

VALLEY HI COMMITTEE
McHenry County - Valley Hi Nursing Home
2406 Hartland Road
Woodstock IL 60098

MINUTES OF THURSDAY, MARCH 12, 2009

Chairman Dvorak called the Valley Hi Committee meeting to order at 8:30 a.m. The following Committee Members were present: Ed Dvorak, Chairman; James Heisler; James Kennedy; and Kathleen Bergan Schmidt. Mary McCann arrived at 8:36. John Hammerand arrived at 8:53a.m. Also in attendance: Pete Austin, County Administrator; Representatives from Revere Healthcare; John Hadley, Facilities Management; Bob Yearian, Valley Hi Administrator; interested public and the press.

Ed Dvorak, Chairman
John Hammerand James Heisler
James Kennedy Mary McCann
Marc Munaretto Kathleen Bergan Schmidt

MINUTES

Committee members reviewed the committee minutes for February 11, 2009. Committee members noted that the "mix" ratio mentioned in the minutes needed to be clarified to state the targeted resident mix of 80/20/20. Mr. Munaretto made a motion, seconded by Mr. Heisler, to recommend approval of the minutes as amended. The minutes were approved with all members present voting aye.

PRESENTATIONS: None

PUBLIC COMMENT

A member of the public questioned staff on how much it costs to feed the residents of Valley Hi. They were informed that in the past it had cost \$8 per day to feed a resident at the facility, noting this is much higher than industry standards. They have gotten this cost down to \$6 per day. They were informed that previously, the food service at the facility was very inefficient and they are trying to get these costs in line with current industry standards of \$5 per day.

NEW BUSINESS

Resolution authorizing entering into a contract with Performance Food Group/Thoms Proestler Company: Committee members reviewed a Resolution authorizing entering into a contract with Performance Food Group/Thoms Proestler Company. Bids were sent out by the Purchasing Department. Only two bids were received, with only one of the two being a responsible bidder. The bid included three phases to include pricing for three years. Mr. Kennedy made a motion, seconded by Ms. Schmidt to recommend approval of the above Resolution as presented. Mr. Munaretto stated this Resolution has already been presented to the Finance Committee for approval. He stated that as Chairman of the Finance and Audit Committee, he prefers to see items after they have been approved by the appropriate committee. After discussion, the motion carried with all members present voting aye on a roll call vote (Heisler, Kennedy, Munaretto, Schmidt, Dvorak)

Resolution authorizing entering into a contract with Professional Medical Supply, Inc. for Medical Supplies for FY08/09 budget: Mr. Heisler made a motion, seconded by Ms. Schmidt to recommend approval of a Resolution authorizing entering into a contract with Professional Medical Supply, Inc. for Medical Supplies for FY08/09. The motion carried with all members present voting aye on a roll call vote (Heisler, Kennedy, Munaretto, Schmidt, Dvorak)

Ms. McCann arrived at 8:36a.m.

Thank you to Zierer Family for the gift to Valley Hi: Committee members entered into a discussion regarding the sending of a thank you to the Zierer Family for the gift of the bird sanctuary to Valley Hi. Mr. Yearian stated that a letter has been drafted from the residents and staff of Valley Hi and stated that the Committee members were welcome to sign this thank you if so interested. Committee members thought that would be a good idea and suggested that copies of the pictures from the presentation be sent to the Zierer's as well.

OLD BUSINESS

Rehab Program Expansion – Project Details: Committee members discussed the details for the brochures being created for the rehab program expansion. The projected cost for the first 1,000 brochures is about \$400. In addition, committee members were asked to consider approving the concept of equipping a set of rooms to accommodate short term rehab-to-home resident that the facility will be trying to attract. This involves installing facility provided tv's, recliners in 10 rooms and purchasing additional therapy equipment. Rather than permanently setting up certain rooms the equipment would be stored and the rooms set up as needed. The reason for the furnishings is to make it as convenient as possible for an individual to choose Valley Hi for their short-term Medicare stay. The therapy equipment would be used to improve the rehab program for both short and long term residents. The tv's would cost about \$200 each and the life safety code approved recliner would cost \$900 each. The single piece of therapy equipment costs about \$4,500. The total cost of all the equipment will be approximately \$15,500. The purchase of the equipment could be accomplished in stages and they suggested the therapy equipment purchased first to benefit the current residents. The tv's and chairs could be purchased in stages. Ms. McCann noted that she had requested to see these requests brought forward as a cover memorandum and questioned why this was not done. Committee members were informed that this is just a request for information in anticipation of a future Resolution that will be brought forward for consideration. Cover Memorandums are usually used when presenting a Resolution and usually not used when presenting information. Mr. Austin apologized and noted that he knew this item was included in the packet, The County Board previously approved Valley Hi moving towards the 80/20/20 mix as previously discussed.

