

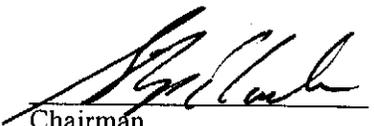
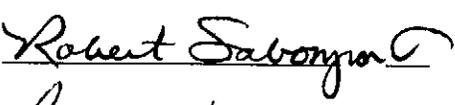
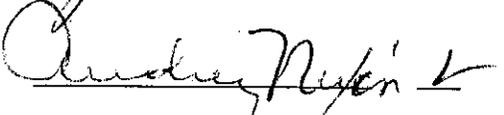
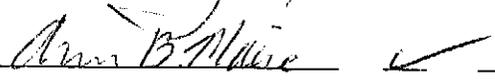
Agenda Item # 46

STATE OF ILLINOIS )  
 ) SS  
 COUNTY OF LAKE )

COUNTY BOARD, LAKE COUNTY, ILLINOIS  
 REGULAR SEPTEMBER, A.D., 2007 SESSION  
 SEPTEMBER 11, A.D., 2007

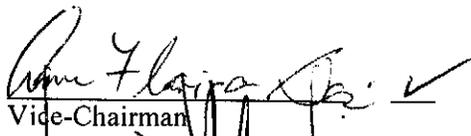
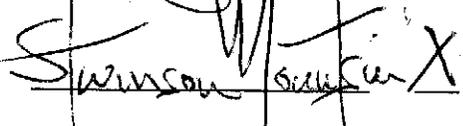
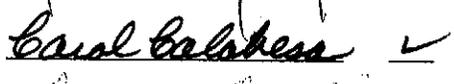
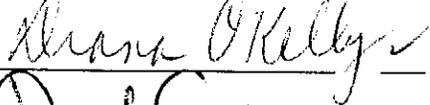
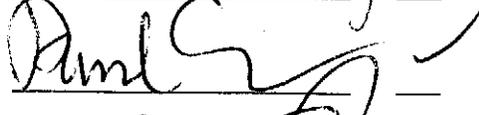
MADAM CHAIR AND MEMBERS OF THE COUNTY BOARD:

Your Health and Community Services Committee and Financial & Administrative Committee present herewith a Joint Resolution confirming the continuation of the County as a provider of skilled nursing services by building a new skilled nursing facility and directing the County Administrator's Office to take the necessary steps to begin the construction of a new facility and to investigate the various options available for the use of the County's 60-unit Supportive Living license; and request its adoption.

	Aye	Nay
 Chairman	<input checked="" type="checkbox"/>	<input type="checkbox"/>
 Vice-Chairman	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>
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Health and Community Services  
 Committee

Respectfully submitted,

	Aye	Nay
 Chairman	<input type="checkbox"/>	<input checked="" type="checkbox"/>
 Vice-Chairman	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Financial and Administrative  
 Committee

## RESOLUTION

**WHEREAS**, Lake County has continuously operated a facility for the underprivileged and the elderly at the County's Libertyville location since 1847; and

**WHEREAS**, in 1954, Lake County applied for and received a license from the State of Illinois to operate a skilled nursing facility at the Libertyville location; and

**WHEREAS**, in 1982, the voters of Lake County approved a referendum by a 60% majority authorizing a property tax levy amount of .025 to support the operations of the nursing home; and

**WHEREAS**, in 2005, the County applied for and received a license from the State of Illinois for 60 Supportive Living units; and

**WHEREAS**, the existing buildings that make-up the Winchester House complex date back to 1942 and the 5-story care center dates from 1970; and

**WHEREAS**, the institutional style of the existing buildings are operationally inefficient and are at the end of their useful lives; and

**WHEREAS**, in the last 7 years, operating costs of Winchester House have exceeded revenues; and

**WHEREAS**, the largest payer source of revenue for Winchester House is Medicaid; and

**WHEREAS**, Medicaid reimbursements have remained relatively flat and have not kept pace with increasing costs, thus adding to the declining financial performance of Winchester House; and

**WHEREAS**, due to the changes in the senior care industry, the number of residents at Winchester House has been declining; and

**WHEREAS**, this County Board in 2005 and 2006 commissioned management and market studies relating to Winchester House's management and financial performance, its position in the skilled nursing services market, and projections regarding future senior care demand; and

**WHEREAS**, the most recent study, The 2007 Transition Plan, focused on identifying Winchester House's market area, population cohort projections of age specific groups likely to need skilled nursing care, projected revenues and expenses; and, made reasonable financial and resident occupancy projections based on an appropriate size for a new skilled nursing facility; and

**WHEREAS**, The 2007 Transition Plan found that a new skilled nursing facility having approximately 175 beds would be financially and operationally feasible and would operate within projected revenues including the 1982 voter approved tax levy; and

**WHEREAS**, The 2007 Transition Plan also provided financial, population cohort, and cost information for the County's 60-unit Supportive Living license; and

**WHEREAS**, further investigation is needed relating to the various options for the use and implementation of the Supportive Living license.

