

**DEKALB COUNTY BOARD OF HEALTH  
MINUTES OF THE MEETING  
DATE: March 22, 2012**

**BOARD OF HEALTH MEMBERS PRESENT**

Kevin Buick, JD - President  
Paul Stoddard - Vice President  
Todd Latham - Secretary  
Tim Duez, DDS  
Roger Faivre  
Ronald Feldmann, MD  
Karen Hagen, RN, MS  
Christina Jones, RN, MS  
Andria Mitchell  
David Phillips, MD

**BOARD OF HEALTH MEMBERS ABSENT**

Dennis Diemer, DVM

**STAFF MEMBERS PRESENT**

Jane Lux, Assistant Administrator  
Bette Chilton, Director of Personal Health Services  
Brenda Courtney, Director of Administrative Services  
Greg Maurice, Director of Environmental Health  
Lisa Hardcastle, Director of Home Care

**STAFF MEMBERS ABSENT**

Marcy Zanellato, Director of Health Education

**CALL TO ORDER**

The DeKalb county Board of Health meeting of March 22, 2012, was called to order at 7:30 PM by Kevin Buick, President.

**INTRODUCTION OF NEW BOARD MEMBER**

Mr. Buick introduced Chris Jones to the Board. After Board member introductions, Ms. Jones shared that she is a nurse manager at Kish*Health* System and worked there in emergency medicine for many years, and managed the two Emergency Departments prior to her current role. Since moving into the new hospital, her current role is Director of Clinical Resources.

**MINUTES**

**Full Board**

On a motion by Dr. Tim Duez, seconded by Paul Stoddard, the Board of Health Minutes of the Meeting for January 24, 2012, were approved. Motion carried.

**PERSONS TO BE HEARD FROM THE FLOOR**

As there were none, Mr. Buick moved to Division Reports.

## **DIVISION REPORTS**

### Public Health Administrator - Jane Lux

Mrs. Lux worked on the audit in January and February and will be reporting on our 2011 Financial Statement in New Business. In addition, she worked on our Home Care Program study. The culmination of the study is the consultant's report that will be presented in New Business. Mrs. Lux gave a brief recap of the Home Care program over the last few years. Consistent with her reports, the Home Care Program has been struggling since July due to declining caseload and revenue. Starting in 2009, we would have experienced a loss if not for a large donation. We began cost savings measures in 2009 with workload redistribution that continued in 2010 with workforce reduction.

In July of 2011, we noted a slight decline in caseload and revenue for January through June 2011 compared to the previous year, but it was not significantly different. Heightened concern began in July when census and revenue declined significantly. In September, Mrs. Lux reported July and August caseload at historic low levels. Average census and episode data for January through August of 2009, 2010 and 2011 showed a downward trend, and further challenges occurred due to the 5.2 percent Medicare cut for 2011. Our plan was to continue the Business Plan we developed with the 2012 Budget, and to monitor trends in anticipation of our consulting engagement in 2012.

In November, Mrs. Lux reported on the discontinuation of the First Impressions post-partum home visit program in 2012 that would result in a loss of revenue. An additional 2.39 percent Medicare cut was projected for 2012 along with changes to the case mix reimbursement model and reduction of incentives to provide therapy services. In that our low census remained a concern, she expedited the consultation engagement and scheduled the first meeting with Mrs. Cichon in December.

Mrs. Lux reported in January that the consultation engagement was ongoing and we were still gathering additional data and information. Although our analysis was not complete at that point, we learned that the entire home care industry was struggling.

### Environmental Health - Greg Maurice

Mr. Maurice reported that our Environmental Health Programs passed the every-three-year Illinois Department of Public Health (IDPH) reviews. The next electronic recycling event will be April 14th. The Solid Waste Annual Report will be in New Business.

### Personal Health Services - Bette Chilton

Mrs. Chilton reported on utilization trends. We reduced services in 2011 compared to 2010 due to workforce reduction. The trends in services and needs over the past year gave Mrs. Lux and Mrs. Chilton an opportunity to prioritize core public health services, and to match our resources with these services.

### Home Care - Lisa Hardcastle

Mrs. Hardcastle presented the new "Your Guide to Recovery" brochure for Home Care patients. The brochure highlights questions that are asked on the patient satisfaction survey, thus survey results are a true reflection of the patient Home Care experience. Home Care patient satisfaction scores will be publicly reported starting April 19, 2012. Mrs. Hardcastle also presented the "Emergency Care Plan," an evidence based tool that instructs the patient when to contact Home Care and when to contact 911. The goal is to positively impact our acute care hospitalization score by reducing unnecessary visits to the emergency department.

## Health Education

Mrs. Lux reported for Mrs. Zanellato on the upcoming CDC site review for Emergency Preparedness grants.

## **FINANCIAL DATA**

Paul Stoddard moved to approve the Financial Statements for January and February 2012, seconded by Dr. David Phillips. Motion carried.

