



**DAUPHIN COUNTY BOARD OF COMMISSIONERS**

**WORKSHOP MEETING**

**February 16, 2005**  
**10:00 A.M.**

**MEMBERS PRESENT**

Jeff Haste, Chairman  
Dominic D. DiFrancesco, II, Vice Chairman  
George P. Hartwick, III, Secretary

**STAFF PRESENT**

Chad Saylor, Chief Clerk; Julia E. Nace, Assistant Chief Clerk; William Tully, Esq., Solicitor; Robert F. Dick, Treasurer; Gary Serhan, Deputy Controller; J. Scott Burford, Spring Creek Deputy Administrator; Roberta Cunningham, Spring Creek Administrator; Randy Baratucci, Director of Purchasing; Edgar Cohen, Director of Facilities Maintenance; Diane McNaughton, Communications; Mike Yohe, Director of Budget & Finance; Dave Schreiber, Personnel; Kay Sinner, Personnel; Faye Fisher, Director of Personnel; Guy Beneventano, Esq., Assistant Solicitor; Bruce Foreman, Esq., Assistant Solicitor; Carolyn Thompson, Court Administrator; Mike Pries, Director of Safety & Security; Dan Robinson, Director of Community and Economic Development; Lisa Zieger, Community and Economic Development; Jena Wolgemuth, Commissioners' Office; Kacey Truax, Commissioners' Office; Lena Martinez, Commissioners' Office; and Richie Martz, Commissioners' Office

**GUESTS PRESENT**

Cathy Otto, Kevin Koval, Lee Swartz, Michael Bodinsky, Jeff Kinschman, Betty Sytle, Jack Sherzer and Jamie Garland

## **MINUTES**

### **CALL TO ORDER**

Mr. Haste, Chairman of the Board, called the meeting to order at 10:00 a.m.

### **MOMENT OF SILENCE**

Everyone observed a moment of silence.

### **PLEDGE OF ALLEGIANCE**

Everyone stood for the Pledge of Allegiance.

### **APPROVAL OF MINUTES**

Mr. Haste: We have three sets of Meeting Minutes that we will address at next week's Legislative Meeting.

### **PUBLIC PARTICIPATION**

Mr. Haste: We are at the point in time for public participation. Is there anyone in the audience that would like to address the Board at this time? (There was none.)

### **DIRECTORS/GUESTS**

**Lee Swartz, Esq.**

**Presentation of Central Pennsylvania Friends of Jazz**

Mr. Swartz: Thank you very much for taking the time to hear me. I am glad that I am as far away from you as I am because I have some sort of cold. You will have to excuse me if I cough once in awhile. I did send a lot of materials and I apologize if I papered you to death, but I wanted to provide whatever I thought you needed to understand where we are coming from.

Mr. Hartwick: This is up to you, but you may certainly have a seat. This is not Court.

Mr. Swartz: Speaking of that, this is the first time in 43 years of practice that I have ever spoken before the Commissioners.

Mr. DiFrancesco: We are happy to have you.

Mr. Swartz: I don't want to take much of your time. I thought I would go over briefly what the Central Pennsylvania Friends of Jazz is. I will try to make it short. It is an organization that was founded in 1980. It is a full service organization that not only produces concerts, but it provides a strong educational component, private lessons to

the inner City children, high school and youth bands, jazz camps for kids, a scholarship for somebody that wants to go to a jazz college. We have over a thousand members. From the very beginning, we had a three day festival and now we have seven monthly concerts. We are coming here today to celebrate our 25<sup>th</sup> year and to try to expand on our operations in the downtown area. I will make a statement that I have made to many folks and no one has really contradicted me. You may not believe it, but I haven't had anybody tell me I'm wrong about this. Back in the early 1990's, late 1980's, downtown Harrisburg was a barren place, nightlife was virtually null, people had a misperception that downtown Harrisburg was not safe at night. I have been walking around downtown Harrisburg all my life and never had a problem. In any event that was the perception that people had. Our organization started late night jazz in bars, clubs and restaurants. I don't think it is any coincidence that the whole thing took off and the Second Street scene was built upon what we started. I think it helped the Hilton. The Hilton now has 30 hours of jazz a week and they get good crowds in their bar. I really believe that we have up to this point helped the economy in downtown Harrisburg. What we are trying to do at this time is to seek a \$25,000 grant to create a festival, instead of a 3-day festival, an 8-day festival. We are doing a joint program at the Whitaker Center. If we can get this funding, we are bringing in one of the jazz greats, who happened to come from Harrisburg, Art Davis, who played with Dizzy Gillespie and Art Blakey. He hasn't been here for many years. He went to William Penn High School. He and I were in summer band camp together. We really wanted to do it and I think we can do it in a way that we increase hotel space and restaurant trade and all of that. Our activities, I roughly estimate, bring in at least 10,000 people a year to the downtown area. I think this would increase that. We are fortunate to have the Mayor behind us in this venture. He is 100% behind our festival in our 25<sup>th</sup> year and Downtown Harrisburg is most likely going to have their first or second Saturday for jazz. They will have our program in the Whitaker on the third Friday and then a Saturday of all jazz. The whole way through the week we will have this program. You have to be a jazz fan to understand this and that is one of the problems jazz is not a big well known music for the masses, but we stand up among jazz organizations in the country as sort of unique. We have one paid staff person. We have a budget of any where from \$320,000 to \$350,000 a year and this guy helps us run the club. We are known all over. All the musicians want to play here. I go to a jazz club in Europe and I meet a musician who asks when are you going to hire me in Central Pennsylvania Friends of Jazz. So, it is a major organization. We probably have not had the money to promote it like we should have, but we do think we have an impact and can bring an economic benefit to the downtown Harrisburg and sort of create a synergistic effect of more and more people coming to the community. I don't know if I have much more to say about it, but I would be glad to answer any questions that you have on the application.

Mr. Haste: Dan, we have contributed to the Friends of Jazz before, is that correct?

Mr. Swartz: I think you gave. We do a joint program, \$2,000 we got for the jazz. It was for the jazz walks.

Mr. Robinson: In 2002 and 2003, they got \$2,000 in tourism grants.

Mr. Haste: I was looking at your handout of your budget. I think the concern was we want to continue to be supporters of the Friends of Jazz and by the way Lee, I probably have been to three or four of your festivals. One of our mutual friends, John Bottonari, has gotten me to a few of them. They are very good. One of the concerns was raising the request to \$25,000. That is a sizeable jump. Given the situation that we are in this year with the Tourism Bureau, with Cumberland County pulling out and some other counties possibly pulling out, our concern was trying to make sure that we spend these dollars a little more wisely than we have in the past, in trying to make sure that if we spend the dollars we do see a direct economic benefit from spending those dollars. I see that you are going from a 3-day to an 8-day. One of the things that we are trying to get a handle on is if we do that, how many more folks are we going to see here, how many more dollars are going to be pumped into the economy. When you go from \$2,000 to \$25,000 we are expecting to see a sizeable impact.

Mr. Swartz: I think you would. Part of that \$25,000 would go also to a joint venture we have with the Harrisburg Symphony in the Fall, but I think if we do what we had hoped to do here, I think you will see a very sizeable impact. I think Reading would be an example to look at. They have an 8-day festival and they are funded by whatever the successor is to GPU. I can't remember the name of the company. They get money and run a festival and they have people all over the place in Reading and lots of different venues. They are convinced that it helped their economy. I think we can help. Keep in mind that this is a one time deal for this year. How can you tell exactly? But, I just have a feeling based on my experience that it will pay off.

Mr. Haste: They are First Energy. Have we gone to First Energy or Comcast or anybody like that?

Mr. Swartz: Comcast gave me \$500. I had to twist their arm. It was really tough.

Mr. Haste: I guess if it was Philadelphia you would get treated differently.

Mr. Swartz: Maybe. One of the things that I am trying to do with Comcast is they have a foundation that they purport for educational use. I want to get a grant for our students. We teach individual lessons in the Boys Club for inner city kids. I can't even get the forms. First you have to have enough political clout to even get the forms to file an application. I am still after it. They are not a big supporter, at least not around here. I don't know what they do in Philadelphia, probably a lot. It is always a strange thing. People in Philadelphia never give outside of Philadelphia to the arts and that is the same way in Pittsburgh. You can't get a dime from the Heinz Foundation or any of those for Central Pennsylvania. They just are very provincial.

Mr. Robinson: Did you mention Lee that there would potentially be some collaboration with the Downtown Improvement District?

Mr. Swartz: You are right. Saturday, the day after the fourth, we hope to have the square filled with jazz music and bands, etc.

Mr. DiFrancesco: Are you looking to expand just this year for the 25<sup>th</sup>, or are you looking at the 25<sup>th</sup> as an opportunity to expand it going forward for years to come?

