1 and 2) and for October 16, 2008 (Closed Sessions 1 and 2).

It was moved (O'Shaughnessy), seconded (Anderson), and passed (unanimous) that the closed session minutes be approved.

11. Next Meeting Date

Thursday December 11 2008, 6 pm

12. Adjournment

The meeting adjourned at approximately 8:10 (motion Hirsbrunner, second Nudo, unanimous)

Respectfully submitted

Michael Scavotto
Recording Secretary

To: Board of Directors
Champaign County Nursing Home

From: M.A. Scavotto
Manager

Date: December 3, 2008

Re: Management Report

As I write this update, census is at 193 with 2 new admissions expected by week's end. We continue to receive the support of the local hospitals and have been rewarded with the community's trust in our ability to care for seniors.

The year-to-date mix is 30 percent private, 61 percent Medicaid, and 9 percent Medicare. Improving census and mix continue to be crucial benchmarks in CCNH's turnaround. October's mix was 33 percent private, 56 percent Medicaid, and 11 percent Medicare. The mix for the period Dec thru June was 29 percent private, 62 percent Medicaid, and 9 percent Medicare. I expect to see a stronger Medicare mix as growth continues.

We began the fiscal year close to, but short of, our budgeted 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. Nonetheless, that target census seems to be attainable.

Financial management continues to focus on the income statement and on cash holdings. With the Tax Anticipation Warrants due to be received for property tax revenues, CCNH will have exhausted its County subsidy for 2009. Most of that money will go to reimburse the County for 2008 IMRF and employee benefit costs. The quick summary of all this: we will be supporting ourselves very quickly and need to generate our own cash flow.

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

Last Three Months

	Aug-08	Sep-08	Oct-08
Medicare A	\$119,764	\$ 121,684	\$230,024
Medicare B	\$ 81,348	\$ 63,448	\$41,390
Medicaid	\$ 536,615	\$ 551,650	\$613,330
Pvt Pay	\$ 291,321	\$ 210,644	\$279,580
Adult Day-Private	\$ 6,846	\$ 7,730	\$7,988
Adult Day-Grant	\$ 11,334	\$ 10,106	\$11,478
Miscellaneous	\$ 22,607	\$ 19,816	\$20,589
Property Tax	\$ 70,742	\$ 312,840	
All Revenues	\$1,140,576	\$1,297,918	\$1,204,379
All Expenses	\$1,176,440	\$1,219,832	\$1,225,989
Net Income/(Loss)	\$ (35,864)	\$ 78,086	\$ (21,610)
Census change	5188	5095 -93	5522 427

Without Property Taxes, the losses by month were \$(106,606), \$(234,754) and \$(21,610). Operations took a dive in September, which can not be considered good performance. As a refresher, a few major items account did most of the damage. Fully \$80k was due to fewer private pay days. This was a temporary drop in census unrelated to any problems in service. We also wrote off \$71k in Medicare revenues due to denials that we incurred during the sanction period. Medicare volume remains up, so program direction is good. Writing off so much revenue should not recur in future months.

October saw census rebound. Private pay was up 13 percent, Medicaid 2 percent, and Medicare up 20 percent. Average daily census in October was 178 versus 170 for September.

The situation with the IGT continues to unfold. We are hearing two different stories and don't know which one is likely to see the light of day. It appears that the certified cost methodology, which I have reported previously, is being accepted by Illinois HFS and the Federal government. HFS informs us that action on restructuring the IGT is unlikely until April 2009. We had been informed that January 2009 was the target date. However, the State budget reviewers apparently want to look over the methodology – and that takes more time. We are also hearing that the Feds have backed off their mission to restructure the IGT; therefore, given the State's budget crisis, no one knows when anything is likely to happen.

There are some big issues with the IGT. One is the split between HFS and nursing home; the other is the take-back of the 2007 overpayment. Of the two, I am most concerned

about the take-back because it represents a drain on CCNH's cash, something that is in short supply.

The following graphs provide a comparative statement of position for CCNH for the current fiscal year through October. I expect to have a good idea of November's results next week and will update you at the meeting.

