

HEALTH COMMITTEE MEETING MINUTES  
DECEMBER 15, 2010

HEALTH COMMITTEE MEMBERS PRESENT: Shay, Hall, Suprenant, Campbell, Idleman, Pitts

HEALTH COMMITTEE MEMBERS ABSENT: Sady

SUPERVISORS: Rymph, LaPointe, Henke, Watkins, Tatko, Haff, Brown, Lindsay

Debra Prehoda, Clerk of the Board

Roger Wickes, County Attorney

Patty Hunt, Director of Public Health

Ann Reynolds, Assistant Director PH

Phyllis Cooper, Treasurer

Claire Murphy, OFA Director

Neil Roberts, Acting PV Administrator

Tina McDougall, PH Fiscal Manager

Kevin Hayes, County Administrator

Tammy DeLorme, Commissioner DSS

AGENDA AS PRESENTED IN COMMITTEE NOTICE:

- 1) Call to Order
- 2) Presentation of Phase 1 Report - CGR
- 5) Other Business
- 6) Adjournment

Chairman Shay called the meeting to order at 11:00 A.M.

Dr. Pryor gave a brief overview of the Phase 1 report and highlighted some items, report on file. He stated in Phase 1 of this report, they were to essentially describe the nursing home and home health care functions as they exist in the County at this point. They looked at the relative strengths and limitations, the financial circumstances, the number of people served and so on. This was not meant to be an evaluation per se in terms of whether or not certain operations should continue in the future; that is Phase 2. Phase 1 was essentially a descriptive of the "what is" currently in place. He stated 85% of the 200 employees are residents of the County. The County has contributed \$5.5 M over the last five years to the nursing home which equates to an average of a little over \$1.1 M per year. Seven hundred eighteen thousand is the average loss per year but that would be a \$1.5M loss per year without IGT. Pleasant Valley has historically had a lower than average number of patients coming from the hospital and that could be looked at further in a Phase 2 study. The Nursing facility is losing \$300,000 a year in the Enterprise fund and with the other expenses (General Fund expenses) it totals about \$900,000. The report lists some changes that could be made to maximize revenue. The Adult Home average loss is about \$500,000 per year. He does not feel continuing the Adult Home as is will allow for any cost savings. There could be changes in the Adult Day Care where potential savings are a possibility. Regarding the Home Care Services, a number of things have been done to keep costs down, costs contained, and revenue enhanced. The CHHA up until this year has been a positive program, which is not typical, it is not the norm. The staffing in the CHHA has been reduced, total visits have been relatively consistent, the total revenue is down and Medicare episodes are down with slight increases in Medicaid, which does not pay as well. He cautioned this program might not continue to be positive. Home Care has been a money loser but is designed to keep people out of nursing homes or more expensive care. The annual loss for the program is about \$75,000 per year over the last five years. Hospice has typically lost money and the service volume has been up and down. There are things that can be done to the Public Health and Nursing Home programs to make them more valuable. There are a number of factors to consider. Dr. Pryor stated you could go from this report to an RFP.

Chairman Shay stated several things seemed apparent, we are losing money, more than he thought, and accounting procedures are not working within the Enterprise Fund. He stated if

we were to continue, he would recommend dismantling the financial program at Pleasant Valley. At Pleasant Valley, billings are not being done and there are overtime issues.

Mr. Brown asked how you could sell something that is losing so much money. The Board needs to adapt to the changing nursing home environment.

Mr. Roberts explained the Adult Day Care change in slots, reducing from 24 to 20 that will reduce losses in that program. He feels the losses could be mitigated.

Kevin Hayes, County Administrator, stated some of the cost of operating the nursing home is in the Adult Home and without the Adult Home that cost would then go back to the nursing home.

Mr. Pitts stated another entity could do things differently than a county run nursing home. He stated we do not want to cherry pick and lose the good programs and Chairman Shay concurred.

Mr. Roberts stated a disadvantage of county run nursing homes is the benefit package.

A motion to go out for an RFP for all, see where the chips fall and then proceed from there, was moved by Mrs. Hall and seconded by Mr. Pitts. Discussion. Mr. Pitts stated we need to know the cost of preparing an RFP document.

