

**Board of Directors
Champaign County Nursing Home (CCNH) –Minutes
Urbana, Illinois
September 14, 2015**

Directors Present: Emanuel, Anderson, Banks, Hodson, Lynn, Palinkas

Directors Absent/Excused: Cowart

Also Present: Busey, Gima, Noffke, Nolan

1. Call to Order

In Chair Emanuel's absence, the meeting was called to order at 6:00 pm by Vice Chair Palinkas.

2. Roll Call

Nolan called the roll of Directors. A quorum was established.

3. Approval of Agenda

Agenda was approved as distributed (motion by Anderson, second by Banks, unanimous).

4. Approval of Minutes

The open session minutes of August 10, 2015 were approved as submitted (motion by Anderson, second by Banks, unanimous).

5. Public Participation

Pattsi Petrie thanked the Board of Directors for the 5-year financial projections. Ms. Petrie asked the board a series of questions to consider in their discussion of the 5-year financial projection. The questions pertained to clarifications in regards to projected capital expenses, projected revenues for non-collectable accounts receivable and staffing costs. Ms. Petrie additionally relayed a message from the Public Health Board of Directors meeting, encouraging the nursing home to test staff members for Mumps.

6. Communications

None

7. Approval of Contract with GHR for Lint Remediation Project

Mr. Brenner introduced Jim Gleeson from GHR Engineers and Associates, Inc. and reported that GHR's remediation is the best solution to the current dryer exhaust problem.

Mr. Gleeson reported that the lint remediation project will be completed by purchasing and installing a custom built piece of equipment that will extract lint out of the dryer vents. The equipment will be installed in the courtyard to the west of the chapel and will act as a type of vacuum to extract lint before it is exhausted into the intake of the nursing home's boilers. Also included in the project is a compressed air system to prevent lint build up along with the installation of sprinklers that are specifically designed to extinguish fires inside the dryer drums. The project is expected to take 6 months to complete from start to finish.

Mr. Palinkas asked if the exhaust from the newly installed system will be completely lint free without having to move any currently installed equipment. Mr. Gleeson confirmed. Mr. Palinkas asked for the total cost of the project. Mr. Gleeson noted that proposed fee distributed to the board includes the amount of \$24,950 for all planning and bidding, and an additional \$6,600 is included for reimbursable expenses.

Mr. Gima thanked Mr. Brenner and Mr. Gleeson for their efforts in coordinating a cost effective solution to the nursing home's dry exhaust and lint problems. Mr. Brenner noted that an additional architectural firm will be hired to redesign a door that will need to be replaced during the project.

Mr. Lynn asked if an intermediate solution is in place while the project will take 6 months to complete. Mr. Gleeson noted that routine cleanings by staff members will be required as an intermediate solution. Mr. Brenner noted that 3 boilers are now utilizing the mechanical room as an air intake source to avoid additional lint build up. Mr. Brenner anticipates that the project will be completed over the upcoming winter with boiler replacements occurring during the following summer. Mr. Lynn asked if the boilers can be cleaned instead of replaced. Mr. Gleeson noted that the boilers have been cleaned, but need to be replaced due to their deteriorating condition and the inability to fully clean the units. Mr. Lynn asked why it took as long as it has to discover the lint and boiler problems. Mr. Gleeson noted that staff members were unaware of the problems until the boilers were plugged solid with lint.

MOTION by Anderson to approve the contract with GHR for Lint Remediation Project; second by Lynn. Upon vote, **MOTION CARRIED.**

8. Quarterly Compliance Officer Program Update – Josh Drake

Mr. Drake reported that annual compliance training with all staff members was completed during the last quarter. Topics included HIPAA, false claims, residents' rights, kickbacks, and confidentiality. All new hires are up-to-date with compliance training. September's monthly compliance topic includes training on good documentation techniques, and in-service trainings continue to be completed on a monthly basis.

Mr. Banks asked how compliance trainings are completed across multiple shifts at the nursing home. Mr. Drake explained that training times are scheduled throughout the day to ensure all staff members, regardless of which shift they work, receive trainings and education. Mr. Banks asked if training is mandatory. Mr. Drake confirmed. Mr. Banks asked if compliance topics include signatures from doctors on required paperwork. Mr. Drake confirmed and noted that he is working with nursing home doctors to provide training on this topic.