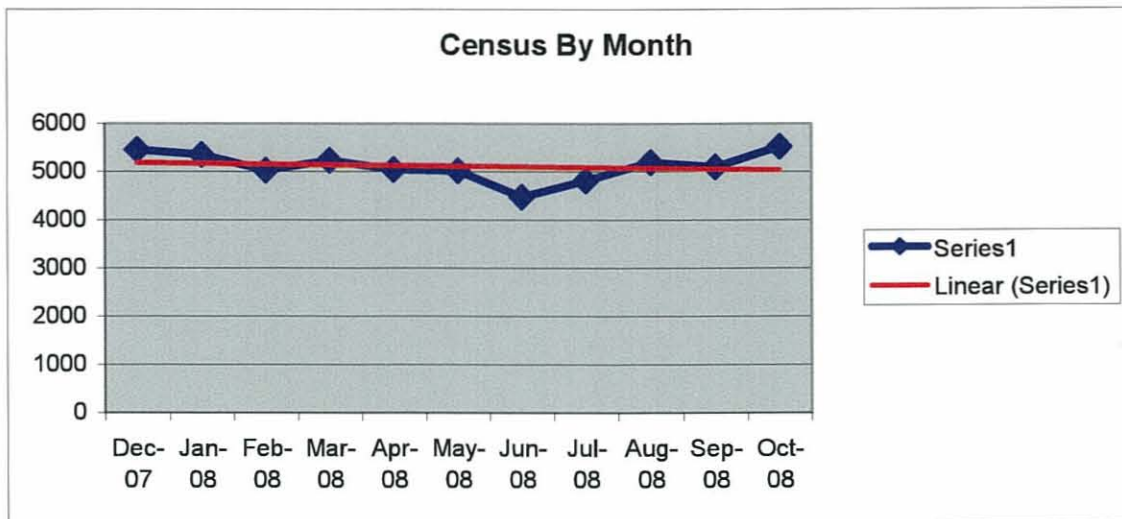
The solid line is a trend line for the fiscal year-to-date and it should appear in red on your computers. (These graphs will display best when viewed on your screens.)

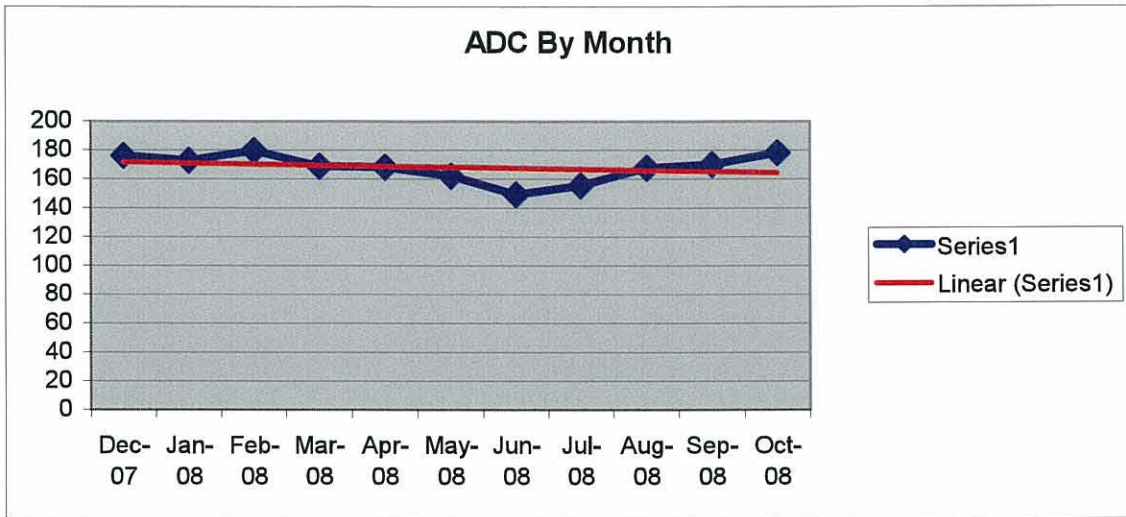
Census

Census rebounded in September with the month's total days being 427 above September's actual. November is looking better yet as overall census continued to climb to 197 before dropping back to 190; October's results may be an indication that September's dip in private pay was an aberration.

**Current Census By Payer By Month
(without bedholds)**

Month	Pvt Pay	Medicaid	Medicare	Total
Aug	1707	3140	341	5188
Sep	1587	3003	505	5095
Oct	1796	3067	607	5472

