

Cumberland County Commissioners' Finance Meeting

Agenda

Wednesday, July 11, 2018 - 1:30 PM
Commissioners Hearing Room
Courthouse, Carlisle PA

Present: Commissioner DiFilippo, Commissioner Hertzler, Commissioner Eichelberger; Stephen Brayman, Chief Clerk; Rachel Bryson, Carley Erisman, Communications. Alex Smyser, IMTO; Dana Best, Finance; Ed Balliet, Todd Wagner, Complete HealthCare Resources Eastern, Inc.; Michelle Rhone, Recording Secretary.

1. Call to Order
2. Public Comment- None
3. Topic for Discussion:
 - **CHR – Operational Assessment** – Ed Balliet (See Attached PowerPoint Presentation)

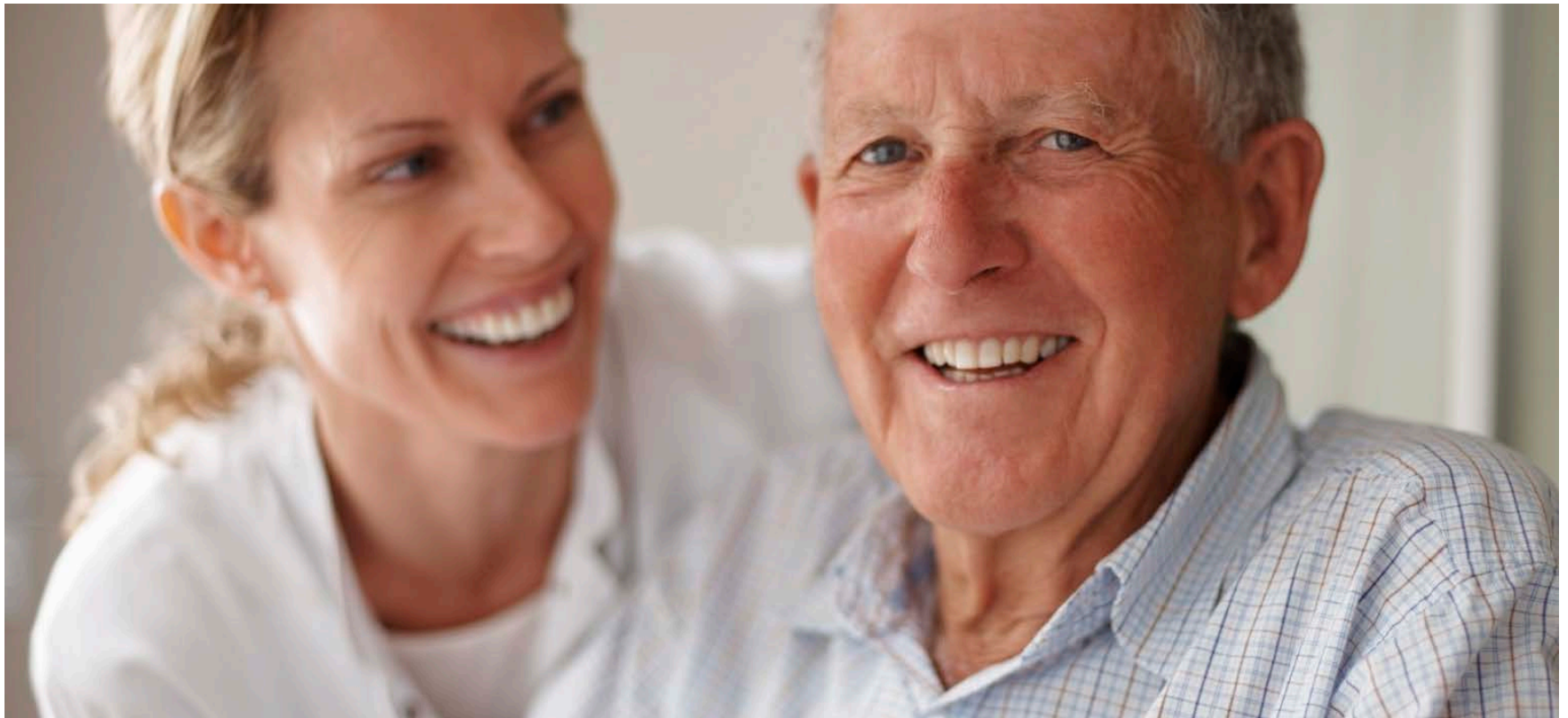
Ed Balliet and Todd Wagner provided a PowerPoint presentation providing strategic solutions for Claremont Nursing and Rehabilitation Center.

