

## Minutes of the Finance Committee Meeting

The Finance Committee of the McLean County Board met on Tuesday, June 5, 2001 at 5:30 p.m. in Room 700 of the McLean County Law and Justice Center, 104 W. Front Street, Bloomington, Illinois.

Members Present: Chairman Sorensen, Members Renner, Rodman, Arnold, Kinzinger, Berglund

Members Absent: None

Staff Present: Mr. John Zeunik, County Administrator; Mr. Terry Lindberg, Assistant County Administrator; Ms. Lucretia Wood, Human Resources Assistant, County Administrator's Office

Elected Officials/

Department Heads: Mr. James Boylan, Treasurer; Ms. Rebecca McNeil, Assistant Treasurer; Mr. Don Lee, Administrator, McLean County Nursing Home; Ms. Jackie Dozier, County Auditor; Mr. Bob Kahman, Supervisor of Assessments

Chairman Sorensen called the meeting to order at 5:34 p.m.

Chairman Sorensen stated that if there are no objections, the minutes of the May 1, 2001 meeting will be approved and placed on file as presented.

Chairman Sorensen stated that the Committee toured the McLean County Nursing Home prior to the regularly scheduled meeting of the Finance Committee. Since there was a quorum presents, minutes of the tour will be included with the minutes of the regularly scheduled meeting.

Mr. Don Lee, Administrator, McLean County Nursing Home, presented a report on the private pay rates for the local area nursing homes. Information regarding the daily pay rates from several local nursing homes was included the Finance Agenda packet. The survey revealed that there are two area nursing homes which have similar all inclusive rates. Although, they may have a different charge for a semi private room vs. a private room; these homes make no differentiation in the level of care. The other homes in the survey differentiate between skilled care and intermediate care. One home differentiates the level of care into four categories. All of the homes researched have additional charges for physical and occupational therapy. Some homes charge for medical supplies.

Mr. Lee stated that in the section labeled as "Additional Ancillary Charges" the information is not clear and difficult to interpret into comparable data.

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Exhibit II is a comparison between the County private pay rate and the other homes to give a general estimate of the amount of revenue that would be generated under the charge structure of the responding homes. Home "B" was used because it had the largest number of care level categories. There is one home that charges a lower daily rate than the McLean County Nursing Home. This home maintains that there are no additional charges to the daily rate.

Mr. Renner asked if the daily rates are being provided to the Committee in order to find out if the McLean County Nursing Home is under charging private pay residents. Mr. Rodman answered that at the May meeting of the Committee, he had asked the question about private pay rates because, the County subsidizes the Nursing Home by the transfer from FICA, IMRF and Tort Judgment. Mr. Renner noted that except for home "A", the County Nursing Home charges less than the other homes surveyed. Mr. Renner stated that if the County Board were to raise the daily rates for the McLean County Nursing Home by \$10.00 we would still be lower than the other homes surveyed.

Mr. Lee stated that Exhibit III represents different scenarios that might be considered to eliminate all or a portion of the transfers to the Nursing Home from the Tort Fund and Pension Funds. Column A represents the per patient day costs of each line based on an average census of 135 residents. Column B represents the total cost per patient day spread over an average of 40 private pay residents. Column D represents the total cost over an average of 40 private pay residents by spending 50%, 67% and 75% of the actual cost over the private pay residents.

Mr. Rodman asked how many private pay residents the County Nursing Home housed. Mr. Lee replied that currently, the Nursing Home has 40 private pay residents.

Mr. Arnold asked if Column B in Exhibit III is designed to reflect the costs of a private pay patient if the Nursing Home was not subsidized by tax dollars. Mr. Lee replied that is correct.

Mr. Renner referred to Column C, asking if the Nursing Home has 40 private pay residents and the daily pay rate is raised from \$99.00 to \$112.00, would the County recoup 50% of the costs. Mr. Lee replied that is correct. Mr. Renner stated that if the County rate was increased to \$112.00 that would be bargain rates.

Mr. Rodman asked Mr. Lee to explain why Column E shows a daily rate of \$85.00. Mr. Lee replied that is an old rate, which should have been increased to \$99.00.

Ms. Berglund stated that the County Nursing Home is available to help McLean County citizens. Mr. Renner stated that the Nursing Home's private pay rate is below the other County rates. If the rate was raised to \$112.00 the rates would still be low. Mr. Renner

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acknowledged that the Committee needs to decide if the Nursing Home is purely for public good.

