



NURSING HOME BOARD OF DIRECTORS AGENDA

County of Champaign, Urbana, Illinois

Wednesday, March 18, 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'Shaughnessey**

ITEM

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF AGENDA/ADDENDUM

IV. APPROVAL OF MINUTES

- a. February 12, 2009 Open Session
- b. February 12, 2009 Closed Session

V. PUBLIC PARTICIPATION

VI. OLD BUSINESS

None

VII. NEW BUSINESS

- a. Management Report (Scavotto)
- b. Nursing Home Outreach to Community (O'Shaughnessey)

VIII. OTHER BUSINESS

IX. NEXT MEETING DATE & TIME

- a. Thursday, April 16, 2009 at 6:00pm

XII. ADJOURNMENT

**Board of Directors
Champaign County Nursing Home
Urbana, Illinois
February 12, 2009**

Directors Present: Czajkowski, Anderson, Nudo, Hirsbrunner, O'Shaughnessey, Lansford

Directors Absent/Excused: Holley

Also Present: Busey, Scavotto

1. Call to Order

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

2. Roll Call

Busey called the roll of Directors.

3. Agenda

On motion by Hirsbrunner (second O'Shaughnessey) the agenda was approved (unanimous).

4. Approval of Minutes

On motion by Anderson (second Nudo) the minutes of the January 15, 2009 meeting were approved (unanimous). Scavotto to correct the misspelling on O'Shaughnessey.

5. Public Participation

James Campbell, a CCNH resident for 3 years, addressed the Board. He indicated that he was very pleased with the Administrator of the nursing home. However, he was most unsatisfied with individuals in the Activities Department threatening to take away his power wheelchair. Mr. Campbell praised the efforts of Nurse Pam Jayne and hoped that she could remain on Unit 1 as she is such a good nurse.

Scavotto will follow-up on Mr. Campbell's issues

6. Old Business

There was no old business.

7. New Business

a. Management Report

Scavotto updated the Board on December's performance, which was improved over November and the best yet in CCNH's turnaround. December's positive net income (before any debt service considerations) reflects the change to full accrual accounting and fully loaded expenses. Specifically, depreciation, FICA, IMRF, and County overhead costs are included in expenses. With a positive net income, CCNH should be able to pay its current operating expenses in full and provide for some payback of outstanding Accounts Payable obligations.

Preliminary revenue results for January have revenues before property taxes at \$1.429 million, which appears to be a record for CCNH. The biggest factor in January's performance was exceptionally strong private pay revenues of \$422k.

IGT discussion with State HFS begins on February 19 in East Peoria. This could be the start of IGT restructuring.

The Board entered into an extended discussion of the need to address management development, provided that financial stability could be maintained. The goal is to develop a well-rounded organization and to develop a better culture at CCNH.

b. Discussion regarding Board of Directors Round Table Meetings with Employees

The Round Table discussions will proceed and will be scheduled on a regular basis. Busey will provide the statutory requirements governing the conduct of such meetings and Scavotto will develop an initial schedule.

c. Discussion regarding Nursing Home Employee Recognition Events and Opportunities

There was extensive discussion regarding the need to seek out as well as develop opportunities to recognize employees for the contributions to CCNH. Management will get a monthly events calendar to the Directors, will identify for the Board the formal and informal recognition events that now occur, and will undertake a review of CCNH's employee recognition activities.

8. Other Business

There was no Other Business.

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

At approximately 7:00 pm, it was moved (Nudo, second Hirsbrunner, unanimous) to go into Closed Session. Lansford called the roll. The Board emerged from Closed Session at approximately 7:35 with no action being taken.

10. Next Meeting Date

Thursday March 12, 2009, 6 pm

10. Adjournment

The meeting adjourned at approximately 7:40 (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: March 11, 2009

Re: Management Report

As I write this update, census is over 190 after having slumped to 188 for a week or so. This brief slump makes one appreciate how much we depend on the support of local providers, especially the hospitals.

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 Feb-09
Medicaid	62%	56%
Medicare	9%	12%
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 January with an ADC of 32.5, yielding total Medicare days of 1007. February came in at 822 days for ADC of 29.4. After February, we slumped and need to bounce back.

By now, you are getting the sense that 208 is definitely a challenge objective for census. I think we can get there. We have been close, for sure. Still, 208 is a worthy target and we are going for it.