9. 2016 Budget and 5-Year Financial Projection

2016 Budget

Mr. Palinkas asked Mr. Gima to facilitate answers to the questions Ms. Petrie raised during the public participation portion of the meeting.

Mr. Gima reported that projections for the FY2016 budget were based upon an assumed census of 206 residents. The FY2016 budget includes 21 Medicare residents, 112 Medicaid residents, 71 private pay residents and 2 veteran residents.

Chair Emanuel entered the meeting at 6:24 p.m.

The increase in the projected number of Medicare residents reflects the nursing home's newly constructed Medicare unit.

Mr. Banks asked for clarification in regards to the projected number of hospice residents in FY2016. Mr. Gima explained noted that the number of hospice residents is included in the projected Medicaid data.

Mr. Gima provided the board with updated data for the payer mix projections for FY2016. The FY2016 budget includes a payer mix of 10.2% Medicare, 54.4% Medicaid and 35.4% private pay. Private pay rates have increased by 1% and Mr. Gima assumed a 5% Medicaid rate cut. Medicare and adult day care rates will not change.

Mr. Gima reported that all union and non-union wages reflect a 2% increase. Nursing wages reflect staffing based on 12.5 open CNA positions. Contract nursing expenses are expected to decline and food service expenses will not change.

Capital expenses for FY2016 include a dryer lint remediation system, boiler replacements and computer replacements. Mr. Gima noted that capital expense projections are based on the input received from Mr. Gleeson and Mr. Brenner. Net cash flow for FY2016 is projected at \$9,295.

Mr. Anderson asked how much bad debt the nursing home has incurred and how much revenue is anticipated to be collected from outstanding payments. Mr. Gima noted that the amount of bad debt is unclear at this time and he is unsure if it was included in the FY2016 budget. Mr. Anderson asked Mr. Gima to include all bad debts in the 5-year financial projection when it is presented to the full County Board on September 17th. Mr. Gima agreed, and he noted that the hiring of a new business officer manager has slowed office operations due to this transition. Mr. Anderson expressed concern about the amount of bad debt that may not be included in the financial projection and asked for a rough estimate of what the amount may total. Mr. Gima noted that FY2014 included between \$200,000 and \$300,000 of bad debt and estimates FY2015 to be around the same amount. Mr. Lynn asked what can be done to increase collections on outstanding payments owed to the nursing home. Mr. Gima noted that liens have been filed on properties and involuntary discharges can be utilized if payments are not received. Mr. Palinkas noted that individuals who do not qualify for Medicaid and are unable to make payments to the nursing home may have the financial capability to make payments or transfer assets to the nursing home as a form of payments. Mr. Gima explained that the nursing home utilizes an outside attorney to recover assets as forms of payments.

Mr. Anderson noted that the FY2016 budget does not reflect realistic projections if the amount of bad debt incurred by the nursing home is not included. Ms. Emanuel and Mr. Lynn confirmed. Ms. Busey noted that the 5-year financial projection will need updating once the amount of bad debt has been updated in the FY2016 budget.

In response to Ms. Petrie's question regarding the number of unfilled positions at the nursing home, Mr. Gima explained that CNA positions are the largest portion of unfilled positions. Budget projections were based on the assumption of full staffing; however, the budget was revised once it was determined that operating at full staff was not realistic. Mr. Lynn asked for the average of unfilled positions over the last 5 years. Mr. Gima noted that he would need to research this information and provide it to the board at a later date. CNA positions were determined to be the hardest position to fill at the nursing home and the budget was changed based on this assumption. Mr. Lynn and Mr. Palinkas noted that although CNA positions are often the largest unfilled positions at the nursing home, the budget needs to include overall averages for all unfilled positions at the nursing home to ensure realistic projections for the FY2016 budget. Ms. Busey noted that overstating expenditures will result in savings at the end of the year if revenues are accurately projected, and it also gives the nursing home the ability to operate at full staffing levels if necessary.

5-year Financial Projection

Mr. Gima reported that assumptions for the 5-year projection include a constant census at 206 residents, a Medicare census that increases by one resident per year and Medicaid census that decreases by one per year. Five scenarios were created to run the financial projection. Four scenarios change the number of Medicaid and private pay residents and the fifth scenario reduces the overall census.

