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## Older Adult Services Advisory Committee

# Finance Work Group

Date: October 14, 2008  
Location: Health and Disability Advocates, 205 W. Monroe, Suite 300, Chicago  
Attending: Stephanie Altman, Janice Cichowlas, Pat Comstock, and Michael Gelder

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### Welcome and Introductions

#### Minutes:

The minutes were approved by the co-chairs, with minor changes for posting on the website.

#### Opening Discussion

Financing Long-Term Care is key to the work of this work group. The next publication that would be helpful from the Finance Work Group would be a comparison to other states of nursing home care spending, including rates, total cost, waiver programs, etc. A second question has to do with “reallocating the pie.”

Assisted living in Illinois is not intended for persons with 3 or more Activities of Daily Living.

The research focus should be on how Illinois compares to other states in the U.S. (see the work of HMPRG, AARP, Kaiser, Retirement Research Foundation, etc.) Economic impact data should be collected.

The nursing home population for those under 60 has grown from about a fourth to one-third of the nursing home population.

It was discussed that we have a statutory rate increase that goes into effect January 1, 2009, but with no allocation. Payment cycles should not be a funding/planning tool. Providers whose business may not survive because they cannot borrow money until payment is received may not necessarily be the agencies that need to be eliminated.

The public body, Medicare, has systematic rates; whereas Medicaid seems to not have any system to their payment schedule for Illinois. Medicare weights within various regions of the state, whereas Medicaid is one price for the whole state. It would be valuable to study the rationality of the Medicaid payments.

In the nursing home industry, the profit margins of nonprofit organizations are higher because they can raise additional money from donors.

Which states demonstrate best practices for nursing homes? Ohio has nursing home rates in excess of \$200. Heritage Enterprises (out of Bloomington) manages over 30 different nursing homes. Kensington (downstate) runs about 8 or 9 larger facilities.

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There is a need for layers of investigation – payments, wages, quantity served, and income level served. What are the costs of worker turnover, undependable homemakers, etc.?

### **Goals for 2009 Finance Workgroup**

Collect data on the Benchmarks.

Collect basic cost reporting data.

Compare data in Illinois to national data and best practices.

### **Report on Progress of 2008 Finance Goals and Activities**

The state has not met the objective set to match reimbursement to cost.

Providers report basic cost data. They do report that 77% of their reimbursement went into direct service. The report does indicate how the remaining 23% is spent. IDoA will share this report. IDoA does not always have the total cost of service (i.e., agencies that infuse their services with more of their own dollars).

**Charge from the Executive Committee:** How can the Finance Work Group deliver informed benchmarks through data and research?

### **Next meeting**

Tentative dates for the next meeting: Monday, Tuesday or Friday. Stephanie will email the members. Pat Comstock is available Tuesday, November 18, 9 a.m..

The meeting adjourned at 12:30 p.m.