

**MINUTES
SPECIAL MEETING
COMMITTEE OF THE WHOLE
THURSDAY JUNE 25, 2009, 6:00 PM
Chambers, 160 Genesee St., Auburn, NY**

WELCOME:

In case of an emergency, please exit to the rear of the chambers. You will have to take the stairs down to the basement, turn right and exit through the rear door. Please note, the elevators will not function. If anyone is unable to use the stairway, I will stay with you in the safe room, located behind the chambers, caucus room #2.

Restrooms are located in the main hallway and handicapped restroom is located behind the chambers.

CALL TO ORDER: Hon. Peter Tortorici, Chairman

ROLL CALL: Mary Jones, Clerk of the Legislature, all Legislators present, except excused Lockwood, Mitchell, and Mahunik. Aikman arriving at 7:00PM.

PLEDGE OF ALLEGIANCE:

MOMENT OF PRAYER:

Chairman Tortorici, this is a work session on CHHA, I will turn the meeting over to Legislator Ann Petrus

Legislator Petrus, we will discuss year end report on CHHA.

PRESENTATION: Audit, (CHHA) Cayuga County Home Health Care Agency
By Jack Venesky, CPA & Associates and Todd Steria Health Services Coordinator.

1. Financial Summary
2. Statistical Summary
3. Per Visit Summary
4. Medicare PPS Summary

Original report attached to minutes.

CHHA Report (Venesky), original attached to minutes

Questions:

Legislator Sincebaugh, the net Revenue loss of \$262,000 in 2008 is that because of the onetime cost of the computer purchased?

Jack Venesky, yes, \$244,000 was for the computers.

Legislator Sincebaugh, so we won't see that next year, correct?

Jack Venesky, no, not unless you budgeted for that.

Legislator Palermo, what is the HHRG?

Todd Steria Health Services Coordinator that is the Home Health Resource Group, payment method.

Legislator Fearon, indirect cost, whether we provide services or not.

Jack Venesky, we haven't analyst it as to "if the County would sell CHHA or not", but salaries would still have to be paid.

Legislator Fearon, FTE's is that based on 40, 37.5, or 35.

Todd Steria Health Services Coordinator, yes, based on 35. Todd

Legislator Fearon, contractual expense, total FTE's for service.

Jack Venesky, they were combined.

Chairman Tortorici, the 262,000.00 in revenue a difference of 523,000.00.

Jack Venesky, the difference in the 2 year period, comparison between one year to another.

Chairman Tortorici, it's because of the 244,000.00 in computer costs, or we would have had a profit of 12,000.00 or more.

Jack Venesky, if you took the computer cost out of 244,000.00, against the 262,000.00 you would have you would have an 18,000.00 loss.

Legislator Mills, full costing method, takes into consideration the depreciation.

Jack Venesky, no, the depreciation concept would be the 244,000.00, usually computer equipment has a 3 to 5 year live, so it is just proportionally included in the full method for 1/3 or 1/5 of the total depending on it was calculated. Indirect costs, County Treasurer, Manager, Co. Attorney, would be incurred whether or not you have the agency or not.

Legislator Palermo, CHHA episodic payments, you mentioned that we moved from the Syracuse district to rural rating.

Jack Venesky, that was a few years ago, all counties were done.

Legislator Palermo, it's based on where the patient lives.

Jack Venesky, yes.

Legislator Palermo, the visits per pay scale, the drop in Medicaid is a good thing?

Jack Venesky, it can be, it depends on different factors, and they pay us less than it cost us on the full cost, but it does contribute to the total volume. You have fixed costs, whether you have one patient or hundred, so if you increase your volume, you can spread those costs out.

Legislator Palermo, what about private insurance?

Jack Venesky, they have to have prior approval before you can provide the service.

Legislator Palermo, the direct cost verses the special analyses services?

Jack Venesky, patient revenue of 3,813,000.00 was the same for all those methods, and the amount of the patient expense is 2,903,000.00, where the direct costing amount was 4,075,000.00, what that is, is the service cost, the wages, employee benefits, transportation, and contract service for a professional. That is the direct cost to provide the service with no agency overhead.

Legislator Palermo, could you compare that to the cost of good soul.

Jack Venesky, yes, the cost of the revenue, less the cost of good soul leaves you the amount that can cover the cost of the overhead salary, general administration cost, operating costs.

