

Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Wednesday, April 2, 2014 at 4:30 p.m. in Room 400 of the Government Center, 115 East Washington Street, Bloomington, IL.

Members Present: Chairman Owens, Members O'Connor, Rankin, Soeldner and Erickson

Members Absent: Member Wollrab

Other Members Present: Member Schafer

Staff Present: Mr. Bill Wasson, County Administrator; Ms. Hannah Eisner, Assistant County Administrator and Ms. Judith LaCasse, Recording Secretary, County Administrator's Office; Mr. Pablo Eves, First Assistant State's Attorney, Civil Division

Department Heads/
Elected Officials
Present:

Ms. Kathy Michael, County Clerk; Mr. Jack Moody, Interim Director, Nursing Home; Ms. Becky McNeil, Treasurer; Ms. Michelle Anderson, Auditor; Ms. Jeanene Payne, Director, Correctional Health Service

Others Present: Mr. Scott Gima, Vice President, Management Performance Associates (MPA); Mr. Andrew Buffenbarger, Managing Associate, MPA; Mr. Mark Bounds, Recording Program Administrator, County Clerk's Office; Ms. Shelly Butler, Clinic Nurse for Health Services, McLean County Jail

Chairman Owens called the meeting to order at 4:30 p.m.

Chairman Owens presented the minutes of the March 5, 2014 Finance Committee meeting, and the February 18, 2014 Stand-Up meeting for approval.

Motion by O'Connor/Soeldner to Approve the Minutes of the March 5, 2014, Finance Committee meeting and the February 18, 2014 Stand-up Meeting.

Motion carried.

Ms. Kathy Michael, County Clerk, presented her Monthly Reports for the period ending February 28, 2014, as well as the Monthly Recording Report.

Ms. Michael reported that the election went very smoothly.

Chairman Owens complimented the County Clerk's office for a successful election process.

Chairman Owens asked if alternatives are being explored to reduce the expense of election publications that are required by law. Mr. Wasson replied that opportunities are considered whenever possible to use technology to reduce costs. Ms. Michael stated that she believes it will take legislative action to change the rule, but it is being explored. Mr. Wasson indicated that this issue will be included in the legislative packet and opportunities will be sought to identify other ways to improve the current statutes.

Ms. Michael advised that it is anticipated that there will be an increase in recording of home sales.

Chairman Owens asked if there were any additional questions or comments. Hearing none, he thanked Ms. Michael.

Mr. Jack Moody, Interim Director, Nursing Home, reviewed the February 2014 Monthly Report for the Nursing Home. He noted that everything is running very smoothly.

Mr. Moody introduced Mr. Scott Gima, Vice President, Management Performance Associates (MPA), and Mr. Andrew Buffenbarger, Managing Associate, MPA, who provided a Management Consultant's Update on the McLean County Nursing Home.

Mr. Gima reviewed the highlights of the major issues that have been addressed in MPA's Management Consultant's Update, as follows:

Admissions: Clinical and financial review of prospective admissions as not occurring in a timely fashion resulting in missed admission opportunities. A restructured admission process that coordinated review by nursing management and social services has significantly improved the process resulting in an increase in admissions. At the end of 2013, census fell into the 120's residents. Census has increased to the 130's. Higher census has been impeded by a high number of discharges.

Mr. Gima stated that the goal is to get the admissions up to the 140's.

Nursing Management: The nursing department is organized with one Director and three Assistant Directors. With the turnover in the Director of Nursing position, current management consists of three nurses. An Assistant Director was temporarily appointed the Acting Director of Nursing. A fourth manager was just recruited.

The current department organizational structure is to split the building into three distinct units each managed by one Assistant Director. The Director oversees and directs the work of the Assistant Directors, and represents the facility clinical programs. Evaluation of a more traditional nursing management organization structure is underway.

