

STEBEN COUNTY HEALTH SERVICES REVIEW COMMITTEE

Tuesday, March 8, 2011

1:00 p.m.

Legislative Committee Conference Room

Steuben County Office Building

Bath, New York

****MINUTES****

COMMITTEE: Patrick F. McAllister, Chair Joseph J. Hauryski, Vice Chair Donald B. Creath
Lawrence P. Crossett Thomas J. Ryan Gary D. Swackhamer
Scott J. Van Etten

STAFF: Mark R. Alger Brenda Mori Vicki Fuerst
Chris Congdon Nancy Smith David McCarroll
Henry Chapman, Psy.D. Shawn Corey Brenda Campbell

LEGISLATORS: Carol A. Ferratella

I. CALL TO ORDER

Mr. McAllister called the meeting to order at 1:00 p.m.

Mr. Hauryski stated that he would like to thank Mr. McAllister for chairing this special committee. He also thanked the members for agreeing to this assignment. You heard in this morning's meetings discussion about the upcoming year's budget. Each of these areas has a major impact on our budget one way or the other. He decided it was time to tackle these issues and we will try to come to a consensus on which direction to take. The handouts will be numerous, so please make sure you keep them. All of the Legislators will receive this information in addition to any other information that comes before this committee. This will not be an easy task and ranks right up there with the 2012 budget.

Mr. McAllister stated that he would like to make it known that all Legislators are welcome to be here and will receive copies of all materials. You are encouraged to participate, ask questions and be involved. The worse thing will be to go through this process, make a decision, and have some Legislators not know what happened. He asked that everyone keep an open mind. Some of us may have preconceived ideas of what should happen with respect to the four areas we will discuss.

II. OBJECTIVES OF COMMITTEE

Mr. McAllister stated the first objective is fact finding. The objective is to educate ourselves, get all of the facts and get all of our questions answered. Today's meeting is for brainstorming and presenting Mr. Alger with the information that we would like for him to gather for us that we need in order to start debating and to ultimately make recommendations to the Legislature on what to do in these four areas. The ultimate objective will be to debate, but only after we get all of the facts.

Mr. McAllister stated examples of the types of information we may want include, but are not limited to, costs, revenues, and asking that certain individuals come in and speak with us. Then we need to digest all of that information. After that, we can come back together and debate it and ultimately make a decision and forward our recommendation to the Legislature.

III. REVIEW OF PROGRAM AREAS

Mr. Alger stated that the four areas we will be looking at are the Certified Home Health Agency (CHHA), Old Health Care Facility, New Health Care Facility and the Office of Community Services. Of those, the hardest one is the Old Health Care Facility and deciding what we are going to do with it. We have distributed information to you regarding that. The other three areas are not quite as clear and we will need to gather information for you on what they are, the community implications, budget implications and other issues.

Mr. Alger explained with regard to the CHHA, the financial situation with this has changed with the way the State is reimbursing us and the loss of State Aid, which will impact our bottom line. We need to look at this from a budgetary standpoint, but we don't want to lose site of the practical service. There are financial implications, but there are also community implications with regard to the provision of home health care services.

Mr. Alger stated with the new Health Care Facility we are concerned about moving toward having a revenue neutral facility. With all that is going on at the State level, that is tough. We are already \$2 million in the hole. We will need to look closely at the rate changes and other implications. We haven't closed out last year's books yet, but he can't image that the \$2.4 million will come out of the Fund Balance next year, it will have to come out of the General Fund. This is a wide open topic.

Mr. Swackhamer asked what about the Inter-governmental transfer (IGT)? Mr. Alger replied we have not been paid for 2009 yet. They are behind two years. We do expect to get paid and we have anticipated it as revenue.

Mr. Crossett asked is the State doing something with the Medicaid Plan? Mr. Alger replied in 2009 the State Legislature passed the new rates. The Governor vetoed and the Legislature overrode his veto. Since there is no plan to meet the Legislative requirements, we also don't have a plan for the Federal Government for the IGT. The Federal Government is waiting for the plan from the State and once they receive that, they will send us our checks. The State still needs to submit their plan. They haven't wanted to submit the plan because they are concerned about the winners and losers in the new rate scheme. The counties would gain in the new rate structure and the private facilities would lose. The state has not implemented the new legislation and that is what is holding up the IGT.

Mr. Swackhamer commented we don't know when we will get the IGT or when the new rates will be coming up. Mr. Alger stated with the IGT in the budget, we are losing \$2.4 million in the current budget year. Without the IGT, we would be losing \$3.4 million. The IGT is an outstanding issue. We will have to focus on what we can do and what we will want to do long-term.

Mr. Swackhamer stated when we built the new facility; we were told if we sold it or privatized it, it would be much easier to sell the updated building with the new rates rather than an old building with the old rates. Mr. Alger commented the old building had physical issues and was non-compliant from the code standpoint. Mr. Swackhamer stated we had an offer to sell the old facility for \$1 million. Mr. Alger stated that was for both the building and the license. We need to look at what we can do internally to make it cost effect. We also need to look at whether or not we want to pursue the option of privatizing it.

Mr. Alger stated there are also issues of corporate compliance and Medicaid problems that come with operating service delivery today. The biggest thing the State has done to reduce their share of Medicaid is to anticipate fraud recoveries from the people who provide services and we provide those services. They conduct an audit and use an extrapolation methodology. You could be on the hook for thousands of dollars in the area of providing patient service in the event of a bad audit. We haven't had a big problem with this. Both the Health Care Facility and the Office of Community Services have done a good job. The Health Care Facility was fined \$5,000 and the Office of Community Services was fined \$10,000. A lot of it depends on how good your people are, but nevertheless, the opportunity for liability is there. That is something to consider going forward.

Mr. Creath asked are those services mandated? Do we have to have them? Mr. Alger replied no, you don't have to do them all. However, if you do some of them, you have to do the others. With mental health, we don't have to provide the service, but you do have to pay for hospitalizations. If you don't provide mental health services, the number of hospitalizations will increase.

Mr. McAllister asked Mr. Alger to explain the information that the committee received today. Mr. Alger stated the information you have before you is exclusively related to the reuse of the Old Health Care Facility. The information goes back to a resolution from 2007 when the Board at that time determined that their intent was to keep the facility and they authorized the replacement of the roof. Mr. Van Etten asked after that round of

discussion, didn't we put together a plan to relocate some departments? Mr. Alger replied yes. The memo that is included with your handouts is a summary of those actions.

Mr. McAllister asked the committee what information they would like to have collected to review any of these four areas? Mr. Ryan stated that he would like a list of mandated areas. He would like a breakdown of what the service is, what we need to do, don't need to do and should do. Mr. Hauryski stated that he would like more information on the CHHA; how it works, the billing, revenue, and any other pertinent information. Mr. McAllister commented we should have that type of information for each of the areas. Mr. Ryan commented we have discussions on certain issues and then everything stops when someone says that it is mandated. It seems that we could come up with a way of getting around the mandates.

Mr. Swackhamer stated that he thinks the new Health Care Facility should be a topic on its own. We should look at one or two areas and prioritize them. The old Health Care Facility is costing the County money for maintenance. That might be a priority. Mr. McAllister stated we can decide that after we get the facts.

Mr. Hauryski stated that he asked Mr. Wheeler to put together a spreadsheet on the new Health Care Facility to show for the past year what it costs the County to operate and where we are spending money. We have to put that information on the table.

Mr. Van Etten commented these four areas are exclusive of each other. The new Health Care Facility is an operating entity by itself. He stated that he would recommend adding a fifth area, the overall space considerations.

Mr. Creath stated that we have an empty building and three programs. Some of these programs occupy space that is rented and others occupy space that is owned. The old Health Care Facility study can be looked at independently. We need to look at the programs to see if they need to be provided, the cost, the cost if we don't provide a program as well as the downside of not providing programs. In addition, we need to look at privatization and then look at the Health Care Facility. Once you settle on program needs, then you can add the space needs.

Mr. Alger stated one of the things we had discussed is that due to budgetary implications the first area we should look at would be the CHHA. The decision will not be as difficult one way or the other once you look at the numbers. We need to look at the financials and Public Health Nursing has come up with alternatives. That is an area we should tackle first. The options are to keep it, sell it or change what we are doing. That would have a positive impact on next year's budget. What is driving us in more ways is what we will be required to do to live within our means. He stated that is how he would approach this. Some of these areas will be long-term and some will be short-term.

Mr. Alger stated we included the old Health Care Facility in the mix based on the current needs for space and the building. We are keeping it minimally heated and are not spending a lot to keep it in its current state. We did put money into the floors and to make it more comfortable for Elections. With regard to space, everyone has the space required right now. The decision on what to do with that building is not a decision that is imminent.

Mr. Alger stated the other areas have more financial implications in the short-term. By way of example, how many other counties in the region have a Home Health Agency? There are two. There is a discussion that the State will reopen the licensing opportunity. If they do that, our program has no fiscal value. Schuyler County sold their license for \$500,000, Allegany sold theirs for \$1,000,000 and Wayne sold their license for \$800,000. Right now the license has value. We need to look at how the other counties have made out and that is information that we can gather.

Mr. Crossett commented BC/BS Excellus just bought the license from Schuyler County. Do they run that themselves? Mr. Alger replied yes. Mrs. Fuerst commented they also purchased the licenses from Ontario and Wayne counties.

Mr. McAllister asked with regard to the space requirement are you doing other analysis? Mr. Alger replied we can do what you would like us to. He stated that he can ask the architect to come down and talk with us. We haven't done a space need study in some time and honestly he wouldn't recommend one as we expect to reduce staff next year.

Mr. Swackhamer asked are there any non-County departments in this building? Mr. Alger replied Cornell Cooperative Extension is housed in this building, however they pay us rent. All of the other agencies in the building are ours with the exception of the courts.

Mr. Van Etten asked as part of the budget, did we get rid of the Continuing Day Treatment Program? Mr. Alger replied that was provided in the building that was closed in Corning. Mr. Crossett asked do we contract that out or did that go away? Dr. Chapman replied that is still to be determined. Mr. Alger explained the people are gone, but the operation of the program continues with the remaining staff. Has that been incorporated into the clinic? Dr. Chapman stated that was the original plan, but we have had difficulty with the State. The State is of the opinion that we are not to provide services to CDT clients through the clinic. Their opinion is those clients still require a higher level of care and it would not be appropriate for them to be seen through the clinic. They have encouraged us to go with the PROS (Personalized Recovery Oriented Services) program. That program concept was developed about eight years ago. We have not gone into that because of fiscal concerns with regard to reimbursement. The last we heard is the State is continuing to say no to filtering clients through the clinic and continues to encourage us to look at PROS. Mr. Crossett asked what about the other counties that don't have this program? Dr. Chapman stated it varies by County. Many counties are operating CDT or PROS and have contracted to private agencies in the community.

Mr. Creath commented we may have to hire a consultant for each of these program areas. Mr. Alger stated we can look at what other counties have done with regard to the CHHA and mental health services. We did the RFP for the Health Care Facility in the past and it is a matter of deciding if you want to change that or use the same model. He doesn't know how much consulting you will need. We could probably put together the RFP's. Mr. Alger stated let us focus on the CHHA first and we will work with Mrs. Fuerst to get information together and discuss that with you. Discussion followed.

MOTION: TO ADJOURN MADE BY MR. VAN ETTEN. SECONDED BY MR. SWACKHAMER. ALL BEING IN FAVOR. MOTION CARRIES 7-0.

Respectfully Submitted by

Amanda L. Chapman
Deputy Clerk
Steuben County Legislature

NEXT MEETING SCHEDULED FOR
Tuesday, April 12, 2011
1:00 p.m.

STEBEN COUNTY HEALTH SERVICES REVIEW COMMITTEE

Tuesday, April 12, 2011

1:00 p.m.

*Legislative Committee Room
Steuben County Office Building
Bath, NY 14810*

****MINUTES****

COMMITTEE: Patrick F. McAllister, Chair Joseph J. Hauryski, Vice Chair Lawrence P. Crossett
Donald B. Creath Gary D. Swackhamer Scott J. Van Etten

STAFF: Mark R. Alger Jack Wheeler Chris Congdon
David McCarroll Jim Gleason Nancy Smith

LEGISLATORS: Carol A. Ferratella

ABSENT: Thomas J. Ryan

OTHERS: Stephanie Conway, Executive Director, Home & Health Care Services
Nancy Ingalls, Director of Nursing, Home & Health Care Services
Mary Perham, *The Leader*

I. CALL TO ORDER

Mr. McAllister called the meeting to order at 1:00 p.m.

II. APPROVAL OF MINUTES

MOTION: APPROVING THE MINUTES OF THE MARCH 8, 2011, MEETING MADE BY MR. SWACKHAMER. SECONDED BY MR. HAURYSKI. ALL BEING IN FAVOR. MOTION CARRIES 6-0.

III. REVIEW OF PROGRAM AREAS

A. Certified Home Health Agency

1. **Program Description, Overview, History** – Ms. Congdon stated we have been a Certified Home Health Agency (CHHA) since 1966. We provide quality home health care. We do 20,000 – 25,000 visits in-home per year. We see 2,000 patients and collected over \$3 million in revenue. We provide skilled nursing care and all work is documented in a computerized system.