**NOW, THEREFORE BE IT RESOLVED**, by this County Board of Lake County, Illinois, that it is in the best interest of the citizens of the County and in keeping with the 1982 referendum to continue to be a provider of skilled nursing services; and

**BE IT FURTHER RESOLVED**, by this County Board that the most efficient and effective way to continue to provide skilled nursing services is to construct a new skilled nursing facility on the Libertyville Campus; and

**BE IT FURTHER RESOLVED**, by this County Board that the County Administrator's Office is hereby directed as follows:

1. To institute the necessary steps to identify, select, and recommend retaining the appropriate professional and technical assistance to begin the process to construct a new skilled nursing facility on the Libertyville Campus in accordance with the findings of The 2007 Transition Plan;
2. To follow, adhere to, and implement the "Winchester House Operating Policies" as set forth in ATTACHMENT A. Said ATTACHMENT by reference herein is hereby made of a part of this Resolution;
3. To investigate, develop, and recommend a "Winchester House Advisory Board" structure and procedures that would include industry professionals and financial experts from both the public and private sectors. Said Advisory Board shall provide oversight and direction to the County Board regarding the mission, the operational performance, management, and the market position of Winchester House. Said Advisory Board shall make regular reports regarding Winchester House to the County Board. The parameters as set forth in ATTACHMENT B shall serve as the basis for said Advisory Board. Said ATTACHMENT by reference herein is hereby made a part of this Resolution;
4. To proceed with the necessary steps to identify, select, and recommend retaining the appropriate professional and technical assistance to further investigate the various options available for the use of the County's 60-unit license for Supportive Living. A report and recommendation shall be submitted to the County Board by June 2008 regarding the best use of said license.

**DATED AT WAUKEGAN, LAKE COUNTY, ILLINOIS THIS 11<sup>TH</sup> DAY OF SEPTEMBER, 2007**

## ATTACHMENT A

### **WINCHESTER HOUSE OPERATING POLICIES**

(8/27/07)

The following policies shall be used for the management and operation of a new Winchester House facility:

1. **Payer Mix:** The intent of establishing parameters for the payer mix is to ensure long-term financial stability. The range in the payer mix, particularly the Medicaid percentages, allows Winchester House to continue its traditional mission, yet remain competitive in those market areas that generate the financial resources to ensure financial stability. The payer mix shall be reviewed and reported to the County Board not less than quarterly to ensure revenues (including the property tax) and expenses remain balanced and that adjustments can be made to meet changes in the senior care market.
  - **Medicare:** The minimum percentage of Medicare residents shall be 10%. These are typically short-term residents using rehabilitation services. Any increase above 10% would offset the shortfall of Medicaid revenue.
  - **Private Pay:** The minimum percentage of Private Pay residents shall be 15%. These are long-term residents with the ability to pay 100% of the costs of providing skilled nursing services. Any increase in the 15% of Private Pay residents would further offset the shortfall in Medicaid revenue.
  - **Medicaid (minimum):** The minimum percentage of Medicaid residents shall be 55%. The minimum allows Winchester House to serve its mission of providing quality senior care regardless of the ability to pay.
  - **Medicaid (maximum):** The maximum percentage of Medicaid residents shall be 75%. Setting the maximum number of Medicaid residents will ensure that a sufficient number of beds are available for Medicare and Private Pay residents to offset the shortfalls of Medicaid revenue.
2. **Tax Levy:** Winchester House must operate within the existing property tax levy approved by the voters in 1982. No "gap" funding will be provided from the general fund. In 2010, the property tax levy is estimated to generate \$4.9 million.
3. **Retirement of Bonds:** Payments to retire the construction bonds for the new facility must be taken from operating revenues and the property tax levy.
4. **Employees:** The number of FTE's for the new facility shall be in accordance with accepted industry standards and shall be directly tied to operational performance and occupancy.
5. **Prior to the construction the new facility,** an Advisory Board shall be appointed to advise the County Board in matters relating to Winchester House. The organizational structure and duties of the Advisory Board shall be as set forth in ATTACHMENT B.

