

**Board of Directors
Champaign County Nursing Home
Urbana, Illinois
June 11, 2012**

Directors Present: O'Shaughnessey, Anderson, Emanuel, Hambrick, Palinkas,

Directors Absent/Excused: Czajkowski, Bensyl

Also Present: Busey, Gima

1. Call to Order

The meeting was called to order at 6:05 pm by Chair O'Shaughnessey

2. Roll Call

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

3. Agenda & Addendum

The agenda was approved as submitted (motion by Hambrick, second by Anderson, unanimous).

4. Approval of Minutes

The open session minutes of May 14, 2012 were approved as submitted (motion by Hambrick, second by Anderson, unanimous).

5. Public Participation

There was no public participation.

6. Old Business

There was no old business.

7. New Business

a. Management Report: Operations and Financial Position

Gima reviewed the April statistics and financials. April's average daily census was 191.7, up slightly from 190.7 in March. The ADC for the first quarter of FY 2012 was 197.3. April's Medicare census was 14.8, a drop from 20.6 in March. The year-to-date Medicare ADC is 18.5. The payor mix in April was Medicare 8 percent, Medicaid 57 percent, and private pay 35%.

April's income statement showed a net loss of \$(65)k, which includes a prior period adjustment of \$33k. The prior period adjustment is the net impact of the bed tax. The adjustment reflects the increased Medicaid revenue between May 2011 and March 2012 less the additional bed tax levy for April 2011 through March 2012. The loss in April is due to two factors, a lower overall census and a decrease in Medicare. May statistics will not be much different from April. May's Medicare ADC is expected to be lower than April's. In recent days, the census has increased. The current census is about 200. Medicare hit 14 last week but is currently at 11.

b. Cash Position

CCNH's cash at the end of April was \$1.268 million, an increase of \$153k from March. Accounts receivable totaled \$4.287 million, an increase of \$368k. Accounts payable was \$2.267 million, an increase of \$444k. Medicaid payments have been steady at a two to three month delay cycle. CCNH received an IGT check last week totaling \$500k. Once again, HFS has not provided the back up and it is not known when the backup will be sent.

c. Medicaid Payment Status\Medicaid Rate Cuts

We have dodged a bullet with the passage of the SMART Act Medicaid reform legislation. With rate cuts of anywhere from 10 to 12 percent, we are looking at an effective rate cut between 0.9 percent and 1.5 percent. Our Medicaid rate has three separate components, a nursing rate, capital rate and support rate. The SMART Act cuts the capital and support rate by 1.7 percent. The nursing rate is cut by approximately one percent but the rate cut is tied to the implementation of the new RUGS IV reimbursement system. Early drafts of the SMART Act had RUGs IV starting on July 1st but the final legislation has a start date of January 1, 2014, a delay of 18 months. At this time, we have not been given any indication of whether the 1 percent nursing component cut will also be delayed or immediately implemented against the current nursing rate. If the 1 percent cut does begin on July 1st, the effective rate cut will be about 1.5 percent (about \$85k over 12 months). With a delay, the overall reduction will be about 0.9 percent (about \$51k over 12 months).

With the passage of the cigarette tax and the Medicaid cuts, there is a possibility that additional payment delays may be avoided. By no means is this a certainty. Hopefully this issue will be clarified in the next few weeks.

d. Medicare/Medicaid Dual Eligible Demonstration Project

The Department of Healthcare and Family Services (HFS) is currently seeking bids from managed care plans to participate in the Medicare-Medicaid Alignment Initiative. This demonstration program will integrate the medical care of individuals that have Medicare and Medicaid insurance into a single managed care program. Starting January 2013, the program will be rolled out in the greater Chicago area and in Central Illinois. The Central

Illinois region includes Champaign, Christian, DeWitt, Ford, Knox, Logan, Macon, McLean, Menard, Peoria, Piatt, Sangamon, Stark, Tazewell, and Vermilion Counties.

Under a managed care plan, Medicare and Medicaid payments will be made directly to the health plan. To be a participating provider, CCNH will negotiate a managed care contract with each health plan. This agreement will cover services provided to any resident that elects to participate in the managed care program. CCNH will receive Medicare and Medicaid payments from the health plan.

The timetable for the managed care program is very aggressive. Health plans must respond to the RFP by June 18. The state will select the participating plans by August. The programs will begin marketing in the fall and the program will begin on January 1, 2013. CCNH has been contacted by Health Alliance and Humana.

e. Corporate Compliance

The corporate compliance addendum to the MPA management contract was tabled at the May 24th County Board meeting and sent to the June 12th Finance Committee meeting for further discussion. The questions from the Board members are summarized under three topics: 1) why is corporate compliance not a covered service under the management agreement, 2) has the Nursing Home Operating Board reviewed other options and costs, and 3) can MPA provide an independent audit. These questions and any other questions will be addressed by O'Shaughnessey and Gima at the 6/12 board meeting.

f. Renal Dialysis RFP

Gima led a discussion on the need to develop a renal dialysis proposal that will be presented to the County Board in combination with a renal dialysis RFP. The proposal will include the program overview and the funding requirements, the regulatory/licensure requirements, the process of vendor selection and a draft legal agreement between CCNH and the vendor. No action was taken on the renal dialysis RFP.

8. Other Business

Anderson made the motion to enter into closed session pursuant to 5 ICLS 120/2(c)1 to consider the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of Champaign County; seconded by Palinkas. Roll Call – voting Yes – Anderson, Hambrick, Palinkas, Emanuel, and O'Shaughnessey. The Board entered into closed session at 7:01pm; and enter back into open session at 8:00pm.

9. Next Meeting Date and Time

Monday July 9, 2012, 6 pm.

10. Adjournment

Chair O'Shaughnessey declared meeting adjourned at 8:05 pm.

Respectfully submitted

Scott T. Gima
Recording Secretary