NURSING HOME BOARD OF DIRECTORS AGENDA

County of Champaign, Urbana, Illinois
Thursday, April 16, 2009 – 6:00pm

In Service Classroom, 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
March 18, 2009

V. PUBLIC PARTICIPATION

VI. OLD BUSINESS

None

VII. NEW BUSINESS
a. Performance Partnering Program (Corbin Smith)
b. Board Education Session: CCNH Admitting Process (Buffenbarger)
c. Management Report (Scavotto)
d. Nursing Home Outreach to Community (O'Shaughnessy)

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. To be determined (May 20 appears to be the preferred option)

XII. ADJOURNMENT

Board of Directors
Champaign County Nursing Home
Urbana, Illinois
March 18, 2009

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

Directors Absent/Excused: Lansford

Also Present: Busey, Scavotto

1. Call to Order

The meeting was called to order at 6:00pm by Vice Chair O'Shaughnessy

2. Roll Call

O'Shaughnessy called the roll of Directors.

3. Agenda

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

4. Approval of Minutes

On motion by Czajkowski (second ANDERSON) the minutes of the February 12, 2009 meeting were approved (unanimous).

5. Public Participation

James Campbell, a CCNH resident for 3 years, addressed the Board. He indicated that he was very pleased with the service at CCNH after his comments to the Board in February.

6. Old Business

There was no old business.

7. New Business

a. Management Report

Scavotto updated the Board on January's performance and on the preliminary results for February, which are not as strong as January and which are disappointing. A number of

transactions in February need further review. Census had dropped to as low as 188 in recent weeks but is now back at 198.

Metro Counties has agreed to adopt the IGT restructuring as an effort worthy of its considerable support. At issue is the possibility of improving the longer-term reimbursement possibilities for County homes. A clear direction that has emerged from State HFS' reimbursement methodology is that County homes eventually will be reimbursed on the "standard" rate. While the "alternate" rate may provide some comfort as a floor, at some point County homes will need to hone their skills with acuity-based coding techniques which drive the standard rate; there are some differences between coding techniques for the standard and alternate rate.

b. Discussion regarding Nursing Home Outreach

O'Shaughnessy led a discussion on getting CCNH more community exposure. The need for a consistent message and positioning were expressed by several Directors. Emphasizing the benefit of positioning CCNH as a community educational resource, two themes emerged – dementia and admitting process (to be construed more broadly as navigating the long-term care system in terms of selecting a facility and knowing what steps to take).

Scavotto will outline a plan, consistent with the marketing approach developed earlier. The next steps will involve identifying CCNH speakers and target audiences.

8. Other Business

There was a follow-up question on the Round Table meetings. The schedule and statutory format for conducting the meetings have yet to be established. It is unlikely that any Round Table meetings will take place until AFSCME negotiations are completed.

9. Next Meeting Date

Thursday April 16, 2009, 6 pm

10. Adjournment

The meeting adjourned at approximately 7:20 (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: April 8, 2009

Re: Management Report

As I write this update, census is at 194 after having dropped from 198. Maintaining a census in the upper-190s continues to be a challenge.

As you work your way through this memorandum, there are several things to keep in mind. As CCNH becomes better managed, it is learning more about the details of an operation and learning from its discrepancies.

First, February's results were not good, showing a loss of approximately $50k. On a cash basis, adding back depreciation expense, CCNH had a cash surplus of about $8k, meaning that – technically - we should be able to cover fully-loaded expenses. So, while February was disappointing, don't be turning off the lights.

Second, the organization is new to accrual accounting. We had a mis-step in January which impacted results for both January and February. We discovered the problem while analyzing February results and believe we have things fixed. Specifically, we took an inventory in mid-January; we should have taken it at month's-end. Expenses in January were lower than they should have been and, as a result, higher in February. Inventory is not a big item in a nursing home. The areas that are affected most are food and medical supplies. Par levels are under control. We just shafted ourselves with a procedural snafu.

Third, we corrected a past billing error in February which resulted in an inordinate revenue correction. Specifically, we took a hit to Medical Supplies Revenue of $21k for over-billing of supplies to private pay accounts in prior months. The system input was off by a factor of 10. So, rather than compute 6 minutes for a dressing change (for example), we billed the entire hourly rate. Correcting this error was the right thing to do, all embarrassment aside.

Fourth, we are discovering work-arounds in the revenue accounting system and correcting them. I do not mean to imply that we are missing revenue because there is no evidence to that effect. Rather, while a total may be correct, the sub-classifications may not be and this phenomenon creates confusion. In January and February, Medicare Part B revenues were dramatically higher than in previous months. In the current CCNH system, there is some private pay revenue that is recorded as Medicare because of the way it has to be billed to the insurance carrier; once cash payment is received, the

revenue is classified correctly. This phenomenon will be corrected with the MDI system and we'll be much better off.