Mr. Swartz: If we are fortunate to do it this year, obviously if we could do it in the future irrespective of the sources of income, we would like to have a week festival, but it may not be possible or it may be that by doing it this year we will gather so much interest that in the future we will be able to find other sources of funding. That is what we are sort of hoping that by doing this that we can build upon this major change in the thing. I can't promise we can do it next year.

Mr. DiFrancesco: One of the things that I was impressed with just on your very brief look at the Berks County thing was not just that they had one sponsor, but they had a whole slew of corporate sponsors and it looked as though a lot of the key community players in Reading and in the Berks County area added their name to the festival. I was just wondering, the sponsors that you have here have there been many? Is there an organized way that you are going to get sponsors?

Mr. Swartz: You probably know Commerce Bank is sponsoring the festival. They would contribute maybe 15% towards it. They have given us a contract for five years. We are in our third year. What we do is get advertising from corporations. We have corporate memberships, which don't reflect except as a general membership figure. It wouldn't tell you who it is. We have corporate memberships. I won't say that we have been as successful as they have been in Reading. There was a period here, when trying to raise money for the arts, where major supporters like Rite Aid and AMP left and didn't have a mindset to contribute to the arts. This was earlier and I can see that is starting to change. You may be able to get more major corporate funding in the future, but we hit a dry spell for the last four or five years with the big companies. It probably has to do with the economic down swing. They were not making as big of profit as they had been.

Mr. Haste: Actually, if you look at your budget, that does appear to be where we are weak. There aren't very many corporate sponsors on here. Even under your non-governmental grants, you have DCED listed as a non-governmental grant. I would like to suggest that Dan's Office probably is under the government. So, if you would just remove that. This brings you down to about \$40,000. If you take out Commerce Bank, they are half of your \$40,000.

Mr. Swartz: We have memberships. Corporate memberships are \$9,275 in the year 2003. We should try to do better. I have made many calls to corporations. I have probably made 30 personal calls this year to different industries. It is tough. We are down on the totem pole. You start with rock and roll and the Harrisburg Symphony has a good base and then you have the jazz.

Mr. DiFrancesco: That really is a good question. Your support, in terms of either a voluntary advisory group or whatever it might be, is there a support structure in place that if you really wanted to turn this into an annual program, that maybe exists at a higher level than it does right now, is the structure in place with bodies to be able to carry that forward?

Mr. Swartz: Yes, we have wonderful volunteers from the organization. I would estimate that we have a hard core of at least 50 and then some that are not hard core. They run our concerts, take tickets, all of that. That would not be a problem. We don't pay anybody to do that. They are volunteers.

Mr. Hartwick: Lee, have you developed an ideal budget for this particular event?

Mr. Swartz: Yes, I have. Do you mean a budget of where this money, if you were to give it to us, goes?

Mr. Hartwick: No, more like if I wanted to run an ideal event and I had the resources to do it, what would I need in order to do the appropriate marketing, investing in quality musicians, how I would bring in vendors. Have you thought through from the grand scheme of what you would want this event to be? In Dauphin County we are looking to invest our tourism dollars to see the biggest and largest economic impact. We would like to see corporate and private sector sponsors along with that. If you develop an ideal budget of what you possibly could envision and what you would need to make this event a true success and what total amount of money you need to invest rather than just piece-mealing the things together.

Mr. Swartz: The budget exists right now for the festival and also if we were to get funding from you people we know what to do with that. We have earmarked where that would go. So, in effect, we have a budget to take it to the next level. Another thing that is not in this budget, we are getting a tremendous amount of publicity through 92.7 Smooth Jazz. That is a separate component, but we are doing a 25 year book, which is going to be a great historical book. We made a deal with them that if they give them recognition they would give us all this free stuff. We get WRTI. We do get a lot of radio. Commerce Bank gets radio for us. We have a pretty good PR system, but it is not perfect. Right now we are going to a consultant to improve our marketing and PR. It hasn't been too bad over the years.

Mr. Hartwick: I think you are to be commended, because you are largely a one-man show and I know how hard you work with no pay because of your passion for jazz. My question isn't about what you are doing. My question is if you had an ideal budget, understanding marketing, advertising, trying to create a real hype of bringing folks into the region and trying to sell this thing to the State and people who are jazz enthusiasts everywhere, you got to sort of have that advertising market budget to get that message out to lure the people into the region.

Mr. Swartz: It is in here. It doesn't sound like it is enough, but we do have a budget. It isn't big enough. It is there.

Mr. Hartwick: I can't speak for my two colleagues, but I think they would join me in saying that we would like to support you on assisting raising money for the organization and to try to also help step up your private side contributions to give us some real matching money to go out there and do some great things.

Mr. Swartz: We would be honored.

Mr. Haste: I will plant the seed. During our budget discussions last year with our Parks and Recreation Department, we had suggested to them on trying to do more with Fort Hunter and the park. One of the suggestions was could we and should we have an outdoor jazz fest at Fort Hunter as a means by which Parks and Recreation could generate some revenue? It might be a joint venture between your association and the County. It just seemed to be an ideal thing that we could do.

Mr. Swartz: We would really be delighted.

Mr. Haste: The setting seems to be almost ideal for this.

Mr. Swartz: We did some jazz up at Fort Hunter about 15 years ago. There was a concert. When did the County take over Fort Hunter?

Mr. Haste: It has been awhile.

Mr. Swartz: It may have been before the County took over. That would be a good place to have it. If there is anything that we can do to help, we will.

Mr. Hartwick: Has the City or DID given you any money?

Mr. Swartz: Not this year, but they are talking about this second Saturday. I did get \$1,000 in 2002 and 2003 from DID. Last year I didn't get any. This year they sound like they are going to be doing a lot for us.

Mr. Haste: We will be supportive at some level. We will kick this around. Next week, Dan, can we make sure we have something for action next Wednesday?

Mr. Swartz: That would be great, because that will give us an opportunity to plan. I have a lot of people on hold. I didn't make any commitment for this money.

**Cathy Otto and Kevin Koval, from CHR and J. Scott Burford, Assistant Administrator for Spring Creek Rehabilitation and Health Care Center**  
**Update of the Spring Creek Rehabilitation and Health Care Center**

Mr. DiFrancesco: These individuals will be doing a couple of jobs this morning. They will give the monthly and end of the year financials for the facility and also to present something to the Board for their consideration.

This past year has been terrific in a lot of ways. We have been able to accomplish a lot, there is still a tremendous amount that has to be done. Last year we looked at structure, building, quality of care and structure of the financial circumstances. We now have a firm grasp on that and now it is time to move forward in the next year and get that financial picture under control. Obviously, it is way out of control. One of the key goals this year is to bring that back under control for the taxpayers of this County, because we would like to continue to have this service. Obviously, we cannot continue to have this service at the level that it is costing us right now. With that, I am going to turn the program over to CHR.

Ms. Otto: I am Cathy Otto, Vice President of Long Term Care Services for CHR. Ed Balliet will not be here, he is ill. Kevin Koval is going to start by discussing the financials.

Mr. Koval: I'm Kevin Koval, Director of Accounting with CHR.

I would like to first start out by going over the monthly statement of operations for December. Overall the net operating income for the month was (\$424,697) compared to a budget of (\$28,388). This is primarily impacted by the census, nursing, dietary and indirect cost. Overall census for the month was 27 days less than budget, but the overall occupancy for the month was 91.4%, which is an improvement over the 2004 average of 88.5%. Nursing, temporary costs were \$441,000 for the month and that continues to be problematic. That is primarily related to vacancies, especially with the LPN's and Aides positions. Dietary was over budget by \$33,000 primarily due to overtime costs related to the holidays. Switching to the year-to-date numbers, the first six months of the financial statement were on a cash basis and the net operating income for the first six months on cash basis accounting was a positive net operating income of \$5.5 million. Keep in mind that includes county transfer of \$6.6 million. After you adjust that you are left with a (\$1.1 million). As for the net income, after adjusting for the transfers, you are left with a \$1.7 million loss for the first six months of the year. Overall transfers from the County appear to be approximately \$8.1 million for the year. The financial statements, which are included in your packet, are...

Mr. Saylor: Can you clarify what document in the packet you are looking at?

Mr. Koval: There is no document in the package for the cash basis.

Ms. Otto: It is the year-to-date summary. The initial review was the cash document. We had submitted that before. That was the six month cash basis. We are now on the accrual, which is the July through December numbers.

Mr. Saylor: Thank you.

Mr. Koval: Just to reiterate we had switched over to accrual accounting starting with the period of 7/1/04. When you look at the year-to-date numbers our overall room and board revenue was \$2,000 less than budget for that six month period. Overall total revenue was \$887,000 greater than budget. That was primarily due to recording the disproportionate share and Medicaid rate adjustments. Overall census was less than budget. The six months year-to-date occupancy from a period of 7/1/04 to 12/31/04 was 91%, which is approximately 2% greater than the year-to-date average for the entire year of 2004. Moving down towards the expenses, the year-to-date nursing was greater than budget by approximately \$814,000 and that is primarily due to having the higher overtime agencies. This is contributable to the ongoing effort to recruit staff to fill the vacant positions. Pharmacy year-to-date was approximately \$158,000...