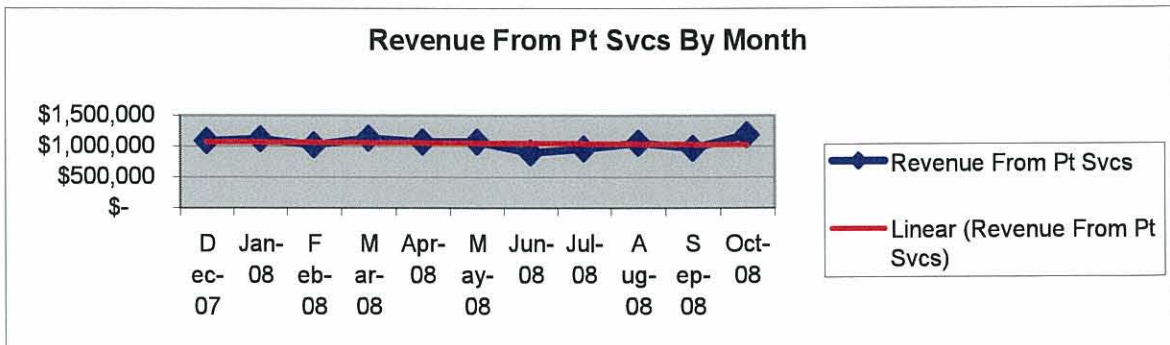


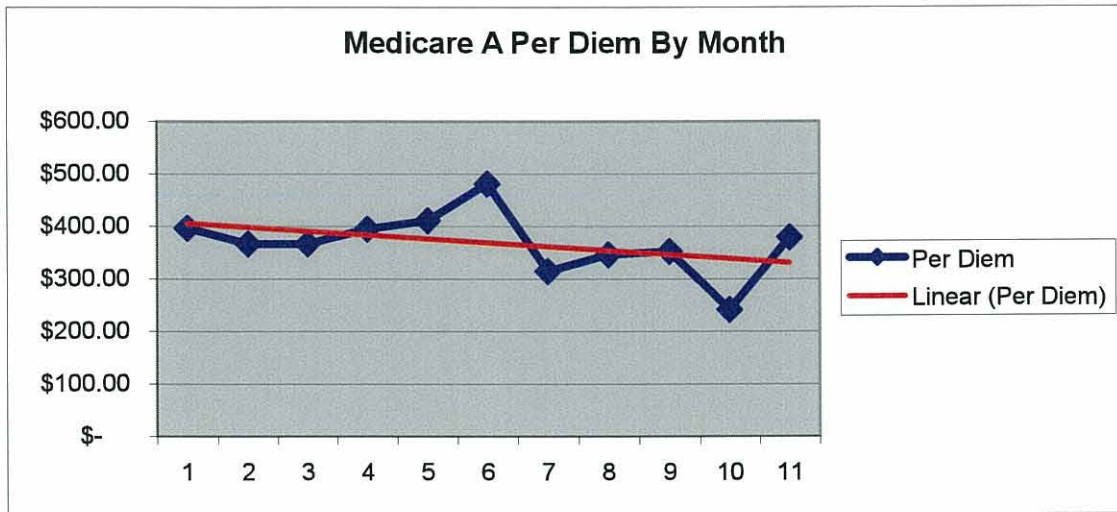
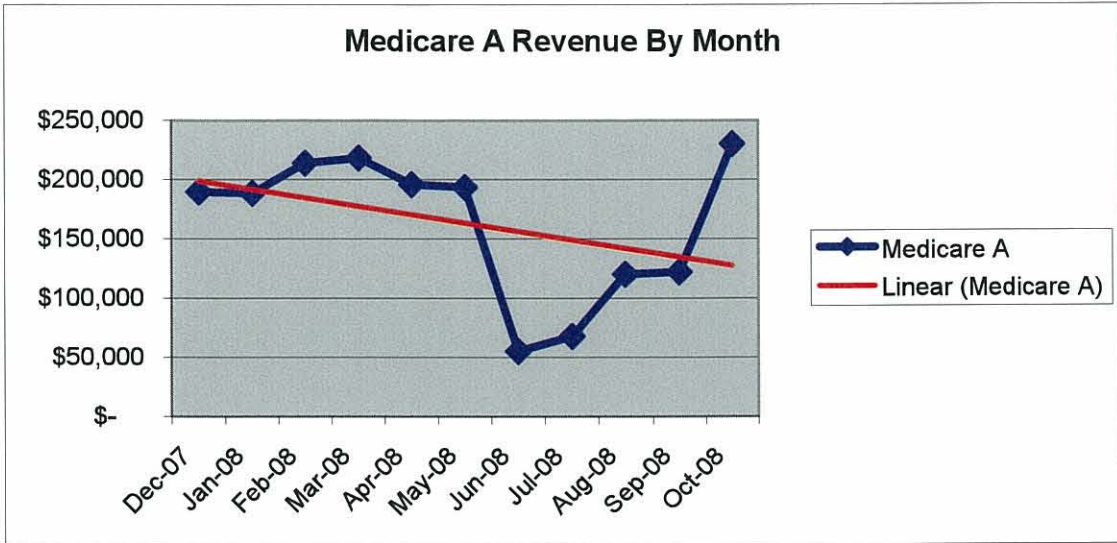