As convoluted as my illustration may be, CCNH is able to benefit from analysis. For instance, we are evaluating a likely definitional problem with the therapy vendor, Alliance Rehab, which reflects not so much a problem with Alliance as it does with the CCNH revenue classification system. At issue is the handling of Medicare Advantage cases. Our evaluation is that these residents are Medicare A even though they may have to be billed out in our system as something else (private pay). As a result, we may have over-paid Alliance Rehab; the contract provides for Medicare to be paid on a per diem basis and for Private/Managed Care to be paid per minute. We are analyzing these transactions and will take back any over-payment.

When I think through all of this, I am very thankful that we identified these problems early and are changing accounting systems.

Back to my regular report format....

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.

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 third reporting venture with accrual accounting. We will continue to refine our reporting throughout the year. Depreciation and County overhead are included in the statements.

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

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

	Dec-08	Jan-09	Feb-09
Medicare A	$ 378,938	$ 393,509	$ 312,903
Medicare B	$33,110	$76,640	$81,919
Medicaid	$ 631,598	$641,202	$564,301
Pvt Pay	$303,626	$290,704	$288,402
Adult Day-Private	$ 5,825	$6,087	$12,885
Adult Day-TXX	$ 8,281	$9,824	$10,496
Miscellaneous	$ 21,358	$14,575	$(4,726)
Property Tax	$78,902	$78,902	$78,902
All Revenues	$1,461,638	$1,511,443	$1,345,082
All Expenses	$1,378,123	$1,410,572	$1,395,384
Net Gain/(Loss)	$ 83,515	$100,871	$ (50,302)
Census	**5916**	**6150**	**5483**
change		4.0%	-10.8%
ADC	**190.8**	**198.4**	**195.8**
change		4.0%	-1.3%
FTE PPE 2-21-09			166.6

February's patient service revenue was $1.271 million. For a 31-day month equivalency, we are looking at $1.407 million – short of January's mark but ahead of November's and December's.

Current cash position is $1.082 million as of March 31. May and June are looming as months where cash is very tight. As of this writing, Accounts Payable is paid through Jan 08 2009; FICA and IMRF are paid thru the pay period ending (PPE) Jan 2 2009. There is currently a cash call for payment of FICA and IMRF, and we should be able to navigate that transaction.

The following graphs provide a comparative statement of position for CCNH through February 2009. I expect to have a good idea of March's results by the meeting and will update you then.

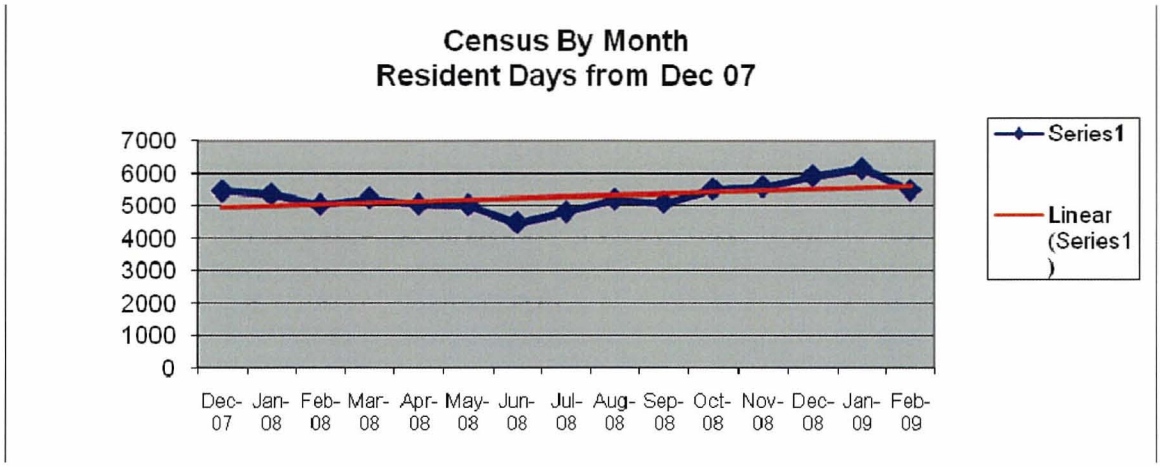
The solid line is a trend line for the displayed data and it should appear in red on your computers. (These graphs will display best when viewed on your screens.)

