



OFFICIAL NOTICE AND AGENDA

Notice is hereby given that the **Annual Meeting of the North Central Community Services Program Board** will occur at the following date, time and location shown below.

Thursday, May 28, 2020 at 3:00 pm
North Central Health Care - Wausau Board Room
1100 Lake View Drive, Wausau, WI 54403

The meeting site identified above will be open to the public. However, due to the COVID-19 pandemic and associated public health directives, North Central Health Care encourages Committee members and the public to attend this meeting remotely. To this end, instead of attendance in person, Committee members and the public may attend this meeting by telephone conference. If Committee members or members of the public cannot attend remotely, North Central Health Care requests that appropriate safety measures, including adequate social distancing, be utilized by all in-person attendees.

Persons wishing to attend the meeting by phone may call into the telephone conference beginning five (5) minutes prior to the start time indicated above using the following number:

Meeting number (access code): 1-408-418-9388 Access Code: 126 533 0889 Passcode: 1234

AGENDA

1. CALL TO ORDER
2. CHAIRMAN'S ANNOUNCEMENTS
3. PUBLIC COMMENT FOR MATTERS APPEARING ON THE AGENDA
(Limited to 15 Minutes)
4. ACTION: APPROVE SLATE OF NOMINATIONS OF NCCSP BOARD OFFICERS
5. ACTION: ELECTION OF NCCSP BOARD OFFICERS
6. ACTION: NOMINATION AND APPOINTMENT OF NCCSP BOARD MEMBER TO
THE NORTH CENTRAL HEALTH FOUNDATION, INC. BOARD
7. ACTION: COMMITTEE ASSIGNMENTS – Chair
8. CONSENT AGENDA
 - A. Board Minutes and Committee Reports
 - i. ACTION: *Motion to Approve the April 16, 2020 NCCSP Board Minutes*
 - ii. Draft and Approved Minutes of Recent NCCSP Board Committees

- B. Executive Operational Updates
- C. ACTION: *Motion to Approve Board Policies up for Annual Review* – Policies for Budget and Strategic Planning
- D. ACTION: *Motion to Approve the Recommendation of the Medical Executive Committee to Approve Medical Staff Privileges for Leandrea Lamberton MD, Brigitte Espinoza Ugaz MD, Barbara Torgerson PA-C, Kimberly Hoenecke MD, Susan Brust APNP*

9. BOARD DISCUSSION AND ACTION

- A. Presentation of the 2019 Audit – Kim Heller, WIPFLI
 - i. ACTION: *Motion to Accept the 2019 Audit*
 - ii. ACTION: *Motion to Accept the 2019 Fund Balance Statement*
- B. Organizational Dashboard and CEO Report – M. Loy
- C. ACTION: *Motion to Accept the 2020 Financial Statements for April* – J. Meschke
- D. Operational Plan Quarterly Update – J. Nickel
- E. Annual Review of Mission, Vision and End Statements – M. Loy
- F. Overview of 2021 Budget Timeline – J. Meschke
- G. Priorities and Guidelines for 2021 Budget
 - i. Review of Long-Range Financial Plan – J. Meschke
 - ii. Direction on Nursing Home Census Targets – K. Gochanour
- H. ACTION: *Motion to Enter into a Management Agreement with the Wausau Community Development Authority for Care and Services Delivery at Riverview Terrace Residential Care Apartment Complex* – M. Loy
- I. Overview of Cerner Electronic Medical Record Implementation – T. Boutain
- J. ACTION: *Motion to Approve Board Policies up for Occurrence Reporting* – J. Peaslee
- K. ACTION: *Motion to Reconsider NCHC's Participation in Langlade County's Sober Living Project*

10. MOTION TO MOVE INTO CLOSED SESSION

- A. Pursuant to Section 19.85(1) (c) and (f) Wis. Stats. for the purpose of considering employment and performance evaluation of any public employee over which the governmental body exercises responsibility, and preliminary consideration of specific personnel problems, which if discussed in public, would likely have a substantial adverse effect upon the reputation of any person referred to in such problems, including specific review of performance of employees and providers of service and review of procedures for providing services by Agency, to wit: *Report of Investigations related to Corporate Compliance Activities and Significant Events* – J. Peaslee
- B. Pursuant to Section 19.85(1) (e) Wis. Stats. for the purpose of deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session, to wit: *Letter of Intent for Partnership with Northern Valley Industries, Inc.* – M. Loy

11. RECONVENE TO OPEN SESSION AND REPORT OUT OR POSSIBLE ACTION ON CLOSED SESSION ITEM(S)

12. BOARD CALENDAR AND FUTURE AGENDA ITEMS – M. Loy

13. ASSESSMENT OF BOARD MEETING EFFECTIVENESS – Chair Elect

14. ADJOURN

NOTICE POSTED AT: North Central Health Care
COPY OF NOTICE DISTRIBUTED TO:
Wausau Daily Herald, Antigo Daily Journal, Tomahawk Leader,
Merrill Foto News, Langlade, Lincoln & Marathon County Clerks Offices



Presiding Officer or Designee

DATE: 05/22/2020 TIME: 5:00 PM BY: D. Osowski

North Central Community Services Program Board

Nominating Slate and Ballot for 2020 Board Officers

Term: One Year beginning May 2020

CHAIR:

- ☐ Jeff Zriny
- ☐ _____

VICE CHAIR:

- ☐ Romey Wagner
- ☐ _____

SECRETARY/TREASURER:

- ☐ Eric Anderson
- ☐ _____

Name: _____

NORTH CENTRAL COMMUNITY SERVICES PROGRAM BOARD MEETING MINUTES

April 16, 2020

3:00 p.m.

Wausau Board Room

Present: (Present via conference phone due to Covid19 and the Governor's order for social distancing)

X	Eric Anderson	X	Norbert Ashbeck	X	Randy Balk
X	Steve Benson	X	Ben Bliven	X	John Breske
X	Meghan Mattek	X	Bill Metter	X	Corrie Norrbom
X	Rick Seefeldt	X	Romey Wagner	X	Bob Weaver
X 3:38pm	Theresa Wetzsteon	X	Jeff Zriny		

Staff Present: Michael Loy, Dr. Rob Gouthro, Jarret Nickel, Brenda Glodowski, Tom Boutain, Kim Gochanour, Jennifer Peaslee, Lance Leonhard

1. Call to order

- Meeting was called to order at 3:01 p.m.

2. Public Comment for Matters Appearing on the Agenda

- No public comments

3. Chairman's Report and Announcements – J. Zriny

- Brenda Glodowski, who will be retiring as of April 30, was recognized for over 32 years of service with the organization with many of those years as Chief Financial Officer. The Board expressed sincere thanks and appreciation for doing an outstanding job and for her dedicated service.
- Jill Meschke was introduced as the new CFO. Jill has had the opportunity to work with Brenda over the last couple of months as she was getting acquainted with the organization.
- J. Zriny was not re-elected to the Marathon County Board, therefore, it is uncertain whether he will continue as a member of the NCCSP Board. Other Board member changes will be reviewed later in the meeting.

4. Consent Agenda

- **Motion**/second, Metter/Bliven, to approve the Consent Agenda which includes:
 - January 30, 2020 NCCSP Board Minutes
 - February 12, 2020 and March 25, 2020 Executive Committee Minutes
 - February 20, 2020 and March 19, 2020 Nursing Home Operations Committee Minutes
 - Executive Operational Reports: Operations, Chief Medical Officer, Nursing Home Operations, and Information Services
 - Annual of the following Board Policies: Cash Management, Capital Assets Management, Fund Balance, Write-off of Accounts Receivable, and Risk Reserve
 - Medical Staff Privileges for: Susan R. Brust, APNP, Qun Wu, M.D., Gregory M. Varhely, M.D., and Anne Dibala, M.D.
- Motion carried.

5. Board Discussion and Action

- Organizational Dashboard, Operational Plan and CEO Report – M. Loy
 - Presentation provided on North Central Health Care's Evolving Operating Environment Related to COVID-19 – Short to Long-Term Implications and potential future NCCSP Board Policy Considerations.
- January, February and March Financial Statements – J. Meschke
 - March had a negative variance from budget of about \$166,000. There was additional purchasing, employee wage expenses, tracking for out of office and illnesses – both to manage and take advantage of cost saving measures.
 - Hospital census in March was below average, we believe, as a direct result of the stay at home order. The low census continued into April but we have seen a slight increase as of today. Mount View has a target census of 183 but is averaging well below target. Volumes are down considerably in both nursing homes with Pine Crest currently stable around 130.
 - Will budget month to month moving forward. April is tracking to be at a loss however, with several positions being held open, it should help offset the loss.
 - No show rate is down considerably.
 - With census in hospital below capacity diversions have been able to be managed effectively.
 - **Motion**/second, Weaver/Seefeldt, to approve the January, February, and March Financial Statements. Motion carried.
- A capital project in the amount of \$25,000 had been approved initially in the 2020 budget for Chadwick Street Group Home. We would like to increase the capital budget to \$120,000 to remodel the home to add one additional bed whereby improving staff efficiencies and enhancing the ability to bill for additional revenue. The bulk of the additional cost should be recovered this year with enhanced ability to bill for revenue.
 - **Motion**/second, Norrbom/Metter, to amend the capital budget from \$25,000 to \$120,000. Motion carried.
- NCCSP Bylaw Amendments and Other Changes Required by the Adoption of the New Joint County Agreement – M. Loy
 - The adoption of the recently revised Joint County Agreement changes the formation of the NCCSP Board. Changes were reviewed.
 - **Motion**/second, Wagner/Seefeldt, to approve the amendments in the Bylaws of the North Central Community Services Program. Motion carried.

6. Review of Board Calendar and Discussion of Future Agenda Items for Board Consideration

- May Board Retreat will be deferred. No meeting scheduled in June. July meeting scheduled for the 16th.

7. Assessment of Board Effectiveness: Board Materials, Preparation and Discussion

- No comments made.

8. Adjourn

- **Motion**/second, Metter/Anderson, to adjourn the meeting at 5:15 p.m. Motion carried.

**NORTH CENTRAL COMMUNITY SERVICES PROGRAM BOARD
EXECUTIVE COMMITTEE**

April 30, 2020

11:00 AM

NCHC – Wausau Board Room

(Present via conference phone due to Covid19 and the Governor's order for social distancing)

Present:	X	Jeff Zriny	X	Steve Benson
	X	Corrie Norrbom	EXC	Bob Weaver

Others Present: Kurt Gibbs, Lance Leonhard, Michael Loy, Jarret Nickel

Call to Order

- Meeting was called to order at 11:02 a.m.

Public Comment for Matters Appearing on the Agenda

- No public comment(s) made.

ACTION: Approval of 3/25/2020 Executive Committee Meeting Minutes

- **Motion**/second, Benson/Norrbom, to approve the 3/25/2020 Executive Committee meeting minutes; motion passed.

CEO Report – M. Loy

- Today is Brenda Glodowski's last day at NCHC. We are very thankful for the time she has given the organization. She has worked extensively in the transition of the next CFO Jill Meschke which has gone very well.
- **COVID Updates**
 - Two nursing home units have been approved for COVID-19 positive patients if needed.
 - An additional 12 beds in the psychiatric hospital has been approved for COVID-19 positive patients if needed.
 - NOTE: the COVID-19 positive units will be used only if local hospitals have reached capacity.
 - We currently have an estimated 90 day supply of PPE based on current burn rate; nursing homes are priority in receiving PPE from government.
 - A new regulatory requirement will be to report publicly and contact resident's families when a staff member or resident tests positive to COVID. This is in addition to reporting directly to the Health Department and CMS. This is how we handled the situation here in March so our process matches the new requirement.

- **Financials**
 - Received additional funding through federal government and in process of reviewing how these funds will be applied.
 - April financials will be available around the 8th of May; will re-pivot where needed to forecast the budget for May and into June to mitigate bottom line impact.
- **Renovations**
 - Final walk-through on new aquatic therapy pool will occur within the next 2 weeks. Pool will not open until we are at a Level 2 on the COVID19 response matrix.
 - Nursing home tower continues on schedule and slated completion next summer.
 - June will include the design and bidding for renovations of the inpatient hospital and residential treatment programs.
 - Youth Hospital and Crisis CBRF are both on target for completion Fall of 2020.
 - Bid opening for the Sober Living facility in Antigo will be mid-May with anticipated renovations complete in June.
- **May Board Meeting**
 - Riverview Terrace transition to NCHC from Aspirus. Original transition was not anticipated until year end however, a management service proposal for this assisted living facility is being prepared to begin as early as 7/1/2020 at the request of Aspirus.
 - Northern Valley Industries – a letter of intent for potential partnership will be considered.
 - Portage County nursing home assessment study update if available
 - Statewide Crisis Center – here is interest in developing a state-wide network for a crisis hotline; our commitment would be in staffing calls in partnership with other agencies; calls received have potential to be broader than our tri-county area

Nomination of Slate of Officers for Consideration at the May 28, 2020 Annual Meeting of the NCCSP Board

- The new Joint County Agreement stipulates the Chair must be a Marathon County representative/appointee and excludes the County Official and the Medical Staff President from consideration. Officers are 1 year terms appointed in May of each year.
- Would like a succession where Chair-Elect would automatically move into the Chair position, and secretary/treasurer would be slated to transition into the Chair-Elect role following.
- Concern raised that the NCCSP Board currently has greater limitations on including community representation under the current structure of the Tri-County Agreement and may not be fulfilling the original intent of the composition of a community mental health board:
 - **Motion**/second, Benson/Norrbom, to recommend J. Zriny as Chair. Motion carried.
 - **Motion**/second, Benson/Norrbom, to recommend R. Wagner as Vice-Chair. Motion carried.
 - **Motion**/second, Benson/Norrbom, to recommend Eric Anderson as Secretary Treasurer. Motion carried.

Nomination of NCCSP Board Member for a Seat on the North Central Health Foundation, Inc. Board

- The NCCSP and Foundation Boards both expressed the importance of a strong relationship and communication line by having a member of the NCCSP Board also sit on the Foundation Board.
- The Foundation Board meets as needed throughout the year. Once an Executive Director is recruited there is potential for a more active Board and increased meetings.
- **Motion**/second, Benson/Norrbom, to nominate J. Zriny as the NCCSP Board representative for the Foundation. Motion carried.

Review of NCCSP Board Membership, Board Competency Gaps and Priorities for Future Board Recruitment and Development

- Goal is for the Governance Committee to review competencies and gaps including identifying individuals within the County Board membership for each county to help fill those gaps. Governance Committee will be appointed after the annual meeting in May which would include considering gender and diversity too.
- Continued education will be provided each month. Suggestion to add subscriptions to periodicals to help provide perspectives from a variety of sources, a reading list, etc.

Future Agenda Item(s) for Executive Committee or Board Consideration

- Next Executive Committee Meeting anticipate during the 2nd week of May.
- Zriny thanked Dr. Benson and Dr. Norrbom for their dedication, contributions, and active participation on the Executive Committee and Board.

Adjourn

- **Motion**/second, Benson/Norrbom, to adjourn the Executive Committee meeting at 12:08 p.m. Motion carried.

Minutes prepared by Debbie Osowski, Executive Assistant to CEO

NORTH CENTRAL COMMUNITY SERVICES PROGRAM BOARD NURSING HOME OPERATIONS COMMITTEE

April 14, 2020

12:00 PM

Conference Call

Present:	X	Jeff Zriny	X	Paul Gilk	X	Bob Weaver
	X	Bill Metter	ABS	Cindy Rider	X	Pat Voermans
	X	Romey Wagner				

Staff: Michael Loy, Jarret Nickel, Kim Gochanour, Jill Meschke, Connie Gliniecki, Kristin Woller, Zach Ziesemer, Ryan Hanson, Melissa Diers-Sarasin

Call to Order

- Meeting was called to order at 12:05 p.m.

Public comment for Matters Appearing on the Agenda

- No public comment.

Approval of March 19, 2020 Nursing Home Operations Committee Meeting Minutes

- **Motion**/second, Voermans/Gilk, to approve the March 19, 2020 Nursing Home Operations Committee meeting minutes. Motion carried.

Financial Report – J. Meschke

- Mount View showed a loss of \$62,606 in March resulting in year to date loss of \$155,181 compared to a budgeted gain of \$28,606. To date there is an unfavorable variance of \$183,788. Census was down in March averaging 165 per day. Salaries improved in March but remain over budget. Overall expenses are currently under budget.
- There was a gain of \$37,456 in March for Pine Crest. Year to date results is a favorable variance of \$7,090. Census at Pine Crest is also down averaging 132. Overall expenses are under budget also with employee benefits and salaries at target.
- Long term care facilities in general are seeing a drop in census due to COVID-19. Mitigation of losses with little to no rehab admissions during this time will prove to be challenging.

Nursing Home Operations Reports

- Mount View Care Center – Kristen Woller and Connie Gliniecki
 - MVCC Nursing Home Report was reviewed.
- Pine Crest Nursing Home – Zach Ziesemer and Ryan Hanson
 - Pine Crest Report was reviewed.
- Regional Nursing Home Operations Executive – Kim Gochanour
 - Regional Nursing Home Operations Report was reviewed. Much time has been spent working with the COVID-19 pandemic.

- Discussion:
 - Planning for recovery from COVID-19 and moving the organization forward as some changes in motion have been accelerated due to the pandemic.
 - Rehab admissions will slowly increase once elective surgeries can be done.
 - We are able to hire, train, and get people working right away when many others are not hiring. Unfortunately, the unemployment benefits imposed could pose a lack of eagerness for some to get back into the workforce.
 - The recent resignations of Hospitality Assistants were due to the COVID-19 exposure concerns. We anticipate the pandemic will have a long term effect on work force.
 - We monitor our PPE (personal protective equipment) on a daily basis calculating our burn rate regularly and currently have about 30 days of supplies on hand. Largest need is for isolation gowns.
- Voermans complimented the messaging on our website and for staff. Staff at all facilities were commended for the great job they are doing.

Discussion of Future Agenda Items

- Continue discussion on local food purchase
- Vision for North Central Health Care

Adjourn Meeting

- **Motion**/second, Voermans/Wagner, to adjourn the meeting at 12:38 p.m. Motion carried.

Minutes prepared by Debbie Osowski, Executive Assistant to CEO

MEMORANDUM

DATE: May 15, 2020
TO: North Central Community Services Program Board
FROM: Jarret Nickel, Operations Executive
RE: Monthly Operations Report

The following items are general updates and communications to support the Board on key activities and/or updates since our last meeting:

1. **Workforce Status:** With multiple area providers adjusting their workforce through furloughs, FTE reductions or layoffs we viewed this as a time to show our commitment to our workforce. We did this through maintaining hours for all employees as well as continuing to fill vacancies for direct care positions. This has already begun to provide immediate value to the organization through increased recruitments and reduced turnover. We only anticipate that May will continue this trend and we will see declining vacancy rates in coming months compared to month and years past.
2. **Recruitment Update:** We recruited 31 employees in April with the majority for direct care positions. Year over year we have seen an increase in the number of recruitments with 20 hires in April 2019. The reason for the positive variance is a shift in recruiting strategy as well as utilizing artificial intelligence to assist with sourcing candidates. We project May to have similar recruitment numbers. As noted with the workforce status our largest potential for recruitment will likely fall in early to mid-summer with employees who were furloughed or reduced FTE status exhausting leave and ending of COVID-19 unemployment stimulus.
3. **Certified Nursing Assistant Program:** COVID-19 significantly impacted Wisconsin's ability to train and certify nursing assistants with most students being deemed non-essential. We saw this change as an opportunity for us to partner with local technical colleges to create our own course as well as assist in completing coursework for those students partially completed. We launched this program with precision and speed allowing for our first class to graduate in mid-May. The program has classes beginning every two weeks with class sized ranging from 8 to 10 students. This program will not only provide a much needed benefit to our community and the healthcare field but improve our vacancy rate allowing for higher quality of care with fewer dollars spent.
4. **Marketing & Communications:** Numerous legislative and regulatory guidance's were issued in the month of April which required our organization to make sure that not only was leadership aware of these changes but all employees of NCHC. We created multiple channels for employees to receive communication and provide opportunity for input and questions if needed. We also continued with our incident command updates and communication three times a week to provide staff with transparency of discussions and potential actions. We continue to increase our communication platforms and reach as employees become more receptive and understanding of the process with many preferring these new methods.

5. **COVID-19 Preparation:** All of our operations were affected in some way by COVID-19 and required plans and action items to ensure services were still delivered or had the ability to be delivered if needed. We created three separate units for COVID-19 positive patients two specific to long term care and one for behavioral health. We have not had to operationalize these units to date but have a plan in place to do so within 24 hours. Programs that were shut down due to regulations or low utilization were absorbed by those with an increased need one of which was a new process to our organization screening of visitors and employees. Our screening process has been revised multiple times as guidance has changed however, at its core it has proven to be extremely effective in protecting the individuals we serve from unnecessary exposure and a feeling safety while at NCHC.

MEMORANDUM

DATE: May 13, 2020
TO: North Central Community Services Program Board
FROM: Dr. Robert Gouthro, Chief Medical Officer
RE: CMO Report

The following items are general updates and communications to support the Board on key activities and/or updates since our last meeting:

1) **Residency & Education:**

- The MCW-CW residency will begin orientation for its new residents during the last week of June. As in prior years, NCHC will be the primary location and partner involved in orientating the new doctors to our community and the local mental health landscape.
- The outpatient resident open access clinic outlined in last month's update will now also include brief therapy support for our clients until in person visits return on a regular basis at NCHC facilities. This will further assist therapy no show measures as well as ensure clients have the support needed during the ongoing COVID crisis.
- As previously shared, NCHC has hired two residents from the MCW-Green Bay Psychiatry Program. We have been able to arrange for both residents to complete the last 4 months of their training with NCHC, thereby allowing them to prepare for their future practices on site. This will decrease/eliminate the need for training prior to their beginning work as the Attending Physicians in July of 2021.
- Beginning in July of 2017, MCW-CW medical students will rotate within NCHC for the majority of the year. This will make NCHC the largest psychiatry rotation site of the local medical college. It is hoped this early experience in psychiatry will help steer more local students into psychiatry, and hopefully the local residency program.

2) **No-Show Rate:**

- The no-show dashboard has historically been reported as a combined number including both medication management and outpatient therapy no-show rates. As of May 1st these numbers have been monitored individually on a daily basis.
- Medication management no-show rates continue to benefit from the ability to provide services via telephone. From May 1st-13th the prescriber no-show rate decreased to ~11%. Therapy provider no show rate, which has shown less of a benefit from the current landscape, was ~21%. Total no-show rate in early May was 16% which continues to show an overall downward trend.
- As previously stated, an updated No-Show Policy will be enacted in July regardless of the COVID-19 crisis status. Combined with the planned resident open access clinic, which will now include brief supportive therapy interventions, we expect to see no-show rates for both disciplines continue to decline.

3) **Patient Care and Provider Quality:**

- Our prescriber peer-review documentation pilot has been completed and early interpretation of results suggest it has provided a number of opportunities for documentation and care improvements. A similar process is now in early development to accomplish the same peer based quality review for our therapy providers.
- Our ethics committee, consisting of members from the NCHC system and the community, has now met on two occasions. Processes continue to be developed and the committee will meet regularly to provide consultative ethical support to our organization.
- In addition to performing in-house medical clearance whenever able, all Inpatient and CBRF clients are now screened upon admission for COVID-19. To date, all results have been negative.
- The Inpatient and Nursing Home COVID-19 units are prepared for patient care when the need arises.
- With transition to our new normal, we have been able to schedule in person Crisis Prevention Institute (CPI) training in June to replace previously utilized Management of Aggressive Behavior (MOAB) training. CPI is the training system most used by hospitals located within WI, and will provide improved patient and staff safety during behavioral emergency responses.
- Outpatient walk-in treatment groups are being designed to provide an alternative care model for patients in need of skills building without the time, ability, or need for individualized therapy sessions. This will not only improve the range of NCHC therapy offerings, but also to increase individual therapy provider availability and overall therapy no-show percentage.
- Dr. Harding, a first year psychiatry resident, has been investigating patient satisfaction with NCHC medication prescribers as well as with COVID-19 telephone encounter experiences via telephone surveys.
 - Historically individual prescriber encounters generate very few (0 in 2020) Press Ganey reports.
 - At this time there have been 103 respondents, however the project is ongoing
 - 96% feel they would be somewhat or very disappointed if they could no longer receive services at NCHC.
 - On a scale of 0-5, when asked how likely is it that they would recommend NCHC to a friend or family member, 74% of patients relayed a 5, 20% reported a 4, and only 6% reported a 3 or lower.
 - Finally ~ 67% of respondents have relayed interest in continuing telephone encounters on a regular or intermittent basis.



MEMORANDUM

DATE: May 12, 2020
TO: North Central Community Services Program Board
FROM: Kim Gochanour, Nursing Home Operations Executive
RE: Nursing Home Operations Report

The following items are general updates and communication to support the Board on key activities and/or updates of the Nursing Home Operations since our last meeting.

- 1) **Covid-19:** As we enter into our new normal routine since the start of the Covid pandemic, both facilities are establishing new routines for assisting our residents and screening of our staff. We continue to adapt to the ever changing guidance and constant work is done on how we continue to provide updates to our resident families throughout this time.
- 2) **Declining Occupancy:** As we anticipated, our census has leveled off and is down based on the Covid-19 pandemic. Mount View was budgeted to be at 183 and we are averaging 162 which is 21 beds from plan and Pine Crest was budgeted for 155 and averaging 125 which is 30 beds from plan. Based on these new numbers, we have been adjusting staffing to work in these new parameters and are working on determining modified numbers moving forward for the rest of 2020. Both facilities have focused on their staffing models and expense control over the last month and will continue their work moving forward,
- 3) **Monitoring of State and Federal Funding:** We continue to work with Department of Health Services and Leading Age Wisconsin for ongoing updates on regulation changes and financial incentives. During this time we did receive our April Medicaid rates and both facilities showed a positive increase that was in line with our budgeted amount for 2020. Currently Leading Age is in ongoing conversations with the Department of Health and Social Services about the needs and continued financial struggles that long term care providers are experiencing. Leading Age Wisconsin is advocating for a significant increase in our Medicaid rates and is working with the legislators on this as well. With our increased cost of Personal Protective Equipment and dropping occupancy across the state, the organization is concerned of more facility closures due to the financial impact.
- 4) **Aquatic Therapy Pool:** The new aquatic pool will be ready in mid-May. The aquatic team is working on a soft reopening for June 1, 2020. The pool will begin at that time to see physical therapy and maintenance clients only and will adhere to the maximum number allowed at one time. As the restrictions change, we will open the pool to some of our other programs.

- 5) **Pine Crest Transition:** We continue to make progress on our final items in the transition of Pine Crest. We have started the On Shift scheduling software implementation and are actively working on the pharmacy transition for July 2020. IT conversion will be done once we have the ability to allow outside vendors into the facility.
- 6) **Certified Nursing Assistant Course:** In April we applied and received the emergency nurse aide training site for both Mount View and Pine Crest. We kicked off our inaugural class with 6 internal staff members and they will complete their course and be certified nursing assistants with modified training program. From this initial course, we have 3 more scheduled with the next course starting June 2 that is already fully booked. We are excited for this opportunity to offer employment to those who have been displaced through the Covid pandemic. Special thanks to Judy Rannow, Organizational Development Director, Cagney Martin, Staff Educator, and Natasha Sayles, Program Manager at Mount View for their work and getting this course up and running.




MEMORANDUM

DATE: May 13, 2020
TO: North Central Community Services Program Board
FROM: Thomas Boutain, Information Services Executive
RE: Monthly IS Report

The following items are general updates and communications to support the Board on key activities and/or updates of Information Services since our last meeting:

1. **Behavioral Health EHR Update:** On April 27th we had the initial call with Cerner. During this call, we scheduled the project kickoff meeting for June, 2nd. The core team is engaged in weekly meetings with Cerner to prepare for the kickoff. Based on initial discussions, we are looking at a go-live date in Q1 of 2021.
2. **Network Integration at Pine Crest and Lincoln Industries:** The integration of Pine Crest and Lincoln Industries into the NCHC network was put on hold due to COVID-19. In preparation of the Badger Bounce Back, NCHC and CCIT are working together to put a plan together to finish the integration.

Policy Title: Budget	 North Central Health Care <small>Person centered. Outcome focused.</small>
Policy #: 105-300	Program: Administration 105
Date Issued: 05/21/2020	Policy Contact: Chief Financial Officer

Related Forms

None

1. Purpose

The annual budget provides financial direction for program management to operate programs. The individual program budgets provide an accountability tool to review how resources are being utilized. A budget is designed to protect the resources of the organization, ensure maintenance of accurate records of the organization's financial activities, and provide a frame-work for decision making.

2. Definitions

Budget: an estimation of revenues and expenditures over a specified period of time.

Generally Accepted Accounting Principles (GAAP): the common set of accounting principles, standards, and procedures used to compile financial statements. GAAP are a combination of authorization standards set by policy boards.

Operating Budget: the annual budget stated in terms of classifications such as programs which contains estimates of resources required for the operations and is stated in categories by revenue and expense accounts.

Capital Budget: the budget for long term investments such as building and equipment. Capital investments meet a dollar investment and a useful life threshold.

3. Policy

It is the policy of North Central Health Care (NCHC) to establish an annual budget that maintains control of the use of resources and provides direction of how the resources will be utilized based on the mission of the organization and the strategic plan. The annual budget includes an operating budget and a capital budget which are approved by the Board of Directors. The budget is prepared in accordance with Generally Accepted Accounting Principles (GAAP). Throughout the fiscal year, the CFO will report to the NCHC Board of Directors the status of the budget compared to actual results. Program directors are responsible throughout the year to manage their budgets.

The Board will provide budget guidelines and priorities each year in May based on recommendations made by the Executive Committee. The budget shall be constructed accordingly and be approved by the Board prior to October 1st of each year.

Policy Title: Budget
Author(s): Jill Meschke
Owner: Chief Financial Officer

Next Review Date: May 28, 2020
Approver: Board of Directors

4. Program Specific Procedures


Budget Procedures (0105-301)

5. References

5.1. CMS:

5.2. Joint Commission:

5.3. Other:

Policy Title: Strategic Planning	 North Central Health Care <small>Person centered. Outcome focused.</small>
Policy #: 105-0006	Program: Administration 105
Date Issued: 04/25/2019	Policy Contact: Chief Executive Officer

Related Forms

None

1. Purpose

To provide guidance for the North Central Health Care (NCHC) Board in carrying out its responsibility to set direction for the organization through strategic planning. The Strategic Plan will be the main reference point for any work undertaken by NCHC by outlining the key goals and objectives of NCHC, as well as broad strategies to meet those objectives.

2. Definitions

None

3. Policy

It is the policy of the Board of Directors to plan effectively for both NCHC's short and long-term future to ensure that the organization is continuously positioned to effectively meet its mission, the needs of our partner counties, and to serve the North Central Wisconsin region. Accordingly, NCHC will establish an ongoing strategic planning process translating community need and mission into measurable strategies, initiatives, and objectives. The Board of Directors will always have, in place, a defined strategic plan. This plan will be updated regularly, but not less than every three years.

4. General Procedure

4.1 Strategic Planning Process Framework:

- Review of current Mission, Vision, Values, and End Statements.
- A review of available community health assessments, environmental factors and critical assumptions about the future.
- Engagement of outside resources to ensure that objective insight is incorporated into the planning process.
- Expert insight and opinion from the Board, organizational stakeholders, community, and industry leaders.
- Review of the process for cascading and monitoring overall strategic plans, initiatives and objectives into aligned plans for NCHC programs and services.

Policy Title: Strategic Planning

Author(s): Michael Loy

Owner: Chief Executive Officer

Next Review Date: May 2020

Approver: NCCSP Board

4.2 Annual Strategic Plan Development Timeline:

- Environmental Scan and Needs Assessment: February – May
- Board Strategy Retreat: May
- Annual Budgeting Process: April – August
- Board Approval of Strategic Plan and Annual Budget: September

4.3 Continuous Monitoring: The Strategic Plan will identify clear objectives and indicators of success that will be tracked and reported to the Board by the Chief Executive Officer on a regular basis. Further, management will continuously monitor changes in critical assumption underpinning the strategic plan as well as the organization's actual performance in achieving its strategic goals.

5 References

5.1 CMS: None

5.2 Joint Commission: None

5.3 Other: None

Related Policies, Procedures and Documents

PRIVILEGE AND APPOINTMENT RECOMMENDATION

Appointee Llandrea S. Lambert, M.D. Appoint/Reappoint 07-01-2020 to 06-30-2022
Time Period

Requested Privileges ☐ Medical ☐ Mid-Level Practitioner
 ☒ Psychiatry ☐ Medical Director

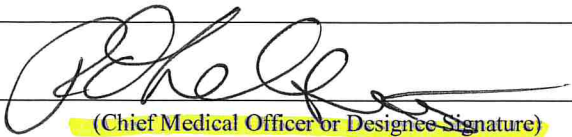
Medical Staff Category ☐ Courtesy ☒ Active
 ☐ Provisional ☐ Consulting

Staff Type ☒ Employee
 ☐ Locum Locum Agency: _____
 ☐ Contract Contract Name: _____

CMO PRIVILEGE RECOMMENDATION

The Credentials file of this staff member contains data and information demonstrating current competence in the clinical privileges requested. After review of this information, I recommend that the clinical privileges be granted as indicated with any exceptions or conditions documented.