Ms. Congdon stated Medicare is our main payer and we use the OASIS (Outcome and Assessment Information Set) to collect patient data that is then reported to the Centers for Medicare and Medicaid Services. We receive a lump sum payment from Medicare which covers 60 days. We also are funded through Medicare Health Maintenance Organizations (HMO's), although they don't pay as well as traditional Medicare and have a higher co-pay. Medicaid pays us based on the cost trend factors, which was eliminated from the 2011 State Budget. In addition Medicaid decreased 2 percent overall. Ms. Congdon stated they also bill private insurance and offer a sliding scale for private pay.

Ms. Congdon stated that they also participate in the Long Term Home Health Care Program (LTHHCP). This program provides health related/skilled nursing level of care to the frail, elderly, disabled, chronically ill patients living at home, who are medically eligible for placement in a residential health care facility. The annual cost of care must be 25 percent less than the average Medicaid residential health care facility rate for Steuben County.

Ms. Congdon informed the committee that they are one of only two CHHA's in the County. Home and Health Care is a licensed agency. We care for all patients in Steuben County and will accept any patients. Gentiva (the

other CHHA) only serves the Corning area. She stated one of her concerns is if there is no County CHHA, then the patients in the County will be underserved. The local hospitals are all in support of our agency.

Ms. Congdon stated if we stay in this business, we need to offer a competitive package to maintain the recruitment and retention of home care nurses. We have contracted out more of our home health aide services. In addition, our remaining aide staff is over the age of 50 and are aging out.

Mr. Creath asked are there any income-based qualifications? Ms. Congdon replied only for the sliding fee scale.

Mr. Crossett asked who does the long term care assessments? Ms. Congdon replied the nurses do the assessments and then the Department of Social Services approves them.

Mr. Alger asked how are home care and long term care related? Ms. Congdon replied we use the same staff for both programs and both programs require the same types of visits. There is not too much difference except that patients under the LTHHCP are more likely to be on the caseload longer. The CHHA is for the more acute patients. The LTHHCP are for the chronic patients. The number of patients in LTHHCP has decreased and is now down to 18 as there are more programs available to cover them.

Mr. Creath asked what is Home & Health Care? Ms. Congdon replied they are a licensed agency. Mr. Alger explained we contract with them to do some of our services.

2. **Finances** – Ms. Congdon reviewed the 2009 financial summary of the CHHA and LTHHCP which was provided by Jack Venesky. In 2009, under the full costing method, patient revenues totaled \$2,879,000 and patient expenses totaled \$2,825,000. The net revenue over expenses was \$54,000. In 2008, we saw a loss of \$162,000. Ms. Congdon explained our patient caseload determines our revenue. Looking at the direct costing method, in 2009 our net revenue over expenses was \$175,000 and in 2008, we lost \$7,000.

Mr. Creath asked how many patients do the nurses have? Ms. Congdon replied each nurse has a caseload of 20 – 30 patients and they see approximately 4 – 5 patients per day.

Ms. Congdon reviewed the 2010 County Budget Summary. Over the past four years there has been a fluctuation in the net county cost and that is due to the Medicaid rates. We did have turnover and retirements and the more turnover you have the greater the costs. Mr. Alger commented the pension costs also had an impact. Ms. Congdon stated the net county cost for 2010 was \$282,134. We could save \$100,000 per year by contracting the aides out. We are looking at a County cost of \$267,134 due to the potential revenue cuts. Mr. Alger stated Medicaid has decreased 2 percent and there will be a State aid reduction in the LTHHCP. Ms. Congdon commented the CHHA and LTHHCP support the administrative costs of the department. Without the CHHA, there will be a 382,000 cost to the county.

Mr. Van Etten asked is the CHHA license of any value? Mr. Alger replied yes. We have talked about if it is time to think about getting out of this business and selling the license. These numbers show you that we are on the edge in this county. Other counties have sold their licenses and we are only one of two or three counties in the region that continue to have the CHHA license. This is a credit to Public Health Nursing as they, long term, had seen the advantage of contracting for some of these services. It has made more sense the way we have run it over the years. If we had more county staff, this would be a much easier decision as the cost to operate would be higher. In our case, we have been pretty effective in doing this over the years and this decision is not as easy. We have been talking about this for several years. One reason this is a good time to examine this is because of the loss of the State aid. That is being implemented now and does change the financial picture. Mr. Van Etten asked will the State open up the licensing? Mr. Alger replied one of the considerations was opening the licensing up again. If the State does that, the licenses will not be worth anything.

Mr. Crossett asked if we sell the license, then we would not have any say in how the services are provided or where? Mr. Alger replied that depends. To a certain extent you have the ability, as a contractual agreement. This is not a process that we decide on today and it is done tomorrow.

Ms. Congdon commented the other agency that purchased the license would have to get approval to run a CHHA in the county. Mr. Alger stated that takes quite a while. We have had others in the community that have called and said they have concerns with what will happen to the outlying areas. It is costly to provide these services in the rural areas. A concern going forward is to make sure that people across the county are being served. Mr. Swackhamer commented that is why we set up the satellite offices. Ms. Congdon commented too many CHHA's in the same area is not a good thing.

Mr. Creath asked with regard to the State aid, what will be the effect on the CHHA? Mr. Alger stated that he is under the impression that with the reduction in State aid, it will impact the bottom line by \$100,000. Ms. Congdon commented that will be for the CHHA. The State reimbursement for LTHCCP was also cut. Mr. Alger explained that in some counties that only have 1 CHHA, they will get the State aid for that agency. If Gentiva wasn't here in Steuben County, we would get that State aid. That State aid, 36 percent, is what the Public Health agencies would have received for the CHHA. The State decided that any county with more than 1 CHHA would no longer be reimbursed and that is what we lost.

Mr. Creath asked is the county cost of \$382,000 without the CHHA a realistic number? Mr. Alger stated Ms. Congdon is the Chief Financial Officer for Public Health Nursing and I believe her. Keep in mind one of the things we are seeing with this is because you have that service, some of the general overhead cost is spread over a larger base. When you get rid of that additional cost center, the cost is no longer there, but the general overhead will still be. It may be marginally impacted, however, overall it will not reduce or eliminate the administrative cost. That is why that number goes up.

Mr. Creath asked if we get rid of the CHHA we will save money? Mr. Alger replied no. It will cost you more. We are on the fence at this point in terms of the finances, and it depends on what happens in the market going forward.

Mr. McAllister asked what are the community implications? Mr. Swackhamer commented the main one is getting service to the outlying areas. Mr. Alger replied there will be an impact on service and the community. We need to be concerned about what that does to Medicaid costs. Our costs are capped. If someone goes into a nursing home, the cost increases. This program keeps people in their homes longer. Mr. Alger stated that he doesn't know if there is a clear decision to be made today. This is something to keep in mind and to keep on top of. When we first started this process, he stated that he was under the impression that it was time to do this, but as we got into the numbers, it may not be as easy. Mr. McAllister commented there are a lot of unknowns.

Mr. Swackhamer commented that he is concerned about services. The money isn't always the thing. Mr. Crossett stated you can impact the services by doing it through a contract and obligate the new agency to go to outlying areas. Ms. Congdon asked how are you going to prove that the agency is going to the outlying areas?

Mrs. Ferratella asked what is the value of the license? Mr. Alger replied in order to determine that we would want to do an RFP. Schuyler County sold their license for \$500,000. Another county sold their license for between \$750,000 - \$800,000 and another went for \$1.1 million. There is no question that there is value in the license. Whoever takes the license has to deal with the patient load that is out there. Our agency license is worth some money. Yates County is in the process of doing an RFP and Ontario County is in the process of finishing their transition.

3. **Options** – Mr. Swackhamer asked are there ideas that you can bring to the committee to look at? Ms. Congdon stated this is patient driven. We try to get every patient we can. When you turn down referrals, you lose money. We have to maintain the staff so we don't have to turn down referrals and it also depends on the payment type of the patient. In addition, the HMO's have hurt us. Mr. Swackhamer commented as the baby boomers age, there will be more of a need. He doesn't see much expansion in the county with regard to nursing homes and/or hospitals. Mr. Alger stated even with the bad publicity, home health care still is an effective program for keeping people in their homes and is the least expensive program. He stated they are not looking for a decision today. We are just trying to bring you up to speed. Next month we can talk about more options with Mrs. Fuerst.

Mr. Alger stated that at the last meeting, Mr. Ryan had asked about mandated programs. He had done a chart back in 2003 by budget area of the mandated areas and he will pull that together for the next meeting.

MOTION: TO ADJOURN REGULAR SESSION AND RECONVENE IN EXECUTIVE SESSION PURSUANT TO PUBLIC OFFICERS' LAW, ARTICLE 7§ 105.1.F. THE MEDICAL, FINANCIAL, CREDIT OR EMPLOYMENT HISTORY OF A PARTICULAR PERSON OR CORPORATION, OR MATTERS LEADING TO THE APPOINTMENT, EMPLOYMENT, PROMOTION, DEMOTION, DISCIPLINE, SUSPENSION, DISMISSAL OR REMOVAL OF A PARTICULAR PERSON OR CORPORATION MADE BY MR. CROSSETT. SECONDED BY MR. HAURYSKI. ALL BEING IN FAVOR. MOTION CARRIES 4-0. (MR. VAN ETTEN ABSENT FOR VOTE).

MOTION: TO ADJOURN EXECUTIVE SESSION AND RECONVENE IN REGULAR SESSION MADE BY MR. SWACKHAMER. SECONDED BY MR. CREATH. ALL BEING IN FAVOR. MOTION CARRIES 4-0. (MR. VAN ETTEN ABSENT FOR VOTE).

MOTION: TO ADJOURN MADE BY MR. CROSSETT. SECONDED BY MR. HAURYSKI. ALL BEING IN FAVOR. MOTION CARRIES 4-0. (MR. VAN ETTEN ABSENT FOR VOTE).

Respectfully Submitted by

Amanda L. Chapman
Deputy Clerk
Steuben County Legislature

NEXT MEETING SCHEDULED FOR

Tuesday, May 10, 2011

1:00 p.m.

STEBEN COUNTY HEALTH SERVICES REVIEW COMMITTEE

Tuesday, May 10, 2011

1:00 p.m.

Legislative Committee Conference Room

Steuben County Office Building

Bath, New York

****MINUTES****

COMMITTEE:	Patrick F. McAllister, Chair Donald B. Creath	Joseph J. Hauryski, Vice Chair Thomas J. Ryan	Lawrence P. Crossett Scott J. Van Etten
STAFF:	Mark R. Alger Chris Congdon Shawn Corey	Jack Wheeler David McCarroll	Vicki Fuerst Jim Gleason
OTHERS:	Stephanie Conway	Mary Perham. <i>Leader</i>	
ABSENT:	Gary D. Swackhamer		
LEGISLATORS:	Carol A. Ferratella		

I. CALL TO ORDER

Mr. McAllister called the meeting to order at 1:00 p.m.

II. APPROVAL OF MINUTES

MOTION: APPROVING THE MINUTES OF THE APRIL 12, 2011, MEETING MADE BY MR. VAN ETTEN. SECONDED BY MR. CREATH. ALL BEING IN FAVOR. MOTION CARRIES 6-0.

III. OTHER BUSINESS

A. Mandate Chart – Mr. Alger distributed a copy of a chart outlining the list of local programs, direct mandates and mandates with local control. The fringe benefit costs are not broken out, but are absorbed into each department. Mr. Ryan asked with those mandates with local control, how much control is there? Mr. Alger replied it varies by department and by activity.

Mr. Creath asked with Buildings & Grounds, he thought that they broke even, but they made money? Mr. Crossett commented that is the chargeback for rent from the other departments. Mr. Alger stated we earn a little because they get credit for the Court's rent. With the mandates with local control, we have a degree of control, but in some senses you don't have that much control. Discussion followed.

IV. PRESENTATION

A. Home & Health Care Services, Inc. – Ms. Conway introduced herself as the Executive Director of Home & Health Care Services, Inc. We are licensed in New York State in Steuben County and have a contract with Public Health. Our agency has been in business in Steuben County since 1968. The success of Public Health Nursing and Home & Health Care is the ability to understand the County and the needs of the clients. Ms. Conway stated that she is concerned that the County will be underserved if the County decides to sell the CHHA license. At the last meeting, Mr. Swackhamer had voiced his concerns about what would happen to the people. She stated, in her experience, when another agency sold their license, the type of service was not the same. The baby boomers are aging and home care is in high demand. There are a number of people looking to age in place. We value our working relationship with the County. Without effective care, where will people go and what will be the cost of the system going forward? Ms. Conway stated that she knows this is a difficult decision. Steuben County and Home & Health Care know the County and understand the people and their needs. That is only after many, many years of working with the people.

Mr. Ryan commented you mentioned that you observed this process with another County. What were your observations? Ms. Conway replied she has observed this process in Allegany County. The nursing supervision was not as good. At first they went to the client homes, then they did the supervision over the phone and eventually it was discontinued. You have to be willing to serve the entire County, not just the areas where you make money.