Financial management continues to focus on the income statement and on cash holdings. This month marks CCNH's second reporting venture with accrual accounting. We will continue to refine our reporting throughout the year. Depreciation and County overhead are included in the statements. We are still struggling with a workable format for easy reporting of the financial statements, replete with budget and actual comparisons. Our best option may be to wait for the MDI software installation.

For the three months ended January 2009, the results of operations are posted below.

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

	Nov-08	Dec-08	Jan-09
Medicare A	\$ 369,345	\$ 378,938	\$ 393,509
Medicare B	\$ 34,227	\$ 33,110	\$ 76,640
Medicaid	\$ 545,242	\$ 631,598	\$ 641,202
Pvt Pay	\$ 287,237	\$ 303,626	\$ 290,704
Adult Day-Private	\$ 6,684	\$ 5,825	\$ 6,087
Adult Day-TXX	\$ 7,946	\$ 8,281	\$ 9,824
Miscellaneous	\$ 15,309	\$ 21,358	\$ 14,575
Property Tax	\$ -	\$ 78,902	\$ 78,902
 All Revenues	 \$1,265,990	 \$1,461,638	 \$1,511,443
 All Expenses	 \$1,290,877	 \$1,378,123	 \$1,410,572
 Net Gain/(Loss)	 \$ (24,887)	 \$ 83,515	 \$ 100,871
 Census	 5691	 5916	 6150
change		4.0%	4.0%

January's results are the best yet. February revenue was \$1.263 million. For a 31-day month equivalency, we are looking at \$1.399 million – short of January's mark but ahead of November's.

Current cash position is \$1.137 million. After payroll, we'll be at \$678k. FICA and IMRF are paid thru the payroll ending 1-2-09. Accounts Payable is paid thru 12-16-08. We have a long way to go to attain stability, but the people at CCNH have come a long way, too.

The restructuring of the IGT has begun. I'll have more information for you at the meeting. Scott and I will be updating the Metro Counties organization on March 18th, and I'll have that report for you as well. This is a very big deal with far-reaching implications for County homes.

The following graphs provide a comparative statement of position for CCNH through January 2009. I expect to have a good idea of February'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.)

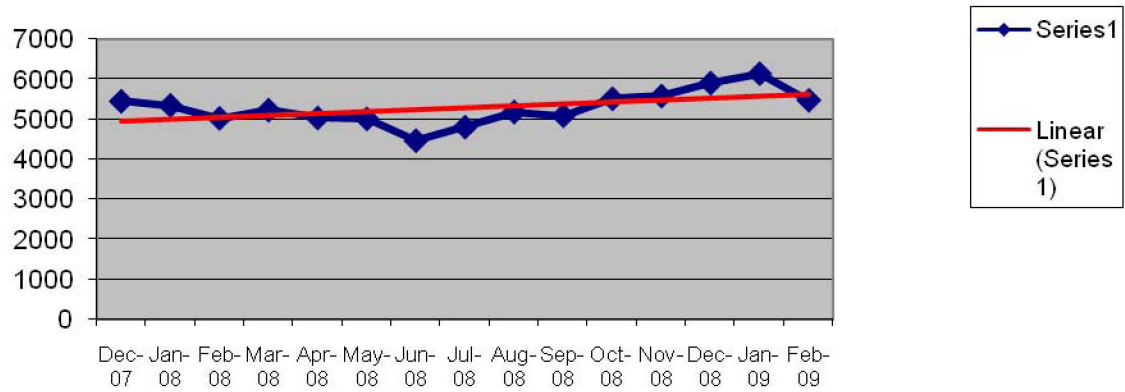
Census

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.

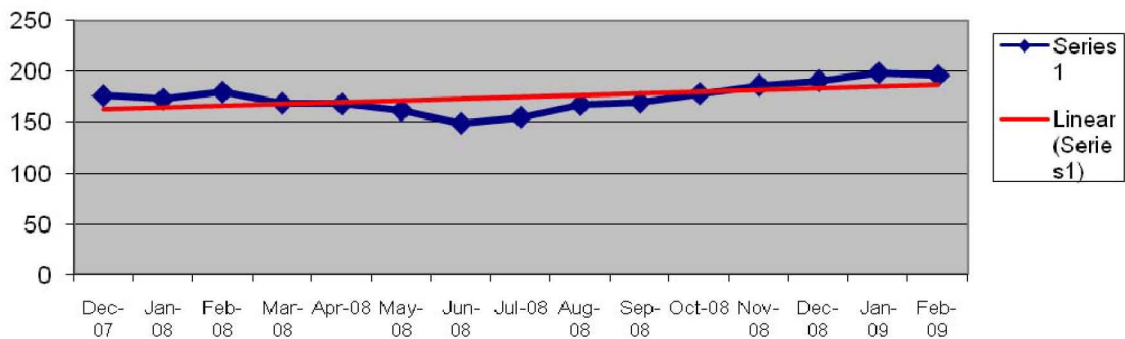
Current Census By Payer By Month (without bedholds)