Mr. DiFrancesco: Let me just make a recommendation that we slow the pace down a lot. I can't even flip pages as fast as you are changing subjects.

Mr. Koval: The expenses, was the nursing and that was greater than budget by \$814,000. The next large area was the Pharmacy. That was greater year-to-date by \$158,000 and that was due to higher medical utilization as well as total parenteral nutrition residents.

Mr. DiFrancesco: Explain that one, because the first one obviously is easy to understand.

Ms. Otto: Total parenteral nutrition is a high acuity nutritional supplement which is administered through a major IV line. Under the part A reimbursement you get reimbursed a flat rate. All your costs need to be covered by that flat rate. You sometimes get patients with these kind of drugs and these kind of treatments that are very expensive, but you must include them under that part A rate. You don't get special reimbursement.

Mr. DiFrancesco: But it would play into...

Ms. Otto: It plays into the fact that we are a County facility. We do not want to deny anybody the access to care because we think they would be too expensive. We accept those individuals and we take care of those individuals because their need is there.

Mr. DiFrancesco: Would that play into the case mix?

Ms. Otto: It does play into the case mix to a certain extent. These folks initially would be under Medicare A and your case mix index that you are referring to is when they flip to Medicaid. However, that high acuity resident does spill over when they convert to MA and it does impact your case mix. You do get a higher reimbursement of Medicare for that particular patient. It is just that you see an increasing cost on your expense line because of the cost of TPN. It is very expensive.

Mr. DiFrancesco: Should that be a temporary blip?

Ms. Otto: Yes, you don't see that all that often, but it happens. You just happen to have three of them, which seems like a lot.

Mr. Koval: The next large area was Dietary. It was overall \$238,000 higher year-to-date and that was due to just the higher wages and overtime, etc.

Mr. DiFrancesco: Say that again.

Mr. Koval: Due to the higher wages, overtime and benefits.

Mr. DiFrancesco: Explain to me why those factors would have it that far off in terms of what we budgeted for those things. The higher wages obviously would have been budgeted, should have been budgeted for, and I am assuming overtime as well. Why, in your opinion, is that line so far off?

Ms. Otto: I think at this point we still have not been able to recruit the part time coverage that we wanted to recruit to decrease the overtime. We budgeted less overtime and we are still trying to affect that change in Dietary to get the part time complement to offset the overtime.

Mr. Burford: You will see that in the Personnel Packet.

Mr. Koval: Your next large category was your Maintenance. That was \$152,000 over and that was due to higher wages, overtime and repairs and maintenance. Repairs and maintenance included unexpected repairs for air conditioning units, water damage and valve replacement on boilers. The last area was your indirect costs. That came in at \$1.32 million from the County and we are doing an accrual basis off the original 2004 projection of \$1.1 million. The difference was adjusted in the December financial statements. Overall the net operating income was \$730,000 less than budget. Overall net income, if you were to annualize this, will be approximately \$3.3 million on the accrual basis.

Mr. DiFrancesco: Any financial questions at this point? Basically, right now we are at more than double what the budgeted loss was projected to be. The projected loss was at \$808,000 and we are at \$827,000.

Ms. Otto: That will actually lead into our recommendation that we are going to make today in trying to really get an aggressive hold on the staffing issues that are very difficult to address.

Mr. DiFrancesco: Staffing issues accounted for \$813,000 of that.

Ms. Otto: A large number of the costs are the staffing related issues.

Within your packet you have the monthly report for December and just a couple highlights on that report, noting that the census held 90% for last month and the month of December. If you notice we do still get a great number of admissions, about 38, but we continue to have a large number of discharges. We are seeing a number of people going home to families. That seems to be a little bit difficult in bumping the census up, because we seem to have discharges that are greater than the amount of admissions, even though we are getting a lot of admissions. We have had a very high Medicare census. If you look at the breakdown on the first page, the Medicare days were 394 over budget. That actually explains why the discharge rate is up, because a lot of times those are the folks that come in for short term rehab and go home. They are also a higher pay under the reimbursement, so there is some advantage to having that high Medicare mix. Trying to address the personnel staffing on Page 2, you notice that we had 8 new hires in the month of December. We have seen some improvement from November to December. We continue to feel that there needs to be a more aggressive approach to that and we will talk about that in a few minutes. Related to the Department of Health, the annual survey was completed. At this point in time in December there were also two complaint investigations, which were unsubstantiated. All the deficiencies at this time were cleared, following a revisit. We should hear shortly what the final picture date is, usually you hear by the end of February. You have a grace period where you can submit changes. The current case mix index is 1.14 and we are waiting to see what it will be for February 2005. We are doing an aggressive review of the accounts receivable. We are trying to bill out everything that can be possibly billed even anything that might be old. We have a collection rate for the month of December of 116% so we have been able to address that.

Mr. Hartwick: With the collection efforts, what is happening there with the accounts receivable? It says that it was with Capozzi at one time for collection. What are we currently doing with the collections of those outstanding receivables?

Mr. Burford: We are working closely with the Solicitor's Office for the AR issues. We are discussing retaining a collection agency to deal with some of these outstanding accounts. It will depend on the dollar amount, how much evidence is there that would warrant the opportunity to recover any of these monies. We ask ourselves how are we addressing these issues going forward. How we are doing that is upon admission. We are focusing a lot of attention on the admission paperwork, the documentation that is obtained by the residents and from resident families upon admission to alleviate any of these accounts receivable problems for the future.

Mr. Hartwick: I guess we have close to \$500,000 in outstanding receivables and it seems like we should make a strong effort to move with somebody we have confidence in from the collection side to begin to go after these receivables. How far along are we in that process?

Mr. Burford: I would need to kind of defer that question. I can answer that our solicitor is working on those cases.

Mr. Hartwick: So, follow-up with Guy after the meeting to find out what the facts are.

Mr. Burford: A lot of the information is tied up. With that said we can give you a report at a later date.

Ms. Otto: Any other questions on the remaining parts of the report? There should be attachments, a summary of what the consultant visits were, an average daily census report and the payroll reports, as well as, an AR, workers comp, admission and discharge, and referral reports.

Mr. DiFrancesco: I do have a question. Obviously December's report does sort of have extenuating circumstances, the holiday season. When you prepare a budget is everyone treated equally or do you actually budget more? Because, one of the problems I am having, in looking at this report, is that every single item is over budget. The question is will it be under budget next month when there is no holiday?

Ms. Otto: It is divided by 12 so your budget doesn't show the fluctuations that you might anticipate. The budget dollars do not. That makes it more difficult, because you would anticipate with all the number of holidays that you have, sometimes you have several in November and several in December, your costs do go up, but the budget numbers are pretty much even across the 12 months.

Mr. DiFrancesco: Because when I see a report that basically says budget related to higher than anticipated overtime costs, that shouldn't happen. Higher than anticipated overtime costs should not happen. Unless, depending on the contracts and I'm not certain how specific the language is in the various contracts, management cannot control the amount of leave time being issued or if we have a problem for instance in the sick leave usage. I could see where it says these particular items are over budget because there were holidays and that will catch itself back up in months where there are no holidays. But, to have it actually say higher than anticipated overtime costs, we can't do that. We have to be able to anticipate everything, especially with this facility being the financial burden at this point that it is and I say "financial burden" because it shouldn't be. Obviously everybody has said, you have said, that this facility eventually should be working at sort of a cost neutral position. I realize we have a lot of work cut out for us this year, but I want to make sure that we are moving ahead very aggressively to contain those costs. I have not only said that obviously to you the management, but also to the rank and file employees that work out there as well. Overtime will kill this facility.

Ms. Otto: Actually the agency use too. More specifically, the agency use is a real killer. Over the last several months discussions were held on how we can address that issue because, we have anticipated that a lot of the things that we try to put in place, the recruitment things and training, can't work quickly enough. I do want to talk to you about a recommendation I have, but I believe Scott has a report on the facility briefly before we get into that recommendation.

Mr. Burford: If I may just address that overtime issue. One of our strategies is to utilize more part time staff members, which is a direction that we are heading. We will explain that at a later date as well.

Mr. Haste: On the financials, I am looking at your Spring Creek Nursing Financial Statement Statistical Summary. Commissioner DiFrancesco said that you did go over this a little bit. I had asked him, right before I had to step out, about the issue on your budgeted amount versus your actual and year-to-date. Your bottom line is you are twice as far in the hole as you had budgeted to be in the hole. I know it may be agency, but you would think some where along the line when you are doing a budget that you would anticipate some of this. I don't know how you are that far off on a budget. That doesn't appear in my mind to be a step in any right direction. It appears to be where we were before. That appears to be why we hired you is to not have this problem. I don't see any improvement.