Dr. Tim Duez moved to approve the Claims for February and March 2012, seconded by Roger Faivre. Motion carried.

## **NEW BUSINESS**

### **1. Solid Waste Annual Report**

Mrs. Lux presented highlights of the 2011 Solid Waste Report. Mrs. Springmire, program coordinator, will also present this report to the Planning and Zoning Committee of the County Board, and will send it to the Illinois Environmental Protection Agency (IEPA).

We had more municipal waste and more recycled in 2011 compared to 2010. Mrs. Springmire believes it is because the economy is improving, thus people replace and dispose of more. We continue to far exceed the State 25 percent recycling goal. The program funds personnel, public notices and professional services. We also contract with the University of Illinois Extension Service for school-based education on recycling, reuse and reduction. We have two e-waste recycling events each year, one latex paint recycling event, and we have a rural recycling site in Kingston. A new site in Somonauk will be implemented in the next few months. The special events are cosponsored by the Farm Bureau, and we collaborate with various community groups for volunteer work.

### **2. 2011 Financial Report**

Mrs. Lux reported that we cut expenditures by nearly one half million dollars in 2011, due in large part to the 2010 deficit reduction plan that included workforce and service reductions. Unfortunately, our revenue was lower than expected. The decrease in revenue resulted in a deficit of \$18,352. This deficit was a less than projected due to expenditure reductions.

Mrs. Lux gave highlights of the Financial Statement. Revenue Line items that were lower than projections were Medicare Home Nursing, Family Planning State Aid, Home Nursing Patient Care and Flu Shots. Expenditure line items that we reduced were salaries, clinic and home nursing supplies.

In the last two years, our revenue has decreased 14.9 percent and our expenditures have decreased 11.3 percent. We have reduced our expenditures significantly, but our revenue has declined more than expenditures. Our savings helped reduce the deficit.

On the Revenue and Expenditure Summary, Home Care had a deficit of \$186,919. Historically, Home Care revenue exceeded expenses. Mrs. Lux reviewed the financial status of Home Care in the last two years, and the cost containment measures implemented to reduce loss. In the other four (Public Health) Divisions, revenue exceeded expenses by \$162,081. The savings resulted from not filling positions and from service reductions. However, positions will be needed in the future to avoid further service reductions.

Mrs. Lux reviewed our fund balance and interest historically. She noted that interest earned over the period 2005–2011 was \$365,000, an average of approximately \$52,000 a year. In 2011, interest was \$6,486. In the past, interest contributed to the fund balance, but that is not the case currently. Our Board

policy is to have at least three months of expenses in the Fund Balance, a metric we were able to maintain.

### **3. Report by FR&R Healthcare Consulting, Inc.**

Terry Cichon, CPA  
Senior Manager  
Director of Healthcare Operations

Mrs. Terry Cichon specializes in consulting with home health and other providers on their administrative management issues. Her extensive knowledge of home health care, coupled with her hands-on experience, has earned her a national reputation as a leading expert. Mrs. Cichon distributed her written report and summarized it for the Board.

Mrs. Cichon stated that she has worked with the Health Department for ten years and this agency has always taken every step necessary to solve their problems. The goal of this engagement was to determine the viability of the agency, given existing contractual obligations, the changing healthcare models, the current and future regulatory and reimbursement initiatives, and the increasingly competitive environment. She looked at external forces, what is happening to the industry as a whole, and studied the internal operations of this agency (DeKalb) to see if it had the tools to try to fight some of the issues it is facing. Mrs. Cichon stated that she has been extremely impressed with this agency and their grasp of their numbers and data. The Health Department and Board should be very proud.

She explained that the perfect storm is occurring in home health and healthcare. There are increased government regulations to prevent fraud, there is decreasing reimbursement, and in the State of Illinois, we have an extremely competitive environment. We have three times as many home care agencies than are needed, and most of them are in our area, north of I-80, in the Chicago Metropolitan Statistical Area (MSA).

Healthcare Reform will completely change the way health care is delivered. We will have models like Accountable Care Organizations (ACO), bundling, and performance incentives, like the re-hospitalization rate that Mrs. Hardcastle talked about. All of the aforementioned factors are coming together at once. Any agency given one or two of these to overcome may be successful, but when it is happening all at once, it makes it very difficult for any agency to solve these problems.

Mrs. Cichon explained in detail the external factors affecting the industry and this agency. They are declining reimbursement, the significant decline in census due to competition, healthcare reform and the resulting change to operational and reimbursement models, performance-based pay and the pressure to reduce costs while improving outcomes, increased use of technology to deliver care and publicly reported indicators so consumers can choose providers. DeKalb has taken every step possible to improve their scores on the indicators.

Mrs. Cichon then discussed the internal factors, and how DeKalb can respond. The first thing she looked at was our Business Plan to see if it made sense and she agreed with every element that should be tried. The first item in the plan was to increase the average case mix, or reimbursement per episode. OASIS is an assessment which determines reimbursement. Staff has gone through training and they are getting every penny they can out of the case mix. Mrs. Cichon agrees that they need to keep working on case mix, and should never stop working on it, but getting more dollars out of case mix will be very difficult.

