



AGENDA

Valley Hi Operating Board

Wednesday, September 28, 2011 – 7:00 p.m.
Valley Hi Nursing Home
2406 Hartland Rd
Woodstock, IL 60098

- 1.0 Call to Order
- 2.0 Minutes Approval
- 3.0 Public Comment
- 4.0 Presentation (as necessary)
- 5.0 New Business
 - 5.05 TV Purchase and Installation Plan
 - 5.10 Brandt Family Health and Human Services Public Comment Concerns Expressed
 - 5.15 Resident Involuntary Discharge Hearings
 - 5.20 FOIA Request
 - 5.25 Nelson Trust Donations
- 6.0 Old Business
 - 6.05 Medical Director Search
 - 6.10 Customer Service Program
 - 6.15 Pharmacy RFP Status
 - 6.20 Therapy RFP Status
 - 6.25 Provider Tax Increase Status
 - 6.30 Operating Board Strategic Plan Review
- 7.0 Reports to Committee, as applicable
 - 7.05 Administrator's Report
 - 7.10 Census Report
 - 7.15 Staffing Report
 - 7.20 Financial Report
 - 7.25 Quality Indicator Report
 - 7.30 Quality Assurance Meeting Minutes
 - 7.35 Resident Senate Meeting Minutes
- 8.0 Future Topics
- 9.0 Executive Session (as necessary)
- 10.0 Adjournment





Valley Hi Operating Board

Valley Hi Nursing Home
2406 Hartland Rd
Woodstock, IL 60098

MINUTES OF WEDNESDAY, AUGUST 24, 2011

Chairman Michling called the meeting to order at 7:00 pm. The following Operating Board Members were present: Jim Kennedy, Lynn Ryan, Jodi Borck, Jim Heisler, and Kathleen Bergan-Schmidt. Also present were Thomas Annarella, Valley Hi Administrator, Ralph Sarbaugh, Associate County Administrator, and Peter Austin, McHenry County Administrator. Joanne Hanrahan was absent.

MINUTES

Board members reviewed the minutes of the 7-26-2011 meeting. A motion to approve the minutes was made by Kathleen Bergan-Schmidt, seconded by Lynn Ryan. The minutes were approved unanimously with no changes.

PUBLIC COMMENT

- None

PRESENTATION

- Sharon Chewing, Valley Hi Nurse Liaison presented to the Board. Ms. Chewing discussed the community outreach efforts she has undertaken in the last four months since being hired at Valley Hi. Ms. Chewing provided the Board with a brief history and background of her professional career and explained to the Board that she is excited about the opportunities to increase the Medicare short-term rehab census numbers. Ms. Chewing detailed some of the distances she has recently traveled to visit and assess potential admissions. Ms. Chewing also detailed the educational programming that she has been coordinating at Valley Hi which is open to the community and being heavily promoted. The Operating Board discussed with Sharon potential ways to measure Medicare utilization and success to use in promoting the program within the community. Ms. Chewing expressed that she is excited about joining the Valley Hi team and looks forward to continuing to promote Valley Hi's services within the community.

NEW BUSINESS

FY2012 Budget Presentation

- Mr. Sarbaugh and Mr. Annarella presented the Valley H I FY2012 budget to the Board. Mr. Sarbaugh detailed the County budget process and explained to the Board that budget was a zero growth budget when the employee payroll information was taken out of the numbers. The Board made a motion which was unanimously approved to accept the budget and forward it on to the Public Health and Human Services Committee.

Room Rate Increase and Resolution Authorizing the Increase in the Daily Room Rate at Valley Hi

- Mr. Annarella presented the Board with a resolution to increase the private daily room rates for Valley Hi to become effective 12-1-2011. The room rate reflects a \$10 per day increase. Mr. Annarella provided the Board with a room rate increase historical prospective as well as a room rate survey. Mr. Annarella





explained to the Board that even with the room rate increase, Valley Hi's rates will remain below the market average and Valley Hi's rates are all inclusive, while most nursing homes in the area charge for ancillary services and supplies above and beyond the room rate. Mr. Annarella provided a copy of the room rate increase letter that would be sent to families if the room rate increase was approved. A motion was made by Mr. Kennedy to approve the resolution and rate increase letter, seconded by Ms. Borck. The motion was unanimously approved.

Medicare 11.1% Rate Cut

- Mr. Annarella explained to the Board that effective 10-1-2011, Medicare has instituted an 11.1% rate cut that was intended to provide a correction in the rates due to recent changes in Medicare RUG scores, however the rate cut overcorrects the problem and will potentially cost the nursing home industry \$3.87 billion in FY2012. Mr. Annarella explained that the reduction will reduce the industry payments by \$79 billion over the next 10 years. Mr. Annarella advised the Board that Valley Hi will see an approximate \$250,000 reduction in revenue, based on a 12 Medicare A resident daily average, in FY2021, which has been reflected in the FY2012 budget.

