

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

11

Public Hearing Testimony Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print)

Julie Watkins

City

Urbana

State

IL

Zip

61802

II.

REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

III.

POSITION (please circle appropriate position)

Support

Oppose

Neutral

IV.

Testimony (please circle)

Oral

Written

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

15

Public Hearing Testimony Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print) David L. Laker

City PHILO State I Zip 61864

II. REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

III. POSITION (please circle appropriate position)

Support

Oppose

Neutral

IV. Testimony (please circle)

Oral

Written

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

16

Public Hearing Testimony Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print) Scott Tapley

City Savoy State IL Zip 61874

II. REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

III. POSITION (please circle appropriate position)

Support

Oppose

Neutral

IV. Testimony (please circle)

Oral

Written

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

17

Public Hearing Testimony Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print)

MARY SHULTZ

City

CHAMPAIGN

State

IL

Zip

61821

II. REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

III. POSITION (please circle appropriate position)

Support

SALV

Oppose

Neutral

IV. Testimony (please circle)

Oral

Written

Handwritten
I'll submit as
well.

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

520

Public Hearing Testimony Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print) Rick Snider

City Rantaul State IL Zip 61816

II. REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

III. POSITION (please circle appropriate position)

Support

Oppose

Neutral

IV. Testimony (please circle)

Oral

Written

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

22

Public Hearing Testimony Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print) John Farney

City Urbana State IL Zip 61802

II. REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

III. POSITION (please circle appropriate position)

Support

Oppose

Neutral

IV. Testimony (please circle)

Oral

Written

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

24

Public Hearing Testimony Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print) Brooks Marsh

City Mahomet State IL Zip 61853

II. REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

III. POSITION (please circle appropriate position)

Support

Oppose

Neutral

IV. Testimony (please circle)

Oral

Written

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

28

Public Hearing Testimony Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print) Jeff Tock

City ~~Tock~~ Champaign State IL Zip 61820

II. REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

III. POSITION (please circle appropriate position)

Support

Oppose

Neutral

IV. Testimony (please circle)

Oral

Written

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

20

Public Hearing Testimony Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print) Alan Nicks

City Champaign State IL Zip 61822

II. REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

III. POSITION (please circle appropriate position)

Support

Oppose

Neutral

IV. Testimony (please circle)

Oral

Written

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

51

Public Hearing Testimony Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print)

Lawrence Richards M.D.

City

Champaign

State

IL

Zip

61820

II. REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

representing self

III. POSITION (please circle appropriate position)

Support

Oppose

Neutral

IV. Testimony (please circle)

Oral

Written

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

(9)

Public Hearing Testimony Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print) Kip Pope

City Champaign State IL Zip 61822

II. REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

III. POSITION (please circle appropriate position)

Support

Oppose

Neutral

IV. Testimony (please circle)

Oral

Written

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

(23)

Public Hearing Testimony Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print)

Adani Sanchez

City

Champaign

State

IL

Zip

61820

II.

REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

III.

POSITION (please circle appropriate position)

Support

Oppose

Neutral

IV.

Testimony (please circle)

Oral

Written

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

Public Hearing Appearance Only Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print)

City

State

Zip

II.

REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

III.

POSITION (Circle appropriate position)

Support

Oppose

Neutral

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

Public Hearing Appearance Only Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print) John Kenneth Young

City St. Joseph State Illinois Zip 61873-0193

II. REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

Champaign County Health Care Consumers

III. POSITION (Circle appropriate position)

Support

Oppose

Neutral

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

Public Hearing Appearance Only Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print)

Carol Curtis

City

Urbana

State

IL

Zip

61801

II.

REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

III.

POSITION (Circle appropriate position)

Support

Oppose

Neutral

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

Public Hearing Appearance Only Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print)

James Goss

City

Mahomet

State

IL

Zip

61853

II.

REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

III.

POSITION (Circle appropriate position)

Support

Oppose

Neutral

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

Public Hearing Appearance Only Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print) Julie Nieset

City Urbana State IL Zip 61801

II. REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

self

III. POSITION (Circle appropriate position)

Support

Oppose

Neutral

9/13/18

SESSION II



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

Public Hearing Appearance Only Registration Form

Facility Name: Champaign County Nursing Home

Project Number: 18-026

I. IDENTIFICATION

Name (Please Print) GEORGE M. HARDEBECK

City URBANA State ILLINOIS Zip 61801

II. REPRESENTATION (This section is to be filled if the witness is appearing on behalf of any group, organization or other entity.)

Entity, Organization, etc. represented in this appearance (i.e., ABC Concerned Citizens for Health Care)

SELF

III. POSITION (Circle appropriate position)

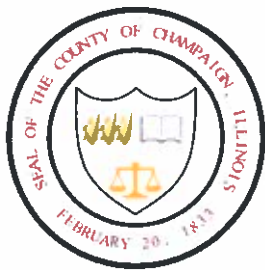
Support

Oppose

Neutral

9/13/18

SESSION II



CHAMPAIGN COUNTY ADMINISTRATIVE SERVICES

1776 East Washington Street, Urbana, Illinois 61802-4581

ADMINISTRATIVE, BUDGETING, PURCHASING, & HUMAN RESOURCE

Debra Busey, Interim County Administrator

Van Anderson

Health Facilities and Services Review Board

Project Number 18-026 Champaign County Nursing Home, Urbana Public Hearing - Thursday, September 13, 2018

The subject of this Health Facilities and Services Review Board (HFSRB) public hearing is Project Number 18-026, Champaign County Nursing Home (nursing home), Urbana. The \$11,000,000 project entails the transfer of ownership Champaign County Nursing Home (nursing home), an existing Long-Term-Care (LTC) facility, from Champaign County to University Rehabilitation Center C-U, LLC and University Rehab Real Estate, LLC. This sale was authorized by the voters of Champaign County on April 4, 2017, and it was approved by a super-majority of Champaign County Board Members on May 24, 2018.

The path to this transfer of ownership stretches back over two decades during which time the Champaign County Board (CCB) has struggled to maintain the quality of care, management, and financial viability of nursing home. The current financial situation has become dire which underscores the importance of this transfer of ownership. As of July 31, 2018, the accounts payable total for nursing home was greater than \$4.2 million with unpaid invoices from vendors as old as February 2016. The transfer of ownership will allow the county to pay these operating expenses.

If the transfer of ownership cannot be completed, Champaign County will be forced in fiscal year 2019 to assess severe budget cuts to all the county's mandated services resulting in the loss of over thirty (30) full-time equivalent positions; to eliminate non-mandated social service and social justice programs; and cuts would be assessed to CCNH resulting in position losses and the elimination of non-mandated CCNH services.

The following demonstrate the due diligence of the CCB in their efforts on behalf of the nursing home:

- In 2002, due to the age and deteriorating condition of the previous nursing home facility and financial concerns, two questions were put before the voters of Champaign County:
 - The first, for the issuance of \$20,000,000 in general obligation bonds to construct a new nursing home, was approved by the voters with a vote of 64% Yes and 36% No.

SESSION II

Project Number 18-026 Champaign County Nursing Home, Urbana
HFSRB Public Hearing
Thursday, September 13, 2018
Page 2 of 6

- The second, authorizing the levy and collection of a tax at the rate of 0.03% for the purpose of maintaining the county nursing home, passed with a vote of 58% Yes and 48% No.
- In October 2006 and April 2008, operational audits of CCNH by a private consultant were approved by CCB.
- In January and February 2008, the CCB revamped the organizational structure in an effort to improve the oversight of the nursing home. Bylaws and a Policy Book were approved resulting in the appointment of a seven (7) member Board of Directors. The Bylaws tasks the Board of Directors with carrying out the responsibilities of the County Board for CCNH while the Policy Book tasked the Board of Directors with the overall governance and direction of CCNH and it identified four (4) primary functions and responsibilities needed for the effective governance of CCNH:
 - Provision of High-Quality Services
 - Planning
 - Managing
 - Maintaining Financial Viability
- Also in February 2008, a mechanism was established to ensure the benefit of advice and recommendations from the nursing home employees would be part of the CCNH Board of Directors meetings.
- On June 19, 2008, the CCB authorized the County Board Chair to execute a management contract with Management Performance Associates, Inc. This action was recommended by both the nursing home administrator and Board of Directors.
- In February 2013, to address the continuing deterioration of the nursing home finances, the County forgave \$1,816,142 in debt resulting from transfers and loans from the County's General Corporate Fund. However, this did not solve the financial problems of the nursing home.
- In the summer of 2016, the county began investigating options for the future of CCNH. The full range of available options was assessed including maintaining the status quo; downsizing the home by 50%; increasing the operating levy; increasing the sales tax rate to fund facilities repairs and improvements; leasing the nursing home operation; selling the nursing home; and closing the nursing home. It was determined that the financial model was not sustainable, and the home would close without financial relief. Downsizing, leasing the operation, and closing were ruled out as possible actions. Increasing the local sales tax was voted down by the Champaign County voters in November 2016 by a vote of 70.25% against and 29.75% for the sales tax increase. That left the options of increasing the nursing home levy and selling the nursing home as options to be investigated by the CCB.

SESSION II

Project Number 18-026 Champaign County Nursing Home, Urbana
HFSRB Public Hearing
Thursday, September 13, 2018
Page 3 of 6

- As the county was investigating its options, Evans Senior Investments (Seniors Housing and Skilled Nursing Solutions) provided a valuation for the nursing home “based on both a financial analysis to yield a capitalization rate investment scenario and a comparable sales scenario.” At that time, with a census significantly higher than in 2018 which would provide for a higher valuation, the valuation range was determined to be \$9.9 million (based on comps) to 10.1 million to \$12.9 million (direct cap rate valuation).
- Based on CCB actions, on April 4, 2017, two separate referenda concerning the nursing home were considered by the voters of Champaign County. The outcomes of those votes set the CCB on a course to sell the home.
 - **Ballot Question to Increase Tax Rate (Nursing Home) Champaign County:** A majority of the voters voting on the ballot question rejected an increase in the property tax rate for the purpose of maintaining the nursing home (Yes votes: 44.20%, No votes: 55.80%).
 - **Ballot Question to Sell or Dispose of CCNH:** A majority of the voters voting on the ballot question authorize the County Board to sell or dispose of the nursing home (Yes votes: 53.94%, No votes: 46.06%).
- On June 22, 2017, **Resolution No. 9988:** The CCB approved the award of a contract to SAK Management Services, LLC for Nursing Home Management and Consulting Services for the nursing home. This is the second management firm contracted for the nursing home.
- On June 22, 2017, **Resolution No. 10008:** The CCB approved the award of a contract to Marcus and Millichap pursuant to RFI 2017-004 for Property Brokerage and Consulting Services for the Sale or Transfer of the nursing home. Those services included procuring and vetting prospective buyers who were ready, willing, and able to purchase the nursing home on the terms and conditions set forth by the County. Marcus and Millichap completed a valuation of the nursing home and arrived at an \$11 million ask price.
- October 10, 2017, **Finance Committee Recommendation:** The Champaign County Finance Committee of the Whole recommended County Board approval of a resolution authorizing the release of an RFP for the sale, transfer, or other disposition of the nursing home.
- January 9, 2018, **Resolution No. 2018-1:** The CCB approved the authorization of the release of RFP 2018-001 for the sale, transfer, or other disposition of the nursing home. The RFP included the following terms and conditions to protect the character of the nursing home, its residents, and its employees:

SESSION II

Project Number 18-026 Champaign County Nursing Home, Urbana
HFSRB Public Hearing
Thursday, September 13, 2018
Page 4 of 6

- At least 220 nursing home beds retained with additional permitted uses limited to skilled nursing, geriatric center, LTC facility, or assisted living facility until December 31, 2027
- Collective bargaining agreements assumed
- $\geq 90\%$ of employees retained during the first sixty (60) days
- $\geq 80\%$ of employees retained during the first six (6) months
- Employees rehired at current salary levels with similar benefits
- Priorities for admissions shall first be given to Champaign County residents for a period of ten (10) years
- Current residents at CCNH shall have the right to remain in the facility as long as they desire, so long as they are eligible to receive care at a SNF level of care.
- Once the RFP was released, Marcus and Millichap aggressively marketed the offering and had 63 qualified buyers review the marketing memorandum; financial and census data; and pertinent property information.
- During this time, Champaign County engaged the services of Polsinelli, PC to provide legal services related to the RFP and Certificate of Need processes.
- On February 28, 2018, the deadline for proposals, Champaign County received one proposal in response to the RFP. The proposal was submitted by Extended Care Clinical, LLC (ECC), an Illinois limited liability company and Altitude Health Services, Inc. (AHS), an Illinois corporation. The proposed purchase price met the \$11,000,000 minimum proposed by the RFP and they submitted a certified check in the amount of \$250,000 payable to Champaign County as an earnest money deposit as required by the RFP. The Purchasers' letter of intent agreed to the requirements of the RFP identified above.
- On April 23, 2018, the Evaluation Committee appointed by the CCB, after determining that the proposal was responsive to the RFP and conducting a comprehensive review of the proposal and the proposed purchasers, recommended the proposal by Extended Care Clinical, LLC and Altitude Health Services, Inc., by a vote of seven (7) yes votes and two (2) no votes, to the CCB for its consideration.

In the evaluation process used by the Evaluation Committee, the Medicare.gov data including the inspection data reported on that website were the basis for the information prepared for the committee. The data represented the nursing homes listed on the ECC website, CCNH, nursing homes within a 25-mile radius of Champaign-Urbana (C-U) (9

SESSION II

Project Number 18-026 Champaign County Nursing Home, Urbana
HFSRB Public Hearing
Thursday, September 13, 2018
Page 5 of 6

homes plus CCNH), and homes within a 40-mile radius of C-U (14 homes plus CCNH). The data was presented for 2015, 2016, and 2017. The data allowed for the comparison directly to CCNH or to the groups of homes in our area.

One aspect of the data is the inspection deficiency reporting from all categories inspected. The most egregious categories of the deficiencies are those deficiencies in Category 3 and Category 4 where there was actual harm or immediate jeopardy to a resident of the home. The table below displays the results of the comparison that shows the percentage of Category 3 and Category 4 deficiencies for all the ECC-listed homes, CCNH, the local nursing homes within 25, and 40-mile radii of C-U.

