

# NURSING HOME BOARD OF DIRECTORS AGENDA

County of Champaign, Urbana, Illinois  
Thursday, February 12, 2009 – 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'Shaughenssey

## ITEM

- I. CALL TO ORDER
- II. ROLL CALL
- III. APPROVAL OF AGENDA/ADDENDUM
- IV. APPROVAL OF MINUTES  
January 15, 2009
- V. PUBLIC PARTICIPATION
- VI. OLD BUSINESS  
None
- VII. NEW BUSINESS
  - a. Management Report (Scavotto)
- VIII. OTHER BUSINESS
- IX. 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
- X. NEXT MEETING DATE & TIME
  - a. Thursday, March 12, 2009 at 6:00pm
- XII. ADJOURNMENT

**Board of Directors  
Champaign County Nursing Home  
Urbana, Illinois  
January 15, 2009**

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

Directors Absent/Excused: None

Also Present: Busey, Scavotto, Buffenbarger

**1. Call to Order**

The meeting was called to order at 6:02 pm by Chair Lansford

**2. Roll Call**

Busey called the roll of Directors.

**3. Agenda**

On motion by Anderson (second O'Shaughnessy) the agenda was approved (unanimous).

**4. Approval of Minutes**

On motion by O'Shaughnessy (second Anderson) the minutes of the December 11, 2008 meeting were approved (unanimous).

On motion by Anderson (second Hirsbrunner) the minutes from the closed session on December 11, 2008 were approved.

**5. Public Participation**

Jenny Putman of Urbana indicated her appreciation for the recent guest editorial and thanks Nudo and McGinty for participating in the call-in radio show.

County Board Member Wysocki reported on a letter from Gina Jackson extolling the good care received at CCNH; she asked that staff be recognized when CCNH is praised publicly for providing good service and suggested that all such letters be kept on file.

County Board Member Kurtz expressed his encouragement over CCNH's recent results in the hope that they would boost the reputation and business operations of CCNH. At some point in the future, CCNH might be able to make some contribution towards its long-term debt.

Susan Philips of the League of Women Voters indicated that she would be joined by a second representative in the future.

**6. Old Business**

There was no old business.

**7. New Business**

**a. Management Report**

Scavotto updated the Board on November's performance, which was improved over October.

November's results were the strongest yet turned in by CCNH. Census continued to build. The Medicare per diem improved and the private mix was solid. The revenue outlook for December is excellent with preliminary revenue estimates at \$1.3 million, the highest in CCNH recent history. December represents the first month in fiscal 2009. It is also the first month where CCNH will report on an accounting basis that is as close to accrual as we can make it. Cash flow models are being revised as well. Cash position is improving as operating performance gets stronger.

Compliance initiatives will receive renewed emphasis in the months ahead. Scavotto reviewed possible software initiatives with BillWatch as one method of coordinating activities between clinical and financial departments. Additional resources may be required to staff this effort.

**b. Marketing Discussion**

In response to previous questions by Board members, Buffenbarger reviewed the Pinnacle Consulting customer satisfaction survey instrument and the results for CCNH. There was extended discussion about different options CCNH could pursue to improve customer feedback and relations. The Pinnacle Consulting report will become a quarterly attachment for the nursing home board.

Scavotto reviewed the 5-Star Rating initiative recently launched by CMS, covering all licensed nursing facilities. The operational imperative is that the 5-Star Rating system is consistent with initiatives now employed by most States where they tie reimbursement to acuity. The CMS 5-Star Rating appears to be a first step in a pay-for-performance effort. Accordingly, CCNH will need to learn the system and the scoring.

**8. Other Business**

There was no Other Business.

**9. Next Meeting Date**

Thursday February 12, 2009, 6 pm

**10. Adjournment**

The meeting adjourned at approximately 7:05 (motion Czajkowski, second Nudo, unanimous)

Respectfully submitted

Michael A. Scavotto  
Recording Secretary

To: Board of Directors  
Champaign County Nursing Home

From: M.A. Scavotto  
Manager

Date: February 3, 2009

Re: Management Report

As I write this update, census is at 204. 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.

CCNH's payer mix continues to move in a positive direction. The following table provides the comparisons in this significant change:

Comparative Payer Mix CCNH		
	Dec-07 thru June	July thru Dec-08
Medicaid	62%	57%
Medicare	9%	11%
Pvt Pay	29%	32%
Totals	100%	100%

The big news is that the Medicare program continues to develop with CCNH enjoying its best month yet in December with an ADC of 30.5, yielding total Medicare days of 944.

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. January's census figures should average over 200.

Financial management continues to focus on the income statement and on cash holdings. This month marks CCNH's first reporting venture with accrual accounting. We will continue to refine our reporting throughout the year. However, it is important to observe that depreciation and County overhead are included in December's statements.

For the three months ended December 2008, the results of operations are posted below.