Mr. Hammerand arrived at 8:53a.m.

The committee had also previously requested information of costs and revenues for the facility. When a Resolution is brought forward for consideration a Cover Memorandum is included. Mr. Sarbaugh has a financial model that will be reviewed by the Committee and the focus of the committee should be to raise revenues, which Revere is trying to do. Committee members noted they had requested the information included within the packet, not passed out for presentation at the meeting. Committee members questioned if a Resolution should be brought forward for consideration of the above request. It was noted that in order to answer some of the questions of the committee Mr. Sarbaugh would need to present his financial model to the committee members. Committee members noted they would like to move this forward and requested a Resolution to put the pieces in place to accomplish the goals of the County Board. Committee members suggested a consensus of the committee to empower staff to do the job as asked of them and the committee had previously questioned what would happen at the facility if they obtain their goal of 20 Medicare beds.

REPORTS TO COMMITTEE, AS APPLICABLE

Financial Model Update (Not in Packet): Committee members were presented with a financial forecast for FY2008 – FY2013. Back in August, the County Board approved a Resolution where they set target numbers for the nursing home of 20 Medicare beds, 20 private pay beds and 80 Medicaid beds. Previously the facility had 127 beds and one bed was added for Medicare, if every bed was filled. Medicare is paid by the Federal Government and Medicaid is paid by the State. The numbers presented were based upon the targeted census numbers of 80/20/20. If a bed is empty, they would fill the bed with any mix they could. A lot of the residents come in as private pay, but, in a short time they go into Medicaid. The numbers are targets, but, they will not allow a bed to remain empty, if it can be filled with anyone on the waitlist. In order to reach the target numbers, the facility needs to expand their rehab program to reach the Medicare goals. The services need to be enhanced in order to reach these goals. Using an average of 6 years and reviewing the history of the facility, Mr. Sarbaugh determined what the revenues could be in the future. Since we don't know what type of beds will be filled, he used the history of the facility to come up with the projected numbers. The first page of the forecast was a summarization with the remaining information being the working papers to show how he obtained his forecast. The facility averages a 96% occupancy rate. Last year the facility had a higher number of occupancy than in the past. It was noted that there are 100's of beds added to other facilities within the county yearly. The State controls how many are needed within a specific area. There is still a high deficit of beds within the County. Committee members questioned how we know if we will be able to continue at a 96% occupancy rate. Committee members questioned if other facilities are adding rehab services to their mix. They were informed that the facility must be a skilled nursing facility in order to offer rehab services. The forecast reviewed shows Medicare, Medicaid, Private pay and hospice residents. The bad debt expense was lowered since there has been a change in their collection policies. Mr. Sarbaugh noted that the expense projections were based upon FY08 figures. He noted that he also made assumptions for the raises as well. The facility has managed to reduce agency costs each year. The facility is looking at a loss of \$900,000 for FY09. Depreciation needs to be added in so they can see the loss is not \$1.4 million. As we reduce agency costs, the staff numbers grow. He noted the only way to influence the bottom line is to increase the top line. These projections assume there will be 20 Medicare and 20 private pay residents at the facility. Mr. Sarbaugh reminded committee members that the revenue is based upon the facility hitting their target numbers.

Mr. Heisler left committee at 9:22a.m.