Legislator Palermo, the 3,813,000.00 revenue, is brand new dollars within the county?

Jack Venesky, each year the revenue is collect based on the number of service provided.

Legislator Palermo, do any of the revenues come from within the county itself.

Jack Venesky, no.

Legislator Palermo, so these are all brand new dollars?

Jack Venesky, there are external payers into the county, correct.

Legislator Palermo, if we were to sell the CHHA, how many of those dollars would still come into the county?

Jack Venesky, I would have no way of knowing that. Lifetime and St. Joseph's made an offer for the CHHA, they have a backbone, administrative office. The service analyses people, contract people, their benefits that is paid to people that may or may not live in this county. The money then would go either to Syracuse or Rochester, not here; the money would go to the home office.

Legislator Palermo, one of the concerns of the Legislature is economic development, when I look at this, the 2, 903,000.00 cost of good souls that leaves close to a million dollars not coming in to the county. To me that has a value.

Jack Venesky, from an objective standpoint, you have pros and cons to every experience that you have. From a business point of view, you need to increase the revenue proportionately to the expenses. The issues from the future would be, look at 2008, but look at trends for 2009, and the future. Federal Government is reviewing the whole healthcare system, and we don't know what's going to happen with that. Legislator Mills, retirement benefits costs and Health Insurance costs, are they figured in.

Jack Venesky, full pocket cost, includes all of that.

Legislator Mills, we fund the retirement fund, not the Health Insurance fund.

Jack Venesky, yes, we don't book it because we don't fund it, it's an un-funded cost.

Chairman Tortorici, un-duplicated, that's the number of clients.

Jack Venesky, yes, that is the number of patients that are only counted once, even if they are discharged and re-admitted.

Chairman Tortorici, do we have an actual client number?

Jack Venesky, yes, and 1,319 people we provided services for.

Chairman Tortorici, but you just go back to 2007?

Jack Venesky, you can go back to 2005, you just have to add up the totals.

Chairman Tortorici, our client base goes up and down each year, but our expenses, contractual, health insurance, and retirement costs keep growing each year. What opportunity do we have in Cayuga County, because we only service Cayuga County, to increase that client base as all the other costs are going up?

Jack Venesky, you have to look at the operation in total, both the revenue and the expense side. If we know the expenses are going up then we need to grow the revenue, by serving more patients. Look at the trends and try to project your costs for the future. Look at costs, contract out for Home health Aides, how you use employees, eliminate overtime, layoffs, reduction in wages; these are all things to look at.

Legislator Chapman, where does CHHA stand on the ratings, as far as the assessment goes?

Elane Daly, Director of Health & Human Services, suggest contract for coder, up to \$300. Per episode increase with professional coder.

Legislator Chapman, so right now you are saying we are not up to speed.

Elane Daly, Director of Health & Human Services, yes, our case mix has gone up, we have room to grow.

Legislator Mills, State aid, article 6, can you explain this and the likelihood of this continuing, will it offset some of the loses, and can we depend on it.

Jack Venesky, that is probably beyond anyone's ability to guess, it's been here forever and been through many administrations. The honest answer is we don't know, but there are programs that are mandated by the state and others that are optional. The funding percentages for the mandated are higher than for the optional, but the optional do get funded at 36% of the deficit.

Legislator Mills, is this money available for a private sector.

Jack Venesky, no, for municipalities only.

Legislator Palermo, looking at the direct costing method and the state aid does not count as revenue, but from a taxpayers point of view you had a loss of \$262,000.00, under the direct costing method and \$296,000.00 in state aid so could be interpreted as no cost to the tax payers.

Jack Venesky, state aid does come in to offset that, but it's not dollar for dollar, but some of that loss is offset by state aid.

Legislator Palermo, when I look at 2008 and you add in the state aid it looks like no loss.

Jack Venesky, because some of that loss, like the equipment is funded by state aid, but it's not considered revenue.

Legislator Sincebaugh, do you see major changes.

Jack Venesky, you have a business here and you have to run it like a business. Your need to set a benchmark and create as much revenue as you spend, and if you don't then what would be the point. You have to work at how your operating, expenses and revenue. There are offers to sell the CHHA.

County Attorney Fred Westphal, if you are going to get into discussion as to what it's worth, that should take place in executive session.

Jack Venesky, ok.

Legislator Schuster, (handout) concerns for the future, based on 2008, "if there is no change from 2008, we may need to decrease work force by 10%", where did the 10% come from?