Mr. Van Etten asked other than the size of our County, what makes us so different than other counties? Ms. Conway replied Steuben County is spread out and it is rural. It is very difficult to get to the homes. We try to hire aides in remote areas of the County and we have worked very closely with Public Health Nursing. She stated they do have an office in Hornell and are able to serve the entire County. Ms. Congdon, at last month's meeting, had brought up that some of those other CHHA's are not serving the entire county.

Mr. Creath asked what is the cost of a nursing home versus home care? Ms. Conway replied you are saving money, however, she doesn't have the figures with her. Mr. McCarroll commented the cost of a semi-private room per day at the Health Care Facility is \$289.00. Mr. Alger stated in 2009, the cost per visit for a home health aide was \$93.00. Ms. Conway stated the current cost for a home health aide is \$22.00 per hour. Mr. McAllister asked what is the average length of stay of a home health aide? Ms. Conway replied they can stay up to 24 hours. Usually they average 1 – 4 hours per day. Mr. McAllister asked how many times do they go back to the client? Ms. Conway replied we go back 3 – 5 times per week.

Mr. Ryan asked do you contract with Public Health Nursing? Ms. Conway replied yes, they call us with referrals. We send out our home health aides into the client's home and the Public Health nurses supervise them. Mr. Crossett asked do the Public Health nurses do all of the assessments? Mrs. Fuerst replied yes. Discussion followed.

V. REVIEW OF PROGRAM AREA

A. Certified Home Health Agency – Mrs. Fuerst stated that she has put together a recap of what Ms. Congdon presented to the committee last month. It will cost more if you do sell the CHHA. There is also the concern about coverage for the entire County. The other CHHA currently in the County, Gentiva, focuses in the Corning area. If you issue an RFP, you can request that they cover the entire County, but once the sale is final, they can do what they want. Mrs. Fuerst stated if we stay in the business, she will need the tools to properly run the business, which means more money for the nurses. We are competing with the hospitals for nurses. Currently, our nurses do not have flexible hours. We have a revolving door of staff and that is part of the difficulty. It takes a year to train the nurses and the younger ones see the larger salaries and leave. She stated that she had a proposal that she was going to submit to Personnel for their consideration, however, has held off on that while the committee has been discussing the CHHA.

Mr. Crossett asked does the other CHHA pay more money and do they have the same amount of turnover? Mrs. Fuerst replied we have a Union to deal with. If we could get staff to come in and stay, we would have the business down pat. Mr. Van Etten asked what was your proposal to Personnel? Mrs. Fuerst replied that she had requested roughly \$40,000. That would bring our nurses up to the same level as the nurses at the Health Care Facility, which they really should be. We are dealing with patients that have been discharged home three days after open heart surgery. The young nurses want to have 10 or 12 hour shifts. We think that we could manage 10 hour shifts.

Mrs. Fuerst commented with regard to the CHHA, you have to ask if anyone out there is interested in us. That may be something to consider. Look to see what interest or what value might be out there. That is something that you don't know and it might help you make your decision.

Mr. Ryan commented you can't make a comparison without that information. Mr. Van Etten stated if you sell, then the cost will go up. Ms. Congdon stated the cost without the CHHA is at least what you are losing now.

Mr. Ryan asked with regard to the nurses, there is no flexibility? Mrs. Fuerst replied we have looked into the Union contract. Mr. Ryan commented that he would think it would be beneficial to have the flexibility with the hours. Mrs. Fuerst stated they did put together something that may work.

Mr. Alger stated the reason that we have been successful is because of the relationships that have been built with outside agencies. Internally, flexibility with the Union is rigid. The contract sets the work day/work week and it is defined. You have to negotiate those things and even then it is fairly restricted.

Mr. Creath asked has Obama Care had an effect? Will they provide funding? Mrs. Fuerst replied no. If anything, they are cutting Medicare and Medicaid. The cost of nursing home care compared to keeping people in their homes is a no brainer. We took vicious cuts.

Mr. McAllister asked have you look at the other counties that sold their license and the effect on them? Ms. Congdon replied a lot of them are fairly new and it takes about two years to go through the entire process of selling the license. Mrs. Fuerst commented once you sell, you will not have the control. Currently just us and Yates have our license. Yates just put out an RFP.

Mr. Creath asked if we decided to sell the license, how many jobs would be in jeopardy? Ms. Congdon replied anyone in the department with a license would have the opportunity to have a job. There would be 8 – 10 individuals in jeopardy as they are clerical positions. Mrs. Fuerst stated we have talked with our staff. Everyone seems to understand the difficult economic times, but they hope that all mandated programs are being looked at.

Mr. Van Etten asked is it standard to put in the RFP that they hire the professional staff? Mrs. Fuerst replied she thinks it has been. You are responsible to run the whole program. You will be under a management control and you are responsible to maintain all patients and if anything happens, you are responsible until the final sale goes through. It is a pretty lengthy, difficult process. Mr. Van Etten asked how long is the transition? Mrs. Fuerst replied she hasn't seen it take less than two years. In essence, you are selling the CON (Certificate of Need). In addition, we have to get our license to continue to go out and provide Public Health services.

Mr. Creath commented one thing that is hard to put a dollar value on is the peace of mind of the clients. There are a lot of human factors in that. Mr. Alger stated this is not a clean, clear-cut decision. We really are on the fence. We will lose a little bit if we continue to operate. We will lose about the same amount if we sell. When you consider the more human impacts and the potential in providing services, the health community will have issues as well. Whoever purchases the license will have to be in the position of providing that service in some fashion. Mr. Creath stated we need to put a lot of compassion in the decision.

Mr. Crossett asked the other CHHA in Corning, are they restricted in where they operate? Mrs. Fuerst replied they have to operate in the County unless they have another license. They are a for-profit agency and they have a payroll to meet.

Mr. Van Etten stated all of this information is helpful, but until you do the RFP, you can't make a decision. He asked what is the cost to us and the timeline if we put together an RFP? Mr. Alger replied it will take a little bit of time to put the RFP together. We can look at RFP's from the other counties. It will take a couple of months to put it together, put it out and get it back. Mr. Van Etten commented until you do that, you don't have all the pieces of the puzzle.

Mr. Ryan asked can we invite the Union in and see if we could work with them? Mr. Alger replied you would be negotiating something. He stated that he cannot answer that directly. Mr. Van Etten stated jobs are not the only issue we have. If you could create flexibility, does that still solve the situation?

Mr. Crossett asked is there a requirement that the agency purchasing the license be certified? Mr. Alger replied the State will ultimately make the decision. Ms. Congdon stated the State has to approve them becoming a CHHA.. Mrs. Fuerst commented you will get other certified agencies that will respond to the RFP.

Mr. Creath stated he does not think the amount of money has anything to do with the decision. The real decision is between the cost to provide the service to the citizens now versus having an outside agency purchase the license. Mr. Crossett stated the other thing is the cost in the future to provide the services. Mr. Alger commented there is no way to predict what the costs will be next year, much less five years from now. We can project the impact for this year. To some extent, selling the license is still going to be a projection.

MOTION: DIRECTING THE DIRECTOR OF PUBLIC HEALTH NURSING AND THE COUNTY ADMINISTRATOR TO PURSUE PUTTING TOGETHER AN RFP FOR THE SALE OF THE CERTIFIED HOME HEALTH AGENCY LICENSE MADE BY MR. VAN ETTEN. SECONDED BY MR. CROSSETT. ALL BEING IN FAVOR. MOTION CARRIES 6-0.

Mr. Hauryski stated that he would like to thank Mrs. Fuerst and Ms. Congdon as they have done an outstanding job bringing us up to speed on the work they do and he really appreciates it. He stated the reports have given him a good picture and that is what this committee was charged with; to get all of the details. Thank you for your help.

VI. NEXT STEPS

Mr. Alger stated that while we are putting together the RFP for the CHHA, we can talk about the other areas; Mental Health or the Health Care Facility. The committee agreed to talk about Mental Health. Mr. Alger stated that he would ask Dr. Anderson to come in next month and discuss the program areas in more detail.

VII. NEXT MEETING

The committee decided to hold future meetings on the second Tuesday of each month at 9:00 a.m. The next meeting will be held on Tuesday, June 13, 2011, at 9:00 a.m.

MOTION: TO ADJOURN MADE BY MR. VAN ETTEN. SECONDED BY MR. CREATH. ALL BEING IN FAVOR. MOTION CARRIES 6-.

Respectfully Submitted by

Amanda L. Chapman
Deputy Clerk
Steuben County Legislature

HEALTH SERVICES REVIEW COMMITTEE

Monday, June 13, 2011

9:00 a.m.

**Legislative Committee Conference
Steuben County Office Building
3 East Pulteney Square
Bath, New York**

MINUTES

Committee: Patrick F. McAllister, Chair Lawrence P. Crossett Joseph J. Hauryski
Gary D. Swackhamer Scott Van Etten Thomas J. Ryan

Legislators: Mike Hanna John Walsh

Staff: Mark Alger Jack Wheeler Shawn Corey Vicki Fuerst
Robert Anderson David McCarroll

I. CALL TO ORDER

The meeting was called to order by Mr. McAllister at 9:00 a.m.

II. APPROVAL OF MINUTES

MOTION APPROVING THE MINUTES OF THE PREVIOUS MONTH'S MINUTES MADE BY MR. SWACKHAMER. SECONDED BY MR. RYAN. ALL BEING IN FAVOR. MOTION CARRIES 6-0.

Mr. McAllister stated Dr. Anderson is running a little late so we'll start with what our next step should be.

III. OTHER BUSINESS

A. Next steps – Mr. Alger stated we are in the process of working with Public Health on putting together the RFP. I don't think it will be too onerous a process. Mrs. Fuerst stated we should have it ready by next month. Mr. Alger stated many counties are doing this, so I'm not sure how we'll make out in the market. Mr. Van Etten stated in regards to the RFP, should we also be putting together a list of what we should do if we decide to keep the license? Mr. Alger stated we've already worked on that and anything on the list of what we could do has already been done. As such, the deficit is down to \$100,000 which, when you compare to selling it, you probably would lose \$100,000 if you sold it. That is part of the decision you have to make.

Mr. McAllister asked have other counties had problems with the outlying areas being serviced. Mrs. Fuerst stated Allegany County is having a problem with that. Discussion followed.

Mr. Swackhamer asked can you include the coverage issues in the contract? Mr. Alger stated you can put it in the RFP but what you are doing is selling the license and the State is the one who oversees the license. We can complain and call the State, but you aren't going to have control over the contract.

IV. PROGRAM OVERVIEW

A. Office of Community Services – Dr. Anderson stated he would like to start with a little bit of background on why Community Services is a bit different than most of the other County departments. One thing is when we contract out with other agencies we have contractual control and determine how they follow programmatic lines. In New York State, the County is ultimately responsible for the provision of behavioral services. How you do that is really left to each individual county. When I was hired, we chose to keep services operated by the county. The main reason was to improve the quality of the service we provided. At the time, it truly was more economical for the county to provide the service rather than let our residents go someplace else and us paying the bill. The

Community Services Board (CSB), of which Mr. Swackhamer and Mr. Alger are members, is the entity that makes sure the county is responsible for the service. It makes an interesting dilemma because the Legislature doesn't set the Director's (DCS) salary. The CSB is responsible for hiring the DCS and setting the parameters for the employment and salary. I think Steuben has done a pretty good job of not having battles between the CSB and the Legislature.

Dr. Anderson stated the administrative side of the department is the CSB, or sometimes the LGU (local government unit). Under the LGU is the provision of services to the mentally ill; those with addictions and those with developmental disabilities. The developmental disability service is completely contracted out. The CSB and DCS don't get very involved with the developmentally disabled program. The ARC figures their budget differently now so their outside funding no longer depends on how much the County gives them. I think now we provide them with \$75,000 and it used to be \$120,000.

Dr. Anderson stated the addictions program is different. Prevention, up until 10 years ago, was all through the Youth Bureau, and substance abuse and alcohol was through OASAS. Prevention services are now done through contract. Roughly, the county is divided into three sections for prevention. In addition to that, it is split between adult and children. You contribute to that somewhat, but not much. Most comes through OASAS. The clinic treatment for addiction is provided through the County. That has offices in Corning, Hornell and Bath. There is one other treatment agency in the county and that is inpatient and outpatient rehab at St. James. The county also has an operation in Hornell. Interestingly, in the last 2 or 3 years, our volume in Hornell increased so much that OASAS determined that it was no longer a satellite office and it needed to be fully staffed. In Hornell we have 3 people plus the physician rotates through 3 hours a week. If we brought everybody to Bath, I don't know if it would reduce staff but it would reduce overhead. The addictions unit also gets referrals from inpatient units and self-referrals, but Steuben has drug courts which probably are the best source of getting people who are going to follow through. The drug courts have been very successful over the years.

Mr. Ryan asked how you measure the success. Dr. Anderson stated if they complete the program and are no longer under the court's jurisdiction, that's the first indicator. Then you look 6 months later to see if they are still abstinent and out of prison. Then review them again one and two years later. Discussion followed.

Dr. Anderson stated we have a fairly successful and well-recognized addictions program. The last time the State came through, Hornell and Bath were both given 3 year licenses, which is the best you can get. Hornell will be evaluated this summer.