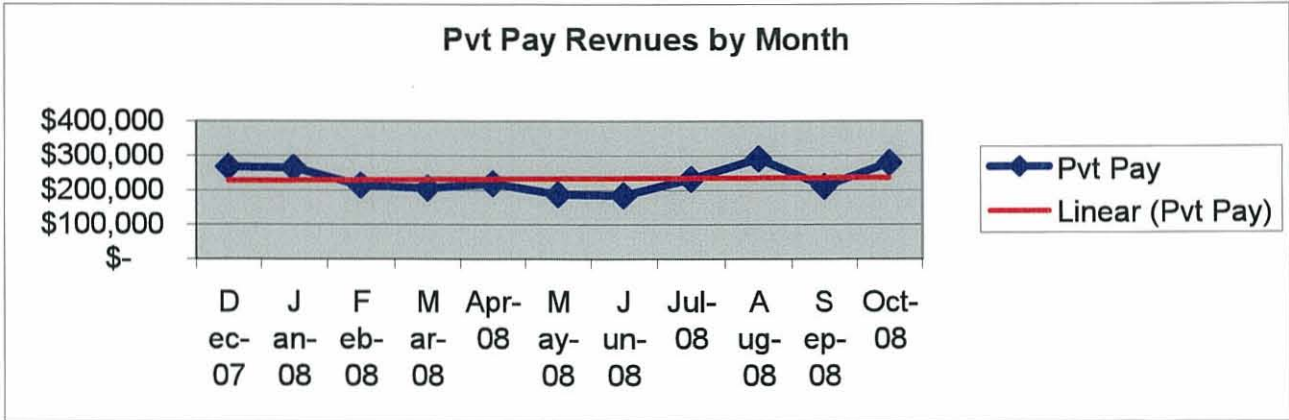
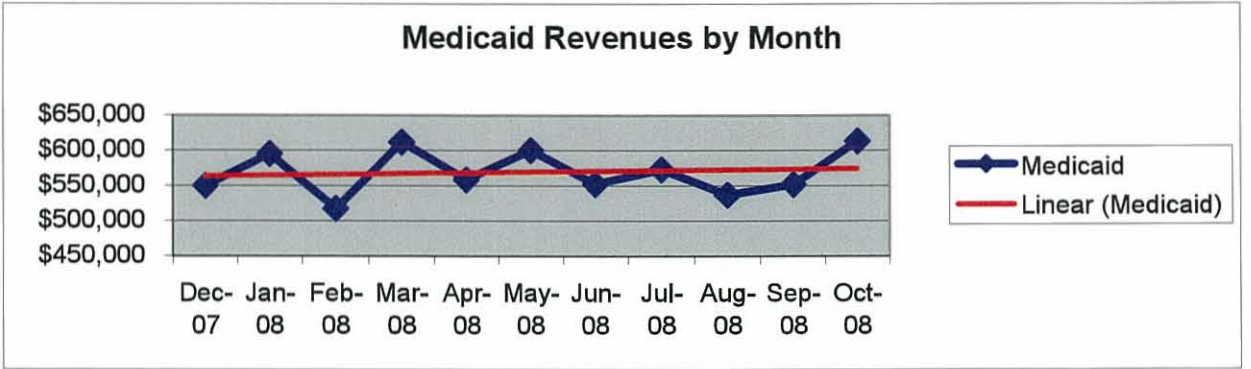
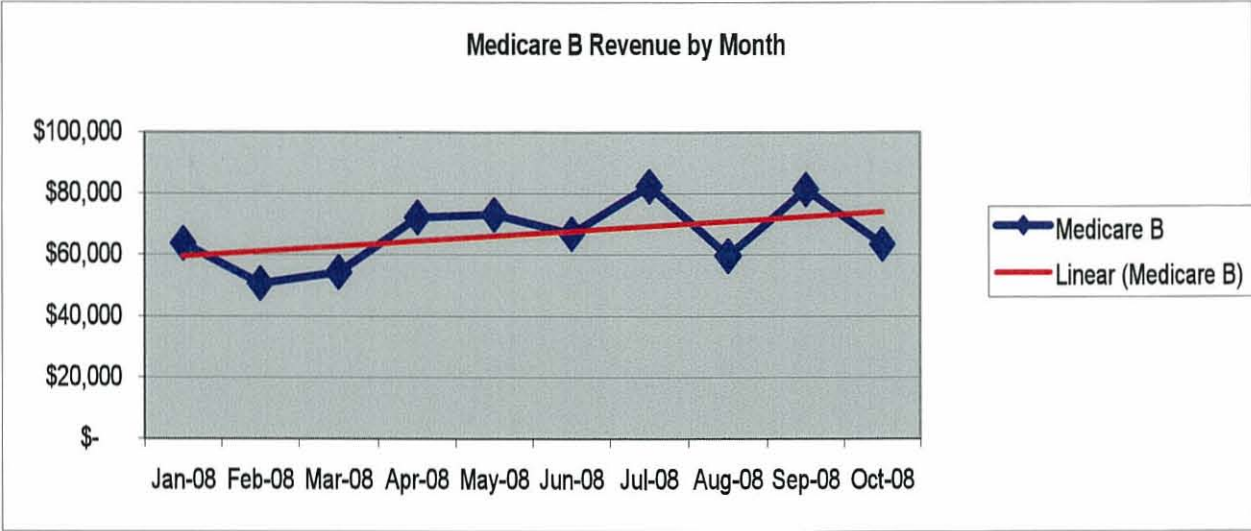
Revenues

In October, CCNH rebounded from September's dip in performance.