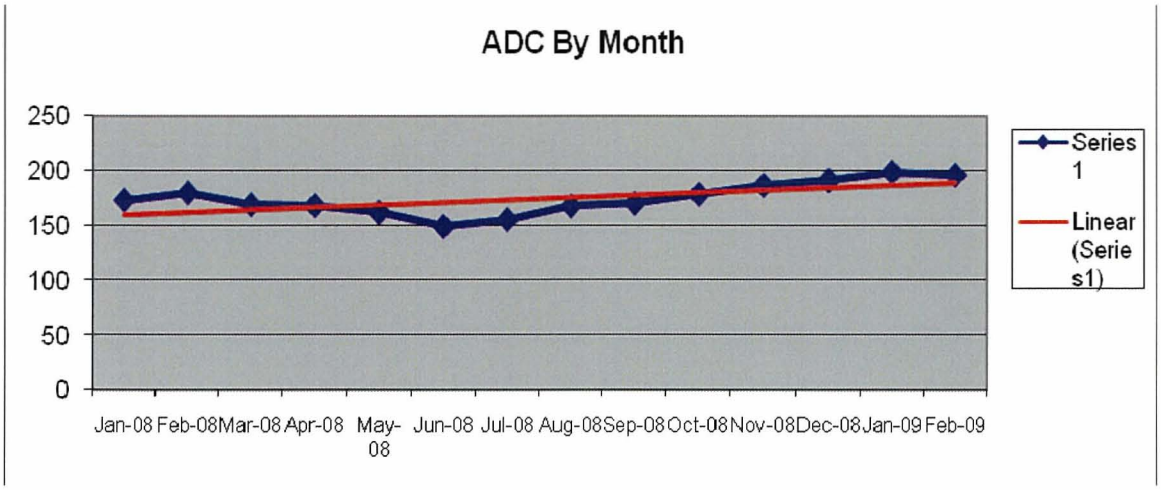
Census

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 193 with 2 scheduled admits this week. (Census actually hit 205 in late January and that has remained our high point.)

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





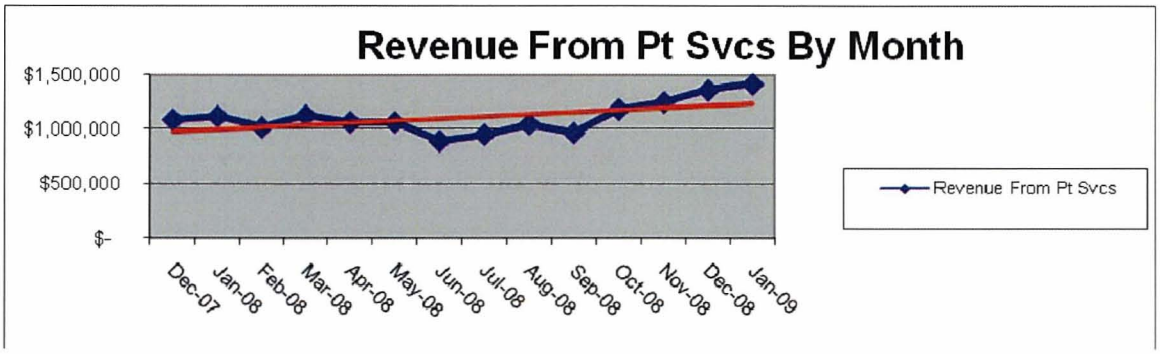
Revenues

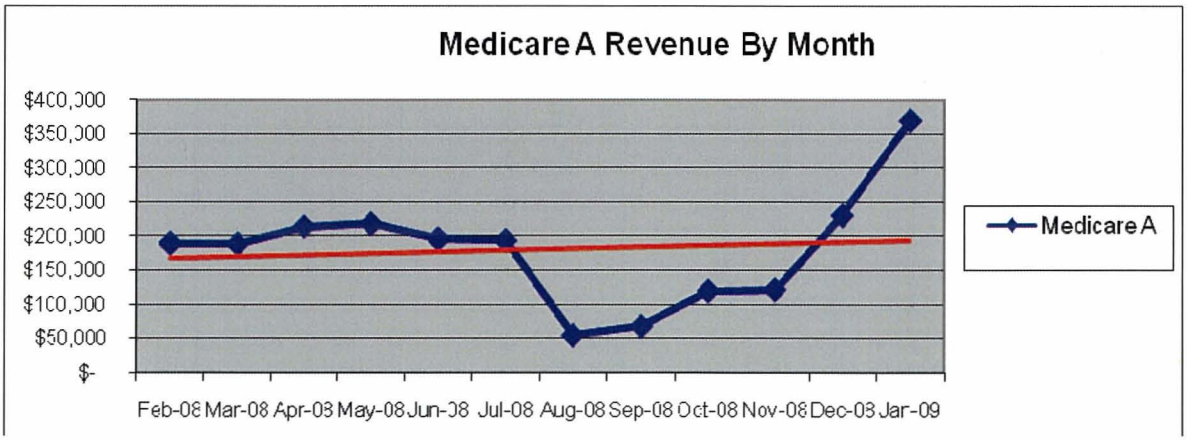
This month, February, we witnessed a drop in Medicare A, measured by the raw number of census days and by revenue per day. The per diem reimbursement for February was decent at $381, clearly below our prior pace and not taking into account any Part A revenues that are classed as Part B – and there are some.