Committee members were provided a presentation of the monthly Valley Hi financial report. Chairman Dvorak requested that all reports be dated so committee members are aware of when the report was ran. Committee members suggested a Resolution be created for consideration by the Valley Hi and Finance and Audit Committees. Committee members noted concern as the County Board agenda and packet have already been posted in anticipation of next week's County Board meeting. It was suggested that this request be forwarded to the April 7th County Board meeting for consideration. It was noted that the first County Board meeting in April will be held on April 9th because of the elections. The consensus of the committee members was to have a Resolution ready for presentation for the Finance and Audit Committee and for the Valley Hi Committee for review. It was suggested that the Valley Hi committee meet prior to the County Board meeting on the 9th for consideration of the Resolution.

FUTURE TOPICS

Mr. Hadley questioned committee members on how the ponds at Valley Hi are treated for algae and mosquito prevention. He stated that the Division of Transportation manage the ponds on their property on a yearly basis and suggested Valley Hi consider treatment of their retention pond as well. It was noted that funding for the treatment of the pond could come from the Valley Hi contingency fund. It was suggested that the treatment of all the ponds go out to bid.

Committee members were informed that the appointments for the Valley Hi Cemetery Board has expired. The current appointees would like to be reappointed. Committee members questioned if an advertisement would need to be placed for these positions. Committee members were informed that the members of the Valley Hi Cemetery Board suggested at one of their previous meetings to increase costs of burials and ground maintenance. Committee members requested a copy of the rates currently being charged and copies of any additional reports from the Cemetery Board Committee meetings. Mr. Austin informed committee members that he would check on the rules for appointment to the board as well as the terms of the members and report back to the committee. Committee members were informed that the cemetery is located just west

of the Highway facility.

Committee members were reminded that they need to work on the 2 year plan for the committee. Committee members were informed that staff would review this with Mr. Shumway for review at a future meeting.

Committee members were provided the monthly financial report for Valley Hi. Expenses have improved at the facility. There is a reduction in agency nursing costs. Some of the numbers in contract nursing have been reduced due to over accruals. The facility has hired 19 new nursing staff; because of this they are seeing a reduction in the need for agency staff. Committee members were informed that they would see a dramatic decrease in March as well. They are hopeful that they will be done using agency staff by April.

Committee members were provided information on the Intergovernmental Transfer Program and a summary of the proposed new methodology for long term care Medicaid payments. In February, Illinois Nursing Home officials met to discuss proposed changes to the intergovernmental transfer program between Illinois Health and Family Services (HFS) and Illinois County Nursing Homes. HFS uses the County IGT to long term care Medicaid payments. At a minimum, 38% of every IGT dollar received by the County home goes to funding other long term care Medicaid providers. The State has every incentive to maximize reimbursement under IGT. County Homes are very important to the State's Medicaid revenue. Previous negotiations with HFS indicate some flexibility to work with the County Homes to restructure the IGT so both HFS and the County Homes benefit. So far these negotiations have been very positive. They are still waiting for final details on how the program will work and how it will affect Valley Hi. It was noted that the committee members would be updated as information is received.

Committee members questioned if letters received regarding concerns at the facility should be reviewed by committee members. Committee members noted that if a letter is received is unsigned and undated, they are unable to address any concern stated. If a letter is dated and signed, the concerns should be addressed by either Administration or Human Resources. It was noted that it is improper for the committee to address personnel or administration concerns as it is not the province of this committee to deal with these types of issues.

Mr. Munaretto stated that the Finance and Audit Committee would be more involved with the finances of Valley Hi.

Committee members were informed that Family Night has been scheduled for March 16th for those interested in attending. These meetings have been scheduled to address concerns by the families of the residents of Valley Hi.

EXECUTIVE SESSION: None

ADJOURNMENT

Mr. Kennedy made a motion, seconded by Ms. Schmidt to adjourn the meeting at 10:12 a.m. The motion carried with a unanimous voice vote.

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RECOMMENDED FOR BOARD/COMMITTEE ACTION:

Resolution authorizing entering into a contract with Performance Food Group/Thoms Proestler Company
Resolution authorizing entering into a contract with Professional Medical Supply, Inc. for Medical Supplies for FY08/09 budget

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