**Last Three Months w/Property Tax and County  
Overhead Allocated Monthly**

	<b>Oct-08</b>	<b>Nov-08</b>	<b>Dec-08</b>
Medicare A	\$ 230,024	\$ 369,345	\$ 378,938
Medicare B	\$ 41,390	\$ 34,227	\$ 33,110
Medicaid	\$ 613,330	\$ 545,242	\$ 631,598
Pvt Pay	\$ 279,580	\$ 287,237	\$ 303,626
Adult Day-Private	\$ 7,988	\$ 6,684	\$ 5,825
Adult Day-TXX	\$ 11,478	\$ 7,946	\$ 8,281
Miscellaneous	\$ 20,589	\$ 15,309	\$ 21,358
Property Tax	\$ 70,577	\$ 70,577	\$ 78,902
All Revenues	\$1,274,956	\$1,336,567	\$1,461,638
All Expenses	\$1,239,035	\$1,290,877	\$1,378,123
Net Income/(Loss)	\$ 35,921	\$ 45,690	\$ 83,515
Census change	5522	5691 3.1%	5916 4.0%

The short stroke is that CCNH is moving to profitability and we are moving there steadily and quickly.

Currently, we are working on a refined Cash Flow Model. We have a draft version almost ready for review, but we have been delayed in finalizing it because of year-end closing issues and because of our change-over to accrual accounting. We still need to get the model it to Peter for his review. Cash is thin but improving, as one would expect with improved census. January 2009 had three payrolls and we managed not to hit the panic button. To be, we are holding off on some payables and will continue to do so until we build up cash to a respectable level. Current cash position is \$433k with \$715k expected to be cash-on-hand at month's end.

MPA's Scott Gima has been in touch with HFS' Bill Dart, who is the agreement manager for the IGT program. Bill informs us that we can expect IGT to start soon, perhaps as early as next week. While we should be reserved about anything starting next week, the message is that HFS is still very much aware of the need to restructure the IGT.

The following graphs provide a comparative statement of position for CCNH through December 2008. I expect to have a good idea of January's results by the meeting and will update you then.

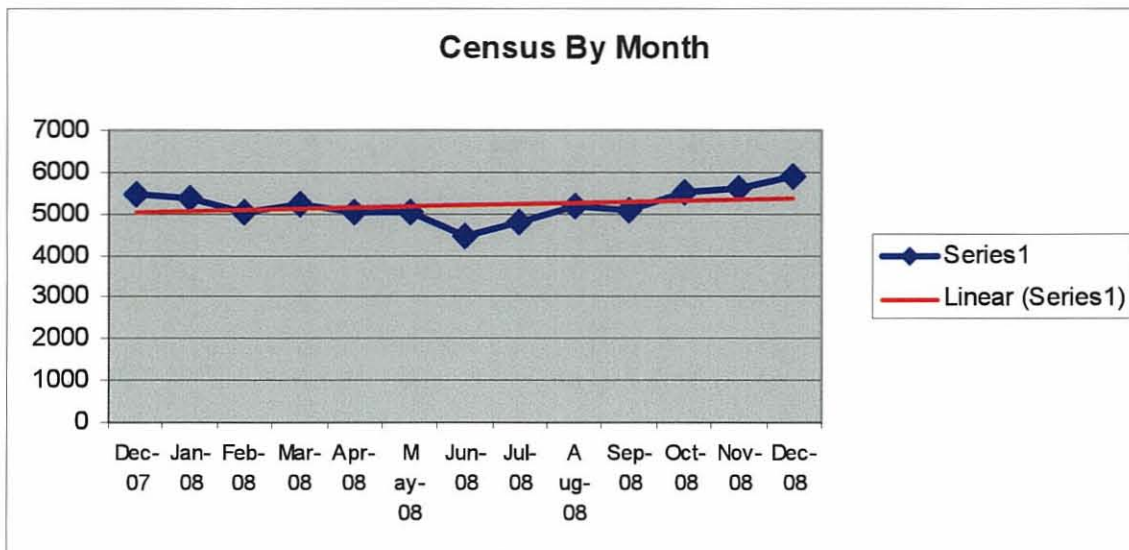
The solid line is a trend line for the displayed data and it should appear in red on your computers. (These graphs will display best when viewed on your screens.)

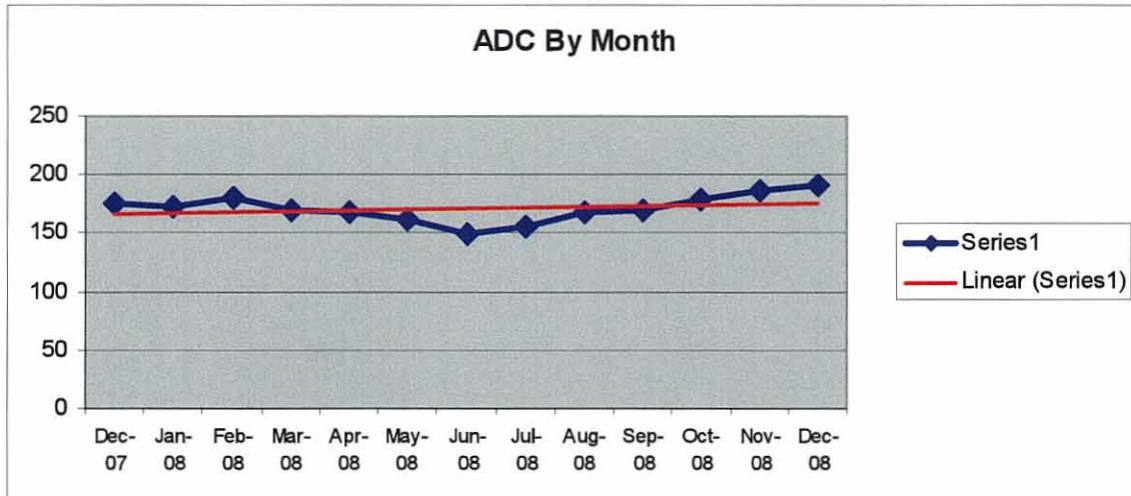
### Census

Census rebounded in October with the month's total days being 427 above September's actual. November was better as overall census continued to climb to an average of 190 (189.7); December's results are the best yet, closing with an ADC of 190.. As I write this report, for example, census is at 204. (Census actually hit 205 in late January.) We should be able to get to our budgeted census goal of 208.