Improve Accuracy of Minimum Data Set Resident Assessments: The MDS is a comprehensive medical, nursing, psycho-social assessment tool that is required for every resident at least on a quarterly basis. It is also used to determine Medicare and Medicaid reimbursement rates. Accuracy of the assessments is very important. Nursing management has begun an evaluation of a software program used to screen completed assessment prior to submitting them to the government for payment. The purpose is to ensure the assessments do not contain data mismatches or other discrepancies that inaccurately portray a resident's health status. It is a powerful tool to improve MDS accuracy as well as providing quality and payment information.

Mr. Gima stated that the skill level needed to do the MDS is significant. He noted that he is hopeful that a restructuring of the nursing management to consolidate the completion of MDS to one or two individuals will help improve the accuracy. It is a clinical quality assurance tool and Medicare, many years ago, turned it into a reimbursement methodology, and the State Medicaid system just added the MDS as a method to determine reimbursement for residents.

Quality Assurance: The purpose of a quality assurance program is to develop internal systems that drive the best possible resident care outcomes. The program establishes key metrics that provide a global scan of internal programs with an emphasis on clinical approaches. The federal government (CMS) will soon require facilities to use a standard quality assurance system called Quality Assurance & Performance Improvement (QAPI), with the goal of ensuring all skilled nursing facilities have a robust quality assurance program.

MPA is currently working with nursing management to develop a quality assurance program consistent with the CMS recommended, and soon required, QAPI program. MPA has assisted in coordinating QAPI training that is provided by Telligen, the Illinois Quality Assurance Organization (supported by the Federal Government) that provides free quality improvement training to Illinois nursing homes.

Mr. Gima advised that they are currently in the process of implementing that program at the Nursing Home.

Nurse and CAN Scheduling: Nurse and CAN scheduling is currently done by two separate employees, including an Assistant Director of Nursing. These responsibilities should be consolidated into a non-management position. This will improve the productivity of the Assistant Director of Nursing.

Review of all Nursing Policies and Procedures: The nursing department has a large number of policies of varying age that describe and direct the clinical processes. Because State and Federal nursing home regulations are constantly changing, periodic policy review is essential to staying regulatory compliance. These policies require periodic review for potential changes and updates. A policy review plan is being implemented to ensure all policies are reviewed on a routine schedule. The policy and

procedure manuals were recently replaced and staff training is underway. Going forward these policies and procedures will need to be reviewed routinely to ensure they remain consistent with internal practices and applicable regulations.

Business Office Personnel: Business office tasks (billing, accounts receivable, payroll, Medicare, Medicaid, and private pay) are handled by four employees. Three of the four employees have additional responsibilities outside of the business office. The bookkeeper, who handles all of the billing and A/R responsibilities, recently retired and a replacement has been hired. The Assistant Administrator is training the replacement.

The Assistant Administrator (business office manager) will be retiring sometime in 2014. The combination of a new bookkeeper and the impending replacement of the current business office manager make the business office a focal point of attention. MPA is developing a transition plan to prepare for the significant turnover of key business office personnel.

Financial Statements: Monthly financial statements are generated by the County. The County receives accounts receivable, cash and accounts payable invoices on a regular basis. MPA is currently evaluating existing procedures and will evaluate the need for any changes to maintain accuracy of the monthly reporting.

Mr. Gima stated that MPA wants to make sure that the information in the monthly statements is as accurate as possible and reflects monthly revenue and expenses.

Mr. Gima advised that MPA will do an analysis of the financials over the last four or five years. He pointed out that expenses have been slowly going up over the last few years. Mr. Gima indicated that it is important to maximize revenue as much as possible through admissions with Medicare and Medicaid.

Mr. Gima noted that Medicare on average pays about \$400.00 or more per day. The Medicaid rate is approximately \$130, and the average private pay rate is about \$160. Mr. Gima pointed out that Medicare provides the most significant revenue. Historically, the Nursing Home Medicare census has been running one or two residents. Mr. Gima stated that since they made the changes with the admission process, the Medicare census went up as high as nine. The current Medicare census is five. Each Medicare census for an individual, if they are in the building for 12 months, generates over \$150,000 in revenue.