Dr. Anderson stated they run several programs for Adult Mental Health. We have clinic treatment which includes adult clinic and children & families clinic. We also provide continuing day treatment (CDT). We provide forensic services for the individuals in the jail, as well as meeting with anyone who might be referred through the courts. The biggest problem we have in that area is the courts and DSS will refer someone and we block out 6 hours of time for review, and then the individual never shows. There are an incredible number of no shows. We also have emergency services; and then, single point of accountability (SPOA), which looks at case management and then determines the level of care an individual is going to be in. We only provide supportive case management and intensive case management (ICM). The Federal government has targeted case management; these are individuals who are mentally ill and refuse services. You are not an intensive case management client more than a year. Generally it's for 6 months to a year. The referrals from hospitals or places out of the county come to SPOA, and that meeting has representatives from all of the agencies in the county that normally would be involved in that individual's life.

Mr. Van Etten asked isn't Continuing Day Treatment the program we cut out of the budget? Dr. Anderson stated you didn't cut the program, you cut funding to the program. We eliminated two positions and also never rehired the coordinator of the program. You reduced their budget \$700,000 and, after all was said and done, it resulted in a net savings of \$500,000. I didn't eliminate the whole program; I made it so that I thought it would be able to cover its own expense.

Dr. Anderson stated the State gives not just deficit funding, but COPS and CSP funding which is kind of a bonus for the number of people on Medicaid you serve and receive payment on. But any time you use that in CDT, the State comes and takes that money. So we've shifted money out of CDT and put it in county funding. The state has really decided that individuals that we've been treating for the last 25 years who are seriously, persistently mentally ill and over 65 years old should still be put in a job track. The State continues to hammer away at services that look like they are for chronic people who are not moving toward getting a job. There are probably 100 individuals in CDT with an average daily census of 45 people. Mr. Ryan asked what the average age of those individuals is. Dr. Anderson stated there are two groups, a significant number between 20 and 30 and another group between 45 and 60. We gear things in two different levels; those that are really young we try to gear towards functioning and going to work and the others we try to get to be able to function within their family. The other thing in CDT is a social club and we contract that out. It works with people on doing daily activities such as cooking, shopping, and how to appropriately access services. That is something the clients really benefit from. Discussion followed.

Dr. Anderson stated studies have been done nationwide that show the biggest cost for mental health is for individuals who go into the hospital, are diagnosed with mental health issues and released, then come back into the hospital with a physical issue. Basically they are unable to take care of themselves. So much that we do is help people access services. We do this in stages so that ultimately we build their independence.

Dr. Anderson stated the adult clinic has 11 staff that are assigned; 10 full time therapists and one coordinator. Included in what the adult clinic does is the provision of 730 exams. They are a forensic service, but we put them in the clinic because you have to have a psychiatrist and psychologist do the exam. This is for those that they are trying to see if they are fit to stand trial. It is taxing but if you send it out, you will pay a psychiatrist at least \$300 for an hour visit and then there are transportation costs. We handle about 20 of these each year.

Dr. Anderson stated the clinic treatment services are for individuals from "worried well" (people wanting assistance with an issue that isn't a serious mental health problem) to those who must be seen at least every other week by a therapist, and a psychologist every other month. In many ways, approximately 50% (600 people) are the ones that if we aren't taking care of them, they will end up in jail or causing problems on the street or with the public. We spend time engaging individuals to keep them from becoming a nuisance in the public or keep someone from being hurt. Those individuals, as well as the 100 who are enrolled in CDT, become the ones who become most problematic for us to be able to get them to function in public as much as possible. The services you provide through community services, although not mandated, do provide a means for individuals to keep from falling into programs that are mandated and more expensive. Someone in jail is much more expensive than having them in community services. It is also much more humane. We then have children and family.

Dr. Anderson stated the Children and Family program receives the most "good press" and the most "negative press". It deals with children who have mental health problems. Many fit into the category of seriously emotionally disturbed children. You need to involve not just the families and schools, but DSS and Pathways for housing, respite services, and foster care for the mentally ill. With children and family, it is the easiest to show that we are having an impact positively on future adults. It also points out the fact that medication has become such big business; we end up having children in our clinic just because they are getting medication and we can't get their primary physician to prescribe it. OMH certification was here last Monday, Tuesday and Wednesday and reviewed all of the mental health sites. They just rated us exemplary in most categories and told us we were the best of the site visits they had done to date under the new regulations. We did have one needs improvement rating, as we were not doing a statistical analysis of incidents. You are supposed to do that to determine trends and we hadn't been doing that. We provide emergency services 24/7 and we will work with someone if they just show up in the office. I think we have very good relationships with law enforcement, particularly in Bath, and the village police are wonderful when working with us; same as the Sheriff. I can't say enough good things about the relationship we have with law enforcement.

Mr. Crossett asked how familiar you are with what other counties are doing. Dr. Anderson stated Chemung County contracts out everything. Allegany County contracts out everything but the SPOA, the ICM and SCM.

Mr. McAllister asked would it be cheaper to contract out? Dr. Anderson stated possibly; Chemung has had to put in more money than they originally budgeted in previous years, but that was the case for most counties except Allegany County. The problem is finding a provider and I don't know, but 4 or 5 years ago I put out feelers trying to see if we could get a provider to come in; but nobody has been able to get a provider in the past 3 or 4 years. The reason being, costs are going to increase and no not-for-profit group wants to be put in a position of not having funding. Clinic restructuring done in 2010 was the first adjustment to Medicaid reimbursement in 10 years. Before that it was \$64 a visit. After restructuring, our rate went to \$160, provided we ever receive it. That's why not for profits are scared to provide the service. Even those with big reserves can't last more than a year without an increase somewhere. Discussion followed.

Dr. Anderson stated as of the end of May, the mental health programs, without having raised revenues or posting our federal salary sharing or DSS interdepartmental transfers, we were only \$140,000 off of our revenue mark. The issue is always what we can afford. I advocate for the constituency, of course, because the county has provided excellent services. If you asked me to tell you which service you could do without, I'd be hard pressed to pick one, but I would. Mr. Swackhamer stated he would like Dr. Anderson to formulate that list.

Mr. Van Etten asked so how does what we do in the budget and what the CSB decides mesh? Dr. Anderson stated if you cut \$500,000 by cutting 2 people, there is a loss in revenue. The major savings for us came in reducing staff. We saved the \$500,000 not just out of that program, but because we eliminated those 2 staff positions, plus a secretary and billing person and we didn't replace someone in the alcohol program. When you do that, you start losing revenues. The most difficult thing to understand is this business is extremely personnel driven. If I eliminate a psychologist, you will reduce the cost by \$250,000 but you will lose revenues of \$400,000. Mr. Crossett stated his issue wasn't so much the cost of the program; it was that the revenue projections weren't being met. Discussion followed.

Mr. Alger stated if we're looking for savings are there things we should be doing or areas we should be contracting out to generate that savings or have a fixed cost. I think that's where we are at with this evaluation. Because going forward we can't continue to hemorrhage.

The Committee asked Dr. Anderson to identify programs that they can contract out to have a fixed cost. Dr. Anderson stated he has looked at some of that and unfortunately, the parts that make the most sense to contract out like CDT are the least likely to be picked up privately is because they are least profitable. With health care reform coming forward, New York is behind many states in determining how they are going to provide health services when that begins. We all know, the first of October the Governor has told OASAS, OPWDD, and OMH that they will have a new system in place that will save \$18 million this year. I can't even tell you how we will be paid from Medicaid a year from now.

Mr. Alger stated that begs the question of whether or not we want to continue the program because if we aren't going to receive revenue for it, we can't do it. Mr. Swackhamer asked who would provide it? Mr. Alger stated basically what would happen is without a program, if an individual is hospitalized we pick up half the cost. If we do away with the program, we will still have costs. Mr. Swackhamer stated that's much more expensive than us providing the service. Dr. Anderson stated he is optimistic that the changes that remove OMH from the fee setting and make it more based upon expenses of what it costs to provide the services, we will be better off. OMH tends to set artificial rates. The movement to establish a behavioral health organization (BHO) begins in a couple of weeks. In New York, the state has to remain in control. That is not the case in other states. We are literally being told that we will be part of the BHO that includes the entire western region including Monroe County. Up until now, we've been left out of everything. I'm not very happy and again we have written a letter to the Commissioner of Mental Health for being linked to Monroe County. We should be linked to the Finger Lakes region instead.

Mr. Alger stated that change is coming and we need to figure out what the most cost effective approach is. Dr. Anderson stated it all hinges on how they vote on the tax cap. There is no county that can afford to keep up what they are currently doing if the tax cap is in place.

MOTION TO ADJOURN MADE BY MR. VAN ETTEN. SECONDED BY MR. SWACKHAMER. ALL BEING IN FAVOR. MOTION CARRIES 6-0.

Respectfully submitted by,



Brenda K. Mori

Clerk of the Legislature

**NEXT MEETING SCHEDULED FOR
Monday, July 11, 2011 @ 9:00 a.m.**

STEBEN COUNTY HEALTH SERVICES REVIEW COMMITTEE

Monday, July 11, 2011

9:00 a.m.

*Legislative Committee Conference Room
Steuben County Office Building
Bath, New York*

****MINUTES****

COMMITTEE: Patrick F. McAllister, Chair Joseph J. Hauryski, Vice Chair Lawrence P. Crossett
Donald B. Creath Gary D. Swackhamer Scott J. Van Etten

STAFF: Mark R. Alger Jack Wheeler Marilyn Peoples
Robert W. Anderson, Ph.D. David McCarroll Kathryn Muller
Brenda Mori Shawn Corey Nancy Smith

LEGISLATORS: K. Michael Hanna Randolph J. Weaver

ABSENT: Thomas J. Ryan

OTHERS: Mary Perham, *The Leader*

I. CALL TO ORDER

Mr. McAllister called the meeting to order at 9:00 a.m. and asked Mr. Hauryski to lead the Pledge of Allegiance.

II. APPROVAL OF MINUTES

MOTION: APPROVING THE MINUTES OF THE JUNE 13, 2011, MEETING MADE BY MR. HAURYSKI. SECONDED BY MR. VAN ETTEN. ALL BEING IN FAVOR. MOTION CARRIES 5-0. (MR. RYAN AND MR. SWACKHAMER ABSENT FOR VOTE)

III. REVIEW OF PROGRAM AREAS

A. Public Health Nursing Services

1. **CHHA Update** – Mr. Alger informed the committee that the RFP for the CHHA license is not quite done. We expect to complete that shortly and will distribute to the committee for review. This RFP is a compilation of what several other counties have done.

Mr. Van Etten asked what will be the process to review? Mr. Alger replied when you are comfortable with the RFP, we will send it out and give a reasonable timeframe for the return of proposals. It will take 30 – 60 days to do the review. We will send the RFP out in August and expect to have them in October/November. This is a long process, even when you make the decision. It takes, on average, usually close to a year or more to do the transition. If you decide to sell the license, you will enter into an interim agreement to take over the management and will still hold the license during that time.

Mr. Van Etten asked will the 2012 budget be the same as it is now? Mr. Alger replied probably. We will know where you stand as far as the RFP and what the license is worth.

B. Office of Community Services

1. **Review of Budget Categories and Year-to-Date Revenues** – Mr. Alger distributed handouts showing the comparative budget analysis by category, the program summary and the County cost analysis. He stated that last month Dr. Anderson described each program area to the committee. The alcohol program expense for the three offices was \$1.5 million. The revenue for that program looks pretty good and they routinely break

even or make money. The reason for that is because most of the individuals enrolled are in the program because something has happened. Most are motivated to make their sessions and that generates revenue.

Mr. Alger stated when you look at the mental health programs proper, beyond administration, you see the numbers are less reliable. The biggest problem, historically, is they have had problems with Medicaid billing; however, now that is in pretty good shape. Their third party insurance and Medicaid is pretty good. The biggest problem is the sliding scale which is for individuals with minimal or no insurance. We are required by the State to provide services and we do so based on income. Of late, the department's position is to provide two sessions and if the client fails to pay beyond that, to cut them off from service. That process still occupies therapists' time. It is tough to collect those back payments. This problem crosses all program areas and it is difficult to predict revenue.

Mr. Alger commented that looking at the budget categories as of May, the department is not too bad. By comparison with other years, they are getting better at predicting their revenue stream. Dr. Anderson stated that in January they brought in an additional \$368,000 which is not reflected in what you have today.

Mr. Hauryski asked on this list of programs, which ones were you referring to last month about contracting out? Mr. Alger clarified, which programs would most likely be contracted? Dr. Anderson replied the most profitable programs would be the ones that would get contracted out as nobody else wants the other ones. Because of the uncertainty of next year, interested parties really are not ready to make a proposal until they know what will happen with the BHO's (Behavioral Health Organization) in November.

Mr. Swackhamer commented that we found that with the health care facility audit, nobody knows what they will be reimbursed. Dr. Anderson stated that county operated clinics get paid more than the for-profit clinics. Allegany and Chemung have contracted their services out and the contract agencies are responsible for everything. They do not get the rate that we get because we are providing the services through the County. Our rate is \$160.00 and Allegany and Chemung are getting \$30.00 - \$40.00 less.