Mr. Lee directed the Committee to look at Exhibit III, Column one, which is labeled Budget Expense. This column totals \$458,571.00. The private pay rate includes 15% of the Budget Expense charges, which is how the amount of reimbursement for 2000 was calculated to total \$392,196.00. The Budget Expense total should be used when doing any calculations. Mr. Renner asked if 15% of the expense are built into the private pay rate. Mr. Lee replied that 15% of the IMRF and Social Security costs are recuperated from the private pay residents. Mr. Renner asked if the daily pay rate was raised to \$112.00, then the County would be recuperating 35% more of the IMRF and Social Security costs.

Mr. Rodman stated that he does not want to see the County over paid or under paid for the private pay rates. The non-private pay rates should remain low. The average of the semi-private rates is \$116.00, which would recover some additional funds.

Mr. Kinzinger asked over what kind of time frame should an increase be phased in.

Mr. Rodman stated that the increase should be phased in over a couple of years in order to reduce the hardship.

Mr. Kinzinger stated that he is opposed to any increase in the private pay rate.

Mr. Rodman asked why Mr. Kinzinger is opposed to an increase. Mr. Kinzinger replied that the County Nursing Home should be more than affordable for private pay residents.

Mr. Rodman stated that he did not feel that tax dollars should subsidize private pay residents rates.

Chairman Sorensen stated that increasing the private pay rate could deter private pay individuals from applying for residency at the County Nursing Home, which would cause there to be more non-private pay residents. The taxpayers would than be responsible for more of the County Nursing Home's costs.

Chairman Sorensen asked what the daily reimbursement rate is from the State. Mr. Lee replied that the rate is \$77.00. If the private pay rate is raised to \$112.00 this generates \$390.00 more a month. The County Nursing Home is an excellent facility, however, there is a perception about the County Nursing Home. We are delivering excellent care, but other facilities are more modern.

Chairman Sorensen stated that since the 2001 Budget was completed, changes have been made in salary increases. The Chairman asked Mr. Lee what the daily rate would be if

recalculated with the salary increases included. Mr. Lee replied that in January, the County was under the \$99.00 rate. The highest month was \$108.00 a day. The report for April shows costs of \$102.00 a day. Mr. Lee stated that last year's census average 142, Minutes of the Finance Committee Meeting  
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this year the census is well below last year. The increased costs are spread over a smaller resident population. Year-to-date, costs average \$103.00 a day.

Chairman Sorensen stated that he is not opposed to adjusting the daily private pay rates as long as it is consistent with County Board policy. This would accomplish a small increase in the daily rate, and give the Committee more time to look into further increases in the private pay rate.

Mr. Kinzinger asked how often is the daily private pay rate is adjusted. Mr. Lee responded that the rate is adjusted yearly at budget time.

Mr. Rodman asked why 15% of IMRF and Social Security costs are being recuperated. Mr. Lee replied that the costs that are recuperated are based on a study from mid 1970's. Mr. Zeunik stated that a management consulting firm from Denver, Colorado determined that of the total population of the Nursing Home, the private pay census averaged about 15% of the total residents. At the time, the Nursing Home was full and had a waiting list. Based on the percentage of private pay residents and Nursing Reimbursement being received from Medicare and Medicaid, the firm recommended that the private pay charges be assessed the total costs of IMRF and Social Security. The 85% transfer is based on the fact that Medicare and Medicaid do not reimburse actual costs. Mr. Rodman stated that today, private pay residents make up 30% of the Nursing Home population. Therefore, should 70% of the FICA, IMRF, and Tort Judgment costs be budgeted as a transfer. Mr. Lee replied that if that were done, the transferred amount would be lower.

Member Berglund left at 5:58 p.m.

Mr. Rodman stated that the private pay individuals should pay their way. Our Nursing Home is as good as or better than other homes in the area. Adjustments should be made to match other homes in the area. Mr. Arnold agreed. The charges could be phased in by not raising the costs for current residents, but for incoming residents. Mr. Kinzinger replied that the increases would be difficult to implement. Mr. Arnold disagreed. Mr. Kinzinger stated that private pay individuals are long standing residents that have paid taxes. This issue needs more discussion.

