



DeKalb County Administration

200 N. Main Street □ Sycamore, IL 60178-1431 □ Phone: 815-895-1638 □ www.dekalbcounty.org

February 23, 2022

DCRNC Staff, Residents and Families:

For almost a year, the DeKalb County Board and its various committees have publicly discussed the fiscal position of the DeKalb County Rehab and Nursing Center (DCRNC). Although the discussions have taken place publicly and background materials outline the fiscal position, this letter was prepared to ensure the community is aware of the challenges and possible outcomes.

Before providing a brief history and summary of the DCRNC position, there are a few points that should be emphasized:

- 1.) The County Board is committed to working to ensure the facility remains as a Rehab and Nursing Center.
- 2.) There are no plans to close the facility. All of the options being discussed would ensure that the facility remains a skilled nursing operation.
- 3.) Not only are we committed to keeping the DCRNC a skilled nursing facility, we are also committing to do so without any degradation to the quality of care as evidenced by the County's continued use of alternative funds to address fiscal challenges.
- 4.) No decisions have been made regarding whether or not the County will continue to own and operate the DCRNC.

Brief History

What is now called the DeKalb County Rehab and Nursing Center started in 1853 as a "poor farm". Prior to that time, when persons were in need of public assistance due to financial or health reasons, they were referred to the township overseers of the poor. The overseers would allocate available county resources to assist these people. The County Board of Supervisors felt that the poor of DeKalb County would better be served by a centrally located facility which ultimately led to the creation of the County Home in 1945. The operation has called different locations home throughout its history and has progressively increased the level of services. The current location was opened in 2000 and has a 189-bed capacity. The County Board hired an outside company to manage the facility for the past 24 years and the operation was governed by its own Operating Board.

The DCRNC is a proprietary operation, meaning that operating expenses are offset by revenues generated by patient care billing through Medicaid, Medicare and Private Pay. In March 2021, we learned that the DCRNC cash balances had been exhausted. The issue was attributed to the COVID-19 pandemic and brought to the attention of the County Board. The Board took swift action to provide a \$2.0 million loan for cashflow support to the DCRNC operation in April 2021 and has provided additional support since because the County remains committed to providing the highest quality care for our residents.

From there, County staff researched the fiscal position and learned that the DCRNC challenges started in 2019 as the number of residents dropped from 181 to 168 and the operation posted a significant loss. This trend has been exacerbated by the pandemic, continuing into 2020 with the resident census dropping to 141 and posting another significant loss. In 2021, the census dropped again to roughly 120 residents and posted even larger losses. To get a better sense of the overall the cash-flow position, it is important to get an understanding of the accounts receivable, or the monies due to the DCRNC. As the sizable accounts receivables were examined, roughly \$1.8 million in receivables were determined to be “bad debt,” meaning that the money is unlikely to be paid back to the DCRNC. The majority of this bad debt stems from timely filing issues that occurred between 2017-2020, further eroding the fiscal position of the DCRNC. With the assistance of an outside consultant, staff continues to examine current and aged receivables while exploring all options to collect every possible dollar.

Despite the financial challenges, the administration and staff at the DCRNC continue to provide top notch service to our residents. The County Board has remained committed to supporting the needs of the operation while evaluating the best options for DCRNC residents and DeKalb County taxpayers. Since April 2021, a total of \$6.4 million has been transferred from other unrestricted County funds to support the needs of the DCRNC. While a portion of these dollars should be repaid as accounts receivables are collected, the budget for the operation assumes revenues being generated from a census of 175 residents, the fiscal break-even point. The current census of 128 is only 73% of what is needed to cover costs.

With the operation now competing for general resources and the management company no longer involved, the County Board voted in late 2021 to dissolve the Nursing Home Operating Board and directly oversee the operation. The Board has the difficult task of evaluating options for the future of the facility. As mentioned previously, all options aim at ensuring that the facility continues to provide skilled nursing to our community. Among the options presented for consideration are bringing in another management company to operate the facility, leasing the facility to another operator or to sell the facility and operation to a not-for-profit or private company. There are no plans to close the operation. Rather the contrary, the Board is working to determine whether it is in the best interest of the DCRNC residents and the taxpayers of DeKalb County to operate the facility, or whether another party can do so more effectively and ensure long term success.

Sincerely,

John Frieders
County Board Chair

Suzanne Willis
County Board Vice-Chair

Brian Gregory
County Administrator