Mr. Gima stated that MPA has restructured the pharmacy contract and they are looking at the therapy contract, which are the two biggest cost items for Medicare. He noted it was possible to reduce the pharmacy expenses by approximately 15%.

Mr. Gima stressed the importance of the revenue garnered through Medicare. It is necessary to have Medicare to offset the cost of covering the Medicaid and private pay.

The Nursing Home's average cost per day runs about \$170-\$180 per person, which isn't completely covered by Medicaid or private pay.

Mr. Gima stated that one of the things the hospitals are very conscious about is the readmission rates. This means, if the hospital sends someone to the Nursing Home and they come back to the hospital in 30 days, they will discontinue sending people to the Nursing Home. Mr. Gima indicated that, last year, Medicare started imposing financial penalties to hospitals with high readmission rates, so the hospitals are profiling the nursing homes and will only work with nursing homes that can reduce their readmission rates.

Mr. Gima pointed out the two important admission efforts, namely:

1. Timeliness in responding to inquiries and referrals; and
2. Improve medical and nursing skills to make sure residents do not need to be readmitted to hospitals.

Managed Care (Medicare, Medicaid Alignment Initiative or MMAI): The MMAI program is the managed care program for individuals that are covered by Medicare and Medicaid. Over half of the residents at MCNH are covered by Medicare and Medicaid (sometimes called dual-eligibles). In 2014, the Department of Health and Family Services (HFS) is rolling out a managed care program that will cover these dual-eligible individuals. The State will eventually move all dual-eligibles into the managed care program.

The State is contracting with eight different health plans, of which two will cover McLean County – Health Alliance and Molina Healthcare. The health plans will be responsible for coordinating the care amongst all providers: physicians, hospitals, nursing home, supportive living and home health. The goal is to improve the coordination of care, but at the end of the day, the Feds and the State are moving to managed care to save money.

Managed care is a new twist that the senior care market has never seen before. Cost control is the name of the game. The health plans will strive to provide the best clinical outcomes with the least amount of services/costs. These cost-effective providers will be rewarded with more referrals. This is a paradigm shift that requires the strategic repositioning of MCNH to be successful in this managed care environment. MPA is working with nursing to address readmission rates. Long term plans will require improving medical management of residents. MPA is also currently negotiating the managed care contracts with Health Alliance and Molina Healthcare.

Mr. Gima stressed that it is important to show that McLean County is a high quality Nursing Home and that we take care of these Medicaid and Medicare residents to their satisfaction. He stated that data will need to be provided to the health plans showing that the Nursing Home's quality measures are working.

Mr. Rankin recommended that the data compiled for the health plans also be included in the Finance Committee packet. Mr. Moody replied that when the data becomes available, it will be included.

Chairman Owens asked if there were any additional questions or comments. Hearing none, he thanked Mr. Moody, Mr. Gima and Mr. Buffenbarger.

Ms. Becky McNeil, County Treasurer, reviewed her Financial Reports for the period ending March 31, 2014.

Ms. McNeil reviewed the County Treasurer's Summary of Tax Revenue Sales, Local Use, Income and PPRT. She pointed out that the total revenue for the month of March was down 5.7%. Ms. McNeil noted that Sales Tax was down 14.6%, Revenue Sales Tax was up by 21.6%, Local use Tax was up 4.7% and Income Tax was up 4.7% and Personal Property Replacement Tax was up 19.6%.

Ms. McNeil stated that the Monthly Comparison was down by \$48,552.93 compared to 2013, or -5.7%. The Year to Date Vouchers are slightly under where we were a year ago for the first quarter, and the Budget Comparison shows the County under budget by \$67,102.66, or 2.7%.

Ms. McNeil provided a First Quarter Comparison 2007-2014 report. She pointed out that it took several years to grow from 2009 to 2013. Ms. McNeil expressed disappointment that the first quarter of 2014 has a reduction. She noted that she has requested information from the Comptroller's Office to see what vendors are having issues.