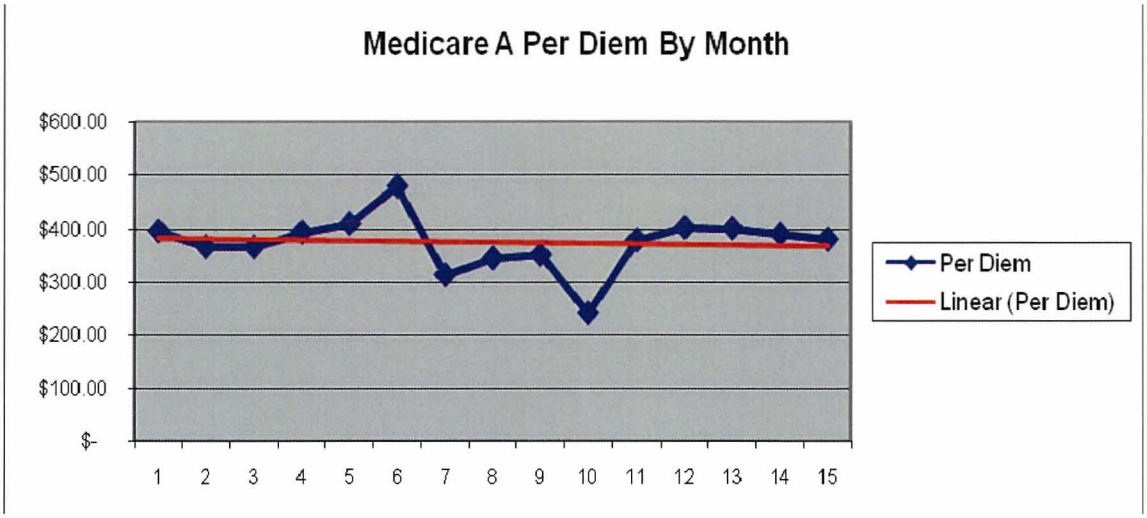
The Medicare per diem is a critical factor in building a better revenue base and we have significant improvements to make in our performance. The graph indicates that CCNH's Medicare per diem was at acceptable levels prior to June 2008 at roughly $400. The per diem dropped precipitously in June when admission sanctions were imposed. Since that

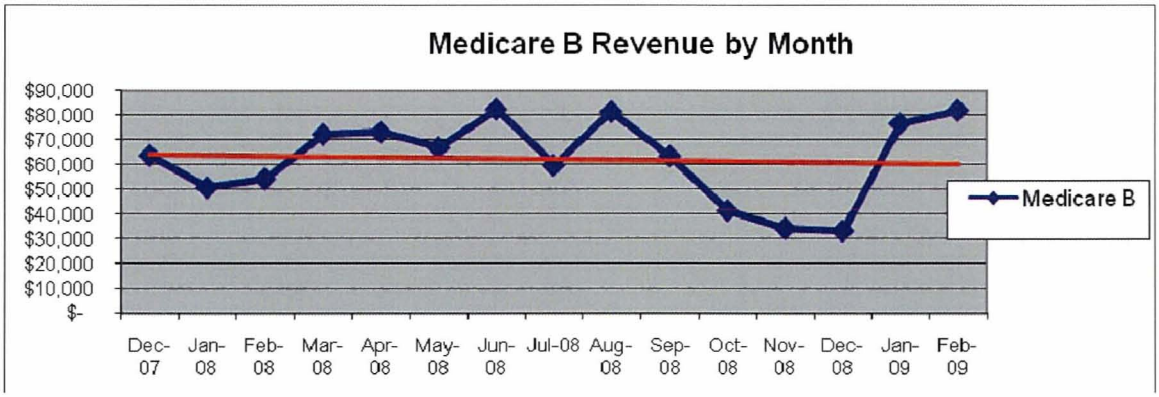
time, the per diem has recovered somewhat, only to drop miserably in September. October came back with a per diem of $379. The trend line in Medicare A is now positive. There is no way to spin February's drop in Medicare census; it obviously hurt us. Also, take a look at the chart for Part B revenue. It's very noticeable that something is awry, as I noted above in my opening discussion. Fortunately, we caught it early and are taking corrective steps, both in terms of classification and of expense recovery.