**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
Nov	1704	3070	917	5691
Dec	1823	3118	944	5916



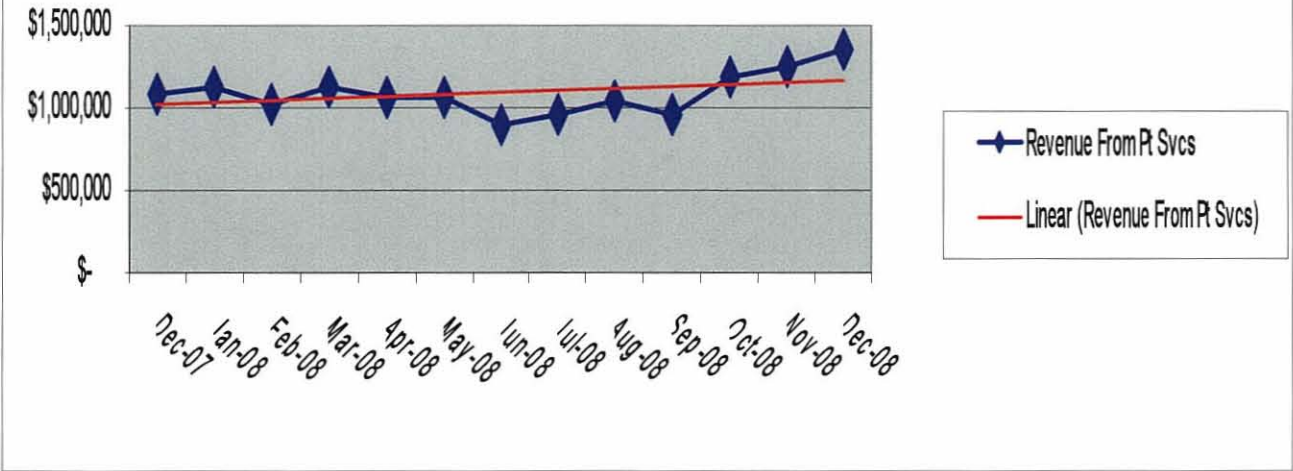


## Revenues

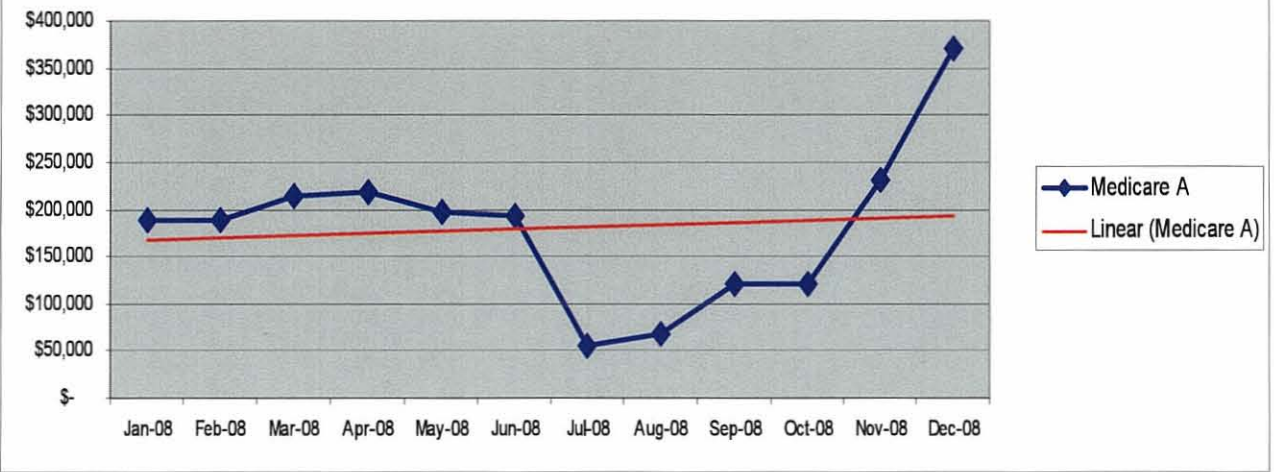
This month, December, we witnessed the second month of significant gains in Medicare revenue, driven solely by the volume of days. The per diem reimbursement for December was essentially the same as November's. This is a critical factor in building a better revenue base and we have significant improvements 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. In November, the per diem was \$403. In December, the per diem was \$401. The trendline in Medicare A is now positive. Recent gains in the Medicare census and in the program itself (Alliance Rehab) have swung us back to positive growth. Medicare B still needs some work, but the big building block is in place.