Nursing Home Three-Year Total Deficiencies and Average Deficiencies By Severity								
Deficiency Categories	ECC Homes Total		CCNH		Local Nursing Homes Within 25 Miles		Local Nursing Homes Within 40 Miles	
	#	%	#	%	#	%	#	%
Potential for Minimal Harm or Potential for Actual Harm (Categories 1 and 2)	448	97.82%	53	91.38%	292	96.69%	396	95.65%
Actual Harm or Immediate Jeopardy to Resident Health (Categories 3 and 4)	10	2.18%	5	8.62%	10	3.31%	18	4.35%

For Category 3 and Category 4 deficiencies (Cat3/4), the 16 ECC homes have a total of 10 Cat3/4 deficiencies, an average of 0.625 deficiencies per home. The nine (9) homes within 25 miles of C-U have 10 Cat3/4 deficiencies, an average of 1.1 Cat3/4 deficiencies per home which is 1.8 times higher than the average ECC home. The fourteen (14) homes within 40 miles of C-U have 18 Cat3/4 deficiencies which is 2.1 times the times higher than the average ECC home. **CCNH has 5 Cat3/4 deficiencies which is eight times higher than the average ECC home, 4.55 times higher than the average home within 25 miles of C-U, and 3.8 times higher than the average home within 40 miles of C-U. And CCNH has a higher number of Cat ¾ deficiencies than any other single home in this comparison.** By this measure, the ECC homes present the lowest risk to their residents compared to the other homes. On the other end of that spectrum, CCNH is clearly the home that puts residents at greater risk than the other homes in the comparison.

- On May 24, 2018, the CCB voted to authorize the sale of CCNH by a vote of fifteen (15) yes votes and six (6) no votes.

Therefore, a great deal of time, energy, and resources have been expended by the CCB to ensure that Project Number 18-026, Champaign County Nursing Home (nursing home), Urbana represents the wishes of the Champaign County voters and is the best interest of the nursing home, its residents, and its employees. The CCB expects that the resources available to University Rehabilitation Center C-U, LLC will provide greater expertise in the management and

SESSION II

Project Number 18-026 Champaign County Nursing Home, Urbana
HFSRB Public Hearing
Thursday, September 13, 2018
Page 6 of 6

operation of the facility and will be able to take advantage of economies of scale not available to the current operation.

SESSION II

Statement to the Illinois Health Facilities and Services Review Board
Certificate of Need for the Champaign County Nursing Home (CCNH) sale transaction

Richard S. Snider, Former Administrator, Champaign County, Illinois
September 13, 2018

Honorable Members of the Illinois Health Facilities and Services Review Board:

Good evening and thank you for allowing me to testify regarding the sale of the Champaign County Nursing Home and the certificate of need. I served as the county administrator during the period of April 2016 through November 2017. About two weeks prior to commencement of my tenure, I was quickly introduced to the depth of the nursing home crisis. I received a memorandum from the county auditor indicating that it was likely that the home would be unable to meet its payroll obligations on April 15. While that immediate problem was overcome, it unfortunately would not be the last time I would receive such a communication.

At the county, I focused attention on two areas: obtaining and disseminating accurate information about the home's status; and formulating potential solutions to establish a sustainable home that provided high quality services. To conserve speaking time, I will constrain my remarks to two elements of the sale: the valuation process of the home, and the broker selection.

During the summer of 2016, the nursing home board developed its own strategic plan to rescue CCNH, identifying specific and necessary financial and operational targets. Using those parameters, I developed a series of potentially feasible solutions including raising taxes, seeking partnerships, downsizing the home, and selling the home.

In gathering information for these various options, I met with a company that analyzes long-term care facilities for the purpose of marketing them for sale or connecting with alternative management firms. Evans Senior Investments, a Chicago-based organization, completed valuations in 2015 totaling \$3.6 billion covering 503 facilities in 42 states, with a valuation accuracy of 97% based on actual sale transactions.

Using county-provided data including audited financial reports, the company returned a detailed breakdown of our revenues and expenditures that compared our performance to other Illinois homes. It revealed that our cost structure significantly exceeded that of our peers while revenues were below the statewide median, with our unadjusted net operating margin at -9.4% or an annual loss of \$1.24 million. This figure closely conformed to our

SESSION II

internal estimates that included a \$220,000 annual cash loss, and unfunded costs of \$280,000 in debt service and \$750,000 in depreciation.

Furthermore, we received a market valuation that derived its numbers through two methods: the first used the net operating income figures and a capitalization rate; the second was a traditional comparative review of recent home transactions. Using a cap rate of 13% and prospective operating improvements through efficiencies, we determined a value range of \$10.1 to \$12.7 million. We also reviewed six Illinois skilled nursing facility transactions in the years 2010 through 2014, including the facility that sold in Savoy in December 2012. The comparative sale methodology yielded a value of \$9.9 million.

Once the board determined that it would explore a sale of CCNH, it was necessary for us to select a broker to represent the county. We wanted this to be an open process so through a request for proposal (RFP), we solicited interested parties for this task. In addition to public notices, we also sent copies of the RFP to nine firms expressing prior interest in CCNH. We ended with three finalists selected by our evaluation committee comprised of County Board members from both parties, along with the treasurer, auditor, and the county administrator. The recommendations were provided to the County Board and all three offerors were invited to present at a public meeting. The offerors included CBRE's National Senior Housing team represented by the Chicago office; Senior Living Investment Brokerage of Glen Ellyn; and Institutional Property Advisors, a division of Marcus and Millichap, of Chicago.

The County Board selected Institutional Property Advisors. IPA demonstrated the best knowledge of working with counties and also offered the most favorable terms relative to the commission obligations, including waiving any obligation to pay any fees if and until the home transaction was successfully completed. IPA independently estimated the home's price range at between \$10 and 14 million, depending upon market conditions. Again, this number compared well with the valuation provided by ESI the previous year and was in line with the comparable sales in the market that we had previously reviewed. After discussions and a review of nursing home finances, we settled on a minimum offer price of \$11 million.

The county then set to work on generating extensive data and documentation to be provided to prospective buyers. These items were placed in a secure location online so that all prospective buyers would have equal access to identical data concerning the home. We then developed an RFP for the offering of CCNH, incorporating the parameters set by the Board. These parameters included the sale price of \$11 million; that the home be required for the next 10 years to maintain a skilled nursing facility with 220 licensed beds with additional

SESSION II

permitted uses including a skilled nursing facility, geriatric center, long-term care facility, or assisted-living facility; a requirement that the buyer assume the collective bargaining agreements currently in force with AFSCME; that the buyer re-hire all current employees of the home who pass a background check and that the buyer not terminate more than 10% of the workforce within the first 60 days of the closing date nor more than 20% of the workforce within the first 180 days of the closing; for the next 10 years that priority be given to Champaign County residents for admissions; and finally and most importantly, that the buyer set aside at least 50% of the licensed long-term care beds for Medicaid payees for the next 10 years. We worked with our State's Attorney's Office and an outside private counsel to ensure the RFP was structured to comply with statutes and to ensure that we would seek transaction terms from any potential buyers that served the interests of the residents, county staff, and the public interest.

I want to stress that the entire process, the terms of the request for proposals, the agreement terms all were discussed in many forums, including our monthly nursing home board meetings. We discussed the myriad nursing home issues at length at county board meetings and study sessions that were not only open to the public but broadcast live via the Internet and recorded by county staff for later viewing. The documents were made available on our web site for review. We did everything possible to incorporate citizen feedback into our work. I'm very proud of the efforts of county staff and officials for their diligence and determination to achieve the best possible outcomes for the many stakeholders having an interest in the future of the Champaign County Nursing Home. Given the county's continuing lack of financial capacity and technical competency to sustain the home, the best way to secure the future for CCNH is to allow the buyer to proceed with its acquisition. Thank you for your consideration.

SESSION II

Champaign County Nursing Home Project 18-026
John Farney, Champaign County Treasurer
1489 County Road 1800 E, Urbana, IL 61802

Good evening. My name is John Farney and I am Champaign County Treasurer. Prior to becoming County Treasurer earlier this year, I served as Champaign County Auditor, starting in 2012. I have an intimate, factual, knowledge of the finances of Champaign County and Champaign County Nursing Home.

The financial demise of Champaign County Nursing Home can be traced back far before my tenure in office. Historical data shows that in 1998, the Home had a solid cash balance and a well-funded Depreciation Fund. By 2002, the Home was using that Depreciation Fund to finance daily operation of the Home. In 2005, the Depreciation Fund was no more and the Home began its now more than a decade long dependence on the County's General Corporate Fund for assistance.

From 2005 to the present day, Champaign County's General Fund has made transfers and loans of over \$5.2 million to the Home. Only \$1 million has been repaid – and those were proceeds from a successful lawsuit over the Home's construction – not funds generated by successful operation of the Home. Loans continue today as the Home is unable to solve its cash flow crisis – just last month employees of the home would have gone without paychecks without a loan of \$50,000 to cover the latest shortfall.

The General Fund cannot absorb the Home's cash flow failures any longer. This past April saw the need to loan funds from the County's Public Safety Sales Tax Fund to the General Fund and then from the General Fund to the Nursing Home Fund to fund payroll and other obligations because of the continued deterioration of CCNH's finances. We have literally robbed Peter to pay Paul to keep a failing, non-mandated, service afloat. The failure of a non-mandated service, the Home, is now affecting operation of mandated County services. This is not sustainable.

These emergency loans are just to cover payroll – the Nursing Home's vendors continue to wait for payment. Numerous times in the last year alone, the Home has faced service cut-offs from vendors supplying basic necessities such as food and, as we all remember, toilet paper. This spring, because County entities are tied together by our electric supplier, a disconnect order was issued to Champaign County Animal Control due to non-payment of bills since September 2017 by the Nursing Home, forcing an immediate emergency payment to be made. This is not sustainable.

SESSION II

Champaign County Nursing Home Project 18-026

John Farney, Champaign County Treasurer

1489 County Road 1800 E, Urbana, IL 61802

Champaign County Nursing Home also continues to borrow on its own. Each year since 2009, the Home has taken out Tax Anticipation Warrants against its property tax levy. These loans now total more than a million dollars annually. The proceeds from these bank loans are used to pay accumulated debt from the previous year. The nursing home is borrowing next year's money to pay last year's bills. This is not sustainable.

Champaign County Nursing Home is a needed resource in this community. The residents and staff of the Home need, and deserve, safety, comfort and stability. Operation by Champaign County Government fails to provide for these needs. Operation by a credible private owner does.

Champaign County government cannot continue to fund the Home's operation with non-budgeted loans and transfers. The County's General Fund budget does not have flexibility to include funds for the Home's operation. The Home has not shown the ability to sustain its self. Failure to complete the sale of Champaign County Nursing Home will result in the closure of the Home.

The best way to preserve Champaign County Nursing Home, and the responsible thing for the to do, is to sell Champaign County Nursing Home to Altitude Health Services, Inc. and Extended Care Clinical, LLC, ensuring the long-term care and safety of Home residents, long-term employment security of valued Home employees, long-term employment security of valued General Corporate Fund employees, and the long term financial sustainability and success of statutorily mandated services provided by the General Corporate Fund.

I encourage this Board to approve the request for a Certificate of Need to allow the transfer of ownership from Champaign County to University Rehabilitation Center of C-U, LLC and University Rehab Real Estate, LLC. The residents of Champaign County Nursing Home are depending upon you.

SESSION II

Honorable committee members I am Brooks Marsh, Mahomet IL. Retired Champaign County board Member district one.

- The path to selling the County nursing home while being a multi year process, began to be a top county priority a little over a year ago.
 - County budget balance was reaching the required minimum balance.
 - Scheduled maintenance of county facilities was at a critical point with over 12 million in past scheduled maintenance including 750,000 in Items in our jail that were required Americans with Disabilities Act that we were over a year in arrears on.
 - The voters of our county voted twice not to increase funding for the home.
 - This affected all departments including our not statutory enterprise in the nursing home.
- Non Payment to vendors was in the seven figure range and while some vendors were dropping us as customers , some others were charging us credit card level interest.
- Potential for actual harm deficiencies were running about THREE Times state averages and ACTUAL harm Deficiencies were markedly growing. **Numbers medcare.gov**
- FOR THE GOOD OF OUR RESIDENTS AND SECONDARILY OUR COUNTY WE BEGAN TO LOOK AT SALE OPTIONS
- We included board, public and consumer groups in writing our RFP for sale to reach the right buyer. WE also included these same groups in visiting the potential buyer's facilities. All that participated saw the positive difference in the potential buyer's facilities, programs and residents. Public testimony at subsequent county board meetings put this on record , Yet later, people were critical of this buyer despite what they original saw and agreed on.
- BY SUPERMAJORITY WE AGREED TO SELL THE NURSING HOME.

TODAY I WANT TO EMPASIZE THE NEED FOR THIS HOME OPERATED BY THIS BUYER.

- **Without the sale of the home, the county will have to close the home. There is no budget for the continued running of the home.**
If this is closed there are not sufficient beds to handle the 143 residents in the home
- According to the IDPH we are slightly over beded in the county by 50 beds or so. The 243 certified beds will be lost in the process. Reduction of beds will break our sale opportunity with this buyer.
- Indications with the aging baby boomers we will need these beds.

We are asking you to stabilize this nursing home and approve the need for our current bed count so we are able to keep the nursing home open and complete the sale to this very good operator.