4. Other Business- None
5. Adjourn- Commissioner Eichelberger made a motion to adjourn.



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Complete HealthCare Resources EASTERN, INC.
STRATEGIC SOLUTIONS FOR SENIOR CARE PROVIDERS



Complete HealthCare Resources-Eastern, Inc. has over 28 years of experience in the operation of nursing homes. Our industry expertise makes us the Pennsylvania leader in senior provider solutions.



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STRATEGIC SOLUTIONS FOR SENIOR CARE PROVIDERS

Operational Assessment for Claremont, Cumberland County, Pennsylvania

**Assessment Conducted
by
Complete HealthCare Resources-Eastern, Inc.**

A Pennsylvania company dedicated to providing strategic solutions to senior care providers for the successful operation of nursing homes, senior care and continuing care retirement communities

Claremont Operational History

Claremont Nursing and Rehabilitation Center					
Income Statement Trend					
(In Thousands except Census)	2015	2016	Annualized Nov 2017	Budget 2018	Proforma
Census days	97,105	97,300	95,322	97,455	97,455
Average Daily Census	266.0	266.6	261.2	267.0	267.0
R&B Revenue	\$23,757	\$24,171	\$23,792	\$25,458	\$25,458
Therapy & Other Ancillary Revenues	769	874	1,814	1,969	1,969
IGT/MD01 Revenue	1,564	5,220	7,297	6,648	6,648
Other Revenues	7	(85)	(72)	(61)	(61)
Total Revenue	26,097	30,180	32,831	34,014	34,014
Operating Expenses					
Wages and Benefits	16,538	18,671	18,752	19,760	18,942
Other Operating Expenses	7,154	7,561	8,542	8,494	8,390
Total Operating Expenses	23,692	26,232	27,294	28,254	27,332
Net Operating Income	2,405	3,948	5,537	5,760	6,682
Non-Operating (Income)/Expense					
Debt Service (Interest)	161	124	73	40	40
Depreciation and Amortization Expense	981	987	918	988	988
Transfer Out - Nursing Home/General Fund	69	3,075	4,598	4,300	4,300
Net Income	\$1,194	(\$238)	(\$52)	\$432	\$1,354

Challenges

- Declining census due to shift to home based services, shorter rehabilitation cycles and changes in consumer demand
- Flat or slowly increasing reimbursement, particularly Medicare and Medicaid
- Increasing employee wages and benefits (including health and pension) at levels higher than reimbursement increases