Comments: _____



 (Chief Medical Officer or Designee Signature)

5/12/20

 (Signature Date)

MEC ACTION

MEC recommends that:

- ☒ He/she be appointed/reappointed to the Medical Staff as requested
☐ Action be deferred on the application
☐ The application be denied



 (MEC Committee or Designee Signature)

5-14-20

 (Signature Date)

GOVERNING BOARD ACTION

Reviewed by Governing Board: _____
(Date)

Response: ☐ Concur
 ☐ Recommend further reconsideration

 (Governing Board Signature)

 (Signature Date)

 (Chief Executive Officer Signature)

 (Signature Date)



North Central Health Care
Person centered. Outcome focused.

PRIVILEGE AND APPOINTMENT RECOMMENDATION

Appointee Brigitte G. Espinoza Ugaz, M.D. Appoint/Reappoint 06-01-2020 to 05-31-2021
Time Period

Requested Privileges ☐ Medical ☐ Mid-Level Practitioner
☒ Psychiatry ☐ Medical Director

Medical Staff Category ☒ Courtesy ☐ Active
☐ Provisional ☐ Consulting

Staff Type ☐ Employee ☐ Locum Locum Agency: _____
☒ Contract Contract Name: Brigitte Espinoza

CMO PRIVILEGE RECOMMENDATION

The Credentials file of this staff member contains data and information demonstrating current competence in the clinical privileges requested. After review of this information, I recommend that the clinical privileges be granted as indicated with any exceptions or conditions documented.

Comments: _____

[Signature] 5/12/20
(Chief Medical Officer or Designee Signature) (Signature Date)

MEC ACTION

MEC recommends that:

- ☒ He/she be appointed/reappointed to the Medical Staff as requested
☐ Action be deferred on the application
☐ The application be denied

[Signature] 5-14-20
(MEC Committee or Designee Signature) (Signature Date)

GOVERNING BOARD ACTION

Reviewed by Governing Board: _____
(Date)

Response: ☐ Concur
☐ Recommend further reconsideration

(Governing Board Signature)

(Signature Date)

(Chief Executive Officer Signature)

(Signature Date)

PRIVILEGE AND APPOINTMENT RECOMMENDATION

Appointee Barbara J. Torgerson, PA-C Appoint/Reappoint 06-01-2020 to 05-31-2022
Time Period

Requested Privileges ☐ Medical ☒ Mid-Level Practitioner
 ☐ Psychiatry ☐ Medical Director


Medical Staff Category ☐ Courtesy ☒ Active
 ☐ Provisional ☐ Consulting

Staff Type ☒ Employee Locum Agency: _____
 ☐ Locum Contract Name: _____
 ☐ Contract

CMO PRIVILEGE RECOMMENDATION

The Credentials file of this staff member contains data and information demonstrating current competence in the clinical privileges requested. After review of this information, I recommend that the clinical privileges be granted as indicated with any exceptions or conditions documented.

Comments: _____

 5/12/20
(Chief Medical Officer or Designee Signature) (Signature Date)

MEC ACTION

MEC recommends that:

- ☒ He/she be appointed/reappointed to the Medical Staff as requested
☐ Action be deferred on the application
☐ The application be denied

 5-14-20
(MEC Committee or Designee Signature) (Signature Date)

GOVERNING BOARD ACTION

Reviewed by Governing Board: _____
(Date)

Response: ☐ Concur
 ☐ Recommend further reconsideration

(Governing Board Signature) (Signature Date)

(Chief Executive Officer Signature) (Signature Date)



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Person centered. Outcome focused.

PRIVILEGE AND/OR APPOINTMENT AMENDMENT RECOMMENDATION

Provider Kimberly S. Hoenecke, M.D. Appointment Period 06-27-2019 to 02-28-2021
Time Period

Current Privileges ☐ Medical (Includes Family Practice, Internal Medicine)
☒ Psychiatry ☐ Medical Director
☐ Mid-Level Practitioner

Medical Staff Category ☒ Courtesy ☐ Active
☐ Provisional ☐ Consulting

Provider Type ☐ Employee
☒ Locum Locum Agency: Jackson + Coker
☐ Contract Contract Name: _____

AMENDMENT TYPE(S) REQUESTED:

☐ Privilege Reason: _____

☒ Category Reason: Change from provisional to courtesy 06-27-2020

☐ Type Reason: _____

PRIVILEGE AND/OR APPOINTMENT AMENDMENT RECOMMENDATION

CMO RECOMMENDATION

The Credentials file of this staff member contains data and information demonstrating current competence in the clinical privileges requested. After review of this information, I recommend that the amendment(s) as indicated with any exceptions or conditions documented.

Comments: _____

(Chief Medical Officer or Designee Signature)

5/12/20

(Signature Date)

MEC ACTION

MEC recommends that:

- ☒ The amendment(s) be approved
- ☐ Action be deferred on the amendment(s)
- ☐ The amendment(s) be denied

(MEC Committee or Designee Signature)

5-14-20

(Signature Date)

GOVERNING BOARD ACTION

Reviewed by Governing Board: _____
(Date)

Response: ☐ Concur
☐ Recommend further reconsideration

(Governing Board Signature)

(Signature Date)

(Chief Executive Officer Signature)

(Signature Date)



North Central Health Care
Person centered. Outcome focused.

PRIVILEGE AND/OR APPOINTMENT AMENDMENT RECOMMENDATION

Provider Susan R. Brust, APNP Appointment Period 04-16-2020 to 11-30-2021
Time Period

Current Privileges ☐ Medical (Includes Family Practice, Internal Medicine)
☐ Psychiatry ☐ Medical Director
☒ Mid-Level Practitioner

Medical Staff Category ☐ Courtesy ☐ Active
☒ Provisional ☐ Consulting

Provider Type ☒ Employee
☐ Locum Locum Agency: _____
☐ Contract Contract Name: _____

AMENDMENT TYPE(S) REQUESTED:

____ Privilege Reason: _____

____ Category Reason: _____

☒ Type Reason: Change from locum tenens to employee 04-16-2020

PRIVILEGE AND/OR APPOINTMENT AMENDMENT RECOMMENDATION

CMO RECOMMENDATION

The Credentials file of this staff member contains data and information demonstrating current competence in the clinical privileges requested. After review of this information, I recommend that the amendment(s) as indicated with any exceptions or conditions documented.

Comments: _____

(Chief Medical Officer or Designee Signature)

5/12/20

(Signature Date)

MEC ACTION

MEC recommends that:

- ☒ The amendment(s) be approved
☐ Action be deferred on the amendment(s)
☐ The amendment(s) be denied

(MEC Committee or Designee Signature)

5-14-20

(Signature Date)

GOVERNING BOARD ACTION

Reviewed by Governing Board: _____
(Date)

Response: ☐ Concur
☐ Recommend further reconsideration

(Governing Board Signature)

(Signature Date)

(Chief Executive Officer Signature)

(Signature Date)

May 21, 2020

Board of Directors
North Central Health Care
Wausau, Wisconsin

Dear Board Members:

We have audited the financial statements of North Central Health Care (NCHC) for the year ended December 31, 2019, and have issued our report thereon dated May 21, 2020. Professional standards require that we provide you with the following information related to our audit:

Our Responsibility Under Auditing Standards Generally Accepted in the United States and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and State of Wisconsin Single Audit Guidelines

As stated in our engagement letter dated December 9, 2019, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered NCHC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of Wisconsin Single Audit Guidelines.

As part of obtaining reasonable assurance about whether NCHC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with the Uniform Guidance and *State of Wisconsin Single Audit Guidelines*, we examined, on a test basis, evidence about NCHC's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and *State of Wisconsin Single Audit Guidelines* that could have a direct and material effect on each of its major federal and state programs for the purpose of expressing an opinion on NCHC's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on NCHC's compliance with those requirements.

Required Supplementary Information Accompanying Audited Financial Statements

We applied certain limited procedures to the management's discussion and analysis, the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, and the schedules of employer's proportionate share of the net OPEB liability (asset) and employer contributions – Local Retiree Life Insurance Fund, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Supplementary Information Accompanying Audited Financial Statements

We were engaged to report on the combined financial statements and the schedules of expenditures of federal and state awards, which accompany the financial statements but are not RSI. With respect to the supplementary information, consisting of combining financial statements, accompanying the combined financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Information in Documents Containing Audited Financial Statements

The auditor's responsibility for other information in documents containing audited financial statements does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in a document. Our responsibility is to read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements.

We prepared NCHC's Form SF-SAC – Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations for 2018, which is submitted electronically, along with our audited financial statements, to the Federal Audit Clearinghouse. The Form SF-SAC for 2019 is not yet due.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope communicated to your representatives, Brenda Glodowski and Kim Wieloch, in our planning meetings in addition to our engagement letter dated December 9, 2019, accepted by Brenda Glodowski. Completion of the audit was delayed by the COVID-19 pandemic which impacted our ability to obtain complete information related to the master facility plan construction project and the related capital fundraising campaign.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by NCHC are described in Note 1 to the financial statements. There were no new accounting pronouncements adopted during 2019.

We noted no transactions entered into by NCHC during the year for which there is a lack of authoritative guidance or consensus. Financial statement disclosures are neutral and consistent with other healthcare organizations.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements are:

- The adequacies of the accounts receivable contractual adjustments and allowance for doubtful accounts are subjective estimates affecting the financial statements. The accounts receivable contractual adjustments and allowance for doubtful accounts are maintained at levels that management believes are adequate to provide for possible write-offs. Management regularly evaluates the adequacy of the accounts receivable contractual adjustments and allowance for doubtful accounts using NCHC's past bad debt experience, known and inherent risks in accounts receivable, current economic conditions, and other relevant factors. We evaluated the key factors and assumptions used to develop the accounts receivable contractual adjustments and allowance for doubtful accounts in determining that the estimates are reasonable in relation to the financial statements taken as a whole.
- The estimated final settlements on the Medicare and Medicaid cost reports are based on audits conducted by the fiscal intermediaries. Management periodically evaluates the adequacy of the balance using NCHC's experience, known and inherent risks in the preparation of these cost reports, and risks associated with doing business in the healthcare industry. We reviewed the estimated settlements recorded for each open year to determine the reasonableness of the estimates based on the results of previous audits by the fiscal intermediary, known and inherent risks in the preparation of these cost reports, and risks associated with doing business in the healthcare industry.
- The adequacy of the reserves for self-funded health and dental insurance claims are also subjective. The reserves for health and dental insurance claims are maintained at levels which management believes are adequate to cover claims incurred during the year ended December 31, 2019, but not paid until after December 31, 2019. Management periodically evaluates the reserves using NCHC's past experience, known claims, and other relevant factors. We evaluated the key factors and assumptions used to develop the reserves for health and dental insurance claims in determining that they are reasonable in relation to the financial statements.

Qualitative Aspects of Accounting Practices (Continued)

- The adequacy of the liability for the employee health reimbursement accounts is also subjective. The liability is estimated at a level which management believes is appropriate to cover claims to be paid to employees upon their retirement after December 31, 2019, associated with amounts earned by employees prior to December 31, 2019. Management periodically evaluates the reserves using NCHC's past experience, known claims, and other relevant factors. We evaluated the key factors and assumptions used to develop the estimated health reimbursement account liability in determining they are reasonable in relation to the financial statements.
- The allocation of allowable direct and indirect costs used for grant reporting and for allocating the net position among the three participating counties is also subjective. Management periodically reviews the reasonableness of the allocation of costs using NCHC's past experience, known and inherent risks in expenditures, known expenditures, and other relevant factors. We evaluated the key factors and assumptions used in the allocation of the allowable direct and indirect costs for grant reporting and for allocating the net position among the three participating counties in determining that the methodologies are reasonable in relation to the financial statements and the Schedules of Expenditures of Federal and State Awards for the year ended December 31, 2019.
- The net pension and OPEB liability (asset) and the related deferred outflows and deferred inflows are dependent upon actuarial assumptions used by the Wisconsin Department of Employee Trust Funds (ETF) to determine the collective pension and OPEB assets and liabilities of the Wisconsin Retirement System and the allocations provided by ETF to the individual employers. We verified and recalculated amounts specific to NCHC, including the employer amount used in the allocation percentage, the allocation percentage for the employer, and the pension amounts allocated to the employer based on the allocation percentage.
- NCHC is required to evaluate lease agreements to determine if the agreement needs to be recorded as a capital lease obligation. Key factors in making this determination include the useful life of the leased equipment, the incremental borrowing rate, and the fair value of the equipment at the inception of the lease. No new leases were added during 2019.
- NCHC is required to evaluate legal matters outstanding as of December 31, 2019, to determine if NCHC should record a liability for potential settlements related to outstanding legal matters. Key factors in making this determination include the status of the legal matter, the likelihood of settlement of the legal matter, and the ability of NCHC to estimate the potential liability. We reviewed the factors utilized by management to conclude that NCHC should not record estimated liability associated with legal matters outstanding as of December 31, 2019.

Income before contributed capital for the years ended December 31, 2019 and 2018, included \$336,500 and \$873,200 for activity related to 2018 and 2017, respectively, because of changes in cost report, WIMCR, CCS, allowances for contractual adjustment, and bad debt and self-funded health insurance estimates.

Qualitative Aspects of Accounting Practices (Continued)

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We consider the disclosures related to changes in accounting estimates, receivables restricted for the aquatic pool, the master facility plan project, the management agreement executed with Lincoln County subsequent to December 31, 2019 related to the management of Pine Crest Nursing Home, and information related to COVID19 which is affecting individuals, businesses and healthcare organization across the nation to be sensitive disclosures.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

The following entries were recorded during the audit process:

	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Net Position		
			Beginning	Change	Ending
Adjust Wisconsin Retirement System Balances	\$ 2,392,400	\$ 4,842,300	\$ -	\$ (2,449,900)	\$ (2,449,900)
Record OPEB Life Insurance balances	60,600	184,500	-	(123,900)	(123,900)
Correct depreciation expense	(106,100)	-	-	(106,100)	(106,100)
Record in-kind donations from the County	383,100	-	-	383,100	383,100
Record master facility project invoices	739,400	739,400	-	-	-
Correct Pine Crest accounts receivable	(194,100)	(194,100)	-	-	-
Correct accrual for community treatment	-	493,700	-	(493,700)	(493,700)
Totals	\$ 3,275,300	\$ 6,065,800	\$ -	\$ (2,790,500)	\$ (2,790,500)

We also discussed the following items that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is included in the attached audit representation letter.

Effect if entry is not made - Overstated (Understated)					
Description	Assets	Liabilities & Deferred Inflows	Beginning Net Position	Income Before Contributed Capital	Ending Net Position
Overstatement of prepaids	\$ 214,100	\$ 214,100	\$ -	\$ -	\$ -
Understatement of cash	(36,300)	-	-	(36,300)	(36,300)
Understatement of capital assets	(215,100)	-	-	(46,600)	(215,100)
Prior year unadjusted differences	-	-	208,300	(208,300)	-
Total unadjusted differences - December 31, 2019	\$ (37,300)	\$ 214,100	\$ 208,300	\$ (291,200)	\$ (251,400)

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letters dated May 21, 2020, copies of which accompany this letter.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. To our knowledge, management has not obtained any opinions from other independent accountants on the application of accounting principles generally accepted in the United States which would affect NCHC's financial statements or on the type of opinion which may be rendered on the financial statements.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as NCHC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not, in our judgment, a condition of our retention.

Internal Control Matters

In planning and performing our audit, we considered NCHC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of NCHC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of NCHC's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We appreciate the opportunity to be of service to North Central Health Care.

This communication is intended solely for the information and use of North Central Health Care's management and Board of Directors, and includes a description of the scope of our testing of internal control over financial reporting and the results of that testing. The communication related to considering NCHC's internal control over financial reporting is an integral part of an audit performed in accordance with Government Auditing Standards in considering NCHC's internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Enc.

May 21, 2020

Wipfli LLP
11 Scott Street
Wausau, WI 54403

This representation letter is provided in connection with your audits of the financial statements of North Central Health Care ("NCHC"), which comprise the combined statements of net position as of December 31, 2019 and 2018, and the related combined statements of revenue, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (GAAP).

This representation letter is also provided in connection with your audit of the federal and state award programs of NCHC as of and for the year ended December 31, 2019 which was performed in accordance with auditing standards generally accepted in the United States; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *State of Wisconsin Single Audit Guidelines* and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We understand that the purpose of your testing of transactions and records from NCHC's federal and state programs was to obtain reasonable assurance that NCHC had complied, in all material respects, with the compliance requirements that could have a direct and material effect on each of its major programs.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief as of date of this letter, the following representations made to you during your audits.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 9, 2019 including our responsibility for the preparation and fair presentation of the financial statements in accordance with GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2. The financial statements referred to above are fairly presented in conformity with GAAP.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of GAAP.
7. All events subsequent to the date of the financial statements and for which GAAP requires adjustment or disclosure have been adjusted or disclosed in the financial statements or the schedule of findings and questioned costs, including instances of noncompliance.
8. We agree with the adjusting journal entries proposed by you and which are given effect to in the financial statements.
9. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A schedule of the uncorrected misstatements is attached.
10. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with GAAP.
11. Material concentrations have been properly disclosed in accordance with GAAP.
12. Guarantees, whether written or oral, under which NCHC is contingently liable, have been properly recorded or disclosed in accordance with GAAP.
13. We acknowledge our responsibility as it relates to the miscellaneous reimbursement, accounting, and operational consulting services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services.
14. As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards and state financial assistance. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial

statements and related notes and schedule of expenditures of federal awards and state financial assistance.

Information Provided

15. We have provided you with:

- a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
- b. Additional information that you have requested from us for the purpose of the audit.
- c. Unrestricted access to persons within NCHC from who you determined it necessary to obtain audit evidence.
- d. Minutes of the meeting of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.

16. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal and state awards.

17. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

18. We have no knowledge of any fraud or suspected fraud affecting NCHC involving:

- a. Management.
- b. Employees who have significant roles in internal control.
- c. Others where the fraud could have a material effect on the financial statements.

19. We have no knowledge of any allegations of fraud or suspected fraud affecting the NCHC's financial statements communicated by employees, former employees, grantors, regulators, or others.

20. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements applicable to us whose effects should be considered when preparing financial statements.

21. We have disclosed to you all known actual or possible litigation, asserted and unasserted claims, and assessments whose effects should be considered when preparing the financial statements. Adequate and reasonable provision has been made for losses related to asserted and unasserted malpractice, health insurance, worker's compensation, and any other claims or assessments.

22. We have disclosed to you the identity of NCHC's related parties and all the related party relationships and transactions of which we are aware.
23. NCHC has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. NCHC has complied with the provisions of the Joint County Agreement between Marathon, Lincoln, and Langlade Counties.
24. NCHC has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any material asset been pledged, except as disclosed in the notes to the financial statements.
25. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
26. Components of net position (net investment in capital assets, restricted and unrestricted) are properly classified and, if applicable, approved.
27. NCHC has maintained an appropriate composition of net position in amounts needed to comply with all donor restrictions.
28. We have appropriately disclosed NCHC's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy.
29. Deposits and investment securities are properly classified as to risk, and investments are properly valued and disclosed.
30. Capital assets are properly capitalized, reported, and, if applicable, depreciated.
31. NCHC has identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances.
32. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make NCHC vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
33. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose

effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting noncompliance.

34. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements. Specifically:
 - a. There are no violations or possible violations of laws or regulations, such as those related to the Medicare and Medicaid antifraud and abuse statutes, including but not limited to the Medicare and Medicaid Anti-Kickback Statute, Limitations on Certain Physician Referrals (the Stark law), and the False Claims Act, in any jurisdiction, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency other than those disclosed or accrued in the financial statements.
 - b. Billings to third-party payors comply in all material respects with applicable coding guidelines (for example, ICD-10-CM and CPT-4) and laws and regulations (including those dealing with Medicare and Medicaid antifraud and abuse), and billings reflect only charges for goods and services that were medically necessary; properly approved by regulatory bodies, if required; and properly rendered.
 - c. There have been no communications (oral or written) from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction (including those related to the Medicare and Medicaid antifraud and abuse statutes), deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
35. Receivables recorded in the financial statements represent valid claims for charges arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value as follows:
 - a. Adequate consideration has been given to, and appropriate provision made for, estimated adjustments to revenue, such as for denied claims and changes to prospective payment system assignments.
 - b. Recorded valuation allowances are necessary, appropriate, and properly supported.
 - c. All peer review organizations, fiscal intermediary, and third-party payor reports and information have been made available to you.
36. Provision has been made, when material, for estimated retroactive adjustments by third-party payors under reimbursement agreements. In regards to cost reports filed with third-parties:

- a. All required Medicare, Medicaid, and similar reports have been properly filed on a timely basis.
 - b. Management is responsible for the accuracy and propriety of all cost reports filed.
 - c. All costs reflected on such reports are appropriate and allowable under applicable reimbursement rules and regulations and are patient-related and properly allocated to applicable payors.
 - d. The reimbursement methodologies and principles employed are in accordance with applicable rules and regulations.
 - e. Adequate consideration has been given to, and appropriate provision made for, audit adjustments by intermediaries, third-party payors, or other regulatory agencies.
 - f. All items required to be disclosed, including disputed costs that are being claimed to establish a basis for a subsequent appeal, have been fully disclosed in the cost report.
 - g. Recorded third-party settlements include differences between filed (and to be filed) cost reports and calculated settlements, which are necessary based on historical experience or new or ambiguous regulations that may be subject to differing interpretations. While management believes the entity is entitled to all amounts claimed on the cost reports, management also believes the amounts of these differences are appropriate.
37. We acknowledge our responsibility for presenting the additional combining information in accordance with accounting principles generally accepted in the United States, and we believe the additional combining information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States. The methods of measurement and presentation of the additional combining information are appropriate and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
38. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
39. We believe the methods used to allocate balance sheet amounts between the 51.41/437 program and the nursing home program are appropriate.
40. Disclosures included in Note 8 related to the master facility plan project are accurate.
41. There are several legal matters outstanding as of December 31, 2019. Because of the uncertainty of any potential settlement associated with these legal matters is unknown, no accrual has been recorded related to these matters.

42. Information disclosed in the financial statements related to subsequent events, including transition of management of Pine Crest Nursing Home and related to the COVID19 pandemic is complete and accurate.

With Respect to Federal and State Award Programs

43. With respect to federal and state award programs:

- a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and State of Wisconsin Single Audit Guidelines including requirements relating to preparation of the schedules of expenditures of federal awards and state financial assistance.
- b. We acknowledge our responsibility for presenting the schedules of expenditures of federal awards and state financial assistance in accordance with the requirements of the Uniform Guidance and State of Wisconsin Single Audit Guidelines, and we believe the schedules of expenditures of federal and state awards, including their form and content, are fairly presented in accordance with the Uniform Guidance and State of Wisconsin Single Audit Guidelines. The methods of measurement of the schedules of expenditures of federal awards and state financial assistance have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the schedules of expenditures of federal and state awards.
- c. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and State of Wisconsin Single Audit Guidelines, and included in the schedules of expenditures of federal awards and state financial assistance made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- d. We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal and state programs.
- e. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with laws, regulations, and the provisions of

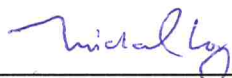
contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.

- f. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relating to major federal and state programs and related activities.
- g. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- h. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement* and *State of Wisconsin Single Audit Guidelines* relating to federal and state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal and state awards.
- i. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- j. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance.
- l. We have disclosed to you our interpretation of compliance requirements that have varying interpretations, if any.
- m. We have made available to you all documentation relating to the compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- n. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

- o. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- p. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the date as of which compliance was audited.
- q. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- r. The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- s. We have charged costs to federal and state awards in accordance with applicable cost principles.
- t. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and State of Wisconsin Single Audit Guidelines and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
- u. We are responsible for and have reviewed the auditee section of the Data Collection Form as required by the Uniform Guidance.
- v. We are responsible for preparing and implementing corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

Sincerely,

North Central Health Care



Michael Loy, CEO

May 21, 2020


Jill Meschke, CFO

May 21, 2020

Unadjusted Differences Attachment

North Central Health Care
Unadjusted Difference Schedule
December 31, 2019

Effect if entry is not made - Overstated (Understated)						
Description	Assets	Liabilities & Deferred Inflows	Beginning Net Position	Income Before Contributed Capital	Ending Net Position	
Overstatement of Prepaids	\$ 214,100	\$ 214,100	\$ -	\$ -	\$ -	
Understatement of cash	(36,300)	-	-	(36,260)	(36,260)	
Understatement of capital assets	(215,100)			(46,600)	(215,100)	
Prior year unadjusted differences			208,300	(208,300)	-	
Total unadjusted differences - December 31, 2019	\$ (37,300)	\$ 214,100	\$ 208,300	\$ (291,160)	\$ (251,360)	

Subsequent Events Representation Letter

May 21, 2020

Wipfli LLP
11 Scott Street
Wausau, WI 54403


We are writing to confirm that North Central Health Care ("NCHC") had none of the following events occur during the time period starting with our most recent fiscal year-end (December 31, 2019) to the date of the letter. There have been no:

1. Subsequent settlements of a contingent liability or litigation at an amount that is different from the amount recorded in the draft year-end financial statements, if applicable.
2. New (previously undisclosed to Wipfli LLP) pending or threatened litigation, claims, or assessments, or unasserted claims or assessments.
3. Substantive consultations with the attorneys, selected for confirmation by you, since the effective date of the respective legal confirmations.
4. Material adverse changes in financial position of NCHC since year-end.
5. Material changes to any significant estimates in the draft year-end financial statements.
6. Sales of any assets subsequent to year-end at a price significantly less than the carrying value in the draft financial statements.
7. Plant shutdowns or strikes, if applicable.
8. Changes to previously disclosed substantial contingent liabilities or commitments that existed at the date of the balance sheet, and no new substantial contingent liabilities or commitments have become known since the balance sheet date.
9. Significant changes in the capital stock, long-term debt, or working capital.
10. Changes in the current status of items in the financial statements being reported on that were accounted for on the basis of tentative, preliminary, or inconclusive data.
11. Unusual adjustments made during the period from the balance sheet date to the date of this inquiry.
12. Significant undisclosed (in the draft year-end financial statements) financial commitments.
13. Commitments or plans for major purchases of capital assets or inventory exist, and consideration was given to possible losses due to price changes.

14. Changes in accounting or financial policies.
15. Events that caused a decline in the value of any assets or that made any significant portion of fixed assets idle or obsolete.
16. Expiration or cancellation of significant insurance coverage.
17. New regulatory requirements or laws that could adversely affect the entity.
18. Liabilities in dispute or being contested.
19. Losses of major suppliers or key executive employees.
20. New, or change to, related-party transactions since year-end.
21. Minutes (or summaries in place of approved minutes) from director meetings have been prepared and not provided to you for the period under audit through the date of this letter.
22. Meetings of directors where minutes have not yet been prepared.
23. Information disclosed in the financial statements related to subsequent events, including transition of management of Pine Crest Nursing Home and related to the COVID19 pandemic is complete and accurate.

Sincerely,

North Central Health Care



Michael Loy, Chief Executive Officer



Jill Meschke, Chief Financial Officer

North Central Health Care

Combined Financial Statements and
Supplementary Combining Information

Years Ended December 31, 2019 and 2018



North Central Health Care

Person centered. Outcome focused.



WIPFLI

Independent Auditor's Report

Board of Directors
North Central Health Care
Wausau, Wisconsin

Report on the Financial Statements

We have audited the accompanying combined statements of net position of North Central Health Care, a component unit of Marathon County, as of December 31, 2019 and 2018, and the related combined statements of revenue, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the combined financial statements which collectively comprise North Central Health Care's financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Central Health Care as of December 31, 2019 and 2018, and the changes in its financial position and cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 4 through 14, the schedule of employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System on page 52, and the schedule of the employer's proportionate share of the net OPEB liability (asset) and employer contributions - Local Retiree Insurance Fund on page 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the combined financial statements that collectively comprise North Central Health Care's basic financial statements as a whole. The accompanying combining financial statements are presented for purposes of additional analysis of the combined financial statements rather than to present the separate financial position, results of operations, and cash flows of the 51.42/.437 program and the nursing home, and are not a required part of the combined financial statements.

This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2020, on our consideration of North Central Health Care's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of North Central Health Care's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Central Health Care's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

May 21, 2020
Wausau, Wisconsin

North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2019 and 2018

Overview of the Financial Statements

The annual financial report consists of management's discussion and analysis, the combined financial statements, including notes to the combined financial statements and related combining information, and other information. The combined financial statements present different views of North Central Health Care's (NCHC) financial activities and consist of the following:

- The combined statements of net position compare assets to liabilities to give an overall view of the financial health of NCHC.
- The combined statements of revenue, expenses, and changes in net position provide information on an aggregate view of NCHC's finances.
- The combined statements of cash flows provide sources and uses of cash for NCHC.

Brief Discussion

NCHC financial statements represent two distinct businesses:

- The 51.42/.437 Human Services Program which includes a 16-bed psychiatric hospital, AODA and mental health services, crisis services, adult protective services, the aquatic program, community programs, and residential program serving the specialized needs of targeted populations.
- A 200-bed nursing home on the NCHC campus which is operated for the benefit of Marathon County.

North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2019 and 2018

Financial Analysis

Statements of Net Position

One of the most important questions asked about NCHC's finances is, "Is NCHC as a whole better or worse off as a result of the year's activities?" The statements of net position and statements of revenue, expenses, and changes in net position report information about NCHC's resources and its activities in a manner that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All current year's revenue and expenses are taken into account regardless of when cash is received or paid.

NCHC's net position – the difference between assets and liabilities – is one way to measure NCHC's financial health or financial position. Over time, increases or decreases in NCHC's net assets are one indicator of whether financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in NCHC's revenue base and measures of the quality of service it provides to the community, as well as local economic factors, to assess the overall health of NCHC.

Condensed Statements of Net Position			
	2019	2018	2017
Assets and deferred outflows of resources:			
Current assets	\$ 13,982,901	\$ 16,486,280	\$ 16,304,389
Investments	14,294,490	13,691,324	11,792,118
Assets limited as to use	1,134,311	1,250,934	845,128
Patient trust funds	36,031	34,487	35,673
Receivable restricted for aquatic pool	3,213,262	3,213,262	-
Net pension asset - WRS	-	5,559,798	-
Capital assets - Net	16,774,092	11,605,702	11,682,020
Deferred outflows of resources	18,283,534	10,270,680	12,070,837
Total assets and deferred outflows of resources	\$ 67,718,621	\$ 62,112,467	\$ 52,730,165
Liabilities:			
Current liabilities	\$ 6,828,829	\$ 6,480,820	\$ 5,256,845
Net pension liability	7,524,802	944,541	1,582,088
Related-party note payable - Noncurrent	6,061,225	343,429	-
Long-term portion of capital lease liability	74,076	101,112	-
Patient trust funds	36,031	34,487	35,673
Total liabilities	20,524,963	7,904,389	6,874,606
insurance	9,439,717	10,993,103	5,021,704
Net position:			
Net investment in capital assets	10,609,542	11,131,912	11,682,020
Restricted for capital assets	3,213,262	3,213,262	-
Restricted for net pension assets	-	5,559,798	-
Unrestricted:			
Board designated	1,134,311	1,250,934	845,128
Undesignated	22,796,826	22,059,069	28,306,707
Total net position	37,753,941	43,214,975	40,833,855
Total liabilities, deferred inflows of resources, and net position	\$ 67,718,621	\$ 62,112,467	\$ 52,730,165

North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2019 and 2018

Statements of Net Position (Continued)

Factors affecting NCHC's statement of net position in 2019 are:

- During 2019 and 2018, cash and cash equivalents, investments, and assets limited as to use decreased \$2,781,090 and increased \$1,703,079, respectively. The reader should note that most of the cash and cash equivalents and investments are identified with the 51.42/.437 program. NCHC has targeted, through the strategic planning process, to continue to increase reserves each year. Investments and assets limited as to use increased \$486,543 during 2019. Continued improvements in accounts receivable increased cash flows which allows for more funds to be invested.
- Current liabilities total \$6,828,829 and \$6,480,820 at December 31, 2019 and 2018, respectively, which includes accounts payable, accrued payroll and related fringe benefits, and amounts payable to and deferred revenue related to third-party reimbursement programs and patient trust funds which are managed by NCHC for residents of the nursing home.
- At December 31, 2019, NCHC's net position totaled \$37,753,941 on a combined basis consisting of an investment of \$10,609,542 in capital assets net of related debt, restricted net position of \$3,213,262 and \$23,931,137 of unrestricted net position.
- A significant component of the change in NCHC's net position is the 2019 loss before contributed capital of \$5,846,435. There was an expense totaling \$2,573,819 which was recorded in 2019 as a result of Governmental Accounting Standards Board (GASB) Statement No. 68 and Statement No. 75. However, prior to this expense, there was a loss in operations for the year of \$3,272,616.
- The supplementary information includes a combining statement of net position and a combining statement of revenue, expenses, and changes in net position. These combining statements present separate information for the 51.42/.437 program and the Nursing Home program of North Central Health Care.