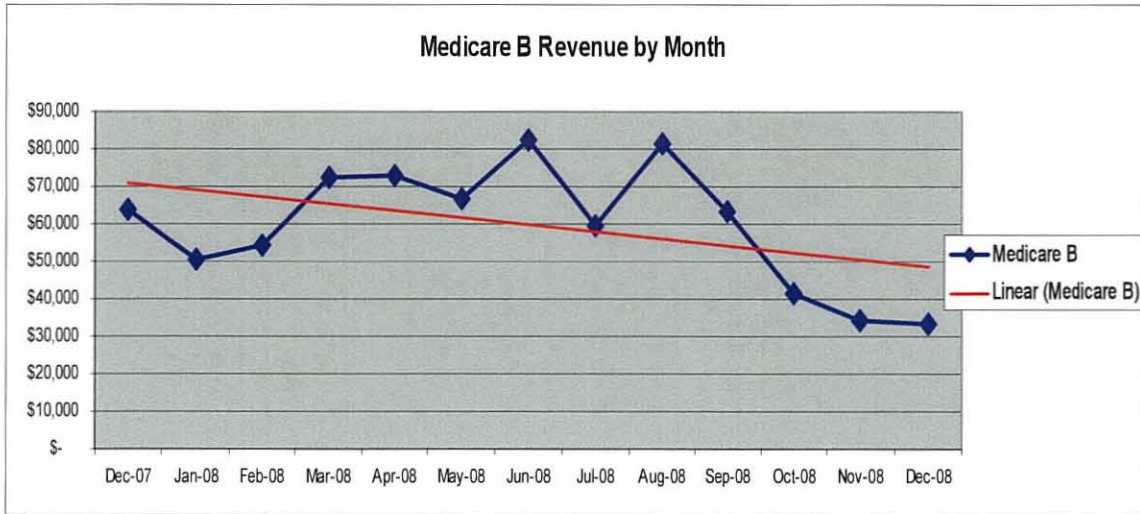
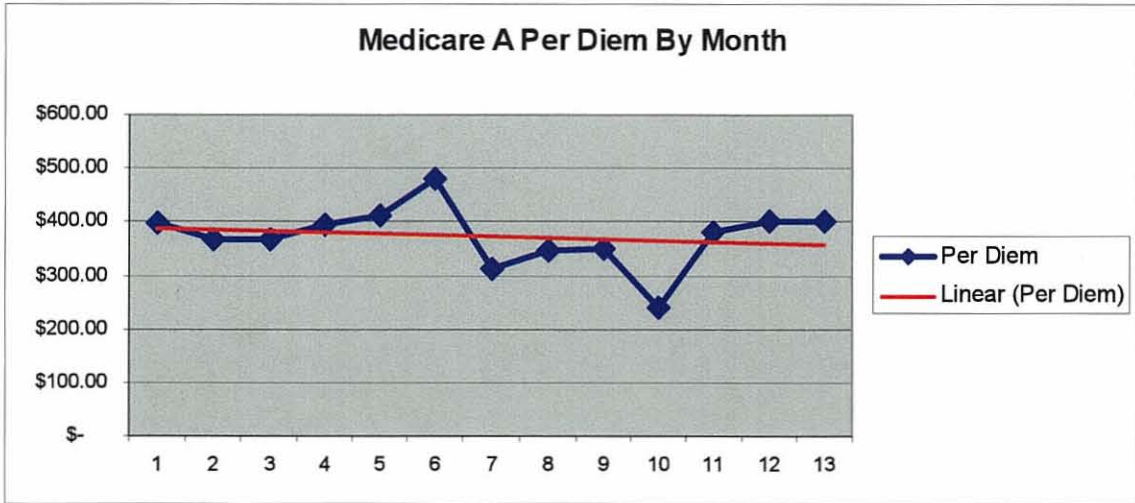