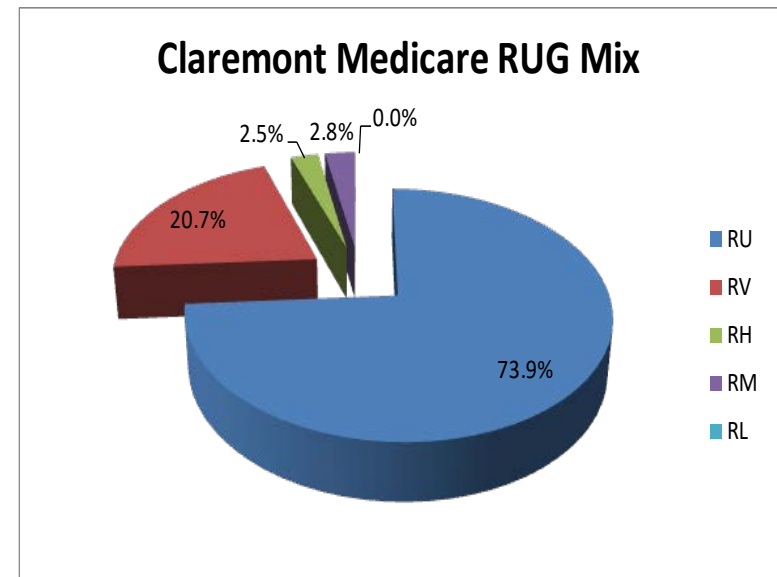
Shift in Skilled Nursing Utilization

Changes in reimbursement for acute care providers have impacted the nursing home business.

- In 1997, at any given time, only about 9% of nursing home residents were admitted for short term care.
- Today, 38% of nursing home residents will recover or stabilize so they can be discharged to home or other lower levels of care.

Shift in Skilled Nursing Utilization

- Claremont currently serves a short term mix of approximately 7.1%. The budget for 2018 is 8.6%. Without new and additional marketing measures, the budgeted goal will be difficult to achieve.
- We set a minimum goal of 10% short term mix for each of our facilities. This requires a fully developed, executed and supported marketing plan. A critical component of which is daily integration with the referral sources/hospitals.
- Claremont has strong distribution among the higher therapy categories (Resource Utilization Group)