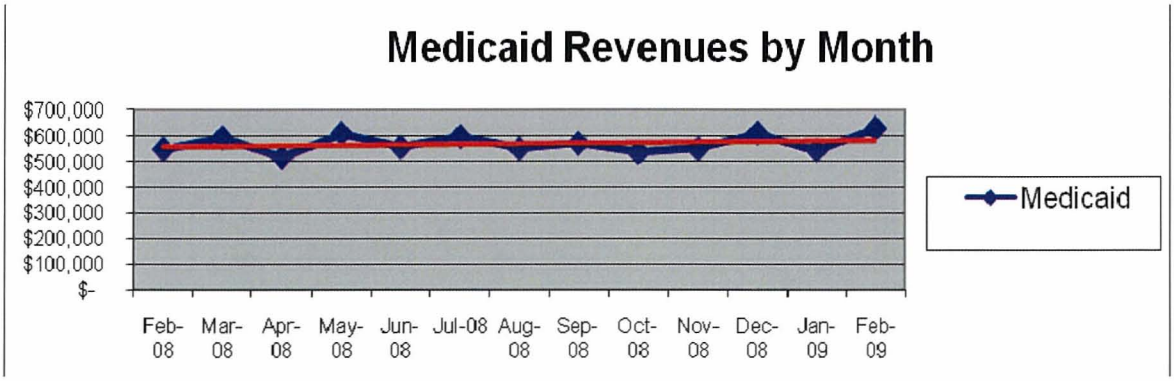
Medicaid and Private Pay revenues continue to be stable.