Mr. Alger stated the next step is to figure out how to best fix our costs. Whether that is internally or externally, that is what we are going to be facing. Going forward we will not have the ability to increase the support for these programs. Over time, resources will be drawn to other social programs because of the tax cap. That will be the challenge. We need to make costs a harder number and still deliver programs.

Mr. Van Etten stated with regard to the alcohol programs, it looks like their budget should be a wash, with regard to expenses and revenues. One thing that stands out is the expense of \$16,000 in Hornell, with a budget of \$130,000 through the first six months. How do you explain that? Dr. Anderson asked you want to know why our expenses are so low? Mr. Van Etten replied yes, and why are the revenues so low in all three alcohol clinics? Dr. Anderson explained the major issue is we have been down three staff and we don't generate revenue, but we also don't have the expenses. With the Hornell clinic, the expenses are less because the Medicaid Director is not going to the Hornell location yet. That is an allocation problem.

Mr. Van Etten stated in Mental Health Administration, you are close on expenses. Will you be low on revenue? Dr. Anderson stated we have not booked the Federal salary sharing nor have we received the second quarter OMH funding. There are two major issues with the Mental Health clinic. The first is we were down staff the first three or four months. The second issue is the billing. The State set what our billing rate is, unfortunately, CMS at the federal level has not approved the NYS Medicaid Plan for Mental Health or Alcohol. We are holding a significant portion of billing. You could bill it all and then have some rejected and rebill, or you could bill what you know you would get and hold the rest. Either way, we are getting 60 percent of what we had anticipated under the new rate which was put into place last October. OASAS started their new billing system and that has not been approved by the Federal government.

Mr. Swackhamer asked the money holding does not show up? Dr. Anderson replied not to his knowledge. Mr. Alger asked are you in a position to bill once you receive approval? Dr. Anderson replied we have been given

assurances by OMH and OASAS that the 90-day window that only NY has for billing is exempted for these particular things.

Mr. Weaver asked wouldn't it be better to bill, do the rebilling and file the 90-day exemption if you need that? Dr. Anderson replied that he didn't know. We followed the advice of OMH. There is certainly that way of doing it. Mr. Alger stated ultimately it is a Federal or State rule. If it is a State rule they can waive it. Dr. Anderson stated the 90-day is a State rule and the Federal is 2 years.

Mr. Van Etten stated the Children & Youth budget is upside down through the first six months. They are at 40 percent of their year-to-date expenses and at 25 percent of their year-to-date revenues. Is there an explanation for that? Dr. Anderson replied when we set up the budget, it is based on what is anticipated as revenue prior to October. At this point we have not been able to get a handle on what they should be. Mr. Van Etten stated there is a budget issue with regard to revenue for Children & Youth, but we don't know what it is yet. Is this a \$500,000 issue? Dr. Anderson replied no, by the time we get to the end of the year you'll find that we'll be pretty close, if not in the black with regard to the revenue as we receive a lot of revenue from the Department of Social Services. He commented that one of the things that has increased over the past two years are expenses. We have split the Children & Youth Services Coordinator position with the school grant and they provide \$80,000 of her salary, however, there are added expenses.

Mr. Swackhamer asked if they could include another column on the budget report to show expected revenues? Dr. Anderson replied yes. They will have budgeted revenue, revenue year-to-date and expected revenue. Mr. Swackhamer commented that will help when we are looking at this. Mr. McAllister asked that the budget report be revised for next month's meeting. Discussion followed.

MOTION: TO ADJOURN REGULAR SESSION AND RECONVENE IN EXECUTIVE SESSION PURSUANT TO PUBLIC OFFICERS' LAW, ARTICLE 7§ 105.1.F. THE MEDICAL, FINANCIAL, CREDIT OR EMPLOYMENT HISTORY OF A PARTICULAR PERSON OR CORPORATION, OR MATTERS LEADING TO THE APPOINTMENT, EMPLOYMENT, PROMOTION, DEMOTION, DISCIPLINE, SUSPENSION, DISMISSAL OR REMOVAL OF A PARTICULAR PERSON OR CORPORATION MADE BY MR. HAURYSKI. SECONDED BY MR. SWACKHAMER. ALL BEING IN FAVOR. MOTION CARRIES 6-0. (MR. RYAN ABSENT FOR VOTE)

MOTION: TO ADJOURN EXECUTIVE SESSION AND RECONVENE IN REGULAR SESSION MADE BY MR. CROSSETT. SECONDED BY MR. VAN ETTEN. ALL BEING IN FAVOR. MOTION CARRIES 6-0. (MR. RYAN ABSENT FOR VOTE)

MOTION: TO ADJOURN MADE BY MR. SWACKHAMER. SECONDED BY MR. VAN ETTEN. ALL BEING IN FAVOR. MOTION CARRIES 6-0. (MR. RYAN ABSENT FOR VOTE)

Respectfully Submitted by

Amanda L. Chapman
Deputy Clerk
Steuben County Legislature

**NEXT MEETING
Monday, August 8, 2011 @ 9:00 a.m.**

STEBEN COUNTY HEALTH SERVICES REVIEW COMMITTEE

Monday, August 8, 2011

9:00 a.m.

Legislative Committee Conference Room

Steuben County Office Building

Bath, New York

****MINUTES****

COMMITTEE: Joseph J. Hauryski, Vice Chair Lawrence P. Crossett Donald B. Creath
Thomas J. Ryan Gary D. Swackhamer Scott J. Van Etten

STAFF: Mark R. Alger Jack Wheeler Vicki Fuerst
Robert W. Anderson, Ph.D. Kathryn Muller David McCarroll
Nancy Smith James Gleason Shawn Corey

LEGISLATORS: Carol A. Ferratella John S. Walsh Randolph J. Weaver

ABSENT: Patrick F. McAllister, Chair

OTHERS: Mary Perham, *The Leader*

I. CALL TO ORDER

Mr. Hauryski called the meeting to order at 9:00 a.m.

II. APPROVAL OF MINUTES

MOTION: APPROVING THE MINUTES OF THE JULY 11, 2011, MEETING MADE BY MR. SWACKHAMER. SECONDED BY MR. VAN ETTEN. ALL BEING IN FAVOR. MOTION CARRIES 6-0.

III. REVIEW OF PROGRAM AREAS

A. Public Health Nursing Services

1. **Certified Home Health Care RFP Report** – Mr. Alger informed the committee that they have completed the program review. The information has been sent to Mr. Gleason and is about ready to be sent. The RFP should be finished this week and will be sent out with your approval. He explained this RFP is a compilation of RFP's done by several other counties. Mr. Swackhamer asked what will the response time be? Mrs. Fuerst replied they will have 30 days.

MOTION: AUTHORIZING THE PURCHASING DIRECTOR SEND OUT THE RFP FOR THE CERTIFIED HOME HEALTH CARE PROGRAM ONCE COMPLETED MADE BY MR. VAN ETTEN. SECONDED BY MR. CROSSETT. ALL BEING IN FAVOR. MOTION CARRIES 6-0.

B. Office of Community Services

1. **Review of Budget Categories and Year-to-Date Revenues** – Dr. Anderson distributed copies of his budget report for review. He stated that at Mr. Swackhamer's suggestion, he has included a column for anticipated revenues. After he had already put this together, he thought that he should have also included a column reflecting what we could anticipate if the CMS approves the NYS Medicaid Plan. If they approve that plan, he anticipates they have the potential to receive \$250,000. It will all depend on when they approve the plan. Mr. Alger commented theoretically, that would offset the increase in costs.

Dr. Anderson stated the other thing that will offset the increase in costs is changing those CDT clients that only come in for injections and billing them through the Clinic. With CDT, the clients have to be there a certain number of hours in order for us to bill for them under CDT. With the clinic, we can bill them on a per visit basis. That does not negate CDT

as we still are providing them with services, but we would be billing them through the clinic at a higher rate and would get more money. Mr. Swackhamer asked do you have any idea of what that might be? Dr. Anderson replied on an annual basis it might be \$60,000.

Mr. Creath stated that looking at your numbers, the bottom line is that you are about at break even. Dr. Anderson stated we think we are very close. He would also say that we do not know what the Mental Hygiene Law will bring by the end of the year.

Mr. Van Etten asked can you explain why the line item for Child Mental Health shows such a drastic difference between what you projected for end of year versus what was budgeted? Dr. Anderson replied the rules changed with Medicaid. It used to be that you could bill for collaterals as a separate session. For example, if you came in with your child, I would meet with you for a half hour and with the child for a half hour and could bill for both. Now, Medicaid has put restrictions on that. We are also down on staff. In addition, we also tried to be more accurate with our cost increases. With the line items for Substance Abuse, you see significant swings from last year to this year.

Mr. Van Etten asked based on this, where are you headed with your budget recommendations for next year? Dr. Anderson replied we will not be asking for any increases. Mr. Van Etten asked is that because you are shifting things to more accurately reflect expenses and revenues? Dr. Anderson replied yes. There are two Medicaid amendments that would represent significant amounts of money if the changes go through, and that would benefit us. On October 1, 2011, they are looking to start the Behavioral Health Organizations (BHO). In New York State we have a billing window of 90 days for Administration. For other states, they have a two-year window.

Mrs. Ferratella asked what part of the budget is rent for your building in Bath? Dr. Anderson replied roughly \$228,000 is for the rent of the Bath office.

Mr. Van Etten asked why, when you look at Substance Abuse, is the Bath office making money, but the Corning and Hornell offices are losing money? Dr. Anderson replied that is due to the way we allocate costs. With the Corning office in particular, for the past six to eight months, we have been down two staff. The cost to the County is the same whether an individual goes to Bath, Corning or Hornell. The State Fiscal Reporting Office makes us report each cost for each location. He stated that he is not really sure why they do that. If we rolled all three offices together, it would pretty much be a wash. Dr. Anderson commented it used to be that we would provide some Medicaid transportation. The amount we pay in transportation now is very small.

Mr. Creath asked does the lack of transportation discourage some of the client's from coming in? Dr. Anderson replied that he is sure that it does. Mr. Creath asked have you looked at the alternative of consolidating Substance Abuse Services in Bath and shutting down the Corning and Hornell offices? Dr. Anderson replied they have looked at that. It would be possible in Hornell as there is another outpatient provider there. There is not another outpatient provider in Corning. For people with substance abuse issues, transportation is a challenge as they typically don't have a driver's license. Dr. Anderson stated his concern is if you close Corning and Hornell, there are a lot of people that would have a ready-made excuse to not participate in treatment.

Mr. Ryan asked would any of your clients in substance abuse qualify for services at the VA? Dr. Anderson replied very few. We have a lot of people in the community that utilize the VA's detox services at Loyola.

Mr. Hauryski asked for the committee's thoughts on what the next steps should be.

Mr. Crossett stated that we need to continue to monitor their revenues. Dr. Anderson stated he will include a column for what they are anticipating with the clinic restructuring. Mr. Van Etten commented that with the monitoring, we are reacting.

Mr. Alger stated the other question is what will happen when the BHO's become the parent of the clinics. We are not really sure how this will work and that will have an impact on our bottom line. Dr. Anderson stated we really won't know for at least one year. They will appoint the BHO's on October 1, 2011. Then there will be a two year transition into health care reform. During that time there will be monitoring of the BHO's. Once the two year period is over and the

transition occurs, the BHO's will have a lot more authority and a lot of autonomy. The individual counties will contract with the different insurers/payors.

Mr. Alger asked do you know what the required interaction will be between us and an organization like that? They have talked about having one BHO for Western New York. It will not be like you will have a BHO here. It is likely to be located in Buffalo. He stated that he would think there would be a significant change operationally. Dr. Anderson stated they have started making overtures and they will start determining what kinds of services can be offered, for how long and at what rate of pay. If we can get the same rates as they will give to Rochester or Buffalo we would be okay. They will probably look at the surrounding counties and say that we don't need that much. There will be a level of electronic interaction with regard to billing and prior approval for services.

Dr. Anderson informed the committee that their nurses spend four hours each week just getting prior approvals for medications. We have five nurses and that is a lot of wasted time and he can only imagine how that will increase. Mr. Weaver stated part of the problem is the prescribers are writing medications off the formulary. These are newer, expensive medications. The prescribers may need to be reined in a bit and encouraged to prescribe less expensive medications. Dr. Anderson stated that our psychiatrists don't prescribe a lot of medications that are expensive. There is pressure from the hospitals and other places to prescribe the high cost medications. However, there has been success with certain medications and now Medicaid decided those are no longer cost effective and want you to change them. The other thing we try to do is stay away from those medications that have side effects such as weight gain. Approximately 60 percent of individuals with behavioral health diagnoses are obese and 40 percent are diabetic and a large part of that is caused by the medications. We really are very careful with that.