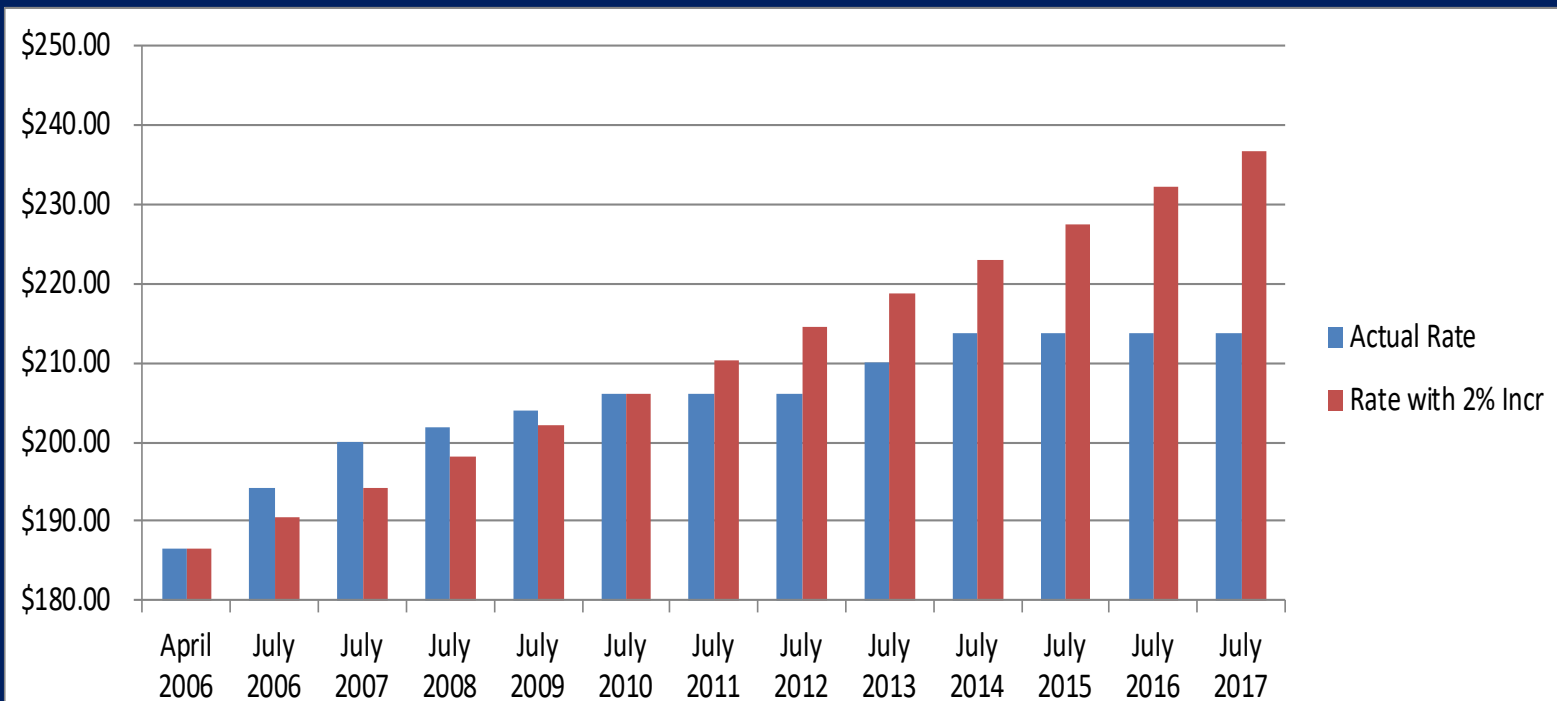
Medicaid Rate History

- Medicaid reimbursements for County owned facilities have remained flat for the past three years. There is no projected increase for 2018.
- Medicare reimbursement has increased average of 0.50% per year over the past seven years.
- Private pay rates need to remain competitive within the local market.

Claremont Nursing and Rehabilitation Center				
Trend in the Medicaid Rate				
Date	% Incr	Rate	Rate with Annual 2% Incr	Cumulative Difference
April 2006		\$186.67	\$186.67	
July 2006	4.00%	\$194.14	\$190.40	\$3.74
July 2007	3.00%	\$199.96	\$194.21	\$5.75
July 2008	1.00%	\$201.96	\$198.10	\$3.86
July 2009	1.00%	\$203.98	\$202.06	\$1.92
July 2010	0.97%	\$205.96	\$206.10	(\$0.14)
July 2011	0.00%	\$205.96	\$210.22	(\$4.26)
July 2012	0.00%	\$205.96	\$214.43	(\$8.47)
July 2013	2.00%	\$210.08	\$218.71	(\$8.63)
July 2014	1.70%	\$213.65	\$223.09	(\$9.44)
July 2015	0.00%	\$213.65	\$227.55	(\$13.90)
July 2016	0.00%	\$213.65	\$232.10	(\$18.45)
July 2017	0.00%	\$213.65	\$236.74	(\$23.09)
				(\$23.09)
MA census				72,635
				(\$1,677,338)