Discussion ensued on the Pleasant Valley bad debt write off. These have already been reflected in the profit/loss statements as being written off. Mrs. Tatko asked about the state regulations on bad debt. The auditors have reflected the asset is uncollectible. The Board then looks at the balance sheet and has to by resolution take it off the books.

Mr. Roberts stated the issues discussed with increasing and decreasing the costs in the nursing home are not issues of the PV Finance office but for the admissions office not to say there are not inefficiencies in the Finance office to correct.

Mr. Brown asked if Dr. Pryor had an opinion if these programs are saleable. Dr. Pryor stated you need to look at ongoing costs even if you get out of the business, ongoing annual costs. Mr. Brown stated some analysis could be done after the requests for proposals are received.

Ms. Idleman feels we need to find out what impact our decision will have. She would rather have the information before making a decision and supports going to Phase 2. She feels going to an RFP and making a decision based on the dollar amount would be a mistake without knowing the potential for unexpected consequences.

Kevin Hayes, County Administrator, mentioned the option of sending out a letter of interest.

Mr. Campbell stated whether it is an RFP or letter of interest it is to find out what the buyer might want and then maybe we would need to do a study. He would like to hear from them first to know what they are looking for. He stated if no one is looking then we don't need to look any more.

Mrs. Tatko stated the county has no business being in this business.

Mrs. Hall stated an RFP or letter of interest would tell us if someone is interested.

Mr. Roberts stated they are not sitting still and are implementing these changes.

Mr. Suprenant mentioned ongoing costs and monies owed even if we are not running a nursing home.

Kevin stated at this time we are capped on Medicaid. He stated even if we get out of the business, we are still responsible for all our patients even if they all went to a nursing home someplace else, the County is still responsible for that cost but that cost is figured into our Medicaid that is capped and the County only pays 3% of the total regardless.

Mrs. Hall stated IGT might also go away or the County might end up having to pay more.

Mr. Pitts would like a letter of interest explained. Roger Wickes, County Attorney, explained how the letter of interest worked for the trash plant. An RFP would be a more concrete proposal and a letter of interest is more abstract.

Mr. Brown stated we would either accept a letter of intent or an RFP. We are looking to find a proposal that we can work with.

Mrs. Hall stated we do need to look at the personal aspect. She asked if we could be doing the next phase and at the same time do the letter of interest or RFP whichever is more acceptable to people.

Dr. Pryor stated you can write an RFP that invites proposals. It does not have to be either or.

Ms. Idleman asked if an RFP or letter of intent is in this motion. Mrs. Hall stated it is, this is what we have, what is your interest. Ms. Idleman feels we need more information, look at the pros and cons. Mr. Brown stated the value of the letter of intent is some creativity because we do not know what we want to do. Ms. Idleman stated do we get more information by doing an RFP or letter of intent or do we get more information by moving forward with the next phase of the study. She feels it is more efficient to move forward with Phase 2 of the study. Mrs. Hall stated the information in Phase 2 will be of interest to us but if there is no one interested in what we have then we might be looking for different information in Phase 2. Roger Wickes, County Attorney, stated there is core information/data that is needed no matter who you sell to and things you need to know to make your decision. At the same time we can find out what is out there and then find out what information you need to evaluate.

A motion to amend to remove RFP and substitute a letter of interest or proposal in conjunction with the beginning of Phase 2 and perhaps a few changes in the outline of Phase 2 was moved by Mrs. Hall and seconded by Mr. Pitts. Discussion. Mrs. Hall stated that she would assume with letters of interest that within six weeks would be a reasonable time frame and continue with Phase 2. So when the letters of interest come back, the committee members will have the information they need from the Phase 2 to make a decision. Dr. Pryor needs to know what we want in Phase 2 and asked if it would include the implications of other options, if the County sells for example CHHA what implication would it have on the other Public Health operations. He asked what is relevant for your decision making process. Kevin stated we will need to know if we sell CHHA what will Public Health look like and if we sell Pleasant Valley