SESSION II

Medicare.gov Three Year Nursing Home Deficiencies Comparisons

Deficiency Category	Beecher Manor Nursing Home & Rehabilitation Center	Sebo's Nursing & Rehabilitation Center	Little Village Nursing Home & Rehabilitation Center	St. James Wellness Rehabilitation Villas	Prairie Manor Nursing Home & Rehabilitation Center	Spring Mill Health Campus	Lakewood Nursing Home & Rehabilitation Center	South Suburban Rehabilitation Center	Lemont Nursing Home & Rehabilitation Center	Munster Medical INN	The Estates of Hyde Park	Chateau Nursing Home & Rehabilitation Center	Dyer Nursing Home & Rehabilitation Center	Lincolnshire Health & Rehabilitation Center	Tri-State Nursing Home & Rehabilitation Center	Wheaton Care Center	ECC Homes Total	Champaign County Nursing Home
2015 Nursing Home Comparisons																		
Freedom from Abuse, Neglect & Exploitation	0	0	0	1	2	0	0	0	0	0	0	0	0	2	1	0	6	1
Quality of Life & Care Deficiencies	3	4	2	0	3	2	2	1	2	5	3	1	6	2	2	2	40	4
Resident Assessment & Care Planning Deficiencies	0	1	0	0	1	0	0	2	1	1	0	0	2	0	0	0	8	0
Nurse & Physician Services Deficiencies	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	2	1
Resident Rights Deficiencies	0	2	1	5	0	1	0	2	0	2	2	0	0	1	0	0	16	5
Nutrition & Dietary Deficiencies	1	0	0	1	1	1	0	0	2	0	1	1	1	1	0	1	11	2
Pharmacy Service Deficiencies	1	1	0	1	0	2	0	1	2	2	4	1	1	1	1	3	21	0
Environmental Deficiencies	0	4	2	3	0	2	1	0	3	5	3	1	3	2	1	3	33	2
Administration Deficiencies	0	1	1	0	0	0	0	0	1	1	1	0	0	0	0	0	5	0
2015 Total Deficiencies All Types	5	13	6	11	7	8	3	6	12	16	14	4	14	9	5	9	142	15
2016 Nursing Home Comparisons																		
Freedom from Abuse, Neglect & Exploitation	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
Quality of Life & Care Deficiencies	1	2	2	2	1	3	1	5	0	4	4	5	4	4	2	2	42	7
Resident Assessment & Care Planning Deficiencies	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	2	0
Nurse & Physician Services Deficiencies	0	0	0	0	0	0	0	0	0	1	1	0	1	0	0	0	3	0
Resident Rights Deficiencies	0	2	2	0	1	3	2	4	0	7	2	1	2	0	0	1	27	3
Nutrition & Dietary Deficiencies	0	0	0	0	1	2	0	1	0	1	0	0	1	1	1	0	8	1
Pharmacy Service Deficiencies	0	0	0	1	1	0	0	0	0	1	1	0	2	3	0	1	10	1
Environmental Deficiencies	1	2	3	3	2	1	3	2	1	4	3	2	3	1	4	3	38	5
Administration Deficiencies	0	0	1	0	0	0	0	0	0	1	1	0	0	0	0	0	3	0
2016 Total Deficiencies All Types	2	6	10	6	6	9	6	12	1	19	12	8	13	9	8	7	134	17
2017 Nursing Home Comparisons																		
Freedom from Abuse, Neglect & Exploitation	0	2	0	0	0	0	0	2	1	2	0	1	1	2	0	0	11	5
Quality of Life & Care Deficiencies	0	2	1	6	0	3	6	2	5	6	0	8	9	4	4	1	57	4
Resident Assessment & Care Planning Deficiencies	0	0	0	0	0	0	0	0	0	0	0	3	3	2	1	0	9	4
Nurse & Physician Services Deficiencies	0	0	0	0	0	0	0	0	0	0	1	2	1	0	0	0	4	0
Resident Rights Deficiencies	0	1	0	1	1	1	2	1	2	4	0	7	4	1	1	1	27	3
Nutrition & Dietary Deficiencies	0	0	2	2	0	1	0	1	1	1	0	3	3	0	1	3	18	2
Pharmacy Service Deficiencies	1	0	0	0	0	2	0	0	0	1	0	2	5	2	0	0	13	5
Environmental Deficiencies	0	1	3	1	3	0	3	1	3	3	0	3	6	1	3	3	34	3
Administration Deficiencies	0	0	1	0	0	1	0	0	1	1	0	3	2	0	0	0	9	0
2017 Total Deficiencies All Types	1	6	7	10	4	8	11	7	13	18	1	32	34	12	10	8	182	26
2015 - 2017 Total Deficiencies All Types	8	25	23	27	17	25	20	25	26	53	27	44	61	30	23	24	458	58
Average Deficiencies Per Year Per Home	2.67	8.33	7.67	9.00	5.67	8.33	6.67	8.33	8.67	17.67	9.00	14.67	20.33	10.00	7.67	8.00	9.54	19.33
Percentage of CCNH Deficiencies	14%	43%	40%	47%	29%	43%	34%	43%	45%	91%	47%	76%	105%	52%	40%	41%	49%	100%

Low
average
9.86

Nursing Home Three-Year Total Deficiencies and Average Deficiencies By Severity

Deficiency Categories	ECC Homes Total		CCNH	
	#	%	#	%
Potential for Minimal Harm or Potential for Actual Harm (Categories 1 and 2)	448	97.82%	53	91.38%
Actual Harm or Immediate Jeopardy to Resident Health (Categories 3 and 4)	10	2.18%	5	8.62%

Illinois average 6.2

SESSION II

Champaign County Nursing Home Certificate of Need Meeting September 13, 2018

Good evening!

My name is Alan Nudo, 2001 Byrnebruk Drive in Champaign, Illinois

I am a former member of the Champaign County Board and served for three years on the Champaign County Nursing Advisory Board.

One of the ongoing themes made from those who oppose private ownership of the Champaign County Nursing home is to cite several unfortunate incidents that have occurred in their homes to question the quality of care given by the potential purchaser. These individual incidents occurred over a period of many years as anecdotal points of reference. Quite frankly, these unfortunate incidents cited have been mainly prior to 2012; that is, not current. As you know, all nursing home operators inside and outside Champaign County have such unfortunate incidents, including wrongful deaths. Our CCNH recently has had two such incidents. Let's be clear, if a wrongful death in a facility disqualifies the owner from operating nursing homes, then the County of Champaign would be disqualified multiple times from operating a nursing home as would be other operators in the Champaign-Urbana area.

A more accurate way to qualify whether an entity is qualified to operate a nursing home is to examine the past history of the home's inspections, family complaints, and resident deaths. All nursing home operations are subject to annual inspections, and as a result, we can accurately compare the level of safety and quality of care between all nursing homes subject to the Illinois Department of Public Health (IDPH) all-encompassing licensure process. As a matter of comparison, we can look at the history of the new owner's combined multiple units' results and the results of CCNH during the same time frame. The ability to make this comparison can help us evaluate the abilities of each operation, including its management, training capabilities, internal quality control and responsiveness to correct deficiencies found in these inspections. This is the true test to determine one's ability to operate the home as determined by the IDPH professionals.

I was a member of the RFP Evaluation Committee, an advisory group with the purpose of making recommendations to the Champaign County Board on the Request For Proposal sales process of CCNH. We visited three locations during this process. We set various criteria for evaluation of the purchaser's ability to run a nursing home operation. One method we used was to gather information from the Medicare.gov website.

The Medicare.gov inspection data the inspection data was compiled in the following criteria:

- ✓ The data was compiled for 2015, 2016, and 2017
- ✓ Data was compiled for nursing homes including CCNH within a 25-mile radius of Champaign-Urbana (C-U) (9 homes plus CCNH)

SESSION II

- ✓ Data was compiled for nursing homes including CCNH within a 40-mile radius of Champaign-Urbana (C-U) (9 homes plus CCNH)
- ✓ Combined data was compiled for the prospective new owners (ECC) 16 nursing homes.

As you are well aware, the most egregious categories of the deficiencies are those deficiencies in Category 3 and Category 4 where there was actual harm or immediate jeopardy to a resident of the home. The table below and evaluation compiled by Champaign County employee Van Anderson displays the results of the comparison that shows the percentage of Category 3 and Category 4 deficiencies for all the ECC-listed homes, CCNH, the local nursing homes within 25, and 40-mile radii of C-U.

Nursing Home Three-Year Total Deficiencies and Average Deficiencies By Severity								
Deficiency Categories	ECC Homes Total		CCNH		Local Nursing Homes Within 25 Miles		Local Nursing Homes Within 40 Miles	
	#	%	#	%	#	%	#	%
Potential for Minimal Harm or Potential for Actual Harm (Categories 1 and 2)	448	97.82%	53	91.38%	292	96.69%	396	95.65%
Actual Harm or Immediate Jeopardy to Resident Health (Categories 3 and 4)	10	2.18%	5	8.62%	10	3.31%	18	4.35%

The True Facts are:

- ✓ C-U have 18 Cat3/4 deficiencies which is 2.1 times the times higher than the average ECC home
- ✓ CCNH has 5 Cat3/4 deficiencies which is eight times higher than the average ECC home
- ✓ CCNH Cat3/4 deficiencies is 4.55 times higher than the average home within 25 miles of C-U
- ✓ CCNH Cat3/4 deficiencies is 3.8 times higher than the average home within 40 miles of C-U
- ✓ CCNH has a higher number of Cat3/4 deficiencies than any other single home in this comparison

By any comparison, the ECC homes present the lowest risk to their residents compared to the all other homes. On the other end of that spectrum, CCNH is clearly the home that puts residents at greater risk than the other homes in the comparison, including some homes owned and/or operated by AHS and ECC that a group opposed to the sale is heralding as reasons to pause or forego the sale.¹

¹ These comments are attributable to Van Anderson given to the Champaign County Board during the approval of the sales process in May, 2018

SESSION II

September 13, 2018

Dear Health Facilities and Services Review Board,

I am filing testimony to oppose the granting of a certificate of need for this Rothner-owned company to buy our Champaign County Nursing Home. I oppose the sale of the nursing home to this specific buyer not only because of his horrible record of abuse and neglect in several nursing homes in the region, but also because of the disingenuous manner he has had in regards to this sale.

Rother has made it very explicit that he hopes to buy the nursing home to make a profit, he publicly stated that the Champaign Nursing Home was over staffed, making it clear that he was interested in cutting staff-- the very people carrying out the services of the nursing home. Reduced staffing and overworked employees are at the root of many infractions for which Rothner has been fined and even worse, they are at the core of situations in which residents' lives have been endangered.

At Timber Point Health Care Center, Rothner was fined \$2200 for failing to provide a resident their scheduled medication in time, resulting in emergency treatment for drug withdrawal. In Chateau Nursing & Rehab, Rothner was fined \$25,000 for failing to supervise a high risk patient for falls. The patient fell once and sustained lacerations on his forehead and cheekbones for which he was never sent to the hospital. It was not until several falls later that the same resident finally went to the hospital with swelling in the neck, spinal cord, and bones. Previous injuries for which he had not received treatment increased the chances of his falling again since his motor skills had been affected. More reports can be found on the Illinois Dept. of Public Health's website:

<http://www.dph.illinois.gov/topics-services/health-care-regulation/nursing-homes/violator-quarterly-reports>

But Rothner is known to create multiple companies so as to obscure the true extent of the violations, Extended Care, LLC is one such company and the facilities owned by that particular company can be found here:

http://extendedcarellc.com/media/pdf/ECC-Facilities_Map-2016.pdf

In fact, Rothner created one more company recently. When sale of the nursing home was originally brought up, it was going to be under two corporations, which both have had adverse actions taken against them. I understand that to gain a certificate of need, a corporation must not

SESSION II

have any adverse actions taken against them. Failing to meet this requirement, I believe Rothner quietly created a new corporation to buy our nursing home on August 17, 2018. Under the guise of this new company he can with a clear conscious claim that this brand new company has not had an adverse action taken against them.

Rothner and the companies he owns do not have the interests of the community at heart. He had made this clear in many ways, but even if that is not evident just take a look at the path of destruction he has left in his wake. I do not want this for my community and that is why I oppose granting the certificate of need to this Rothner owned company for the purchase of our Champaign County Nursing Home.

Sincerely,



Adani Sanchez

406 W Clark St #201

Champaign, IL 61820

adani.sanchez@gmail.com

Statement before the Illinois Health Facilities and Services Review Board
September 13, 2018

Kip Pope

Good afternoon. I'm Kip Pope (spell it for the record.) I have lived in Champaign County all my life except for law school and my service in the Army, including a tour in Vietnam.

I've been involved in the purchase, sale, ownership, leasing, and management of dozens of properties and have owned several businesses

Let me briefly summarize the situation in my words from my perspective: The Champaign County Nursing Home has been stripping the county bare for years, which has accelerated the last couple of years. It employs nearly 20% of the county's employees. Its census has dropped dramatically. It can't pay its own payroll, insurance, and other bills without repeated injections from the county. It's costing county taxpayers more than \$4 million a year over and above its revenues, including operating losses, tax subsidies, and principle and interest on its bonds. It's a non-mandatory service that's threatening the sustainability of mandatory services, like our courts, our state's attorneys office, and our sheriff's office. Additionally, serious necessary deferred maintenance and purchases have been deferred again and again.

As you know, last year, the Champaign County voters authorized the sale of the nursing home and simultaneously refused to increase taxes to subsidize the continuing losses. A public poll conducted last November, with a margin of error of 4.32%, concluded that even those precincts that voted to keep the nursing home had changed their minds in light of its dire financial condition. In July last year, every elected county official courageously issued a public statement urging the sale. In January this year, the county board, after years of caution, came together and voted to sell it. As you've also heard, only one offer to buy it materialized – a full-price offer

without contingencies. As you've also heard, the alternatives to this sale would be grievous, if not disastrous.

There are six pending wrongful death lawsuits against the nursing home. The last three years, it has experienced **eight times** the number of Category 3 and 4 deficiencies than the offerors' average nursing homes as Alan Nudo so succinctly testified. Despite what you've heard today from the opponents to the sale, by nearly every measure, buyers' nursing homes are safer and have better rankings than our county-owned nursing home, with its below average overall ranking of "2" and its ranking for "inspections" of a dismal 1. There are no viable plans to improve the situation.

For these reasons and the reasons spelled out in my submission-documents, I respectfully urge you to approve this sale.

Thank you.

SUBMIT DOCUMENTS.

SESSION II

Kip Pope

1806 Maynard Drive
Champaign, Illinois 61822
Phone (217) 352-3344
Email: kippope@comcast.net

September 13, 2018

To: Health Facilities & Services Review Board
Re: Public Hearing – #18-026, Champaign County Nursing Home, Urbana
Via: Hand-delivery at Public Hearing in Champaign on September 13, 2018

Dear Health Facilities & Services Review Board:

I strongly support the pending sale of the Champaign County Nursing Home (CCNH) for the following reasons:

1. **Crushing financial situation:** Under county ownership, the nursing home can't come close to paying its bills, has had to continuously borrow from the county to pay even its payroll and insurance, has built up huge accounts payable, its census has dropped dramatically, and it costs the county taxpayers more than \$4,000,000 per year over and above its revenues. Its financial deterioration is dragging the county towards effective bankruptcy. The nursing home is already there. See attachments 2, 3, and 14.
2. **Buyers' recent track records are greatly superior to the CCNH's under county ownership:**
 - a. There are six wrongful death lawsuits pending against Champaign County d/b/a the Champaign County Nursing Home alleging negligence in the deaths of patients. While filing a lawsuit isn't dispositive of liability, the CCNH was fined \$50,000 in one death case last year and \$25,000 in another, and \$25,000 for yet another previous death, each after the state agency investigated the incidents. See attachments 4 and 15.
 - b. Opponents of the sale have leveled volley after volley of incidents at buyers' nursing homes, yet as of hearings held earlier this summer, (1) many or most of those incidents were six or more years old, (2) they occurred under a previous generation of ownership of one of the buyers, and (3) they steadfastly ignored the objective state reports that show that the CCNH (1) had **8 times** the number of "serious" deficiencies ("Actual harm or immediate jeopardy to resident health"/Categories 3 and 4) than the average nursing home of offerors during the last three years; (2) for the second most serious category ("Potential for minimal or actual harm" (Categories 1 and 2), the CCNH had almost exactly twice the number of deficiencies as did the average of offerors' homes. See attachment 7 and 8. Although the small spreadsheet is tedious to analyze, it and its correlative report's observations are most instructive.