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
Jan-09	2001	3142	1007	6150
Feb-09	1845	2816	822	5483

Census By Month
Resident Days from Dec 07

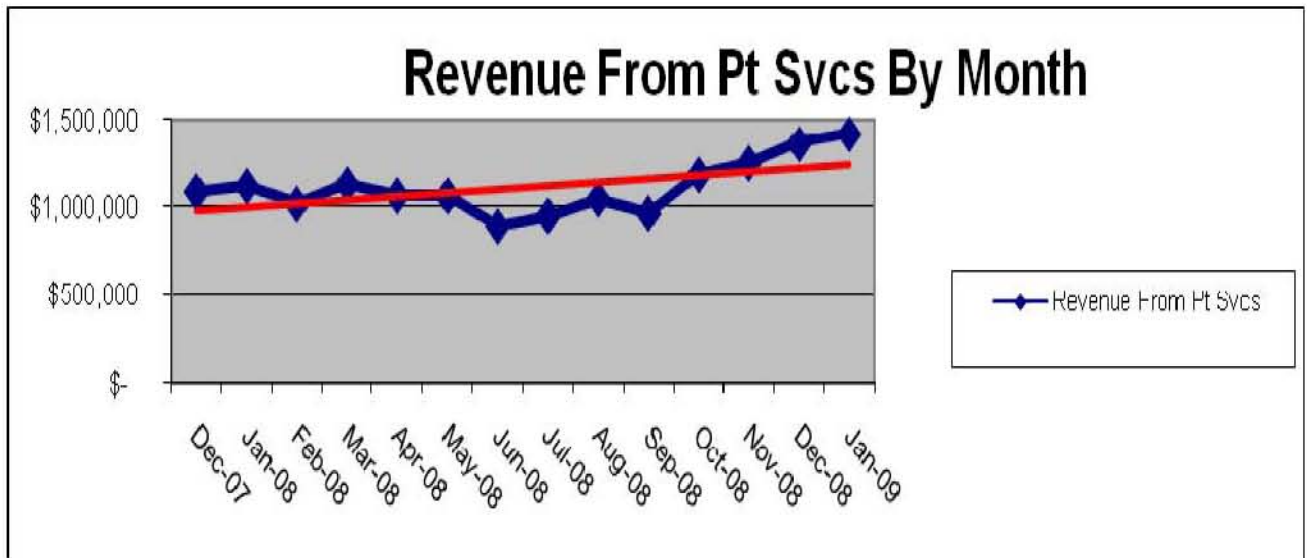


ADC By Month

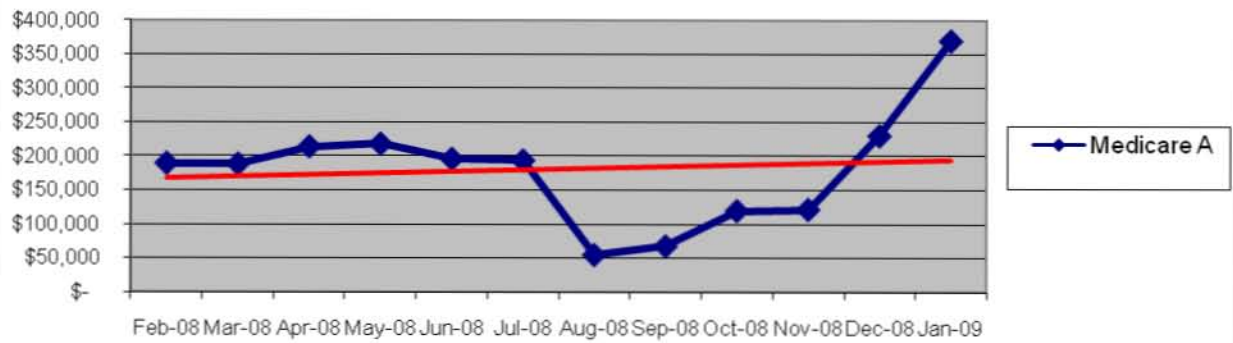


Revenues

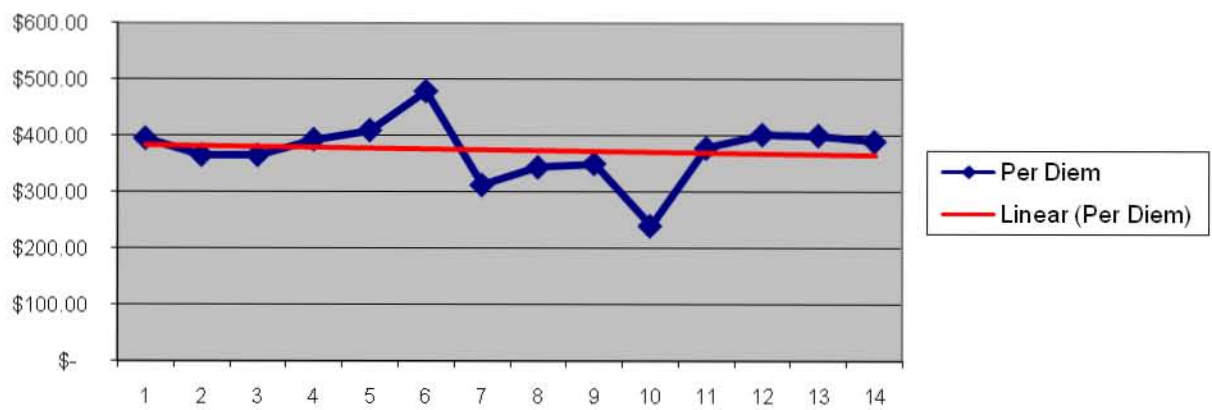
This month, January, we witnessed the second month of gains in Medicare revenue, driven solely by the