what are our continuing costs. Mrs. Hall stated she feels we have two entities, Public Health with Hospice, CHHA and Long Term and Pleasant Valley, which include the Adult Home and the nursing home. If someone wants Public Health for example they get Hospice, CHHA and Long Term, they get the whole thing in one package. Dr. Pryor stated it is not clear what goes into the Phase 2 analysis. Ms. Idleman stated she feels it is confusing to combine the next phase of the study with the letters of interest. Mr. Brown stated we are deciding to do business without having a price. Discussion on whether or not to include the Phase 1 with the letters of interest. Kevin stated that basically we are changing the scope of services for Phase 2 from the original proposal, which would have delved into options from the Phase 1 report. Phase 2 would now look at the value this item and what will it look like if the County is not in this business with the end product being a letter of intent or proposal with criteria to measure that. The committee would then meet and go over that information and then send out the letters of intent/proposal. Maria, CGR, stated with a letter of intent verses an RFP, you need to look at how much you can ask of the respondent. She stated if the County sends out a letter of intent rather than an RFP the respondent may not want to take the time to pull all the information together. Mrs. Hall withdrew her amendment and original motion and Mr. Pitts withdrew his seconds.

The motion to send out a letter of interest to any party interested asking them for a response either a letter of interest or a proposal was moved by Mrs. Hall but did not receive a second.

A motion to proceed with Phase 2 only as presented prior to proceeding any further was moved by Ms. Idleman and seconded by Mr. Suprenant. Discussion. Mrs. Hall stated by doing them concurrently she feels we are better utilizing our time. Mr. Lindsay agrees that there is no reason to prolong this process. He would like the information from Phase 2 and also if there is any interest out there. A motion to proceed with Phase 2 only as presented prior to proceeding any further was moved by Ms. Idleman, seconded by Mr. Suprenant and defeated on the following roll call vote: AYES (2) Suprenant, Idleman NOES (4) Shay, Hall, Campbell, Pitts, ABSENT (1) Sady, ABSTAIN (0).

A motion to requests for letters of interest or proposal (someone might want to put together a proposal) and proceed with Phase 2 as revised on a concurrent track was moved by Mrs. Hall and seconded by Mr. Pitts. Discussion. Whether or not to include the Phase 1 study was discussed. It is a public document. Mr. Brown stated if this motion passes then discuss the format. A motion to request letters of interest or proposal (someone might want to put together a proposal) and proceed with Phase 2 as revised on a concurrent track was moved by Mrs. Hall, seconded by Mr. Pitts and adopted on the following roll call vote: AYES (4) Shay, Hall, Campbell, Pitts, NOES (2) Suprenant, Idleman, ABSENT (1) Sady, ABSTAIN (0).

Mr. Suprenant left the meeting.

The committee proceeded to discuss the format of Phase 2, refine it. Mrs. Hall suggested giving Dr. Pryor a basic idea of the additional information that was not included in Phase 1 and then provides the cost for the refined Phase 2 study. Dr. Pryor stated they could have a proposal to the Board by the Organization Meeting on January 3<sup>rd</sup>. Mrs. Hall and Mr. Pitts both stated we are looking for a letter of interest with the information that is going to spark people's interest. Maria, CGR, asked if the committee was looking to have CGR draft an RFP or look at the legacy costs and what are some of the implications. The response was both. Mrs. Hall stated requesting letters of interest and provides information that is going to spark

their interest. Dr. Pryor stated that is more like an RFP. He stated put together a new document that has the pertinent information from Phase 1 that will tell the prospective buyers what they are responding to. Kevin stated with the value of the legacy costs and numbers and some criteria for evaluating. Mr. Brown stated we should be sending information out for response while they are putting the other information together. Mr. Pitts asked how will be get this information out, disseminated to who. Chairman Shay stated Kevin has some contacts and Dr. Pryor stated to people interest in nursing homes. This information could be provided on line/internet/website.