Ms. McNeil reviewed the CDAP Revolving Loan Fund Quarterly Report. She noted that there are currently four active loans that are all current. Ms. McNeil reported that the fund has \$727,923.94 available for lending.

Ms. McNeil reviewed the Employee Benefit Fund Quarterly Report, noting that the fund is currently as \$730,918.42. She advised that this amount should be significantly higher. Ms. McNeil noted that the reason for this is that it does not reflect the first and second quarter transfers from the funds yet. It is just a timing issue.

Ms. McNeil reviewed the County Treasurer's Investment Report, noting that there were a couple CD's that matured during March.

Ms. McNeil reviewed the 2013 Revenue Deferred to 2014 Report. She reminded the committee that if a fund has a receivable due from the prior year as of March 31st that revenue cannot be recognized in the prior year, but deferred to the current year. She noted that last year \$1.2 million was deferred and this year, about \$933,000 was deferred, which is down about \$300,000. Ms. McNeil stated that some of the significant

reductions were in the Income Tax. Last year, two months of Income Tax was deferred and this year only December was deferred. Last year, two months of Probation Salary was deferred and this year only December was deferred. Ms. McNeil stated that the Highway Department, last year, had receivables of \$429,000 and this year they have receivables of \$291,000. The Health Department deferred \$243,000 last year and this year \$221,000. Ms. McNeil indicated that the State of Illinois total deferrals is \$887,000 and \$46,000 on other outstanding receivables for a total of \$933,000. She noted that the General Fund was \$400,000 of that, as compared to \$545,000 last year.

There was a brief discussion on the reduction in Sales Tax revenue.

Motion by Rankin/O'Connor to accept and place on file the Month-end Financial Reports from the County Treasurer's Office for the month ending March 31, 2014, as submitted.
Motion carried.

Chairman Owens asked if there were any questions or comments. Hearing none, he thanked Ms. McNeil.

Ms. Michelle Anderson, County Auditor, presented two requests, one for approval of an Ordinance of the McLean County Board amending the 2013 Combined Annual Budget and Appropriation Ordinance (Reappropriation of Outstanding Purchase Orders), and a request for approval of an Ordinance of the McLean County Board amending the 2014 Combined Annual Budget and Appropriation Ordinance (Reappropriation of Outstanding Purchase Orders). She noted that these are the roll-over purchase orders.

Chairman Owens expressed some confusion with the structure of the Ordinances and suggested that they be changed to be more in line with the Emergency Appropriation Ordinances as requested by the County Administrator on pages 15-18 of the Packet so that they better reflect the line item adjustments that are being requested. He recommended that these items be brought back to a Stand-up meeting on April 15th. Chairman Owens also recommended that such Ordinances in the future follow the modified format.

Chairman Owens encouraged Committee members to ask questions or make comments on the Ordinances at this time even though no action will be taken.

Ms. O'Connor asked what Hanson Professional Services under Parks and Recreation. Mr. Wasson replied that Hanson Professional Services is the contract for engineering services relating to the Route 66 Trail Project. He noted that this is a sample, as is the Clark Dietz Contract under the Highway Department, where funds were appropriated in the budget or have been carried over from year to year. Mr. Wasson stated that the item line information and description in the Purchase Order relative to the budget amendments can be provided more clearly in the modified format.

Mr. Rankin asked if all of these amendments are monies that were allotted previously and then being carried forward. Mr. Wasson replied that it is a mixture of budgeted items and items that were not budgeted.

Ms. Anderson stated that the items on the Ordinances amending the budgets did not create over-budget situations for anyone; there was money available in the departmental budgets for purchases.

Mr. Rankin expressed concern with the Auditor's purchase of office furniture. He recalled the conversation during the budget review when Mr. Scanlon wanted to order chairs for the potential jurors and the Finance Committee did not allow him to do that. Mr. Rankin pointed out that had the Auditor's request come during the budget review, the Committee would have had ample opportunity to determine the necessity of such a purchase. Ms. O'Connor noted that the Health Department also has a purchase of furniture from Widmer Interiors under their Fund 0112. Chairman Owens advised that the monies in the Health Fund 0112 are often monies that have been held in the fund until purchases need to be made. The monies in Fund 0012 do not revert back to the General Fund if they are not spent; they stay within that fund.