Ms. Otto: I think there is still some confusion about us converting the cash to the accrual. I don't know if you can explain that, but that is part of the problem with this 2004. We probably won't see that in 2005 because we started out with an accrual budget.

Mr. Koval: When the second half of the 2004 budget was created, we were using strictly cash basis numbers. Cash basis is not going to dictate the normal operating expenditures or revenues on a month-to-month basis. So, you can either have overstated revenues, understated or vice versa with the expenses. What I have used, when I was doing the second of 2004, I took the year-to-date cash basis numbers and used them as my basis to project the rest of the year. As for the 2005 budget, it is done by an accrual basis from January to the end of the year. It will be more accurate in determining what the costs are going to be on a month-to-month basis. That appears to be the biggest discrepancy between this year's second half of the year budget versus the actual numbers coming through.

Mr. Haste: You are saying that when you give us a new one that now has months in 2005 that we will see a difference in that?

Mr. Koval: Correct, you shouldn't have these large variances because we were able to...

Mr. Haste: How large of a variance are we going to see?

Mr. Koval: It is all contingent on what takes place over the next few months, what changes are made and it is hard to put an exact dollar on it. I don't anticipate the variances being as large as they are now.

Mr. Haste: I am concerned. Again, I may be the one and I understand things are getting better, but we don't appear to be turning the corner as fast as I anticipated we would be.

Ms. Otto: I had hoped that we would be able to affect this change in staffing very quickly or at least a lot quicker than we have been able to. I agree with you on that. I think that is why we really feel we need to go to another level in making recommendations, because it is not just this facility's problem. We have a major market problem with staff shortages in this area. My concern is that we can't affect the change quick enough to stop this bottom line bleed that we have here. We have to do something fairly aggressive to address it. We are getting some hires, but we are not going to get them quick enough to turn this around. We have to stop it and that is where we are at. That is the direction we have been given. We think that is why today we need to take this another step forward.

Mr. Hartwick: Unfortunately, from the State level, I think I just have to ask the following question. We see everything from the phase-out of the IGT to less and less funding down the road for county owned nursing homes and from your professional opinion do you believe that the nursing home, with the way that you have been managing it for almost a year, can be turned around in transition or are we up against a wall that we are not able to make that turn?

Ms. Otto: I think we can turn it around, but I think you really need to listen to our recommendation on what we need to do to try to at least stop the agency utilization that we have right now, because if we try to continue to do it slowly, but surely, we will never make it. It will take too long. I think the next couple years we are still okay with reimbursement. The IGT is being phased out and we will still continue to see it through 2008. The nursing home assessment is going to help sustain the rates at the County level. You won't get that clump of dollars that the private sector gets when they do the assessment and repay back, but it will help sustain the rates to a certain degree. I think we are all going to see a squeeze on Medicaid budgets. We already know that. I think it is very imperative that the usual customary methods that we do probably aren't going to work here. We have to try something a little different, not necessarily different, because we have done this in another facility and it has worked. I have a downsizing proposal I need to discuss with you that I really think you need to consider because we have to stop this very quickly. We don't have the luxury of time, because it is not turning around as quickly as it should have.

Mr. Hartwick: You believe that is largely due to the staffing concerns?

Ms. Otto: I think that your biggest hit today is your agency utilization, staffing and the difficulty recruiting and retaining staff at the level you need to address the occupancy that you have.

Mr. Haste: That is actually a great lead into my question. I hear what you are saying on that, but I see four items that are substantially off target and I am trying to figure out how staffing relates to these. Those areas are Pharmacy--you are off significantly there, the other is dietary, plant operations and maintenance and indirect costs. If you total those up, those are not quite as much, but they are getting very close to the same amount that

you have in your nursing. So, it sounds like about half of it is staffing, unless some of these are also staffing.

Ms. Otto: Dietary was staffing and we are addressing that by getting part time positions in place. It is not happening as quickly as we had hoped.

Mr. Haste: That is not the nursing problem then. It is not a nurse staffing issue. I often hear the reason is that we can't recruit nurses, so it is apparently more than nurses.

Mr. DiFrancesco: Just one thing that is important to remember and in no way am I defending the practices out at Spring Creek, but I want to remind the Board also that a lot of these problems were the result of a budget that was put in place by a lot of employees that are no longer out at Spring Creek.

Mr. Haste: But modified by the folks in front of us.

Mr. DiFrancesco: But when we talk about the overall issue, in reality, the time that it took to actually construct or reconstruct a business office and identify what the problems were was really late into last year. Now, without question, I want to be very clear about this, I had hoped that we would have made more changes than we actually have been able to accomplish. I realize that a lot of good things have happened out there and that 2005 should look completely different from 2004. The bottom line is, and I don't want to lose sight on the fact that sort of, a foundation was laid on a past practice that really was a practice that created total chaos in that building. I don't want to lose sight of that as well. I agree with you that there is no way that some of these numbers should be as far off as they are.

Mr. Haste: I just remember presentations being made that we would be further along than where we are.

Mr. DiFrancesco: I remember some presentations made early last year that were pretty amazing and I'm not so sure that we saw any of those, but that was before you guys took responsibility for the facility.

Mr. Hartwick: With that history and with the building that we are seeing today with the recommended changes, I don't think we could afford to not set a timeline for us to make those significant changes and see results. I don't think the taxpayers of the County can afford for us not to set serious timelines, deadlines for the improvements to occur. I would also like to recommend with the changes that are being enacted and as we tried to do with some of those initial contracts, that some timelines and deadlines be placed on the folks of CHR to be able to manage this in a way that it is going to show results and not continue to move down the other path. Or, we need to consider all alternatives as it relates to the nursing home.

Mr. DiFrancesco: I would agree with that. Not only is the management company on, I don't want to say, "on notice", but they have been informed of our expectations. The

entire facility has been informed of that expectation, including all the employees out there as well. I have been very clear on the times that I have been out there from day one that ultimately this facility has to get back to a place where financially it is taking care of itself--to a budget neutral position. If it can't get back to a close to budget neutral position, then we have to take a serious look at saying is this a service that we can continue to provide here in Dauphin County, because we are under no statutory responsibility to have a nursing home. I think the Board is united in its opinion that we want to have it. We think it is a great service because there is a segment of the population out there that really doesn't have any place else to go or least doesn't have any place locally. I think, as we have talked about issues throughout this County over the past year, this Board has proven time and again that we are willing to take the steps necessary to correct the problems. That means that everything is on the table and all options will be looked at.

Mr. Hartwick: I think by County Code we are required to provide a poor house and define what that means by County Code. I think we have to provide some sort of facility for individuals who are wayward and not financially secure to be able to have a facility for them to reside in. Whether that means a nursing home facility or whether that means something else, we need to determine what that may be if this is not moving in the right direction.

Mr. DiFrancesco: I will sit here very securely and say what it doesn't mean is that we have to have a 404 bed facility that is bleeding \$5 million out of the County taxpayers year-in and year-out.

Mr. Hartwick: Agree.

Ms. Otto: If you are interested, I do have a legal opinion on that question that I can share with you.

Mr. Hartwick: Maybe we can do that following today's meeting.

Mr. Haste: Actually, you should share that with each one of us, as well as our Solicitor.

Ms. Otto: I have that on email and I can send that to all of you.

Mr. DiFrancesco: Scott, did you get out what you wanted to address?

Mr. Burford: I just wanted to take a moment and reflect on some of the accomplishments of 2004. Again, when I was compiling this list I started thinking how can I truly ratchet this down to a brief presentation? What I am going to do is just briefly from a birds' eye perspective, just give you an overview of some of the things that (A) we have accomplished and (B) things that are in motion, so to speak. One thing that we are very proud of at Spring Creek so far is the development of a Disaster Preparedness Manual. There has been a team approach to that. We have seen that through to completion. Some other issues that we have put to rest in 2004 have been a Civil

Rights Notification. We have issued all of those notifications. Transfer Agreements to area providers. We have also conducted annual performance evaluations for all of our non-union employees. That may not sound like a big undertaking, but it was. We have a significant amount of staff members who have been employed at Spring Creek since the 1980's who have never had performance evaluations. That was a major accomplishment. We plan to repeat that process in about three months as well.

Mr. Hartwick: That is significant to us as well, because we are undergoing that for all the County employees.

