

Minutes
Operating Board of Directors
DeKalb County Rehab & Nursing Center
November 28, 2007

Present: Directors Tobias, Dubin, Kloster, Casella, Klein

Absent Directors: Daugherty, Ubl

Also Present: Scavotto, C. Anderson, Bockman

Chair Casella called the meeting to order at 7:00 am.

A quorum was established and the agenda was approved as submitted (Motion Tobias (second Dubin, unanimous)).

The minutes were approved as submitted (Motion Kloster, second Dubin, unanimous)

Old Business: None

New Business

Management Report: Financial status was reviewed even though the interim statements are being held for further review by the auditor. Overall gain through August was approximately \$300k; the IGT reconciliation process is expected to yield another \$128k for reconciliation gains thru March 2007.

Scavotto discussed a strategy scenario that is unfolding with Secure Horizons (United Healthcare). Medicare Part D beneficiaries are being cross-sold with Medicare Advantage plans like Secure Horizons. Life Services Network has been approached about setting up a contracting coalition, the theory being that the managed Medicare market will develop in Chicago before extending to DeKalb.

Scavotto provided a current update on the IGT and the revised rates. MPA has been in touch with State HFS and HFS has agreed to a meeting on the rate setting process.

Managerially, it is becoming clear that operations (and regulatory inspections) will be governed by quantitative data extracted from the MDS or other systems like the Illinois Case Mix Reimbursement System. DCRNC is not in a strong position to deal with this phenomenon. Accordingly, DCRNC will be developing a management plan to strengthen its capabilities and manage better using the quantitative data that may very well be used against it by regulators.

Next Meeting: January 16, 2008

Executive Session: On motion by Tobias (second Dubin) and a unanimous roll call vote the Board went into Executive Session to deal with personnel matters. The Board emerged from Executive Session and, on motion by Dubin (second Klein), resolved to increase the management fee for Management Performance Associates, Inc. to \$120,000 per year effective January 1, 2008 and to \$150,000 per year effective January 1, 2009 with MPA assuming additional responsibilities, including due diligence and oversight, for managing the Operating Board's interest in the Supportive Living Facility beginning January 1, 2008.

Meeting adjourned at 8:45 AM. (motion Tobias, second Klein, unanimous).

Respectfully submitted.

Catherine Anderson
Recording Secretary