volume of days. The per diem reimbursement for January was decent at \$391 but not as high as November (\$403) or December (\$401). This is a critical factor in building a better revenue base and we 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 trend line 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.

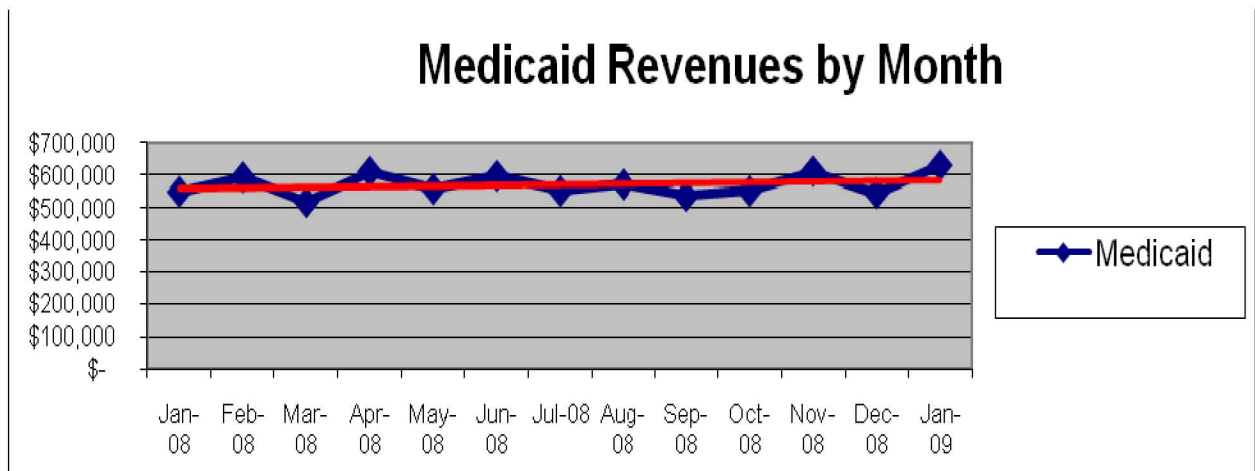
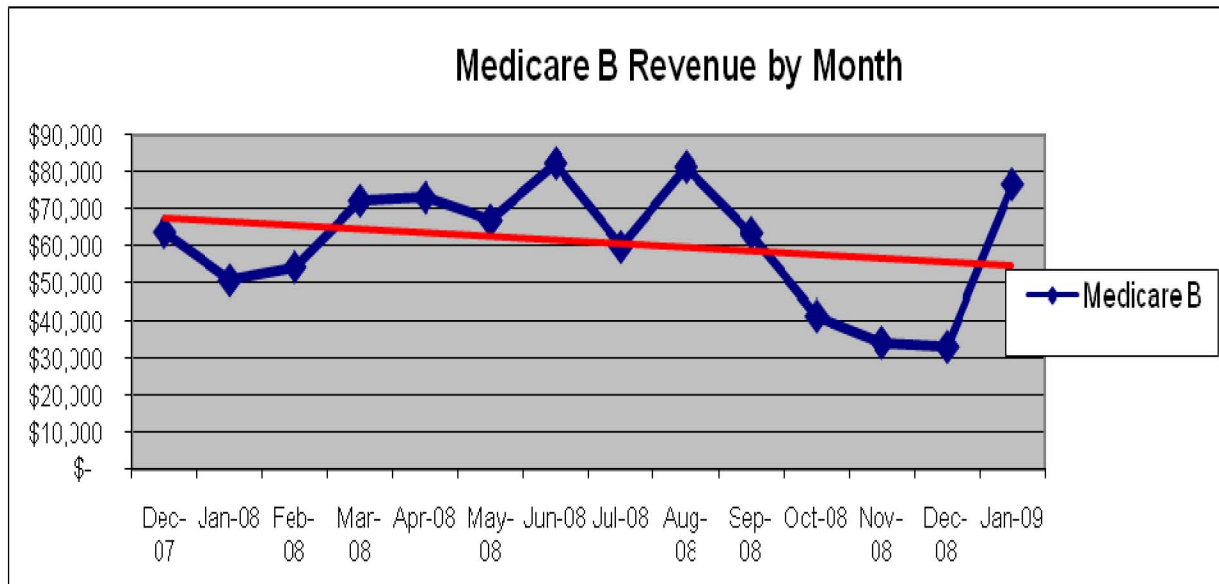