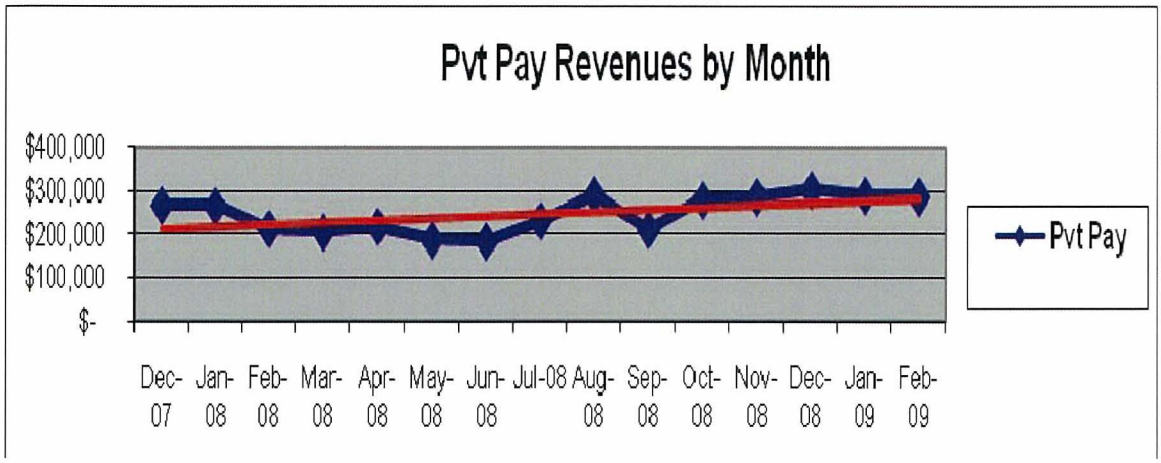


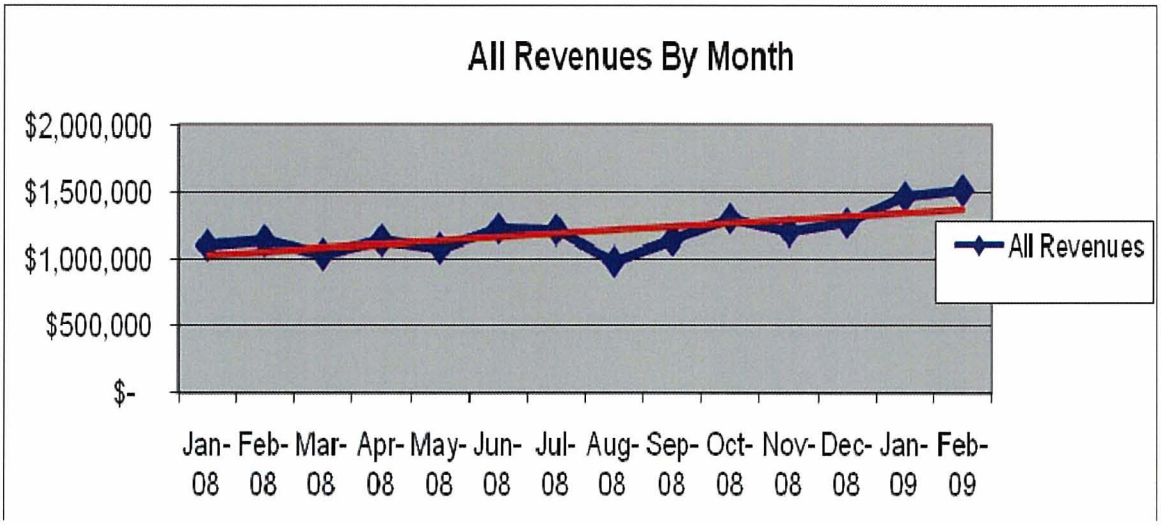



Medicare A Per Diem By Month
$600.00
$500.00
$400.00
$300.00
$200.00
$100.00
$-
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15
Per Diem
Linear (Per Diem)


Medicare B Revenue by Month
$90,000
$80,000
$70,000
$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$-
Dec-07 Jan-08 Feb-08 Mar-08 Apr-08 May-08 Jun-08 Jul-08 Aug-08 Sep-08 Oct-08 Nov-08 Dec-08 Jan-09 Feb-09
Medicare B

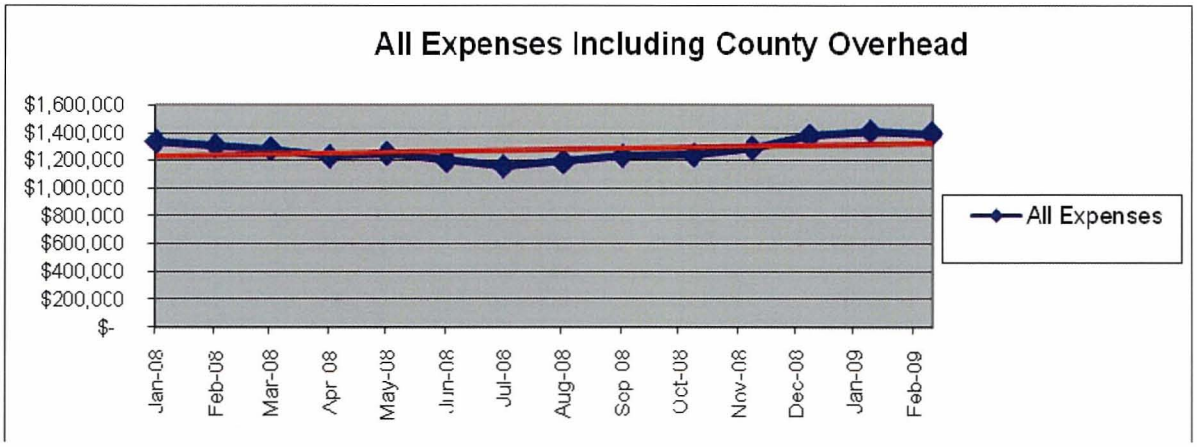

Medicaid Revenues by Month
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$-
Feb-08 Mar-08 Apr-08 May-08 Jun-08 Jul-08 Aug-08 Sep-08 Oct-08 Nov-08 Dec-08 Jan-09 Feb-09
Medicaid


Pvt Pay Revenues by Month
$400,000
$300,000
$200,000
$100,000
$-
Dec-07
Jan-08
Feb-08
Mar-08
Apr-08
May-08
Jun-08
Jul-08
Aug-08
Sep-08
Oct-08
Nov-08
Dec-08
Jan-09
Feb-09
Pvt Pay


All Revenues By Month
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
Jan-08
Feb-08
Mar-08
Apr-08
May-08
Jun-08
Jul-08
Aug-08
Sep-08
Oct-08
Nov-08
Dec-08
Jan-09
Feb-09
All Revenues

Expenses

Once we get past February's accounting glitches, 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 – and it's good that this is the case.