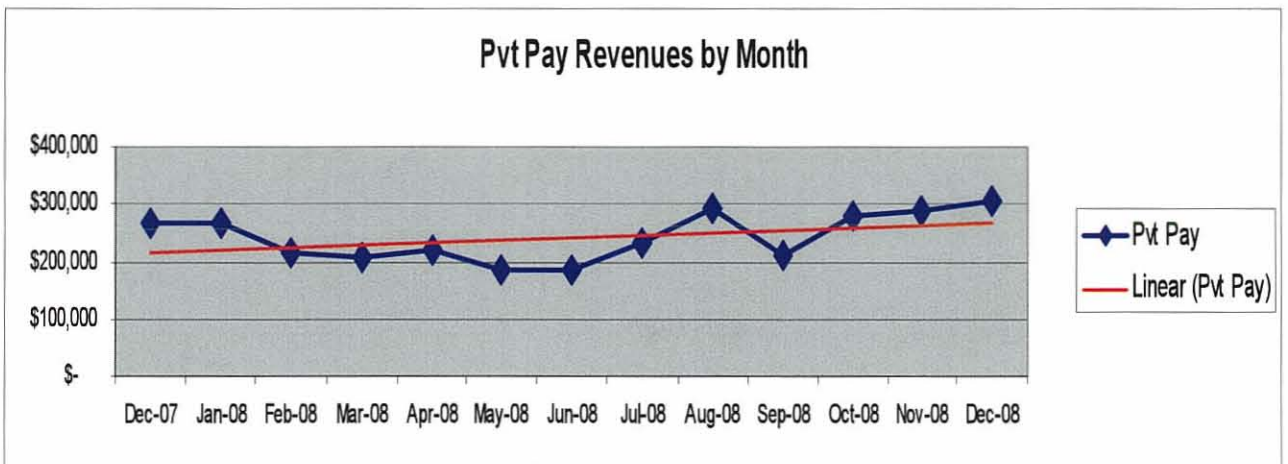
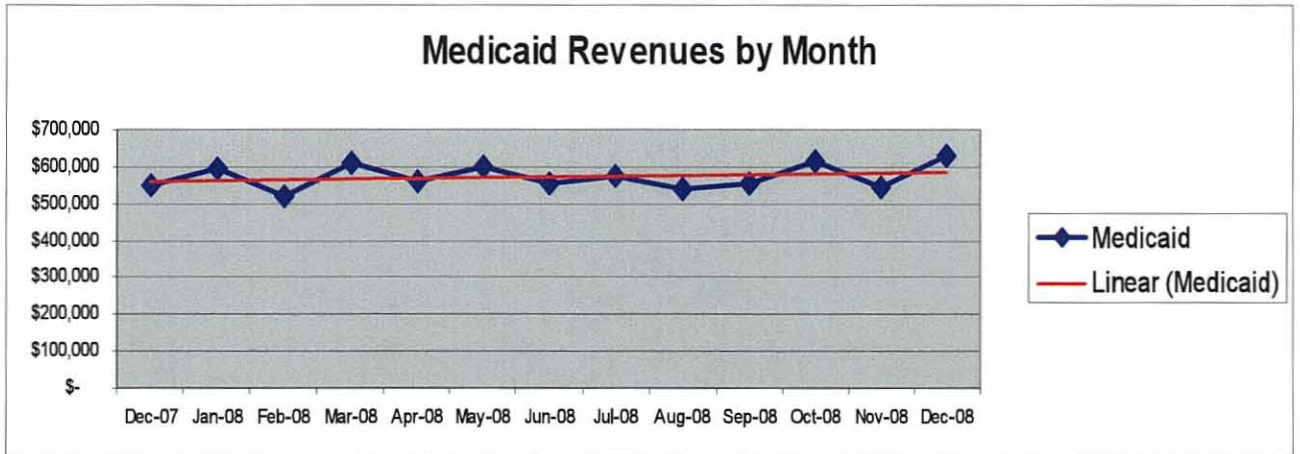
### Revenue From Pt Svcs By Month



### Medicare A Revenue By Month

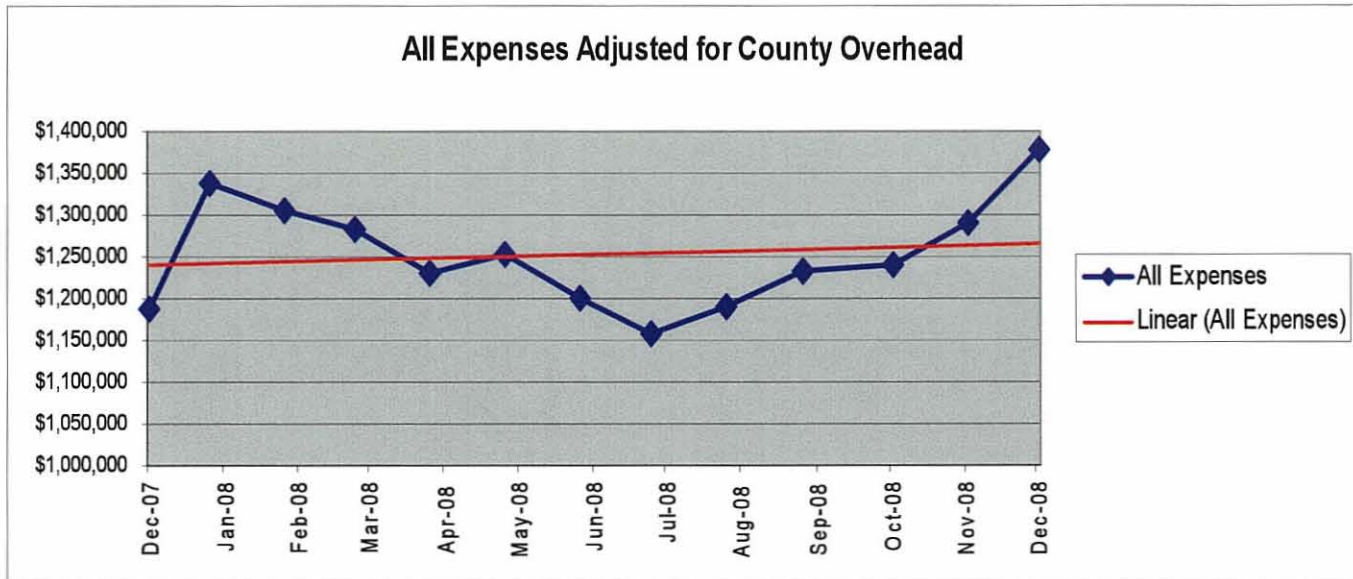






## Expenses

CCNH's expense control continues to be pretty solid and we owe that performance to Andrew and his crew. Some line items will show increased activity due to greater Medicare activity and to incremental costs associated with a growing census. These include drugs, medical supplies, and rehab salaries (non-licensed personnel). Rehab costs, for example, were up about \$8.3k over November, but rehab volume has been climbing. All told, December's expenses were up by \$87k over November. Fully 70 percent of that overage is accounted for by depreciation and County overhead charges, which will now be fully expensed each month.