SESSION II

c. While rankings aren't everything, after years of trying harder, the CCNH is ranked only a "2" – "Below Average" – overall. Its higher ranking on "Staffing," which the opponents to the sale often emphasize, clearly shows that more staff doesn't necessarily equate to better or safer services. Its ranking for inspections remains at only 1 star. Buyers' rankings, on the other hand, are much higher. See attachments 8 and 15.

These objective numbers clearly demonstrate that the CCNH can't hold a candle to the buyers in terms of safety violations and rankings.

3. A dark cloud under county ownership: In light of its years-long deteriorating financial condition, the nursing home has little vitality left to it and no resources with which to improve its services.

4. A bright future if sold: The buyers, on the other hand, have at their disposal almost unimaginably greater resources, staff, expertise, experience, vision, innovative ideas, optimism, and financial wherewithal with which to make the nursing home a better institution going into the future. Even opponents of the sale who visited three of buyers' facilities were favorably impressed. See attachments 6 and 8.

5. The end of a long road with no plan for improvement: After years of attempting to improve the nursing home – including forming its own advisory board, hiring outside management, fruitless talk of forming a not-for-profit foundation to 'save' it, and trying to lease out a vacant wing – the census has dropped and financial conditions have continued unabatedly to worsen, and the opponents have no plan to turn it around. See attachments 2, 14, and 16.

6. Only one offer received: Although optimistically expecting five or six offers under the Request for Proposal, *only one offer was received*. It met the price set by the county and its professional national-level advisors and agreed to meet the onerous conditions demanded by the county in the RFP. The opponents haven't brought forth any alternative buyers or alternate solutions but have only advanced negative, contentious, unhelpful confrontations. If this sale fails, the nursing home will continue to be mired down in its dire hand-to-mouth condition. See attachment 17.

7. The opponents, particularly the Champaign County Health Care Consumers organization and its followers, continue to offer a barrage of negativism. They've opposed the sale for years. Then they opposed these buyers. And more recently they criticized the sale price. After all these years, have they come forth with any viable solutions or alternatives? No. Have they located any other buyers? No. Have they commissioned their own appraisal? No.

8. What others say:

a. **The Champaign County voters voted to authorize selling the Nursing Home 54% to 46% and refused to raise taxes to continue to bail it out 55.9% to 44.1% in April 2017. Rural precincts voted to sell with as high as 92.5% to 7.5%. See Attachment 18.**

SESSION II

- b. **The Champaign County Board voted with a 2/3 majority to sell it in January 2018. See attachment 18.**
- c. **Internationally-renowned University of Illinois economist J. Fred Giertz urged privatizing the nursing home as early as 2007. See attachment 9.**
- d. **On July 17, 2017, nine elected Champaign County officials issued a rare, courageous, forcefully-worded bipartisan public statement strenuously urging the sale of the nursing home because of severe personnel reductions in their departments that would be necessitated by the continuing subsidization of the nursing home by the county and the consequent negative impacts on providing essential services by their departments. See attachments 10 and 11.**
- e. **Six bipartisan former Champaign County Board members published a guest commentary in the News-Gazette on May 13, 2018, strenuously supporting the current "clean full-price offer with no financial contingency." See attachment 12.**
- f. **In its lead editorial, the News-Gazette wrote that "Selling nursing home is the only sensible (sic) option" on May 23, 2018. See attachment 13.**
- g. **The Champaign County Chamber of Commerce board of directors urged the sale of the nursing home in February 2017. See attachment 18.**
- h. **A poll taken in November 2017 indicated that the voters of the precincts who had voted to NOT authorize the sale of the nursing home in April by a vote of 67% to 33% had changed their minds and about 53% now "would support the sale of the nursing home in order to solve the county's financial problems, while 29% opposed the sale. About 18 percent said they were undecided." The poll had a "margin of error of plus or minus 4.32 percent." See attachment 20.**

Conclusion:

I urge the Board to support the pending sale of the Champaign County Nursing Home. Allow it to realize its true potential and to prosper under new ownership.

Respectfully submitted,



Kip Pope

Attachments listed on next page:

SESSION II

Attachments to Kip Pope's letter:

1. Author's bio.
2. Guest Commentary in News-Gazette: "Don't Scare Off Sole Nursing Home Offer".
3. Spreadsheet summarizing operating losses from 2006 through 2016.
4. "County nursing home fined \$75,000 over 2 resident deaths" – 10-27-2017 article.
5. "County nursing home sued over death of woman found in hot courtyard" – 1/4/18.
6. My May 12, 2018 letter to County Board members: "The possible sale of the nursing home as a positive and exciting opportunity".
7. "County Board Meeting May 24, 2018": My comments.
8. Spreadsheet and data on incidents in Champaign County Nursing Home vs. others.
9. "Really Privatize Champaign County Nursing Home" by J. Fred Giertz, economist.
10. "EXCLUSIVE: Champaign County elected officials urge board to sell nursing home".
11. "The Statement" issued and signed by Champaign Co. elected officials in July 2018.
12. Guest Commentary by six bipartisan former Champaign County board members.
13. News-Gazette editorial: "Selling nursing home is the only sensible (sic) option."
14. Excerpts of articles from the Champaign-Urbana News-Gazette: "Crushing financial burden".
15. Excerpts of articles from the Champaign-Urbana News-Gazette: "Recent track records, fines, and rankings".
16. Excerpts of articles from the Champaign-Urbana News-Gazette: "Failed efforts to improve the situation".
17. Excerpts of articles from the Champaign-Urbana News-Gazette: "Only one offer received".
18. Excerpts of articles from the Champaign-Urbana News-Gazette: "What others say".
19. Excerpts of articles from the Champaign-Urbana News-Gazette: "Public statement issued by Champaign County elected officials".
20. Excerpts of articles from the Champaign-Urbana News-Gazette: "Poll shows that many opponents of the sale have changed their minds".

SESSION II

Kip Pope

Kip Pope was born in Urbana, graduated from Champaign High School, then from the University of Illinois in finance and economics.

After winning four Big 10 swimming championships in college, he then served two years in the Army, including a tour in Vietnam.

Upon returning from Vietnam, he obtained his law degree at Indiana University and practiced law for about fifteen years before buying his family's business. He and his wife operated it as a third-generation company before selling it in 2001. He, his businesses, and his wife have owned and operated commercial real estate in the Champaign area for many years.

He served as a member of the boards of directors with national and state associations and was on the Board of the Champaign County Chamber of Commerce.

Kip is on the board of the Marajen Stevick Foundation, which owns the News-Gazette, and he served on the board of the Champaign-Urbana Symphony Orchestra and is its immediate past president,

He and his company have endowed scholarships for students at the University of Illinois, Parkland College, and St. Thomas More, and he is a member of the President's Council at the U of I and past president and life member of the Varsity "I" Association.

GUEST COMMENTARY

Don't scare off sole nursing home offer

By KIP POPE

Although built with the best of intentions and optimism by its proponents, the Champaign County Nursing Home (CCNH) has proven that it is financially unsustainable. Here's my take on the overall financial condition of the CCNH:

— Using the county's 2006-2016 audited financial statements, the CCNH has lost a staggering annual average of \$1,047,539 since 2006 using the budgetary basis of accounting and an astonishing \$1,638,803 using the GAAP basis of accounting.

— But it has also received an average of almost a million dollars per year of earmarked property taxes since 2006. Adding that tax subsidy to its operating losses, it has actually lost a stunning \$1,945,915 per year average since 2006 on a budgetary basis and an almost unbelievable \$2,632,410 per year using the GAAP basis.

— Unlike privately owned nursing homes that are financed with mortgages that are paid from operations, the CCNH was instead financed with bond issues paid by taxpayers. The county has paid an average of \$1,709,096 in principal and interest per year on these bonds since 2007. Combined with the foregoing figures, the CCNH has burdened taxpayers about \$3,655,011 (\$4,341,506 using the GAAP basis) per year over and above its revenues.

— Beyond that, the county is obligated to pay \$8,298,980 in principal

and interest on the bonds if paid to maturity in 2025. Some or all of that may be paid from the proceeds of a sale if the CCNH is sold; otherwise, our taxes will pay it for years to come.

— As of Feb. 8, it has accrued \$3,190,194 in accounts payable to outside vendors and service providers.

— In addition, it owed \$2,086,900 to various department funds within Champaign County, which are starving for funds for their state-mandated services because of the CCNH's unrelenting craving for money.

— The county board has let the nursing home off the hook for previously accumulated debts by forgiving \$2,816,142 of loans and transfers since 2009. Those will never be reimbursed, even if the nursing home is sold.

— In 2017, the county general fund had to bail out the nursing home again and again because it couldn't even meet basic payroll, pension, Social Security and other necessary expenses. That continues.

— Since 2010, in ongoing desperation, the CCNH has borrowed the maximum from real estate taxes to be received the following year via tax anticipation warrants. In this manner, it borrowed ahead more than another million dollars in 2017.

— The nursing home's credit cards were recently canceled for non-payment. That's not only embarrassing but is an obvious indication of the nursing home's dire financial straits.

— The average daily census has nosedived from the 170s to the mid-130s. Committees and outside consultants charged with reversing this decline for a decade have only seen this lifeblood of revenue steadily and dramatically erode.

— Last month, the CCNH's accounts payable increased about \$200,000 and will only escalate. Bailing out the CCNH on a monthly basis is rapidly depleting the county's general fund.

I understand that five or six offers to purchase the nursing home were expected on the Feb. 28 deadline. Only one was received. That's extraordinarily discouraging. Given the circumstances, I strongly urge that every reasonable effort be made to complete the sale to the offeror.

The county isn't mandated by law to provide a nursing home. We've spent tens of millions of dollars chasing a daydream that the county clearly can't afford. I've seen neither the opponents to the sale nor the labor union offer money or any solution to these unceasing problems. It's time for the opponents of the sale to reconsider and to support selling the nursing home as soon as possible.

Kip Pope, a local business and property owner and previously practicing attorney, was born in Urbana and has lived most of his life in Champaign County. He also serves on the board of the Marajen Stevick Foundation, which owns The News-Gazette, Inc.

SESSION II

Champaign County Nursing Home: From audited financial statements 2006 - 2016.

Note: Highlighted cells' numbers were used in News-Gazette Guest Commentary.

	2006	2007	2008	2009	2010	2011	2012
Total operating revenues	\$10,488,071	\$13,772,500	\$12,939,472	\$15,144,261	\$14,249,919	\$15,208,361	\$14,268,393
Total operating expenses	\$12,607,184	\$16,003,640	\$15,595,249	\$16,430,668	\$14,894,457	\$15,100,521	\$15,861,868
Operating loss -- Actual (GAAP basis)	(\$2,119,113)	(\$2,281,140)	(\$2,655,777)	(\$1,286,407)	(\$644,538)	\$107,840	(\$1,563,835)
Operating loss -- Actual (budgetary basis)	(\$1,662,728)	(\$1,062,782)	(\$2,509,816)	(\$551,670)	(\$978,368)	(\$733,946)	(\$1,023,178)
Property taxes (subsidy)	\$783,877	\$840,560	\$879,915	\$941,111	\$966,154	\$1,005,595	\$1,025,248
Income/loss adjusted for prop tax subsidy (GAAP) \$	(2,902,990)	(\$3,121,700)	(\$3,535,692)	(\$2,227,518)	(\$1,610,692)	(\$897,755)	(\$2,589,083)
Income/loss adjusted for prop tax subsidy (Budget) \$	(2,446,605)	\$ (1,903,342)	\$ (3,389,731)	\$ (1,492,781)	\$ (1,944,522)	\$ (1,739,541)	\$ (2,048,426)
2003 Series NH Construction Bonds: \$19,925,000							
Interest paid during year		\$ 375,946	\$ 353,752	\$ 327,778	\$ 297,721	\$ 159,833	\$ 18,891
Principal paid during year		\$835,000	\$855,000	\$875,000	\$905,000	\$935,000	\$975,000
2005A Series NH Construction Refunding Bonds							
Interest paid during year		\$376,162	\$376,163	\$376,162	\$376,163	\$376,162	\$376,162
Principal paid during year		\$0	\$0	\$0	\$0	\$0	\$0
2006A Series NH Construction Refunding Bonds							
Interest paid during year	\$0	\$137,738	\$165,771	\$159,893	\$153,706	\$147,209	\$140,506
Principal paid during year	\$0	\$0	\$140,000	\$145,000	\$155,000	\$160,000	\$165,000
2011 Series NH Construction Refunding Bonds							
Interest paid during year						\$0	\$153,104
Principal paid during year						\$0	\$100,000
2015 Series Alternate Revenue Refunding Bonds							
Interest paid during year							
Principal paid during year							
Misc.:							
Total net losses adjusted by prop tax subsidy from 2006-2016	(\$28,956,512)						
Balance due on 2006A Series bonds as of ____ that will remain after sale of the NH							
Balance due on 2011 Series bonds as of ____ that will remain after sale of the NH.							