Average episode reimbursement at DeKalb is less than the national and state average. The average national profit margin for home health agencies is 6.8 percent and DeKalb is operating at a loss. The focus on therapy visits in their plan is appropriate, as in 2012, the Centers for Medicare and Medicaid (CMS) made some adjustments and no longer rewards agencies as much for providing more therapy.

To stabilize and increase caseload, their current business plan relies on the Director of Home Care to conduct marketing. Mrs. Cichon stated this is a very lean organization, and the Director of Home Care cannot do marketing as this would cut down on time spent on clinical operations. She said it would take a minimum investment of \$150,000 a year to have a competitive marketing plan that would include professional marketing staff.

Next, Mrs. Cichon looked at the service area and concluded that expanding would not be feasible. There are 150 home health care agencies licensed to provide services in DeKalb County, and many in surrounding counties. It is a very competitive market. The problem for DeKalb County Home Care is that they are in the Chicago MSA. Most of the agencies in the Chicago area take all the collar counties. Everyone is getting pushed out with the competition.

Mrs. Cichon then reported her analysis of revenue sources and cost per visit. DeKalb's direct costs are higher than the industry standard. The agency's hourly rates are competitive and in line with the area for nurses. The problem is the way the staffing is established. The way most home health agencies handle staffing is by having a flexible model. Some employees may be guaranteed hours which is set below census and then per diem or "PRN" nurses are utilized that are paid only when they work and when they are needed. DeKalb does not have the needed flexibility for such a model. Mrs. Cichon analyzed the cost of the benefit package, and found that these costs are significantly higher compared to other comparably sized agencies.

Mrs. Cichon examined productivity and found DeKalb's daily productivity of 5.5 units a day is average. The problem is the weighting of the visits. Some of the visit types are weighted higher than the standard. In addition, it is not standard to give extra units for travel which is usually considered in the visit. The agency's staff is not as productive because of the way the productivity is weighted. Lastly, Mrs. Cichon stated the agency is very lean for overhead costs.

Mrs. Cichon conducted a break-even analysis. If the expenses and case mix remain the same, the Health Department would need approximately 209 more episodes, or a 26.8 percent increase in census. This is not realistic. If the expenses and number of episodes remain the same, they would need to increase case mix by 10 percent or an additional \$240, which is also not realistic.

One very strong positive is their relationship with *KishHealth* System. Most of their referrals come from the Health System, however, even given referrals, there is not enough volume for the agency to break even.

In conclusion, based on the analysis, Mrs. Cichon stated she does not think the agency will be able to sustain a viable program. Her recommendation is to look at what to do with the agency in the future.

After Board member questions, Mr. Buick concluded that in the days and weeks to come the Board of Health will have more discussion and decisions after a lot of information to digest. Mrs. Cichon commented that we have a very good organization that really cares.

## **EXECUTIVE SESSION**

At 9:13 PM, Dr. Duez moved, seconded by Todd Latham, to enter into Executive Session for the purpose of discussing future decisions as they relate to collective negotiating matters under Subsection Number 2, and for the purpose of discussing the semi-annual review of Executive Session Minutes under Miscellaneous Exceptions, Subsection Number 21, as mandated by Section 2.06, both of Section 2 (c) of the Open Meetings Act. Motion carried.

On a roll call vote, those voting yes were Kevin Buick, Christina Jones, Karen Hagen, Paul Stoddard, Dr. David Phillips, Dr. Ronald Feldmann, Todd Latham, Dr. Tim Duez, Andria Mitchell and Roger Faivre.

Todd Latham moved to reconvene to Open Session, seconded by Paul Stoddard. Motion carried.

At 9:55 PM, Mr. Buick stated that the Board of Health is now in Open Session.

On a motion by Dr. David Phillips seconded by Dr. Tim Duez, the Board of Health approved the release of Executive Session Minutes of the meeting held September 27, 2011. Motion carried.

The consensus of the Board with regard to the Home Care Program, in light of the report presented, was to authorize Mrs. Lux to pursue all opportunities which may be available to best serve the citizens of DeKalb County.

Mr. Buick informed the Board of new legislation that requires every member of a public body to complete training on the Open Meeting Act by January 2013. The training is done online at the Illinois Attorney General website, and takes approximately an hour and a half. Mrs. Lux will email information to the Board, and Mr. Buick offered his assistance to members.

#### **CORRESPONDENCE AND ANNOUNCEMENTS**

See highlights as noted.

#### **ADJOURNMENT**

On a motion by Dr. David Phillips, seconded by Dr. Ronald Feldmann, the Board of Health adjourned at 10:02 PM. Motion carried.

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Todd Latham, Secretary  
DeKalb County Board of Health