State Medicaid Reimbursement Delays

- Mr. Annarella explained to the Board that the FY2012 State budget has a \$1.4 billion unfunded spending gap which resulted in the State sending letters to Medicaid providers on 8-3-2011 that it no longer has the funds to pay for already provided Medicaid services. The letter indicated that nursing facilities with 40% or more of their revenues from Medicaid will be paid on a 45-60 day cycle and that facilities with less than 40%, they would not see payment for July services until January 2012, a 6 month immediate payment cycle delay. Mr. Annarella explained that the letter failed to indicate how the percentage would be calculated so Valley Hi staff have run the numbers numerous possible ways and Valley Hi is anywhere between 37% and 47%, but since they have not been paid yet, it is assumed the calculation falls below the 40% threshold. Mr. Annarella explained that Valley Hi was last paid in June for June services and has not been paid since. Mr. Annarella also noted that the Intergovernmental Transfer Agreement back amounts owed to the facility are not known when they will be paid. The State owes Valley Hi over \$1 million in back amounts.

Involuntary Discharge Proceedings

- Mr. Annarella explained to the Board that Valley Hi has recently held discussions with the State Ombudsman and the Assistant State's Attorney in regards to 2 resident families who have not been paying the bills for Valley Hi services. Mr. Annarella indicated that the Facility was planning to file Involuntary Discharge papers with the two families for non-payment of stay. Mr. Annarella explained the Involuntary Discharge process and explained that the Administrative Law Judge for the area has been historically proactive to assist facilities in getting paid, especially in cases where a family member may be mishandling resident funds. Mr. Annarella explained that one resident was admitted 5-2010 and has only been making small payments and currently owes approximately \$73,000 and the second resident was admitted 11-2010 and currently owes approximately \$52,000. The Operating Board indicated that they supported the decision to go through the Involuntary Discharge process.

OLD BUSINESS

Medical Director Recruitment Status





- Mr. Annarella explained to the Board that interviews have been conducted with a few interested physicians and a few more interviews had to take place before a decision on the Medical Director could be made.

Customer Service Program Development

- Mr. Annarella indicated that there was nothing formal to present on this topic at tonight's meeting, however Tom did want to keep this as a discussion item on the agenda. Tom will create a draft program for the Operating Board to review at a future meeting.

Intergovernmental Transfer Agreement

- Mr. Annarella explained to the Board that County Board Chairman Koehler signed the IGA contract and it has been sent on to HFS and the State.

REPORTS TO COMMITTEE

Administrator's Report.

- Tom explained to the Board that there was recently an issue with a resident family member in which the Sherriff's office had to be contacted. Tom explained that the Facility has had a history of issues with the family member and has had to have numerous meetings with the family member and the Ombudsman, most related to the family member coming into the facility drunk and causing problems. Tom explained that he has spoken with the undersheriff and they have developed a plan to address future issues. Tom told the Board that a certified letter has been sent to the family member explaining that any further issues will result in the Sherriff's office being contacted and the family member being banned from the facility for a designated period of time. Mr. Kennedy drew upon his years of police service and contributed to the discussion the potential risks associated with this family member.
- Tom provided the Board with an update to the demolition schedule for the old Valley Hi building
- Tom explained to ongoing discussions at the State level regarding rate reform and the potential impact on future funding for Medicaid
- Tom provided the Board with an update to the \$6.07 increase in the bed tax and the potential implementation date of 11-1-2011 and going back 30 days
- Tom explained to the Board that Valley Hi and the County were looking at putting a CHUG (Collaborative Health Urgency Group) agreement in place and that the State Attorney's office was reviewing the documents. Tom explained that joining CHUG would allow Valley Hi to be a part of a group that shares resources in the event of an emergency.
 - Tom reminded the Board that 9-10-2011 is the annual Family Picnic
- Tom told the Board that 9-12-2011 thru 9-15-2011 is the Illinois Health Care Association Convention and that he and 5 other staff would be attending

Census Report

- Tom provided the Board with the census report noting that the current census is 123 residents in-house with 12 Medicare A residents and 2 residents in the hospital. Tom noted that the June Medicare A census was a 13.5 daily average and the July Medicare census was a 14 daily average.

Staffing Report





- Tom explained to the Board that 6 new staff started in July with 4 staff leaving employment at Valley Hi in July.

Financial Report

- Tom provided the Board with the financial report noting that revenues were up due to an increase in census days. Tom noted that expenses were up due to the increased overtime related to the 7-2011 power outage and staff vacations. Tom noted the operating income before depreciation was \$27,083 bringing the year to date to \$185,576.

Quality Indicator Report

- No report at this time due to the changes associated with the switch from MDS 2.0 to 3.0, which is a national change.

Quality Assurance Meeting Minutes.

- The meeting minutes were provided to the Board. Tom explained the facility has been working on looking at emergency procedures and reviewing a small outbreak of upper respiratory infection.

Resident Council Meeting Minutes.

- The meeting minutes were provided to the Board. Tom noted that the focus of the Resident Council at the last meeting was on activity programs.