This month, we witnessed a significant gain in the Medicare A per diem. This is a critical factor in building a better revenue base and we have significant improvements to make in our performance. The graph indicates that CCNH's Medicare per diem was at acceptable levels prior to June 2008 at roughly \$400. The per diem dropped precipitously in June when admission sanctions were imposed. Since that time, the per diem has recovered somewhat, only to drop miserably in September. October came back with a per diem of \$379. The trendline in Medicare is negative. Recent gains in the Medicare census and in the program itself (Alliance Rehab) should swing us back to positive growth.

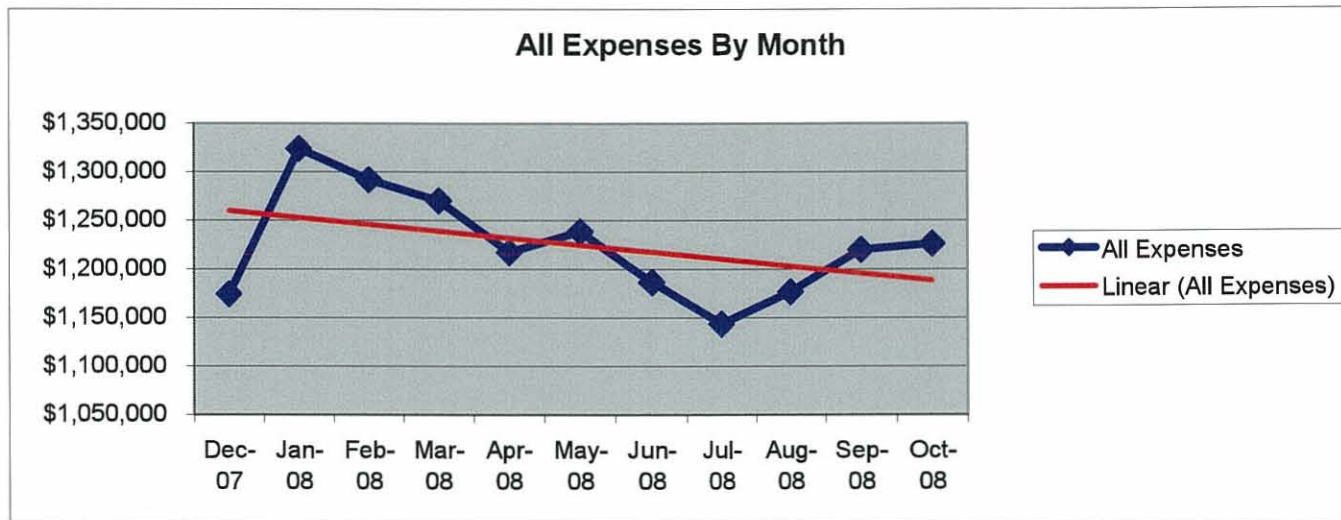






Expenses

CCNH's expense control was much better in October. Some items are over the budget due to increased Medicare activity. These include drugs, medical supplies, and rehab salaries (non-licensed personnel). We are starting to incur costs for the Federal investigation. So far, these are attorney's fees (\$6600) and copying costs (\$600). Salaries spiked due to a payout of benefits to the Social services Director, who retired. And, we are running ads for the Social Services and Food Service directorships. The big news on expenses is that agency costs are down substantially over prior months.