Director of Health & Human Services Elane Daly, it's an arbitrary figure, litigating a loss from the agency and break even, we need to look at the first 6 months of 2009.

Jack Venesky, we are taking the opportunity today to talk about 2008 compared to 2007, where are we now. A good approach is to do a review in mid year to see what the trends are. The agency had been fiscally sound for a number of years, right now it's not, for the last year, and we don't know if that's the trend, we won't know until we get some more data. This is just a summary, to give you information to read and look at. You as the Legislature have to set the guidelines in terms as to what is acceptable, in terms of the operation. Things will be different in health care; you have to increase revenue in proportion to expenses. Legislator Petrus, Gadsby 45, Mr. Mitchell, Chair of Ways & Means, is out of town, but he would like money set aside for this. This is going to hit all of us, we are living in a time where we starting to see this snowball. Should we continue to set money aside for this?

Chairman Tortorici, we talked about this a few years back. We have a department now, Board of Elections, where our retirees are getting paid more than the people that are working. Our obligation towards Gadsby is as people retire that keeps growing. The concern is what we put away towards that yearly is not going to be enough to meet our obligation to the employees we have in the county for the future. This is problem throughout the state. Were waiting for account to put it in, where we put it, we shouldn't be waiting; we should be paying it in right now. The concern is that the cost of Home Health Care, if we can't increase the client base and keep the revenue going up each year and employees keep retiring, that expenditure keeps going up. You can only increase the client base do much, because we are limited to Cayuga County. I think that no matter what we do with the agency, we are limited to Cayuga County.

Legislator Petrus, do we pay now and continue to pay, or do we just pass this on.

County Manager Wayne Allen, it is a question when the regulation will come out, from the state that says this is how you must fund. We are still waiting for the State Comptroller to come out with regulations, what kind of fund, how you are going to fund it over a long period of time. There has been talk about setting it up like a state pension fund, and contribute so much each year and grow it and grow it. It will take years to grow, because you can't fund it all at once or you would be broke. You have to show it on the books, but when will you be forced to start to set up the reserve to pay for those future costs.

Legislator Palermo, Gadsby 45, liabilities are going to grow, because we can't get clients outside Cayuga County for CHHA, so we should get rid of it. That just doesn't make much sense to me, because county wide our Gatsby 45 liability is going to continue to grow and we can't disband our county boarders to get more tax payers, so I don't think the logic applies. Mr. Venesky made a statement that is contradicted "as an intangible, bidders may be able to pick and choose clients, where the county is the provider of last resort and we have to take everyone"; we have heard that is not true. If a provider purchases our certificate, they would be required to take anybody, just as we are.

Director of Health & Human Services Elane Daly, regulations certifying Home Health Agencies apply to all CHHA's, same operating standards we have.

Legislator Fearon, the President has said we need to cut the cost of health care in the United States. We have stimulus money to use in this year's budget and next year's budget. In 2011 you are going to get an 8% increase in retirement. In the near future to set aside money for Gadsby would be very difficult. The near future will not be easy.

Legislator Petrus, the issue is this; it's not a good time in the world. We need to set aside dollars; we can't keep putting it off.

County Manager Wayne Allen, future pension costs; we have done an analysis of what the State Comptroller is talking about an increase. This would be an increase in the percentage of payroll you contribute to the State Pension Fund; this has gone from 8% to 11.5%. When you compute that out it will mean an additional cost to your payment annually of a million dollars, based on today's payroll. As your payroll goes up that additional cost goes up. The question is they may come up with a payment system that you will pay it initially, but that cost will go up significantly. We will share those numbers with you when we get in to budget and remember we are looking at 2010 and 2011. In 2011, that is when those pension costs go up.

Motion by Murphy, 2nd by Sincebaugh to adjourn at 7:50 PM – not voted on.

Motion by Cuddeback, 2nd by Petrus to go into executive session re: Personnel Matter, at 7:53PM, all in favor, except voting no Sincebaugh, Schuster and Murphy.

Motion by Schuster, 2nd by Cuddeback to come out of executive session at 8:50PM, all in favor.

Motion by Petrus, 2nd by Sincebaugh to adjourn at 8:51PM, all in favor.

Motion by Palermo, 2nd by Schuster to approve minutes of 6-25-09, on 8-25-09, all in favor.