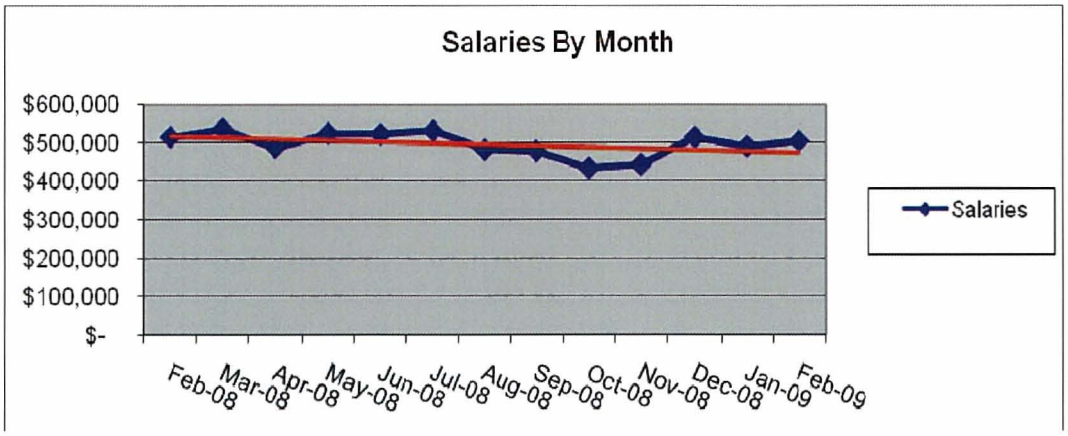
Here's a listing of departmental overages compared to February 09 budgets:

Administration: Prof Fees	$21,000
Administration: IGT expense	$9,000 (HFS adjustments)
Temp Salaries: Nursing	$13,000
Contract Nursing	$57,000 (PRN group working as agency)
Physical Therapy	$20,000
Occ Therapy	$7,000
Speech Therapy	$4,000

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	Feb-09	$424,740
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 February, the figure was $472,061– a reduction of 9 percent. Keep in mind that CCNH has entered a period where its PRN employees are working at the agencies. As a result, labor hours are down but agency costs more than off-set this reduction. Graphically, the relationship is:



Summary

As disappointing as February was from a profit & loss standpoint, we maintained a positive cash flow and identified several areas for improvement. We also corrected a charging error and took the entire hit ($21k) in February.

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 and February, and alerted us to the fact that something was amiss. We have some corrective actions to make in our own

revenue classification system and should see a reduction in expense on March's statements.

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 with lean months (May and June) ahead of us.

To: Board of Directors
Champaign County Nursing Home

From: M. A. Scavotto
Manager

Date: April 8, 2009

Re: Marketing Update
Nursing Home Outreach

At the March meeting, the Board requested that management incorporate several community outreach propositions into the marketing plan outline. I have excerpted the important elements of the initial marketing discussion and have inserted last month's community outreach comments whenever they fit into the plan.

Just as a quick reminder:

The two topics that the group emphasized in March were 1) dementia education and 2) an overall theme to assist customers in "Navigating the System". Navigating the System has several branches. We will learn about CCNH's admission process on April 18. Other navigational subjects include Medicaid eligibility, Medicare benefits, and what to look for in selecting a nursing home. All of these topics can be expanded upon on the CCNH website.

Mary Ellen is off to a good start in the Amazing Generation. Stories are being told, but not documented effectively so we can turn them into CCNH promotion.

Preliminary Marketing Plan Outline

Strengths...unique selling points

New facility
State of the art dementia facility
Sense of community (neighborhoods)
Nursing care is good
Rehab re-building

Goal

One goal: not abandon mission while attracting more paying patients

We need to tell our stories. CCNH has taken some hits in the local media. Our stories can counter this by telling about consistency of care, consistency of nursing care, and consistency of mission

Reasons people choose a nursing home:

Facility
Affordability
Quality of care/service.....reputation
Convenience
Comfort with the decision to use an institution

Decision-makers

Discharge coordinators
Families
Physicians

Consistent messages, positioning

Community owner and operated for xx years

Dedicated staff (testimonials)..... not a "message" but something that can be "witnessed"

Affordable

Close to home

Preliminary Marketing Plan Outline (continued)

Broader Discussion & Direction

Mary Ellen got things started by presenting her idea of publishing stories of the lives of CCNH residents. There were a couple of titles mentioned for this endeavor. I have in my notes The Amazing Generation as well as "…Where One's Life Story Continues…" There was enthusiasm for this approach. Rebecca emphasized the need to present a consistent theme in all CCNH messages as a means of positioning. Peter focused on the need to convince the community that CCNH was going to remain open. Accordingly, CCNH needs a better mix of residents.

Several other approaches were discussed including public service spots in all media, speaking to local civic groups (specifically with Charles Lansford as a lead speaker), and re-tooling the website to more informative to adult children caring for aging parents. All of these are worthwhile.

March's Community Outreach discussion seems to fit here nicely.