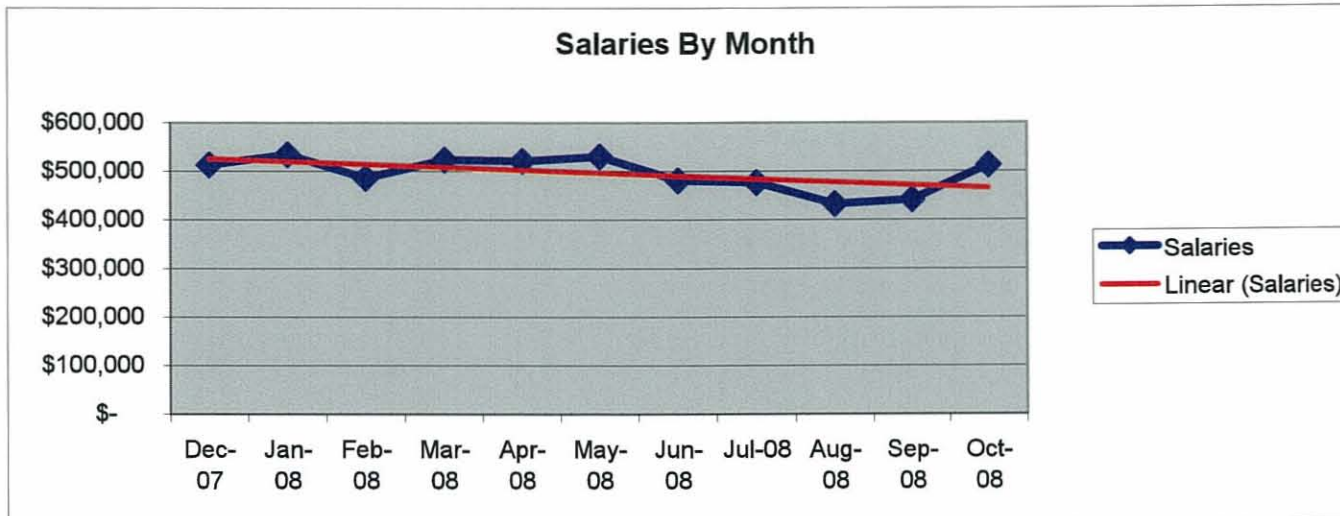


Two of the most critical expenses that impact our performance are salaries and contract nursing. Both are profiled in this section.

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

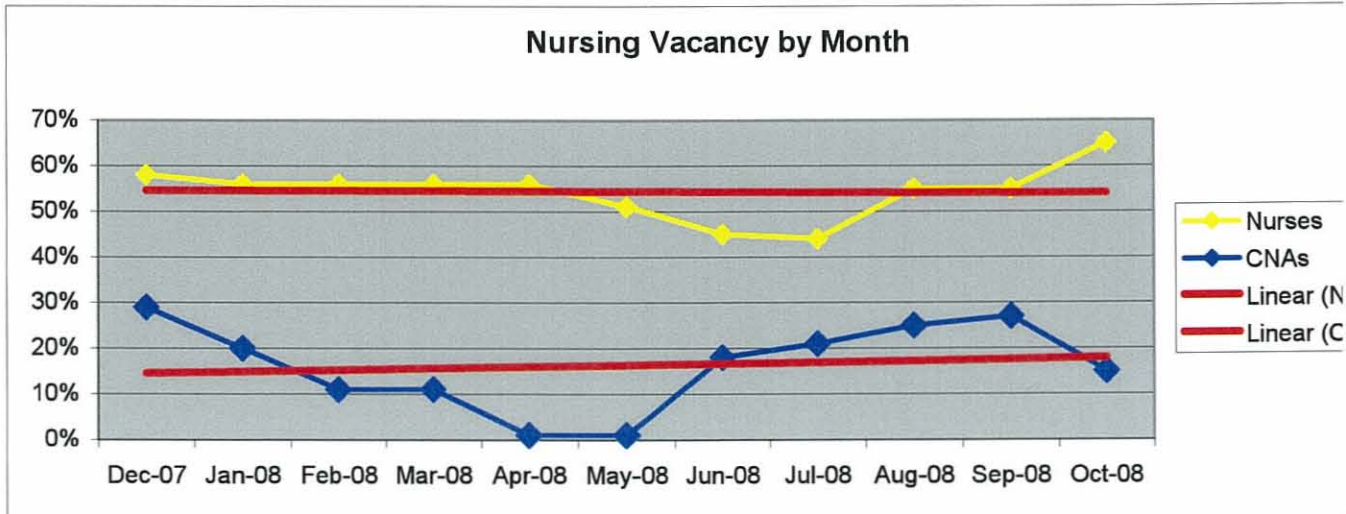
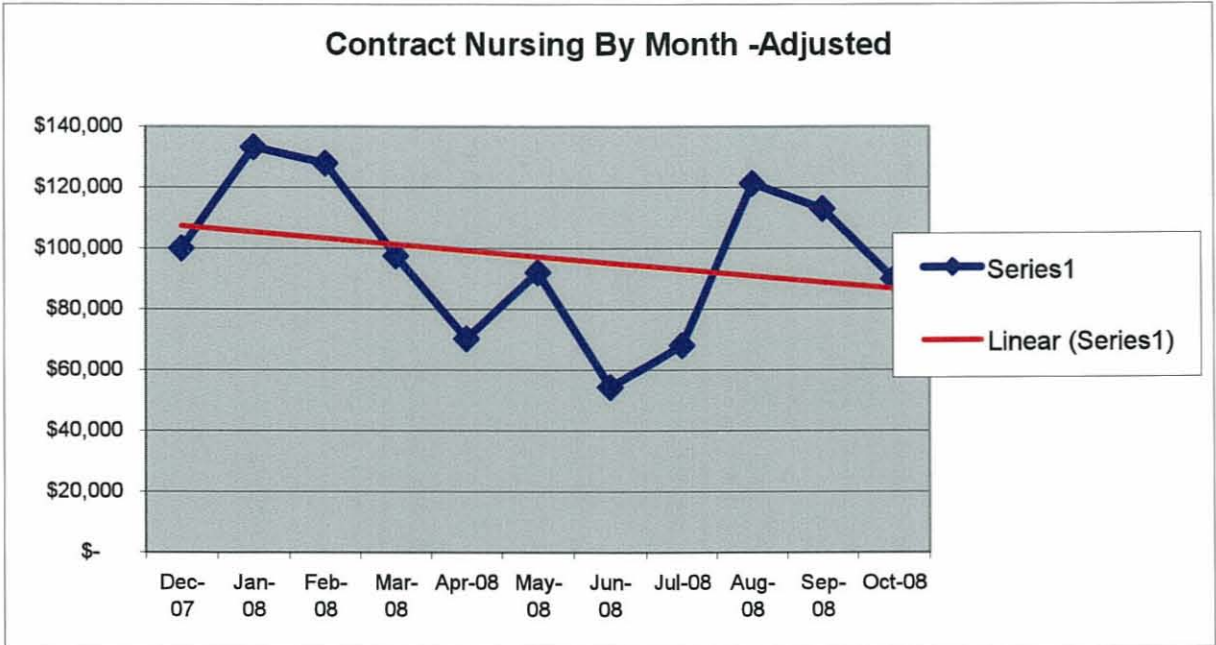
Month	Salaries	Month	Salaries
Dec 07	\$513,472	Sep 08	\$441,682
Jan 08	\$533,987	Oct 08	\$512,667
Feb 08	\$485,964		
Mar 08	\$522,836		
Apr 08	\$520,501		
May 08	\$529,580		
Jun 08	\$480,220		
Jul 08	\$476,495		
Aug 08	\$432,380		