Mr. Lee stated that private pay individuals have raised in the past that they are paying taxes and maintain that they have already paid those costs.

Mr. Renner stated that the quality of care is excellent, but the home is not as modern as other private facilities. This could put the County at a disadvantage. Mr. Renner stated that he would like to consider the issue further. Chairman Sorensen asked Mr. Lee for his opinion as to the other local area nursing homes facilities. Mr. Lee replied that most of

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the facilities have buildings that are similar in age to the County Nursing Home. Some of them have had extensive remodeling, primarily in the lobby areas. The County Nursing Home building has been well maintained. The initial impression of the County Nursing Home may be that it is not as modern as other facilities. There is no carpet because it is hard to keep carpets clean, which increases odors. The County Nursing Home is looking to decorate the lobby so that it looks more updated.

Mr. Lee stated that he could prepare a report of per patient day costs as well as a report showing the projected costs of the wage increase for the nursing staff to estimate the increase in the private pay rate for 2002.

Mr. Arnold asked if the private pay costs were increased to reflect the subsidy of the IMRF and Social Security costs, would the increase be \$5,000.00 a year. Chairman Sorensen replied that at \$117.00 per day rate, the increase would be almost \$6,000.00 a year. Mr. Arnold replied that is a good deal. He asked what the IMRF/Social Security rate is for the year. Mr. Lindberg replied that the combined IMRF/Social Security rate is 16.20%. Mr. Arnold replied that if a person has a house that is worth \$150,000.00, they are getting a price break of \$5,000.00 per year. This person would be paying \$81.00 in IMRF/Social Security costs.

Mr. Arnold stated that by keeping the private pay rate low, the County is creating unfair competition for other nursing homes. Chairman Sorensen stated that other nursing homes do not have the same costs, such as IMRF, as the County Nursing Home. Mr. Arnold stated that the County Nursing Home is tax-subsidized competition. Chairman Sorensen stated that IMRF costs are a liability to the County Nursing Home. Mr. Rodman stated that the County is required to pay the additional costs of IMRF and yet, the County Nursing Home charges less.

Mr. Arnold reiterated that Mr. Rodman's suggestion is justified and that the increase should be phased in to new, incoming residents only.

Mr. Renner stated that he would like to hear Ms. Berglund's opinion of an increase due to her experience as Chairman of the Human Services Committee. Mr. Renner suggested continuing the discussion until next month. Mr. Rodman asked how delaying a decision would effect the budget process. Mr. Zeunik replied that next Monday, County Department Heads will have the opportunity to begin working on their departmental budget, which is to be completed before the July County Board meeting. Mr. Lee would have to prepare several options in order to be ready for budget meetings. Chairman

Sorensen stated that operating costs do not change, the IMRF subsidy and private pay rate do changes. Mr. Rodman stated that if Mr. Arnold suggestion were followed, the different rates would have to be figured anyway. Mr. Rodman suggested that \$116.00 rate be used, which is the average of the other homes.

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Mr. Kinzinger stated that the County has the "poor farm" image to overcome. If private pay residents are paying more for the County Nursing Home, these residents may chose to go to another Nursing Home with a better image. Mr. Arnold stated that if there were less private pay residents, there would be more room for indigent residents. Mr. Renner asked if there is a waiting list for individuals. Mr. Lee replied that there is not.

Mr. Arnold stated that costs at the Nursing Home could be lowered then because fewer staff would be needed.

Mr. Rodman stated that he is willing to wait another month.

Motion by Rodman/Arnold to recommend increasing the daily rate to one comparable to the average rate of the local area nursing homes for incoming County Nursing Home residents beginning 2002. Current Nursing Home residents are to remain at the current daily rate pursuant to County Board policy.

Chairman Sorensen stated that he would not vote on the proposed motion.

Mr. Rodman voted "yes."

Mr. Arnold voted "yes".

Mr. Renner voted "no".

Mr. Kinzinger voted "no".

Motion failed.

Chairman Sorensen stated that the issue can be reviewed at the next Committee meeting. Any member of the Committee can raise it. Mr. Kinzinger stated that he is willing to listen to further discussion. Mr. Lee stated that he would bring further reports for review.

Mr. Lee presented the General Reports for the McLean County Nursing Home. The Medicare census increased in April. The May report will reflect those increases.

Mr. Rodman asked if the increases shown in April are from private pay individuals.