Factors affecting NCHC's statement of net position in 2018 are:

- During 2018 and 2017, cash and cash equivalents, investments, and assets limited as to use increased \$1,703,079 and \$1,449,560, respectively. Investments increased \$1,899,206 during 2018. Improvements in accounts receivable and increases in cost reporting settlements allowed for more funds to be invested.
- Current liabilities total \$6,480,820 and \$5,256,845 at December 31, 2018 and 2017, respectively, which includes accounts payable, accrued payroll and related fringe benefits, and amounts payable to and deferred revenue related to third-party reimbursement programs and patient trust funds which are managed by NCHC for residents of the nursing home. Also included in the current liabilities for 2018 is the current portion of the related-party note payable.
- At December 31, 2018, NCHC's net position totaled \$43,214,975 on a combined basis consisting of an investment of \$11,131,912 in capital assets net of related debt, restricted net position of \$8,773,060 and \$23,310,003 of unrestricted net position.
- A significant component of the change in NCHC's net position is the 2018 loss before contributed capital of \$394,905, and contributions totaling \$3,213,262 restricted by donors for a new aquatic therapy pool. There was an expense totaling \$769,925, which was recorded in 2018 as a result of GASB Statement No. 68 and Statement No. 75. However, prior to this expense, there was a gain in operations for the year of \$375,020.

North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2019 and 2018

Statements of Net Position (Continued)

Capital Assets

NCHC's investment in capital assets as of December 31, 2019, totals \$16,774,092 net of accumulated depreciation. This is a significant increase compared to 2018, mainly due to the increase in construction in progress related to the renovation projects. Outside of this, there were asset additions of \$1,478,413 offset by depreciation of \$2,087,828.

NCHC's investment in capital assets as of December 31, 2018, totals \$11,605,702, net of accumulated depreciation. Although the investment in capital assets as of December 31, 2018, is comparable to the balance at December 31, 2017, there were asset additions of \$1,904,227 offset by depreciation of \$1,977,862.

Capital assets consisted of the following at December 31:

NCHC's Capital Assets (Net of Accumulated Depreciation)	2019	2018	2017
Land and land improvements	\$ 287,275	\$ 321,956	\$ 350,497
Building and building improvements	5,824,338	6,074,688	5,976,121
Equipment	4,270,564	4,616,690	4,795,797
Construction in progress	6,391,915	592,368	559,605
Totals	\$ 16,774,092	\$ 11,605,702	\$ 11,682,020

Noncurrent liabilities

NCHC's noncurrent liabilities totaled \$13,696,134 and \$1,423,569 as of December 31, 2019 and 2018, respectively. The increase in noncurrent liabilities is the result of a \$5,717,796 increase in amounts due to Marathon County for property and equipment (primarily related to the master facility plan project) and a \$6,580,261 increase in net pension and life insurance liability. NCHC's noncurrent liabilities totaled \$1,617,761 at December 31, 2017.

North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2019 and 2018

Statements of Revenue, Expenses, and Changes in Net Position

Condensed Statements of Revenue, Expenses, and Changes in Net Position			
	2019	2018	2017
Revenue:			
Net patient service revenue	\$ 54,550,183	\$ 50,189,949	\$ 45,123,737
Other revenue	18,242,642	19,306,095	19,184,138
Total revenue	72,792,825	69,496,044	64,307,875
Expenses:			
Health care services	59,495,217	51,951,786	45,719,840
General and administrative	19,644,482	17,708,365	17,909,080
Total expenses	79,139,699	69,660,151	63,628,920
Operating income (loss)	(6,346,874)	(164,107)	678,955
Nonoperating income (loss)	500,439	(230,798)	176,327
Income (loss) before contributed capital	(5,846,435)	(394,905)	855,282
Contributions restricted for capital assets	-	3,213,262	-
Contributions from counties for capital assets	385,401	367,049	646,347
Change in net position	(5,461,034)	3,185,406	1,501,629
Net position at beginning, as previously reported	43,214,975	40,833,855	39,332,226
Cumulative effect of accounting change	-	(804,286)	-
Net position at end	\$ 37,753,941	\$ 43,214,975	\$ 40,833,855

North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2019 and 2018

Statements of Revenue, Expenses, and Changes in Net Position (Continued)

Net Patient Service Revenue

Net patient service revenue, on a combined basis, is 74.9% of total revenue in 2019 and 72.2% in 2018. Increasing net patient revenue is a priority for NCHC. As net patient revenue increases, the reliance on the county subsidy can decrease.

51.42/.437 Program

In 2019, NCHC recorded \$33,996,504 of net patient service revenue for its 51.42/.437 program. This was an increase in net patient service revenue of \$4,440,342 from 2018. Significant components of this change are:

- The Human Services Programs (51.42/.437) patient services are billed based on units of services, either hours or days. Changes in the volume of units or changes in payor can impact net patient services revenue. Net revenue from billed services increased approximately \$2,900,000 compared to 2018. This is composed of a decrease in hospital revenue of \$164,000, an increase in pharmacy revenue of \$691,000 and an increase in outpatient revenue of \$2,373,000. While there are some fluctuations among the programs, Community Treatment continues to see significant increases in volumes resulting in an increase in net patient revenue of \$1,310,000. The average census in the CBRF increased from 7 per day in 2018 to almost 11 per day in 2019, resulting in increased revenue of \$400,000. The addition of psychiatrists during 2019 contributed to an increase in revenue of \$585,000. A decrease in write offs and an increase in collections contribute \$67,000 of improvements. The increase in pharmacy revenue is due to changes in the number of prescriptions and the increased cost of drugs.
- Cost reporting settlements in 2019 resulted in increased net patient service revenue compared to 2018. The overall increase in this area compared to 2018 is \$407,000. The settlement for both the Wisconsin Medicaid Program (WIMCR) and Comprehensive Community Services (CCS) increased.
- Starting in 2008, NCHC paid the Family Care Liability of \$1,125,287 on behalf of Marathon County. When Family Care started in Marathon County, they contracted with NCHC as a provider for a number of programs. As a result, revenue increased for these programs. Most of the Family Care eligible programs in the county are provided by NCHC, which is why NCHC paid the liability. In 2018, this liability had been included in the net patient service revenue. Starting in 2019, Marathon County began paying this liability directly and reduced the levy to NCHC, resulting in an increase in net patient revenue and a decrease in appropriations.

In 2018, NCHC recorded \$29,556,162 of net patient service revenue for its 51.42/.437 program. This was an increase in net patient service revenue of \$5,484,315 from 2017. Significant components of this change are:

- The Human Services Programs (51.42/.437) patient services are billed based on units of services, either hours or days. Changes in the volume of units or changes in payer can impact net patient services revenue. Hospital inpatient revenue decreased by \$177,000 in 2018, and Hospital outpatient revenue increased by \$1,997,000 in 2018. Overall, revenue for the Human Services Program increased by \$1,820,000. While there was some fluctuation in volume among the programs, the most significant change continues to be with the Community Treatment Program, with net patient services revenue increasing by \$1,954,000.
- Cost reporting settlements in 2018 resulted in increased net patient service revenue compared to 2017. The overall increase in this area compared to 2017 is \$965,000. The settlement for the WIMCR decreased, while the settlement for CCS increased.

North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2019 and 2018

Statements of Revenue, Expenses, and Changes in Net Position (Continued)

Net Patient Service Revenue (Continued)

51.42/.437 Program (Continued)

- In 2018, there was a change with the allocation of pharmacy. Traditionally, the pharmacy had been grouped with the nursing home due to the majority of prescriptions filled being for the nursing home. However, with the nursing home census decreasing and volumes increasing for Community Treatment, the pharmacy was allocated to both the 51.42/.437 Program and Nursing Home in 2017, and allocated fully to the 51.42/.437 program in 2018. The expenses for this program follow the revenue. The overall pharmacy revenue increased by \$932,000. This contributed to increased volumes in the Community Treatment programs and changes in some of the types of prescriptions. The impact of pharmacy revenue to the 51.42/.437 program with the increase in revenue and moving the full allocation is \$2,723,000.

Nursing Home

The nursing home recorded \$20,553,679 of net patient service revenue in 2019. This was a decrease in net patient service revenue of \$80,108 from 2018. Factors for this change include:

- The nursing home census did increase in 2019 with an average census of 180 per day compared to the average census of 179 in 2018. While the census did increase some, there was a shift in the payer mix with 4% shifting from self-pay to Medicaid. The shift in the payer mix contributes to the average net revenue per patient day to decrease by about \$2.00. Write offs did decrease in 2019 compared to 2018 by just over \$71,000.
- The Supplemental Payment (SP) for the nursing home decreased by \$20,000 compared to 2018. The nursing home did receive another Certified Public Expenditure (CPE) payment in 2019 of \$1,202,000. The State again received additional funds in excess of the Medicaid losses and was required to return these funds to the government operated nursing homes. The payment received in 2019 was \$46,000 less than the payment in 2018.

The nursing home recorded \$20,633,787 of net patient service revenue in 2018. This was a decrease in net patient service revenue of \$418,103 from 2017. Factors for this change include:

- The nursing home experienced another decrease in census during 2018. The average census in 2018 was 179 per day, compared to the average census of 183 in 2017. The impact of the decrease in census is \$339,000.
- The SP for the nursing home increased by \$97,000 compared to 2017. In 2018, the nursing home also received a CPE payment of \$1,248,000. The State received additional funds in excess of the Medicaid losses and was required to return these funds to the government-operated nursing homes. This is the fourth time that CPE funds have been distributed back to governmental facilities since the bill passed in 2008 requiring this.
- As indicated in the prior section, there is a shift of allocation of pharmacy revenue and expenses into the 51.42/.437 program.

North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2019 and 2018

Statements of Revenue, Expenses, and Changes in Net Position (Continued)

Nursing Home (Continued)

The percentage of nursing home resident days by payor for 2019, 2018, and 2017 was as follows:

	2019	2018	2017
Self-pay and other	17%	20%	17%
Medicare	10%	11%	9%
Medicaid	73%	69%	74%
Totals	100%	100%	100%

Other Revenue

In 2019, other revenue totaled \$18,242,642 which was composed of 45% from the State of Wisconsin, 45% from Marathon, Langlade, and Lincoln Counties' appropriations to subsidize operating expenses, and 10% from other sources.

There was a net decrease of \$1,125,287 in the category of county appropriations for 2019. As noted earlier, the decrease is from Marathon County due to the County making the Family Care liability payment directly to the State. NCHC previously made this payment to the County and they would forward to the State. Starting in 2019, the Marathon County appropriation is decreased by this amount and the County makes the payment directly.

Revenue in the other categories remains relatively consistent from 2018 to 2019.

In 2018, other revenue totaled \$19,306,095, which was composed of 42% from the State of Wisconsin, 48% from Marathon, Langlade, and Lincoln Counties' appropriations to subsidize operating expenses, and 10% from other sources.

There was a net decrease of \$358,200 in the category of county appropriation for 2018. The nursing home appropriation was decreased by \$200,000 for 2018. Also, the Marathon County and Lincoln County appropriations were decreased by \$33,000 and \$7,000, respectively, due to moving legal services for Adult Protective Services to Marathon County. Lincoln County pays Marathon County directly for their share of this service. The match for Marathon County was decreased due to decreased insurance paid by Marathon County for NCHC.

Departmental and other revenue increased compared to 2017 by \$244,069. This includes \$90,000 for housekeeping services provided to Marathon County programs on the NCHC campus, which is reimbursed back to NCHC, as well as increases in rebates and discounts and increased cafeteria sales.

North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2019 and 2018

Statements of Revenue, Expenses, and Changes in Net Position (Continued)

Expenses

NCHC's combined expenses for the year ended December 31, 2019, totaled \$79,139,699 compared to \$69,660,151 for 2018. Expenses increased 13.6% compared to 2018.

Combined salaries accounted for 41% of total expenses in 2019 and 43% in 2018 while fringe benefits accounted for 20% of total expenses in 2019 and 20% in 2018. Salaries and fringe benefits were 61% and 63% of total expenses in 2019 and 2018, respectively.

Nursing home salaries and fringe benefits were 76% and 75% of total nursing home expenses in 2019 and 2018, respectively, while the 51.42/.437 program salaries and fringe benefits were 54% and 57% of total 51.42/.437 program expenses in 2019 and 2018, respectively.

Factors that impacted overall expenses in 2019 were:

- The total expenses increased by \$9,479,548 from 2018 to 2019. The activity related to the increase varies. Some of the significant changes are noted below.
- Overall salaries increased \$2,547,077 or 8.5% from 2018 to 2019. An average of 2.5% for merit increases was included in the 2019 budget. It is estimated that the expense related to merit increases is about \$700,000. A market adjustment was done for selected nursing positions, with an impact of \$162,000. The 2019 budget did include an addition of 16 FTEs for \$1,867,000. The majority of these are in direct care with psychiatry, crisis, and medically monitored treatment having the majority of increases. Birth-To-Three program salaries decreased in 2019 by \$376,000 due to the program being relocated to Marathon County Special Education beginning July 1. Overtime and call time increased from 2018 by \$352,000 due to a number of vacant positions. Consistent with 2018, there were still a number of open positions at the end of 2019.
- The overall employee benefit percentage increased from 46% in 2018 to 47% in 2019. The dollar amount of the increased benefits is \$1,504,000. The most significant change impacting employee benefits is the increase in the required GASB 68 and 75 entries of \$1,804,000. The entries are noncash items, but are required entries. The workers' compensation premiums in 2018 had included two retro adjustments of \$420,000. There are no adjustments included in 2019, therefore, the amount of the workers' compensation premiums in 2019 decreased from 2018. FICA and retirement increased in 2019 compared to 2018 by \$287,000 due to increased salaries, while health insurance and unemployment decreased compared to 2018.
- Provider contract services saw an increase of \$1,782,000. The majority of this increase is related to contract physicians and additional providers with the Community Treatment program. Both of these areas continue to be growth areas for the organization. Other contract services increased \$607,000. This is due to the Birth-To-Three program being moved to Marathon County Special Education in July and NCHC contracting with special education for the service. Information technology agreements increased \$178,000, which represents increased costs with the vendors. Drug expense increased \$737,000. This is due to increased prescriptions filled and increased cost of drugs. There is increased revenue to offset this increase in expense. An expense for \$290,000 is also included in 2019 for a settlement on rental property that had been in litigation for a number of years.
- Care at other institutes saw another significant increase in 2019 compared to 2018 of \$1,123,000 due to increased volumes.

North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2019 and 2018

Statements of Revenue, Expenses, and Changes in Net Position (Continued)

Expenses (Continued)

NCHC's combined expenses for the year ended December 31, 2018, totaled \$69,660,151 compared to \$63,628,920 for 2017. Expenses increased 9.5% compared to 2017.

Combined salaries accounted for 43% of total expenses in 2018 and 2017, respectively, while fringe benefits accounted for 20% of total expenses in 2018 and 21% in 2017. Salaries and fringe benefits were 63% and 64% of total expenses in 2018 and 2017, respectively.

Nursing home salaries and fringe benefits were 75% and 70% of total nursing home expenses in 2018 and 2017, respectively, while the 51.42/.437 program salaries and fringe benefits were 57% and 61% of total 51.42/.437 program expenses in 2018 and 2017, respectively.

Factors that impacted overall expenses in 2018 were:

- The total expenses increased by \$6,031,231 from 2017 to 2018. The activity related to the expenses does vary.
- Overall salaries increased \$2,542,800 or 9.2% from 2017 to 2018. An average of 2.5% for merit increases was included in the 2018 budget. It is estimated that the expense related to merit increases is about \$600,000. A market adjustment was done for selected nursing positions, with an impact of \$105,000. The 2018 budget did include an additional 17 new positions with an estimated cost of \$1,400,000. The majority of the new positions were for the Medically Monitored Treatment (MMT) program and the CBRF due to the expansion of those programs, and Community Treatment to meet the growth of that program. There were some vacant positions filled during 2018.
- The overall employee benefit percentage decreased from 48% in 2017 to 46% in 2018. While the overall percentage did decrease, the dollar amount did increase by \$754,000. There are three more significant changes within the employee benefits. The required entry for GASB 68 decreased by \$1,550,000 from 2017. This is a noncash item, but it is a required entry. A new noncash entry is now required starting in 2018, GASB 75. This entry increases employee benefits by \$45,000. Workers' compensation premiums had an increase of \$420,000 due to two separate retro adjustments related to prior plans. Health insurance increased by \$1,613,000 compared to 2017.
- Provider Contract Services saw an increase of \$1,782,000. The majority of this increase is related to contract physicians and additional providers with the Community Treatment program. Both of these areas are growth areas for the organization.
- Care at other institutes saw a significant increase in 2018 compared to 2017 of \$708,000, due to increased volume.

North Central Health Care

Management's Discussion and Analysis

Years Ended December 31, 2019 and 2018

Statements of Revenue, Expenses, and Changes in Net Position (Continued)

Items That May Affect Future Operations

While the year ended December 31, 2019, was a financially challenging year, there continues to be growth in programs. With the significant addition of psychiatry services, there should be revenue growth related to these services. Expense management continues to be a priority and work continues to be done to alleviate the number of diversions to the state institutes.

Healthcare reform will continue to significantly impact how healthcare is provided and paid for in the future. Government programs will face even greater pressure to reduce reimbursement levels in the future. In addition, labor costs, fringe benefits, and other expenses will likely continue to increase at a faster rate than revenue which places an additional financial burden on Marathon, Langlade, and Lincoln Counties. Finally, each of the sponsoring counties is facing less shared revenue from the State of Wisconsin; thus, it may not be possible for them to increase payments for NCHC's programs in the future.

Subsequent to year-end, in March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. As a result of the pandemic, there are evolving federal and state regulatory requirements and laws that affect NCHC operations. NCHC is incorporating processes to comply with the evolving regulatory requirements and laws. At this time, it is unclear what the prolonged economic impact of COVID-19 will have on NCHC's operations.

Contacting NCHC's Financial Management

This financial report is designed to provide our readers with a general overview of NCHC's finances and to show NCHC's accountability for the funding it receives. If there are questions about this report or if additional financial information is needed, contact the administration office at North Central Health Care, 1100 Lake View Drive, Wausau, Wisconsin 54403.

North Central Health Care

Combined Statements of Net Position

December 31	2019	2018
Current assets:		
Cash and cash equivalents	\$ 4,281,037	\$ 7,433,591
Accounts receivable:		
Patient - Net	4,508,364	4,792,133
Outpatient WIMCR/CCS	2,640,000	2,147,000
Marathon County	200,464	199,375
Net state receivable	1,206,037	1,148,281
Other	277,293	188,387
Inventory	409,844	427,687
Other	459,862	149,826
Total current assets	13,982,901	16,486,280
Noncurrent assets:		
Investments	14,294,490	13,691,324
Assets limited as to use	1,134,311	1,250,934
Restricted assets - Patient trust funds	36,031	34,487
Receivable restricted for aquatic pool	3,213,262	3,213,262
Net pension asset - WRS	-	5,559,798
Nondepreciable capital assets	6,443,215	643,667
Depreciable capital assets - Net	10,330,877	10,962,035
Total noncurrent assets	35,452,186	35,355,507
Deferred outflows of resources - Related to pensions and life insurance	18,283,534	10,270,680
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 67,718,621	\$ 62,112,467

North Central Health Care

Combined Statements of Net Position (Continued)

December 31	2019	2018
Current liabilities:		
Current portion of capital lease liability	\$ 29,249	\$ 29,249
Accounts payable:		
Trade	1,753,029	1,183,973
Marathon County	26,312	269,166
Accrued liabilities:		
Salaries and retirement	2,094,392	1,993,131
Compensated absences	1,791,731	1,702,438
Health and dental insurance	670,000	847,000
Other	354,936	234,000
Amounts payable to third-party reimbursement programs	70,000	145,000
Unearned revenue	39,180	76,863
Total current liabilities	6,828,829	6,480,820
Noncurrent liabilities:		
Amounts due to Marathon County for property and equipment	6,061,225	343,429
Long-term portion of capital lease liability	74,076	101,112
Net pension and life insurance liability	7,524,802	944,541
Patient trust funds	36,031	34,487
Total noncurrent liabilities	13,696,134	1,423,569
Total liabilities	20,524,963	7,904,389
Deferred inflows of resources - Related to pensions and life insurance	9,439,717	10,993,103
Net position:		
Net investment in capital assets	10,609,542	11,131,912
Restricted for capital assets	3,213,262	3,213,262
Restricted for net pension assets	-	5,559,798
Unrestricted:		
Board designated for contingency	1,000,000	1,000,000
Board designated for capital assets	134,311	250,934
Undesignated	22,796,826	22,059,069
Total net position	37,753,941	43,214,975
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 67,718,621	\$ 62,112,467

See accompanying notes to combined financial statements.

North Central Health Care

Combined Statements of Revenue, Expenses, and Changes in Net Position

Years Ended December 31	2019	2018
Revenue:		
Net patient service revenue	\$ 54,550,183	\$ 50,189,949
Other revenue:		
State grant-in-aid	5,018,577	5,059,148
State match/addendum	2,394,487	2,215,894
Other grants	709,257	743,295
Counties' appropriations	8,188,453	9,313,741
Departmental and other revenue	1,931,868	1,974,017
Total other revenue	18,242,642	19,306,095
Total revenue	72,792,825	69,496,044
Expenses:		
Salaries	32,661,094	30,114,017
Fringe benefits:		
WRS Retirement - GASB 68	2,449,909	725,054
WRS Retirement - GASB 75	123,910	44,871
WRS Retirement - Contributions	2,043,602	1,905,598
Other fringe benefits	10,871,337	11,308,893
Supplies and other	26,555,594	22,166,091
Utilities	70,649	75,929
Depreciation	1,896,356	1,977,862
Interest expense	2,213	-
Care of patients at other facilities	2,465,035	1,341,836
Total expenses	79,139,699	69,660,151
Operating loss	(6,346,874)	(164,107)
Nonoperating income (loss):		
Interest income	369,796	261,660
Fixed asset impairment	(2,900)	(498,296)
Gain on disposal of capital assets	133,543	5,838
Total nonoperating income (loss)	500,439	(230,798)
Loss before contributed capital	(5,846,435)	(394,905)

North Central Health Care

Combined Statements of Revenue, Expenses, and Changes in Net Position (Continued)

Years Ended December 31	2019	2018
Loss before contributed capital (brought forward)	\$ (5,846,435)	\$ (394,905)
Contributions restricted for capital assets	-	3,213,262
Contributed capital - Contributions from Marathon County for capital assets and forgiveness of debt	385,401	367,049
Change in net position	(5,461,034)	3,185,406
Net position at beginning - As previously reported	43,214,975	40,833,855
Cumulative effect of accounting change	-	(804,286)
Net position at end	\$ 37,753,941	\$ 43,214,975

See accompanying notes to combined financial statements.

North Central Health Care

Combined Statement of Cash Flows

Years Ended December 31	2019	2018
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Cash received from patients, third-party reimbursement programs, and other revenue	\$ 64,134,707	\$ 59,319,428
Cash received from Marathon County appropriations	7,002,554	8,127,842
Cash received from other counties' appropriations	1,185,899	1,185,899
Cash paid to employees for services	(29,952,785)	(28,379,151)
Cash paid to suppliers for goods and services	(44,332,555)	(37,236,250)
Cash paid to Marathon County for rent	(22,000)	(22,000)
Net cash from operating activities	(1,984,180)	2,995,768
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	152,386	-
Acquisition of capital assets	(1,174,764)	(1,553,163)
Payment on capital lease obligation	(27,036)	-
Interest paid	(2,213)	-
Net cash from capital and related financing activities	(1,051,627)	(1,553,163)
Cash flows from investing activities:		
Decrease in investments	(603,166)	(1,899,206)
(Increase) decrease in assets limited as to use	116,623	(405,806)
Interest received	369,796	261,660
Net cash from investing activities	(116,747)	(2,043,352)
Net change in cash and cash equivalents	(3,152,554)	(600,747)
Cash and cash equivalents at beginning	7,433,591	8,034,338
Cash and cash equivalents at end	\$ 4,281,037	\$ 7,433,591

North Central Health Care

Combined Statement of Cash Flows (Continued)

Years Ended December 31	2019	2018
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	\$ (6,346,874)	\$ (164,107)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Provision for depreciation	1,896,356	1,977,862
Provision for bad debts	340,686	423,346
Depreciation charged to capital contribution	191,472	-
Interest expense	2,213	-
Changes in operating assets and liabilities:		
Accounts receivable	(697,668)	(1,181,336)
Inventory	17,843	(85,466)
Other current assets	(310,036)	60,818
Accounts payable	326,202	334,670
Accrued liabilities	134,490	964,941
Amounts receivable from third-party reimbursement programs	(75,000)	(105,000)
Unearned revenue	(37,683)	115
Net pension changes	2,573,819	769,925
Total adjustments	4,362,694	3,159,875
Net cash from operating activities	\$ (1,984,180)	\$ 2,995,768
Supplemental disclosure of cash flows information:		
Contribution of capital from Marathon County	\$ 385,401	\$ 367,049
Amounts due to Marathon County for property and equipment	6,061,225	343,429
Capital additions acquired with capital lease obligations	-	130,361

See accompanying notes to combined financial statements.

North Central Health Care

Notes to Combined Financial Statements

Note 1: Summary of Significant Accounting Policies

Reporting Entity

North Central Health Care (NCHC), a component unit of Marathon County, is a statutory-mandated entity pursuant to Wisconsin Statutes 51.42/.437, established under a contract between Langlade, Lincoln, and Marathon Counties as a quasi-political subdivision. The County Board of Supervisors from the three counties appoint board members to NCHC. The 14-member Board of Directors is made up of ten members from Marathon County and two members each from Lincoln and Langlade Counties.

In December 2016, Langlade, Lincoln, and Marathon Counties signed an agreement to continue sponsorship, from January 1, 2017 through December 31, 2021, of the 51.42/.437 program of NCHC for the purposes of administering a community mental health, alcoholism, and drug abuse program and protective services and protective placement. Under terms of the December 2016 agreement, a Retained County Board Authority Committee (the "Committee") was established to exercise authority retained by the respective County Boards, as provided under sec. 51.42(5) of the Wisconsin Statutes. Under terms of the agreement, Marathon, Lincoln, and Langlade Counties will appoint two, one, and one member, respectively (for a total of four members), to serve on the Committee. The December 2016 agreement delineates, among other things, the programmatic and management responsibilities of NCHC and the responsibilities and authorities of the Committee and the Board of Directors.

Annually, the three counties fund an amount equal to expenses in excess of federal and state grants and patient fees as it relates to the respective county's proportionate share of operating costs. Capital facilities are the direct responsibility of each county. Marathon County is financially accountable for NCHC and records its full financial operations as a discretely presented component unit because Marathon County appoints a majority of NCHC's Board of Directors and:

- Marathon County can impose its will on NCHC since the budget must be approved by the three separate county boards.
- NCHC has no tax levy authority.
- There is a financial burden since NCHC cannot issue debt and each county takes responsibility for its share of debt for capital projects.

NCHC manages North Central Health Care Facilities (NCHCF), which includes a licensed 16-bed psychiatric hospital providing care and treatment for residents of Langlade, Lincoln, and Marathon Counties affected by mental illness, chemical dependency, or developmental disability to enable them to better their lives. Inpatient, outpatient, transitional living, and day services are provided to meet these needs.

NCHC also manages a nursing home on the NCHCF campus licensed as a 200-bed skilled nursing facility for the benefit of Marathon County. NCHC operates 25 of the nursing home beds as a unit for individuals needing specialized short- and long-term ventilator care.

North Central Health Care

Notes to Combined Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The accompanying combined financial statements include the operations of the 51.42/.437 program and the nursing home for the years ended December 31, 2019 and 2018. All significant intrafund accounts are eliminated.

Method of Accounting

NCHC's financial statements are presented using the flow of economic resources measurement focus, which uses the accrual basis of accounting. NCHC applies all applicable standards issued by the Governmental Accounting Standards Board (GASB).

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during that period. Actual results may differ from these estimates.

Income before contributed capital for the year ended December 31, 2019 and 2018 included \$336,600 and \$873,200 for activity related to 2018 and 2017, respectively, because of changes in cost report, WIMCR, CCS, allowances for contractual adjustment, and bad debt and self-funded health insurance estimates.

Cash Equivalents

NCHC considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Investments and Assets Limited as to Use

NCHC is authorized by Wisconsin Statute 66.0603 to invest in obligations of the U.S. Treasury, agencies and instrumentalities, obligations of Wisconsin governmental units, time deposits with maturities of less than three years in any financial institution in Wisconsin, bonds of authorized special-purpose districts, any security that matures in less than seven years which has the highest or second highest rating category, the State of Wisconsin Local Government Investment Pool, and other qualifying investment pools. Investments and assets limited as to use, consisting of certificates of deposit with an original maturity of more than three months, are stated at cost, which approximates fair value. Assets limited as to use include assets designated by the Board of Directors for acquisition of capital assets and amounts designated for contingency.

North Central Health Care

Notes to Combined Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Patient Accounts Receivables and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from residents of Marathon, Langlade, and Lincoln Counties, most of whom are insured under third-party payor agreements. NCHC bills third-party payors on each patient's behalf or, if a patient is uninsured, the patient is billed directly. Once claims are settled with the primary payor, any secondary insurance is billed, and patients are billed for copay and deductible amounts that are the patient's responsibility. Payments on accounts receivable are applied to the specific claim identified on the remittance advice or statement. NCHC does not have a policy to charge interest on past due accounts.

The carrying amounts of accounts receivable are reduced by allowances that reflect management's best estimate of the amounts that will not be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to patient receivables. In addition, management provides for probable uncollectible amounts, primarily from uninsured patients and amounts for which patients are personally responsible, through a charge to operations and a credit to a valuation allowance based on its assessment of historical collection likelihood and the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable.

Patient accounts receivable are recorded in the accompanying combined statements of net position net of contractual adjustments and allowance for doubtful accounts.

In evaluating the collectibility of accounts receivable, NCHC analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. Specifically, for receivables associated with services provided to patients who have third-party coverage, NCHC analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), NCHC records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

Inventory

Inventory is valued at the lower of cost, determined on the first-in, first-out (FIFO) method, or net realizable value.

North Central Health Care

Notes to Combined Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation

Capital assets are recorded at cost if purchased, at fair value at date of donation, or net book value if transferred from a related party. Maintenance and repair costs are charged to expense as incurred. Gain or loss on disposition of capital assets is reflected in nonoperating gains or losses. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Estimated useful lives range from 10 to 40 years for land improvements, buildings and building improvements, and fixed equipment and from 3 to 15 years for other equipment.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from income or loss before contributed capital. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted expendable net position. Absent explicit donor stipulations about how long these assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment

Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The determination of the impairment loss is dependent upon the event or circumstance in which the impairment occurred. Impairment losses, if any, are reported in the statements of revenue, expenses, and changes in net position. Impairment losses of \$2,900 and \$498,296 were recorded in 2019 and 2018, respectively.

Compensated Absences

NCHC has a paid leave time system for all paid time off from work. Paid leave time is available for use as it is earned. Paid leave time is accrued in varying amounts based on job classification and length of service. Employees are paid for accrued paid leave time upon resignation provided they have completed six months of service, have given proper notice, and have not been terminated for misconduct.

Pensions

For purposes of measuring the Net Pension Liability (Asset), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

North Central Health Care

Notes to Combined Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the Net OPEB Liability, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position of NCHC is classified in three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* must be used for a particular purpose, as specified by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. *Unrestricted net position* is remaining net position that does not meet the definitions above.

When both restricted and unrestricted resources are available for use, it is NCHC's policy to use externally restricted resources first.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

For uninsured patients who do not qualify for community care, NCHC recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). Based on historical experience, a significant portion of NCHC's uninsured patients will be unable or unwilling to pay for the services provided. Thus, NCHC records a significant provision for bad debts related to uninsured patients in the period services are provided. This provision is offset by recoveries that are received on prior-year bad debts from patient payments.

Operating Revenue and Expenses

NCHC's combined statements of revenue, expenses, and changes in net position distinguish between operating and nonoperating revenue and expenses. Operating revenue includes exchange transactions associated with providing healthcare services, government grants, and county appropriations designated for operations. Operating expenses are all expenses incurred to provide healthcare services.

North Central Health Care

Notes to Combined Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Operating Deficit Grants

The Supplemental Payment (SP) program, the Certified Public Expenditures program, the Wisconsin Medicaid Cost Reporting (WIMCR) grants, and the Comprehensive Community Services (CCS) program grants are recorded at the estimated realizable amount from the Wisconsin Department of Health Services. These programs provide for the allocation of federal funds to facilities owned and operated by a local government unit, such as a county, city, or village, in an effort to reduce overall operating deficits from the nursing home (SP) and certain hospital outpatient services (WIMCR). Estimated awards are recorded when earned or determinable.

Charity Care

NCHC provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. NCHC maintains records to identify the amount of charges forgone for services and supplies furnished under its charity care policy. Because NCHC does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

Grants and Contributions

Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Contributions that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Advertising Costs

Advertising costs are expensed as incurred.

Unemployment Compensation

NCHC has elected reimbursement financing under provisions of the Wisconsin unemployment compensation laws. Unemployment claims are paid to the State of Wisconsin as incurred.

Tax Status

NCHC qualifies as a tax-exempt organization under the provisions of the Internal Revenue Code and Wisconsin statutes. Accordingly, NCHC is exempt from all forms of income taxes.

North Central Health Care

Notes to Combined Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section of deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. NCHC reports deferred outflows of resources related to pensions and life insurance for its proportionate shares of collective deferred outflows of resources related to pensions and life insurance, and NCHC contributions to pension and life insurance plans subsequent to the measurement date of the collective net pension and life insurance liability.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. NCHC reports deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions and life insurance.

New Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to assist organizations in recognizing the right to use of an asset and its related liability or obligation when there is a contract in place which includes the right to control or direct the use of an identifiable asset. This statement also includes provisions where the majority of leases that have lease terms greater than one year are to be recorded as liabilities on the statement of net position. This statement is effective for NCHC's year ending December 31, 2022.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for the financial statements prepared using the economic resources measurement focus. As a result, interest cost will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement is effective for NCHC's year ending December 31, 2020.

Subsequent Events

Subsequent events have been evaluated through May 21, 2020, which is the date the financial statements were available to be issued. See Footnote 19 for information related to subsequent events for NCHC.

North Central Health Care

Notes to Combined Financial Statements

Note 2: Reimbursement Arrangement With Third-Party Payors

NCHC has agreements with third-party payors that provide for reimbursement to NCHC at amounts which vary from its established rates. A summary of the basis of reimbursement with major third-party payors follows:

Medicare

In 2019 and 2018, approximately 23% and 25%, respectively, of NCHC's patient service revenue was for services provided to patients whose bills are paid in whole or in part by the Medicare program.

Inpatient hospital services rendered to Medicare program beneficiaries are paid based on prospectively determined rates based on a patient classification system. Outpatient hospital services are paid primarily on prospectively determined rates also based on a patient classification system or fixed fee schedules. Nursing home resident care is paid based on a predetermined rate per inpatient day, which varies depending on the patient's level of care and types of services provided.

Medicaid

In 2019 and 2018, approximately 66% and 63%, respectively, of NCHC's patient service revenue was for services provided to patients whose bills are paid in whole or in part by the Medicaid program. Hospital and nursing home services rendered to Medicaid program beneficiaries are reimbursed primarily based upon prospectively determined rates which vary depending on the patient's level of care and types of services provided.

Accounting for Contractual Adjustments

NCHC's hospital is reimbursed for cost-reimbursable items at an interim rate with final settlements determined after audit of NCHC's related annual cost reports by the Medicare fiscal intermediary. Estimated provisions to approximate the final expected settlements after review by the intermediary are included in the accompanying financial statements. The cost reports have been audited by the Medicare fiscal intermediary through December 31, 2017.

Compliance

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, particularly those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Violations of these laws and regulations by healthcare providers could result in the imposition of fines and penalties, as well as repayments of previously billed and collected revenue from patient services. Management believes NCHC is in substantial compliance with current laws and regulations.

Centers for Medicare and Medicaid Services (CMS) uses recovery audit contractors (RACs) to search for potentially inaccurate Medicare payments that may have been made to healthcare providers and that were not detected through existing CMS program integrity efforts. Once a RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. NCHC has not been notified by the RAC of any potential significant reimbursement adjustments.

North Central Health Care

Notes to Combined Financial Statements

Note 3: Cash and Cash Equivalents and Investments

Deposits and Investments

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, NCHC's deposits and investments may not be returned to NCHC. Amounts on deposit with depository entities are insured up to \$250,000 by the FDIC and up to an additional \$400,000 by the State of Wisconsin Public Deposit Guarantee program. NCHC has a policy to collateralize all amounts which exceed the FDIC and State of Wisconsin Public Deposit Guarantee program limits.

Interest Rate and Credit Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, NCHC's investment policy limits its investment portfolio to certificates of deposit, the local government investment pool, and government obligations such as treasury bills and treasury notes. As of December 31, 2019, NCHC's investments and assets limited as to use consisted of cash and cash equivalents totaling \$1,262,801, certificates of deposit totaling \$10,866,000 maturing in less than one year, and certificates of deposit totaling \$3,300,000 maturing in one to two years.

Concentration of Credit Risk - NCHC's custodial credit risk policy for investments allows for no more than 60% of its investment portfolio in one bank or one issue.

At December 31, 2019 and 2018, NCHC's bank balances, which include certificates of deposits held as investments totaled \$20,135,006 and \$22,578,654, respectively. All bank balances of NCHC are insured, guaranteed, or collateralized as of December 31, 2019 and 2018.

Note 4: Patient Accounts Receivable - Net

Patient accounts receivable consisted of the following at December 31:

		2019	
	51.42/.437 Program	Nursing Home	Total
Patient accounts receivable	\$ 4,923,052	\$ 1,977,357	\$ 6,900,409
Less:			
Allowance for doubtful accounts	573,152	20,546	593,698
Contractual adjustments	1,700,737	97,610	1,798,347
Patient accounts receivable - Net	\$ 2,649,163	\$ 1,859,201	\$ 4,508,364

North Central Health Care

Notes to Combined Financial Statements

Note 4: Patient Accounts Receivable - Net (Continued)

		2018	
	51.42/.437 Program	Nursing Home	Total
Patient accounts receivable	\$ 5,059,735	\$ 2,131,841	\$ 7,191,576
Less:			
Allowance for doubtful accounts	623,924	79,271	703,195
Contractual adjustments	1,621,193	75,055	1,696,248
Patient accounts receivable - Net	\$ 2,814,618	\$ 1,977,515	\$ 4,792,133

Note 5: Net Patient Service Revenue

Net patient service revenue consisted of the following:

		2019	
	51.42/.437 Program	Nursing Home	Total
Gross patient service revenue:			
Medical Assistance	\$ 32,671,174	\$ 15,769,617	\$ 48,440,791
Medicare	12,472,516	4,078,618	16,551,134
Private pay	994,101	2,201,530	3,195,631
Insurance and other	2,774,255	1,720,458	4,494,713
Totals	48,912,046	23,770,223	72,682,269
Less:			
Contractual adjustments	14,607,705	3,183,695	17,791,400
Provision for bad debts	307,837	32,849	340,686
Net patient service revenue	\$ 33,996,504	\$ 20,553,679	\$ 54,550,183

North Central Health Care

Notes to Combined Financial Statements

Note 5: Net Patient Service Revenue (Continued)

		2018	
	51.42/.437 Program	Nursing Home	Total
Gross patient service revenue:			
Medical Assistance	\$ 28,339,910	\$ 14,833,819	\$ 43,173,729
Medicare	12,082,921	5,037,432	17,120,353
Private pay	885,629	2,730,260	3,615,889
Insurance and other	3,228,810	1,750,110	4,978,920
Totals	44,537,270	24,351,621	68,888,891
Less:			
Contractual adjustments	14,624,916	3,650,680	18,275,596
Provision for bad debts	356,192	67,154	423,346
Net patient service revenue	\$ 29,556,162	\$ 20,633,787	\$ 50,189,949

Note 6: Charity Care

NCHC provides healthcare services and other financial support through various programs that are designed, among other matters, to enhance the health of the community including the health of low-income patients. Consistent with the mission of NCHC, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources.

Patients who meet certain criteria for community care, generally based on federal poverty guidelines, are provided care based on qualifying criteria as defined in NCHC's charity care policy and from applications completed by patients and their families.

The estimated cost of providing care to patients under NCHC's community care policy was approximately \$5,148,000 and \$4,019,000 in 2019 and 2018, respectively, calculated by multiplying the ratio of cost to gross charges by the gross uncompensated charges associated with providing community care.

Note 7: Receivable Restricted for Aquatic Pool

In 2018, a fundraising campaign was conducted to raise funds for a new aquatic pool to be constructed on the NCHC campus. Donations to the aquatic pool capital campaign consist of cash and pledges receivable held by the North Central Health Foundation and cash and pledges receivable held by the Community Foundation of North Central Wisconsin.

North Central Health Care

Notes to Combined Financial Statements

Note 7: Receivable Restricted for Aquatic Pool (Continued)

As of December 31, 2019 and 2018, the receivable from the two foundations is composed of the following:

	2019	2018
Cash held by Foundation of North Central Wisconsin	\$ 1,529,799	\$ 453,733
Cash held by North Central Health Foundation	1,225,410	1,052,668
Net pledge receivable to be received:		
Less than one year	458,053	947,749
Two to three years	-	759,112
Total receivable restricted for aquatic pool	\$ 3,213,262	\$ 3,213,262

Note 8: Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

	January 1, 2019	Increases	Decreases	December 31, 2019
Nondepreciable capital assets:				
Land	\$ 51,300	\$ -	\$ -	\$ 51,300
Construction in progress	592,367	6,719,142	(919,594)	6,391,915
Total nondepreciable capital assets	643,667	6,719,142	(919,594)	6,443,215
Depreciable capital assets:				
Land improvements	1,336,742	-	(4,855)	1,331,887
Buildings and building improvements	26,759,421	748,150	(133,724)	27,373,847
Fixed equipment	5,056,171	25,324	(25,019)	5,056,476
Other equipment	15,041,197	510,605	(54,106)	15,497,696
Capital lease	130,361	-	-	130,361
Software	1,626,429	194,334	-	1,820,763
Total depreciable capital assets	49,950,321	1,478,413	(217,704)	51,211,030
Less - Accumulated depreciation:				
Land improvements	1,066,086	34,681	(4,855)	1,095,912
Buildings and building improvements	20,737,068	982,476	(117,699)	21,601,845
Fixed equipment	4,640,096	111,711	(19,301)	4,732,506
Other equipment	11,682,843	897,751	(54,106)	12,526,488
Capital lease	-	27,937	-	27,937
Software	862,193	33,272	-	895,465
Total accumulated depreciation	38,988,286	2,087,828	(195,961)	40,880,153
Total depreciable capital assets - Net	10,962,035	(609,415)	(21,743)	10,330,877
Total capital assets - Net	\$ 11,605,702	\$ 6,109,727	\$ (941,337)	\$ 16,774,092

North Central Health Care

Notes to Combined Financial Statements

Note 8: Capital Assets (Continued)

Capital asset activity for the year ended December 31, 2018, was as follows:

	January 1, 2018	Increases	Decreases	December 31, 2018
Nondepreciable capital assets:				
Land	\$ 51,300	\$ -	\$ -	\$ 51,300
Construction in progress	559,605	514,430	(481,668)	592,367
Total nondepreciable capital assets	610,905	514,430	(481,668)	643,667
Depreciable capital assets:				
Land improvements	1,336,742	-	-	1,336,742
Buildings and building improvements	25,913,053	898,704	-	26,811,757
Fixed equipment	5,056,171	-	-	5,056,171
Other equipment	14,299,022	754,580	(64,741)	14,988,861
Capital lease	-	130,361	-	130,361
Software	1,538,609	87,820	-	1,626,429
Total depreciable capital assets	48,143,597	1,871,465	(64,741)	49,950,321
Less - Accumulated depreciation:				
Land improvements	1,037,545	28,541	-	1,066,086
Buildings and building improvements	19,936,932	800,136	-	20,737,068
Fixed equipment	4,526,011	114,085	-	4,640,096
Other equipment	10,727,354	1,017,547	(62,058)	11,682,843
Software	844,640	17,553	-	862,193
Total accumulated depreciation	37,072,482	1,977,862	(62,058)	38,988,286
Total depreciable capital assets - Net	11,071,115	(106,397)	(2,683)	10,962,035
Total capital assets - Net	\$ 11,682,020	\$ 408,033	\$ (484,351)	\$ 11,605,702

In 2018, NCHC began planning for a significant master facility project at the Wausau campus. The project, which includes the aquatic pool discussed in Note 7 and a redesign of the Wausau campus, is expected to cost approximately \$73.3 million and is expected to be completed in 2022. The project will be financed with proceeds from the aquatic pool capital campaign discussed in Note 7 and general obligation revenue bonds issued by Marathon County. NCHC had commitments related to this master facility plan project totaling \$37.6 million at December 31, 2019.

Construction in progress at December 31, 2019 and 2018, consisted primarily of the aquatic pool and master facility plan related costs.

North Central Health Care

Notes to Combined Financial Statements

Note 9: Obligations Under Capital Leases

Obligations under capital leases consisted of an obligation for copiers, payable in 60 monthly installments of \$2,437 including interest, due August 2023.

Future minimum lease payments on the capital leases at December 31, 2019, are as follows:

2020	\$	29,249
2021		29,249
2022		29,249
2023		21,712
		<hr/>
Total minimum lease payments		109,459
Amount representing interest		6,134
		<hr/>
Present value of net minimum lease payments		103,325
Less - Current portion		29,249
		<hr/>
Long-term obligations under capital leases	\$	74,076
		<hr/>

Equipment under capital leases had a cost and net book value of \$130,361 and \$102,424 at December 31, 2019, respectively. Equipment under capital leases had a cost and net book value of \$130,361 at December 31, 2018.

Note 10: Leases

NCHC has operating leases for apartments and group homes and various equipment. NCHC leases three group homes from Marathon County. Rental expense on the related-party group homes amounted to \$22,000 and \$22,000 in 2019 and 2018, respectively. Total rental expense on all operating leases amounted to \$537,348 and \$492,182 in 2019 and 2018, respectively.

North Central Health Care

Notes to Combined Financial Statements

Note 11: Net Position

Net position consists of the following:

	51.42/.437 Program			Nursing Home - Marathon County	Total
	Marathon County	Langlade County	Lincoln County		
Balance at January 1, 2018	\$ 24,843,004	\$ 2,520,225	\$ 3,578,794	\$ 9,891,832	\$ 40,833,855
Income (loss) before contributed capital	(426,028)	273,397	320,364	(563,200)	(395,467)
Cumulative effect of accounting change	(481,591)	-	-	(322,133)	(803,724)
Contributions for capital assets	3,213,262	-	-	-	3,213,262
Contributed capital	367,049	-	-	-	367,049
Balance at January 1, 2019	27,515,696	2,793,622	3,899,158	9,006,499	43,214,975
Income (loss) before contributed capital	(4,120,639)	(375,530)	(600,369)	(749,897)	(5,846,435)
Contributed capital	2,277	-	-	383,124	385,401
Balance at December 31, 2019	\$ 23,397,334	\$ 2,418,092	\$ 3,298,789	\$ 8,639,726	\$ 37,753,941

In 2019 and 2018, Marathon County contributed capital to NCHC of \$385,401 and \$367,049 for capital assets, respectively.

Note 12: Family Care County Contribution

The developmentally disabled clients of Marathon, Lincoln, and Langlade Counties qualify under the Family Care program which is operated by an unrelated managed care organization (MCO). NCHC has contracted with the MCO to be a provider of residential and day services for these clients. Marathon, Lincoln, and Langlade Counties are required by the State to assist in funding the costs of care for individuals in the program. The county contribution is a preset State-determined amount to be paid annually on October 31.

NCHC is responsible for Marathon County's payments of the State-required contributions related to Family Care. In 2018, NCHC paid this amount to Family Care and reimbursement of these amounts was received through the base county allocation NCHC received from the State. The amount for 2018 of approximately \$1,125,000 is reflected as a contractual adjustment to net patient service revenue in the combined statements of revenue, expenses, and changes in net position. In 2019, the base county allocation NCHC received from the State was reduced by the Family Care payment and these amounts were paid by Marathon County and deducted from the tax levy paid to NCHC.

North Central Health Care

Notes to Combined Financial Statements

Note 13: Related-Party Transactions

NCHC 51.42/.437 operations are financed, in part, by Marathon, Langlade, and Lincoln Counties. Contributions for operations are based on NCHC budget amounts. A Joint County Human Services Agreement delineates the methodology for calculating each county's actual contribution and the resulting overpayment or underpayment for that particular year. NCHC also receives contributions from Marathon County for the nursing home operations.

In 2019, NCHC received \$7,387,955, \$712,416, and \$473,483 from Marathon, Lincoln, and Langlade Counties, respectively, to assist in meeting operating costs and for additions and improvements to capital assets.

In 2018, NCHC received \$8,494,891, \$712,416, and \$473,483 from Marathon, Lincoln, and Langlade Counties, respectively, to assist in meeting operating costs and for additions and improvements to capital assets.

Land and buildings, with a cost of \$39,532,880 and \$33,278,484 at December 31, 2019 and 2018, respectively, utilized by the 51.42/.437 program and the nursing home are held in title by Marathon County. These capital assets, net of accumulated depreciation, are included in the combined statements of net position under capital assets - net and in net position invested in capital assets. Depreciation on this property is included in the combined financial statements of NCHC.

At December 31, 2019 and 2018, NCHC had receivables due from Marathon County of \$200,464 and \$199,375, respectively. At December 31, 2019 and 2018, NCHC had amounts payable to Marathon County of \$26,312 and \$269,166, respectively, for various services and expenses paid by Marathon County. In addition, at December 31, 2019 and 2018, NCHC had amounts due to Marathon County totaling \$6,061,225 and \$343,429, respectively, for the master facility plan project discussed in Note 8.

Note 14: Employee Retirement Plans - Wisconsin Retirement System

Plan Description - The Wisconsin Retirement System (WRS) is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from the employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

North Central Health Care

Notes to Combined Financial Statements

Note 14: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Vesting - For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits Provided - Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Postretirement Adjustments - The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with Sec. 40.27 of the Wisconsin Statutes. An increase (decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)%	(42)%
2010	(1.3)%	22.0 %
2011	(1.2)%	11.0 %
2012	(7.0)%	(7.0)%
2013	(9.6)%	9.0 %
2014	4.7 %	25.0 %
2015	2.9 %	2.0 %
2016	0.5 %	(5.0)%
2017	2.0 %	4.0 %
2018	2.4 %	17.0 %

North Central Health Care

Notes to Combined Financial Statements

Note 14: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Contributions - Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee-required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and executives and elected officials. Starting on January 1, 2016, the executive and elected officials category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee-required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$1,917,568 in contributions from the employer.

NCHC has employees in only the general category, which had the following contribution rates as of December 31, 2019 and 2018:

	2019		2018	
	Employee	Employer	Employee	Employer
General (including teachers)	6.55 %	6.55 %	6.70 %	6.70 %

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2019 and 2018, NCHC reported a liability and an asset of \$6,651,420 and \$5,559,798, respectively, for its proportionate share of the net pension asset and liability. The net pension asset and liability was measured as of the calendar year that falls within NCHC's fiscal year and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation one year prior to that date rolled forward to the measurement date. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. NCHC's proportion of the net pension liability was based on NCHC's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018 and 2017, NCHC's proportion was .18725416% and .19194538% (a decrease of .00469122% from the prior year), respectively.

For the years ended December 31, 2019 and 2018, NCHC recognized WRS retirement contribution pension expense of \$4,493,511 and \$2,630,652, respectively.

North Central Health Care

Notes to Combined Financial Statements

Note 14: Employee Retirement Plans - Wisconsin Retirement System (Continued)

At December 31, 2019 and 2018, NCHC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,180,449	\$ 9,157,170	\$ 7,063,862	\$ 3,304,240
Changes in assumptions	1,121,186	-	1,098,507	-
Net differences between projected and actual earnings on pension plan investments	9,713,943	-	-	7,641,425
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,029	13,537	94,021	34,130
Employer contributions subsequent to the measurement date	2,043,602	-	1,905,598	-
Totals	\$ 18,114,209	\$ 9,170,707	\$ 10,161,988	\$ 10,979,795

Deferred outflows of resources, totaling \$2,043,602 at December 31, 2019 related to pension resulting from NCHC's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:

2020	\$ 2,510,531
2021	639,661
2022	1,088,151
2023	2,661,557

North Central Health Care

Notes to Combined Financial Statements

Note 14: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Actuarial Assumptions - The total pension liability in the actuarial valuations used for the years ended December 31, 2019 and 2018, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2019	2018
Actuarial valuation date	December 31, 2017	December 31, 2016
Measurement date of net pension liability	December 31, 2018	December 31, 2017
Actuarial cost method	Entry Age	Entry Age
Asset valuation method	Fair Market Value	Fair Market Value
Long-term expected rate of return	7.0 %	7.2 %
Discount rate	7.0 %	7.2 %
Salary increases:		
Inflation	3.0 %	3.2 %
Seniority/merit	0.1% - 5.6%	0.2% - 5.6%
	Wisconsin 2018 Mortality	Wisconsin 2012 Mortality
Mortality	Table	Table
Postretirement Adjustments*	1.9 %	2.1 %

**No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. The assumed annual adjustment is 2.1% based on the investment return assumption and the postretirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 using experience from January 1, 2015 through December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from the prior year, including the discount rate, long-term expected rate of return, postretirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

North Central Health Care

Notes to Combined Financial Statements

Note 14: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Long-Term Expected Return on Plan Assets: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns	As of December 31, 2018		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return
Core fund:			
Global equities	49.0 %	8.1 %	5.5 %
Fixed income	24.5 %	4.0 %	1.5 %
Inflation sensitive assets	15.5 %	3.8 %	1.3 %
Real estate	9.0 %	6.5 %	3.9 %
Private equity/debt	8.0 %	9.4 %	6.7 %
Multi-asset	4.0 %	6.7 %	4.1 %
Total core fund	110.0 %	7.3 %	4.7 %
Variable fund:			
U.S. equities	70.0 %	7.6 %	5.0 %
International equities	30.0 %	8.5 %	5.9 %
Total variable fund	100.0 %	8.0 %	5.4 %

North Central Health Care

Notes to Combined Financial Statements

Note 14: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Asset Allocation Targets and Expected Returns	As of December 31, 2017		
	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return
Core fund:			
Global equities	50.0 %	8.2 %	5.3 %
Fixed income	25.0 %	4.2 %	1.4 %
Inflation sensitive assets	16.0 %	3.8 %	1.0 %
Real estate	8.0 %	6.5 %	3.6 %
Private equity/debt	8.0 %	9.4 %	6.5 %
Multi-asset	4.0 %	6.5 %	3.6 %
Total core fund	111.0 %	7.3 %	4.4 %
Variable fund:			
U.S. equities	70.0 %	7.5 %	4.6 %
International equities	30.0 %	7.8 %	4.9 %
Total variable fund	100.0 %	7.9 %	5.0 %

New England Pension Consultants Long-Term US CPI Forecast: 2.5%

Assets allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

Single Discount Rate: A single discount rate of 7.00% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

North Central Health Care

Notes to Combined Financial Statements

Note 14: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Sensitivity of NCHC's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate:

The following presents NCHC's proportionate share of the net pension liability (asset) calculated using the current discount rate, as well as what NCHC's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2019		2018	
	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% decrease to the rate	6.0 %	\$ 26,433,440	6.2 %	\$ 14,385,096
Current discount rate	7.0 %	6,651,420	7.2 %	(5,559,798)
1% increase to rate	8.0 %	(8,058,046)	8.2 %	(20,718,534)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available online at <http://etf.wi.gov/publications/cafr.htm>.

Payables to the Pension Plan - At December 31, 2019 and 2018, NCHC reported a payable of \$308,381 and \$302,639, respectively, for the outstanding amount of employer contributions to the pension plan.

Note 15: Other Postemployment Benefits - Local Retiree Life Insurance Fund

Plan Description

The Local Retiree Life Insurance Fund (LRLIF) is a cost-sharing multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found online at <http://etf.wi.gov/publications/cafr.htm>.

Benefits Provided

The LRLIF plan provides fully paid-up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

North Central Health Care

Notes to Combined Financial Statements

Note 15: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a postretirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with basic coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2019 and 2018, are as follows:

<u>Coverage Type</u>	<u>Employer Contribution</u>
25% Postretirement coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018, are as listed below:

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$ 0.05	\$ 0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit.

North Central Health Care

Notes to Combined Financial Statements

Note 15: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

During the years ended December 31, 2019 and 2018, the LRIF recognized \$14,160 and \$12,400 in contributions from the employer.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2019 and 2018, NCHC reported a liability of \$873,382 and \$944,541, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018 and 2017, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 and 2016, rolled forward to December 31, 2018 and 2017, respectively. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. NCHC's proportion of the net OPEB liability was based on the NCHC's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the NCHC's proportion was 0.338476%, which was an increase of 0.024527% from its proportion measured as of December 31, 2017. At December 31, 2017, NCHC's proportion was 0.313949%, which was an increase of .019736% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2019 and 2018, NCHC recognized OPEB expense of \$123,910 and \$44,871, respectively.

At December 31, 2019 and 2018, NCHC reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 44,306	\$ -	\$ 13,308
Changes in assumptions	83,334	189,515	91,273	-
Net differences between projected and actual earnings on pension plan investments	20,872	-	10,876	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	57,501	35,189	-	-
Employer contributions subsequent to the measurement date	7,618	-	6,543	-
Totals	\$ 169,325	\$ 269,010	\$ 108,692	\$ 13,308

North Central Health Care

Notes to Combined Financial Statements

Note 15: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

Deferred outflows of \$7,618 related to OPEB resulting from NCHC's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ended December 31</i>	Net Deferred Outflows (Inflows) of Resources
2020	\$ (14,202)
2021	(14,202)
2022	(14,202)
2023	(17,133)
2024	(20,153)
Thereafter	(27,411)

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2019	2018
Actuarial valuation date	January 1, 2018	January 1, 2017
Measurement date of net OPEB liability (asset)	December 31, 2018	December 31, 2017
Actuarial cost method	Entry age normal	Entry age normal
20 year tax-exempt municipal bond yield	4.10 %	3.44 %
Long-term expected rate of return	5.0 %	5.0 %
Discount rate	4.2 %	3.6 %
Salary increases:		
Inflation	3.0 %	2.3 %
Seniority/merit	.1 - 5.6%	3.2 %
	Wisconsin 2018	Wisconsin 2012
Mortality	Mortality Table	Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from prior year, including the discount rate, wage inflation rate, mortality, and separation rates. The Total OPEB Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

North Central Health Care

Notes to Combined Financial Statements

Note 15: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Return on Plan Assets: The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carrier's general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investment). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return, and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2018

<i>Asset Class</i>	<i>Index</i>	<i>Target Allocation</i>	<i>Long-Term Expected Geometric Real Rate of Return</i>
U.S. government bonds	Barclays Government	1.00 %	1.44 %
U.S. credit bonds	Barclays Credit	40.00 %	2.69 %
U.S. long credit bonds	Barclays Long Credit	4.00 %	3.01 %
U.S. mortgages	Barclays MBS	54.00 %	2.25 %
Inflation			2.30 %
Long-term expected rate of return			5.00 %

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2017

<i>Asset Class</i>	<i>Index</i>	<i>Target Allocation</i>	<i>Long-Term Expected Geometric Real Rate of Return</i>
U.S. government bonds	Barclays Government	1.00 %	1.1 %
U.S. credit bonds	Barclays Credit	65.00 %	2.6 %
U.S. long credit bonds	Barclays Long Credit	3.00 %	3.1 %
U.S. mortgages	Barclays MBS	31.00 %	2.2 %
Inflation			2.30 %
Long-term expected rate of return			5.00 %

North Central Health Care

Notes to Combined Financial Statements

Note 15: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Single Discount Rate: A single discount rate of 4.22% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

The Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan member's through December 31, 2036.

Sensitivity of NCHC's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate: The following presents NCHC's proportionate share of the net OPEB liability (asset) calculated using the current discount rate, as well as what NCHC's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2019			2018		
	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
NCHC's proportionate share of the net OPEB liability (asset)	\$ 1,242,444	\$ 873,382	\$ 588,735	\$ 1,334,995	\$ 944,541	\$ 644,908

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Note 16: Self-Funded Insurance

NCHC has a self-funded health insurance plan that provides benefits to employees and their dependents. Health costs are expensed as incurred. Health expense is based on claims paid, reinsurance premiums, administration fees, and unpaid claims at year-end. The health plan has reinsurance to cover catastrophic individual claims over \$225,000.

NCHC also has a self-funded dental insurance plan that provides benefits to employees and their dependents. Dental costs are expensed as incurred. Dental expense is based on claims paid, administration fees, and unpaid claims at year-end. The plan covers annual individual claims up to \$1,000 and has no reinsurance.

North Central Health Care

Notes to Combined Financial Statements

Note 16: Self-Funded Insurance (Continued)

Unpaid health and dental claims liability activity for the years ended December 31 was as follows:

	2019	2018
Unpaid claims liability at beginning	\$ 847,000	\$ 622,000
Claims expense	7,871,471	7,967,356
Claim payments	(8,048,471)	(7,742,356)
Unpaid claims liability at end	\$ 670,000	\$ 847,000

Note 17: Comprehensive General and Professional Liability Insurance

NCHC's comprehensive general liability insurance covers losses of up to \$1,000,000 per claim with \$3,000,000 annual aggregate for claims incurred during a policy year regardless of when the claim was filed (occurrence-based coverage). NCHC's professional liability insurance covers losses up to \$1,000,000 per claim with \$3,000,000 annual aggregate for claims reported during a policy year (claims-made coverage). NCHC also carries an umbrella liability policy of \$3,000,000 for claims reported during a policy year (claims-made coverage).

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with NCHC. Although there exists the possibility of claims arising from services provided to patients through December 31, 2019, which have not yet been asserted, NCHC is unable to determine the ultimate cost, if any, of such possible claims and, accordingly, no provision has been made for them. These insurance policies are renewable annually and have been renewed by the insurance carrier for the annual period extending through December 31, 2019.

Note 18: Concentration of Credit Risk

Financial instruments that potentially subject NCHC to credit risk consist principally of cash deposits in excess of insured limits, investments of surplus operating funds, as discussed in Note 3, and accounts receivable.

Patient accounts receivable consist of amounts due from patients, their insurers, or governmental agencies. NCHC grants credit to its patients, primarily residents of Langlade, Lincoln, and Marathon Counties for these services. NCHC is also required to meet the Wisconsin Statutes and Administrative Code under the Uniform Fee and Ability to Pay Provisions. The mix of receivables from patients and third-party payors was as follows at December 31:

	2019	2018
Medicare	20 %	18 %
Medicaid	50 %	47 %
Private pay	15 %	16 %
Insurance and other	15 %	19 %
Totals	100 %	100 %

North Central Health Care

Notes to Combined Financial Statements

Note 19: Subsequent Events

Effective January 1, 2020, Lincoln County entered into a management agreement with NCHC for management of Pine Crest Nursing Home which is owned by Lincoln County. Under terms of the management agreement, NCHC assumed operational and management responsibility for Pine Crest, and the majority of Pine Crest employees became employees of NCHC.

In addition, subsequent to year-end, in March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. As a result of the pandemic, there are evolving federal and state regulatory requirements and laws that affect NCHC operations. NCHC is incorporating processes to comply with the evolving regulatory requirements and laws. At this time it is unclear what the prolonged economic impact of COVID-19 will have on NCHC's operations.

Required Supplementary Information

North Central Health Care

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last Ten Fiscal Years (When Available)

	2019	2018	2017	Custom	Custom
Measurement date	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
NCHC's proportion of the net pension liability (asset)	0.18695914 %	0.18725416 %	0.19194538 %	0.19245642 %	0.19732891 %
NCHC's proportionate share of the net pension liability (asset)	\$ 6,651,420	\$ (5,559,798)	\$ 1,582,088	\$ 3,127,379	\$ (4,846,938)
NCHC's covered-employee payroll during the measurement period	\$ 28,622,270	\$ 26,535,387	\$ 28,454,517	\$ 26,567,926	\$ 26,908,431
NCHC's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	23.24 %	(20.95)%	5.57 %	11.77 %	(18.01)%
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.45 %	102.93 %	99.12 %	98.20 %	102.74 %

Schedule of Employer Contributions

Contractually required contribution for the fiscal year	\$ 1,917,568	\$ 1,905,598	\$ 1,805,306	\$ 1,883,195	\$ 1,802,066
Contributions in relation to the contractually required contribution	(1,917,568)	(1,905,598)	(1,805,306)	(1,883,195)	(1,802,066)
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -

NCHC's covered-employee payroll for the fiscal period	\$ 31,154,942	\$ 28,622,271	\$ 26,535,387	\$ 28,424,517	\$ 26,567,926
Contributions as a percentage of covered-employee payroll	6.15 %	6.66 %	6.80 %	6.63 %	6.78 %

Notes to the Schedules

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

See Independent Auditor's Report.

North Central Health Care

Schedule of the Employer's Proportionate Share of the Net OPEB Liability (Asset) and Employer Contributions - Local Retiree Life Insurance Fund

Last Ten Fiscal Years (When Available)

	2019	2018
Measurement date	12/31/2018	12/31/2017
NCHC's proportion of the net OPEB liability (asset)	0.33847600 %	0.31394900 %
NCHC's proportionate share of the net OPEB liability (asset)	\$ 873,382	\$ 944,541
NCHC's covered payroll	\$ 14,607,000	\$ 13,202,454
NCHC's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	5.98 %	7.15 %
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	48.69 %	44.81 %
Schedule of Employer Contributions		
Contractually required contribution for the fiscal period	\$ 7,618	\$ 6,543
Contributions in relation to the contractually required contribution	(7,618)	(6,543)
Contribution deficiency (excess)	\$ -	\$ -
NCHC's covered-employee payroll for the fiscal period	\$ 14,607,000	\$ 13,507,132
Contributions as a percentage of covered-employee payroll	0.05 %	0.05 %

Notes to the Schedules:

Changes of benefit terms: There were no changes of benefit terms for any participating employer in LRLIF.

Changes of assumptions: Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, wage inflation rates, and mortality and separation rates.

See Independent Auditor's Report.