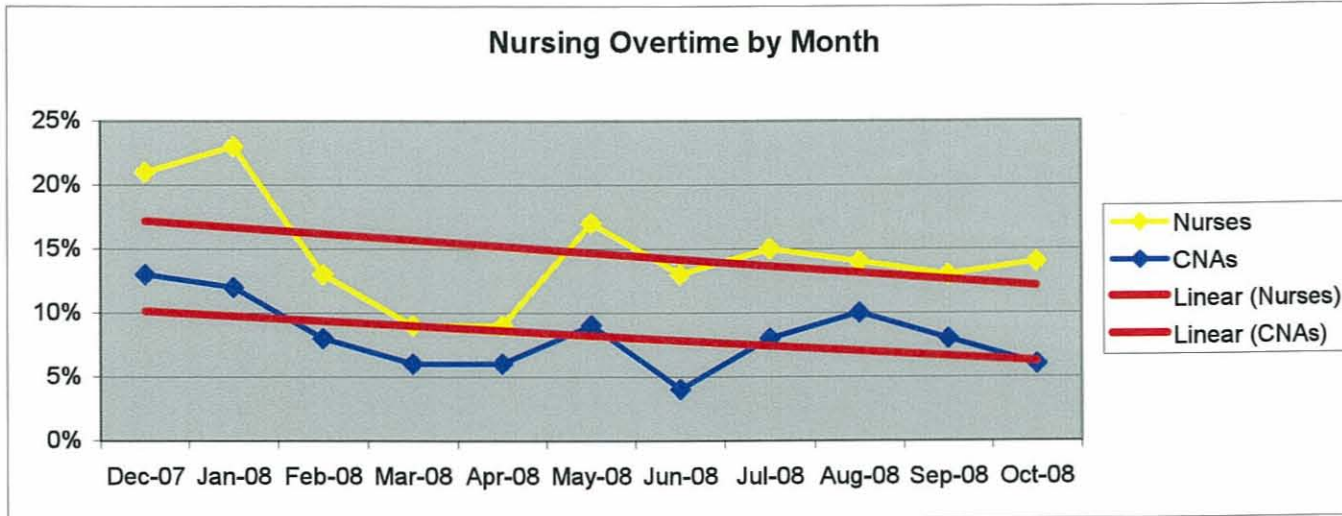
For the period January through June, salaries averaged \$518,574. For the period June through October, the figure was \$468,689— a reduction of 9.6 percent. The difference between these two averages will continue to shrink as we add staff and reduce agency usage. Graphically, the relationship is:



Because CCNH does not have a sufficient supply of nurses, it supplements the core nursing staff with contract labor (agency). We continue working on reducing our reliance on contract agency labor.