Mr. Burford: It has been received very well. Another thing that I would like to point out is what we feel are the improvements and the quality of life of our residents. Simply put, you may ask how we measure that. There are several ways to measure that resident or customer satisfaction surveys, the Department of Health surveys and so forth. We have seen a significant reduction in the Department of Health citations in the past year. We went frankly from 53 to 55 deficiencies to 9 deficiencies in one year. So, that is a significant impact. I wanted to point that out to the Commissioners. Some other projects that we have in motion that are truly goals for 2005 would include the mentoring program. We have within Spring Creek an internal system where staff members serve as mentors to new employees to hopefully reduce turnover rates and things of that nature. Corporate compliance is another issue that we are working on for 2005. Medical staff by-laws are something that we are going to be rolling out with our medical community within the next 60 days. Hopefully we will have that in place. Also, we are improving and giving more attention to our Ethics Committee at Spring Creek. I just wanted to truly, from a bird's eye perspective, give you just an overview. We have a lot of goals planned for 2005.

Ms. Otto: You each received a packet from us related to a downsizing proposal. Tab 1, I generally wanted to discuss the issues that are impacting nursing facilities in today's environment. Discussing census in that we are seeing that nursing home admissions that want to go on the Medicaid program now had to have for several years an assessment to be approved for medical assistance. We are also seeing a consumer driven utilization of the assisted living versus the skilled side and utilizing the home and community-based services model. That is involving the PDA Waiver program through the Department of Aging. What that has done is actually contributed to census problems at a lot of facilities. So, you are seeing facilities, in the private sector, that have never taken medical assistance are now willing to take those clients because they don't have the waiting lists any more for admissions. Medicare reimbursement, they implemented the prospective payment program and that is the blended rate. Actually, if you look at the number for Pharmacy with the total parenteral nutrition, where you take a resident who requires a high acuity drug like that it still has to be covered under that all inclusive rate you receive. You do not get reimbursed for your costs any more under the PPS system. Another comment is the Medicaid reimbursement and this is an important piece to note when we talk about any kind of downsizing opportunity. Under the Medical Assistance Program, when they implemented the case mix program, they created peer group categories. Behind this information, I have some information

specific to the peer group category and how they put the facilities in. They put them in first of all metropolitan statistical area by county and Dauphin is in group B. Each MSA then has peer groups related to bed size. If you are greater or equal to 270 or above you are in peer group 4. If you drop down to 120 to 269 you go into peer group 5 and 3 beds to 119 you go into peer group 6. These are assigned a very complicated rate structure, which I did include in the handout. It is a very complicated rate structure. What is significant for you to know is that there is a significant rate difference between the three peer groups. If your bed size were to change from peer group 4, which you are in currently, down to peer group 5, you would have a significant decrease in your medical assistance rate. So, when you look at downsizing you need to look at whether or not you want to stay within that peer group or if you are going to drop out of that peer group and whether you would have a significant revenue decrease can you decrease your expenses in a comparable way for that model to still work. That was one of the things that I wanted to look at. Escalating costs are impacted by shortages of key nursing personnel and employee benefit program costs. Specifically, I addressed insurance with the rising cost of health insurance to cover employees. I wanted to look at the downsizing options, exploring a review of the unit by bed size, looking at what staffing efficiencies related to the number of residents per unit, and do we have a capacity for specialty programs where there is certain bed needs identified (dementia/behavioral units). The projecting of staffing needs for the units before and after the downsizing. We looked at the availability of the County staff to meet the staffing model for the downsized projection and how we could affect changes in agency use. We looked at the projection of the reimbursement based on maintaining the current peer group. The projection of reimbursement based on decreasing bed size and dropping out of the peer group. I wanted to look at that model to see whether it would work. We wanted to project a decrease in agency utilization and see what the savings would be and what decrease in wage and benefit cost would occur and look at it on a per patient day model. We did revenue expense and net operating income projections. We could also at that point explore any potential benefits of participating in the CCAP sponsored downsizing project. This particular presentation is basically in looking at an interim measure to control use of agency to have a census and occupancy that is closer to what staffing we have to provide the care.

Mr. DiFrancesco: As you go forward in your presentation, what are you saying? Are you saying this proposal would be to reduce the beds, but not take the beds out of service so that when the staffing goes back up we could begin to provide services to a higher population or are you saying this is written from the perspective that we would reduce by what number you are saying and then get rid of those beds?

Ms. Otto: This is actually written to address it either way. If we do it as an interim measure, which we can do, we would then be able to make the move, evaluate the impact of that, how successful it is under that model, how did it stabilize the staffing, which in our projection it will and at that point sit down and look at where we are at. At that point, this is going to require a lot of ongoing meetings and assessments of where we are at. What is our prediction of the opportunity to recruit staff to open up those other beds again versus maintaining them all the way it is and taking those beds

permanently off of license. If you decide that might be the way to go then is the County Commissioners Association project available and feasible in that they provide certain funding dollars for projects that you develop related to taking beds off license. So, that is an opportunity that we still have, but we have a very small window. So, it is all going to have to be looked at together as we move forward.

Mr. DiFrancesco: That window is what right now?

Ms. Otto: I actually am going to meet with Mike Wood at lunch today, but my feeling is that they have a project going for this year that if we don't take advantage of it over the next few months, if we don't look at this right away, I don't think we can wait until November or December I think it will be too late. I think they are trying to get the projects wrapped up now over the next few months. I think that if they see us moving forward on an interim measure, as I discuss with him today, it may cut us some slack on the time frame knowing that we are kind of looking at this and we need to see where we are going to be. We have already submitted projects for consideration to them and we are already in discussion. So, we are not out of the loop. We are in the loop and they understand that we are trying to look at what would be best. What does the building need, physical plant wise and what kind of downsizing can we do or should we do?

Mr. Haste: When you say we missed the window. Did we miss the window for the year or for good?

Ms. Otto: We probably will miss the window for good because I believe this is the last year that they are doing those. This is the eighth or ninth round that they have done.

Mr. Hartwick: I believe it is the eighth round.

Ms. Otto: I believe this is going to be the last one, because we are going to see the phase out of the IGT dollars. I don't think they are going to utilize it for any more CCAP projects.

Mr. Hartwick: Again, I can't recall this from the policy committee meeting, but do you know how many total resources are available for the nursing home creative funds that Mike is talking about?

Ms. Otto: I don't know. I think they look and approve the project, and they put the funds towards that. I don't know what the total bucket of funds is and I don't know how many other nursing homes are in that game. I think there are a couple that are going to be dropping out that they decided maybe that it wasn't the way they wanted to go. It is kind of a fluctuating number to begin with, but I am not aware of what that number is. I am not so sure that he wouldn't be glad to give it to us, I just don't know what it is. I'll ask him that today.

Mr. Hartwick: Everybody on the CCAP Policy Committee keeps saying that it is getting worse and worse. I would like to know how much money is available for him to be able to divvy up whether it is a worthwhile adventure.

Ms. Otto: When they negotiate the IGT, they negotiate whatever ways they want to utilize that. They will say X dollars for CCAP projects. So, I think once that is settled and is agreed on with DPW that amount is there and it is used. There are still other dollars for other things.

Tab 2, we looked at four models and behind Tabs 3, 4, 5 and 6 are specific information related to each one. I can go into each model if you would like or I can go right to what my recommendation is at this point. When you look at the 308 model, go down to net operating income and you will see that the other models really didn't work. They didn't affect any change. The only one that came close to providing us with some relief was the 308 model. I would like to take you to Tab 3, which is the 308 model and explain to you what that is.

Mr. Haste: Before you go there, I would like to ask a question. On your occupancies, most are in the 90s, there must be a class of individuals you can't take if you drop down to your Tab 6? Did you go to a really different occupancy?

Ms. Otto: We went to a lesser Medicare occupancy because those are the folks that you typically get on an admission coming out of the hospital. You are going to have less of a bed accessibility so you are going to see less Medicare rebuilt back into each of the models. We will talk a little bit about that as we go through. On Tab 3, we assumed that the 308 bed proposal would project an occupancy of 96% for a 296 census. The distribution for staffing purposes was proposed as 51 on each of the South units and 46 on each McBride unit. The physical layout would be the closure of McBride 3 and 4, with the remaining beds being on McBride 1 and 2 and each of those has 48 so that would be 96 on that side and South 1, 2, 3 and 4 and each of those has 53 beds. A 308 census, with a projection of the 96% occupancy, we felt the ability to admit Medicare residents would be impacted due to bed availability. So, we did a decrease in current Medicare census in this model. The pro forma did use the October 2004 Medicare rates. We did not budget any increases in the pro forma although we might see a 2% Medicare increase in October of 2005. We did not assume that we would. Under the Medicaid reimbursement and peer group, the 308 bed license allows us to continue in the same peer grouping at the current rate assigned to that group. In the pro forma, the rate was adjusted favorably by 3% in January and 3% in July as the MA rates are being addressed. When we looked at this model we needed 15.8 FTE's of RN and we have 26.2 so we would have a variance of 10.4 of FTE, which should adequately cover all the vacation, sick and holiday coverage issues, which would essentially eliminate the agency utilization for RNs. Under the LPNs, we see a variance of a positive 2.37. It would certainly greatly affect the use of the agency for LPNs. We did, however, in the pro forma leave some agency costs in there because 2% might not be enough to cover total time off. We wanted to be conservative on the pro forma side. Nurses Aides, we still have a variance of -17.6. We also did put in agency utilization for

vacation, sick and holiday coverage. We did not completely eliminate agency utilization on this model. On this model, it was the one with the greatest stability to get it down to a reasonable number. As we work through these four models, I think this exercise clearly made me aware of the need to do a more aggressive move in looking at the kind of variances that we have and the agency utilization, the ability to recruit and retain quickly and dramatically enough is not going to be there for the census that we have today. The only other way to address it aggressively is to look at less of a census. Other assumptions, pension and fringes were adjusted accordingly with the reduction in FTE's. We left the indirect costs constant without any reductions, because we weren't sure how that allocation occurred. Utility expenses, we reduced by approximately 15% assuming that we would have two whole units shut.