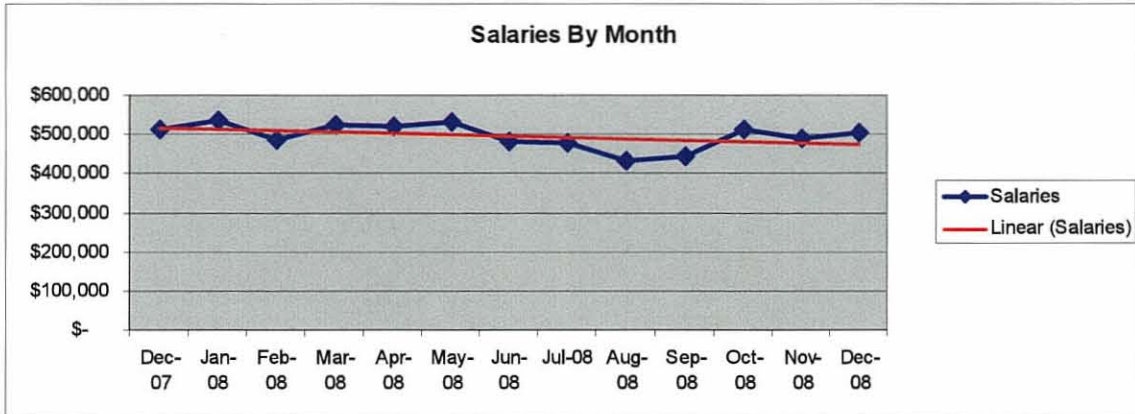


Two of the most critical expenses that impact our performance are salaries and contract nursing. Both are profiled in this section.

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

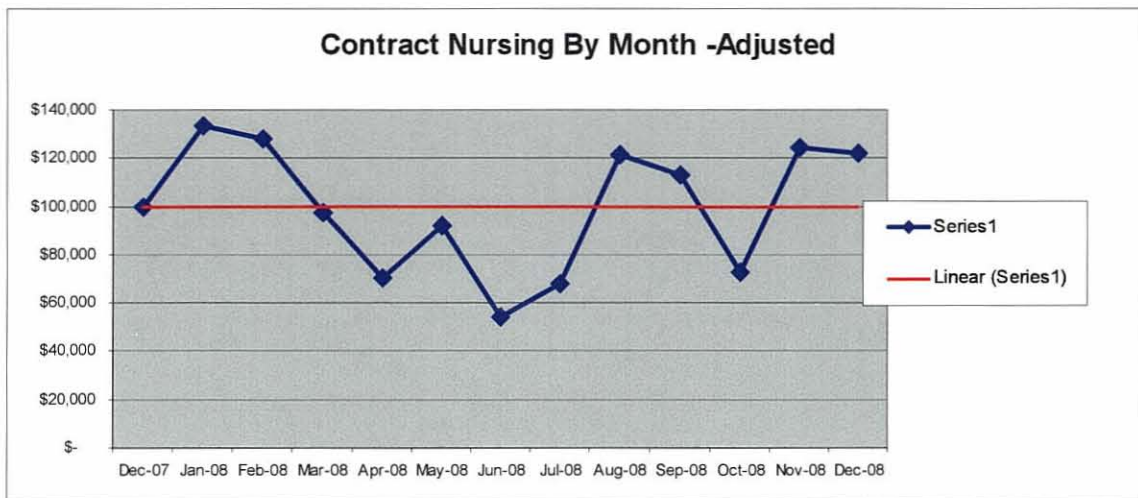
Month	Salaries	Month	Salaries
Dec 07	\$513,472	Sep 08	\$441,682
Jan 08	\$533,987	Oct 08	\$512,667
Feb 08	\$485,964	Nov 08	\$488,561
Mar 08	\$522,836	Dec 08	\$502,788
Apr 08	\$520,501		
May 08	\$529,580		
Jun 08	\$480,220		
Jul 08	\$476,495		
Aug 08	\$432,380		