Supplementary Information - Combining Statements

North Central Health Care

Combining Statements of Net Position

December 31, 2019 (With Comparative Totals for 2018)

	2019			2018	
	51.42/.437	Nursing			
Assets and Deferred Outflows of Resources	Program	Home	Total	Total	
Current assets:					
Cash and cash equivalents	\$ (123,085)	\$ 4,404,122	\$ 4,281,037	\$ 7,433,591	
Accounts receivable:					
Patient - Net	2,649,163	1,859,201	4,508,364	4,792,133	
Outpatient WIMCR/CCS	2,640,000	-	2,640,000	2,147,000	
Marathon County	200,464	-	200,464	199,375	
Net state receivable	1,206,037	-	1,206,037	1,148,281	
Other	277,293	-	277,293	188,387	
Inventory	381,138	28,706	409,844	427,687	
Other	379,236	80,626	459,862	149,826	
Total current assets	7,610,246	6,372,655	13,982,901	16,486,280	
Noncurrent assets:					
Investments	14,294,490	-	14,294,490	13,691,324	
Assets limited as to use	634,311	500,000	1,134,311	1,250,934	
Restricted assets - Patient trust funds	15,026	21,005	36,031	34,487	
Receivable restricted for aquatic pool	3,213,262	-	3,213,262	3,213,262	
Net pension asset - WRS	-	-	-	5,559,798	
Nondepreciable capital assets	6,443,215	-	6,443,215	643,667	
Depreciable capital assets - Net	6,841,979	3,488,898	10,330,877	10,962,035	
Total noncurrent assets	31,442,283	4,009,903	35,452,186	35,355,507	
Deferred outflows of resources - Related to pensions and life insurance	11,114,560	7,168,974	18,283,534	10,270,680	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 50,167,089	\$ 17,551,532	\$ 67,718,621	\$ 62,112,467	

North Central Health Care

Combining Statements of Net Position (Continued)

December 31, 2019 (With Comparative Totals for 2018)

	2019			2018
	51.42/.437	Nursing	Total	Total
Liabilities, Deferred Inflows of Resources, and Net Position	Program	Home		
Current liabilities:				
Current portion of capital lease liability	\$ 23,820	\$ 5,429	\$ 29,249	\$ 29,249
Accounts payable:				
Trade	1,427,667	325,362	1,753,029	1,183,973
Marathon County	26,312	-	26,312	269,166
Accrued liabilities:				
Salaries and retirement	1,273,181	821,211	2,094,392	1,993,131
Compensated absences	1,089,193	702,538	1,791,731	1,702,438
Health and dental insurance	407,293	262,707	670,000	847,000
Other	274,855	80,081	354,936	234,000
Amounts payable to third-party reimbursement programs	70,000	-	70,000	145,000
Unearned revenue	39,180	-	39,180	76,863
Total current liabilities	4,631,501	2,197,328	6,828,829	6,480,820
Noncurrent liabilities:				
Amounts due to Marathon County for property and equipment	6,061,225	-	6,061,225	343,429
Long-term portion of capital lease liability	60,328	13,748	74,076	101,112
Net pension and life insurance liability	4,574,327	2,950,475	7,524,802	944,541
Patient trust funds	15,026	21,005	36,031	34,487
Total noncurrent liabilities	10,710,906	2,985,228	13,696,134	1,423,569
Total liabilities	15,342,407	5,182,556	20,524,963	7,904,389
Deferred inflows of resources - Related to pensions and life insurance	5,738,404	3,701,313	9,439,717	10,993,103
Net position:				
Net investment in capital assets	7,139,821	3,469,721	10,609,542	11,131,912
Restricted for capital assets	3,213,262	-	3,213,262	3,213,262
Restricted for net pension asset	-	-	-	5,559,798
Unrestricted:				
Board designated for contingency	500,000	500,000	1,000,000	1,000,000
Board designated for capital assets	134,311	-	134,311	250,934
Undesignated	18,098,884	4,697,942	22,796,826	22,059,069
Total net position	29,086,278	8,667,663	37,753,941	43,214,975
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 50,167,089	\$ 17,551,532	\$ 67,718,621	\$ 62,112,467

See Independent Auditor's Report.

North Central Health Care

Combining Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2019 (With Comparative Totals for 2018)

	2019			2018	
	51.42/.437 Program	Nursing Home	Total	Total	
Revenue:					
Net patient service revenue	\$ 33,996,504	\$ 20,553,679	\$ 54,550,183	\$ 50,189,949	
Other revenue:					
State grant-in-aid	5,018,577	-	5,018,577	5,059,148	
State match/addendum	2,394,487	-	2,394,487	2,215,894	
Other grants	709,257	-	709,257	743,295	
Counties' appropriations	5,543,118	2,645,335	8,188,453	9,313,741	
Departmental and other revenue	1,599,760	332,108	1,931,868	1,974,017	
Total other revenue	15,265,199	2,977,443	18,242,642	19,306,095	
Total revenue	49,261,703	23,531,122	72,792,825	69,496,044	
Expenses:					
Salaries	20,031,153	12,629,941	32,661,094	30,114,017	
Fringe benefits:					
WRS Retirement - GASB 68	1,489,300	960,609	2,449,909	725,054	
WRS Retirement - GASB 75	75,325	48,585	123,910	44,871	
WRS Retirement - Contributions	1,242,306	801,296	2,043,602	1,905,598	
Other fringe benefits	6,797,628	4,073,709	10,871,337	11,308,893	
Supplies and other	21,305,079	5,250,515	26,555,594	22,166,091	
Utilities	70,649	-	70,649	75,929	
Depreciation	1,411,240	485,116	1,896,356	1,977,862	
Interest expense	1,802	411	2,213	-	
Care of patients at other facilities	2,465,035	-	2,465,035	1,341,836	
Total expenses	54,889,517	24,250,182	79,139,699	69,660,151	
Operating income (loss)	(5,627,814)	(719,060)	(6,346,874)	(164,107)	
Nonoperating income (loss):					
Interest income	369,796	-	369,796	261,660	
Fixed asset impairment	-	(2,900)	(2,900)	(498,296)	
Gain on disposal of capital assets	133,543	-	133,543	5,838	
Total nonoperating income (loss)	503,339	(2,900)	500,439	(230,798)	
Income (loss) before contributed capital	(5,124,475)	(721,960)	(5,846,435)	(394,905)	
Contributions restricted for capital assets	-	-	-	3,213,262	
Contributed capital - Contributions from Marathon					
County for capital assets and forgiveness of debt	2,277	383,124	385,401	367,049	
Change in net position	(5,122,198)	(338,836)	(5,461,034)	3,185,406	
Net position at beginning - As previously reported	34,208,476	9,006,499	43,214,975	40,833,855	
Cumulative effect of accounting change	-	-	-	(804,286)	
Net position at end	\$ 29,086,278	\$ 8,667,663	\$ 37,753,941	\$ 43,214,975	

See Independent Auditor's Report.

North Central Health Care

Combining Statement of Cash Flows

Year Ended December 31, 2019 (With Comparative Totals for 2018)

	51.42/.437 Program	2019 Nursing Home	Total	2018 Total
Increase (decrease) in cash and cash equivalents:				
Cash flows from operating activities:				
Cash received from patients, third-party reimbursement programs, and other revenue	\$ 43,130,605	\$ 21,004,102	\$ 64,134,707	\$ 59,319,428
Cash received from Marathon County appropriations	5,502,554	1,500,000	7,002,554	8,127,842
Cash received from other counties' appropriations	40,564	1,145,335	1,185,899	1,185,899
Cash paid to employees for services	(18,318,194)	(11,634,591)	(29,952,785)	(28,379,151)
Cash paid to suppliers for goods and services	(33,216,973)	(11,115,582)	(44,332,555)	(37,236,250)
Cash paid to Marathon County for rent	(22,000)	-	(22,000)	(22,000)
Net cash from operating activities	(2,883,444)	899,264	(1,984,180)	2,995,768
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	152,386	-	152,386	-
Acquisition of capital assets	(1,054,597)	(120,167)	(1,174,764)	(1,553,163)
Payment on capital lease obligation	(15,956)	(11,080)	(27,036)	-
Interest paid	(1,802)	(411)	(2,213)	-
Net cash from capital and related financing activities	(919,969)	(131,658)	(1,051,627)	(1,553,163)
Cash flows from investing activities:				
Decrease in investments	(603,166)	-	(603,166)	(1,899,206)
Increase (decrease) in assets limited as to use	22,784	93,839	116,623	(405,806)
Interest received	369,796	-	369,796	261,660
Net cash from investing activities	(210,586)	93,839	(116,747)	(2,043,352)
Net change in cash and cash equivalents	(4,013,999)	861,445	(3,152,554)	(600,747)
Cash and cash equivalents at beginning	3,890,914	3,542,677	7,433,591	8,034,338
Cash and cash equivalents at end	\$ (123,085)	\$ 4,404,122	\$ 4,281,037	\$ 7,433,591

North Central Health Care

Combining Statement of Cash Flows (Continued)

Year Ended December 31, 2019 (With Comparative Totals for 2018)

	2019		2018	
	51.42/.437 Program	Nursing Home	Total	Total
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ (5,627,814)	\$ (719,060)	\$ (6,346,874)	\$ (164,107)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Provision for depreciation	1,411,240	485,116	1,896,356	1,977,862
Provision for bad debts	307,837	32,849	340,686	423,346
Depreciation charged to capital contribution	191,472	-	191,472	-
Interest expense	1,802	411	2,213	-
Changes in operating assets and liabilities:				
Accounts receivable	(783,134)	85,466	(697,668)	(1,181,336)
Inventory	17,255	588	17,843	(85,466)
Other current assets	(278,018)	(32,018)	(310,036)	60,818
Accounts payable	275,640	50,562	326,202	334,670
Accrued liabilities	182,202	(47,712)	134,490	964,941
Amounts receivable from third-party reimbursement programs	(75,000)	-	(75,000)	(105,000)
Unearned revenue	(37,683)	-	(37,683)	115
Net pension changes	1,530,757	1,043,062	2,573,819	769,925
Total adjustments	2,744,370	1,618,324	4,362,694	3,159,875
Net cash from operating activities	\$ (2,883,444)	\$ 899,264	\$ (1,984,180)	\$ 2,995,768
Supplemental disclosure of cash flows information:				
Contributions of capital from Marathon County	\$ 2,277	\$ 383,124	\$ 385,401	\$ 367,049
Amounts due to Marathon County for property and equipment	6,061,225	-	6,061,225	343,329
Capital additions acquired with capital lease obligations	-	-	-	130,361

See Independent Auditor's Report.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Board of Directors
North Central Health Care
Wausau, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of North Central Health Care, a component unit of Marathon County, which consist of the combined statements of net position as of December 31, 2019, and the related combined statements of revenue, expenses, and changes in net position and cash flows for the years ended December 31, 2019, and the related notes to the combined financial statements which collectively comprise North Central Health Care's financial statements and have issued our report thereon dated May 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Central Health Care's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Central Health Care's internal control. Accordingly, we do not express an opinion on the effectiveness of North Central Health Care's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Central Health Care's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of North Central Health Care's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Central Health Care's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

May 21, 2020
Wausau, Wisconsin

North Central Health Care
Fund Balance Review
As of December 31, 2019

	Marathon	Langlade	Lincoln	Total
Total Operating Expenses-2019	\$66,340,997	\$5,909,362	\$6,930,540	\$79,180,899
General Fund Balance Target -Minimum (20% of operating expense)	\$13,268,199	\$1,181,872	\$1,386,108	\$15,836,180
General Fund Balance Target-Maximum (35% of operating expenses)	\$23,219,349	\$2,068,277	\$2,425,689	\$27,713,315
Risk Reserve Fund	\$250,000	\$250,000	\$250,000	
Total Fund Balance-Minimum Target	\$13,518,199	\$1,431,872	\$1,636,108	\$16,586,180
Total Fund Balance-Maximum Target	\$23,469,349	\$2,318,277	\$2,675,689	\$28,463,315
Total Net Position at 12/31/2019	\$32,037,060	\$2,418,092	\$3,298,789	\$37,753,941
Fund Balance-Above (Below) Minimum Target	\$18,518,861	\$986,220	\$1,662,681	\$21,167,761
Fund Balance-Above (Below) Maximum Target	\$8,567,711	\$99,815	\$623,100	\$9,290,626
County Percent of Total Net Position	84.86%	6.40%	8.74%	100.00%
Share of Invested Cash Reserves (based Net Position %)	\$12,129,950	\$915,544	\$1,248,996	\$14,294,490
Days Invested Cash on Hand	67	57	66	66
Targeted Days Invested Cash on Hand	90	90	90	90
Required Invested Cash to meet Target	\$16,358,054	\$1,457,103	\$1,708,900	\$19,524,057
Share of Invested Cash Reserves Above (Below) Target	(\$4,228,104)	(\$541,559)	(\$459,905)	(\$5,229,567)



DEPARTMENT: NORTH CENTRAL HEALTH CARE									FISCAL YEAR: 2020								
PRIMARY OUTCOME GOAL	BENCHMARK		TARGET	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	2020 YTD	2019
PEOPLE																	
Vacancy Rate		↘	7-9%	10.3%	8.0%	8.1%	8.9%									8.8%	9.6%
Retention Rate		↗	82-84%	97.9%	96.7%	94.9%	93.7%									81.1%	85.1%
SERVICE																	
Patient Experience		↗	81-83%	84.1%	90.5%	88.0%	89.8%									88.3%	81.0
QUALITY																	
Hospital Readmission Rate		↘	10-12%	20.0%	8.2%	6.6%	7.0%									10.8%	11.9%
Nursing Home Readmission Rate		↘	10-12%	14.8%	4.2%	12.8%	16.7%									11.8%	11.4%
Nursing Home Star Rating - MVCC		↗	4 Stars	★★★	★★★★	★★★★	★★★★									★★★★	★★★
Nursing Home Star Rating - Pine Crest		↗	4 Stars	★★★★	★★★★	★★★★	★★★★									★★★★	★★★★
Zero Harm - Patients		↘	Monitoring	0.69	0.65	0.49	0.78									0.65	0.64
Zero Harm - Employees		↘	Monitoring	1.08	0.00	4.70	3.16									2.11	3.60
Out of County Placements	/	↘	220 per month	483	360	229	232									326	320
Hospital Length of Stay - NCHC		↘	Monitoring	6.34	6.15	5.99	5.88									6.09	5.86 Days
Hospital Length of Stay - Diversions		↘	Monitoring	10.85	13.39	12.74	10.07									11.76	7.45 Days
COMMUNITY																	
No Show Rate (OP/Psychiatry)		↘	8-10%	20.1%	18.1%	18.1%	18.9%									18.8%	12.9%
Hospitalization Rate	/	↘	Monitoring	1.36%	1.19%	1.29%	1.05%									1.23%	/
FINANCE																	
Direct Expense/Gross Patient Revenue	/	↘	60-62%	71.8%	70.2%	70.0%	76.2%									70.7%	71.1%
Indirect Expense/Direct Expense	/	↘	39-41%	35.8%	38.8%	37.9%	40.1%									37.4%	33.5%
Average Cost Per Day	/	↘	\$67,000-\$70,000	\$81,197	\$82,542	\$73,304	\$94,807									\$78,937	\$76,395
Net Income	/	↗	2-3%	-3.8%	-2.6%	-2.5%	7.4%									-3.0%	-4.5%

↗ Higher rates are positive

↘ Lower rates are positive

DASHBOARD MEASUREMENT OUTCOME DEFINITIONS AND DETAILS	
PEOPLE	
Vacancy Rate	Monthly calculation: total number of vacant FTE at month end divided by the total authorized FTE as of month end. YTD calculation: Average of each monthly vacancy rate.
Retention Rate	Monthly calculation: total number of employees onboard as of January 1 divided by the number of the same employees employed at month end. YTD calculation: Projected ending balance as of year end based upon assumed same percentage decline as average of prior months.
SERVICE	
Patient Experience	Press Ganey - Likelihood of your recommending this facility to others Mean Score
QUALITY	
Hospital Readmission Rate	Percent of patients who are readmitted within 30 days of discharge from the Inpatient Behavioral Health hospital for Mental Health primary diagnosis. <i>Benchmark: American Health Care Association/National Center for Assistive Living (AHCA/NCAL) Quality Initiative</i>
Nursing Home Readmission Rate	Number of residents re-hospitalized within 30 days of admission to nursing home / total admissions. <i>Benchmark: American Health Care Association/Centers for Medicare & Medicaid Services (AHCA/CMS)</i>
Nursing Home Star Rating	Star rating as determined by CMS Standards for both Pine Crest and MVCC.
Zero Harm Patients	Patient Adverse Event Rate: # of actual harm events that reached patients/number of patient days x1000
Zero Harm Employee	Monthly calculation: # of OSHA reportables in the month x 200,000/payroll hours paid within the month. YTD calculation: # of OSHA reportables YTD x 200,000/payroll hours paid YTD.
Out of County Placement	Number of involuntary days that patients spend in out of county placements who have discharged in month of report.
Hospitalization Length of Stay - NCHC	Average length of stay for patients on the NCHC psychiatric hospital unit who have discharged in month of report.
Hospitalization Length of Stay - Diversions	Average length of stay for patients on out-of-county placements that have discharged in month of report.
COMMUNITY	
No Show Rate	Average daily same day cancellation and no-show rate for outpatient counseling or psychiatry patients.
Hospitalization Rate	The number of active patients of any mental health service (Crisis, Community Treatment, Counseling, Psychiatry, IOP/Day Treatment, MMT, Crisis CBRF) who are hospitalized for psychiatric needs within current month, divided by all active patients for those services.
FINANCE	
Direct Expense/Gross Patient Revenue	Percentage of total direct expense compared to gross revenue.
Indirect Expense/Direct Revenue	Percentage of total indirect expenses compared to direct expenses.
Average Cost Per Day	Total expenses less net patient revenue (billed revenue) divided by the total days in the specified period.
Net Income	Net earnings after all expenses have been deducted from revenue.

2020 - Primary Dashboard Measure List

-  Higher rates are positive
 Lower rates are positive

Department	Domain	Outcome Measure	↑↓	2019	Benchmark	Target Level	2020 YTD
North Central Health Care	People	Vacancy Rate	↓	9.6%		7-9%	8.8%
		Retention Rate	↑	85.1%		82-84%	81.1%
	Service	Patient Experience	↑	81.0		81-83%	88.3%
	Quality	Hospital Readmission Rate	↓	11.9%		10-12%	10.8%
		Nursing Home Readmission Rate	↓	11.4%		10-12%	11.8%
		Nursing Home Star Rating - MVCC	↑	★★		4 Stars	★★★
		Nursing Home Star Rating - Pine Crest	↑	★★★		4 Stars	★★★
		Zero Harm - Patients	↓	0.64		Monitoring	0.65
		Zero Harm - Employees	↓	3.60		Monitoring	2.11
		Out of County Placements	↓	320	/	220 per month	326
		Hospital Length of Stay - NCHC	↓	5.86 Days		Monitoring	6.09
		Hospital Length of Stay - Diversions	↓	7.45 Days		Monitoring	11.76
	Community	No Show Rate	↓	12.9%		8-10%	18.8%
		Hospitalization Rate	↓	/	/	Monitoring	1.23%
	Finance	Direct Expense/Gross Patient Revenue	↓	71.1%	/	60-62%	70.7%
		Indirect Expense/Direct Expense	↓	33.5%	/	39-41%	37.4%
		Average Cost Per Day	↓	\$76,395	/	\$67,000-\$70,000	\$78,937
		Net Income	↑	-4.5%	/	2-3%	-3.0%

Department	Domain	Outcome Measure	↑↓	Target Level	2020 YTD
Clubhouse	People	Vacancy Rate	↓	5-7%	0.0%
		Retention Rate	↑	82-84%	25.0%
	Service	Patient Experience	↑	81-83%	93.2%
	Quality	Zero Harm - Patients	↓	Monitoring	0.00
		Zero Harm - Employees	↓	Monitoring	2.11
	Finance	Net Income	↑	\$652 - \$978 per month	(\$3,052)

Department	Domain	Outcome Measure	↑↓	Target Level	2020 YTD
Community Treatment	People	Vacancy Rate	↓	7-9%	2.4%
		Retention Rate	↑	82-84%	90.1%
	Service	Patient Experience	↑	81-83%	95.8%
	Quality	Zero Harm - Patients	↓	Patients	0.06
		Zero Harm - Employees	↓	Employees	2.11
	Community	Hospitalization Rate	↓	Monitoring	1.64%
	Finance	Net Income	↑	\$21,802 - \$32,703 per month	\$89,240

Department	Domain	Outcome Measure	↑↓	Target Level	2020 YTD
Crisis & CBRF	People	Vacancy Rate	↓	7-9%	9.0%
		Retention Rate	↑	82-84%	73.6%
	Service	Patient Experience	↑	81-83%	78.1%
	Quality	Zero Harm - Patients	↓	Patients	1.51
		Zero Harm - Employees	↓	Employees	2.11
	Community	Hospitalization Rate	↓	Monitoring	2.62%
	Finance	Net Income	↑	\$6,091 - \$9,136 per month	\$8,411

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Hospital	People	Vacancy Rate	↘	7-9%	20.1%
		Retention Rate	↗	82-84%	54.4%
	Service	Patient Experience	↗	81-83%	82.4%
	Quality	Hospital Readmission Rate	↘	10-12%	10.8%
		Zero Harm - Patients	↘	Monitoring	6.24
		Zero Harm - Employees	↘	Monitoring	2.11
		Out of County Placements	↘	220 per month	326
		Hospital Length of Stay - NCHC	↘	Monitoring	6.09
		Hospital Length of Stay - Diversions	↘	Monitoring	12.12
	Finance	Net Income	↗	\$11,341 - \$17,012 per month	(\$193,860)

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
MMT	People	Vacancy Rate	↘	5-7%	16.8%
		Retention Rate	↗	82-84%	49.9%
	Service	Patient Experience	↗	81-83%	88.4%
	Quality	Zero Harm - Patients	↘	Monitoring	0.00
		Zero Harm - Employees	↘	Monitoring	2.11
		Hospitalization Rate	↘	Monitoring	5.63%
	Finance	Net Income	↗	\$2,594 - \$3,892 per month	(\$42,715)

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Outpatient	People	Vacancy Rate	↘	7-9%	1.7%
		Retention Rate	↗	82-84%	64.6%
	Service	Patient Experience	↗	81-83%	94.5%
	Quality	Zero Harm - Patients	↘	Monitoring	0.19
		Zero Harm - Employees	↘	Monitoring	2.11
	Community	No Show Rate	↘	8-10%	20.1%
		Hospitalization Rate	↘	Monitoring	0.65%
	Finance	Net Income	↗	\$5,774 - \$8,661 per month	(\$1,434)

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Psychiatry	People	Vacancy Rate	↘	5-7%	0.0%
		Retention Rate	↗	82-84%	100.0%
	Service	Patient Experience	↗	81-83%	TBD
	Quality	Zero Harm - Patients	↘	Monitoring	0.00
		Zero Harm - Employees	↘	Monitoring	2.11
	Community	No Show Rate	↘	8-10%	17.3%
		Hospitalization Rate	↘	Monitoring	1.20%
	Finance	Net Income	↗	\$10,386 - \$15,578 per month	(\$52,355)

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Day Services	People	Vacancy Rate	↘	7-9%	0.0%
		Retention Rate	↗	82-84%	89.8%
	Service	Patient Experience	↗	81-83%	98.6%
	Quality	Zero Harm - Patients	↘	Monitoring	1.18
		Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Net Income	↗	\$6,481 - \$9,721 per month	(\$18,029)

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Residential Group Homes	People	Vacancy Rate	↘	7-9%	10.0%
		Retention Rate	↗	82-84%	100.0%
	Service	Patient Experience	↗	81-83%	94.2%
	Quality	Zero Harm - Patients	↘	Monitoring	0.30
		Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Net Income	↗	\$3,463 - \$5,195 per month	\$31,418

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Residential Services	People	Vacancy Rate	↘	7-9%	12.0%
		Retention Rate	↗	82-84%	100.0%
	Service	Patient Experience	↗	81-83%	93.8%
	Quality	Zero Harm - Patients	↘	Monitoring	0.41
		Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Net Income	↗	\$3,845 - \$5,768 per month	(\$3,843)

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Aquatic	People	Vacancy Rate	↘	5-7%	0.0%
		Retention Rate	↗	82-84%	100.0%
	Service	Patient Experience	↗	81-83%	98.2%
	Quality	Zero Harm - Patients	↘	Monitoring	0.00
		Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Net Income	↗	\$2,275 - \$3,413 per month	\$473

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
MVCC	People	Vacancy Rate	↘	7-9%	15.2%
		Retention Rate	↗	82-84%	77.8%
	Service	Patient Experience	↗	81-83%	88.0%
	Quality	Nursing Home Readmission Rate	↘	10-12%	8.5%
		Nursing Home Star Rating - MVCC	↗	4 Stars	★★★
		Zero Harm - Patients	↘	Monitoring	0.39
		Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Net Income	↗	\$38,717 - \$58,705 per month	\$61,163

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Pine Crest	People	Vacancy Rate	↘	7-9%	6.6%
		Retention Rate	↗	82-84%	84.4%
	Service	Patient Experience	↗	81-83%	83.9%
	Quality	Nursing Home Readmission Rate	↘	10-12%	14.7%
		Nursing Home Star Rating - Pine Crest	↗	4 Stars	★★★
		Zero Harm - Patients	↘	Monitoring	0.71
		Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Net Income	↗	\$24,836 - \$37,253 per month	(\$9,519)

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Housekeeping and Laundry	People	Vacancy Rate	↘	7-9%	5.8%
		Retention Rate	↗	82-84%	90.4%
	Quality	Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Indirect Expense/Direct Expense	↘	\$240,530 - \$252,577 per month	\$216,157

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Nutrition Services	People	Vacancy Rate	↘	7-9%	9.7%
		Retention Rate	↗	82-84%	67.6%
	Quality	Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Indirect Expense/Direct Expense	↘	\$307,271 - \$319,410 per month	\$269,036

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Business Operations	People	Vacancy Rate	↘	5-7%	2.3%
		Retention Rate	↗	82-84%	100.0%
	Quality	Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Indirect Expense/Direct Expense	↘	\$79,051 - \$83,004 per month	\$78,917

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Human Resources	People	Vacancy Rate	↘	5-7%	4.2%
		Retention Rate	↗	82-84%	40.0%
	Quality	Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Indirect Expense/Direct Expense	↘	\$66,540 - \$69,867 per month	\$52,568

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Informatics	People	Vacancy Rate	↘	5-7%	4.8%
		Retention Rate	↗	82-84%	100.0%
	Quality	Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Indirect Expense/Direct Expense	↘	\$233,098 - \$244,753 per month	\$222,889

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Marketing & Communication	People	Vacancy Rate	↘	5-7%	0.0%
		Retention Rate	↗	82-84%	100.0%
	Quality	Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Indirect Expense/Direct Expense	↘	\$30,969 - \$32,518 per month	\$28,970

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Organizational Development	People	Vacancy Rate	↘	5-7%	0.0%
		Retention Rate	↗	82-84%	100.0%
	Quality	Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Indirect Expense/Direct Expense	↘	\$48,344 - \$50,751 per month	\$28,690

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Patient Access Services	People	Vacancy Rate	↘	5-7%	1.8%
		Retention Rate	↗	82-84%	70.0%
	Quality	Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Indirect Expense/Direct Expense	↘	\$57,705 - \$60,590 per month	\$50,462

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Patient Financial Services	People	Vacancy Rate	↘	5-7%	0.0%
		Retention Rate	↗	82-84%	100.0%
	Quality	Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Indirect Expense/Direct Expense	↘	\$70,757 - \$74,295 per month	\$66,588

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Pharmacy	People	Vacancy Rate	↘	5-7%	2.4%
		Retention Rate	↗	82-84%	100.0%
	Quality	Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Net Income	↗	\$10,804 - \$16,206 per month	\$51,971

Department	Domain	Outcome Measure	↕	Target Level	2020 YTD
Transportation	People	Vacancy Rate	↘	5-7%	0.0%
		Retention Rate	↗	82-84%	100.0%
	Quality	Zero Harm - Employees	↘	Monitoring	2.11
	Finance	Net Income	↗	\$720 - \$1,080 per month	\$6,958

Dashboard Executive Summary

May 2020

Organizational Dashboard Outcomes

People

❖ **Vacancy Rate**

The Vacancy Rate target range for is 7.0 - 9.0%. For April we achieved our vacancy rate target at 8.9% which is a .1% improvement from April of 2019. This is an increase from March in large part due to several Covid-19 related resignations and retirements. In March we had 40 employees leave our organization and we hired 30 resulting in a negative variance. April recruitment numbers were strong with 31 recruitments and only 19 employee terminations which will positively impact May's vacancy rate.

❖ **Employee Retention Rate**

The Employee Retention Rate target range for is 82.0 – 84.0%. April we exceeded target with a retention rate of 93.7% which is trending similar to 2019. Last month we projected a 1.5% decrease in retention for April which was an improvement from the 1.8% drop in March. We are pleased to announce that we beat our target and only had a 1.2% drop again putting us back on track to achieve our 2020 retention goal of 82%. We continue to enhance our retention strategies including revising employee recognition, management engagement and constant communication.

Service

❖ **Patient Experience**

NCHC Patient Experience target is 81-83%. We are measuring patient experience via mean score of responses to the likelihood of recommending this facility to others. Once again, we exceeded our target for the month of April at 89.8%. Efforts implemented to ensure our focus remains on providing excellent patient experience in the midst of the pandemic were successful and will continue. Upcoming improvements will focus on increasing survey returns.

Quality

❖ **Hospital Readmission Rate**

The Readmission Rate is a combined measure consisting of the total number of residents re-hospitalized within 30 days of admission and the percent of patients who are readmitted within 30 days of discharge from the inpatient behavioral hospital for mental health primary diagnosis. The April hospital readmission rate exceeded target at 7.0%. This continues positive readmission trend starting in February. It is especially notable given the lower admissions due to Covid-19. The target for hospital readmissions is 10-12% or less. Overall year to date, hospital readmissions are in the target range at 10.8%.

❖ **Nursing Home Readmission Rate**

The nursing home readmission rate is based on the number of residents re-hospitalized within 30 days of admission to nursing home. The combined rate for April between the two facilities was a readmission rate of 16.7% and year to date we are within target with an 11.8% readmission rate. The April rate was higher relative to lower overall total new admissions.

❖ **Nursing Home Star Rating - MVCC**

We have a target of 4 Stars for both buildings using the Nursing Home Star Rating as determined by CMS Standards. The current rating as of April is a 3 Star in both facilities. Due to new Covid-19 guidelines, CMS and the state have suspended all recertification surveys at this time which will eliminate our ability to impact this rating until the moratorium is lifted. Mount View Care Center remains in its survey window.

❖ **Nursing Home Star Rating – Pine Crest**

Pine Crest is rated as a 3 star facility as well. This is due to a recent change in CMS regulations that a facility with an abuse tag at a G level or higher would be kept at a 2 star for a year from the survey; therefore, we do not anticipate Pine Crest's star rating to change in 2020. The Annual survey has been completed and the plan of correction was accepted.

❖ **Zero Harm – Patient**

The Zero Harm rates are a monitoring measure for the organization. The Patient Adverse Event Rate is calculated by the number of actual harm events that reached patients/number of patient days x1000. For the month of March, our rate was at 0.78 which is an increase from the previous month leading to a year to date rate of 0.65, which is comparable to 2019 YTD. Safety Huddles are continuing with an increased focus on follow up and anticipation of any potential safety concerns that could occur in the next 24 hours. This has led to an increase in awareness and transparency likely leading to an increase in reporting and more inter-department collaboration with a focus on systems issues.

❖ **Zero Harm – Employees**

We experienced a spike in March and had predicted this to continue into April and possibly May as well given the risk of Covid-19 in our area. Because of the low Covid-19 numbers in our area for April we saw a decrease from 4.7 in March to 3.16 in April. We have continued to develop policies and procedures to protect our employees and visitors to our campuses in an effort to reduce those impacted. Outside of Covid-19 we have begun developing an employee injury reduction program focused on individual program opportunities versus organizational wide.

❖ **Out of County Placements**

Overall, Out of County Placements remained stable from March to April. Total days in April was at 232 days which is just above the target of 220 per month and only 3 days higher than March. We will continue to exercise our strategies to reduce the total number of days at other institutions because it appears that efforts are showing results.

❖ **Hospital Length of Stay – NCHC**

Overall, the Hospital Length of Stay at NCHC is reasonable at 6.09 days on average. With census being down and individuals avoiding accessing hospital services due to Covid-19 concerns, we are experiencing more acute admissions with slightly longer length of stays. Overall, we are only slightly over our experience in 2019.

❖ **Hospital Length of Stay – Diversions**

There are two longer term stays for individuals with challenging psychiatric needs who are at a higher level of dangerousness to themselves outside of institutional care. Overall the length of stay is being impacted by these two instances, the other cases are more typical lengths of stay.

Community

❖ **No Show Rate (OP/Psychiatry)**

The target is 8-10%, with April being 18.9% and YTD coming in at 18.8%. The no shows are monitored daily and a reason for the no show is documented when possible. The common reasons provided for no shows include transportation issues and illness. Psychiatric and outpatient therapy services are predominantly being provided through telehealth. We are experiencing higher no show rates in our counseling therapy services and psychiatric med management appointments and not necessarily initial appointments. We are currently updating our No Show Policy and will be implementing new supporting services and options for individuals who have difficulty maintaining their appointments.

❖ **Hospitalization Rate**

Hospitalization Rate is a new monitoring measure. It appears the rate has been fairly stable in our Outpatient and Community Treatment programs. The data suggest that out of every 100 patients with a mental illness diagnosis there was approximately one individual that was hospitalized in the last month.

Finance

❖ **Direct Expense/Gross Patient Revenue**

This measure looks at percentage of total direct expense to gross patient revenue. The 2020 target is 60-62%. This measure for April is 76.2%. This outcome is not within target range. Two components for April continue to affect this measure. The diversions for April are the main area of expenses that are over target and Mount View Care Center revenue is below budget target.