The nursing home is operating at less than 60 percent capacity. And it owes \$4.6 million to vendors and lenders, including the county government, according to a Nov. 8 rep

Attachment 3

SESSION II

2013	2014	2015	2016	2017 (Not available)	Total:	Average:
\$13,545,359	\$15,890,140	\$13,348,143	\$11,356,472		\$150,211,091	
\$15,515,022	\$16,776,910	\$15,405,704	\$14,026,346			
(\$1,969,663)	(\$886,770)	(\$2,057,561)	(\$2,669,874)		(\$18,026,838)	(\$1,638,803)
	(\$260,056)	(\$1,122,144)	(\$570,701)		(\$10,475,389)	(\$1,047,539)
						Not including 2013
\$1,052,169	\$1,096,991	\$1,175,543	\$1,162,511			\$993,607 Ave prop tax subsidies per year thru 2016
(\$3,021,832)	(\$1,983,761)	(\$3,233,104)	(\$3,832,385)		\$ (28,956,512)	(\$2,632,410)
(\$1,052,169)	\$ (1,357,047)	\$ (2,297,687)	\$ (1,733,212)		\$ (21,405,063)	(\$1,945,915)
0	0	0	?		1,533,921	
0	0	0	?		5,380,000	
\$353,662	\$0	\$234,412	\$180,337		\$3,025,385	
\$900,000	\$0	\$1,030,000	\$1,085,000		\$3,015,000	
\$133,596	\$187,710	\$112,490	?		\$1,338,619	
\$170,000	\$365,000	\$195,000	?		\$1,495,000	
\$170,200	\$255,300	\$170,200	\$170,200		\$919,004	
\$0	\$0	\$0	\$0		\$100,000	
		\$0	\$44,029		\$44,029	
		\$0	\$240,000		\$240,000	
				Total P+I:	\$17,090,958	
				Ave. P+I:	\$1,709,096	
				Total P+I plus op. costs + subsidy: (GAAP)	(\$4,341,506)	
				Total P+I plus op. costs + subsidy: (Budget)	(\$3,655,011)	

ort by County Auditor John Farney.

SESSION II

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County nursing home fined \$75,000 over 2 resident deaths

Fri, 10/27/2017 - 7:00am | Debra Pressey (/author/debra-pressey)

URBANA — The Champaign County Nursing Home has been charged \$75,000 in fines in connection with the deaths of two of its residents earlier this year, according to the Illinois Department of Public Health.

The county-owned nursing home in Urbana was fined \$50,000 in July for a type AA violation, meaning one in which there was a condition or occurrence that caused a resident's death, according to a third-quarter report on violations and fines released Thursday.

The other fine for \$25,000 in August was for a type A violation — those in which there was a substantial probability that death or serious mental or physical harm could or did happen.

The larger fine was in connection with a nursing home resident's suicide this past February. A 90-year-old man was found with an orange band around his neck.

Based on a review of records and interviews, the nursing home failed to assess, supervise and provide interventions to prevent the self-harm of a resident with suicide intentions, according to the state report.

This failure resulted in the resident's self-strangulation and death, it said.

The August fine arose from the death of 78-year-old memory care patient Sonya J. Kington, who was found on her back and unresponsive in an exterior courtyard on a hot June day.

Attachment 4

SESSION II

Based on observation, interviews and record review, "the facility failed to ensure the door alarm to the courtyard on the facility's Alzheimer's Unit was engaged and the door not propped open," the state report said.

"This failure resulted in the door alarm being disengaged, the door propped open and (the resident) wandering into the courtyard and remaining unsupervised for over three hours in direct sunlight with temperatures exceeding 85 degrees Fahrenheit," the report said.

The two Champaign County Nursing Home fines were among 23 handed down for type A and type AA violations in July, August and September, according to the state Department of Public Health.

SESSION II

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County nursing home sued over death of woman found in hot courtyard

Thu, 01/04/2018 - 8:00am | Tim Mitchell (/author/tim-mitchell)

CHAMPAIGN — A Champaign law firm has filed suit against the Champaign County Nursing Home in connection with the death of a 78-year-old resident who died after being left outside the home.

Spiros Law is now representing the family of Sonya J. Kington, a nursing home Alzheimer's patient who was left unsupervised and subsequently died of hyperthermia in June 2017.

Her body was found in an exterior courtyard on a hot day when the high temperature reached 87 degrees.

Ms. Kington's death was caused by hyperthermia brought on by exposure to hot weather, according to a report by Champaign County Coroner Duane Northrup. Dementia was also a factor, he said.

At the time she was found in the courtyard, the report said, Ms. Kington was lying in direct sunlight, her skin was "very hot to touch" and she had vomit on both sides of her mouth.

According to an investigation by the coroner's office, video footage from inside the nursing home appeared to show Ms. Kington entering the courtyard at 1:47 p.m. It isn't until about 5:15 p.m. that staff members are seen searching for her.

The report noted that the investigation "could not account for Ms. Kington's whereabouts" during the more-than-three-hour period, although one staff member, who was later terminated, said that she saw her around 3 p.m.

Attachment 5

SESSION II

Spiros Law spokeswoman Keri Sutherland said Wednesday that the suit was filed against the nursing home "after their negligent conduct resulted in the avoidable death of one of their residents."

An investigation by the Illinois Department of Public Health revealed that staff members propped open the doors to the courtyard despite the facility's policy to the contrary, Sutherland said. These doors were to remain closed and alarmed given the cognitive status of the residents in the memory-care unit.

The suit alleges that the nursing staff at the nursing home "failed in their duty to provide the necessary services and treatments to prevent the death of Ms. Kington in failing to properly secure the facility and in failing to properly supervise Ms. Kington."

"When facilities decide to house residents with memory issues like Alzheimer's or dementia, the facility has a duty to implement protocols to ensure their safety," said Patricia Gifford, senior associate at Spiros Law .

"Unfortunately, there are many hazards and safety concerns for these residents, and extreme weather conditions, whether hot or cold, are one of these hazards and can be life-threatening to the residents," said James Spiros, a partner at the law firm.

The Illinois Department of Public Health fined the nursing home \$25,000 in connection with Ms. Kington's death for failing "to ensure the door alarm to the courtyard on the facility's Alzheimer's Unit was engaged and the door not propped open."

Ms. Kington had been a resident of the nursing home for more than four years.

More Local

UPDATE: U.S. 45 accident claims Ludlow man (</news/local/2018-05-17/update-us-45-accident-claims-ludlow-man.html>)

(</news/local/2018-05-17/parkland-colleges-board-approves-new-faculty-contract.html>)
Parkland College's board approves new faculty contract (</news/local/2018-05-17/parkland-colleges-board-approves-new-faculty-contract.html>)

SESSION II

Kip and Janet Pope

1806 Maynard Drive
Champaign, Illinois 61822
Phone (217) 352-3344
Email: kippope@comcast.net

May 12, 2018

Re: The Possible Sale of the Nursing Home as a Positive and Exciting Opportunity

Dear County Board Members:

I hope that all county members can come to recognize that the offer to purchase the nursing home presents a unique and exciting opportunity for allowing the nursing home to rise to its true potential.

I have personally experienced a very similar situation, so let me present a perspective on the possible sale of the Champaign County Nursing that I've not seen expressed.

My siblings and I purchased a third-generation company from our parents in 1984. My wife and I operated it and succeeded in growing it successfully. I loved that company almost as if it were a member of our family.

But in 2000, after much agonizing and months of thought, it seemed that the best objective decision was that it was the right time to sell the business. Facing new technologies and changes in our industry that would require considerable investment, I concluded that our business would have the best chance to grow to the next level under the ownership of a bigger company that owned other similar businesses and that had considerably more resources, staff and expertise than I could muster.

And so it is with the nursing home: Compared with what the county can assemble, the offerors have at their disposal almost unimaginably greater resources, staff, expertise, experience, vision, innovative ideas, optimism, and financial wherewithal with which to make the nursing home a better institution going into the future. Even the staunchest opponents of the sale had mostly positive things to say about the offerors' nursing homes that they recently visited. I can hardly imagine a better, more timely opportunity to enable the nursing home to reach a higher level.

If the board decides to sell, I believe that the future of the nursing home has the likelihood of being bright. But if the county board turns down the offer, it should be inexorably clear to both the proponents and opponents of the sale that contentiousness will not cease and may well increase. The current and anticipated atmosphere and scarcity of funding will leave little room for innovation and improvements. It will simply be strife and business as usual, which is not what any of us should desire. The nursing home simply will not have an opportunity to become what it could be under these negative circumstances.

The county has tried hard. But after more than ten years of itself operating the new nursing home and more recently hiring its second outside management firm, the nursing home's overall rating is still "Below Average" – only two stars out of five -- according to its "Nursing Home Profile" at www.medicare.gov. It is time to appreciate the offer to purchase as a true opportunity. Let's give the nursing home a good and joyful sendoff with a new owner.

Sincerely,

Kip Pope

"... often we look so long at the closed door that we do not see the one which has been opened for us."

Helen Keller

Attachment 6

SESSION II

County Board Meeting May 24, 2018

Good Evening ... Chairman Weibel and Board members,

Last week I spoke about how I believe that selling the NH to the offerors will free it to achieve its potential. I have no allegiance to the offerors, but I am strongly aware that they are the only ones to have stepped forward with a written offer that complies with all the protective conditions that were included in the RFP. Given the breadth of the marketing that was done, I don't know when or where you'll find another potential buyer under the circumstances.

The staunchest opponents of selling the NH have leveled a barrage of negativism at the offerors and dredged up some incidents that have apparently occurred at some of the their NHs. But let's put their examples in perspective. While I'm not here to criticize the operation of the Champaign County Nursing Home, to be fair, we need to compare its recent performance with those nursing homes operated by the offerors.

You've all received the "Information Packet" for tonight's meeting. It includes a lot of detailed information and spreadsheets derived from the accepted rating agencies that compare "deficiency reports" of the nursing homes operated by offerors against those of the Champaign County Nursing Home. I think they are telling.

Firstly, the right column in the big spreadsheet (show it) shows that only two of offerors' facilities have had more "total number of health deficiencies" than the Champaign County Nursing Home, and all the others but one had fewer than half the number of health deficiencies than has the Champaign County Nursing Home has had during the last three years.

Secondly, you'll see on a smaller spreadsheet (show it) that for the most serious deficiency categories ("**Actual** harm or immediate jeopardy to resident health" (Categories 3 and 4), the offerors had 10 total deficiencies spread out over their nursing homes while the Champaign County Nursing Home had 5 by itself. For the offerors' homes, that works out to fewer than 1 per home compared to 5 for the Champaign County Nursing Home alone, which means that the Champaign County Nursing Home had **8 times** the number of "serious" deficiencies than the average nursing home of offerors during the last three years.

Attachment 7

SESSION II

For the second most serious category (“**Potential** for minimal or actual harm” (Categories 1 and 2), the Champaign County Nursing Home had almost exactly twice the number of deficiencies as did the average of offerors’ homes.

Thirdly, Claudia Lennhoff and the CCHCC recently sent you references indicating that there are three lawsuits against offerors’ nursing homes. Well, there are six – **SIX** – wrongful death lawsuits pending against the Champaign County Nursing Home. There were two deaths in the Champaign County Nursing Home in 2017 **alone** that resulted in a \$50,000 and a \$25,000 dollar fine against it. In fact, it was only one of six NHs in Illinois to receive a \$50,000 fine in 2017, and none of the others were offerors’ nursing homes. You’ve seen the headlines: (show).

The story that the opponents are telling you about the offerors’ nursing homes simply does not portray a fair or accurate picture.

Among other things, as proud as the opponents are of the nursing home’s staffing levels, these statistics are proof enough that high ratings on staffing levels don’t tell the whole story.

The bottom line is this: If you were debating to sell to a buyer that had the deficiency record that the Champaign County Nursing Home has, the opponents would reject it in a New York second.

We can’t always foresee the future, but I think that the offerors have the better chance of lifting the nursing home out of this toxic environment and to allow it to achieve its full potential.

Thank you.

Kip Pope

SESSION II

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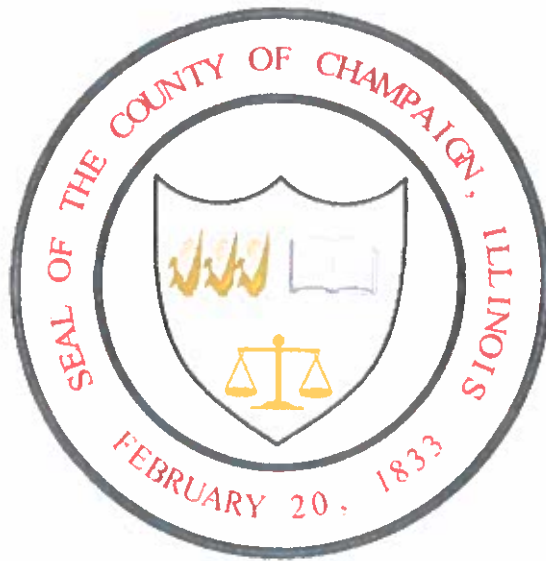
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We can’t always foresee the future, but I think that the offerors have the better chance of lifting the nursing home out of this toxic environment and to allow it to achieve its full potential.

Thank you.

Kip Pope

SESSION II



INFORMATION PACKET

REGARDING SALE OF CHAMPAIGN COUNTY NURSING HOME

RESOLUTION NO. 2018-141

SESSION II

Champaign County Board
Friday, May 18, 2018
Page 8

One aspect of the data is the inspection deficiency reporting from all categories inspected. The most egregious categories of the deficiencies are those deficiencies in Category 3 and Category 4 where there was actual harm or immediate jeopardy to a resident of the home. Table 2 displays the results of the comparison that shows the percentage of Category 3 and Category 4 deficiencies for all the ECC-listed homes, CCNH, the local nursing homes within 25, and 40-mile radii of C-U.

Table 2. Nursing Home Three-Year Total Deficiencies and Average Deficiencies By Severity

Deficiency Categories	ECC Homes Total		CCNH		Local Nursing Homes Within 25 Miles		Local Nursing Homes Within 40 Miles	
	#	%	#	%	#	%	#	%
Potential for Minimal Harm or Potential for Actual Harm (Categories 1 and 2)	448	97.82%	53	91.38%	396	96.69%	396	95.65%
Actual Harm or Immediate Jeopardy to Resident Health (Categories 3 and 4)	10	2.18%	5	8.62%	10	3.31%	18	4.35%

Handwritten notes: "Average = 0.625" with an arrow pointing to the ECC Homes Total % for Category 3 and 4. "ECC Homes Total" and "CCNH" are circled in the header row.

For Category 3 and Category 4 deficiencies (Cat3/4), the 16 ECC homes have a total of 10 Cat3/4 deficiencies, an average of 0.625 deficiencies per home. The nine (9) homes within 25 miles of C-U have 10 Cat3/4 deficiencies, an average of 1.1 Cat3/4 deficiencies per home which is 1.8 times higher than the average ECC home. The fourteen (14) homes within 40 miles of C-U have 18 Cat3/4 deficiencies which is 2.1 times the times higher than the average ECC home. CCNH has 5 Cat3/4 deficiencies which is eight times higher than the average ECC home, 4.55 times higher than the average home within 25 miles of C-U, and 3.8 times higher than the average home within 40 miles of C-U. And CCNH has a higher number of Cat 3/4 deficiencies than any other single home in this comparison. By this measure, the ECC homes present the lowest risk to their residents compared to the other homes. On the other end of that spectrum, CCNH is clearly the home that puts residents at greater risk than the other homes in the comparison, including some homes owned and/or operated by AHS and ECC that a group opposed to the sale is heralding as reasons to pause or forego the sale.