Mr. Alger stated the interaction between the clinic and the new organizations will be the new organizations directing and approving rates. They also will be more intimately involved in the patient treatment process. Dr. Anderson stated that he thinks that will happen. In the past, OMH has certified the programs and made sure that everyone met the standards and provided legitimate treatment. Mr. Alger asked have you talked about how that will play out with regard to open access to the system? Typically a patient, regardless of ability to pay, has access to the system. How are the behavioral health organizations going to affect that? We are concerned about the bottom line. Dr. Anderson replied that his counterparts are of the opinion that healthcare reform will provide everyone with insurance that we will be able to bill. You still have to have insurance and all of the insurances will now have added mental health as the same benefit as primary care. They are billing on the fact that there will be very few people that don't have some form of insurance. He stated that right now, he would bet that our self pay is probably about 15 percent of our clientele with 62 percent Medicaid, 4 or 5 percent Medicare and 15 percent third party insurance.

Mr. Swackhamer asked when does this take effect? Dr. Anderson replied the BHO's will start October 1, 2011. Mr. Creath asked how does this relate to the Department of Health? Mr. Alger asked will they pick the organizations? Dr. Anderson replied that theoretically, they are letting OMH and OASAS have some say. Mr. Creath commented that since the State is in flux we should not make any major decisions now and just go with the flow.

Dr. Anderson stated the County cannot keep making up the difference between what the State and Federal governments won't give behavior health while at the same time mandating what we need to do. At some level the County has to draw a line in the sand. He stated that he thinks we need to look at where we can cut without losing more revenues and look at ways to do the delivery system differently. There is research coming out and now everybody, meaning OMH and OASAS, is being forced into using evidence based practices. They are moving more toward prevention and episodic treatment. Unlike primary physicians who can keep patient files open, we are not allowed to keep cases open indefinitely. Mr. Crossett asked how long can they stay open? Dr. Anderson replied they can remain open for 60 days and if they are not active, then they are supposed to be closed.

Mr. Hauryski asked Mr. Alger for his recommendations on the next steps. Mr. Alger stated that we need to continue to follow the budget. In addition we need to watch and see what happens with these new behavioral health organizations. We have to continue to look for ways to fix our costs. He stated that to him, that is the only thing you can do long-term. We need to pick a budget number and live within that. He doesn't see how we can fund an escalation.

Mr. Van Etten asked what about privatization? Dr. Anderson replied we have looked at it. That is always an option. You will have agencies that will come in and cherry pick which programs they want to take. Mr. Van Etten asked are there other counties that have gone private? Mr. Alger replied sure, you will find a big mix. Mr. Van Etten asked can we get a benchmark against some of them? Dr. Anderson stated that he has a fair amount of that information available.

Mr. Crossett stated Chemung County contracts out their services. Have there been any increases in their budget? Dr. Anderson replied not in the last six or seven years. During the 1990's they did have some problems and had to fund Family Services, who provides their mental health services, but believes that since then they have been really neutral. Mr. Crossett commented you could do that without County participation. Dr. Anderson stated that Allegany County also contracts out their services, however, they have high staff turnover and the staff don't get raises. They make about 65 – 70 percent of what we pay here. You will not find any ungrateful employees in mental health because they are paid a fair wage for a fair job. The fact is that wages increase whether or not profit increases. If you could have the County system so that the pay went up in accordance with what the market could bear, then you wouldn't have this problem.

Mr. Swackhamer asked if you privatize, what will happen to the programs that nobody wants? Dr. Anderson replied they would have to take them. If you did an RFP, you would include those programs. There are at least two not-for-profits who are interested in looking; however, they will not look until we know what will happen with the BHO's. Mr. Swackhamer commented no matter what we look at, everything is up in the air because we don't know what the payment from the government will be or what will happen with the BHO's. We won't know anything until the State tells us what they are going to do.

Dr. Anderson stated over the last two years we have been able to be more concrete with our levels and more accurate. A lot of that has to do with our collaboration with the Department of Social Services. Prior to two years ago, we were not getting paid for services that we were providing, but now the Department of Social Services has found ways for us to get paid. Also, up until three or four years ago, the services we provided to the Jail were at the County's cost. The Jail now makes actual transfers to us and that makes our budget look better. There are ways that we have tried to collaborate with other departments that have improved what we have been able to provide.

Ms. Muller commented if you look at privatization that will affect my department. We will not be able to call and get appointments like we can do today. They will not take Medicaid and that will drive up costs for the Department of Social Services. She commented that is her growing concern. Dr. Anderson stated it all depends on who is coming in. A not-for-profit will take Medicaid. With the clinic restructuring, the County would get \$160.00 per unit. A not-for-profit will get \$125.00 - \$130.00 per unit. The not-for-profit has to come in and look at that and realize they will be paid less to do the same thing. Mr. Crossett commented their cost is not as much. Mr. Alger stated they don't have all of the overhead costs.

Dr. Anderson stated there is also the justification that the county clinics provide more than the not-for-profits in the county, even if they are the sole provider. If the judges, Probation or the Department of Social Services call up and ask us to see somebody, we will work them in. The not-for-profit in Allegany County is more likely to say that they would have an appointment in three weeks, for example. There is a difference in qualitative and quantitative services. Part of that is the salary and benefits.

Mr. Alger asked if a not-for-profit were to come in and we were to fund them and provide them \$1 million in support, why can't we tell them when the appointment for a client would be? Dr. Anderson replied that he thinks you can in today's climate. He is not sure what you will be able to do in the future.

Mr. Van Etten commented that he thinks we are still trying to keep a Cadillac when maybe a Chevrolet would work. He stated that he thinks we are at a point where we cannot afford the Cadillac anymore. Dr. Anderson commented the other side of that is if you don't get the Cadillac, you are still paying for people to receive those services. That is why it is such a balancing act.

Mr. Alger stated we will continue to monitor what will happen with the BHO's. Mr. Hauryski asked that Dr. Anderson continue to keep track of revenues. Discussion followed.

IV. OTHER BUSINESS

A. Administrator

MOTION: TO ADJOURN REGULAR SESSION AND RECONVENE IN EXECUTIVE SESSION PURSUANT TO PUBLIC OFFICERS' LAW, ARTICLE 7§ 105.1F. THE MEDICAL, FINANCIAL, CREDIT OR EMPLOYMENT HISTORY OF A PARTICULAR PERSON OR CORPORATION, OR MATTERS LEADING TO THE APPOINTMENT, EMPLOYMENT, PROMOTION, DEMOTION, DISCIPLINE, SUSPENSION, DISMISSAL OR REMOVAL OF A PARTICULAR PERSON OR CORPORATION MADE BY MR. VAN ETTEN. SECONDED BY MR. SWACKHAMER. ALL BEING IN FAVOR. MOTION CARRIES 6-0.

MOTION: TO ADJOURN EXECUTIVE SESSION AND RECONVENE IN REGULAR SESSION MADE BY MR. RYAN. SECONDED BY MR. CROSSETT. ALL BEING IN FAVOR. MOTION CARRIES 6-0.

MOTION: TO ADJOURN MADE BY MR. SWACKHAMER. SECONDED BY MR. VAN ETTEN. ALL BEING IN FAVOR. MOTION CARRIES 6-0.

Respectfully Submitted by

Amanda L. Chapman
Deputy Clerk
Steuben County Legislature

**NEXT MEETING
Monday, September 12, 2011 @ 9:00 a.m.**

HEALTH SERVICES REVIEW COMMITTEE

Monday, September 12, 2011

9:00 a.m.

Legislative Conference Room
Steuben County Office Building
Bath, New York

****MINUTES****

COMMITTEE:	Patrick F. McAllister, Chair Thomas J. Ryan	Joseph J. Hauryski, Vice Chair	Lawrence P. Crossett
STAFF:	Mark R. Alger Robert W. Anderson, Ph.D. Brenda Mori	Vicki Fuerst Hank Chapman, Psy.D. Shawn Corey	David McCarroll Nancy Smith
LEGISLATORS:	Carol A. Ferratella	John S. Walsh	Randolph J. Weaver
ABSENT:	Donald B. Creath	Gary D. Swackhamer	Scott J. Van Etten
OTHERS:	Mary Perham, <i>The Leader</i>		

I. CALL TO ORDER

Mr. Hauryski called the meeting to order at 9:00 a.m.

II. OLD BUSINESS

A. Public Health Nursing Service

1. **Status on RFP** – Mr. Alger informed the committee that the RFP for home health care is out. We had a pre-proposal conference with potential vendors, which was not mandatory. Three vendors showed up. We expect to get proposals and those are due next week. Once the proposals are received, staff will review them and we will go from there.

Mr. Hauryski commented that Yates County sold their license for \$800,000. Mr. Weaver asked how do we compare to counties of similar size? Mr. Alger replied in looking around at other counties, that is a really good price for Yates. Allegany a few years back sold their license for \$1 million. The price for the various counties may have something to do with their proximity to Rochester, Buffalo and Syracuse. What we will get is debatable.

Mr. Hauryski asked what is the next step? Mr. Alger replied the next step is to determine which committee will have jurisdiction; whether it will be this committee or Human Services, Health & Education. Ultimately, there will be a recommendation from staff to a committee and then to the Board.

Mr. Ryan stated that he would like to see a review of how Allegany County is working to see if the people there are continuing to be taken care of. Mr. Alger stated we can get information from other counties. This is not something new and we are on the tail end of this process. We are a big and rural county and that does make a difference.

Mr. Crossett stated that Yates County's projections for losses were a lot higher than ours. Mr. Alger explained we have operated our program differently than other counties as we have not maintained staff. One of the things that has driven counties from the business is the overhead costs for staff. We've been contracting with outside agencies and we have been very effective in maintaining cost control, so we haven't had the losses that other counties have. That makes a big difference. In many ways, the non-profits providing the services are the same people doing it, just under somebody else. You just have a different organization administering the program. The

biggest question is if the rural areas they will be served and that is a question we will want to ask. Mr. Alger stated that he thinks we should interview vendors that submit proposals. Mr. Hauryski asked can we get the report from Allegany County at the time that we review these proposals? Mr. Alger replied we can get that information pretty quickly.

B. Office of Community Services

1. **Update** – Dr. Anderson distributed a budget handout showing where their budget will be based on the projected revenue from the State. They received new figures last week and as of Friday, these budget figures are accurate. He also included a summary by department. Our 2012 county cost will be \$1,465 less than in 2011. If we come in the way everything is scheduled, we will be about \$48,000 over budget in 2011. For 2012, we have been told that we will get the uncompensated care funding.

Mr. Crossett asked the figures for the 2010 budget, are those actual? Dr. Anderson replied they are actual. In 2010 we had the COPS payback. They originally billed us \$1,500 and we were able to get that down to \$750. In 2010, the County cost was \$750,000 more than the originally budgeted \$1,076,926. Dr. Anderson explained they also are showing a \$101,000 decrease from the interdepartmental transfer from the Department of Social Services and that is because that is based on what we have actually received this year.

Mr. Crossett commented that he thought we would get more in Medicaid. Dr. Anderson replied you would think that. We are getting more per billable unit, but less billable units. We still are providing some services that Medicaid is no longer paying for. Mr. Crossett asked do we still have to provide those services? Dr. Anderson replied that is a clinical call. To not provide those services seems to put people more at risk of being hospitalized. Mr. Crossett asked does Medicaid have clinical reasons for why they are not paying for certain services? Dr. Anderson replied with case management, the State, up until last year, allowed us to do all kinds of things with case management. The Federal rules were not the same as the State and they missed them for the first 15 years, and now are saying they will not pay.

Dr. Chapman asked could part of what contributed to the decreased amount be because the Federal Government has not approved the clinic restructuring fees yet even though the State has? We never received a timeframe for approval. Dr. Anderson stated that particularly in 2011, Ms. Monroe allowed for that. We have a legacy payment and we estimated our revenues as half that. Mr. Crossett commented that he doesn't want them to overestimate their revenue as they have done in the past.

2. **Future Action** – Dr. Anderson informed the committee that after speaking to Mr. Alger last week, they have opted not to consider being a health home under the new health care reform act. Dr. Chapman attended a meeting of providers from area counties and the Rural Health Network (SAY2) will be meeting about this next week. Mr. Alger commented there would be no way for us to afford to run it in-house. Dr. Anderson stated there would be a cost for us to provide the administrative overhead and at that time we still did not have the reimbursement rates from the State. In addition, the State also has not yet told us who or where the Behavioral Health Organizations are yet. Mr. Alger commented it is good that the Rural Health Network is holding a meeting to discuss this. They should find some not-for-profit organization to organize the direction of leadership for the future. Dr. Anderson stated there is nothing that says that a health home has to be local. Dr. Chapman stated that at the meeting he attended, AIM was interested in helping any agencies that want to be a health home. There were a lot of people at the meeting representing numerous organizations and nobody had any interest except for Chemung County. The health homes will be regional. Dr. Anderson stated you won't know the region until after everything is said and done. Discussion followed.

IV. REVIEW OF PROGRAM AREAS

A. Health Care Facility

1. **Report on Actual Revenue and Expense** – Mr. Alger distributed a handout showing a summary of the actual revenues and expenses for 2006, 2007, 2008, 2009 and 2010. Generally staff and benefits are driving the costs at the facility. This is a people business and staff is the largest cost. Since 2008 we have seen significant increases in retirement costs every year. Total revenues were up 7 percent, but the costs were a lot more.