Mr. Banks asked for more information to be provided about the decrease in one private pay resident per year. Mr. Gima noted that decreases were made to the number of private pay residents in order to keep the overall census unchanged.

Mr. Gima provided the board with updated payer mix projections for the 5-year financial projection. Revenue assumptions include Medicare rates increasing by 1% each year, unchanged Medicaid rates, private pay rates increasing by 3% each year and veterans' rates increasing by 0.5% each year. Expenditure assumptions include increasing wages by 2% each year, reducing agency expenses by 10% each year, increasing health insurance expenses by 12% each year, unchanged IMRF rates, increasing utility rates by 5% each year, increasing non-labor expenses by 1% each year and decreasing projected capital expenses.

Mr. Anderson asked for clarification in regards to the provided capital expenses information. Ms. Busey noted that the projections include projects that are expected to be completed within each year.

Mr. Gima reported that the five projected scenarios include increasing the number of Medicaid residents and reducing the private pay census by the same number of residents, decreasing the Medicaid census and increasing private pay, and reducing the overall census by reducing both Medicaid and private pay residents.

Mr. Anderson noted that expenses in each scenario remain unchanged and asked for clarification. Mr. Gima informed the board that the wrong financial statements were included in the distributed agenda and corrections will need to be made. Mr. Lynn noted that the included projections are unrealistic without the correct financial statements.

Mr. Gima presented the board with census information for other facilities in the Champaign County marketplace. He noted that Champaign County Nursing Home remains the largest provider of Medicaid services in the current marketplace. Additionally, Champaign County Nursing Home remains the only facility in the current marketplace that has an increasing and stable census while other facilities are experiencing census reductions and the addition of more Medicaid payers.

Mr. Palinkas asked if there are too many nursing home beds in the county to remain competitive within the current marketplace. Mr. Gima noted that the number of beds available in the marketplace is oversaturated.

Mr. Anderson asked how the payer mix will change within the next 10 years. Mr. Emanuel noted that the number of private pay residents is anticipated to decrease because the nursing home provides more clinical services rather than specialized medical services that other area homes provide. Ms. Hodson commented that improving the nursing home's Medicare survey scores will increase the number of people looking to utilize the nursing home's services. Mr. Palinkas agreed. Ms. Emanuel noted that Champaign County Nursing Home remains the highest rated quality score in the area.

Ms. Emanuel asked Mr. Gima to provide the board with a corrected FY2016 budget and a corrected 5-year financial projection.

10. Management Report

a. Monthly Financial/Management Report

Mr. Gima reported that net income from the month of June totaled \$19,020 and cash flow from operations totaled \$77,973. The July ending cash balance reflects payments being received from Health Alliance and Molina. Medicaid payments from July services were received, but the future timing of Medicaid payments from the state is still unknown.

Mr. Gima noted that a new dietary director has been hired and food service satisfaction scores along with meal delivery times have improved. A regional director and chef for Healthcare Services Group continue to make weekly visits to the nursing home to ensure the quality and timeliness of all meals. Mr. Palinkas asked for an update in regards to weekend shifts for food service workers. Ms. Noffke noted that improvements continue to be seen with the addition of new staff members from Healthcare Services Group.

11. Chair's Report

a. Strategic Planning Next Steps

Ms. Emanuel provided the board with a handout concerning the strategic direction of the nursing home in regards to placing a referendum on the County ballot which calls into question the mission, vision and future of the nursing home. The board has the responsibility to a conduct a thorough assessment of both the internal and external situations surrounding the nursing home before making a recommendation.

Ms. Emanuel detailed to the board the necessary steps that should be taken to assess the market need for the nursing home and need for nursing home services within the marketplace; to gain input for the key stakeholders in the nursing home including health care providers, case managers, skilled nurses, residents and families as well as board members; to assess the internal trends of the nursing home in regards to volume, financial, quality and capital needs trends; to establish answers for the key issues the nursing home currently faces. Ms. Emanuel recommended this process be completed by the end of February 2016.

Mr. Gima commented that external factors in the marketplace are critical for analysis. Ms. Busey noted that a recommendation made in February 2016 would allow the board to place a question on the November 2016 ballot.