Bottom Line: We are not trying silence the discussion in any way, but we feel it needs to be fair and balanced and that we should hold ourselves and our operations to the same standard we are holding others and their operations to.

Information on Additional Nursing Homes owned by William "Avi" Rothner

Previously you received information on the nursing homes affiliated with Extended Care Clinical, LLC (ECC) and Altitude Health Services, Inc. (AHS) that was prepared for the RFP 2018-001 Evaluation Committee. That information was based on the eighteen homes,

SESSION II

Champaign County Board
Friday, May 18, 2018
Page 9

mostly in Illinois, listed on the ECC website. Also included in that information was the same information on CCNH and the other nine nursing homes within a twenty-five-mile radius of Champaign-Urbana. That data provided an Illinois home to Illinois home comparison.

The following are additional homes owned by Avi Rothner. We have included the overall star rating and links to data about the facilities compiled and provided by NursingHomeReport.org and links to the facilities' websites. The information from the NursingHomeReport.org site is data from Medicare.gov so it is equivalent to the information you received on our local home and the homes listed on the ECC website. Please note that both the Lancaster Rehabilitation Center and Villa at Lincoln Park were previously county-owned facilities. The administrator for the Lancaster Rehabilitation Center, Amy Fish, was Avi's guest at the presentation to the Champaign County Board. The Lancaster home was a 2015 recipient of the Bronze Commitment to Quality Award presented by the American Health Care Association and National Center for Assisted Living for "their commitment to improving quality care for senior and individuals with disabilities." We recommend you take time to review their NursingHomeReport.org data and review each home's website for an idea of what the operation of these homes affords their residents.

Foothills Rehabilitation Center, 2250 North Craycroft Road Tucson, AZ 85712 (3 out of 5 Stars)

<https://nursinghomereport.org/foothills-rehabilitation-center-035064>

<https://foothillsrehabcenter.com/>

Devon Gables Rehabilitation Center, 6150 East Grant Road Tucson, AZ 85712 (3 out of 5 Stars)

<https://nursinghomereport.org/devon-gables-rehabilitation-center-035145>

<http://www.devongables.com/>

~~Homestead Nursing and Rehabilitation Center, 4735 South 54th Street, Lincoln, NE 68516 (4 out of 5 Stars)~~

~~<https://nursinghomereport.org/homestead-nursing-rehabilitation-center-285049>~~

~~<https://homesteadrehab.com/>~~

Lancaster Rehabilitation Center, LLC, 1001 South Street, Lincoln, NE 68502 (5 out of 5 Stars)

<https://nursinghomereport.org/lancaster-rehabilitation-center-llc-285275>

<https://lancasterrrc.com/>

Ridgecrest Rehabilitation Center, 3110 Scott Circle, Omaha, NE 68112 (4 out of 5 Stars)

<https://nursinghomereport.org/ridgecrest-rehabilitation-center-285239>

SESSION II

Champaign County Board
Friday, May 18, 2018
Page 9

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Foothills Rehabilitation Center, 2250 North Craycroft Road Tucson, AZ 85712 (3 out of 5 Stars)

<https://nursinghomereport.org/foothills-rehabilitation-center-035064/>
<https://foothillsrehabcenter.com/>

Devon Gables Rehabilitation Center, 6150 East Grant Road Tucson, AZ 85712 (3 out of 5 Stars)

<https://nursinghomereport.org/devon-gables-rehabilitation-center-035145/>
<http://www.devongables.com/>

Homestead Nursing and Rehabilitation Center, 4735 South 54th Street, Lincoln, NE 68516 (4 out of 5 Stars)

<https://nursinghomereport.org/homestead-nursing-rehabilitation-center-285049/>
<https://homesteadrehab.com/>

Lancaster Rehabilitation Center, LLC, 1001 South Street, Lincoln, NE 68502 (5 out of 5 Stars)

<https://nursinghomereport.org/lancaster-rehabilitation-center-llc-285275/>
<https://lancasterllc.com/>

Ridgecrest Rehabilitation Center, 3110 Scott Circle, Omaha, NE 68112 (4 out of 5 Stars)

<https://nursinghomereport.org/ridgecrest-rehabilitation-center-285239/>

SESSION II

Champaign County Board
Friday, May 18, 2018
Page 10

<https://ridgecrestrehab.com/>

Villa at Lincoln Park, 1700 C A Becker Drive, Racine, WI 53406 (1 out of 5 Stars)

<https://nursinghomereport.org/villa-at-lincoln-park-the-525061/>

<http://villahc.com/>

Evaluation Committee's knowledge of Nursing Home Ownership

Question or Comment (COW, May 15th, 57:03): This commenter indicated that the Evaluation Committee didn't know that Beecher Manor was not owned by Altitude Health Services.

Response: Information prepared for the Evaluation Committee prior to the tour of the three Chicagoland homes included information on the ownership, operational/managerial control (where applicable), the home director, and the managing employee for each home. Avi Rother is the founder and president of Altitude Health Services, Inc. His ownership interest in homes is not restricted to an AHS designation. For instance, the six nursing homes listed directly above list William Rothner and his ownership interest (i.e., percentage of ownership) not AHS.

For those interested in the ownership of individual homes, that information is easily available on both the Medicare.gov and NursingHomeReport.org websites.

In closing, we are available to answer questions regarding the information presented above or other questions in regard to the sale of the nursing home. The asset purchase agreement and the operations transfer agreements are in your County Board packets that were mailed today. Those documents demonstrate the buyers' commitment to meet the County's requirements for staffing, services to current residents, services to county residents, and a ten-year covenant to operate as a skilled nursing facility with at least 220 beds and to serve the Medicaid population.

SESSION II

Central Illinois Business Magazine November 2007

ECONOMICS

Really privatize champaign county nursing home

*By J. Fred Giertz
CIBM Contributor
Published: Nov. 2007*

The Champaign County Nursing Home has been a continuing source of concern for the Champaign County Board and Champaign County taxpayers. First, the construction of the new nursing home was fraught with delays and cost overruns as well as construction problems related to mold and mechanical defects. Unfortunately, the problems did not go away once the new facility opened earlier this year. The operation was losing a reported \$100,000 a month prior to budget cuts that reduced the deficit somewhat. Almost every other county nursing home in the state also operates in the red.

Not surprisingly, the county board is concerned about this situation. The board is considering creating a nursing home board to oversee operations and hiring a consultant to provide advice about how to structure future operations. Some employees fear that the advice might include the hiring of an outside firm to actually manage the nursing home. This has been labeled □privatization by some critics, but it is really privatization-lite, because the county would still maintain financial responsibility for the operation.

The best long-term solution for the county is real privatization that would be achieved by getting out of the nursing home business. This could be done by selling or leasing (even at a loss) the home to a private provider. On the surface, this may appear heartless and cruel, but the fact is that governments are ill-equipped to manage the delivery of health care services. Governments often pay for such services, but they seldom produce such services efficiently.

One of the best decisions the city of Champaign has made in recent years was to close Burnham Hospital. Even with the closure, the area has not lost the capacity to provide health care for its citizens. Similarly, Cook County is still suffering from the consequences of building a new Cook County Hospital (the John H. Stroger, Jr. Hospital of Cook County). Note the array of new taxes being proposed by Cook County Board President Todd Stroger to bail out the county's troubled finances.

County nursing homes, county hospitals and county poor farms began as a provider of last resort when there were no other institutions to care for people in distress. In modern times, the problems of poverty, sickness and old age have not gone away, but the way that government deals with them has changed. For the most part, governments find ways to pay for services to deal with these problems without actually

Attachment 9

SESSION II

producing the services. The government subsidizes medical care for the poor and aged through Medicaid and Medicare, and the care comes from private providers who are paid with government funds, not through publicly run hospitals. The government provides social security, unemployment compensation and welfare payments rather than beds in the poor house for those in need.

In today's world, the Champaign County Nursing Home is no longer the provider of last resort. It is simply one of 10 or more providers in Champaign County offering nursing home services by charging substantial fees for their care with those unable to pay being subsidized by Medicaid dollars. It is surprising that the county nursing home is actually running radio advertisements trying to attract new residents to their facility.

Are all the privately-run nursing homes in the county losing money like the county nursing home? That is obviously not the case in the long run because the private nursing homes could not stay in business. Do we as citizens worry about deficits, cost overruns or construction flaws in private nursing homes? Again, the answer is no since the taxpayers are not the funders of last resort who have to bear the costs for such problems. Are nursing homes a natural monopoly where one large provider such as a county home is more efficient than several smaller institutions? Again, the answer is no. A number of smaller institutions probably provide better care for the same or lower cost.

Does a county home offer superior care compared to private providers? There is no clear evidence of this. All nursing homes in the state are subject to the same regulations and controls. Would anyone argue that county hospitals, military hospitals and Veterans Administration hospitals provide better care than private facilities?

Anyone who has ever had any association with a nursing home knows that it is a difficult environment. Even in the best-run facilities, some patients are not happy, their relatives are concerned and anxious and the employees work under very trying conditions. Running a nursing home is a difficult challenge. Public nursing home facilities have the additional constraints of having to deal with a number of contentious political issues. Every decision, whether it is about hiring, wages, working conditions or fringe benefits, eventually becomes a political issue for the county board. Note the recent demonstrations when the Champaign County Board was considering the seemingly innocuous question of hiring a consultant to improve the home's operations.

In summary, the county board should stop temporizing and consider real privatization by selling or leasing the home to a private provider. Nursing home services will continue to be available in the county. In fact, the county home takes care of only a small fraction of the nursing home residents in the county. The poor will be taken care of in private nursing homes with the payment coming from Medicaid.

This is one situation where the voters have themselves to blame, not the county board, because the construction of the new home was approved in a referendum. Maybe it is time for a new referendum to see if the voters want to continue on the current path.


- J. Fred Giertz is a professor of economics within the University of Illinois' Institute of Government and Public Affairs. He can be reached at (217) 244-4822 or jgiertz@ad.uiuc.edu.

SESSION II

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EXCLUSIVE: Champaign County elected officials urge board to sell nursing home

Thu, 07/27/2017 - 10:02pm | Tom Kacich (/author/tom-kacich)

URBANA — A bipartisan group of elected county officials is urging the sale of the Champaign County Nursing Home "as soon as practicable" in order to avoid further cuts to county staff and services.

The unusual statement, written Thursday, was signed by Presiding Judge Tom Difanis, State's Attorney Julia Rietz, Sheriff Dan Walsh and every other countywide elected official.

It was drafted after the group of nine met Thursday and discussed the issue, County Clerk Gordy Hulten said.

"They have the right to express their opinion, certainly, although this came a little quicker than I expected," said C. Pius Weibel, chairman of the Champaign County Board.

Earlier this week, County Administrator Rick Snider said the county's general fund may have to absorb the loss of 24 to 30 positions for the fiscal year beginning Jan. 1 because of financial problems at the county-owned nursing home. The facility already owes the county more than \$1.6 million, and Snider said it may need another \$600,000 from the general fund by the end of the year. That's out of an overall debt of more than \$3.3 million that Snider has predicted could balloon to \$4.9 million.

The county has contracted with a broker, Marcus & Millichap, to market the property, and a new management company took over the home on July 1, promising to try to turn around its financial condition. That came after county

Attachment 10

SESSION II

voters this spring rejected a property tax increase to benefit the nursing home.

The elected officials stressed Thursday that they didn't think any more could be cut from their offices because of past belt-tightening brought on by economic downturns and the effect of the nursing home.

"We wanted to make a statement, certainly on behalf of our employees and our offices, so that it's clear that we're not at all comfortable with being subject to cuts," said Rietz, the state's attorney. "We've been cutting and cutting and trying to do what we can with what we have for years now. There's no more room for cuts.

"And there are more and more unfunded mandates coming from the state. For my office, the entire Champaign Police Department now uses body cameras, which adds an incredible burden to our workload in terms of reviewing, using and storing that data. In the circuit clerk's office, there's movement to electronic filing, which is another unfunded mandate that requires a lot of resources and work. Every department has these issues and we just don't have room for cuts."

"I think it's just hard for general corporate departments to bear the brunt of the nursing home problems. That's what the message is here," said County Treasurer Dan Welch.

Difanis said he was "shocked" by Snider's warning of the possible loss of more than two dozen employees countywide.

"It concerns me and it concerns everyone in the general corporate fund. There aren't any cuts to be made. I don't know where 30 people are going to come from," he said, insisting that "there won't be" personnel cuts from the courts

"There's no way we can cut anybody out of the court system," the county's presiding judge said.

Snider has not identified where personnel cuts would be, saying they would be determined in the county board's budget-making process that begins in August.

"I don't think it's a surprise to any of us that the massive subsidies that have been required by the nursing home are having a negative effect on the rest of

SESSION II

county finances," Hulten said. "I assume that if cuts are required to continue subsidizing a failing nursing home, that all county offices would be affected and that all county services would be affected."

"None of us have been given any specifics as to cuts. In fact we're in the midst of the budget process and we haven't been advised as we have in the past that cuts were necessary," Rietz said. "We as a group are not pleased with our staff and our departments being put at risk because of the issues at another county agency."

Thursday's meeting of the elected officials included a presentation on the county's finances by Welch and County Auditor John Farney.

"My position was, just close the damn place," Difanis said. "But they explained that you can't do that, you have to keep it in an operational condition until you get it sold. Those are the two guys who are trying to explain to the county board this dead-end that we're going down."

Snider has told the county board for months that the nursing home has to be maintained and kept open in order for the county to get its maximum return in a sale.

"I think we elected officials agree that selling it is the best resolution. The auditor and treasurer have given us a lot of information about it and what downsizing or closing would do versus selling it, for the overall county picture," Rietz said.

"That's why we specifically put in that statement that we'd like them to move forward with the sale. The worst possible solution would be if we get into such a precarious situation that we have to just shut it down. That would be the worst."

Welch said the county is in a "balancing act" to protect both the nursing home and the county's general fund.

"From the time that I've been making presentations to the county board, it's been a careful balancing act between keeping the nursing home afloat and not harming the general fund in a really substantial way. I'm very concerned about that because I just don't think there's a lot of excess in the county. Departments

SESSION II

are running very efficiently and it's hard to think of laying people off when the general fund would survive quite nicely without the drag of the nursing home," he said. "Can we keep it afloat long enough to be able to sell this thing in a responsible manner? And can we keep general corp afloat? It's a balancing act."

