

**MCHENRY COUNTY BOARD  
COMMITTEE OF THE WHOLE MEETING  
667 WARE ROAD  
WOODSTOCK, ILLINOIS 60098**

**MINUTES OF MONDAY, OCTOBER 22, 2007**

**Chairman of the Board – Kenneth D. Koehler (District 2)**

**District 1**

Yvonne Barnes  
Anna May Miller  
Marc Munaretto  
Dan Shea

**District 2**

James Heisler  
Kenneth Koehler  
Lyn Orphal  
Marie Chmiel

**District 3**

Mary L. Donner  
Ed Dvorak  
Nick Provenzano  
Barbara Wheeler

**District 4**

Sue Draffkorn  
John Hammerand  
Pete Merkel  
Sandra Fay Salgado

**District 5**

Tina Hill  
John Jung, Jr.  
James P. Kennedy  
Virginia Peschke

**District 6**

Randall Donley  
Mary McCann  
Dan Ryan  
Mary Lou Zierer

The Honorable County Board of McHenry County, Illinois met as a Committee of the Whole on Monday, October 22, 2007. The meeting was held at McHenry County Government Center – Administration Building; 667 Ware Road, Woodstock Illinois.

Chairman Kenneth D. Koehler called the meeting to order at 9:37 a.m.

The roll of members was called; the following County Board Members were present: Yvonne Barnes, Marie Chmiel, Randy Donley, Sue Draffkorn, James Heisler, Tina Hill, John Jung, Jr., James P. Kennedy, Mary McCann, Marc Munaretto, Lyn Orphal, Nick Provenzano, Daniel P. Ryan, Mary Lou Zierer and Chairman Koehler. Ed Dvorak arrived at 9:41 a.m. Mary L. Donner, John Hammerand, Pete Merkel, Anna May Miller, Virginia Peschke, Sandra Fay Salgado, Dan Shea and Barbara Wheeler were absent. Chairman Koehler declared a quorum present with fifteen (15) members responding.

Also attending: Ralph Sarbaugh, Associate County Administrator - Finance; John Labaj, Deputy County Administrator; Peter Austin, County Administrator; Michelle Courier, Assistant State's Attorney; Cathy Link, Purchasing; John Hadley, Facilities Management; Grant Shumway, Revere Healthcare; interested public; and press.

PUBLIC COMMENT: None

DISCUSSION – IMPLEMENTATION OF THE REVERE HEALTHCARE MANAGEMENT CONTRACT FOR VALLEY-HI NURSING HOME

Chairman Koehler began the meeting by providing an overview to the "Poor Laws" and how they reflect on the County's nursing home. He stated that in the early 1800's Poor Laws were developed to provide charitable assistance to the poor. In 1819, the State of Illinois adopted the Poor Laws to oversee and assist the poor in the state. In 1845 a Paupers Act was adopted. A requirement to have a County Physician to help the poor was adopted in 1874. In 1949, General Assistance provisions were enacted making townships responsible to provide for public assistance. He noted that the Valley-Hi Nursing Home began as the County's Poor Farm in 1884. The Valley-Hi Mission Statement reads as follows:

"Valley-Hi Nursing Home, Woodstock, Illinois is operated for the benefit of the aged population of McHenry County who require public assistance. Valley-Hi Nursing Home strives to deliver resident care, clinical, psychological, and spiritual support in an

environment that promotes dignity and self-respect as envisioned by the McHenry County Board and its inception. In the tradition of Valley-Hi Nursing Home, our mission is to continue to provide nursing home services with the highest standards set by policy and ordinance of McHenry County and to conform to all State and Federal regulations.”

Chairman Koehler noted there had been questions raised on the tax levy that was approved by the voters and how those funds could be used. He stated that the Levy Proposition read as follows: “McHenry County Proposition to levy and collect a tax for building, maintaining and operating a county nursing home.” He noted that the key word in the levy is “operating” and commended Mr. Sarbaugh for including this language in the proposition. He then asked Ms. Courier to provide an overview to the State Statutes.