## ATTACHMENT B

### **WINCHESTER HOUSE ADVISORY BOARD**

(9/4/07)

#### Membership:

- The Advisory Board shall have seven (7) members.
- Two of the members shall be County Board members – One (1) shall be the Chairman of the Health & Community Services (HCS) Committee, or its successor Committee, and one (1) shall be appointed from the remaining membership of the County Board.
- The President of the Winchester House Resident Council shall be an ex-official member of the Advisory Board.
- The remaining five (5) members shall be appointed by the Chairman of the County Board with the consent of the County Board.
- The membership of the Advisory Board shall be comprised of professionals from accounting, health care, long-term senior care, finance and/or a community leader. All appointees shall have a commitment to make Winchester House a successful business as a long-term care provider consistent with its mission.
- When nominating an appointee, consideration shall be given to any potential conflicts of interest.
- The members of the Advisory Board shall be Lake County residents.
- The terms of the Advisory Board shall be in accordance with the By-Laws as adopted by the County Board. The first appointees to the Advisory Board shall be appointed with staggered terms. Thereafter, the appointments shall be for two (2) year terms.

#### Officers:

- The Advisory Board shall have a Chairman and Vice-Chairman.
- The first Chairman of the Advisory Board shall be appointed by the Chairman of the County Board with the consent of the County Board. Thereafter, the Chairman shall be elected by majority vote from the membership of the Advisory Board.
- The Chairman of the Advisory Board may be re-elected to successive terms, provided no Chairman shall serve for more than three (3) consecutive two (2) year terms.
- The Vice-Chairman shall be elected by majority vote of Advisory Board members.

### By-Laws:

- The first task of the Advisory Board shall be to develop and recommend By-Laws to the County Board.
- As necessary, the Advisory Board may recommend amendments to the By-Laws and submit the amendments to the County Board for approval.

### Duties:

- The Advisory Board shall serve in an advisory capacity to the County Board.
- Quarterly reports shall be submitted to the County Board relating to the various aspects of the operations and management of Winchester House. Two (2) of the quarterly reports shall include financial updates -- a mid-year financial report and a final year-end financial report shall be submitted. The year-end financial report shall be submitted within 120 days of the end of the County's fiscal year.
- The Advisory Board shall assist the management team of Winchester House by providing a "sounding board" and being an independent resource for the various aspects of the operations and management of the skilled nursing facility.
- The Advisory Board shall recommend changes in operations or management direction to reflect changes in the senior care market.
- The Advisory Board shall make recommendations to the County Board in the following areas:
  1. To recommend changes in operations or management direction to ensure the continued viability of meeting the mission of Winchester House;
  2. To review and recommend changes in the qualitative and quantitative levels of service to residents to ensure the continued high quality of care;
  3. To assist in the development and implementation of a marketing strategy that promotes and enhances the services provided by Winchester House;
  4. To assist in the development and implementation of operating benchmarks to ensure the facility's continued financial stability;
  5. To continually monitor resident payer mix, resident census, revenues, expenses, overall budget, and employee levels in accordance with the County Board's adopted Operating Policies and to make recommendations relating to the Operating Policies;
  6. To review and make recommendations for the annual operating and capital budgets;
  7. To develop and recommend By-Laws, and any amendments thereto, relating to the organization, duties, and responsibilities of the Advisory Board.

### Reporting:

- The Advisory Board shall make quarterly reports to the County Board.
- Two (2) of the quarterly reports shall be financial updates.
  1. A mid-year financial report shall be submitted to the County Board.
  2. An annual year-end financial report shall be submitted to the County Board within 120 days of the end of the fiscal year.

### Meetings:

- The Advisory Board shall meet no less than quarterly with the meetings coinciding with the start of the County's fiscal year.
- The meetings of the Advisory Board shall be held at Winchester House, or another public building which is convenient to the public and the residents of Winchester House.
- The Advisory Board's meetings shall be public and shall be governed by the appropriate State statutes relating to public meetings. A record in the form of minutes shall be prepared for each meeting. Minutes of the Advisory Board shall be distributed to the County Board.
- Actual meeting dates and the meeting location shall be specified in the By-Laws.