The statement

The following public statement on the financial condition of the Champaign County Nursing Home was released Thursday by the nine undersigned elected Champaign County officials:

As public officials of Champaign County, we are required to provide essential services to the public. We have been following with interest the poor financial performance of the County Nursing Home, and the necessity for continued subsidies to the Home from the County general fund.

This week, the County Administrator stated that funding the operation of the Home through next year would require significant personnel reductions from other County Departments. These potential personnel reductions would be in addition to reductions effected during the past ten years, as our departments have continued to increase efficiencies to meet new state and federal mandates without adding staff. Furthermore, these personnel reductions would negatively impact essential County services in law enforcement and our Court system; and in our administration of elections, land records, vital records, and other programming.

Champaign County's current financial difficulties are temporary, and are caused by the poor financial performance of the County Nursing Home. We recommend, as a solution, the sale of the Home as soon as practicable to a reasonable buyer, who can improve the quality of care for patients, protect Nursing Home employees, and eliminate the financial liability and risk currently borne by the taxpayers of Champaign County.

Signed,

*Circuit Clerk Katie Blakeman
Presiding Judge Tom Difanis
Auditor John Farney*

SESSION II

County Clerk Gordy Hulten

Coroner Duane Northrup

State's Attorney Julia Rietz

Recorder of Deeds Mark Shelden

Sheriff Dan Walsh

Treasurer Dan Welch

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SESSION II

The Statement:

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Auditor John Farney
County Clerk Gordy Hulten
Coroner Duane Northrup
State's Attorney Julia Rietz
Recorder of Deeds Mark Sheldon
Sheriff Dan Walsh
Treasurer Dan Welch*

HIDDEN VALUE

Sale of county nursing home is the only realistic option

By STEVE BECKETT, GREG KNOTT, BRENDAN MCGINTY, ALAN NUDO, JON SCHROEDER and BARB WYSOCKI

Question: What is at risk if the Champaign County Board closes the nursing home?

Answer: 243 licensed Medicaid beds — about 33 percent of the entire availability in the county.

After years of failing to address the finances and quality care problems of the Champaign County Nursing Home (CCNH), its fate comes down to one viable solution. After a request for proposal was sent out by the largest commercial real estate firm in the United States, we have just one official response. Extended Care Clinical, LLC/Altitude Health Services, Inc. (ECC/AHS) has made an offer to buy CCNH.

It is a clean full price offer with no financial contingency. The county's bipartisan evaluation review committee voted overwhelmingly to approve the offer and forward it to the county board.

As a former member of the CCNH advisory committee, a member of the evaluation review committee and a co-signer of this letter, Alan Nudo commented that the three nursing homes the committee visit-

ed were clean, friendly and offered innovative amenities to their residents. ECC/AHS has origins as a family-owned and operated business for more than 40 years. It now owns nursing home facilities throughout the United States, including 18 in the Chicagoland and Indiana areas.

The financial failure of CCNH is well-known; its annual cash shortfalls — in excess of \$1 million for the past 12 years — are well-documented. The choices are obvious:

1: Sell the nursing home to a viable operator.

2: Close the nursing home before default proceedings to the creditors are instituted and severe cutbacks to personnel and services in other county departments are necessary.

What if ...

— Champaign County sold the nursing home to ECC/AHS, and

— Champaign County frees up millions of dollars previously funneled into subsidizing the operation of the nursing home, of which

— some of these monies would be transferred into many social service opportunities like mental health and drug addiction programs, jail recidivism reduction programs or alternative jail incarceration programs to benefit families and individuals.

There are no other realistic options on the table. Opponents to the sale have continually said they are "working" on a solution, but so far, we've not heard their alternative. Will it come before or after the ambulances are lined up at the front door to transfer the last residents to another facility?

We, the co-signers of this letter, worked together on the county board on tough issues like this one. We learned that compromise is key to difficult problems, and compromise should be possible in this case.

The best part is the hidden value contained therein — Champaign County will continue to offer 243 Medicaid-licensed beds and be able to support critical social services that plague citizens — drug addiction, mental health and retraining programs in our jail. We urge the county board to work together to find the hidden value of this opportunity. The time is short to find common ground to benefit more citizens of the county. Please work together.

Steve Beckett, Democrat; Greg Knott, Republican; Brendan McGinty, Democrat; Alan Nudo, Republican; Jon Schroeder, Republican; and Barb Wysocki, Democrat.



John Olson/The News-Gazette

Extended Care Clinical, LLC/Altitude Health Services, Inc. has made a full price offer to buy the Champaign County Nursing Home.

OPINIONS

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The News-Gazette

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EDITORIAL

Selling nursing home is the only sensible option

Champaign County Board set to vote on issue at Thursday meeting

A showdown — of sorts — is scheduled for Thursday evening. That's when Champaign County Board members are scheduled to vote on whether to sell their money-losing nursing home to a private operator for \$11 million.

If the board chooses not to sell, it will be stuck with continued responsibility for maintaining a facility that is in such desperate financial straits that it may be forced to close.

Given that reality, it doesn't seem like board members really have a choice. But, board Chairman Pius Weibel says he "can't say for sure" which way it will go.

"I think the vote is going to be close," he predicted. "There are people on the fence. But, it's hard to say which side of the fence they're on. It depends on the time of day."

A majority of the 22-member board supports selling the nursing home to the only bidder — Evanston-based Altitude Health Services and Extended Care Clinic LLC. But, approving the sale requires 15 of the 22 board members to vote yes.

So far, a hard core of board Democrats is vehemently opposed to selling, apparently feeling some sort of moral obligation to maintain a facility that is strictly optional for counties to offer.

While their devotion to principle is admirable, their understanding of the financial bottom line and county priorities is suspect.

For starters, the nursing home is a longtime money loser. It's deeply in debt — \$2.1 million to the county and another \$2 million in unpaid bills.

If the county opts to keep the nursing home, board members will be forced to make cuts in other areas of the budget that are mandated by law.

At the same time, what are the prospects that a nursing home that has been losing money so steadily will suddenly break even or make a profit? Its supporters can certainly hope that is the case, but hope is not a policy.

In making decisions like this, it's important for policy-makers to contemplate the likelihood of a worst-case scenario and consider whether the county can withstand it. In this case, the worst-case scenario is that the nursing home will continue to founder in the future just as it has in the past.

That's simply not acceptable, particularly when the alternative is to sell the nursing home to an experienced operator with a track record of success.

It's unfortunate that the future of the nursing home has become a partisan issue of sorts. Board Republicans unanimously support selling. They're joined by Democrats Weibel, Shana Jo Crews and Patsi Petrie. The other board Democrats have indicated opposition.

But Democrats are not as split as it may appear.

Prominent former board Democrats — Steve Beckett, Barbara Wysocki and Brendan McGinty — have publicly endorsed selling the nursing home. They argue that it's the only way to ensure that the nursing home's 243 licensed Medicaid beds will continue to be available.

They also note that tax dollars not spent on the nursing home can be reallocated to other social service programs that benefit families and individuals.

At the same time, three Democratic candidates for countywide office — county administrator candidate Darlene Kloeppel, treasurer candidate Laurel Prussing and auditor candidate George Danos — have publicly urged their fellow Democrats to vote to sell. They contend selling the facility is the best means of saving the jobs of those who work there and maintaining the existence of a quality facility for residents.

A clear-eyed examination of this question reveals a choice between the sale and survival of the nursing home, albeit under private ownership, and the probability of maintaining a chaotic, financially failing status quo that won't last because it can't last.

This is, of course, a vote that no one wanted to hold. Champaign County, with the support of taxpayers, happily maintained this facility for decades before the bottom fell out. But, just because people here regret what has transpired ought not mean they should deny the reality of what has transpired.

Selling the nursing home is the only sensible option, and board members — all of them — should vote accordingly.

Attachment 13

SESSION II

Excerpts from the Champaign-Urbana News-Gazette starting January 1, 2017: [Emphasis added]

1. Crushing financial burden:

2/14/17

Also on Monday, board members heard that ... its **accounts receivable, the money it owes vendors, increased from \$5.34 million in November to \$5.42 million in December.**

3/14/17

\$250,000 loan sought from county

Board to vote on it at a special meeting tonight

By TOM KACICH

tkacich@news-gazette.com

URBANA Champaign County Board members will be asked Tuesday night to make a \$250,000 short-term loan from county funds to help the county nursing home meet its payroll this month.

Entering into negotiations with AFSCME officials to seek "temporary wage adjustments" for the about 200 union employees (sic) at the nursing home.

"I believe that the time has come that we're going to have to seek out some assistance from the union if the home is going to stay afloat in the near term," Snider said. "I hesitate to talk about (the concessions sought) because we have to sit down. But I think some accommodation is going to have to be made."

4/19/17

Facility's projected 'broke' point is near

Tom Kacich

They're only cash flow projections, Champaign County Treasurer Dan Welch cautions, but they're all that county officials have to work off of right now.

And they show that sometime this summer, perhaps as soon as June, the Champaign County Nursing Home will run out of money.

And then what does the county board do?

County voters earlier this month rejected a property tax increase for the nursing home and gave the county board the authority to sell or dispose of the institution.

Most Democrats on the board -- who have a 12-10 majority -- are reluctant to act quickly. They note that voters in Champaign-Urbana precincts, the voters they represent, support the nursing home. The Democrats say they don't want to sell the nursing home "until every single measure possible is taken to preserve it as a public institution."

But Welch's cash projections, based on numbers given him by the private company that manages the nursing home, are cold-water-in-the-face scary.

Attachment 14

SESSION II

7/21/17

Nursing home may need \$500K

Advance predicted to cover facility's bills by end of year

By TOM KACICH

7/26/17

Loan to nursing home may cost others their jobs

11/9/17

Nursing home's funding runs low

Plan to keep it open will likely involve layoffs elsewhere

By TOM KACICH

tkacich@news-gazette.com

URBANA The Champaign County Nursing Home had to use another \$50,000 from an existing loan from the county's general corporate fund to meet payroll Tuesday, according to county Auditor John Farney.

And county board Chairman C. Pius Weibel said officials are finding it difficult to balance the budget and keep the county-owned nursing home open without instituting widespread employee layoffs.

Last month, the board's majority Democrats blocked a plan to put the nursing home on the market and are set to offer their ideas next week for balancing the budget so that the facility can remain county-owned at least through next year.

County Administrator Rick Snider said doing so requires about \$1.4 million in budget cuts or revenue increases.

"Any way it looks, we'd be laying off 20 to 25 people," said Weibel, a Champaign Democrat who last month voted against putting the nursing home on the market. "That's very approximate. But there's no question you'd have to lay off people."

Asked if we would support layoffs, Weibel said, "I have no comment. I don't have an answer to that now. We don't have the final picture yet."

Weibel said Democrats would discuss cuts at a committee-of-the-whole meeting next week. Among options being considered are a one-year delay in buying new radios for the sheriff's department, a one-year delay in replacing the county's aging enterprise resource planning system and a reduction in polling places for the 2018 elections.

"We don't have a lot of money to play with in the first place," Weibel said. "And no question, we would have to lay off people by any scenario."

The layoffs would be "scattered" throughout county government, he said, and would happen over the course of 2018.

SESSION II

A final decision on the budget will come at the board's Nov. 21 meeting, the chairman said.

Meanwhile, the \$50,000 borrowed from the county's general fund Tuesday is from a \$250,000 loan the county board authorized to the nursing home in late August. Only \$100,000 is left from that sum.

Earlier this year, the board loaned the nursing home another \$250,000. That amount was exhausted within five months.

At the close of business Tuesday, the nursing home had \$236,182 on hand, but the biweekly payroll amount needed was \$252,115, leaving a shortfall of nearly \$16,000, Farney said.

Further complicating the financial troubles at the county-owned nursing home are \$243,130 in bills submitted to the auditor's office for payment, he said. Because of the cash shortage, Farney said, he'll only be able to pay about \$17,500 to those vendors. The rest will go unpaid, adding to a backlog of vendor payments that totaled about \$3.5 million last month.

October revenue to the nursing home was below projections, "and this where we're seeing the results," Farney said.

County Treasurer Dan Welch said projected revenue for the nursing home last month was about \$890,000, but it ended up with only \$624,000.

Expenses, including payroll, were projected at about \$992,000 and ended up being about \$904,000.

12/20/17

Suit: CCNH owes \$235K

Facility still has \$2.7M in unpaid vendor bills

By TOM KACICH

tkacich@news-gazette.com

URBANA A Pennsylvania-based company that once provided dietary and housekeeping services at the Champaign County Nursing Home has filed suit against the nursing home and the county, alleging breach of contract and asking to be paid about \$235,000.

Health Care Services Group of Bucks County, Pa., filed the lawsuit earlier this month, saying that the nursing home was behind in its payments.

1/31/18

"As I have repeatedly informed the county board," Farney said in a memo to county board members, "the financial situation at Champaign County Nursing Home is dire. Actions such as advances from the county collector are not sound practices as part of a sustainable financial plan."

SESSION II

Last year, the county board approved \$500,000 in loans to the nursing home, most of which was used to meet payroll at the financially troubled institution in east Urbana.

Those loans have not been repaid.

The nursing home at last report owes more than \$5 million to various county funds and to vendors that service the facility.

3/28/18

\$210K loan to nursing home OK'd

By TOM KACICH

tkacich@news-gazette.com

URBANA Champaign County Board members Tuesday night agreed to loan up to \$210,000 immediately to make payments to support the Champaign County Nursing Home.

In one vote, board members approved, 15-5, a plan to use the county general fund to cover ongoing nursing home payroll costs.

The plan will be put into effect immediately, County Treasurer John Farney said Tuesday, because the nursing home is more than \$100,000 short in meeting its payroll this week.

Under the arrangement, any revenue that comes into the nursing home fund will have to go straight to the county general fund to repay the loan.

"If they come in tomorrow with \$10,000, I take that \$10,000 and apply it to the general fund," Farney said.

In the second vote, the board OK'd making \$94,038 in structured payments out of the county's general fund to vendors at the nursing home. That resolution passed, 16-4.

Republicans on the board warned that the financial conditions at the institution are worsening monthly, and that the nursing home expenses may require cuts elsewhere in the budget.

5/24/18

On news-gazette.com: Morning Show: John Farney

Champaign County treasurer on selling the Champaign County Nursing Home: "I came out with data ... and the situation is not good. Anyone that tells you the situation is improving does not have factual data. The nursing home is not improving ... (it) continues to be a drain on the general fund."