The positioning on dementia education is for CCNH to be recognized as the community's leading source of dementia information. The presentations would emphasize education about the disease, its progression, and what families can expect at the different stages of the disease. The presentations would not be designed to feature CCNH's dementia services; rather, the desired outcome would for families turn to CCNH as a trusted source of information regarding dementia. The nature of the positioning objective and of the discussion indicates that CCNH dementia specialists would have the knowledge, but speaking skills may need to be enhanced. (Perhaps Mark would work with us on this effort. CCNH's current dementia specialist, Linda K, is retiring; she has the knowledge and still wants to stay involved; she might be a good speaker in some forums, perhaps not in all.)

The dementia topic lends itself to civic and church groups where there tend to be adult children who are responsible for caring for parents afflicted with dementia.

Navigating the System has the same positioning benefit as dementia education in that CCNH becomes a community resource for informing the public about accessing and using long-term care services. Topics cover services available in the community and when to use them, admitting procedures, eligibility determinations, and benefits. (For example, most families are not familiar with long-term care Medicare benefits until they are facing a hospitalization or transfer to a skilled facility.) Speaker expertise would lean towards CCNH social workers.

The discussion concluded with the following emphasis:

1. The residents' stories --- The Amazing Generation. e.g. --- should start with an open letter to the community. The letter would be from the CCNH Board and

would emphasize a new direction for CCNH, its long tradition of service, and testimonials of the fine care provided there.

2. The thematic, or positioning, angle would feature Julie's word-smithing on

   - Community owned and operated for xxx years
   - Dedicated staff
   - Affordable
   - Close to home

3. We need to establish a project scope, including budget requirements, and get the open letter out by then end of October. In keeping with the idea of putting forth a consistent message, we need to develop a graphic identity for CCNH that will apply to all publications.

To: Board of Directors
Champaign County Nursing Home

From: M. A. Scavotto
Manager

Date: April 8, 2009

Re: Management Update

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

1. **Census:** March should come in with an ADC of 191 (including 91 private bedhold days) – not as good as to what we have become accustomed. This dip in census sets up a cash flow crunch in future months, most particularly in May and June.

2. **Operations:** See the Management Report for the last three months operating results. February's results show a loss of $50k, but there are extenuating circumstances as detailed in my management report.

   We finally are showing some progress on the MDI software contract. MDI has agreed to final changes and we await the final version of the contract. Now it's a matter of getting the hardware installed. Andrew is working to get the MDI conversion underway as soon as possible.

   Special Counsel Sharon Kelley provided her review of the draft compliance plan. We will make the changes and proceed to implement the plan. Look for this effort to occupy more Board-level attention in the coming months. MPA's Scott Gima will be working with Andrew on implementing the compliance plan at CCNH.

   There is not much to report on the IGT. Metro Counties did agree to support our efforts with HFs and that should be a big political plus. We have a follow-up request in to Metro Counties.

   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). The architects are evaluating the issue and this remains an active item. 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. (We just received word from IDPH that several Life Safety tags were removed because, upon review, they were found to be in error.)

We continue to struggle with an involuntary discharge proceeding. This is a very tough situation and there do not appear to be any good options. Our best bet is to buy some time and request a delay in the final hearing, which is warranted because CCNH just received a psychiatric evaluation less than one business day before the hearing.

We are closing in on some late-April dates for a visit with Bill Bell at IDPH. Mr. Bell is in charge of operations including surveys. The plan is for MPA and special counsel Matt Murer to visit with Bill about the changes that have taken place at CCNH. There is clearly room for interpretation in the survey standards and CCNH has not seen any potential for slack in recent surveys. We continue to believe that several citations were not justified by the facts. We are hopeful that IDPH will be open to a new understanding of CCNH.

The interim DON is on board and functioning well. The new DON will be Karen Knoffke. Karen comes to us with many years (since 1988) at Illinois Masonic Home in Sullivan where she served as Administrator and as DON (not simultaneously!). Karen is certified in restorative care and in gerontology and has over 30 years in nursing.

The Care Plan Coordinator position – an RN – will be vacant soon and will be filled via a temp agency until we can recruit a full-time replacement.

Bob Stewart is the new Social Services Director. He has been with Provena since 1989 and joins CCNH from that organization where he worked in Behavioral Health. Bob has a degree in Urban/Regional Planning and an MSW from University of Illinois.

Jim Hronek (pronounced Ronik) is the new Volunteer Coordinator. Jim relocated to Urbana in 2005 when his wife joined Carle as a nurse practitioner. Jim has a sales background and has been retired. However, he likes to stay busy, so we've got him as our volunteer dynamo.

3. **Employees:** Negotiations continue.

4. **Public Image:** See the Marketing Update discussion in the Board mailing.

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