Mr. Weaver asked with regard to the physical therapy line item, is that due to the opening of the outpatient unit? Mr. Alger replied yes, that is where you have increased staff and time. You have added costs, but there is also a great deal more revenue as well. Mr. Alger stated we received the IGT payments in 2007 and 2008, however, we did not receive that in 2009 or 2010.

Mr. McAllister asked what about the money in the reserve? Mr. Alger stated we are hoping to replenish that with the money we receive from the IGT. That will save you from having to put general fund money into the Health Care Facility. At this point they are looking at reimbursement based on the percent of Medicaid during the year in which it was to be provided. We are expecting the enhanced reimbursement for the year based on the date of service. We will see how that turns out. That will lower the amount of the match that we have to put in. With the enhanced reimbursement, the Federal Government was as high as 70 percent at one point. Mr. Alger explained we will put the IGT back into the Health Care Facility reserve and then they will have more cash. The IGT consists of local county Medicaid dollars and Federal dollars. Normally the match is dollar for dollar. Now our contribution will be a little less.

Mr. Hauryski asked how long can the facility operate on that? Mr. Alger replied he would guess a couple of years. The IGT will be \$3.2 million and your deficit has been \$2.4 million. The IGT is also expected to continue and that will help reduce the deficit. The Health Care Facility has operated on a deficit for a long time.

Mr. Crossett commented in the past we contributed \$300,000 - \$400,000 each year. Mr. Alger stated historically they had a county cost. The county contribution now is the overhead costs. That doesn't give them any cash. In years past, we used to put cash into the facility, but we haven't done that in years. With the IGT, they will be okay for a couple more years.

Mr. Hauryski stated that he is encouraged by the numbers and hopes we continue to see the facility staying somewhat even. It is a beautiful facility and he would hate to see us in a financial position where we would have to do something. Mr. Alger stated a consultant came in recently and worked with the staff on documentation and billing and showed that significant revenues were being increased. We are receiving \$1.2 million more in revenue for things you are already doing. It is always a balancing act. The facility was constructed with the intent that the 25-bed unit would be used primarily for rehabilitation, but you have to find the balance. The facility has done a good job balancing the rehabilitation availability with keeping their count up in the facility. They are trying to keep occupancy up at 95 percent each month. Discussion followed.

V. OTHER BUSINESS

1. **Office of Community Services** – Mr. Hauryski stated that with regard to Community Services, he doesn't know if there is any way to look at this to help the budget. We have talked about fixing our costs. He stated that he didn't hear anything today about fixing costs. Is that what the health home is? In addition, we are spending \$500,000 just in rent for the facilities we have for them. We have to also pay to fix the roof, water pipes, carpeting, etc. That is quite a rental agreement. Mr. Alger commented with the rental agreement you are paying for everything.

Mr. Hauryski stated that he is concerned that we still can't get our arms around all of that with what we are facing with our budget. Mr. Crossett stated at the last meeting we talked about hiring a consultant to look at this department. They could look at the numbers and business aspects to see if we can increase revenues.

Mr. Ryan stated maybe someone from the outside has to look at the program and give us their opinions from a different perspective. The department has a biased opinion and an outside party could determine what programs can be cut. Mr. Hauryski commented or they can look at how we can fix our costs. He stated that he doesn't like the waffling all the time.

Mr. Alger stated we could explore getting a consultant to look at findings. The real concern now is the difficulty with the revenues being up in the air. The State has applied for new approval for the rates. We are getting the old revenue. Many counties do contract these services out. Mr. Hauryski stated we talked about that last time. Mr. Crossett stated if you do decide to contract out, you don't want to let them cherry pick. Ms. Fuerst commented you may find some interest from the local hospitals as well.

Mr. Alger stated we need to fix the costs and it needs to be a hard number. Mr. Crossett stated you can fix it in the budget and if the budget is not reality, then you pay anyway. Mr. Alger stated we would have to monitor it. Mr. McAllister asked how do you do that until you know what the rates will be? Mr. Alger replied historically the State changes the rates all the time. The rates are not that predictable. They are looking at changing the way they reimburse. That has been the problem with the revenue stream. If we knew that the Federal government approved the new rate system, it would help; but at this point we are budgeting for partial revenue. That is part of the problem.

Mr. McAllister asked do we wait or move ahead? Mr. Alger replied he doesn't think you should count on the additional reimbursement. We need to look at what you are actually receiving. Mr. McAllister asked now do we get a consultant? Mr. Alger replied it would be helpful to have someone help us understand the new system that they are putting in place and how that works with this. That would be the best thing to do.

Mr. Crossett asked what is the status of hiring a new director? Mr. Alger replied we are still interviewing. We hope within the next month to have a recommendation. Until you know what will happen with the health homes and local groups, you are in the dark. It may be useful for us if Dr. Anderson can find somebody to come and help us determine what makes sense. We need to know what will happen with the outside organizations. We also need to know where the health homes and BHO's are located here. Discussion followed.

2. **October Meeting Date** – Due to the Columbus Day Holiday, the October meeting has been scheduled for Monday, October 3, 2011 at 1:00 p.m.

MOTION: TO ADJOURN MADE BY MR. HAURYSKI. SECONDED BY MR. RYAN. ALL BEING IN FAVOR. MOTION CARRIES 4-0.

Respectfully Submitted by

Amanda L. Chapman
Deputy Clerk
Steuben County Legislature

NEXT MEETING

****PLEASE NOTE CHANGE**Monday, October 3, 2011 @ 1:00 p.m.**PLEASE NOTE CHANGE****

HEALTH SERVICES REVIEW COMMITTEE

Monday, October 3, 2011
1:00 p.m.
Legislative Committee Room
Steuben County Office Building
Bath, New York

****MINUTES****

COMMITTEE: Patrick F. McAllister, Chair Joseph J. Hauryski, Vice Chair Thomas J. Ryan
Gary D. Swackhamer

STAFF: Mark R. Alger Jack Wheeler Vicki Fuerst
Chris Congdon Robert W. Anderson, Ph.D. Hank Chapman, Psy.D.
David McCarroll Stacy Lee Pat Donnelly
Jim Gleason Shawn Corey Tammy Hurd-Harvey
Brenda Mori Nancy Smith

LEGISLATORS: Carol A. Ferratella Christopher G. Quinlan Randolph J. Weaver

ABSENT: Donald B. Creath Lawrence P. Crossett Scott J. Van Etten

OTHERS: Mary Perham, *The Leader*

I. CALL TO ORDER

Mr. McAllister called the meeting to order at 1:00 p.m. and asked Mr. Hauryski to lead the Pledge of Allegiance.

II. APPROVAL OF MINUTES

MOTION: APPROVING THE MINUTES FROM THE AUGUST 8, 2011, AND SEPTEMBER 12, 2011, MEETINGS MADE BY MR. RYAN. SECONDED BY MR. HAURYSKI. ALL BEING IN FAVOR. MOTION CARRIES 4-0.

III. OLD BUSINESS

A. Public Health & Nursing Services

1. **CHHA RFP** – Mr. Alger stated we have received proposals on the CHHA and staff is currently in the process of reviewing those proposals. We have three separate firms who submitted proposals and once we look through them, we will come back to the Human Services, Health & Education Committee with a recommendation. Mr. Alger stated they expect to try and conduct interviews within the next few weeks and anticipates having a recommendation in November or December.

B. Office of Community Services

1. **RFP for Services** – Mr. Alger stated that Chairman Hauryski had asked that this be placed on the agenda for discussion.

Mr. Hauryski stated that after last month's meeting, he asked that this item be placed on the agenda. This will be similar to what we have done with the CHHA. He stated that he feels this is part of our due diligence. He doesn't want to put anyone in fear of what will happen, but part of our responsibility is to see what we are spending and what the program is costing us. He is recommending doing an RFP just to see what is out there in the market. This is nothing more than that. From there, as representatives, we can look at that information and decide what might be best. Because of our situation with our budget and the tax cap, he has said from the very beginning that everything needs to be on the table, and this is no different.

Mr. Swackhamer asked what part of the department are you looking at? Mr. Hauryski replied this RFP will be for the entire department. We will see what the marketplace would be willing to offer us if we decided to privatize.

Mr. McAllister asked would you do the entire thing or components? Mr. Alger replied since he knew this was going to be on the agenda, he has been thinking about this. He doesn't know the best approach to doing this. Obviously we have components that are clearly defined in the budget. He would expect that we would want to categorize this in some fashion.

Mr. Hauryski asked have other counties done something similar to this? Mr. Alger replied that he doesn't know of that many that have done an RFP for all services. Some have done RFP's for parts of their programs. Dr. Anderson commented there are some things you can do and some things that you cannot. Obviously Allegany, Chemung and Wyoming contracted all their services out. With Allegany County, they contracted all their services out, but when they brought in SPOA, they did keep that to help them monitor costs. Chemung County does the same kind of thing; they have Family Services do their mental health and Livingston County Council on Alcoholism provides their addiction services.

Mr. Hauryski stated it is not like this is something brand new or off the wall. This is part of our due diligence. Mr. Ryan asked if they come back with a price, what are you looking at? Mr. Hauryski replied that will be up to the committee and the Legislature to decide what it is worth.

Mr. Swackhamer commented this is not something that will get done this year. He stated that his only concern is that we have looked over a lot of information and not acted on anything. We looked at the Health Care Facility and Public Health Nursing Services. We should look at A, B and C before we go onto D. Why are we loading up on the other end at this point when we know we can't get into anything until next year anyway? We still have old business such as the old Health Care Facility that we haven't made a decision on.

Mr. Hauryski stated with regard to the old Health Care Facility, it isn't going anywhere and it is not costing us anything. Mr. Swackhamer stated you can't say that. We have a cost to tear it down and a cost to build a new one. Why are we here? Mr. McAllister replied we wanted to find out information about each area first and then prioritize which of those you want to eliminate or sell. Mr. Hauryski stated the purpose of this committee is to look at each area. We have done the CHHA and now we are at the Office of Community Services. We have had two to three meetings already regarding this department.

Mr. McAllister commented that he took what Mr. Swackhamer meant as deciding what we have covered already and look at the whole picture first and then prioritize. Mr. Hauryski stated that he doesn't want to jump the gun here. We have talked about this for two or three months now. He is just putting this out there for this department. How much can the market sustain? Does it save the County money or not?

Mr. Swackhamer asked is our charge to take every department in the County and look at them before we make any decisions? Mr. Hauryski replied this is the Health Services Review Committee and the charge of this committee is to look at Public Health Nursing, Mental Health and the Health Care Facility and old Health Care Facility. That's it.

Mrs. Ferratella commented that she is thinking that in order to get the full picture, you have to look at that proposal and see what will work out best for the County. It doesn't mean we go ahead and do it. Discussion followed.

MOTION: AUTHORIZING THE ISSUANCE OF AN RFP FOR SERVICES PROVIDED BY THE OFFICE OF COMMUNITY SERVICES MADE BY MR. McALLISTER. SECONDED BY MR. HAURYSKI. ALL BEING IN FAVOR. MOTION CARRIES 4-0.

IV. REVIEW OF PROGRAM AREAS

A. *Old Health Care Facility* – Mr. Ryan commented that his opinion is we are not doing anything to tear it down. He doesn't see government shrinking in any way, shape or form. If we are going to spend money and spend it wisely, we should concentrate on putting as many people in one building as we can, improve it and use it.

Mr. Swackhamer asked are you willing to continue to put money into a building when you don't know what the square foot cost of a new building will be?

Mr. Hauryski stated we are paying \$400,000 per year to one realtor for the Old Hotel Wagner facility as well as facilities in Corning and Hornell. He stated that he would like to take that \$400,000 and invest it in the old Health Care Facility before he would do anything else. It doesn't make economic sense to be paying that for rent.

Mr. Weaver stated with regard to the old Health Care Facility and the way it is designed, that would not be an efficient use of the space. That is the issue, but he understands what Mr. Hauryski is saying. Mr. Swackhamer stated if you are looking at efficiency, a new building would save you money.

Mr. Hauryski stated finding the money to tear it down and finding the money to build new; that is off in the future. He stated that he doesn't see us being able to afford to do this. Mr. Swackhamer stated there is no way you can close the mental health satellite offices. The clients won't be able to make it to Bath. It is too big of a County. Why bring up that \$400,000 when you will have to continue to spend that in order to provide services to the people of Hornell and Corning?

Mr. Alger stated we have discussed the old Health Care Facility for quite a while. We did a study on the reuse of the facility and also looked at the cost to tear it down. At this point, it is not costing us that much to keep it where it is. We have to pay to heat it in the winter and also have put some money into maintaining it. Either decision, to tear it down or to build new, will cost you more money than we are spending currently. At the very least, if you tear it down, you will have to build something for the Elections machines and Records. That will require significant capital money. Right now no one wants to budget for that. He stated that his conclusion is to maintain the facility as best we can. We can make some incremental improvements without a lot of capital expense. In the near term, that is what we probably will need to do.