The “adjusted” graph shows the contract agency trend with the amounts for August and September being adjusted to actual. Agency expense for October was about \$90k, consisting of \$73k in usage plus \$17k in rebate credits. The actual expense on the income statement is \$73k; without the rebate credits, CCNH would have used \$90k.





Summary

October's performance was much improved over September's and the best yet in the turnaround effort with the monthly loss reduced to \$(21)k.

Census continues on the upswing. Mix is improving with specific reference to Medicare Part A. The Medicare A trendline remains negative; it will turn positive as census increases and as the per diem improves. Revenues are starting to increase and major elements of expenses are down. Generating enough cash to sustain operations is our biggest challenge.

To: Board of Directors
Champaign County Nursing Home

From: M.A. Scavotto
Manager

Date: December 3, 2008

Re: Quality Indicators
August thru October 2008

Appended to this memorandum is a quarterly report entitled Facility Quality Measure/Indicator Report. For those of you who are new to long-term care, this report is very important as it represents the basis from which IDPH surveys the facility.

The report provides comparative information benchmarking CCNH against other facilities. Thirteen (13) categories of care measurement are examined. The CCNH (facility) percent is compared against the national and State average. The final column is the percentile. When the percentile reaches 90 percent, the item is flagged. This report indicates that CCNH has two flags at items 2.3 and 5.3.

It is important to note that this quality indicator report is much like any other quality report in that one must be careful in drawing conclusions solely from the data. Sometimes, things are what they seem and other times they are not. For example, under item 2.3, prevalence of depression, CCNH did not score well and was flagged. Looking behind the figures, there may be mitigating circumstances such as the fact that CCNH has a large dementia program and all 60 beds are full with residents who may exhibit these tendencies. The point here is to acknowledge the limitations of the tool while at the same time recognizing that CCNH has some high percentages when compared to State and National averages.

From the Board's perspective, it will be important to monitor CCNH's quality position by looking at trends from the QI reports, by assuring that problem identification occurs, and by requiring corrective and preventive measures.

To: Board of Directors
Champaign County Nursing Home

From: M. A. Scavotto
Manager

Date: December 3, 2008

Re: Management Update – November 2008

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

1. **Census:** Census is up to 193, approximately. We reached a high of 197 only to see census tank over the holiday. We expect 2 new admissions this week.

Coordination between CCNH and the hospitals is improving. Team-work within CCNH appears to be getting better. Andrew is working on this and I have no doubt that relations will improve. We have set a new direction and it is obvious to all that we are staying the course. Those who don't want to change can – well – change.

2. **Operations:** See the Management Report for the last three months operating results. September's performance was not good. October's was much improved and November's should be as good as October and, preferably, better with the census being so much stronger.

The current cash position at December 1 is \$306k. At month's end, we are projecting \$248k.

As a point of information, we are now in a new fiscal year. We will be providing detailed financial reports with performance compared to budget. With the census now within reach of our target of 208, this standard type of financial reporting makes much more sense than when we were re-building CCNH's volume.

The Intergovernmental Transfer (IGT) restructuring has great significance for CCNH and its saga continues to unfold (as reported in the management report). Recovery of the over-payments is a huge issue that is still lurking out there. The last thing we need is to start generating cash at CCNH only to see it evaporate in an HFS take-back. There is no doubt that the take-back will happen. What I hope we can do is reduce the hit, perhaps having the take-back off-set against future Medicaid payments. Anyway you look at this, we lose.

The transition to Alliance Rehab has gone well and I am not aware of any problems that one could call lingering. The contractual agreement has yet to be finalized; we are waiting for Susan McGrath to complete her comments and changes to the document. I don't see any deal-breakers to our changes.

Andrew has followed up with Carle regarding nurse recruitment. Let's keep in mind that this is a longer-term initiative and it has been slowed by Carle's budget issues. Carle, like most providers, is scrutinizing every expense item. Andrew is also following up on the Parkland affiliation that Mark gave me last month.

The information system upgrades for hardware and software are moving forward. Also, we'll need to cope with the potential requirement to convert to electronic medical records in 2010.

Andrew is working on implementing a corporate compliance plan, required of all hospitals and skilled nursing facilities. One aspect of compliance is audit activities to screen for improper billing activities. BillWatch (a software cousin of CareWatch) has been developed to perform these audit functions on all bills.

3. **Employees:** We will have an update on AFSCME bargaining at the closed session.
4. **Public Image:** No update since the last report

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