Ms. Courier indicated that statutes give townships the option of providing general assistance, such assistance by the township is not mandatory. If a township chooses to provide general assistance, the township is responsible to provide payment for that care. Ms. Zierer requested additional information on the township’s responsibility. Ms. Courier stated the way the statute reads for general assistance is the township has the ability to provide assistance, but it is within their discretion to provide assistance. It is not mandatory that they provide any assistance whatsoever. However, they can provide assistance if they so choose and if they choose to provide assistance they are responsible to pay for that assistance. Mr. Dvorak noted that at one time the townships did pay for each patient they had recommended to the Valley-Hi stating he thought they paid \$1.00 per day per patient, but ended several years ago. Mr. Munaretto noted that philosophically there was a time when townships contributed to the support, care and maintenance of the Valley-Hi facility based on some formula and that has since gone away, but that issue would be somewhat perfunctory to today’s discussion noting that general assistance is separate from Valley-Hi. He stated that the discussion today should be what is the County’s philosophy with respect to the level of care and cost associated with the County Board’s obligation to operate the facility.

Chairman Koehler stated we need to make it clear that there were funding mechanisms that were provided over the years and it has not been clear. Ms. Hill stated that we do need to have a balance between Medicare and Medicaid, but if I am understanding what was previously noted, if townships choose to provide general assistance and if the County has a nursing home then general assistance must contribute to that home. Ms. Courier stated Ms. Hill is correct. Ms. Hill then noted this could potentially be another revenue stream for Valley-Hi. Ms. Courier noted that it is done on an individual case basis; it is not a general overall basis. Ms. Zierer stated the contributions from townships were stopped since some considered this as “double dipping.” She noted that some townships did continue to provide donations, but that also has ended. Mr. Austin stated this is good background information.

Chairman Koehler noted that there have been comments relative to a possible resolution or document supporting a mix of 30 paying patients and 80 public assistance patients (31.6% pay/68.4% public assistance) for the 117 beds that was in the former facility. He stated that a search was conducted and nothing was found that really clarified this issue, but noted that apparently there has been “something” supporting this unwritten rule. Breaking that mix down for the new facility – which has 127 beds – it would put us at 40 paying beds and 87 public assistance beds. He then provided a couple other percentages: 33% = 42 paying/85 public assistance; 30% = 38 paying/89 public assistance; and, 25% = 32 paying/95 public assistance. There is a gambit of options to the way beds could be divided. There has been nothing to really clarify or support the mix of beds – either by the County, the voters or anything in State Statutes. Chairman Koehler then invited Mr. Shumway to address the Board with his observations and comments.

Mr. Grant Shumway began by thanking the Board for the privilege and honor of being selected. He stated that during Revere’s 23 years of doing business it has never been to change the philosophical or mission of the organization. We are not a corporate entity that takes over and stereotypes a facility into our ways. We build on the existing strengths and we will honor whatever mix is desired. He stated today he would like to begin the educational process and review what are the best practices, what are the options. He noted the nursing home business is a changing and turbulent one, adding that the State of Illinois is the 49<sup>th</sup> lowest reimbursement state in the county. The revenue inflation rate is between 1 and 3