Dr. Pryor stated his understanding is that you want them (CGR) to take this document and put it into a sale document or something that tells them what you want them to respond to, here is the reality, please respond, tell us if you are interested or not. Take this forty page document and make it into a ten page document. He will give a proposal for the January 3<sup>rd</sup> meeting. Mr. Campbell stated Phase 2 should include the information on what if we sell all of Pleasant Valley, all of the Public Health CHHA, Hospice and Long Term or if we sold one or the other. Mr. Pitts stated the potential for unintended consequences. Mr. Brown asked about the land at Pleasant Valley. Kevin stated the land is extra. Mrs. Hall stated it should state there is x number of acres available across the road and adjacent. Dr. Pryor stated he will submit a proposal for consideration on January 3<sup>rd</sup>. Dr. Pryor was asked to provide a copy of the proposal for Phase 2 by December 28<sup>th</sup> for distribution to the Supervisors. He stated he is still not totally clear yet what should be included in Phase 2. Mrs. Hall stated the Phase 2 is the additional items they have been asked to do while we are waiting for the letters of interest. A lot of the Phase 2 we may not do as originally proposed depending on how those letters of interest come back as. Dr. Pryor stated he is going to price items they are to do concurrently not if something comes back and you want more because that would be a Phase 3. Mrs. Hall and Mr. Campbell agreed. Dr. Pryor stated the other question is then when stuff comes back are they supposed to be reviewing those or is it strictly the committee. Chairman Shay believes they should be involved. Maria asked if that is part of Phase 2. Kevin stated provide a price per hour to evaluate. Dr. Pryor stated they generally do not work at an hourly rate. He stated they need to look at it in term of tasks. After the letters of interest come back, if we want their review, they will provide a price at that time. The cost to evaluate the proposal would be additional and determined at a later date depending on the responses. Dr. Pryor stated they will not be able to respond with a proposal by December 27<sup>th</sup>. He feels they can get us something a few days prior to January 3<sup>rd</sup>. He will get an email to the Clerk by Thursday, December 30<sup>th</sup> so the information can be forwarded to the Supervisors. Ms. Idleman asked why is this needed by January 3<sup>rd</sup>. Mr. Campbell stated the Board would be voting on whether to authorize Phase 2. Chairman Shay stated if more time is needed then it will be referred to the January 21<sup>st</sup> meeting.

Ms. Idleman feels the more we complicate the issue, the more it will cost us down the road.

Dr. Pryor stated it is still not clear what is to go into Phase 2 and he does not believe the committee all has the same ideas of what is to go in this report. He will take their best shot at it but it may not be what you think you are asking for. He will have something put together by January 3<sup>rd</sup> but it will not be as well thought out as it would be if they had until the end of the month.

Ann Reynolds, Assistant Director of Public Health, addressed the committee expressing a need for a well thought out, thorough study of the programs prior to making any decisions and

the related impact on the services provided the committee and the Public Health staff. She stated the Board should look at the fat in other departments.

Dr. Pryor was asked to provide the proposal on Phase 2 by the morning of December 30<sup>th</sup> for dissemination to the Supervisors prior to the January 3<sup>rd</sup> meeting.

Dr. Pryor asked if the wording in the letter of interest should indicate the County is not necessarily committed to selling any of this and reserves the right to use all proposals or go nowhere with this. He asked what message do you want to send. Committee members stated they are not offering it for sale but gathering information and testing the marketplace. Mr. Lindsay stated also in Phase 2, we will be looking at things to do better. Mr. Campbell stated that was the original Phase 2. Dr. Pryor stated they will present a proposal to respond to but it remains unclear what should be in the Phase 2 proposal. Ms. Idleman would like to proceed with the original information in the Phase 2 proposal. Mr. Campbell stated it is the original Phase 2 proposal plus these extra items discussed. Mrs. Hall stated we are going to need the data in the Phase 2 report. Dr. Pryor stated the more he thinks about this, it is really some type of combination of the original Phases 2 and 3.

**Other Business:**

A motion to amend budget, Pleasant Valley, transferring funds between line items to cover contract nursing expenses through the end of the year in the amount of \$108,000 was moved by Mr. Campbell, seconded by Ms. Idleman and adopted.

The meeting adjourned at 1:52 P.M.