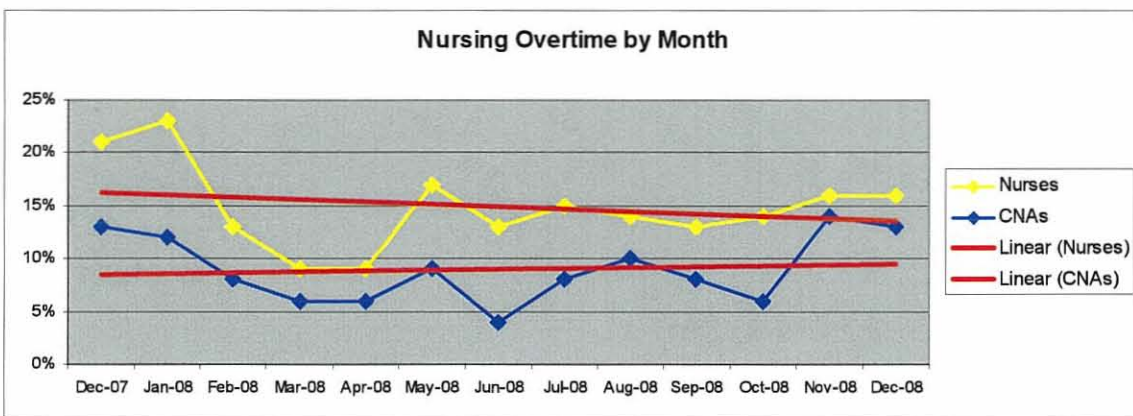
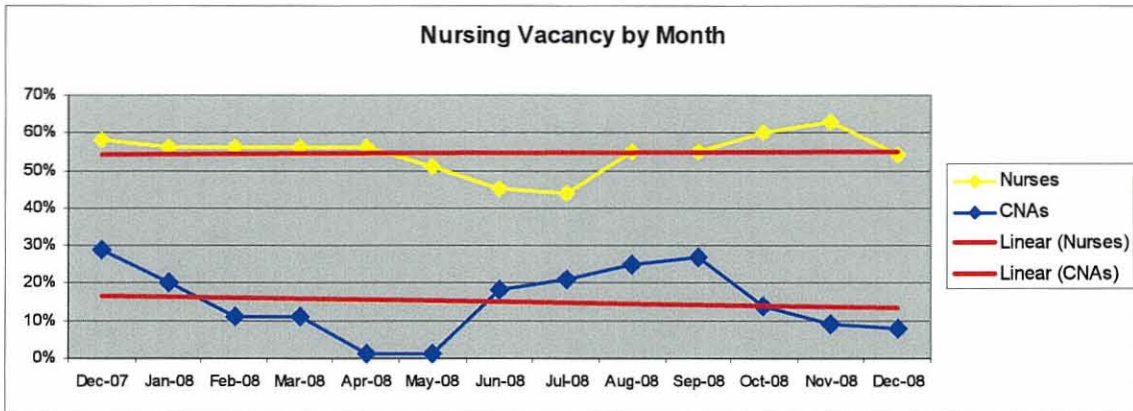
For the period January through June, salaries averaged \$518,574. For the period June through December, the figure was \$476,399 – a reduction of 8.1 percent. The difference between these two averages will continue to shrink as we add staff and reduce agency usage. Graphically, the relationship is:



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.

There appears to be a pattern unfolding with the use of agency hours, and it makes sense. When the nurses who are in PRN status use up their 1,000 CCNH-hours, they transfer to agency classification. Our agency usage, therefore, increases. You can see this pattern at the far left of the graph and again at the far right. We can expect continued fluctuation in the use of agency hours. Here's a plus: C.N.A. vacancies are down.





## Summary

December's performance is the best yet in the turnaround effort with a gain of about \$83.5k.

Census continues on the upswing. Mix is improving with specific reference to Medicare Part A. The Medicare A trendline has turned positive. The increased census in Medicare has come by shifting market share from other homes. There is bound to be increased competition.

Revenues have increased and the expense level has stabilized. Generating enough cash to sustain operations continues to be our biggest challenge. Cash flow for December was positive at about \$62k.

To: Board of Directors  
Champaign County Nursing Home

From: M. A. Scavotto  
Manager

Date: February 3, 2009

Re: Management Update

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

1. **Census:** Census is up to 204, approximately. We are closing in our goal of 208 and the increased census is a primary factor in our drive towards self-sufficiency.
2. **Operations:** See the Management Report for the last three months operating results. September's performance was not good. October's was much improved, showing a small profit, and November's was better than October. December was the best yet

The current cash position is \$433k. At month's end (Feb 09), we are projecting \$715k.

We are now solidly into the new fiscal year. We will begin 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. *This month, we are reporting on the accrual basis of accounting. The income statement reflects depreciation, county overhead allocated monthly, and property tax receipts allocated monthly.*

Included as part of the Board mailing is an Excel file representing the December Income Statement with comparisons to budget. The critical columns you will need are Column C for Nov 2008 Actual, Column E for December 2008 Actual, and Column G for December 2008 Budget. As we gain experience with this reporting format, we will make refinements, particularly in developing the budget. *My recommendation to you is that you view this file on your computer screens and do not print it out. I considered sending you a pdf file but the file format was awkward to use.*

The transition to Alliance Rehab has gone well. The contractual agreement has been finalized.

The information system upgrades for hardware and software are moving forward. There have been a few changes, such as delays in shipping dates that are impacting our timetable. Implementation is set to occur in the next few weeks. The State's

Attorney has reviewed the agreement and we are in the process of analyzing Ms. McGrath's changes.

Andrew has completed a draft a corporate compliance plan, required of all hospitals and skilled nursing facilities. The draft has been submitted to special counsel for review. We have no word back from special counsel yet. This initiative is a big deal given the emphasis that the federal government is placing on false claims.

The IGT re-structuring may heat up soon and it may be as early as next week. However, we have heard all this before, as noted above in the operations memorandum. I am enclosing a Medicaid Primer for Illinois that you may find useful. Illinois officials have been pressing to increase the Federal Medicaid match; currently, Illinois' match is 50 percent, the lowest there is.