Medicare A Revenue By Month



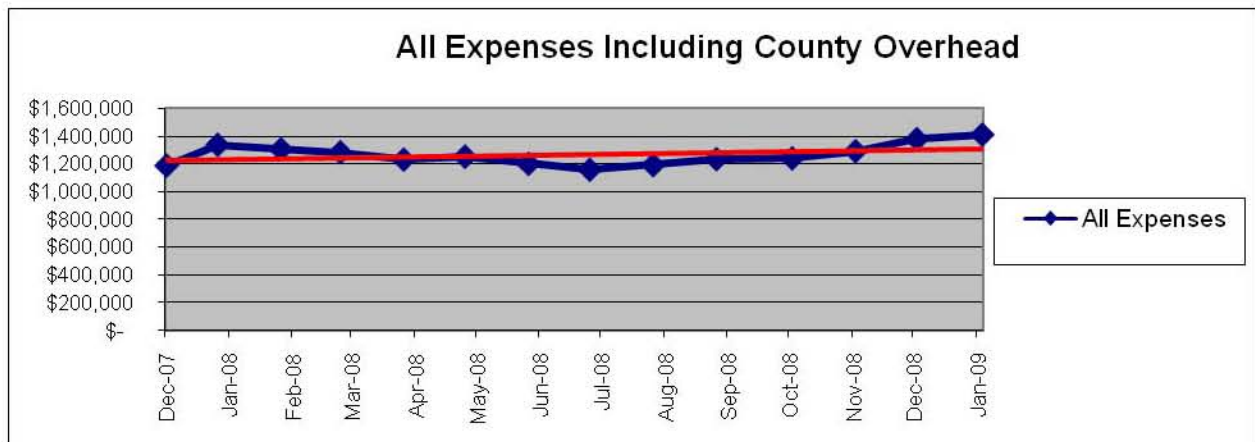
Medicare A Per Diem By Month





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, with the exception of Speech Therapy, were over budget – and so is the revenue.