Mr. Lee replied that the private pay census has remained constant. The Committee reviewed the reports.

Mr. Bob Kahman, Supervisor of Assessments, presented a 10-year history of the Median Multiplier Chart and Table. The State has certified the County's final multiplier, which means that the County is finished creating the assessed value tax base for this year. The

certified multiplier is a one. This means that all the assessments are within the parameter set by the State for accuracy. A ten-year history of the County's multiplier has been provided in the packet. This year is not a quadrennial reassessment year. Due to technology, local township assessors can stay more current with assessments.

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Last year, many of the township's multipliers were ones. There are no wild fluctuations from one year to the next. Over a 10-year period, there are a lot of fluctuations. There should not be a lot of variations. One year to the next, property owners' tax bills would increase and decrease. This is a good indication as to why the number of complaints filed with the Board of Review have decreased.

Currently, taxpayers should be able to estimate future property tax bills. Farmland will decrease 10% in the next year and probably 10% the following year. Overall, Mr. Kahman stated that he is happy with assessments.

Mr. Rodman asked how the State sets the multiplier. Mr. Kahman replied that the State has objective standards to base the multiplier on County by County basis. This is done so that the EAV is equalized between counties, so that the tax burden is equally and equitably distributed. Mr. Arnold stated that the State looks at the sales price and the assessed value. Mr. Kahman stated that all of the transfers are recorded by the Recorder's Office and then sent to the State. The Supervisor of Assessments Office is required to inform the State of the prior year's assessment for the transferred property. McLean County assessments are very good. Rates may be different in different school districts, but the base is the same.

Mr. Rodman asked what is the benefit of tracking the median. Mr. Kahman explained that the median of the multiplier and the median level of assessments are two different things. The assessment is the relationship between the assessed value and the sale price on fair market value. The multiplier is the number assigned to groups of properties in a township to equalize the assessed value of all properties to  $33 \frac{1}{3}^{\text{rd}}$  of the fair market value. One an assessment should mirror the market.

Ms. Rebecca McNeil, Assistant County Treasurer, presented the County Treasurer's Report as of May 31, 2001, the Investment Report as of May 31, 2001 and the Employee Benefit Fund Report as of May 31, 2001. Ms. McNeil reported that the Revenue on the Treasurer's Report is consistent with last year. Expenditures have increased.

Mr. Arnold asked if the Treasurer's Office was continuing to pursue direct withdrawal from checking accounts for property tax payments. Ms. McNeil replied that she plans to meet with Information Services regarding the process. However, the office is currently focused on collecting first installment property tax bills. The office will continue to work towards direct withdrawal.

Mr. Arnold noted that the interest rates look good even though the rates are continuing to drop.

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Ms. McNeil noted that the totals for HPA claims are high due to May being the last month for HPA to handle the County's claims.

Motion by Arnold/Renner to accept and place on file the County Treasurer's report as of May 31, 2001, the Investment Report as of May 31, 2001 and the Employee Benefit Fund Report as of May 31, 2001. Motion carried.

Mr. John Zeunik, County Administrator, stated that the Committee did not need to review the Fiscal Year 2002 Budget Policy for Section 12.22-4 Enterprise Fund for the Nursing Home since the Committee is going to continue to discuss whether or not the private pay rate for the McLean County Nursing Home should be increased.

Mr. Zeunik presented a request for Approval of an Ordinance of Prevailing Wages Rates for Public Works Jobs for the County. Chapter 820 of the Illinois Compiled Statutes requires that local governments, including Counties, adopt an ordinance based on prevailing rates of public works wages as determined by the Illinois Department of Labor. This is required each June, effective July 1st. The ordinance applies to any public works project where the County hires a contractor or subcontractors to complete the work. The contractor and all subcontractors must agree to pay the prevailing public works wage rate.

Motion by Arnold/Kinzinger to recommend the Approval of an Ordinance of Prevailing Wages Rates for Public Works Jobs for the County. Motion carried.

Chairman Sorensen presented the bills, which have been reviewed and recommended for transmittal to the Finance Committee by the County Auditor.

Motion by Arnold/Renner to recommend payment of the bills as presented by the County Auditor. Motion carried.

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There being nothing further to come before the Committee at this time, Chairman Sorensen adjourned the meeting at 6:47 p.m.

Respectfully submitted,

Lucretia A. Wood  
Recording Secretary