The Plan of Correction has been submitted to IDPH pursuant to the recent annual licensing survey. I'll have a report for you at the meeting. We intend to bring in Dorrie Siegfried-Meals from Methods Management to give CCNH's procedures a thorough review. This service is available by virtue of the County's participation in a Trust Fund and we'd be remiss not to take advantage. Dorrie's services are also available through Life Services Network of Illinois, but on a more limited basis. CCNH is a member of LSN. MPA has had good experience with Dorrie's recommendations in the past. This is very big issue that we will discuss in more detail at the meeting.

3. **Employees:** Negotiations continue, update is scheduled this meeting.
4. **Public Image:** No update since the last report. We should start developing the marketing program in the next few weeks.

\*\*\*\*\*

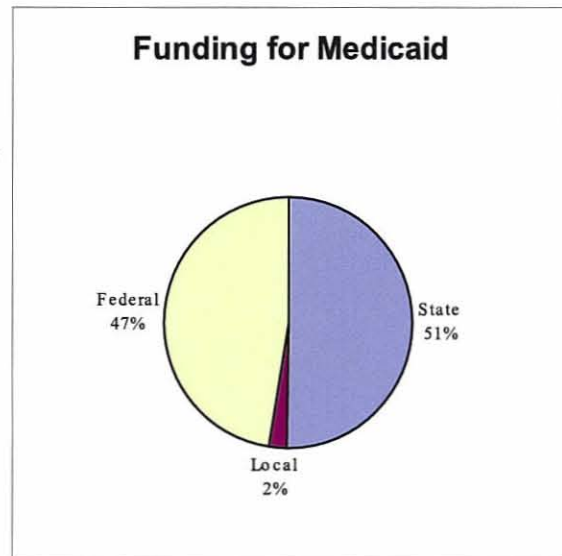
As always, give me a call (314-434-4227) or zap me via e-mail if you have questions or want to discuss anything.



# WHO PAYS FOR MEDICAID?

## Maximizing Federal Funding

As the chart illustrates, slightly more than half of Medicaid funding comes from state sources with a small percentage funded with local monies. Federal funds contribute less than half (despite a federal match of 50%) because Illinois Medicaid provides some services that do not qualify for federal funding. **In FY 2002, a total of \$4.6 billion in state funds were spent on Medicaid.**



### What is FMAP?

FMAP is the percentage of federal reimbursement each state receives based on the relationship between the state's per capita personal income and that of the nation as a whole. This is the federal medical assistance percentage (FMAP). FMAP ranges from 76% (Mississippi) to a minimum of 50% (nine states including Illinois.)

### Why the Current FMAP Formula Fails Illinois

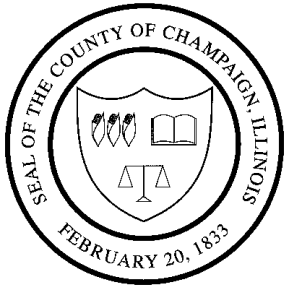
Nine "wealthy" states that would otherwise have lower FMAPs are bumped up to a minimum FMAP of 50%. This arbitrary floor does very little to assist Illinois whose true FMAP rate (absent a floor) is very nearly 50%. This is not the case, however, for states like Connecticut (true rate: 15%) and New York (37%) each of which garner hundreds of millions of dollars by moving to a substantially higher rate. In fact, absent the arbitrary 50% floor, Illinois would garner a larger percentage of federal Medicaid funds.

The table to the right displays a listing of states receiving the 50% FMAP floor along with proportional Medicaid population and federal funding. It amply illustrates how Illinois, being the poorest of the "wealthy" states, is adversely affected by the current formula - Illinois subsidizes other state programs by more than \$1 billion annually.

State	Percent of Medicaid Population	Percent of Federal Funding	(Cost)/Benefit of Not Being Equalized
Illinois	4.50%	3.60%	\$ (1,086)
Connecticut	1.00%	1.30%	\$ 362
New Jersey	2.12%	2.63%	\$ 616
Massachusetts	2.36%	2.69%	\$ 398
New York	8.67%	14.26%	\$ 6,747
Maryland	1.50%	1.50%	\$ -
Delaware	0.26%	0.25%	\$ (18)
New Hampshire	0.24%	0.41%	\$ 205
Colorado	0.86%	0.86%	\$ -

### Thus, Illinois Seeks to Exhaust All Possible Avenues for Procuring Federal Funding

The Department believes Illinois deserves a 55% FMAP rate. The Governor's Washington D.C. office has lobbied Congress for such. Additionally, the Department aggressively pursues all federal funding legally available such as paying certain local government providers using Medicare payment principles (maximizing "upper payment limits") and claiming the federal match eligible expenditures as well as matching on expenditures certified by local governments.



# NURSING HOME BOARD OF DIRECTORS ADDENDUM

County of Champaign, Urbana, Illinois  
Thursday, February 12, 2009 – 6:00pm

---

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

## ITEM

### **VII. NEW BUSINESS**

- b. Discussion regarding Board of Directors Round Table Meetings with Employees
- c. Discussion regarding Nursing Home Employee Recognition Events and Opportunities