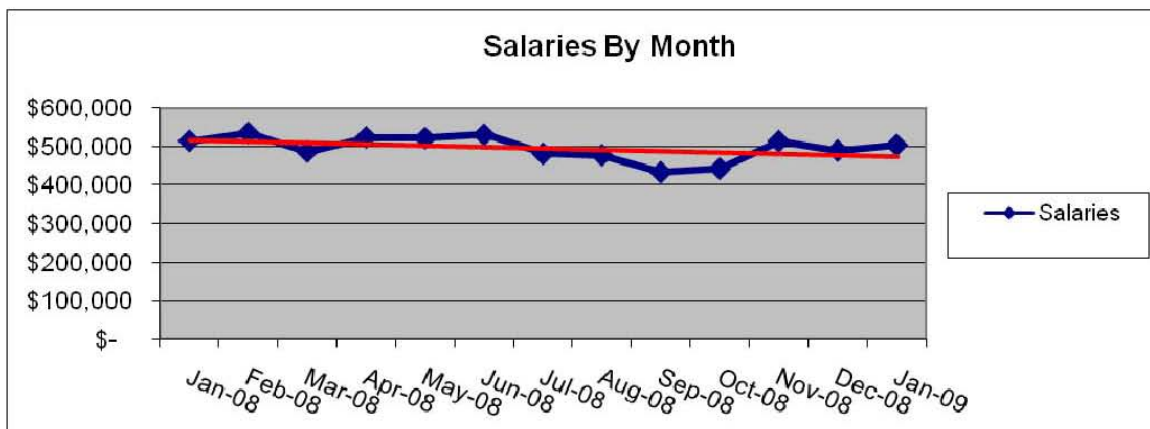
Here's a listing of departmental expenses compared to January 09 budgets:

Administration	\$36,000 (depreciation at \$58k)
Environmental Svcs	\$(1,200)
Laundry	\$(1,600)
Maintenance	\$(15,000)
Nursing	\$(33,000)
Activities	-0-
Social Svcs	\$(4,700)
Physical Therapy	\$18,000
Occ Therapy	\$5,600
Speech Therapy	\$(6,000)
Dietary	\$18,300
Alzheimer's	\$35,000

Salaries continue to be our biggest cost. 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	Jan-09	\$489,013
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 January, the figure was \$477,976 – a reduction of 7.8 percent. The difference between these two averages continues to shrink as we increase census and ad staff. Graphically, the relationship is:



Summary

January's performance is the best yet in the turnaround effort with a gain of about \$100k.

Census continues to be the big determinant of success and we have experienced some recent drops which have been sobering. The Medicare A trend line has turned positive but this program is totally dependent upon hospital referrals; there is nothing unusual about this. Medicare B was up significantly in January. We will watch this closely as it may be an aberration.

Revenues have increased and the expense level has stabilized. We have been able to manage CCNH's cash position but, as many of you have pointed out, CCNH is still operating on a very thin cash basis.

To: Board of Directors
Champaign County Nursing Home

From: M. A. Scavotto
Manager

Date: March 11, 2009

Re: Management Update

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

1. **Census:** Census has been up and down, and there is no pun intended. We had a spell where we were at 188 and 189. Admittedly, that's not too shabby. But we had been at 198 and liked it better.
2. **Operations:** See the Management Report for the last three months operating results. January's results are the best yet.

We seem to have made the switch to accrual accounting with good results. There are still some reporting issues. For example, we don't have a quick-and-easy way to report out the results of operations. After last month's attempt at reporting via Excel spreadsheet, I am opting to wait until we convert to MDI software. *If you want to see January results in Excel format, zap me a note and I'll send you the file.*

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.

I have no further update on compliance. I wish I had because this is a huge issue we are facing. My comment from last month goes unchanged:

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 is under way. I have enclosed a briefing paper on this issue that MPA prepared for Metro Counties. When you look at the strategy rather than the

rate mechanics, you will readily see how important it is to negotiate the percentage split with State HFS. This item is the whole ball game.

The Life Safety Plan of Correction has been submitted to IDPH. An outstanding issue is that CCNH will be requesting an exception under FSES (Fire Safety Equivalency Standard ... or something real close to that moniker). At issue is a smoke barrier standard that we believe we meet via an equivalency. The seven tags received via annual licensing and a subsequent complaint survey have been cleared. We have not yet received official notification from IDPH to that effect.

The interim DON is on board and functioning well.

The first of the Town Hall meetings between CCNH Directors and employees is set for March 19. The day times are 7 am and 2:30 pm. There is an evening session as well. You are all welcome to attend if your schedules permit.

3. **Employees:** Negotiations continue.
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.