❖ **Indirect Expense/Direct Expense**

Indirect Expense/Direct Expense is the percentage of total indirect expenses compared to direct expenses and the 2020 target is 39-41%. The outcome for April is 40.1%, which is favorable to the target. This favorable trend is continuing from the prior year. Support areas continue to stay below the budget targets.

❖ **Average Cost Per Day**

The measure is the total expenses less net patient billed revenue divided by the total days in the period. This helps to evaluate the cost per day that remains after all billed revenue is applied, as the remaining balance is covered by grants and levy. Volumes not hitting targets also negatively impact this outcome when expense reductions don't follow to the same degree. The target is \$67,000-\$70,000 per day. For April, the average cost per day outcome is \$94,807. The higher amount is due to the diversions being over target and COVID-19 related costs.

❖ **Net Income**

Net Income is the net earnings after all expenses have been deducted from revenue. The target for 2020 is 2-3% and year to date we are at -3.0%. For April the measure is 7.4%. This is due to receipt of CARES Act stimulus dollars.

Program-Specific Dashboard Outcomes - items not addressed in analysis above

The following outcomes reported are measures that were not met at the program-specific level. They do not represent all data elements monitored by a given department/program, only the targets that were not met for the month.

Human Service Operations

❖ Clubhouse:

- Retention Rate: One staff member resigned due to Covid-19 concerns and we are currently keeping this vacant position open to help offset revenue losses.
- Net Income in the Clubhouse is due to lower CCS billing revenue and the program not yet achieving their fundraising targets. The degree of the variance is relatively minor and will be corrected as we hold open a vacancy in the program.

❖ Crisis & CBRF

- Retention Rate: We had two Crisis Professionals leave voluntarily in April; one was wanting to focus on her schooling and collect retirement benefits while doing so, and the other found a position elsewhere.
- Patient Experience: We continue to follow up with patients who become upset due to being billed for crisis services. When this occurs, we attempt to reinforce that psychiatric emergencies are similar to medical emergencies. We have assigned training modules to the Crisis team to work to improve customer relations, which we believe can affect patient experience, as well as areas of education to help improve service.

❖ Hospital

- Vacancy Rate: We continue to work with HR on recruiting nurses, techs, and mental health treatment professionals. Efforts are underway to improve Inpatient process flows and staff support in order to boost employee satisfaction. The Nurse Manager recruitment continues to be a difficult process; we are shifting focus to sourcing a Director level position to attract the level of candidate that is needed.
- Retention Rate: Efforts are underway to improve inpatient process flows and staff support in order to boost employee satisfaction. Psychiatric care education and training is being developed as well, so that the team feels better equipped to handle the patient acuity levels we are seeing.
- Out of County Placements: We continue to see difficulties with shared rooms causing blocked beds due to frequency of patients requiring “no roommate” for different reasons, such as transgender, homicidal ideation, etc. Our year to date number for April is lower than 2019 months, but still not at target. The admission policy and procedure are being redone to address staff pressure on Physicians to not take patients due to “acuity”, which has been a standing issue.
- Net Income: We have met with our social workers to ensure they are identifying on admission if there is no insurance, so that they can get assistance signing up for MA or other insurance when necessary. Our interim UR Review staff member has focused on working with insurance companies to determine what we need to do to get more paid days for patients when necessary and has had significant success in getting more days paid than we used to; she is currently teaching the new UR Review Nurse these tactics and we are also working with our social work team on better documentation, which was found to be having a negative impact on approval of paid days.

❖ Medically Monitored Treatment (MMT)

- The Medically Monitored Treatment program has been temporarily suspended due to Covid-19. The data being reported is prior to or as lag due the temporary suspension.

❖ **Outpatient**

- **Retention Rate:** The 64.6% outcome is a calculated rate resulting from the number of staff lost in the first quarter and is forecasted forward based on what the final year to date would be if the vacancies are not filled. In the first quarter were able to fill two vacancies and have not lost any additional staff. The YTD outcomes is improving.
- **No Show Rate:** The target is 8-10%, with April being 24% and YTD being 20.1%. Starting in April were able to separate the no show data for therapy and psychiatry which provides more specific data. The data shows that therapy has a higher no show rate than psychiatry. A cancellation procedure is being developed to allow for alternate service options for clients who repetitively no show. The target for implementation is July.
- **Net Income:** The target is \$5,774-\$8,661, with April being \$22,643. YTD remains below target. The management of expenses has improved. The impact of no shows continues to have a negative impact on revenue.

❖ **Psychiatry**

- **No Show Rate:** The target is 8-10%, with April being 13.0% and YTD being 17.3%. Starting in April were able to separate the no show data for therapy and psychiatry which provides more specific data. The results for April show improved outcomes specific to psychiatry. Utilizing telehealth for service delivery also appears to be a positive factor on the no show rate for psychiatry. We will need to monitor the data over time to determine if this is a trend.
- **Net Income:** The target is \$10,386-\$15, 578, with April being (\$76,837). Expenses are being managed with a positive variance, but revenue is below target. The no show rate continues to be a factor in low revenue. We are seeing improvement with the no show rate, which will directly impact revenue.

❖ **Day Services**

Net Income – Day Services continued to be impacted in April by COVID-19 with emergency orders and restrictions on gathers of 10 or more. With the Wisconsin Supreme Court ruling in May and our target of moving to level 2 of our operational plan plans have been set into motion to begin partial operations the week of May 25th. We will continue to utilize staff for screening purposes at our entrances to maintain a safe environment for those visiting, living and working on our campuses. May projections will fall short of net income target due to the majority of the month being non-operational, focus will shift to June for resuming targets.

❖ **Residential Group Home**

Vacancy rate overall improved from 11.3% in March to 10.0% in April. The reason for the improvement was increased recruitment numbers and moving to biweekly orientations to accommodate those needing employment immediately. Retention remained at 100% year to date allowing all recruitments to impact the vacancy rate. May recruitments have been a record high for NCHC over the past two years which will continue the trend of improving our vacancy rate.

❖ **Residential Services**

Residential Services vacancy rate improved from 12.2% in March to 12.0% in April. Residential Services utilizes the same applicant pool of Residential Group Homes which has increased month over month. Retention rate has remained 100% year to date allowing for positive movement in vacancy rates month over month. Net income has improved from -\$13,956 March year to date to -\$3,843 April year to date. This can be attributed to a \$14,962 net income for the month of April. May is projected to exceed budget putting year to date net income back to meeting or exceeding target.

Nursing Home Operations

❖ Aquatic Services:

- The Net Income target for Aquatic is \$2,275 - \$3,413 per month. For April the outcome was within target with Net Income at \$14,989. The YTD variance is negative at \$473 below target. This is due to the COVID-19 shutdown. We have worked to redeploy staff accordingly as we do not expect any billed revenue for April. We are currently in process of reopening aquatics program for a June 1, 2020 start date.

❖ MVCC Overall:

- Vacancy Rate for the month of April showed an increase to 16.5 % with a target range of 7-9%. Per review of the 2018 Wisconsin data for direct caregiver vacancy in the State of Wisconsin, the average statewide is 19% vacancy. Year to date we are at 15.2% which is below the state average but does not meet our target. With our recent start of our internal nursing assistant training course, we anticipate to see a reduction in our vacancy rate in the next few months. Currently we have 6 internal staff in the course and have 3 other classes planned in June, July and August for external and internal hires.
- Retention Rate: In April we had 2 C.N.A resignations, one was an involuntary resignation and 1 full time employee retired. We had a voluntary resignation in a vent nurse who wanted to expand their skills by accepting a position at a local acute care hospital program. We also had a hospitality aide resign due to fears of Covid. During April to assist with our staff who left us, we hired 3 C.N.A.'s, 2 hospitality aides and 1 RN. As part of our recovery plan, we have started our first in house nurse aide training program and will have staff finished the second week of May as certified nursing assistants, Next course is scheduled for June 2, 2020 with 8 new staff signed up for the training. The Mount View team continues to hold recruitment and retention meetings, do in house polling of staff for ideas to enhance retention and look for ways for work life balance for these positions.
- Nursing Home Star Rating: Nursing Home star rating for Mount View remains a 3 star. At this time with the COVID-19 pandemic, there is a suspension of all health care surveys. Mt View was due for its annual survey and with this suspension, the opportunity to improve health surveys star rating is on hold at this time.
- Average Net income goal is \$38,717 to \$58,075 per month. For April we showed a gain of \$399,835 which was driven by the Cares Act payment and our April rates for Medicaid were back in line to what we budgeted. We continue to see a decline in our overall census with the reduction of referrals and admissions related to the Covid pandemic. The team continues to reduce their staffing and their expenses to be in line with our current census versus the budgeted census.

❖ Pine Crest Overall:

- Readmission rate target for 2020 is 10-12%. Pine Crest April was at 28.6% which was above target. In April we had 4 readmissions in the 30 day timeframe that were unavoidable. With our decreased admissions, this also reflects in higher readmission rates based on population. The team is currently working on a quality assurance process improvement project to reduce re-hospitalizations and have shown some improvement from January 2020 to current.
- Nursing Home Star Rating: Pine Crest remains a 3 star due to survey issue that places their health inspections at a 2 for the next year. Anticipate this to remain at 3 star for 2020 at this time.
- Average net income target is \$24,836-\$37,253 and for April was not at target by \$42,700 and year to date there is a net income loss of \$9,519. Pine Crest has struggled with declining census and not meeting their budgeted census numbers. Besides this variance, the better than budgeted Medicaid rate helped offset the lower census and kept our losses lower than anticipated. Focus continues to be on reduction of agency and continued implementation of price savings through NCHC purchasing groups. The team is also reviewing and adjusting staffing patterns based on the changes in our occupancy.

Support Programs

❖ **Human Resources**

- Retention Rate: Human Resources had one employee turnover our Human Resources Coordinator, as a result the retention rate was not achieved. Recruitment for this position has been put on hold as we focus all recruitment efforts towards direct care positions in our organization.

❖ **Patient Access Services**

- Retention Rate: This is due to an early retirement, the position has since been filled.

2020 Board - RCA - CEO Work Plan

Objective	Accountability	Start Date	Measure(s) of Success	Interim Updates	Status	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Annual Review of Board Policy	Board	Jan-20	Board reviews and approves all Board Policies by December 31	Ongoing, Policies have been dispersed equally and timely throughout the year	Open												
Establish Facility Use Agreements with Each County	Board	Jan-20	Signed Facility Use and/or Lease Agreements with each of the three Counties	This item remains pending in the Marathon County Corporation Counsel's office	Pending												
Prepare Local Plan	Board	Jan-20	Adopt a 3 Year Local Plan at the Annual Board Retreat	The Human Services Research Institute continues to work on stakeholder interviews and data analysis. The report completion and presentation to the Board is on hold until travel from Boston is permitted	Open												
Approve Training Plan for Counties	Board	Jan-20	Hold Inaugural Stakeholder Summit	The Inaugural Stakeholder Summit is postponed until such time that a large group gathering would be permissible given the COVID-19 public health emergency	Open												
CEO Appraisal	Executive Committee	Jan-20	Completed CEO Appraisal by the Executive Committee by March	The written evaluation has been completed but the in-person review of the evaluation has not been completed	Pending												
Accept the Annual Audit	Board	Jan-20	Acceptance of the annual audit by the NCCSP Board in April	The audit presentation was deferred until the May Board meeting due to the COVID-19 public health emergency	Open												
Annual Report	Board	Apr-20	Annual Report Released and Presentations made to County Boards	The 2019 Report is still being developed as communication resources have been reprioritized to the COVID-19 response	Open												
County Fund Balance Reconciliation	Board	Apr-20	Fund Balance Presentation and Adoption by NCCSP Board	Pending the audit acceptance	Pending												
Reserve Policy Review	Board	Apr-20	The Board will review and approve the Reserve Policy after the CFO has met with the County Finance Directors to receive input following the annual audit	The Policy is slated for approval at the April Board meeting	Pending												
Recommend Annual Budget to Counties	Board	Apr-20	Budget recommendation to the Counties by October 1st	The Budget process for 2021 has begun in April	Pending												
Determine Budget Guidelines and Priorities	Executive Committee	Apr-20	Budget Guidelines and Priorities of the member Counties are communicated to the Board by June 1st	The Executive Committee will review the current Guidelines and Priorities at their May meeting and then will forward these onto the NCCSP Board for further consideration and approval	Open												
Nomination and Election of Board Officers	Governance Committee	Apr-20	The Governance Committee will send a slate of Officers to the Board to be elected at the Annual Meeting in May														
Annual Review of Board End Statements	Board	May-20	Adoption of End Statements with any modifications by June 1st	The May Board meeting will have this objective as an agenda item for action	Open												
Selection of Independent Certified Public Accounting Firm	Executive Committee	Jun-20	5 year contract established with an accounting firm		Pending												
Develop a Board Recruitment Plan	Governance Committee	Jun-20	Board Recruitment Plan reviewed and approved by the NCCSP Board	The Board Recruitment plan will be developed by the NCCSP Board Governance Committee was appointed at the May Board meeting	Pending												
Review and Approve Performance Standards	Executive Committee	Jul-20	Adopted Annual Performance Standards	The Performance Standards will be reviewed by July 1st	Pending												
Facilitated Discussion on Diversity and Inclusion	Board	Jul-20	Adopted strategy and/or policy as it relates to the implications of diversity and inclusion for the Board, Management Teams and workforce		Open												
Evaluate NCCSP Board Effectiveness	Board	Sep-20	Conduct and Annual Review of the Effectiveness of Board's Policy Governance Model	Performed annually at the September NCCSP Board meeting	Pending												
Approve Annual Quality, Compliance and Safety Plan	Board	Sep-20	Approve plan in December	Board will review current plan performance and approve the Utilization Review Plan for the upcoming year in December	Pending												

2020 Board - RCA - CEO Work Plan

Objective	Accountability	Start Date	Measure(s) of Success	Interim Updates	Status	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Review and Approve Policy Governance Manual	Board	Oct-20	Approve manual at the October Board meeting		Pending												
Annual CEO Succession Exercise	Board	Oct-20	Approve a one-page succession document	The CEO and Board Chair are developing an approach to facilitate the discussion with the full Board in October	Open												
Review and Approve CEO Compensation Plan	Executive Committee	Nov-20	Approve CEO Compensation Plan for the upcoming year by December	The RCA Chair will schedule the sit-down appraisal with the CEO and NCCSP Board Chair as soon as it is practical given the COVID-19 priorities.	Open												
Approve Utilization Review Plan	Board	Nov-20	Approve plan in December	Board will review current plan performance and approve the Utilization Review Plan for the upcoming year in December	Pending												
Board Development Plan and Calendar	Governance Committee	Nov-20	Approved Board Development Plan and Calendar for the upcoming year at the December meeting		Pending												
Provide Monthly Program and Service Report	Executive Committee	Monthly	CEO provides a monthly Programs and Services report to the Executive Committee	Developing new format for the monthly reporting to be in congruence with the recently adopted Joint County Agreement	Pending												



MEMORANDUM

DATE: May 14, 2020
TO: North Central Community Services Program Board
FROM: Jill Meschke, Chief Financial Officer
RE: Monthly CFO Report

The following items are general updates and communication to support the Board on key activities and/or updates of financial activity since our last meeting.

1) Financial Results:

The financials show a gain for April of \$531,880, compared to the targeted loss of (\$81,282) resulting in a positive variance of \$613,162. Positive results are directly related to receipt of federal CARES Act stimulus dollars in the amount of \$1,139,193. Without this additional funding April would have shown a loss of (\$607,313).

2) Revenue Key Points:

- Overall revenue for April exceeded budgeted target by \$242,037. Without the CARES Act payments revenue would have been short to budget by (\$897,156).
- MVCC census averaged 160 compared to the target of 183. Pine Crest census averaged 129 compared to the target of 155.
- In addition to the lower than budgeted census, both MVCC and Pine Crest payer mix is unfavorable to plan with a lower mix of Medicare residents than budgeted resulting in revenue shortfalls to plan of (\$163,027) and (\$141,816) respectively.
- The hospital census averaged 10 to a budget of 15 for the month of April resulting in a shortfall from plan of (\$188,469) after adjusted for CARES Act payments. Census challenges continue in May.
- Revenue for the outpatient areas combined exceeded overall approximated targets.

3) Expense Key Points:

- Overall expenses for April were favorable to plan \$316,130. Expense savings are driven by temporary program closures, strategic cost savings measures, and favorable health insurance expenses.
- Salaries are favorable to budget for April partially due to suspension of merit increases and utilization of contract staff and providers.
- Benefits are meeting targets. Health insurance was below target for the month. As the year progresses and employees utilize health care this cost will increase.
- Purchased services represent the greatest unfavorable variance to plan at (\$428,450). This overage offsets the favorability in salaries expense.
- Diversions were unfavorable to plan (\$87,626).

4) COVID-19 Financial Considerations:

- In April, purchasing expenses related to COVID-19 totaled \$115,599. These are purchases outside of normal operating expenses.
- Additionally, employee wage expenses for those utilizing the COVID-19 related sick benefit in April were \$58,368.
- Reforecasting efforts in April approximated results without CARES Act payments. This exercise will continue in May.

North Central Health Care
Balance Sheet
For the Period Ending April 30, 2020

	<u>Current YTD</u>	<u>Prior YTD</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	7,025,059	3,295,000
Accounts Receivable		
Net Patient Receivable	6,152,879	4,989,215
Outpatient WIMCR & CCS	3,495,000	2,872,333
Nursing Home Supplemental Payment	1,505,000	700,000
County Appropriations Receivable	(915,512)	450,865
Net State Receivable	404,752	286,061
Other Accounts Receivable	591,767	258,941
Inventory	409,844	427,687
Prepaid Expenses	1,072,935	1,138,248
Total Current Assets	<u>19,741,724</u>	<u>14,418,349</u>
Noncurrent Assets		
Investments	12,565,000	13,642,000
Contingency Funds	1,000,000	1,000,000
Patient Trust Funds	50,958	38,505
Pool Project Receivable	1,732,590	3,213,262
Net Pension Assets	-	5,559,798
Nondepreciable Capital Assets	6,568,258	694,108
Net Depreciable Capital Assets	9,458,921	10,734,473
Total Noncurrent Assets	<u>31,375,727</u>	<u>34,882,146</u>
Deferred Outflows of Resources (Pensions)	<u>18,283,534</u>	<u>10,270,680</u>
TOTAL ASSETS	<u><u>69,400,985</u></u>	<u><u>59,571,175</u></u>

	Current YTD	Prior YTD
LIABILITIES		
Current Liabilities		
Current Portion of Capital Lease Liability	29,249	29,249
Trade Accounts Payable	226,550	626,039
Accrued Liabilities		
Salaries and Retirement	1,902,923	1,410,615
Compensated Absences	2,082,157	1,795,381
Health and Dental Insurance	670,000	847,000
Other Payables and Accruals	1,072,211	(230,633)
Payable to Reimbursement Programs	220,000	220,000
Unearned Revenue	39,187	41,101
Total Current Liabilities	6,242,277	4,738,752
Noncurrent Liabilities		
Net Pension Liability	7,524,802	944,541
Long-Term Portion of Capital Lease Liability	64,993	92,063
Long-Term Projects in Progress	4,580,552	343,429
Patient Trust Funds	50,958	38,505
Total Noncurrent Liabilities	12,221,305	1,418,537
Deferred Inflows of Resources (Pensions)	9,439,717	10,993,103
TOTAL LIABILITIES	27,903,299	17,150,392
NET POSITION		
Net Investment in Capital Assets	16,027,179	11,428,581
Pool Project Restricted Capital Assets	1,732,590	3,213,262
Unrestricted		
Board Designated for Contingency	1,000,000	1,000,000
Board Designated for Capital Assets	1,634,142	904,580
Undesignated	21,246,207	26,668,552
Net Income / (Loss)	(142,432)	(794,193)
TOTAL NET POSITION	41,497,685	42,420,782
TOTAL LIABILITIES AND NET POSITION	69,400,985	59,571,175

North Central Health Care
Income Statement
For the Period Ending April 30, 2020

	MTD Actual	MTD Budget	\$ Variance	% Variance	YTD Actual	YTD Budget	\$ Variance	% Variance
Direct Revenues								
Patient Gross Revenues	6,696,792	8,339,148	(1,642,356)	-19.7%	29,986,573	33,319,404	(3,332,830)	-10.0%
Patient Contractual Adjustments	(2,389,397)	(3,037,959)	648,562	-21.3%	(10,224,666)	(12,146,813)	1,922,147	-15.8%
Net Patient Revenue	4,307,394	5,301,189	(993,794)	-18.7%	19,761,907	21,172,591	(1,410,683)	-6.7%
County Revenue	417,915	418,151	(236)	-0.1%	1,671,658	1,672,602	(944)	-0.1%
Contracted Service Revenue	64,717	71,167	(6,449)	-9.1%	227,075	284,667	(57,592)	-20.2%
Grant Revenues and Contractuals	1,436,966	183,767	1,253,200	682.0%	2,170,933	735,067	1,435,866	195.3%
Appropriations	457,755	457,755	-	0.0%	1,831,021	1,831,021	-	0.0%
Other Revenue	680,025	690,708	(10,683)	-1.5%	2,844,653	2,762,833	81,820	3.0%
Total Net Revenue	7,364,773	7,122,736	242,037	3.4%	28,507,248	28,458,780	48,468	0.2%
Direct Expenses								
Personnel Expenses	3,150,659	3,829,595	678,936	17.7%	13,303,421	14,987,051	1,683,630	11.2%
Contracted Services Expenses	974,954	547,343	(427,612)	-78.1%	4,267,318	2,182,705	(2,084,613)	-95.5%
Supplies Expenses	56,601	84,765	28,164	33.2%	234,259	333,395	99,136	29.7%
Drugs Expenses	465,556	367,152	(98,404)	-26.8%	1,718,237	1,467,445	(250,791)	-17.1%
Program Expenses	80,422	117,812	37,390	31.7%	281,639	461,253	179,614	38.9%
Land & Facility Expenses	19,052	26,727	7,675	28.7%	76,790	106,907	30,116	28.2%
Equipment & Vehicle Expenses	37,276	41,916	4,639	11.1%	164,656	162,266	(2,390)	-1.5%
Diversions Expenses	162,626	75,000	(87,626)	-116.8%	890,110	300,000	(590,110)	-196.7%
Other Operating Expenses	158,898	151,435	(7,462)	-4.9%	640,466	600,801	(39,666)	-6.6%
Total Direct Expenses	5,106,045	5,241,745	135,700	2.6%	21,576,895	20,601,822	(975,073)	-4.7%
Indirect Revenues								
County Revenue	171,635	171,635	-	0.0%	686,541	686,541	-	0.0%
Contracted Service Revenue	5,920	2,500	3,420	136.8%	13,817	10,000	3,817	38.2%
Other Revenue	35,617	56,250	(20,633)	-36.7%	209,538	225,000	(15,462)	-6.9%
Total Net Revenue	290,909	230,385	60,524	26.3%	987,633	921,541	66,092	7.2%
Indirect Expenses								
Personnel Expenses	1,086,503	1,228,660	142,157	11.6%	4,468,607	4,916,614	448,007	9.1%
Contracted Services Expenses	5,838	5,000	(838)	-16.8%	19,945	20,000	55	0.3%
Supplies Expenses	65,320	123,616	58,296	47.2%	277,878	494,465	216,587	43.8%
Drugs Expenses	17,610	4,167	(13,443)	-322.6%	20,915	16,667	(4,248)	-25.5%
Program Expenses	17,951	20,671	2,720	13.2%	99,157	82,683	(16,473)	-19.9%
Land & Facility Expenses	281,416	309,619	28,203	9.1%	1,170,904	1,238,474	67,571	5.5%
Equipment & Vehicle Expenses	122,089	124,554	2,465	2.0%	482,393	498,217	15,824	3.2%
Other Operating Expenses	448,836	409,706	(39,131)	-9.6%	1,672,661	1,683,823	11,161	0.7%
Total Indirect Expenses	2,045,563	2,225,992	180,430	8.1%	8,212,458	8,950,942	738,484	8.3%
Total Operating Expenses	7,151,607	7,467,737	316,130	4.2%	29,789,354	29,552,765	(236,589)	-0.8%
Metrics								
Indirect Expenses/Direct Expenses	40.1%	42.5%			38.1%	43.4%		
Direct Expense/Gross Patient Revenue	76.2%	62.9%			72.0%	61.8%		
Non-Operating Income/Expense								
Interest Income/Expense	(25,629)	(30,833)	5,204	-16.9%	(112,564)	(123,333)	10,769	-8.7%
Donations Income	(2,176)	-	(2,176)	0.0%	(39,477)	-	(39,477)	0.0%
Other Non-Operating	-	(2,500)	2,500	-100.0%	-	(10,000)	10,000	-100.0%
Total Non-Operating	(27,805)	(33,333)	5,528	-16.6%	(152,041)	(133,333)	(18,708)	14.0%
Net Income (Loss)	531,880	(81,282)	613,162	-754.4%	(142,432)	(39,111)	(103,321)	264.2%

North Central Health Care
Statement of Cash Flows
For Month Ending April 30, 2020

Cash, Beginning of Period (March 31, 2020)		1,866,178
Operating Activities		
Net Income (Loss)	531,880	
Adjustments to Reconcile Net Income		
Depreciation	225,441	
(Increase) or Decrease in Current Assets		
Inventories	-	
Accounts Receivable	1,453,620	
Prepaid Expenses	91,390	
Increase or (Decrease) in Current Liabilities		
Accounts Payable	(396,998)	
Appropriation Liability	915,511	
Accrued Current Liabilities	1,014,250	
Net Change in Patient Trust Funds	7,034	
Unearned Revenue	<u>0</u>	
Net Cash from Operating Activities		3,842,128
Investing Activities		
Net Change in Contingency Funds	-	
Purchases of Property and Equipment	107,753	
Pool Project Receivable	-	
Net Change in Long-Term Projects in Progress	<u>-</u>	
Net Cash from Investing Activities		107,753
Financing Activities		
Appropriations Advancement	-	
Net Change in Purchase/Sale of Investments	<u>1,209,000</u>	
Net Cash from Financing Activities		<u>1,209,000</u>
Net Increase (Decrease) in Cash During Period		<u>5,158,881</u>
Cash, End of Period (April 30, 2020)		7,025,059

North Central Health Care
Statement of Revenues and Expenses
For the Period Ending April 30, 2020

	<u>MTD Actual</u>	<u>MTD Budget</u>	<u>MTD Variance</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>YTD Variance</u>
Total Operating Revenue	<u>7,657,568</u>	<u>7,355,622</u>	<u>301,946</u>	<u>29,504,640</u>	<u>29,390,321</u>	<u>114,319</u>
Salaries and Wages	3,130,350	3,565,306	(434,956)	12,788,556	14,026,824	(1,238,268)
Fringe Benefits	1,100,194	1,485,449	(385,255)	4,902,249	5,846,841	(944,592)
Departments Supplies	1,043,903	875,712	168,191	3,740,179	3,490,944	249,235
Purchased Services	735,207	578,406	156,801	3,540,521	2,350,294	1,190,227
Utilitites/Maintenance Agreements	580,482	360,279	220,203	2,217,599	1,433,887	783,713
Personal Development/Travel	4,358	43,740	(39,382)	117,355	174,928	(57,573)
Other Operating Expenses	154,977	209,059	(54,082)	580,838	831,237	(250,399)
Insurance	40,099	43,611	(3,512)	160,395	173,111	(12,715)
Depreciation & Amortization	199,412	222,842	(23,430)	851,552	891,367	(39,814)
Client Purchased Services	<u>162,626</u>	<u>75,000</u>	<u>87,626</u>	<u>890,110</u>	<u>300,000</u>	<u>590,110</u>
	7,151,607	7,459,404	(307,797)	29,789,354	29,519,432	269,922
Nonoperating Income	<u>25,919</u>	<u>30,833</u>	<u>(4,915)</u>	<u>142,280</u>	<u>123,333</u>	<u>18,947</u>
Excess Revenue/(Expense)	<u><u>531,880</u></u>	<u><u>(72,948)</u></u>	<u><u>604,828</u></u>	<u><u>(142,433)</u></u>	<u><u>(5,777)</u></u>	<u><u>(136,656)</u></u>

North Central Health Care
Review of 2020 Programs by Service Line
For the Year-to-Date Period Ending April 30, 2020

	Revenue			Expense			By Program
	Actual	Budget	Variance	Actual	Budget	Variance	\$ Variance
BEHAVIORAL HEALTH SERVICES							
Hospital	1,357,105	1,442,141	(85,036)	1,442,724	1,453,370	10,646	(74,390)
Hospital Psychiatry	128,663	142,651	(13,988)	590,682	558,714	(31,968)	(45,956)
Psychiatry Residency	104,668	105,000	(332)	141,804	150,873	9,069	8,737
Contract Services	-	-	-	1,013,715	312,665	(701,050)	(701,050)
Crisis	234,605	198,499	36,106	899,459	812,968	(86,490)	(50,385)
MMT	65,330	321,060	(255,731)	434,015	518,886	84,871	(170,860)
CBRF	358,975	405,183	(46,208)	274,945	405,183	130,238	84,030
Youth Hospital (eff: April for Exp)	-	-	-	15,504	167,419	151,915	151,915
Subtotal-Behavioral Health	2,249,347	2,614,536	(365,189)	4,812,848	4,380,079	(432,769)	(797,958)
COMMUNITY SERVICES							
Outpatient Services-Marathon Co	455,006	522,606	(67,600)	671,872	665,414	(6,458)	(74,058)
Outpatient Services-Lincoln Co	109,811	139,733	(29,923)	121,039	216,925	95,886	65,964
Outpatient Services-Langlade Co	116,609	229,433	(112,824)	157,324	272,508	115,183	2,359
Outpatient Psychiatry	343,325	393,490	(50,166)	1,365,288	1,367,529	2,241	(47,925)
Community Treatment Adult- Marathon	1,534,707	1,495,964	38,743	1,492,873	1,495,964	3,091	41,835
Community Treatment Adult- Lincoln	301,464	256,133	45,331	241,954	256,133	14,179	59,510
Community Treatment Adult- Langlade	200,026	232,867	(32,841)	169,260	232,867	63,606	30,766
Community Treatment Youth-Marathon	2,056,583	1,303,694	752,889	1,904,174	1,303,694	(600,480)	152,408
Community Treatment Youth-Lincoln	666,273	604,800	61,473	633,967	604,800	(29,167)	32,306
Community Treatment Youth-Langlade	542,199	467,000	75,199	502,064	467,000	(35,064)	40,134
Clubhouse	66,716	99,672	(32,956)	109,589	130,339	20,750	(12,206)
Sober Living	-	42,667	(42,667)	168	42,667	42,498	(168)
Subtotal-Community Services	6,392,718	5,788,060	604,658	7,369,572	7,055,839	(313,734)	290,925
COMMUNITY LIVING							
Adult Day Services-Marathon	245,713	276,795	(31,082)	204,704	242,505	37,801	6,719
Prevocational Services-Marathon	217,068	259,000	(41,932)	242,158	293,290	51,132	9,200
Prevocational/Day Services-Langlade	93,622	126,000	(32,378)	108,078	126,000	17,922	(14,456)
Lincoln Industries-Lincoln	266,731	634,333	(367,603)	340,561	634,333	293,772	(73,831)
Andrea St Group Home	165,912	174,667	(8,755)	142,415	167,434	25,019	16,264
Chadwick Group Home	175,065	177,333	(2,268)	137,882	172,918	35,036	32,768
Bissell Street Group Home	191,971	189,333	2,638	133,758	181,671	47,913	50,551
Heather Street Group Home	153,513	151,333	2,180	146,734	170,644	23,910	26,090
Jelinek Apartments	270,463	267,667	2,796	235,777	245,357	9,581	12,377
River View Apartments	240,713	209,000	31,713	190,305	207,105	16,801	48,514
Forest Street Apartments	117,160	206,000	(88,840)	186,389	195,592	9,203	(79,636)
Fulton Street Apartments	93,125	86,333	6,792	124,362	120,945	(3,417)	3,375
Subtotal-Community Living	2,231,057	2,757,795	(526,738)	2,193,123	2,757,795	564,672	37,934
NURSING HOMES							
MVCC Daily Services	6,304,267	6,539,784	(235,518)	6,953,732	7,292,012	338,280	102,762
MVCC Ancillary Services	765,488	703,578	61,909	371,369	451,351	79,982	141,891
Aquatic	244,778	340,897	(96,119)	356,999	455,012	98,013	1,894
Pine Crest-Daily Services	4,040,832	4,383,167	(342,334)	4,291,301	4,530,105	238,804	(103,530)
Pine Crest-Ancillary Services	512,091	437,000	75,091	445,197	437,000	(8,197)	66,894
Subtotal-Nursing Home	11,867,456	12,404,426	(536,971)	12,418,598	13,165,480	746,882	209,911
Pharmacy	2,402,658	2,160,798	241,860	2,194,775	2,160,798	(33,977)	207,883
OTHER PROGRAMS							
Birth To Three	467,616	-	467,616	467,616	-	(467,616)	(0)
Protective Services	289,417	-	289,417	229,032	-	(229,032)	60,386
Demand Transportation	131,620	143,968	(12,348)	103,789	143,968	40,179	27,831
Subtotal-Other Programs	888,653	143,968	744,685	800,436	143,968	(656,468)	88,217
Total NCHC Service Programs	26,031,888	25,869,583	162,305	29,789,354	29,663,959	(125,395)	36,910
Base County Allocation	1,671,658	1,672,602	(944)				(944)
Nonoperating Revenue	112,354	123,333	(10,979)				(10,979)
County Appropriation	1,831,021	1,831,022	(1)				(1)
Grand Total NCHC	29,646,922	29,496,540	150,382	29,789,354	29,663,959	(125,395)	24,987