Mr. Anderson asked who will complete the analysis and the associated workload and recommended that an industry expert complete an overview of the board's strategic plan once it's completed to determine where improvements can be made. Ms. Hodson noted that the management company should be able to complete this task. Mr. Anderson explained that would like an outside agency to complete the overview to eliminate internal bias and remain neutral. Mr. Banks agreed with Mr. Anderson's recommendation. Ms. Busey noted that resources may not be available in the budget to complete an outside and a report will need to be compiled to address exactly what the outside agency is expected to review.

Mr. Anderson clarified that he recommends an outside agency conduct an objective review of the nursing home board's strategic planning goals in order to determine if the board is headed in the correct strategic direction. Mr. Palinkas commented that an outside agency conducting a review will be costly and they may not provide the board with the information

and support they seek. Mr. Gima recommended that the board draft a strategic plan and have an outside agency review the plan they have developed. Mr. Anderson confirmed Mr. Gima's recommendation.

Ms. Hodson asked what Mr. Anderson would like assessed by an outside agency. Mr. Anderson explained that he like an outside agency to either confirm or deny the ultimate recommendation that the board will make after completing a strategic planning process. Ms. Emanuel and the board took time to clarify what type of assessment each board expected from an outside agency. Mr. Anderson clarified his idea that an outside agency should provide review of the overall strategic plan to determine the validity of the board's strategic options. Ms. Busey clarified that an outside review would occur at the end of the process. Mr. Anderson confirmed.

Mr. Palinkas asked the board to identify who will complete each portion of the strategic plan. Ms. Emanuel noted that current nursing home management will complete majority of the strategic plan, an outside agency will review the process after key issues are identified and the board will ultimately make a recommendation on each issue based upon the best option available. Mr. Banks recommended consulting the University of Illinois in regards to gaining input from key stakeholders. Ms. Hodson agreed with Mr. Banks.

Ms. Emanuel asked the board to come to the next meeting with community contacts who have the ability to provide an outside review of the board's strategic plan.

12. Semi-Annual Review of Closed Session Minutes

Ms. Busey noted that the recommendation of the State's Attorney is for all closed session minutes to remain closed at this point in time.

MOTION by Banks to maintain the closed session minutes as closed as recommended by the State's Attorney; seconded by Palinkas. Upon vote, the **MOTION CARRIED** unanimously.

13. Other Business

Mr. Lynn asked if the Department of Public Health (DPH) has visited the nursing home. Ms. Noffke confirmed. Mr. Lynn asked why DPH visited the nursing home. Mr. Gima noted that DPH is investigating on-going complaints. Mr. Lynn asked how many complaints are being investigated. Ms. Noffke noted that there are 3 active complaints. Mr. Anderson asked if a report will provided to the board detailing DPH's findings. Mr. Gima confirmed.

Mr. Lynn asked for an update in regards to the renovation of Unit 4. Mr. Gima noted that renovations have not been completed and expects Unit 4 to open as a decided Medicare unit within two to four weeks.

Mr. Banks commented that he is very impressed with staff communications and staff dedication to the residents at the nursing home.

14. Closed Session Pursuant to 5 ILCS 120/2(c)2 to Consider Collective Negotiating Matters Between Champaign County and Its Employees and Their Representatives

MOTION by Hodson to enter closed session Pursuant to 5 ILCS 120/2(c)2 to Consider Collective Negotiating Matters Between Champaign County and Its Employees and Their Representatives, and for the following individuals to remain present: Scott Gima, Karen Noffke, County Administrator and recording secretary.

Roll call vote:

Aye: 6 – Banks, Emanuel, Hodson, Lynn, Anderson, Palinkas

Nay: 0

Motion carried.

The Champaign County Nursing Home Board of Directors entered into Closed Session at 8:10 p.m.

The Champaign County Nursing Home Board of Directors resumed Open Session at 8:32 p.m.

15. Next Meeting Date & Time

The next meeting date and time for the Nursing Home Board of Directors is Monday, October 5, 2015 at 6:00 p.m.

12. Adjournment

Chair Emanuel declared the meeting adjourned at 8:34 p.m. (motion by Anderson, second by Banks, unanimous)

Respectfully submitted:

Brian Nolan

Recording Secretary