Mr. Haste: Do you not deal with indirect costs at your other facilities?

Ms. Otto: We do. We get it allocated, but the County tells us what number it is. We don't have anything to do with how they determine what that number is for us. They don't give you a percent, they give you a number. I don't know if the County would look at it differently if there were less beds or if they just do it by... I'm not sure how you do your number.

Mr. Haste: I think it is actual cost. I don't know that it matters on the beds. Is that right Gary?

Ms. Otto: On the indirect costs. We just left it the same in the pro forma. I wasn't sure if there were any adjustments if it related to bed size or employee number. I wasn't sure how that was.

Mr. Serhan: Support services.

Mr. Haste: It directs to actual costs. It doesn't matter whether you have 100 beds or 400 beds. If it still costs the County a certain amount to support it, it costs.

Ms. Otto: We weren't sure. We left it the same. We did prorate the management fee based on licensed beds so it would decrease. In looking at the other assumptions the 280 bed, I looked at it from an operational efficiency perspective rather than a physical plant perspective. I looked at having a capacity of 35 on each of the units, leaving both McBride and South open. Thirty-five meaning that you probably would have an occupancy of 30, 1 LPN can give meds to 30. If you have an LPN with 48 patients she can't adequately give medications to 48 patients in a timely manner so you would need to add a second LPN so you would lose an operational efficiency that way. So, I looked to see if we could be operationally efficient and maybe only need one LPN on that unit instead of two. It did not give us the savings that we needed, because you were still keeping some open. I looked at a 212 license at a 201 census and this would allow McBride to be closed totally, 1, 2, 3 and 4 and go with the new building. Those units have 53 licensed beds. We predicted an occupancy of 95%, however, this is the one that dropped us into the next peer group. We saw almost \$28 per day decrease in

Medicaid revenue. What this model showed me was that I could also reduce expenses to a significant level that even if the revenue dropped we would save so much on just having one unit open. It did not work. You can't cut the expenses enough because the South wing is 53. If you have 50 patients you need 2 LPNs on day shift, 2 LPNs on the evening shifts and yet the ideal model is 2 to 60 or 1 to 30, so you lose an efficiency on seven patients on each unit. You would have similar efficiencies with Aide staffing as well.

Mr. Haste: South is the new facility?

Ms. Otto: Yes.

Mr. Haste: Another good architectural move.

Ms. Otto: It probably would have been good to have 60 on each unit. Then the last one I looked at lets go with operational efficiencies of having closure of all of McBride and putting 45 licensed beds on each unit, but maintaining only an occupancy of 120.

Mr. Haste: Did you look at anytime of just closing South and going back to the old building?

Ms. Otto: I didn't because it probably wouldn't work any differently because you have only 48 there so you have the same issues as the 53. It really wouldn't have mattered. If McBride would have been 60 I would have looked at that or 30. Even if you do that you have the same issue. You can't reduce the costs related to the drop in revenue because you fall out of the peer group. That is a killer.

Mr. Haste: It is frustrating. You think you would build a new building to maximize what the industry is doing.

Ms. Otto: Then I said lets say we are going to change some of the semi-privates on South to privates and close McBride altogether and run just a census of 30 on each floor, 120 beds. We still don't do it. We don't get enough revenue to offset the expenses. You dropped in the lower peer group. You lose \$28 per day. You just can't make it work.

Mr. Haste: Can you explain to me though, and I understand what you are saying, how come at that level we are only at 67% occupancy? Because from a layman's standpoint, if the demand is that 250 people need beds, I'm just throwing these numbers out and I guess I just don't understand that, how you can have a higher occupancy if the demand is out there? How when you go to 180 beds?

Ms. Otto: You could have filled this one. I deliberately took it to 120 because that is the operationally efficient assignment of LPNs without adding the staff you are back up to that problem with the 53 or the 45. This was deliberately done on my part to see what it would be if you have 30 bed units. This is actually what this was that we would be able

to have some flexibility say as we recruited staff to expand and we would be able to afford it, but this was mostly not looking at the bed availability or physical plant, this was looking at operationally, if I would want to run a 120 bed home in the South wing and get rid of McBride would that work and no it doesn't.

Mr. Haste: Is there a way to do it by floors where you get your 60 that way?

Ms. Otto: You can't get a 60, because if you are licensed for 53 and there is no way to do that.

Mr. Haste: You can't split a floor?

Ms. Otto: No, you lose that efficiency because you have to have staff on each of those units. You can split, like an RN can cover several floors as a Supervisor, but when you assign an LPN to a unit you can't expect her to pass pills on level 4 and run to level 3 to pass pills because she can't keep track of the patients. There is no way to work that model operationally.

Mr. Haste: There are three wings in South and how many are on each? Is there a way to close off one of those?

Mr. DiFrancesco: No, I know I asked that question when we were together. I can't remember exactly what the numbers were, but I know I asked that question.

Ms. Otto: What you would look at instead of closing a wing would actually be converting semis into really nice privates and recruiting the private market and keeping your census down would that work. It still doesn't work because you drop out of the peer group and you lose that big rate.

Mr. DiFrancesco: Just for clarity, the 308 could you build that optimal number within that larger peer group and is that what you did with the 308 number?

Ms. Otto: That is what I did with the 308 was the optimum efficiencies.

Mr. DiFrancesco: That means keeping...

Ms. Otto: Six floors of McBride and all of South.

Mr. DiFrancesco: At levels that were most efficient.

Ms. Otto: Yes.

Mr. Haste: I guess the frustrating thing with the news is I understand what you are saying. Really what you are telling me is that under any scenario you are going to bleed to death, it is just you bleed to death a little slower at the 308.

Ms. Otto: At this point, I would say that we would still maybe have agency utilization, but what you have done is you have really slowed down the utilization of agency and those nurses that are out in the market that have been working through an agency maybe they will come to work for you as an employee and maybe you can eliminate the agency component and break even. The better chance you have to break the cycle. At least it takes a dent in the cycle.

Mr. Haste: So, you are telling me that there is some hope at 308.

Ms. Otto: I think there is some hope.

Mr. Haste: Being revenue neutral as opposed to just continuing.

Ms. Otto: Today the way we are with the size and the census we have and the market for labor I'm not sure, unless we do something this aggressive. I am recommending that we try the 308 and see how it works.

Mr. DiFrancesco: One question, Mike, how long is the bond for the new building?

Mr. Yohe: 20 years.

Mr. Haste: And we have 18 left.

Mr. Yohe: We have 17.

Mr. DiFrancesco: Again, how does your goal, based on the number that you are giving here, which I believe is roughly \$2.4 million, what about the improvements you continue to make with the case mix and stuff like that? Is it possible that we can get that down to almost neutral through those other factors or do we have to sit here and basically accept the fact that there will be some loss in this building regardless if we did everything?

Ms. Otto: I think there is a possibility. There might be comparing it to private sector buildings. Probably the higher percent benefit packages impact on county homes more than they do in the private sector because you don't see the same level.

Mr. DiFrancesco: How much impact could the case mix have on this \$2 million number?

Ms. Otto: It could have a lot. Do we have a number that we can attach to each? I could better answer that once we get the rates. They haven't published the rates so we are not sure where we are at.

Mr. DiFrancesco: Is it reasonable to assume that we can get that under \$1 million maybe?

Ms. Cunningham: We are going to discuss that with you tomorrow at the meeting. We have some numbers for you.

Mr. DiFrancesco: Again the bottom line is this would just be one proposal attacking really that component of agency and staffing levels, but there are a lot of other things that we are going to continue to work on.

Ms. Otto: I would need to look at for each .01 case mix increase you get can we find a dollar amount based on history that we could attach to that and then look at that if we could raise it up to X and get it to a 1.30, which we have in a number of our buildings what would the dollar value of that be? Depending too on whether they normalize the rates, which they have done before, or whether they increase the rates.