FUTURE TOPICS

- Customer Service Program as noted in the Strategic Plan
- Strategic Plan review

The next meeting is scheduled 9-28-2011 at 7 pm.

ADJOURNMENT

The Board adjourned by consensus at 9:30 pm.



Valley Hi Nursing Home
Historical Statement of Operations

Description	Mo. Budget	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Total YTD
Operating Revenue:								Actual						
Hospice	17,411	36,979	34,006	28,515	50,774	41,800	43,338	54,662	51,866	53,701				395,641
Private Pay	167,400	180,304	195,444	139,933	99,874	115,066	181,021	161,141	161,925	63,611				1,298,319
Insurance HMO	0	-	-	9,421	16,360	11,525	-	30,110	-	4,742				72,158
Medicare Part A	231,863	136,291	111,706	100,797	142,791	172,421	161,806	175,141	204,372	177,834				1,383,159
Medicare Part B	19,110	20,451	27,311	22,047	21,543	23,015	18,932	15,242	8,054	17,017				173,612
Medicaid	316,879	370,302	352,160	348,399	409,073	370,065	361,016	308,465	335,895	414,111				3,269,486
Other Revenue	(16,761)	702	476	870	(2,802)	(17,314)	747	18,211	917	(442)				1,365
Total Income	735,902	745,029	721,103	649,982	737,613	716,578	766,860	762,972	763,029	730,574	-	-	-	6,593,740
Operating Expense														
Administration	76,160	63,158	64,952	52,773	55,288	71,974	64,797	61,383	63,603	72,200				570,128
Laundry	22,070	24,801	20,757	19,886	24,358	23,871	21,513	19,706	18,276	21,234				194,402
Housekeeping	34,340	33,989	32,939	29,153	31,392	33,301	33,751	31,825	33,458	35,259				295,067
Dietary	94,210	90,171	90,742	88,407	91,581	92,656	89,812	89,393	93,935	92,644				819,341
Nursing	400,330	399,918	378,321	343,512	360,406	375,553	371,722	372,947	385,297	398,117				3,385,793
Therapies	65,430	47,511	45,458	41,443	42,439	47,097	44,205	44,003	38,758	45,060				395,974
Activities	17,940	17,497	17,991	16,093	17,842	18,075	17,798	18,179	18,247	20,991				162,713
Maintenance	5,350	4,062	5,149	2,690	3,939	3,679	3,569	8,380	4,825	4,858				41,151
Indirect (excludes depreciation)	62,650	48,416	45,638	44,390	49,908	45,310	48,391	48,032	54,778	47,462				432,325
Facility Management	15,730	15,889	12,570	11,929	13,173	13,504	12,697	13,990	24,769	15,138				133,659
Total Expense	794,210	745,412	714,517	650,276	690,326	725,020	708,255	707,838	735,946	752,963	-	-	-	6,430,553
Operating Income	(58,308)	(383)	6,586	(294)	47,287	(8,442)	58,605	55,134	27,083	(22,389)	-	-	-	163,187
Depreciation		47,363	47,476	47,643	47,643	47,643	47,712	47,750	47,737	47,980				428,947
Net Operating Income	(58,308)	(47,746)	(40,890)	(47,937)	(356)	(56,085)	10,893	7,384	(20,654)	(70,369)	-	-	-	(265,760)
Interest Income		2,661	1,949	44,079	1,860	25,584	1,236	1,387	1,578	1,550				81,884
Non Operating Expense														
New Bldg		31,495	31,495	31,495	31,495	31,670	31,495	31,495	31,495	31,495				283,630
Net Income(Loss)		(76,580)	(70,436)	(35,353)	(29,991)	(62,171)	(19,366)	(22,724)	(50,571)	(100,314)	-	-	-	(467,506)
Tax Revenue		-	-	-	-	-	-	2,904,110	72,316	278,537				3,254,963
Income after Tax revenue(Loss)		(76,580)	(70,436)	(35,353)	(29,991)	(62,171)	(19,366)	2,881,386	21,745	178,223	-	-	-	2,787,457
Resident Days:														
Hospice	124	261	241	203	294	300	310	330	371	384				2,694
Private Pay	930	1,124	1,124	958	1,025	889	936	858	840	824				8,578
Insurance HMO	0	-	-	18	31	22	-	-	-	-				71
Medicare Part A	527	256	221	214	310	363	299	405	435	353				2,856
Medicaid	2,263	2,233	2,202	2,091	2,205	2,115	2,198	2,037	2,161	2,243				19,485
Total	3,844	3,874	3,788	3,484	3,865	3,689	3,743	3,630	3,807	3,804				33,684
Average Census		125	122	124	125	123	121	121	123	123	-	-	-	123
Agency Nursing included above		-	-	-	-	-	-	-	-	-				-
Insurance Included above		15,250	18,250	18,250	18,250	18,250	18,250	18,250	18,250	18,250				161,250
OPEB included in Administration		3,500	3,500	3,500	3,500	3,500	3,500	3,500	3500	3500				31,500