SESSION II

Excerpts from the Champaign-Urbana News-Gazette starting January 1, 2017: [Emphasis added]

2. Recent track records, fines, and rankings:

5/27/17

Urbana facility's rating rises to 2 stars

By DEBRA PRESSEY
dpressey@news-gazette.com

URBANA The Champaign County Nursing Home has moved up Medicare's 5-star ratings list in the latest quarterly adjustments.

The 243-bed nursing home in Urbana gained a star, rising in the ratings from a 1-star home, considered overall to be much below average, to a 2-star home, better than 1-star, **but still in the below-average range.**

Medicare 5-star ratings, which grant one to five stars overall, are based on health inspections, staffing and quality measures. The star counts matter when they're factored into care decisions, though the Centers for Medicare and Medicaid Services says the ratings shouldn't be the only consideration in choosing a nursing home.

The Champaign County Nursing Home had been rated a 2-star home until it took a hit due to a staffing error on a state report, according to Administrator Karen Noffke.

"It should have never dropped in the first place," she said.
the Champaign County Nursing Home currently ranks 4-stars, or above average, on its staffing rating.

It still earned just a single star on inspections, however, which are weighted most heavily overall.

6/20/17

2 more deaths investigated

Coroner is looking into total of four cases, but he says that's not unusual
By TOM KACICH
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URBANA Two other deaths at the Champaign County Nursing Home this year are under investigation, Champaign County Coroner Duane Northrup said Monday.

On Saturday, The News-Gazette reported that state public health officials had investigated a Feb. 16 suicide at the facility, while the coroner and Illinois State Police are looking into the June 10 death of a memory care patient at the nursing home. Northrup said Monday two other deaths also are being investigated by his office.

SESSION II

"We have four cases right now that we're looking into at the Champaign County Nursing Home," he said. "We have cases as well at other nursing homes. I don't want to give the impression this is only going on at Champaign County. We have deaths we're looking into at other facilities as well."

9/1/17

Heat killed elderly woman

Nursing home death ruled 'accidental,' but charges possible

By TOM KACICH

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URBANA The death of a 78-year-old Champaign County Nursing Home resident, whose body was found in an exterior courtyard on a hot day in June, was caused by hyperthermia brought on by exposure to hot weather, according to a report by Champaign County Coroner Duane Northrup. Dementia also was a factor, he said.

10/27/17

Fines for resident deaths total \$75K

By DEBRA PRESSEY

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URBANA The Champaign County Nursing Home has been charged \$75,000 in fines in connection with the deaths of two of its residents earlier this year, according to the Illinois Department of Public Health.

The county-owned nursing home in Urbana was fined \$50,000 in July for a type AA violation, meaning one in which there was a condition or occurrence that caused a resident's death, according to a third-quarter report on violations and fines released Thursday.

The other fine for \$25,000 in August was for a type A violation -- those in which there was a substantial probability that death or serious mental or physical harm could or did happen.

The larger fine was in connection with a nursing home resident's suicide this past February. A 90-year-old man was found with an orange band around his neck.

Based on a review of records and interviews, the nursing home failed to assess, supervise and provide interventions to prevent the self-harm of a resident with suicide intentions, according to the state report.

This failure resulted in the resident's self-strangulation and death, it said.

The August fine arose from the death of 78-year-old memory care patient Sonya J. Kington, who was found on her back and unresponsive in an exterior courtyard on a hot June day.

SESSION II

1/4/18

Nursing home sued over 2017 death

Woman died of heat exposure in a courtyard

By TIM MITCHELL

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CHAMPAIGN A Champaign law firm has filed suit against the Champaign County Nursing Home in connection with the death of a 78-year-old resident who died after being left outside the home.

Spiros Law is now representing the family of Sonya J. Kington, a nursing home Alzheimer's patient who was left unsupervised and subsequently died of hyperthermia in June 2017.

2/14/18

Facility up to 4 stars for staff, quality

By TOM KACICH

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URBANA The Champaign County Nursing Home's quality rating has improved, according to the federal Center for Medicare and Medicaid Services.

The county-owned facility now has four-star ratings, in a five-star system, in staffing and quality measures, says CMS. Those are considered "above average."

But the home continues to fall short in two other categories: health inspections (one star) and overall rating (two stars).

SESSION II

**Excerpts from the Champaign-Urbana News-Gazette
starting January 1, 2017:
[Emphasis added]**

5. Failed efforts to improve the situation:

2/14/17

The new Friends of Champaign County Nursing Home launched this week with a goal of establishing a foundation to help support the nursing home and raise \$1 million, "hopefully soon,"

3/26/17

Just last month, in January, a group called Friends of Champaign County Nursing Home, to which I belong, launched a foundation for the nursing home through the Community Foundation of East Central Illinois. While it cannot hope to bring in enough to support the full operating support of the home, this manifestation of support by community members does aim to make a difference in the quality of life of the residents who live there.

4/11/17

Nonprofit option on the table

By TOM KACICH

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URBANA Two members of the Champaign County Nursing Home advisory board hope to meet with representatives of local health care providers to gauge if there is interest in establishing a not-for-profit corporation to take over the operation of the financially troubled nursing home.

5/4/17

No progress yet on nonprofit takeover

By TOM KACICH

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URBANA There's been no progress on getting a not-for-profit organization interested in taking over the Champaign County Nursing home, county officials said Wednesday.

"I've got one half of the entities that need to be at the table agreed to meet. It's just the second one that is a problem right now," Snider said.

He declined to identify which local medical group had agreed to a meeting and which had not.

"We're ready to meet. We're trying to get two of the primary candidates to help us to move this forward. One of them said they're willing to talk, but the other hasn't responded yet."

3/14/18

Attachment 16

SESSION II

No vote on wing lease, but payroll plan OK
General fund would be used as line of credit
By TOM KACICH
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URBANA A vote on a proposed agreement to lease space at the Champaign County Nursing Home to Rosecrance Health Systems was postponed Tuesday over questions raised by the Illinois Department of Public Health,

Rosecrance drops bid

Earlier Tuesday, Weibel reported that Rosecrance Health Network had dropped its plan to lease a wing at the nursing home for use as a temporary addiction treatment center.

SESSION II

**Excerpts from the Champaign-Urbana News-Gazette
starting January 1, 2017:
[Emphasis added]**

6. Only one offer received:

3/1/18

Sole bid is for the minimum

Committee to meet March 12 to begin reviewing the proposal

By TOM KACICH

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URBANA Champaign County received only one proposal Wednesday in response to its request for proposals to buy the Champaign County Nursing Home.

The proposal was submitted jointly by Extended Care Clinical LLC and Altitude Health Services Inc., both headquartered in Evanston.

SESSION II

Excerpts from the Champaign-Urbana News-Gazette
starting January 1, 2017:
[Emphasis added]

8: What others say:

a. Voters authorize sale and reject tax increase:

4/5/17

Voters reject tax hike, OK sale

Board weighing its alternatives

By TOM KACICH

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URBANA Champaign County voters on Tuesday gave the county board the authority to sell the Champaign County Nursing Home and said no to tripling the property-tax rate to support the facility.

4/5/17

ELECTION 2017 Referendums

Champaign County Nursing Home

Increase tax rate?

Yes 11,086

v No 14,073

Authorize sale/disposal?

v Yes 13,986

No 11,871

4/6/17

The proposal to raise the property-tax rate from about 3 cents per \$100 of assessed valuation to 10 cents per \$100 lost 55.9 percent to 44.1 percent. And a separate question authorizing the county board to sell or dispose of the nursing home was approved, 54 percent to 46 percent.

4/9/17

... the idea of getting the county out of the nursing home business was a huge hit outside of Champaign-Urbana, where the proposal passed by more than 2-to-1, 67.2 percent to 32.7 percent.

There were only four rural/suburban precincts where voters didn't want the county board to sell or dispose of the nursing home, and in some areas and precincts, the level of support for the idea exceeded 70 percent.

In the Ogden 2 precinct, which votes at Royal Community Building, voters favored sale of the nursing home, 92.5 percent to 7.5 percent. In Brown 2, which votes at the Fisher Community Building, the percentage was 84 to 16.

SESSION II

In the five polling places within Mahomet, 72.7 percent of voters favored selling the nursing home.

In the four polling places within St. Joseph, the percentage was 78.5 percent.

In Rantoul polling places, it was 60 percent.

b. The County Board votes to sell the nursing home:

2/27/18

The county board voted in January to put the financially troubled nursing home on the market, with a minimum offer of \$11 million.

5/25/18

Sale of nursing home approved

Five Democrats joined with all 10 Republicans

Following months of debate and deliberations, the Champaign County Board voted 15-6 Thursday night to authorize the sale of the financially challenged nursing home to Extended Care Clinical LLC and Altitude Health Services Inc., both headquartered in Evanston.

Champaign County Chamber of Commerce position:

2/24/17

... The board of directors of the **Champaign County Chamber of Commerce** is on record in opposition to a property tax increase to benefit the financially struggling Champaign County Nursing Home, and is in favor of selling the institution to a private operator.

In recent years, the nursing home has been plagued by late reimbursements from the state, a declining census (it dropped from 177 to 167 in January), frequent complaints about food service and monthly operating losses. In its most recent report, the federal Centers for Medicare and Medicaid Services gave the home an overall one-star rating, on a five-star system.

SESSION II

Excerpts from the Champaign-Urbana News-Gazette
starting January 1, 2017:
[Emphasis added]

Public statement issued by Champaign County elected officials:

7/26/17

Loan to nursing home may cost others their jobs

By TOM KACICH

The following public statement on the financial condition of the Champaign County Nursing Home was released Thursday by the nine undersigned elected Champaign County officials:

"As public officials of Champaign County, we are required to provide essential services to the public. We have been following with interest the poor financial performance of the County Nursing Home, and the necessity for continued subsidies to the Home from the County general fund.

"This week, the County Administrator stated that funding the operation of the Home through next year would require significant personnel reductions from other County Departments. These potential personnel reductions would be in addition to reductions effected during the past ten years, as our departments have continued to increase efficiencies to meet new state and federal mandates without adding staff. Furthermore, **these personnel reductions would negatively impact essential County services in law enforcement and our Court system; and in our administration of elections, land records, vital records, and other programming.**

"Champaign County's current financial difficulties are temporary, and are caused by the poor financial performance of the County Nursing Home. **We recommend, as a solution, the sale of the Home as soon as practicable to a reasonable buyer,** who can improve the quality of care for patients, protect Nursing Home employees, and eliminate the financial liability and risk currently borne by the taxpayers of Champaign County."

Signed,
Circuit Clerk Katie Blakeman
Presiding Judge Tom Difanis
Auditor John Farney
County Clerk Gordy Hulten
Coroner Duane Northrup
State's Attorney Julia Rietz
Recorder of Deeds Mark Shelden
Sheriff Dan Walsh
Treasurer Dan Welch

7/28/17

SELL IT

That's what group of nine wants done with Champaign County Nursing Home

Attachment 19

SESSION II

By TOM KACICH tkacich@news-gazette.com

URBANA A bipartisan group of elected county officials is urging the sale of the Champaign County Nursing Home "as soon as practicable" in order to avoid further cuts to county staff and services.

The unusual statement, written Thursday, was signed by Presiding Judge Tom Difanis, State's Attorney Julia Rietz, Sheriff Dan Walsh and every other countywide elected official.

[See 7/26/17 article above for the statement.]

SESSION II

**Excerpts from the Champaign-Urbana News-Gazette
starting January 1, 2017:
[Emphasis added]**

Poll shows that many opponents of the sale have changed their minds:

11/12/17

Nursing-home sale stances shifting, poll claims

Tom Kacich

Democrats on the Champaign County Board have been saying for months that they felt justified in opposing the sale of the county nursing home because their constituents in the county's urban core opposed it in a ballot question last April.

But County Clerk Gordy Hulten says public opinion has shifted, and he commissioned a poll, using his own campaign funds, to prove it.

First, some background: Last April's consolidated election featured this advisory question countywide: "Shall the Champaign County Board be authorized to sell or dispose of the Champaign County Nursing Home?"

The issue passed overwhelmingly in areas outside of Champaign-Urbana, those represented exclusively by Republicans, about 67 percent to 33 percent.

But in Champaign and Urbana, those districts represented by Democrats, the question lost by a big majority, particularly in Urbana where it went down, 69 percent to 31 percent.

That was April, though, and public opinion has moved over the last seven months as the nursing home's finances have worsened and there have been health and safety issues at the county-owned institution.

In a telephone poll done only within the six county board districts represented by Democrats (out of 11 districts), about 53 percent said they would support the sale of the nursing home in order to solve the county's financial problems, while 29 percent opposed the sale. About 18 percent said they were undecided.

The single polling question asked was: "As you may know from published reports, the Champaign County Nursing Home is losing hundreds of thousands of dollars every month, and two residents died this year due to alleged negligence. To remedy the situation, the county board must now decide between cutting services, such as laying off police officers and eliminating some early voting locations, or selling the home to a privately funded company prepared to provide better care. We'd like to know whether you support or oppose the sale of the Champaign County Nursing Home in an effort to solve the problems?"

Selling the nursing home was supported not only overall in the Champaign-Urbana districts but among women (54 percent to 27 percent), men (51 percent to 31 percent) and

Attachment 20

SESSION II

in every one of the six districts (ranging from 61 percent to 24 percent in County Board District 6 in central Champaign to 41 percent to 31 percent in District 11 in northern Champaign-Urbana).

The poll was done by We Ask America, which is owned by a longtime Hulten friend, Gregg Durham. They worked together on the Illinois House Republican staff many years ago. The poll was of 514 registered voters with landlines only, and **it has a margin of error of plus or minus 4.32 percent.**

Durham said the poll is "100 percent legitimate" and that it may even have understated the support for selling the nursing home.

"People who are older are the people who still have landlines," he said. "So that's more likely to be people who have supported the nursing home or who have loved ones in it or who have been in it. I told Gordy that it's a group that would skew against what he wants to do."

Hulten, who has an interest in the nursing home issue because he is running to be elected the county's first county executive next year, said he would pay for the poll out of his campaign funds.

He wanted to do the poll, he said, to show supporters of the nursing home that public opinion has flipped.

"Things have changed since the referenda. We've had not a good summer at the Champaign County Nursing Home in terms of the quality of care we provide and in terms of the continued financial deterioration," Hulten said. "And, secondly, this question is asked in a way that puts into context the consequences of not selling the nursing home, and the referendum question did not.