North Central Health Care
Review of Services in Langlede County
For the Year-to-Date Period Ending April 30, 2020

	Revenue			Expense			By Program
	Actual	Budget	Variance	Actual	Budget	Variance	\$ Variance
Direct Services							
Outpatient Services	116,609	229,433	(112,824)	157,324	272,508	115,183	2,359
Community Treatment-Adult	200,026	232,867	(32,841)	169,260	232,867	63,606	30,766
Community Treatment-Youth	542,199	467,000	75,199	502,064	467,000	(35,064)	40,134
Sober Living	-	42,667	(42,667)	168	42,667	42,499	(168)
Day Services	93,622	126,000	(32,378)	108,078	126,000	17,922	(14,456)
	952,455	1,097,967	(145,511)	936,895	1,141,041	204,146	58,635
Shared Services							
Inpatient	149,282	158,635	(9,353)	158,700	159,871	1,171	(8,182)
Hospital Psychiatry	14,153	15,692	(1,539)	64,975	61,459	(3,516)	(5,055)
Residency Program	11,514	11,550	(36)	15,598	16,596	998	961
Youth Hospital	-	-	-	1,705	18,416	16,711	16,711
CBRF	39,487	44,570	(5,083)	30,244	44,570	14,326	9,243
Crisis	25,806	21,835	3,971	98,940	89,427	(9,514)	(5,543)
MMT (Lakeside Recovery)	7,186	35,317	(28,131)	47,742	57,077	9,336	(18,795)
Outpatient Psychiatry	37,766	43,284	(5,518)	150,182	150,428	246	(5,272)
Protective Services	31,836	-	31,836	25,193	-	(25,193)	6,642
Birth To Three	47,876	-	47,876	47,877	-	(47,877)	(0)
Group Homes	66,823	67,427	(604)	54,590	67,427	12,838	12,233
Supported Apartments	-	-	-	-	-	-	-
Contract Services	-	-	-	111,509	34,393	(77,116)	(77,116)
	431,728	398,310	33,418	807,255	699,664	(107,590)	(74,172)
Total NCHC Programming	1,384,184	1,496,277	(112,093)	1,744,149	1,840,705	96,556	(15,537)
Base County Allocation	266,177	266,177	-				-
Nonoperating Revenue	7,263	9,543	(2,280)				(2,280)
County Appropriation	50,292	50,292	-				-
Excess Revenue/(Expense)	1,707,916	1,822,289	(114,373)	1,744,149	1,840,705	96,556	(17,817)

North Central Health Care
Review of Services in Lincoln County
For the Year-to-Date Period Ending April 30, 2020

	Revenue			Expense			By Program
	Actual	Budget	Variance	Actual	Budget	Variance	\$ Variance
Direct Services							
Outpatient Services	109,811	139,733	(29,923)	121,039	216,925	95,886	65,964
Community Treatment-Adult	301,464	256,133	45,331	241,954	256,133	14,179	59,510
Community Treatment-Youth	666,273	604,800	61,473	633,967	604,800	(29,167)	32,306
Lincoln Industries	266,731	634,333	(367,603)	340,561	634,333	293,772	(73,831)
	1,344,279	1,635,000	(290,721)	1,337,522	1,712,191	374,670	83,949
Shared Services							
Inpatient	203,566	216,321	(12,755)	216,409	218,005	1,597	(11,159)
Inpatient Psychiatry	19,299	21,398	(2,098)	88,602	83,807	(4,795)	(6,893)
Residency Program	15,700	15,750	(50)	21,271	22,631	1,360	1,311
Youth Hospital	-	-	-	2,326	25,113	22,787	22,787
CBRF	53,846	60,778	(6,931)	41,242	60,778	19,536	12,604
Crisis	35,190	29,775	5,415	134,919	121,945	(12,973)	(7,558)
Outpatient Psychiatry	51,499	59,024	(7,525)	204,793	205,129	336	(7,189)
MMT (Lakeside Recovery)	9,799	48,159	(38,360)	65,102	77,833	12,731	(25,629)
Protective Services	43,412	-	43,412	34,355	-	(34,355)	9,058
Birth To Three	70,393	-	70,393	70,394	-	(70,394)	(1)
Apartments	-	-	-	-	-	-	-
Contract Services	-	-	-	152,057	46,900	(105,158)	(105,158)
	502,706	451,204	51,502	1,031,469	862,141	(169,328)	(117,826)
Total NCHC Programming	1,846,985	2,086,204	(239,219)	2,368,990	2,574,333	205,342	(33,877)
Base County Allocation	276,659	276,659	-				-
Nonoperating Revenue	10,137	13,303	(3,165)				(3,165)
County Appropriation	173,054	173,054	-				-
Excess Revenue/(Expense)	2,306,835	2,549,220	(242,385)	2,368,990	2,574,333	205,342	(37,043)

North Central Health Care
Review of Services in Marathon County
For the Year-to-Date Period Ending April 30, 2020

	Revenue			Expense			By Program
	Actual	Budget	Variance	Actual	Budget	Variance	\$ Variance
Direct Services							
Outpatient Services	455,006	522,606	(67,600)	671,872	665,414	(6,458)	(74,058)
Community Treatment-Adult	1,534,707	1,495,964	38,743	1,492,873	1,495,964	3,091	41,835
Community Treatment-Youth	2,056,583	1,303,694	752,889	1,904,174	1,303,694	(600,480)	152,408
Day Services	462,782	535,795	(73,013)	446,862	535,795	88,933	15,920
Clubhouse	66,716	99,672	(32,956)	109,589	130,339	20,750	(12,206)
Demand Transportation	131,620	143,968	(12,348)	103,789	143,968	40,179	27,831
Aquatic Services	244,778	340,897	(96,119)	356,999	455,012	98,013	1,894
Pharmacy	2,402,658	2,160,798	241,860	2,194,775	2,160,798	(33,977)	207,883
	7,354,850	6,603,395	751,455	7,280,933	6,890,984	(389,949)	361,506
Shared Services							
Inpatient	1,004,258	1,067,184	(62,926)	1,067,616	1,075,494	7,878	(55,047)
Inpatient Psychiatry	95,211	105,562	(10,351)	437,105	413,449	(23,656)	(34,007)
Residency Program	77,455	77,700	(245)	104,935	111,646	6,711	6,465
Youth Hospital	-	-	-	11,473	123,890	112,417	112,417
CBRF	265,641	299,836	(34,194)	203,459	299,836	96,376	62,182
Crisis Services	173,607	146,890	26,718	665,599	601,597	(64,003)	(37,285)
MMT (Lakeside Recovery)	48,344	237,585	(189,241)	321,171	383,976	62,804	(126,437)
Outpatient Psychiatry	254,060	291,183	(37,123)	1,010,313	1,011,971	1,658	(35,464)
Protective Services	214,169	-	214,169	169,483	-	(169,483)	44,686
Birth To Three	349,346	-	349,346	349,346	-	(349,346)	0
Group Homes	619,638	625,239	(5,601)	506,199	625,239	119,040	113,439
Supported Apartments	721,461	769,000	(47,539)	736,832	769,000	32,168	(15,371)
Contracted Services	-	-	-	750,149	231,372	(518,777)	(518,777)
	3,823,190	3,620,178	203,012	6,333,681	5,647,470	(686,211)	(483,200)
Total NCHC Programming	11,178,040	10,223,573	954,467	13,614,614	12,538,454	(1,076,160)	(121,693)
Base County Allocation	1,128,821	1,129,766	(945)				(945)
Nonoperating Revenue	94,954	100,487	(5,534)				(5,534)
County Appropriation	960,737	960,737	-				-
Excess Revenue/(Expense)	13,362,552	12,414,563	947,988	13,614,614	12,538,454	(1,076,160)	(128,172)

North Central Health Care
Review of Services in Mount View Care Center
For the Year-to-Date Period Ending April 30, 2020

	Revenue			Expense			By Program
	Actual	Budget	Variance	Actual	Budget	Variance	\$ Variance
Direct Services							
Long Term Care	1,262,112	1,196,499	65,613	1,465,625	1,339,166	(126,459)	(60,846)
Legacies	2,751,182	3,007,642	(256,460)	2,864,889	3,364,975	500,086	243,626
Post Acute Care	838,552	822,822	15,730	1,003,189	997,640	(5,549)	10,181
Vent Unit	1,452,421	1,512,822	(60,401)	1,620,029	1,590,231	(29,798)	(90,199)
Nursing Home Ancillary	20,931	33,333	(12,402)	18,584	33,333	14,749	2,346
Rehab Services	744,557	670,245	74,312	352,784	418,017	65,233	139,545
Total NCHC Programming	7,069,754	7,243,363	(173,608)	7,325,101	7,743,363	418,262	244,653
County Appropriation	500,000	500,000	-				-
Excess Revenue/(Expense)	7,569,754	7,743,363	(173,608)	7,325,101	7,743,363	418,262	244,653
Aquatic	244,778	340,897	(96,119)	356,999	455,012	98,013	1,894

North Central Health Care
Review of Services in Pine Crest Nursing Home
For the Year-to-Date Period Ending April 30, 2020

	Revenue			Expense			By Program
	Actual	Budget	Variance	Actual	Budget	Variance	\$ Variance
Direct Services							
Long Term Care	2,329,708	2,645,666	(315,958)	2,629,867	2,652,799	22,932	(293,026)
Rehab Care (Post Acute)	719,786	729,377	(9,591)	681,959	789,826	107,867	98,276
Hospice Care	326,555	371,965	(45,410)	429,154	424,819	(4,335)	(49,745)
Special Care	664,783	636,158	28,625	550,321	662,660	112,339	140,964
Nursing Home Ancillary	116,285	116,667	(381)	155,951	116,667	(39,284)	(39,665)
Rehab Services	395,806	320,333	75,472	289,247	320,333	31,087	106,559
Total NCHC Programming	4,552,923	4,820,167	(267,243)	4,736,498	4,967,105	230,607	(36,636)
County Appropriation	146,938	146,938	0				0
Excess Revenue/(Expense)	4,699,862	4,967,105	(267,243)	4,736,498	4,967,105	230,607	(36,636)

North Central Health Care
Summary of Revenue Write-Offs
For the Period Ending April 30, 2020

	<u>MTD</u>	<u>YTD</u>	<u>Prior YTD</u>
Inpatient			
Administrative Write-Off	110,735	127,017	16,174
Bad Debt	561	4,270	230
Outpatient			
Administrative Write-Off	25,486	41,790	26,809
Bad Debt	438	1,142	1,113
Nursing Home Daily Services			
Administrative Write-Off	11,491	11,247	4,966
Bad Debt	1,413	1,541	1,428
Nursing Home Ancillary Services			
Administrative Write-Off	-	310	449
Bad Debt	-	-	-
Pharmacy			
Administrative Write-Off	19	66	777
Bad Debt	-	263	14
Grand Total			
Administrative Write-Off	147,731	180,428	49,175
Bad Debt	2,412	7,216	2,784

North Central Health Care
Invested Cash Reserves
For the Period Ending April 30, 2020

<u>Institution</u>	<u>Length</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Abby Bank	730 Days	5/3/2020	2.00%	500,000
BMO Harris	365 Days	5/28/2020	2.45%	500,000
People's State Bank	365 Days	5/29/2020	2.40%	350,000
People's State Bank	365 Days	5/30/2020	2.40%	500,000
PFM Investments	365 Days	6/3/2020	2.53%	486,000
PFM Investments	365 Days	7/8/2020	2.27%	487,000
People's State Bank	365 Days	8/21/2020	1.74%	500,000
Abby Bank	730 Days	8/29/2020	2.57%	500,000
Abby Bank	730 Days	9/1/2020	2.57%	500,000
PFM Investments	273 Days	9/8/2020	1.66%	492,000
Abby Bank	365 Days	10/29/2020	1.82%	500,000
PFM Investments	365 Days	12/4/2020	1.60%	490,000
CoVantage Credit Union	456 Days	12/9/2020	2.00%	500,000
PFM Investments	365 Days	12/17/2020	1.80%	490,000
Abby Bank	365 Days	12/30/2020	1.40%	500,000
PFM Investments	365 Days	12/30/2020	1.60%	980,000
Abby Bank	730 Days	1/6/2021	2.65%	500,000
BMO Harris	335 Days	1/26/2021	1.50%	500,000
CoVantage Credit Union	456 Days	1/29/2021	2.00%	300,000
PFM Investments	368 Days	2/14/2021	1.60%	490,000
CoVantage Credit Union	455 Days	2/19/2021	2.00%	500,000
Abby Bank	730 Days	2/25/2021	2.69%	500,000
CoVantage Credit Union	455 Days	3/3/2021	2.00%	500,000
CoVantage Credit Union	730 Days	3/8/2021	2.72%	500,000
Abby Bank	730 Days	7/19/2021	2.45%	500,000
Total Invested Funds				12,565,000
Weighted Average	474.95 Days		2.08%	Interest

North Central Health Care
Fund Balance Review
For the Year-to-Date Period Ending April 30, 2020

	<u>Marathon</u>	<u>Langlade</u>	<u>Lincoln</u>	<u>Total</u>
Total Operating Expenses, Year-to-Date	20,939,715	1,744,150	7,105,488	29,789,353
General Fund Balance Targets				
Minimum (20% Operating Expenses)	4,187,943	348,830	1,421,098	5,957,871
Maximum (35% Operating Expenses)	7,328,900	610,452	2,486,921	10,426,274
Risk Reserve Fund	250,000	250,000	250,000	
Total Fund Balance				
Minimum Target	4,437,943	598,830	1,671,098	6,707,871
Maximum Target	7,578,900	860,452	2,736,921	11,176,274
Total Net Position at Period End	29,646,921	1,707,917	7,006,698	38,361,536
Fund Balance Above/(Below)				
Minimum Target	25,208,978	1,109,087	5,335,601	31,653,665
Maximum Target	22,068,021	847,464	4,269,777	27,185,262
<i>County Percent of Total Net Position</i>	<i>77.3%</i>	<i>4.5%</i>	<i>18.3%</i>	<i>100.0%</i>
Share of Invested Cash Reserves	9,710,601	559,414	2,294,985	12,565,000
<i>Days Invested Cash on Hand</i>	<i>56</i>	<i>39</i>	<i>39</i>	<i>51</i>
<i>Targeted Days Invested Cash on Hand</i>	<i>90</i>	<i>90</i>	<i>90</i>	<i>90</i>
Required Invested Cash to Meet Target	5,163,217	430,064	1,752,038	7,345,320
Invested Cash Reserves Above/(Below) Target	4,547,383	129,350	542,947	5,219,680



Executive Management Team Operational Initiatives							
ID	Operational Objective by Pillar of Excellence	Current or Pending Activity on the Objective	Successful Final Outcome	Responsible	Status	Start	Target Completion
	PEOPLE PILLAR						
1.1.	Employee Wellness and Resiliency Initiative	Roll out prepared and was set for April. Due to COVID-19 roll out delayed. Looking to roll out late summer/early fall. Wellness program includes biometric screening and wellness initiatives also partnership with Aspirus onsite employee health clinic.	Comprehensive Employee Wellness Program designed, objectives defined and successfully implemented.	Ops. Exec.	Learning	Mar-19	Jul-19
1.2.	Human Resources Information Systems (HRIS) Implementation	Final review meetings being completed with all modules live. Project is nearing full completion.	Fully implement HRIS system prior to October 1st.	IMS Exec	Implementing	Jul-19	Oct-19
1.3.	Implementation of Clinical Career Tracks for Nursing and Counseling (2018 Carryover)	Organizational Development along with Marketing and Communications are partnering to create a web version along with incorporation into annual review/new hire orientation.	Career tracks are establish and there is a successful communication and rollout of the program.	Ops. Exec.	Implementing	Jan-19	Jun-19

NCHC Operational Plan

ID	Operational Objective by Pillar of Excellence	Current or Pending Activity on the Objective	Successful Final Outcome	Responsible	Status	Start	Target Completion
	SERVICE PILLAR						
2.1.	Campus Renovations	Aquatic building completed May 15th with final walk through completed May 21st. Youth Hospital & CBRF projected to be completed early August 2020. Nursing tower foundation and first floor poured with projected exterior completed by end of Fall 2020. Parking lots for all new facilities to completed by end of September 2020.	Project plan objectives for the year completed.	CEO	Implementing	Jan-19	Dec-19
2.2	Point of Access - RCA Priority	Creating "2-1-1" style guide for county agencies.	Develop an outreach plan and update marketing collateral.	Ops. Exec.	Learning	Jan-19	Jun-19

ID	Operational Objective by Pillar of Excellence	Current or Pending Activity on the Objective	Successful Final Outcome	Responsible	Status	Start	Target Completion
	CLINICAL PILLAR						
3.1.	Pine Crest Acquisition	Acquisition continues to be successful with all programs except pharmacy merged. Pharmacy merge date set for July 21st 2020. Nursing Home Operations Committee continues to meet and review operations and future planning for census and staffing. Full integration should be completed by January 1, 2021.	Pine Crest operations and employees are on boarded effectively as of January 1, 2020	NHO Exec	Implementing	Jan-19	Dec-19
3.2.	Youth Hospital Program Design	Youth Hospital Manager hired and beginning licensure completion with meetings occurring weekly to maintain pace and efficiency. Professional positions are being actively recruited for and paraprofessional recruitment set to begin in late June 2020.	Program description, staff structure, and policies and procedures have been written.	HSO Exec	Learning	Feb-19	Dec-19
3.3.	Lincoln Industries Transition	Transition successful at this time. Due to COVID-19 and emergency rulings staff were relocated into Pine Crest to continue income and productivity. Looking to transition back to opening week of May 25th.	Integrated Lincoln Industries into regional Adult Day and Prevocational Services program. Onboard new staff.	HSO Exec	Learning	Jun-19	Dec-19
3.4.	Develop a Comprehensive Youth Crisis Stabilization Continuum	In addition to the Youth Hospital opening in Q3 2020, NCHC was approved for a grant application and funding to open an 8-bed youth crisis stabilizatoin group home in Q3 2020.	RCA endorses and monitors roadmap.	HSO Exec	Implementing	Jan-19	Jul-19
3.5.	Tier Upgrade/Replacement Plan	Cerner chosen as vendor for EMR system. Contracting completed with kick off meeting beginning on June 2nd 2020. Targeted date for completion end of 2020.	Develop a plan to gather EMR requirements and develop a plan to implement a replacement.	IMS Exec	Implementing	Jan-19	May-19
3.6.	Zero Suicide Initiative	Training of staff ongoing. Team is focusing on post-care planning and care transitions for remainder of the year.	NCHC implements a Zero Suicide program in 2019.	HSO Exec	Implementing	Jan-19	Dec-19
3.7.	Sober Living Project in Langlade County	The building has been purchased. Bids for renovations were received but exceed the budget for the project. Revisiting scope and NCHC's participation in the project.	Sober living facility opened and operating in Langlade County.	HSO Exec	Implementing	Jan-19	Dec-19
3.8.	Comprehensive Community Services Quality and Compliance Improvement Initiative	Agreement still in drafting.	New 2020 contract instituted.	HSO Exec	Learning	Jan-19	Oct-19
3.9.	APS Transition to ADRC	APS staff are moving to their new office location adjacent to the ADRC-CW Wausau office. Meeting with County Corporation Counsels in June to start contract negotiations. Planning for a January 1, 2021 transition at this point.	ADRC has taken full operational responsibility.	CEO	Learning	Jan-19	Dec-19
3.10.	Develop Clinical Standardized (HIM) Documentation Practices	The Psychiatry Clinical Documentation guides have been developed and are in use. More behavioral health coding is in review.	Create document that calls out standard (required) documentation practices with coding guidelines and supporting audit practice.	IMS Exec	Implementing	Jan-19	Feb-19
3.11.	Overhaul and Implement Incident Command/Emergency Preparedness	EM Committee continuing to meet. Delay in process due to COVID-19 and needing to stand up Incident Command Team. Emergency preparedness policy being developed and revision of current policies and procedures to occur by August 2020.	Staff are more confident responding to emergencies.	Ops. Exec.	Learning	Jan-19	Oct-19
3.12.	MAT Program	Coordinator for MAT program hired, \$250,000 grant from the State of Wisconsin has been received for the program in 2021.	MAT program implemented in the jail as of December	HSO Exec	Implementing	May-19	Dec-19
3.13.	Dialectical Behavioral Therapy (DBT) Therapy Program Implementation	Working on scheduling the scope and timing of the DBT training for Outpatient staff.	Project plan objectives completed.	CMO	Implementing	Mar-19	Dec-19
3.14.	Implement Personal Safety Devices	The team selected a product. Pushing the project implementation pending.	Proof of concept tested and implementation plan approved.	IMS Exec	On hold	Jan-19	Jun-19
3.15.	Birth to 3 Transition to Special Education	Entering final phases of transfer with technology transfer for their electronic medical record system.	Marathon County Special Education has taken full operational responsibility.	HSO Exec	Implementing	Jan-19	Dec-19
3.17.	BHS Quality Improvement Initiative	Dr. Blue policy updates are the only remaining item from the original action item list.	All work plan items that are identified as a high safety priority will be resolved.	HSO Exec	Implementing	Jan-19	Jul-19
3.18.	Just Culture Program Implementation	Just Culture Program delayed at this time with focus on COVID-19 operations and employee engagement. Pulse surveys sent out to all staff with expected results in early June.	An assessment of past disciplinary actions and significant event reports. Recommendations for related updates to HR policies. Develop and send out a Just Culture survey assessment for staff.	Ops. Exec.	Learning	Jan-19	Dec-19

NCHC Operational Plan

ID	Operational Objective by Pillar of Excellence	Current or Pending Activity on the Objective	Successful Final Outcome	Responsible	Status	Start	Target Completion
	COMMUNITY PILLAR						
4.1.	Data Sharing Initiative	The County has not expressed interest in continuing these discussions at this time. Any further development will be subject to the implementation of a new electronic medical record system and legal review.	Data on high utilizers is being shared in a safe collaborative and 42 CFR Part II compliant environment.	HSO Exec	Learning	Jan-19	Sep-19

NCHC Operational Plan

ID	Operational Objective by Pillar of Excellence	Current or Pending Activity on the Objective	Successful Final Outcome	Responsible	Status	Start	Target Completion
	FINANCE PILLAR						
5.1.	Development of New Patient Access Services Program	Reviewing no-show policy, outpatient referral and scheduling processes.	New program is in place and there is improvement with front end revenue cycle.	CFO	Implementing	Jan-19	Dec-19
5.2.	Data Analytics Expansion to the Dashboard	Project is in initial discovery and implementation phases.	Have an on-demand, real-time data analytic reporting.	IMS Exec	Oh hold	Jan-19	Mar-19
5.3.	IT Strategic Plan	Currently developing the 5 year plan. Draft should be complete by 11/1.	Written IT strategic plan.	IMS Exec	Learning	Jan-19	Mar-19
5.4.	Review of Purchasing Systems and Processes - 2018 Carryover	Reduced one FTE and will continue to evaluate inventory management efficiencies within the new campus footprint.	Recommendations are developed.	CFO	Learning	Jan-19	Jun-19



Mission Vision, Values and End Statements

Jeff Zriny, NCCSP Board Chairman

The Board will reflect and anchor itself around commitments to Mission, Vision, Values and End Statements along with the definition of ownership.

Mission

Langlade, Lincoln and Marathon Counties partnering together to provide compassionate and high quality care for individuals and families with mental health, recovery and skilled nursing needs.

Vision

Lives Enriched and Fulfilled

Core Values

Dignity: We are dedicated to providing excellent service with acceptance and respect to every individual, every day.

Integrity: We keep our promises and act in a way where doing the right things for the right reasons is standard.

Accountability: We commit to positive outcomes and each other's success.

Partnership: We are successful by building positive relationships in working towards a system of seamless care as a trusted community and county partner.

Continuous Improvement: We embrace change through purpose-driven data, creativity and feedback in pursuit of the advancement of excellence.

End Statements

People

Individuals served by North Central Health Care will have excellent outcomes as a result of a stable, highly qualified and competent staff who take pride in their work and the organization.

North Central Health Care will be an employer of choice with a strong caring culture, fostering a learning environment, providing careers with opportunities for growth and development, and ensuring a best practices focus through a commitment to continuous improvement.

Service

We exceed our Consumer and referral source expectations and satisfaction as a result of our readiness, clarity of communication, and superb ability to follow through.

Quality

North Central Health Care meets or exceeds established regulatory requirements and best practice guidelines. We are a leader in our ability to assess and develop a comprehensive treatment plan, deliver excellent services and measure outcomes in real-time.

Community

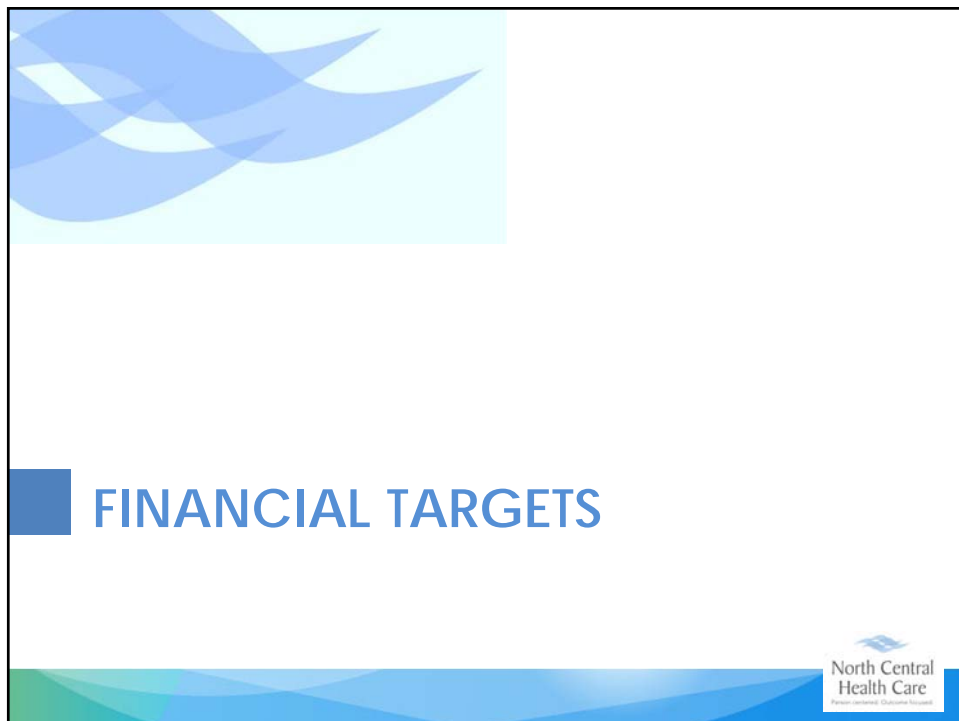
Our Community will be able to access our services through a highly responsive seamless integration of services. We have strong affiliations with both public and private partners, proactively collaborating, and developing a continuum of care both prior to and after delivering services, constantly aware of our collective impact on the health of the population we serve.

Financial

We are a financially viable organization providing increasing value by driving efficiency, growth and diversification, being highly adaptable to changing conditions, and futuristic in our perspective.

2021 Budget Timeline

Date	Action	Participants
April 29	Budget Kick-Off and Files to Programs Program-Level Meetings with CFO Scheduled	CFO
May 22	HR and Capital Requests to be Complete	Programs
June 26	Budget Files due to CFO for Review	Programs
July 20	CFO Recommendations to Programs for Review/Incorporation	CFO
August 12	Submit Budget Review Day Materials to CFO	Programs
August 18	Budget Review Day	Programs, Executive Team
August 25	Final Budget Review	CFO, CEO
September 24	Presentation of Completed Budget to Board of Directors for Approval	CFO, CEO
Winter 2020	Budget Distribution to Programs for Implementation	CFO



Target Measures

- 3% to 5% Annual Gross Revenue Growth
- Reduce Ratio of Percentage Indirect Expense to Direct Expense (2021 Target 37%)
- Reduce Ratio of Percentage Direct Expense to Gross Patient Revenue (2021 Target 65%)
- Annual Contingency 1.5% of Operations Budget (2021 Target is \$1.4M)

North Central Health Care | 10 Year Financial Targets through 2030



Target Measures

- Reduce Tax Levy as Percentage of Budget
- Capital Expenses - 5% of Operating Budget
- Achieve 2% to 3% Annual Net Income
- Service Campus Renovation Debt
- Attain 90 Days Cash on Hand

North Central Health Care | 10 Year Financial Targets through 2030






FORECAST




North Central
Health Care
Person-centered. Outcome-focused.



Forecasted Revenue

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
REVENUES											
Gross Revenue	90,000,000	92,700,000	96,408,000	100,264,320	103,272,250	106,370,417	109,561,530	112,848,375	116,233,827	119,720,842	123,312,467
Less: Contractuals	(33,000,000)	(33,990,000)	(35,179,650)	(36,586,836)	(37,684,441)	(38,814,974)	(39,979,424)	(41,178,806)	(42,414,170)	(43,686,596)	(44,997,193)
Less: Write Offs	(700,000)	(560,000)	(476,000)	(428,400)	(406,980)	(386,631)	(386,631)	(386,631)	(386,631)	(386,631)	(386,631)
Net Patient Revenue	56,300,000	58,150,000	60,752,350	63,249,084	65,180,829	67,168,812	69,195,475	71,282,938	73,433,025	75,647,615	77,928,642
% Net to Gross Revenue	62.56%	62.73%	63.02%	63.08%	63.12%	63.15%	63.16%	63.17%	63.18%	63.19%	63.20%
Grant	2,004,700	2,704,700	2,204,700	2,204,700	2,204,700	2,204,700	2,204,700	2,204,700	2,204,700	2,204,700	2,204,700
WIMCR	550,000	550,000	575,000	600,000	625,000	625,000	625,000	625,000	625,000	625,000	625,000
CCS Reconciliation	1,900,000	1,900,000	2,000,000	2,100,000	2,200,000	2,300,000	2,400,000	2,500,000	2,600,000	2,700,000	2,800,000
Supplemental Payment	4,515,000	4,515,000	4,515,000	4,515,000	4,515,000	4,515,000	4,515,000	4,515,000	4,515,000	4,515,000	4,515,000
Other Revenue	2,100,000	2,121,000	2,142,210	2,163,632	2,174,450	2,185,323	2,196,249	2,207,230	2,218,267	2,229,358	2,240,505
Base County Allocation	5,017,806	5,017,806	5,017,806	5,017,806	5,017,806	5,017,806	5,017,806	5,017,806	5,017,806	5,017,806	5,017,806
County Levy	5,493,065	5,493,065	5,493,065	5,493,065	5,493,065	5,493,065	5,493,065	5,493,065	5,493,065	5,493,065	5,493,065
Total Operating Revenue	77,880,571	80,451,571	82,700,131	85,343,287	87,410,850	89,509,705	91,647,295	93,845,740	96,006,863	98,232,544	100,524,718
Interest Income	340,000	346,800	353,736	360,811	368,027	375,387	382,895	390,553	398,364	406,331	414,458
Total Revenue	78,220,571	80,798,371	83,053,867	85,704,098	87,778,877	89,885,093	92,030,190	94,236,293	96,405,227	98,638,875	100,939,176
Revenue Growth per Year		3.30%	2.79%	3.19%	2.42%	2.40%	2.39%	2.40%	2.30%	2.32%	2.33%
Write Offs as a % of Gross Rev	0.78%	0.60%	0.49%	0.43%	0.39%	0.36%	0.35%	0.34%	0.33%	0.32%	0.31%
Charity % of Operating Revenue	4.88%	4.72%	4.59%	4.57%	4.46%	4.47%	4.36%	4.48%	4.37%	4.28%	4.18%
Tax Levy as Percent of Budget	6.85%	6.82%	6.79%	6.66%	6.55%	6.41%	6.27%	6.12%	5.98%	5.84%	5.71%



North Central
Health Care
Person-centered. Outcome-focused.