percent while the expense inflation rate runs 6 to 8 percent. These numbers are not in the County's favor. He stated the quality of life for all our citizens needs to be maintained. He stated that Medicare is social insurance, it is not a subsidy. Medicaid is a welfare program. This does not mean that if you are a Medicaid eligible individual you cannot get Medicare also. He then distributed a document outlining an action plan and preliminary task timeline for the nursing home. He stated that charitable care needs to be within what the County can afford and what are the economic realities. He asked that the first issue to look at during this "fix-it stage" is Medicare which pays roughly two to three times what Medicaid pays. He noted that the County's average Medicare census last year was roughly three. He reviewed how by increasing this census from 3 to 10 there would be a substantial increase in revenue. He stated that this would not displace anyone as the nursing room was not at 100% occupancy last year. He reviewed current staffing levels, noting that currently the building is being staffed as if the entire building was Medicare. He stated what the firm has historically done is make a section or wing Medicare, where the staffing levels will be increased – particularly the licensed nursing staff level since the residents are sicker. Whereas in another area such as dementia or Alzheimer, the staffing level remain the same with a mix of more CNAs or aides because those residents need more custodial care. This would have an impact on the financials, the Medicare unit costing more. He stated a top priority is agency staffing. Such staffing affects the quality of care, the continuity of care, etc. It is important to have get a staff, train the staff, reward the staff and keep the staff. He stated the County has done an excellent job in addressing non-personnel areas and those areas (pharmacy, food, and medical) will also be looked at to see if best practices are being used. Options will be provided for discussion and consideration. Mr. Shumway stated that the County has easily the nicest and best equipped facility in the County and should be enjoying its benefits.

Ms. Chmiel asked how much is charged per day for a private pay patients. Mr. Sarbaugh responded roughly \$135 for intermediate care and \$155 for skilled care per day. He stated that when we go to certify the whole building as Medicare eligible those private rates will change. Mr. Shumway pointed out that currently the facility is on the low side for private pay costs which is approximately \$220 per day. He stated he would research these costs.

Mr. Munaretto commented that Mr. Shumway had indicated that Valley-Hi currently has an average of three private pay beds. Mr. Shumway stated that for 2006 the facility averaged less than 3 Medicare patients per day. If this was increased to 10 patients it would greatly increase the revenue. Chairman Koehler stated that these numbers confirm that bed management is something we need to be doing. Mr. Munaretto added that there is value to see how the change in patient mix can influence revenues and still stay below the mix desire by the Board for care to the indigent.

Chairman Koehler stated that he would like some kind of consensus on a philosophical feeling to go back to the Valley-Hi Committee for consideration and then back to the full County Board with a recommendation to pass a Resolution to get this on the books. Mr. Munaretto asked if it might be worthwhile to ask our "hired help" to put together various scenarios that will allow us to make some informed decisions before we have a debate among us with the limited amount of information we currently have.

Mr. Provenzano stated we have not discussed the delivery of medical services to possibility create new revenue streams for the facility. Mr. Shumway responded that one of the first thing the firm will be doing is developing a plan (meaning options). He noted that what has historically been observed is that rehab services are typically built up (PTO, OT, and Speech) and the current facility is perfect for these services. Mr. Provenzano questioned if Valley-Hi currently has a doctor on staff. Mr. Sarbaugh responded that there is a medical director along with other physicians providing services at the facility. Mr. Shumway stated this is also an area to look at; the key is the facility's clinical needs. Chairman Koehler added that timing is everything and with the baby boomers now hitting the stage where they need more and more care and much of that care is orthopedic in nature, there is a growing need for these services. Mr. Shumway stated that Hospice is a very valid service and needs to be included in the plans. Ms. Chmiel asked how long it typically takes to get all beds qualified for Medicare. Mr. Shumway responded about two weeks.

Mr. Munaretto stated another point he wanted to make in conjunction with his earlier comment is whatever we do in terms of adopting a resolution should be up for an annual review because the percentages may change. He asked that the Resolution include such wording to allow for an annual review. He also stated that the Resolution that was adopted to allow for this outsourcing required that the Committee of the Whole (COW) have a role and not the Valley-Hi Committee. He noted that for at least the first six months to year Mr. Shumway should bring back to a COW any interaction on this issue rather than just to the Valley-Hi committee. In addition, he stated an issue on marketing arose during the last County Board meeting and Mr. Shumway has noted that is an opportunity to work with other places like Centegra or Mercy Health Systems to get some of their rehab patients who transition out of a hospital and need some place to go and if we work with these facilities to make them aware we are in that business made be helpful. There is a need to reach out and let others know that things are changing. Mr. Shumway stated that if those systems feel the facility is always full or that you don't take "this or that type of service" they will not call. He reviewed how health services are financially motivated to get that patient out quickly with a smooth clinical transition. Ms. Barnes asked how Medicare patients currently come to the facility. Mr. Sarbaugh responded that it is usually through a call from a hospital discharge planner. Mr. Shumway added that it also has to do with geography and with clinical specialty people will usually drive further.