Mr. DiFrancesco: The pro forma that you put together is based on what current case mix?

Ms. Otto: This is a picture of today.

Mr. DiFrancesco: So, any improvement in the case mix will be more favorable than what this is showing.

Ms. Otto: Yes. This process would need to be by attrition. We can't just uproot all the residents in the building that would be on those units. We have currently today on McBride 3 and 4, 85 residents. We have between South and McBride 1 and 2, 33 empty beds. So we would still need 52 discharges by attrition before we would close 3 and 4. We average 28 to 30 discharges a month. The only thing is that you need to work with the Department of Health, Ombudsmen, residents and your families. You need to lay out a plan to move your residents. You can't just go in and say we are moving you today. We need to take into consideration that they have attachments to the staff that work that unit and we are going to reassign that staff through whatever process is in place to do that as far as what units they go to. Do you give the residents consideration or do they go with a roommate, do they want to stay with that roommate, do you wait until another 2 bedroom opens up? You have to look at all those things. You have to do an individualized care plan on each resident to make sure they are prepared for the move, that if they are going to get a new roommate they have met the new roommate, you need to give them adequate notice for the move and we will actually have to write a plan which we have already started looking at and submit that to the Department of Health and work with them on this so that we don't traumatize anybody with doing this action. It is not going to be that, if we decide today we are going to do it tomorrow, everybody is gone. It is going to take us two to three months I would say to phase out. The other thing is even though you look at the numbers we have 52, we have discharges and we might be done in two months. There might be some roommate compatibility issues that will take longer to address and we will have to address those. It is a regulatory matter. We would want to do that quality of life issue. That is all a plan that we can put in place. We actually have already spoken briefly to the Department of Health about us having this discussion today and that they

understand and would work with us on this. We want to make sure that they are on board with us as well if we would proceed with that. Just to reassure you that it would not be uprooting those folks. We also have to work with our referral sources because it is going to impact them to a certain degree on admissions. We may actually want to look at, do we need a longer transition time so we can continue to take a few admissions if there is an emergency placement problem?

Mr. DiFrancesco: The number that you shared as far as bed capacity in the County, there is about 80%...

Ms. Otto: We did a demographic study looking at Dauphin County alone, there is 145 over bedded right now in Dauphin County.

Mr. DiFrancesco: That worked out to about 20% of the total beds available, right?

Ms. Otto: Yes.

Mr. Haste: So, there is a capacity for another...

Ms. Otto: For another 144 is what we determined by looking at the total beds. We based it on the aging demographics, we took a 5%, which is an average of who would need nursing home care and it came out that we have about 144 additional beds in Dauphin County that currently would be available.

Mr. Haste: If we go to this plan and we do it through attrition are we doing this in such a way that we could take a portion of the facility and try to use it for another use and generate revenue? Is that part of this plan?

Ms. Otto: If we do that, I didn't put that in this plan, but that would certainly be something that would be part of a CCAP project plan. If you are going to do that probably the other revenue generating projects would not be licensed skilled nursing beds and that would be permanently taking those licensed beds off line and then using them for other things. Some counties have done adult night or day care. They have done independent living units.

Mr. Haste: What about a medical clinic?

Ms. Otto: You could do that.

Mr. Haste: This would be done in such a way that there will be a portion of the facility that we could use.

Ms. Otto: The upper floors.

Mr. Hartwick: And with the number of needs that are going to happen with the transition of the State Hospital there might be some opportunity for private providers to utilize that facility as well.

Mr. Haste: I assume that there are certain restrictions that Health would put on us on what could be in that building?

Ms. Otto: I believe there will be. Mostly related to life safety code more than anything.

Mr. Haste: For instance, I couldn't put work release over there.

Ms. Otto: I think they would have a concern about that.

Mr. Haste: I'm sure there are some guidelines on what we put in there.

Ms. Otto: I'm not sure that they could totally prevent you, but it could be problematic for the facility and they would be monitoring you all the time and if there was an issue you would get beat up about it, because it is not really appropriate.

Mr. Haste: As if they are not monitoring us all the time now.

Ms. Otto: We are hoping soon they won't be around at all.

Mr. DiFrancesco: At one time I approached the Veterans Administration to see if they would be interested in having a VA clinic and at that particular time they were not interested. Bottom line is there are a lot of ideas out there that would complement and could possibly even enhance the services that we are providing to the residents there. If it is the right type of clinic or medical operation or the day care facility, etc.

Ms. Otto: I think your biggest restriction, I do understand operationally, but life safety code as well, we would have to be careful with that.

Mr. Haste: What do you need from us to move forward? It doesn't appear that we have too many options.

Ms. Otto: I think we just need some sense that you are willing for us to go ahead and proceed in this direction on an interim basis, not asking you to address de-licensing the beds, not asking you to permanently make a decision on them, but let's do it, we will write our plan, we will work with Health and we will see where it gets us and we will move by attrition and keep you posted on those things. We will look and see how well that works in reducing the utilization of agency staff, which I anticipate will be great.

Mr. Haste: I don't think there are any objections.

Mr. DiFrancesco: No, the bottom line is that we knew all along we are using agency staffing. We rely on agency staffing far too much and it is costing us a tremendous

amount of money. That goal has to be addressed as soon as possible. Again, I don't think we have a lot of options.

Ms. Otto: At this point, I don't think you do. I think we need to aggressively address it this way.

Mr. DiFrancesco: I think we have done a very good job in trying to recruit new employees. I think we have tried to do some novel steps inside the building to keep turnover down in terms of when we get new recruits in and train them to keep them on board and in a 404 bed facility we were faced with issues there, as well, in terms of a new employee gets lost in the building and all of a sudden doesn't like the work environment. We have taken steps as we have seen problems to overcome those problems and challenges. The bottom line is no matter how aggressive we get, we are not going to increase our staffing levels this high that quickly. I agree with you totally on that. I think we are right now talking about some additional things that we can do in terms of making Spring Creek a facility where people will want to come to work and we can increase our staffing levels. We are trying to restructure, but the bottom line is no matter what, I have not seen anything presented to me over the past year that would show me any other way to overcome this particular issue. This particular issue was probably the most significant number in terms of why the money is being bled from that facility. So, honestly I don't see any other choice. I think we have to go down this road in order to preserve that facility, which again is the goal of this Board. This is a service that we want to provide. Again, in balancing the needs and responsibilities of County government, we cannot continue to put the amount of money into this building that it has been requiring over the past five or six years. It can't continue to happen. Again, I see very little options and quite honestly this seems to be a pretty good option. If you are looking at the overall net impact and that is we can continue to provide this service to the community this is a very good option.

Ms. Otto: On the interim basis when you close 2 units, you certainly have time to address that, but the Department of Health may look at that in about six months and say do you have any plans to reopen those. They may extend that for six months, but within a year they may say if you are not going to use those we will just take them off the license. You will need to understand that we want to be in control of that decision so we will need to keep discussing this as we move forward to see how well this model is working and not just ignore that they might be taken away.

Mr. Haste: If we are going to eventually get rid of them and we can get paid to do it now I sure would not want to wait, for example, three months later and say we can't use them anyhow.

Ms. Otto: I think maybe since we are doing this on an interim basis, but we are having a discussion with Mike Wilt of PACHA today and as we proceed, we have another meeting scheduled for the CCAP project a week from today, lets open up that what if we gave up those licensed beds, what kind of dollars are we talking about.

Mr. DiFrancesco: The other piece of it Commissioner Hartwick mentioned earlier with the State Hospital closing. There is a pool of people that we would love to provide opportunity to that if that current place of employment shuts down and they need some place to go there is a body of able professionals that hopefully we can recruit to come over and staff our facility. So, it is a very unique circumstance, but here is an opportunity as well. Nobody wants to see the State Hospital close, but if we can take those people and give them other opportunities where they don't have to travel hours to get to another facility then let's do it. Let's find that partnership.

Mr. Haste: I think you have the okay to move forward in that direction. If I can go to one other topic and just ask--through all of this one of the things that keeps coming in my mind is I remember, it probably wasn't a year ago, there being some enthusiasm on the ability to eventually get the County to a revenue neutral facility. It seems that over time that enthusiasm is long gone, because I have not heard anybody still think that we can get there. It just seems like every report and everything we look at is you are going to bleed a little less. Is that enthusiasm gone? Are we not in a position where we can get to revenue neutral? I remember talking to somebody, not anyone here, but another member from your staff, talking about other county facilities and how that is done there and I don't know why it can't be done here. I remember having this enthusiasm that yeah, we are going to get you there! I don't seem to see that any more.