Mr. Rankin asked if the Auditor's funds would have gone back into the General Fund if the purchase of furniture was not spent. He also asked where the money came from to purchase the furniture if it wasn't allocated in the budget. Ms. Anderson replied that they came from other lines that were unspent. Mr. Rankin asked what line the funds specifically came from. Mr. Rankin stated that he thought that money could only move from one category to another category, but cannot come from certain areas, such as personnel. Chairman Owens replied that he believes that monies can only be transferred from the Personnel line with a Budget Amendment approved by the Board. Mr. Pablo Eves stated that there is a limit on moving funds from one category to another, and there is an aggregate budget amount in each category.

Mr. Rankin asked why the request for \$13,200 for office furniture did not come as a budget amendment to the Committee. Mr. Wasson replied that this is a budget amendment.

After a lengthy discussion regarding the purchase of office furniture, the concerns of the Committee include the following:

- Why wasn't the request for office furniture discussed and included during budget cycle;
- Why wasn't a Budget Amendment presented to the Finance Committee prior to the purchase of the office furniture;
- Can funds from Personnel be transferred for purchase of office furniture?

Mr. Wasson stated that, in general, you would amend the budget before the expenditures were made. He added that there are situations where budgets are

cleaned up at the end of the year and identify areas of over-expenditure. Ms. Anderson noted that all Committees had year-end budget amendments to get each department and/or fund to 100% under the bottom line.

Mr. Wasson indicated that traditionally the County is very concerned about the use of Personnel Funds for other activities because the Personnel Category Line is the only method the Board has to control the salaries of an area.

Mr. Soeldner asked the Auditor what her furniture budget was. Ms. Anderson replied that there was no money budgeted for furniture. Chairman Owens commented that if the Personnel funds were not expended, they would have gone back to the General Fund. Mr. Rankin suggested that a request for furniture should have been made during the budget cycle and not at the end of the year. He asked that the Purchase Order information for the furniture in the Auditor's office be available at the stand-up meeting. Mr. Rankin stated that he is not concerned with the purchase in the Health Department because those funds would remain in Fund 0112 and not revert back to the General Fund.

Ms. Schafer asked what furniture was purchased, and she asked if it a common practice for departments to use funds that have not been expended throughout the year at the end of the year. Mr. Wasson stated that for many years there has been a procedure that was sent out to departments in November to ask them to complete any purchase orders that they should make before the first week of December. Ms. O'Connor asked if it is at the department heads discretion as to how these funds are spent. Mr. Wasson replied that, within categories, purchases can be made.

Mr. Rankin expressed concern that it looks as if money was spent for the sake of spending money whether the need was there or not. He felt that the average tax payer might be unhappy if money was spent just for the sake of spending money.

Ms. Anderson stated that the furniture that was replaced was over 30 years old. She noted that she purchased an office room table and chairs, a desk for her office, a lateral file and vertical file.

Mr. Erickson asked if a list can be prepared of things that the Committee would like to see at the Stand-up Committee, including purchase orders and an explanation of the purchases. Ms. Anderson replied that she will bring the purchase order to the meeting, along with a brief description.

Mr. Erickson reminded the Committee of the recent conversation with the Health Department when they requested extra items that they had not requested during their budget review. He asked if it would be possible to find out if the Health Department had already allocated those items under the Midwest Veterinary Supply to make sure that they weren't asking for it a second time. Mr. Wasson replied that he can supply the purchase order information and will ask each of the Department Heads who have

outstanding purchase orders to be present at the meeting so they can share any additional insights with the Committee.

Mr. Wasson advised that the Stand-up Committee meeting will be scheduled in Room 404 at 8:15 a.m.