North Central Health Care | 10 Year Financial Targets through 2030

Forecasted Revenue

- 3% gross revenue growth with nursing home census reductions offset with youth programming additions
- 3%-4% future gross revenue growth through Master Facility Plan completion
- Opportunity for improvement in contractual adjustments with Medicaid rate changes and Cerner efficiencies
- Reduce write-offs through 2025
- Assume 0%-1% growth in other revenue

North Central Health Care | 10 Year Financial Targets through 2030



Forecasted Expense

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
EXPENSES											
Direct Services											
Salaries	32,000,000	32,000,000	32,000,000	32,640,000	33,292,800	34,125,120	34,978,248	35,852,704	36,749,022	37,667,747	38,609,441
Benefits	13,440,000	13,440,000	13,440,000	13,708,800	13,982,976	14,332,550	14,690,864	15,058,136	15,434,589	15,820,454	16,215,965
Depreciation	1,050,000	1,061,500	1,297,800	1,492,470	1,567,094	1,614,106	1,662,529	1,712,405	1,763,778	1,816,691	1,871,192
Other	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,120,000	12,241,200	12,486,024	12,735,744	12,990,459	13,250,269
Total Expenses-Direct	58,490,000	58,521,500	58,737,800	59,841,270	60,842,870	62,191,777	63,572,842	65,109,269	66,683,133	68,295,352	69,946,866
Direct Expense Growth		0.05%	0.37%	1.88%	1.67%	2.22%	2.22%	2.42%	2.42%	2.42%	2.42%
Direct Exp/Gross Patient Rev	64.99%	65.02%	62.75%	61.47%	60.64%	60.22%	59.77%	59.43%	59.09%	58.76%	58.42%
Direct Exp/Net Patient Rev	103.89%	103.69%	99.61%	97.47%	96.16%	95.38%	94.65%	94.09%	93.55%	93.00%	92.46%
Indirect Services											
Salaries	10,000,000	10,000,000	10,000,000	10,200,000	10,404,000	10,664,100	10,930,703	11,203,970	11,484,069	11,771,171	12,065,450
Benefits	4,200,000	4,200,000	4,200,000	4,284,000	4,369,680	4,478,922	4,590,895	4,705,667	4,823,309	4,943,892	5,067,489
Depreciation	950,000	969,000	969,000	1,162,800	1,186,056	1,205,777	1,233,973	1,258,652	1,283,825	1,309,502	1,335,692
Other	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,565,000	6,630,650	6,696,957	6,763,926	6,831,565	6,899,881
Total Expenses-Indirect	21,650,000	21,669,000	21,669,000	22,146,800	22,459,736	22,917,799	23,386,220	23,865,246	24,355,130	24,856,130	25,368,512
Indirect Expense Growth		0.09%	0.00%	2.20%	1.41%	2.04%	2.04%	2.05%	2.05%	2.06%	2.06%
Indirect Exp/Direct Exp	37.01%	37.03%	36.89%	37.01%	36.91%	36.85%	36.79%	36.65%	36.52%	36.40%	36.27%
Indirect Exp/Total Exp	27.02%	26.89%	26.80%	26.85%	26.79%	26.74%	26.70%	26.61%	26.53%	26.44%	26.35%
Contingency Funding	-	400,000	440,000	484,000	532,400	585,640	644,204	708,624	779,487	857,436	943,179
Contingency Funding Percent	1.25%	1.74%	1.78%	1.80%	1.83%	1.85%	1.88%	1.91%	1.94%	1.98%	2.02%
Total Expenses	80,140,000	80,590,500	80,846,800	82,472,070	83,835,066	85,695,216	87,605,266	89,683,140	91,817,750	94,008,917	96,258,558

North Central Health Care | 10 Year Financial Targets through 2030



Forecasted Expense

- Slowly move salary growth from 0%-2% by 2023 in new positions and merit
- Plan for 42% benefit rate = opportunity area
- Depreciation increases for Master Facility Plan in stages through 2023
- Conservative growth in other expenses begins in 2024

North Central Health Care | 10 Year Financial Targets through 2030



Contingency Funding and Investments

- Move toward contingency funding target through the next 10 years with 10% growth per year to achieve 1.5% addition annually
- Add to contingency each year beginning in 2021
- Ramp up investments; work to achieve 2% interest income growth each year

North Central Health Care | 10 Year Financial Targets through 2030



Forecasted Net Income & Cash Targets

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Excess Revenue (Expense)	(1,919,429)	207,871	2,207,067	3,232,027	3,943,871	4,189,877	4,426,925	4,553,153	4,587,478	4,629,958	4,680,618
Net Income at 2%	1,602,800	1,611,810	1,616,936	1,649,441	1,676,700	1,713,904	1,752,065	1,793,663	1,836,355	1,880,178	1,925,171
Net Income at 3%	2,404,200	2,417,715	2,425,404	2,474,162	2,515,050	2,570,856	2,628,098	2,690,494	2,754,532	2,820,268	2,887,757
Debt Payment Interest	-	510,000	1,530,000	1,437,000	1,345,000	1,251,000	1,153,000	1,053,000	949,000	842,000	-
Debt Payment Principle	-	990,000	2,970,000	3,063,000	3,155,000	3,249,000	3,347,000	3,447,000	3,551,000	3,658,000	4,500,000
Total Estimated Payment	-	1,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Target: 90 Days Cash on Hand Investments as of April 30, 2020	19,760,548 12,565,000	19,871,630	19,934,827	20,335,579	20,671,645	21,130,327	21,600,805	22,113,651	22,639,993	23,180,281	23,734,987

- Improve net income position annually to 2%+ net income by 2022 and 3%+ by 2023
- Manage debt payment schedule
- Target 90 days cash on hand

North Central Health Care | 10 Year Financial Targets through 2030



COMMENTS



How to Achieve

- Plan to hold expenses down in the next few years while planning for conservative revenue growth
- Look to the future through building contingency and investments
- Right-size staffing and other expenses to realistic census numbers
- Reduce charity care and write-offs

North Central Health Care | 10 Year Financial Targets through 2030

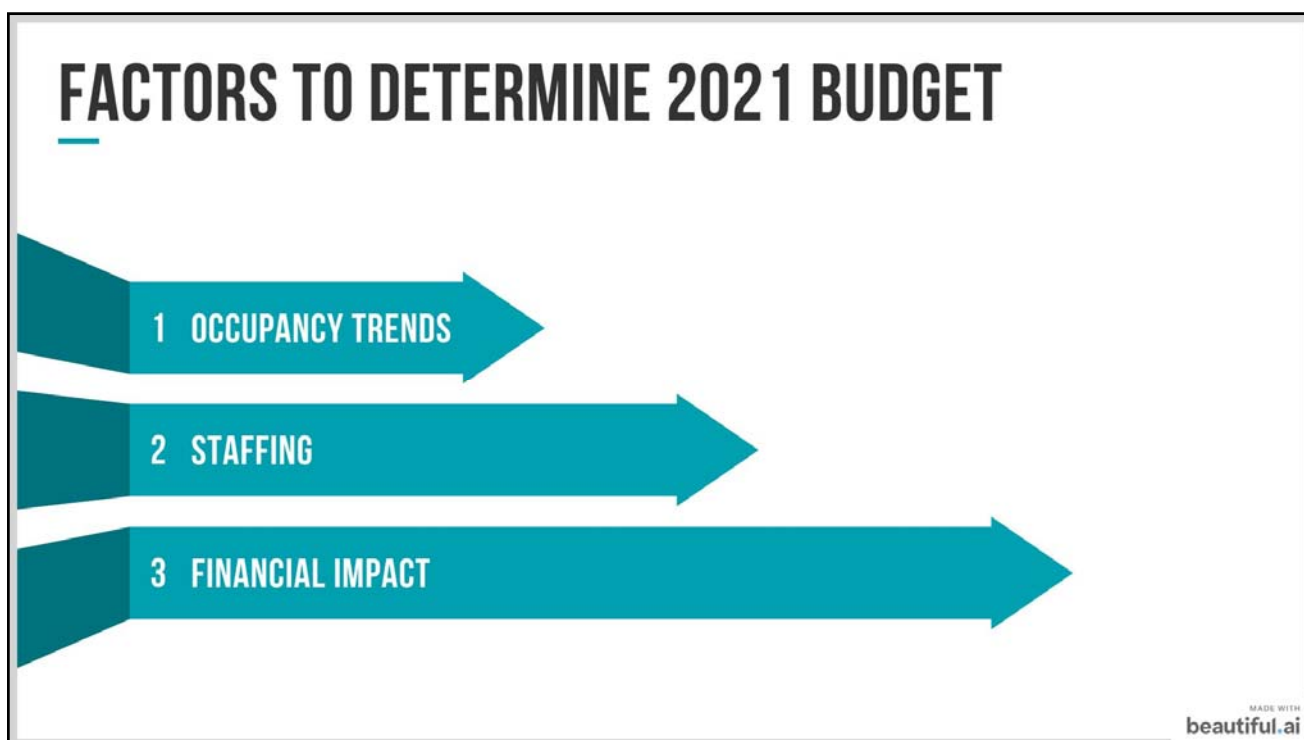


How to Achieve

- Fully exercise Cerner and other applications to gain efficiencies
- Reduce or eliminate redundant FTEs
- Conservative and strategic use of outside consultants, agencies, and contracts

North Central Health Care | 10 Year Financial Targets through 2030

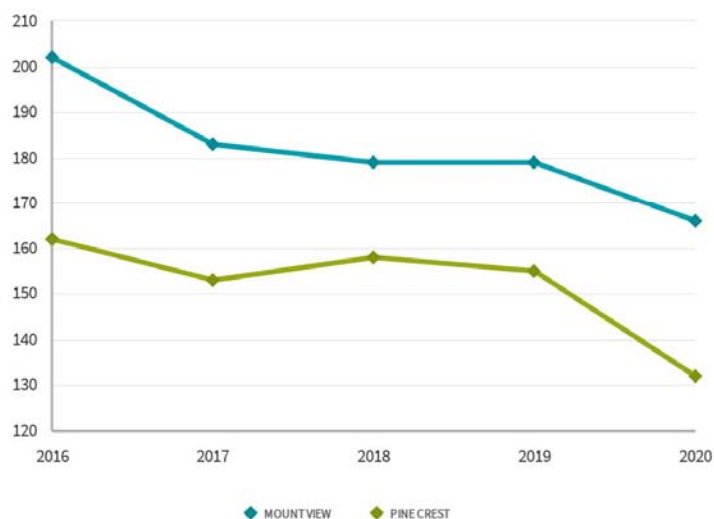




OCCUPANCY TRENDS 2016-2020

**MOUNT VIEW HAS SEEN
AN 17.8 % DECREASE
IN OCCUPANCY IN THE
LAST 5 YEARS**

**PINE CREST HAS SEEN A
18.5% DECREASE IN
THE SAME TIME PERIOD.**

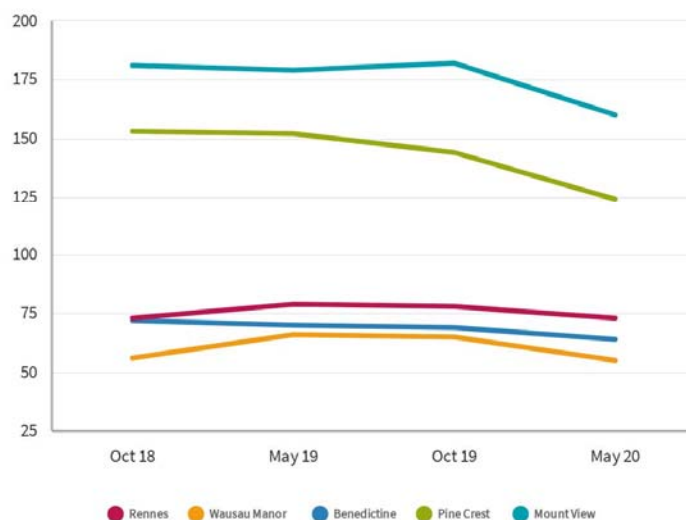


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OCCUPANCY TRENDS OF AREA COMPETITORS

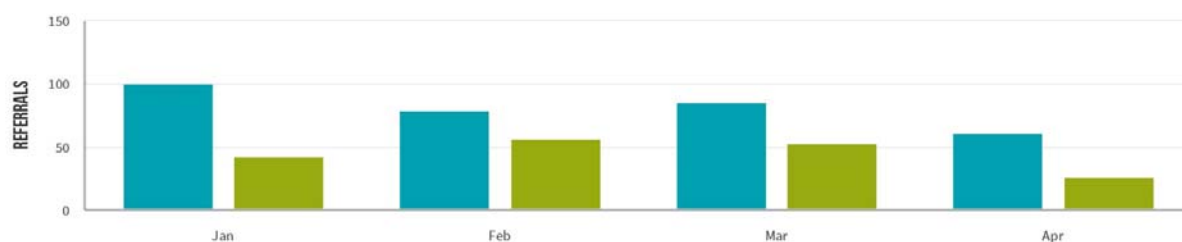
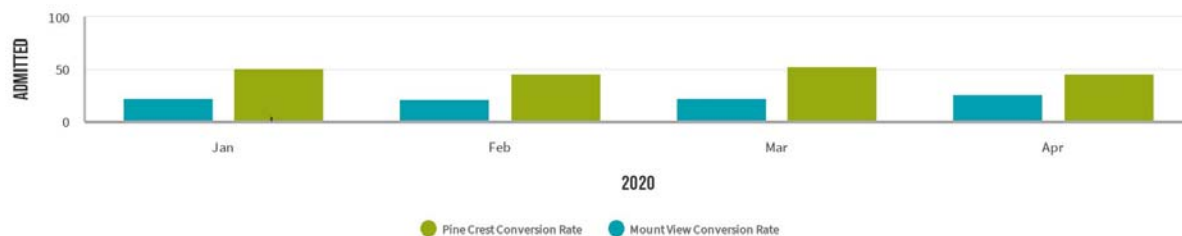
Trends show that our two county homes have seen larger decreases in occupancy. The competitors show that they are consistent overall in the occupancy trends in this 1.5 year review. Both County Homes have a larger traditional long term care population than our competitors

Declining occupancy trends for both MVCC and PC show in our long term care stays.



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2020 REFERRAL TRENDS AND CONVERSION RATES



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LONG TERM FACTORS CONTRIBUTING TO DECLINING OCCUPANCY



- TOO MANY NURSING HOME BEDS IN LOCAL MARKET
- INCREASED OPTIONS WITH FAMILY CARE
- INCREASE OF SHORT TERM REHAB AND DISCHARGING TO LESSER CARE OPTIONS.
- ADVANCED TECHNOLOGY FOR AGING IN PLACE AT HOME, LONG TERM PLACEMENTS ARE SHORTER LENGTH OF STAY.
- INCREASE IN ASSISTED LIVING OPTIONS IN WAUSAU MARKET

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SHORT TERM FACTORS CONTRIBUTING TO DECLINING OCCUPANCY



- COVID 19 PANDEMIC - HOSPITAL CENSUS LOW DUE TO POSTPONEMENT OF NON EMERGENT PROCEDURES
- COVID 19 PANDEMIC - FAMILIES CHOOSING TO KEEP LOVED ONES AT HOME DUE TO INCREASED NURSING HOME VISITATION RESTRICTIONS

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MOUNT VIEW PAST AND RECENT DEMAND FORECASTS

- TMG REPORT OF 2006 ALLUDES TO THE EXPANSION OF FAMILY CARE AND MORE HOME BASED SERVICES WHICH WOULD LEAD TO LOWER OCCUPANCY.
- THE 2012 WIPFLI ANALYSIS FOR OCCUPANCY SHOWED THAT WITH A STATUS QUO TO MT VIEW PREDICTED CENSUS TO BE AT 196 IN THEIR REPORT. THIS FORECAST WAS ACCURATE TO THE THE OCCUPANCY WE SAW IN 2017.
- CLA REPORT OF 2017 INDICATED THAT MT VIEW COULD SUSTAIN A 180 - 200 OCCUPANCY MOVING FORWARD.
- CURRENT MARKET TRENDS ARE SHOWING THAT THE 5 YEAR PREDICTION FROM CLA ARE TRUE TODAY WITH A LOWER OVERALL OCCUPANCY TREND.

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PINE CREST PAST AND RECENT DEMAND FORECASTS

- WIPFLI REPORT OF 2019 SUGGESTS THE MARKET HAS TOO MANY BEDS.
- REPORT SUGGESTED THAT PINE CREST IN 2020 SHOULD HAVE A PROJECTED DEMAND OF 132
- REPORT ALSO SUGGESTS THAT BY 2024 PROJECTED DEMAND WOULD BE 120.
- ACTUAL DATA IS SHOWING THAT THE PROJECTED DEMAND IS 2 YEARS AHEAD WITH PINE CREST CURRENT OCCUPANCY AT **124**

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9

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STAFFING CHALLENGES

LEADING AGE WI WORKFORCE STUDY FEBRUARY 2020

23.5 % AVERAGE CAREGIVER VACANCY IN WISCONSIN

MT VIEW VACANCY RATE 15.2% AND PINE CREST IS 6.6%

ESTIMATE 9,700 CAREGIVERS LEFT HEALTHCARE IN 2019.

43.5% OF LICENSED NURSES WORKING IN LONG TERM CARE ARE AGE 55 AND OLDER.

FROM THE LIFE REPORT 12TH EDITION 2019-2021 - PRIOR TO COVID 19 PANDEMIC, THE AREA UNEMPLOYMENT RATE IS UNDER 3%. THIS ADDS TO INCREASED COMPETITION FOR ENTRY LEVEL WORKFORCE.

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FINANCIAL IMPLICATIONS OF CAREGIVER SHORTAGES

1 MOUNT VIEW

1. Overtime \$266,00 over budgeted year to date
2. Call time \$74,000 over budgeted year to date to fill critical shifts
3. Caregiver burnout from extended work hours

2 PINE CREST

1. Overtime \$50,000 over budgeted year to date
2. Call time \$12,254 over budgeted year to date
3. Agency usage for nurses is \$323,949 unbudgeted labor year to date.
4. Overall difficulty finding nurses for the Merrill market.

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PROPOSAL FOR 2021 BUDGETS

Based on these three main factors

1. Occupancy
2. Staffing
3. Financial impact

1 MOUNT VIEW

Proposed 2021 occupancy of 145 and place 40 beds in reserve.

2 PINE CREST

Proposed 2021 occupancy of 119 and look at bed reduction.

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MOUNT VIEW 145 OCCUPANCY FOR 2021

- 1 DURING RENNOVATION AND LIMITED SPACE DURING CONSTRUCTION - KEEP LICENSED BEDS OF 200 AND PLACE 40 IN RESERVE AT THIS TIME.
- 2 40 BEDS IN RESERVE FOR 2021 WILL SAVE \$84,000 IN BED TAX
- 3 PROVIDE NCHC TIME TO DETERMINE FUTURE SIZE AND RENOVATION OF 2ND FLOOR OF MOUNT VIEW BASED ON MARKET DEMAND
- 4 ESTABLISH A REALISTIC VACANCY RATE FOR CAREGIVERS AND REDUCE OVERTIME AND INCENTIVES TO COVER CRITICAL NEEDS
- 5 IMPROVE OVERALL QUALITY MEASURES BY HAVING ADEQUATE STAFFING NUMBERS

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PINE CREST 119 OCCUPANCY FOR 2021

- 1 REDUCE THE OVERALL BED LICENSE TO 130 AND WILL SAVE \$63,000 IN BED TAX
- 2 ESTABLISH A REALISTIC VACANCY RATE FOR CAREGIVERS AND REDUCE OVERTIME AND INCENTIVES TO COVER CRITICAL NEEDS
- 3 PER WIPFLI REPORT OF 2018 THERE IS OPPORTUNITY FOR ASSISTED LIVING IN THE MARKET AREA. THIS WOULD ALLOW TO TIME TO REVIEW CURRENT PHYSICAL BUILDING AND CREATE A PROPOSAL FOR UNUSED SPACE
- 4 IMPROVE OVERALL QUALITY MEASURES BY REDUCING STAFF SHORTAGE

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NEXT STEPS

1

APPROVAL TO MOVE FORWARD WITH
PROPOSED 2021 BUDGET
RECOMMENDATION

2

RECIEVE APPROVAL FROM NORTH CENTRAL COMMUNITY SERVICES
PROGRAM BOARD ON NEW 2021 BUDGET RECOMMENDATION

3

PRESENT FINAL 2021 BUDGET PROPOSAL TO NORTH CENTRAL COMMUNITY SERVICES PROGRAM BOARD FOR
ADOPTION



CERNER UPDATE

Tom Boutain, Information Services Executive

May 2020

Cerner today


29,000+
ASSOCIATES

5,900+
hospitals

More than
694,000 PHYSICIAN
USERS
and 2,200,000 non-physician users

 Physician
Practices
14,300+


Contracted at more than
27,500
PROVIDER
FACILITIES 
in **35+** COUNTRIES

440+  PATENTS
WORLDWIDE

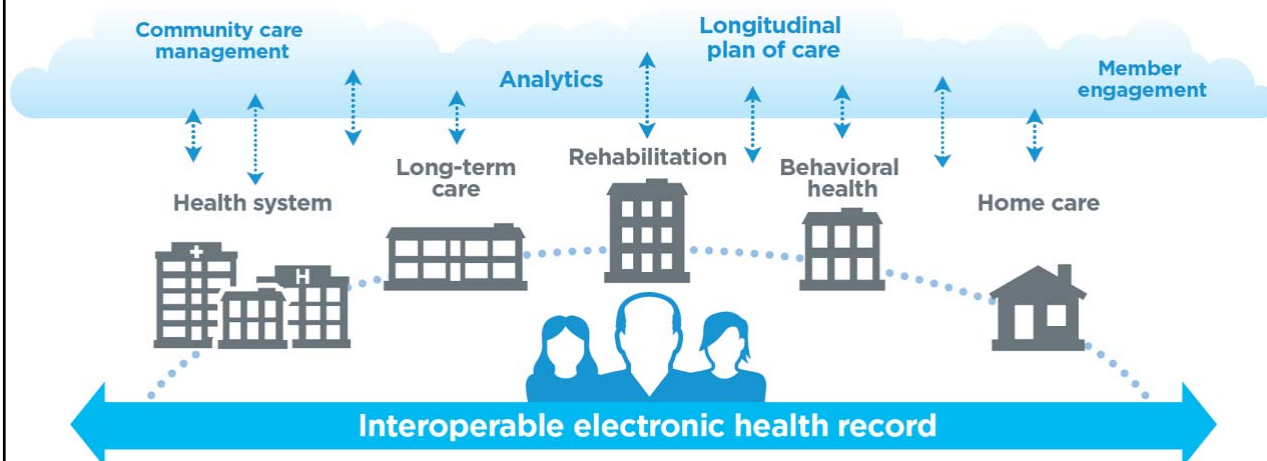
 **3,400+** 
Home Health Care
& Long-Term Care Facilities

MORE THAN
\$7 Billion
 CUMULATIVE R&D INVESTMENT
EOY 2018

\$5.4 
BILLION 
2018 REVENUE

 **6** **727** ACUTE CLIENTS **46**
1,424 AMBULATORY CLIENTS **467** 

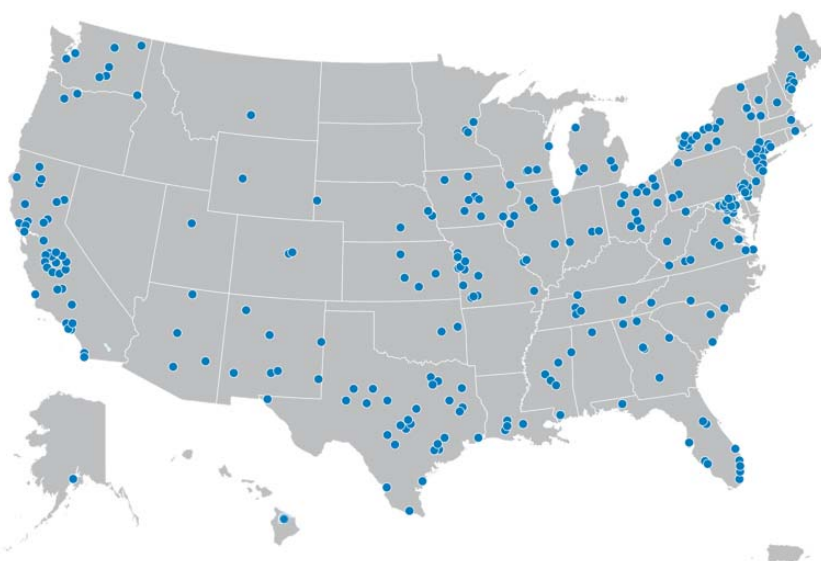
Integrating physical and mental health



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Cerner's Behavioral Health clients



- **300+ Organizations**
 - Hospital-based
 - **Free-Standing (including state/local government)**
 - Community-based
- HIMSS Recognition
 - **1st Stage 7 internationally**
 - **Two Stage 6 clients in US**
- Prestigious & market leading customers/clients

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Who Cerner's working with today



2020 KLAS Category Leader

Top Ranked Cerner Millennium Behavioral Health



Source: [2020 Best in KLAS: Software & Services](#)



Director Service and Support

Cerner has upped their game in the behavioral health space. A lot of facilities across the country are making a very large effort to work on essential clinical data sets for behavioral health. Cerner has made a concerted effort to reach out and engage with the behavioral health community. A couple of years ago, Cerner made a statement saying that they wanted to weave behavioral health throughout the continuum of care, and I feel like they are finally at a point where that is happening. They are working with hospitals on the essential data sets, which are the core things that we need. Cerner has also been presenting to the behavioral health community and asking for feedback. There are all kinds of wonderful opportunities for clients to be heard.

★★★★★

Nov 2019



Director Functionality and Upgrades

We do group therapy work, so being able to chart things for all patients in the group at the same time is great. We can also bill through the charts.

★★★★★

Nov 2019

Solution highlights



Clinical platform including workflows for Inpatient and Residential Treatment, Addictive Disease Services, Partial Hospitalization and Intensive Outpatient Services:

- Patient Rounding (Safety & Attendance)
- Group Documentation (Therapeutic Notes)
- DSM-5
- Seclusion and Restraints
- Suicide Risk Workflows using CSSRS
- Fall Risk Workflow using Wilson Simms
- Violence Risk Assessments and Alerts using the DASA
- Care Pathways
- Withdrawal management for Substance Use
- Levels of Responsibility
- Unit Based Scheduling
- Referral Management
- EPCS
- Crisis Management Workflows



Specialty documentation and workflows for areas such as:

- Dialectic behavioral therapy
- Disordered eating
- Electroconvulsive treatment



Patient Self-Reporting

[Feedback Informed Treatment](#) (FIT) models



Treatment locators for aftercare

[SAMSHA treatment locator](#) and [Aunt Bertha locator](#)



Patient Education (including tools that target suicide in adults and youth)



Intelligence

Suicide Risk and PTSD algorithms



100+ validated screening and assessment tools



Virtual Health (Video visits/Telepsychiatry)



Reporting & Analytics

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Ongoing commitment to open & interoperability



CommonWell Health Alliance provides national interoperability infrastructure

Trusted data access

- Person enrollment
- Record location
- Patient identification and linking
- Data query and retrieval



- 80+ Apps in Production domains
- 50+ Apps in deployment projects
- 1000 Apps in sandbox



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What are we purchasing

- Cerner Integrated Community Behavioral Health
- Lab integration with Aspirus
- Scheduled Video Visits
- Cerner Immunizations Hub
- Mobile Physician
- Kiosk Client Check-in
- Eligibility & Verification: Address Validation included
- Automated Appointment Reminders

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Tentative Schedule

- Complete contract negotiations – March 2020
- Project kickoff – June 2020
- Live with Cerner – December 2020
- Migrate remaining items from Tier April 2021
- Archive Tier data – December 2021

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Policy Title: Occurrence Reporting	 North Central Health Care Person centered. Outcome focused.
Policy #: 200-2100	Program: Quality and Compliance 200
Date Issued: 06/01/2020	Policy Contact: Quality & Clinical Transformation Director

Related Forms: N/A

1. Purpose

The purpose of occurrence reporting at North Central Health Care is to increase awareness of events that signal harm or potential harm to our patients, staff or visitors and to provide a method for improving the quality and safety of the services provided.

This policy is applicable to all direct care providers and staff working at NCHC, including students, interns and contracted staff. The standards of this policy are to be complied with by staff while they are employed in any NCHC facility during regularly scheduled work times.

2. Definitions

Adverse Event: An adverse event is any undesirable experience or outcome associated with the use, misuse, or omission of a medical product or intervention in the course of treatment or care delivery. The event is serious and shall be reported when the outcome occurs.

Near Miss: Any process variation that did not affect an outcome, however if repeated in the future carries the chance of an adverse effect. An example would be a medication error that was caught before it was administered to a patient or a visitor who slips on a wet floor but catches themselves before the fall.

Occurrence: Any incident that is not consistent with routine operation and that may potentially or actually result in injury, harm or loss to any patient/client/resident, visitor, volunteer or employee of NCHC. An occurrence can include near misses, significant or sentinel events.

Reviewer: someone responsible for the review and follow up of an occurrence.

Root Cause Analysis: Root cause analysis is a process for identifying the factors that underlie variation in performance. A root cause analysis focuses primarily on systems and processes, rather than on individual performance. The purpose of a root cause analysis is to identify any opportunities for improvement in processes or systems that decrease the likelihood of such events in the future. A root cause analysis will result in the identification and implementation of sustainable and effective systems-based improvements and actions to make care safer.

Significant Event: an unexpected event, incident or condition that could have or did result in harm and did or would have required additional intervention or the risk thereof. The phrase, "or the risk thereof" includes any process variation for which a recurrence would carry a significant chance of a serious adverse outcome.

Sentinel Event: an event that has resulted in an unanticipated death or major permanent loss of function (not primarily related to the natural course of the patient's illness or underlying condition) that reaches a patient and results in:

- Death or Permanent harm or Severe Temporary harm (critical, potentially life-threatening harm lasting for a limited time with no permanent residual, but requires transfer to higher level of care/monitoring for a prolonged period of time, transfer to a higher level of care for a life threatening condition, or additional major surgery)
- Please also refer to the [Joint Commission Sentinel Event Policy](#) for further definition

Submitter: someone who submits an occurrence report.

3. Policy

Reporting of all Occurrences, near misses, and adverse events, including any that meet the definition of significant or sentinel events, are to be reported through an online reporting system designed to facilitate the notification, communication and response to near misses and occurrences.

- A. Any staff member who is involved in or discovers an Occurrence has a responsibility to report it. Based on the severity of the occurrence, call 911 as needed for assistance.
- B. Occurrence reports must be completed before the end of the working shift, or within 24 hours if approved by a supervisor. An email notification will be sent to the appropriate individuals for review and follow up.
- C. There are certain types of occurrences including significant/sentinel events, which also require immediate notification of the administrator on call. Immediate notification of the administrator on call should be achieved by calling the Occurrence Reporting Hotline at 4488 or (715) 848-4488 if not located on the main campus. Significant and Sentinel Events will require a Root Cause Analysis as part of follow up to be completed within 30 days or sooner as required.
- D. Directors of each program area are responsible for the complete follow up and investigation into occurrences reported in their areas. Directors are responsible for any required governmental or additional reporting requirements for any Occurrence.

4. General Procedure

Staff are to refer to the Occurrence Reporting Procedure when they are required to be the Submitter of an Occurrence.

5. References

5.1. CMS: 482.13(c)(2), 482.41(d)(2), 482.26(b)(2), 482.41(d)(2), 482.21(b)(2)(i), 482.21(a)(1)(2), 482.21(b)(1), 482.21(d)(2)(4), 482.21(e)(1), 482.21(c)(2), 482.23(c)(5), 482.25(b)(6), 482.13(g)(1)(i)(ii)

5.2. Joint Commission: Joint Commission Sentinel Event Policy, EC.04.01.01, IM.01.01.01, LD.03.09.01, LD.03.02.01, MM.07.01.03, PC.03.05.19

Policy Title: Occurrence Reporting

Author(s): Jennifer Peaslee

Owner: Quality & Clinical Transformation Director

Next Review Date: 6/1/2021

Approver: NCCSP Board of Directors

5.3. Other:

Related Policies, Procedures and Documents

Adverse Medication Event Reporting and Monitoring
Root Cause Analysis

2020 NCCSP BOARD CALENDAR – Next Three Months

Thursday May 28, 2020 – 3:00 PM – 5:00 PM (Annual Meeting)

Elections: Election of Officers consistent with applicable provisions in the bylaws.

Educational Presentation(s):

Audit Presentation

Annual Report & Program Review – Presentation of the Annual Report from prior year. Review and discuss the organization's major programs and how the organization's programmatic performance informs the plans for the current year and beyond.

Board Policy to Review: Board Strategic Planning Policy

Board Discussion:

Review and discuss the organization's major programs and how the organization's programmatic performance informs the plans for the current year and beyond

Long Range Financial Plan and Short-Term Expectations on the Implications of Diversions, Physician Recruitment and Campus Renovations

Budget Assumptions & Priorities – Develop the upcoming budget assumptions and priorities in collaboration with the Retained County Authority Committee.

Discussion on the quality of the strategic plan to gain a better alignment of expectations and structure of the plan

Board Action:

Bi-monthly report of investigations related to corporate compliance activities and significant events.

Accept Annual Financial Audit and Fund Balance Statement.

Board and Committees – Review the Board's composition; appoint and authorize committees, as necessary; delegate duties; discuss board training/development; determine adequacy of oversight and planning activities.

Capital Projects – Review capital budget and forecast for the organization.

NO MEETING OF THE NCCSP BOARD IS SCHEDULED FOR JUNE

2020 NCCSP BOARD CALENDAR – Next Three Months

Thursday July 16, 2020 (3rd Thursday) – 3:00 PM – 5:00 PM

Educational Presentation:

Corporate Compliance and Quality Obligations of the NCCSP Board – Emerging Compliance Trends

Review Employee Compensation, Recruitment and Retention Strategies – Review current practices and performance around the human capital management of the organization.

Diversity and Cultural Competency – Implications for the Board, Management and our Workforce

Board Action:

Performance Expectations – Review and approve the performance expectations in conjunction with the Executive Committee.

Report of recent investigations related to corporate compliance activities and significant events.

Board Policy to Review: Employee Compensation Policy and Manual, Business Associate Agreements Policy, Investment Policy, Contract Review Policy

Board Policy Discussion Generative Topic: Risk Management, Legal and Corporate Compliance Review – Evaluate past and potential issues regarding employment practices, internal policy compliance, required licenses and permits, nonprofit compliance, and facilities and real property risk management.