Ms. Otto: I think we still are enthusiastic that we can. I think we have been side tracked by trying to aggressively address this labor problem and finally realizing that this is going to give us the opportunity to start really hammering away at other essential things. We have addressed the survey issues, we tried to focus there, we are trying to address the labor problem and I think that even within the facility you are trying to address getting your case mix up and train your staff, but you are also trying to train them on things to prevent survey problems and complaints. You can only inundate your staff with so much. There is a lot of work to do there. I believe we are still very enthusiastic about trying to get you way you need to go. I think we are committed to getting you there. I think we have been concerned in looking at the level of the staffing issues and some of those things have slowed us down that we have not been able to address it aggressively. I really have to agree with you on that. I am a little concerned myself that we have not been able to address it, but I also think that I look at this as a tremendous opportunity to give us a chance to get the momentum going again towards that. We have achieved that in other buildings and I can't see why we can't do it here. As we identify ways that we feel costs need to be cut, we have shared that. We have done numerous studies on how the benefits and the time off are impacted. These are things that we can recommend be looked at. We can't always quickly address those, but certainly those are all things that fit in the picture. I am purely committed to getting you where I have my other facilities and that is breaking even or needing a little bit of money. It has been increasingly more difficult for all the counties every year.

All: Thank you.

## **PERSONNEL**

Ms. Sinner: On the Personnel transactions, we are requesting permission to fill several nursing vacancies. Also, some other positions in dietary, linen services and housekeeping. In Children and Youth, they are requesting to fill two part time social casework interns. The Prison has vacancies for two life skilled instructors. One was already approved, but that was about a year ago and the other just became vacant. I am just putting in a request to fill both. The second one is current. IT is requesting to fill two part time Help Desk Analysts positions. Tax Assessment is requesting permission to fill the clerk typist II vacancy that was in last week's packet. I don't know if I could ask permission for a vote on that today or if you want to hold that a week.

Mr. DiFrancesco: Which one was that?

Ms. Sinner: The clerk typist II position in Tax Assessment.

Mr. Haste: Why would we do it today?

Ms. Sinner: I know they were hoping to start the person next Monday.

Mr. Hartwick: I thought I made that clear at the last meeting because they did not follow the proper procedures and that the paperwork would need to wait another two weeks.

Ms. Sinner: I was unclear if it had a problem.

Spring Creek has several new hires as listed in the New Hires Listing. I have changes and separations. I have overtime reports and one request for overtime at the Prison.

Mr. DiFrancesco: One of the things that I am going to be looking at very closely this year is that overtime number for Spring Creek, because what I am hoping to see is that last year was very unstable and this year I'm hoping it is a more stable year. The 2005 number is not larger than the 2004 number. I will be asking questions regarding those numbers. I know that certain other Commissioners will be asking that question as well.

Mr. Hartwick: The packet is a lot easier to read.

## **PURCHASE ORDERS**

Mr. Baratucci: You should have all received a report yesterday. There were a couple of budget issues, but we were able to clear them up before they hit the report. The report is clean budget wise. I expect it to stay that way between now and next week. If you have any questions on any of the items I will answer them, otherwise it will just be carried over to next week. If there are any emergency issues that come up between now and next week I will have them contact you.

## **TRAINING PACKET**

Mr. Haste: We have the training packet and I don't believe there is anything that we need to deal with this week.

## **ITEMS FOR DISCUSSION**

Mr. Haste: We have Items A through G. I see none of those need action this week. Are there any questions or discussion on those? (There were none.)

Mr. Hartwick: No, I will just contact Mr. Yohe about the budget amendments.

Mr. Haste: Those are done quarterly. Mike, Commissioner Hartwick would like to talk to you about the budget amendments.

## **SOLICITOR'S REPORT**

Mr. Haste: Anything to add?

Mr. Tully: Nothing to add.

Mr. Hartwick: I have a few questions. The first one is on Item 13, as you suspect that I will bring up related to the settlement with AmerGen. I just want to know have we come to any conclusion with any of the recommendations that were made by Mr. Epstein?

Mr. Tully: I just received a fax memo from Carl Wass today, which I will be distributing to you, as well as, supplementing it myself. Essentially, since it is settlement of litigation I would be more than happy to meet with you individually, but I don't think it would be advisable at this point to discuss that until you had a chance to review those memos.

Mr. Haste: Will you get those to us?

Mr. Tully: Yes, I will get you Carl's right away and then I will provide mine to you later.

Mr. Hartwick: That would be helpful for next week, because philosophically you know even though we don't have any legal standing I will not support that.

Mr. Tully: I understand that.

Mr. Hartwick: The second one is just to make a comment on Item 21. As you can see we are now raising the mileage reimbursement rate for County employees, which makes it even more essential to try to make sure that any body, and I talked to Edgar this morning and we are trying to build up our County fleet, who wants to travel or needs to travel for work or conferences I would ask that they make sure they are checking to see if there is any County fleet vehicle available prior to submitting an expense form for mileage reimbursement. That has become a clear policy. I know some of the

departments are doing it and some are not. We are limited in the number of cars that we have, but I know from my oversights I won't be approving any mileage reimbursement requests for individuals who don't follow that procedure.

### **CHIEF CLERK'S REPORT – CHAD SAYLOR**

Mr. Saylor: I have nothing to report.

I do want to call your attention to two meetings coming up on Thursday. One of which is the Collaborative Board Meeting. This is an organization that brings together children, their parents and families, providers and faith based groups to discuss important issues whether it be mental health, juvenile probation, children and youth or drug and alcohol, but the Commissioners are scheduled to be there to meet and greet.

I also learned that the Upper Dauphin Council of Governments is meeting in Elizabethville on that Thursday as well. We may have to try to coordinate that a little bit. That is the extent of my remarks.

### **COMMISSIONERS' COMMENTS**

Mr. DiFrancesco: One thing I wanted to bring up to the Board. The Wellness Committee did meet last week and there is a lot of excitement building amongst the Committee members. There are certain departments out there that are ready to get started yesterday so that is exciting to find out and will continue to build. The program probably will not kick in Countywide for about two months. There is a time and guideline that we need to follow in order to really support it well. One of the issues that has come up and we talked a little bit about this last year, we did not make any budget considerations for the Wellness Committee because we really didn't know what this Committee was going to look like, what activities it was going to undertake and ultimately what the program would be. So, at some point, and I am saying relatively soon this Board will probably get a presentation from the Wellness Committee in terms of what we would like to see budgeted. We are going to have to talk about it, because obviously right now there is nothing budgeted towards that end. We will need to have some sort of budget in place in order to provide the incentives and to provide the resources and information. I am happy to report that Highmark has stepped up and said that they would put cash on the table as a partner and my goal is maybe to go out and find some entities that are doing business with the County right now that would have a reasonably strong interest in helping the Wellness Committee. We will be doing a lot of things in which a company could get its name out there. There is some excitement generating right now. People have a lot of enthusiasm and I will be talking at the next directors' meeting to sort of present it on a broader base, taking it down to the directors level. Right now you will see people walking around with Highmark pedometers on and after the directors meeting hopefully you will see a lot more people walking around. Everybody sees these things and you start to see people walking down the hallway saying what number they are currently at for the day. It actually is a pretty good way to generate awareness and build some enthusiasm.

Mr. Hartwick: I was in the process of sending you an email indicating what groups I thought would be appropriate to contact that would step up to the plate for resources with the Wellness Committee. Try to go there first and create a budget and then see what we need to come up with from the County's side.

Mr. DiFrancesco: Things are happening. Cornell from the Schaffner Center has already stepped up and said that they will put money in, because they want to help push it out at their facility because they think it is good. Already, they are starting challenges among management in those areas, because that is as far down as we have gone. Management is starting to challenge each other now for success. Why are we laughing?

Mr. Haste: I remember two other managers that had a challenge last year.

Mr. DiFrancesco: I have a distinct advantage over my two colleagues here on the Board, because I am the only one who has to lose a large amount of weight.

Mr. Hartwick: We could all shed a few pounds.

Mr. Haste: I need to apologize, yesterday and last evening I was running around taking down these funny little dolphins. I didn't know what they meant.

Mr. Hartwick: I just took them off my thing.

Mr. Haste: No one told me they had a useful purpose to them and I thought it was one of Randy's employees doing this.

Mr. DiFrancesco: If all goes according to plan, you will see a lot of things pop up that will make employees go "what is this".

Mr. Haste: Maybe, they should give us a heads-up so that I don't think it is something else.

Mr. DiFrancesco: We will try to keep you apprised of what is going on.

Mr. Hartwick: What do the dolphins represent any how?

Mr. DiFrancesco: You will find out.

## **PUBLIC PARTICIPATION**

Mr. Haste: We are again at the point in time for public participation. Is there anyone that would like to address the Board at this time? (There was none.)

## **ADJOURNMENT**

**There being no further business, it was moved by Mr. Hartwick and seconded by Mr. DiFrancesco that the Board adjourn.**

Transcribed by: Richie Martz

Respectfully submitted,

Chad Saylor, Chief Clerk/Chief of Staff

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