Mr. Swackhamer stated that is a good idea but, as we all know, the longer you put it off, the more it will cost you. The price of a new building, if you decide to do it, goes up. We already have invested money in the old building by putting a new roof on it. Mr. Alger stated the last time we did this we were one vote away from doing the renovation of the building. At that point, we had a change in the Legislature and went back to square one. We had reviewed proposals and at that time the decision was to hold onto it and we have. Mr. Swackhamer stated we also continue to talk about tearing it down. Mr. Alger explained, when we put the roof on the building, the decision was to keep the building and we invested in the roof. Since then we have had numerous changes in the Legislature and that is what has recycled this discussion.

Mr. Swackhamer stated he has been through this with his own business and went through and projected it out and saw that building new would have efficiencies that would make up the difference in the cost. He stated that his recommendation is to get new figures.

Mrs. Ferratella stated when we took a tour of the old Health Care Facility, the first floor had been renovated. Was that done by the Mobile Work crew? Mr. Alger replied they did some of the work such as the cleaning and painting. We did contract out for the flooring. Mrs. Ferratella commented that since we are not tearing the building down immediately, we could have the Mobile Work crew work on some of the renovations and see if the building would be suitable to use. Mr. Weaver commented that he thinks the work would be beyond their scope.

Mr. Alger stated we were able to put the first floor back together. The next step, if we continue to use and keep the building, is to look at the systems. The heating, electrical, plumbing and HVAC systems would need to be taken out and redone. That would be beyond the scope of the Mobile Work crew. That is why its gets expensive.

Mr. Quinlan commented it would be a semi-demolition. Are you looking to go out for an RFP? Mr. Weaver stated Labella had done estimates. Those figures were from at least two years ago. Mr. Quinlan commented with the current layout it would not be efficient to use. Mr. Alger replied no. Mr. Quinlan stated that until something shakes out with the

budget, there is no harm in maintaining it for now. Mr. Hauryski stated that if we had loads of money, he would agree with Mr. Swackhamer. Mr. Swackhamer stated the cost for a new building will be at least 15 – 20 percent higher than the estimate we got a couple of years ago. Discussion followed.

B. *CHHA RFP* – Mr. Ryan asked have we heard any discussion related to the provision of services in Allegany County since they sold their license? Mr. Alger replied the Allegany County Health Director is happy with the provision of services since they sold their license. We felt we would want to do additional investigation and talk to other organizations in Allegany County to see what that situation is. They were in a bit of a different circumstance than we are. The transition they went through was different than what we would have.

C. *Budget Reports – Office of Community Services* – Dr. Anderson distributed copies of the budget reports the committee had asked for at the conclusion of last month’s meeting. They have included a column showing the projected income revenue should clinic restructuring come about. In reviewing this he asked the committee to bear in mind that as always, these figures do not include the costs for the Mental Hygiene Law as those are unpredictable. We have \$20,000 in that line item, but he would guarantee that it will be more than that.

Mr. Alger asked does this compare 2011 to 2012? Dr. Anderson replied this is just 2011. The 2012 figures that we submitted shows less expenses going into 2012 so the County cost would be reduced. Mr. Swackhamer asked how much would it be reduced? Mr. Alger replied \$70,000 - \$80,000. Dr. Anderson stated they were trying to hit \$750,000 for 2012. Mr. Swackhamer asked are the reimbursements up in the air? Dr. Anderson replied the reimbursements are anticipated at 90 percent, but there are no guarantees. Dr. Chapman commented that the reimbursements for clinic restructuring will be up in the air. We have been led to believe that it will be passed, but we have been waiting since last October.

Mr. Swackhamer asked with regard to the Hornell office, would there be enough room in the building holding Public Health Nursing to move them into that? Dr. Anderson replied we currently have 6,000 square feet at our Hornell office. Mr. Alger stated there would not be enough room. Mr. Swackhamer asked if there is room on the lot, could we build on? Mr. Alger replied there is room on the lot. We had thought about that when we bought the property. Dr. Anderson stated even if you move the department there, you will charge me rent and it will exceed what we are currently paying. Discussion followed.

MOTION: TO ADJOURN MADE BY MR. RYAN. SECONDED BY MR. SWACKHAMER. ALL BEING IN FAVOR. MOTION CARRIES 4-0.

Respectfully Submitted by

Amanda L. Chapman
Deputy Clerk
Steuben County Legislature

NEXT MEETING

****PLEASE NOTE CHANGE**Monday, November 7, 2011 @ 1:00 p.m.**PLEASE NOTE CHANGE****

STEBEN COUNTY HEALTH SERVICES REVIEW COMMITTEE

Monday, November 7, 2011

1:00 p.m.

*Legislative Conference Room
Steuben County Office Building
Bath, New York*

****MINUTES****

COMMITTEE:	Patrick F. McAllister, Chair Gary D. Swackhamer	Joseph J. Hauryski, Vice Chair Thomas J. Ryan	Lawrence P. Crossett
STAFF:	Mark R. Alger Robert W. Anderson, Ph.D. Stacey Lee	Vicki Fuerst Hank Chapman, Psy.D. Tammy Hurd-Harvey	Chris Congdon David McCarroll Nancy Smith
LEGISLATORS:	Carol A. Ferratella	Randolph J. Weaver	
OTHERS:	Mary Perham, <i>The Leader</i>		
ABSENT:	Donald B. Creath	Scott J. Van Etten	

I. CALL TO ORDER

Mr. McAllister called the meeting to order at 1:00 p.m. and asked Mr. Weaver to lead the Pledge of Allegiance.

II. APPROVAL OF MINUTES

MOTION: APPROVING THE MINUTES OF THE OCTOBER 3, 2011, MEETING MADE BY MR. HAURYSKI. SECONDED BY MR. RYAN. ALL BEING IN FAVOR. MOTION CARRIES 4-0. (MR. SWACKHAMER ABSENT FOR VOTE)

III. OLD BUSINESS

A. Public Health & Nursing Services

1. **CHHA RFP** – Mr. Alger informed the committee that we have received RFP's and have interviews scheduled for Tuesday, November 15, 2011. Once we conduct the interviews, the group will make a recommendation to the Human Services, Health & Education Committee and then ultimately to the Full Legislature.

B. Office of Community Services

1. **RFP for Services** – Mr. Alger stated we are trying to identify RFP's that have recently been done in other counties. He stated that he has requested copies from a couple of different counties, including Lewis County.

IV. REVIEW OF PROGRAM AREAS

A. New Health Care Facility

1. **Review of Finances** – Mr. Alger stated that last month the committee reviewed the facility's finances. In light of where we are with the IGT and the upcoming fiscal year's budget, we need to consider discussions about that again. The IGT we received was for fiscal years 2009 and 2010 and pretty much closed the gap with the current financial position of the facility. There will be a deficit by year-end this year and looking forward, one next year. We anticipate next year's fund balance to come out of the General Fund. For 2011, at year-end you will be transferring or showing a deficit in the Health Care Facility Fund Balance and to make that up, you will have to transfer from the General Fund. Right now the deficit is between \$2 million and \$2.5

million. It may even be higher than that. Going into 2012 the appropriated Health Care Facility Fund Balance will be \$1.9 million and we expect that will come from the General Fund.

Mr. Alger stated that , the Health Care Facility budget deficit had been coming from within the Fund. We had talked that eventually that cost would come from the General Fund and now that is occurring. Annually, we have looked at appropriating the General Fund Balance against the operating budget for the County. It has been some time since we have actually spent that amount in operations. You will be spending down the General Fund Balance quicker.

Mr. Crossett asked have we been contributing to their cash flow? Ms. Hurd-Harvey replied we have been for the last couple of years. Mr. Alger stated going forward we need to determine where we want to see the facility moving. Long-term, we cannot sustain that kind of operating deficit. We need to find alternatives to bring it into balance.

Mr. McAllister commented a while back, we brought in new services to increase revenue. Is there anything else that we can do to make that viable? Mr. Alger replied he doesn't know if we will ever get to break even. We need to look at the cost centers within the facility and determine which of those services internally could be contracted or privatized. We have to look for a way to shave the internal expenses. He commented that we all know that having our staff provide services is more expensive than if we were to contract out. Both our salaries and overhead costs are larger than what you would find in some of the other private or contracted areas. At the very least, we need to explore those and see if you can impact the overhead costs. As examples, currently we contract for the management of the kitchen. We could contract for all of the kitchen services.

Mr. Alger stated that the first step is that when all else fails, we can do what we have been looking at with both Public Health Nursing and the Office of Community Services; look at an RFP. Mr. Crossett asked why don't you just do that first? Mr. Alger replied that is an option. Mr. Crossett stated we need to look at the value of the facility. He stated that he doesn't think we can say that we can take \$3 million - \$3.5 million out of the General Fund to operate the facility. Mr. Ryan commented that we need to do something sooner rather than later.

Mr. Alger stated there are a number of ways to look at this. The first option is to look at the cost centers. The second option is to look at converting it as a private not-for-profit which would have its own Board of Directors separate from the County. The third option is look at a private sale, in which case someone comes in and purchases the facility. There may be other options out there. It is all a matter of which direction you want to go. We can't spend five years deciding or we will be broke.

Mr. Weaver asked if we decide to do an RFP, are we legally bound to provide services? Mr. Alger replied this will be very similar to the CHHA; there will be a process that we will have to go through. This is not something that will get done tomorrow. As part of that process, there will be an opportunity for public input.

Mr. Swackhamer commented when we had talked about doing a not-for-profit before, we had talked about having Legislators on the Board of Directors. That would allow us to keep some control so that the County will be taken care of.

Mr. McAllister asked how do we start this process? Mr. Alger replied that he doesn't believe you can do an RFP immediately as that will take time to develop. In the meantime, it is to your advantage to review the cost centers and look at what services you could contract out. There may well be cost savings, depending on the types of services that could help you close the gap.

Mr. Crossett stated the biggest cost is direct care to the patients. Nursing services cost money. Mr. Swackhamer stated that he had asked the auditors to give us the cost difference between private and county union services per day and he never got an answer. Mr. Alger stated that he thinks we can get those numbers. Mr. Swackhamer stated that he would like to see what the cost difference would be.

Mrs. Ferratella asked if you go with a not-for-profit, where would that funding come from? Mr. Alger replied the idea behind a not-for-profit is that the rate structure the State has for the facility is sufficient to operate the facility. The advantage is that this would be a spin-off from the County and the employees would be that of the not-for-profit and would not be County employees. In part, we cannot break even because our overhead costs are higher. Honestly, this isn't a really great time for nursing homes. The State continues to hack away at the rates and it is not as "lucrative" as it used to be for the private nursing homes. Mr. Swackhamer stated that he had asked the auditors if now was a good time to sell and they said they didn't know of anyone looking to sell because of the reimbursement rates and all of the changes.

Mr. Alger stated it is appropriate to begin the process to look at the cost centers and see what we can do internally and also to look at the option of converting this into a not-for-profit. Mr. McAllister asked would Mr. McCarroll and Mr. Corey look at these options? Mr. Alger replied yes.

Mr. Hauryski commented the clock is ticking and we need to be diligent about getting this done the right way. We need a timeline. Mr. Swackhamer stated that he would like to see the cost to the County of the non-County operations that we fund. We had talked about this at the Finance Committee. Examples would be the libraries, SPCA, Cornell Cooperative Extension, Soil & Water and Southern Tier Central. Mr. Alger stated it would be all of the outside contracted agencies.

Mr. Swackhamer asked if we just contracted the labor, how much would we save? We could put out an RFP just for labor and see what type of interest that generates. The committee was in agreement with starting the process of looking at the cost centers to see what, internally could be contracted out, as well as to explore the idea of converting the facility into a not-for-profit, and finally to look at an RFP for a private sale of the facility.

Mr. Ryan asked are we looking at having Mental Health doing the same thing? Mr. Alger replied yes. We are looking at an RFP for overall services. For that department, we want to look at it as a package. We don't want to let some services get cherry-picked as some are more profitable than others. In talking with Dr. Anderson, at various times he has mentioned keeping the SPOA (Single Point of Accountability), which is the coordinating entity directing services, in-house.

Mr. Alger stated it is not fun times for the local organizations. The property tax cap has a direct impact on services. All the tax cap did was force us to pay more for State programs. From the State's perspective, this program is working.

Mr. Swackhamer asked what is the cap on Medicaid? Mr. Alger replied for 2012, Medicaid is at \$21.4 million. If we didn't have to pay that, you could take \$20 million from the tax levy. Mr. Swackhamer commented people should realize that and we should continue to mention that. Mr. Alger stated that he will discuss that when we present the budget. It is significant as we are paying the State's bills.

Mr. Alger stated to summarize, we will look at the cost centers at the Health Care Facility, look to see if we can convert the Health Care Facility to a not-for-profit or other status and also begin the process of looking at an RFP. There are at least a dozen facilities statewide that are in the same boat. It will take us a couple of months to get through the initial stages. He recommended meeting in January to review the status.

The committee agreed to hold the next meeting on Monday, January 9, 2012 at 10:00 a.m.

MOTION: TO ADJOURN MADE BY MR. CROSSETT. SECONDED BY MR. HAURYSKI. ALL BEING IN FAVOR. MOTION CARRIES 5-0.

Respectfully Submitted by Amanda L. Chapman, Deputy Clerk, Steuben County Legislature

**NEXT MEETING
Monday, January 9, 2012 @ 10:00 a.m.**