Motion by Soeldner/Rankin to table the Recommendation for Approval of an Ordinance of the McLean County Board Amending the 2013 Combined Annual Budget and Appropriation Ordinance (Reappropriation of Outstanding Purchase Orders); and the Recommendation for Approval of an Ordinance of the McLean County Board Amending the 2014 Combined Annual Budget and Appropriation Ordinance (Reappropriation of Outstanding Purchase Orders) to a Date Certain of Tuesday, April 15th at 8:15 a.m. in Room 404.
Motion carried.

Chairman Owens asked if there were any additional questions or comments. Hearing none, he thanked Ms. Anderson.

Mr. Bill Wasson, County Administrator, presented a request for approval of an Emergency Appropriation Ordinance Amending the McLean County Fiscal Year 2013 Combined Annual Appropriation and Budget Ordinance (Annual Departmental Budget Adjustments). He reviewed a few of the line items.

Motion by Soeldner/Rankin to Recommend Approval of an Emergency Appropriation Ordinance Amending the McLean County Fiscal Year 2013 Combined Annual Appropriation and Budget Ordinance (Annual Departmental Budget Adjustments).
Motion carried.

Mr. Wasson presented three requests that can be acted upon together, namely a request for approval of an Ordinance transferring monies from the County General Fund 0001 to the Children's Advocacy Center Fund 0129, the IMRF Fund 0131 and the Tort Judgment Fund 0135, Fiscal Year 2014; a request for approval of a Resolution transferring monies from the Working Cash Fund 0002 to the F.I.C.A./Social Security Fund 0130, Fiscal Year 2014; and a request for approval of an Ordinance transferring monies from the County General Fund 0001 to the Children's Advocacy Center Fund 0129, the IMRF Fund 0131 and the Tort Judgment Fund 0135, Fiscal Year 2014. He stated that these are the requests to transfer funds, as need, amongst special tax funds until the completion of Property Tax collections. These are housekeeping matters done on an annual basis and allows the Treasurer to move monies from one fund to another.

Motion by O'Connor/Rankin to Recommend Approval of an Ordinance Transferring Monies from the County General Fund 0001 to the Children's Advocacy Center Fund 0129, the IMRF Fund 0131 and the Tort Judgment Fund 0135, Fiscal Year 2014; to Recommend Approval of a Resolution Transferring Monies from the Working Cash Fund 0002 to the F.I.C.A./Social Security Fund 0130, Fiscal Year 2014; and to Recommend Approval of an Ordinance Transferring Monies from the Health Department Fund 0112 to the Persons With Developmental Disabilities Fund 0110, Fiscal Year 2014.

Motion carried.

Mr. Wasson reviewed the critical personnel position requests received by the County Administrator's Office through February 26, 2014. He advised that this is being provided for informational purposes only as the positions fall within the critical patient care and supervision exception to the hiring freeze policy.

Nursing Home

1) The following positions were vacated and refilled pursuant to the patient care exemption:

2 FTE Certified Nursing Assistants and 1 FTE Building Maintenance Technician II.

Chairman Owens presented the March 31, 2014 Finance Committee bills and transfers for review and approval as transmitted by the County Auditor. The Finance Committee bills include a Prepaid Total of \$2,096,157.52 and a Fund Total that is the same.

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Motion by Erickson/Rankin to recommend approval of the Finance Committee bills and transfers as of March 31, 2014 as recommended by the County Auditor.

Motion carried.

Chairman Owens presented the March 31, 2014 Nursing Home bills for review and approval as transmitted by the County Auditor. The Nursing Home bills include a Prepaid Total of \$496,044.44 and a Fund Total that is the same.

Motion by Erickson/Soeldner to recommend approval of the Nursing Home bills as of March 31, 2014 as recommended by the County Auditor.

Motion carried.

Chairman Owens advised that the last presentation to the Health Board for monies to be requested will be held on April 10, 2014, 8:30 a.m. to noon, Health Department Building, third floor conference room. The two presenters are Center for Human Services and Chestnut Healthcare.

There being nothing further to come before the Committee at this time, Chairman Owens adjourned the Finance Committee at 6:02 p.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary

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