Chairman Koehler noted that there are members leaving and before action is taken or before there is another Committee of the Whole, he would like the Valley-Hi Committee consider some options on the patient mix. Ms. Zierer reported that the House of Representatives recently passed a bill increasing the amount that Medicare individuals get back raising the amount from \$30.00 to \$50.00. This increase will make a difference with the patients, but the nursing home may get less. Mr. Shumway added that the bad news is that Medicare is broke, the baby boomers are coming, the system is already over-taxed and all these issues need to be factored in and looked at. Ms. Hill stated from what she has heard this morning is if we have a goal of 10 Medicare patients we are still meeting our mission of serving the indigent and closing the loss gap. Mr. Sarbaugh noted that we currently have 7 self-pay patients but after six months those patients become Medicare. Mr. Dvorak pointed out that over the years we have been told that patient care is excellent, but we will improve that area along with improvement to the nursing staff and he agreed this was a good plan. Ms. McCann pointed out that communication seems to be a major problem with the public reading what we are doing and our approach needs to be clarified and staff along with the medical director needs to be aware of what is happening at the facility. Chairman Koehler confirmed there will be a lot of interaction with the Valley-Hi Committee, but the Committee of the Whole will also be informed as to what is happening. Mr. Sarbaugh added that a monthly Q & A meeting is held at Valley-Hi at which time all major issues are discussed with staff and the residents.

Chairman Koehler asked that members go back to consideration of numbers. He stated that Ms. Zierer has brought forward what she believes are the historical numbers for the 117 bed facility of 37 pay / 80 public assist which is approximately 31.6% paying beds (including Medicare). So all understand, a person can be admitted as a paying patient and when all their assets are spent down they become Medicaid. He asked that a guideline be given that should be reviewed annually. Mr. Munaretto asked at consideration of a 70/30 mix be considered (70 public assist / 30 Medicare or private pay). This would also provide sufficient room to stay flexible. Ms. Zierer agreed with Mr. Munaretto. She noted a big issue is that many people are unaware that the facility does take paying patients and the public should be made aware of this. Chairman Koehler stated that would be the marketing component. Mr. Shumway agreed, noting you reap what you sow. He stated you must educate the consumer. Ms. Chmiel stated that she would not be comfortable coming up with a bed mix percentage – perhaps 30 to 40 percent, but would like to see more numbers for private pay. She also asked for a review of the waiting list policy and the admission policy.

Mr. Munaretto and Mr. Donley left the meeting at 10:45 a.m.

Mr. Sarbaugh cautioned the members regarding the waiting list. Noting that even though there are a number of patients on the list, many of those are on the list just to make sure that when they are ready to

come-in they are already on the list. Looking at the month of September's waiting list there were 102 days in total of empty beds. Being on the waiting list does not necessarily mean they are ready to be admitted.

In summary, Chairman Koehler noted that the mix of 30/70 has been tossed out as a recommendation and that will go back to the Valley-Hi Committee for consideration. He stated that will be more interaction with Mr. Shumway as more historic data becomes known. A Committee of the Whole will be scheduled to discuss recommendations and to hopefully come up with a suitable resolution that everyone can live with including the recommendation Mr. Munaretto made to have an annual review.

MOTION TO RISE:

The Committee of the Whole adjourned at 10:46 a.m. on a motion by Mr. Heisler, seconded by Mr. Dvorak, with all members present voting aye on a voice vote.

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