Medicaid Rate Comparison

Actual Medicaid rate to Annual 2% Increase Comparison



Medicaid Reimbursement –IGT Program

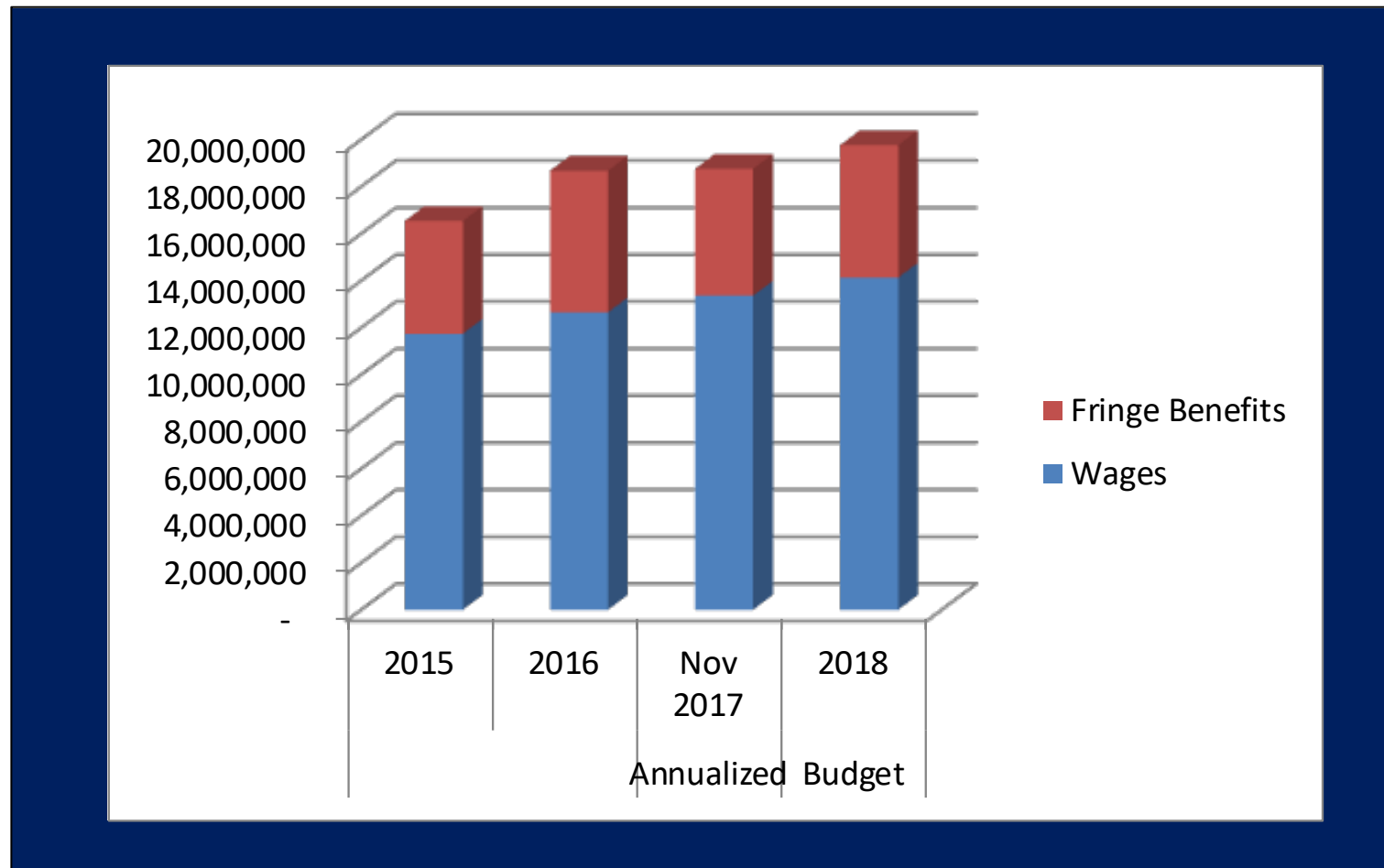
- A portion of the Medicaid shortage has been covered by the recently reinstated IGT program.
- Currently PACAH is discussing with the Commonwealth to find additional one time payments for County facilities.

	MDOI/IGT Revenue	
	November 2017	Budget 2018
MDO1 Revenue	\$992,311	\$848,000
IGT Revenue	5,685,262	5,800,000
Total Revenue	6,677,574	6,648,000
MDOI Expense	599,021	725,000
County Payment - IGT	4,207,900	4,300,000
Total Outlay	4,806,921	5,025,000
Net Revenue	\$1,870,653	\$1,623,000

Increasing Expenditures

- Expenditures have increased above the minor increases in Medicare rates.
- The largest drivers are employee wages and benefits.
- Pharmacy, medical supplies and utilities continue to increase as well.

Wage and Benefit Trend



Fringe Benefit Comparison

Claremont Nursing & Rehabilitation Center			Fac #1	Fac #2	Fac #3	Fac #4	Fac #5	Fac #6
Analysis of Fringe Benefits and Agency Cost Comparison			Conestoga	Berks	Centre	Bradford Co	Mountain	Pleasant
	2018 Budget	Fringes as % of Wages	View	Heim	Crest	Manor	View	Acres
Total Wages	\$14,126,236							
Health Insurance, Dental, Vision	3,270,946	23.16%	16.21%	27.93%	21.50%	28.27%	16.55%	33.54%
Payroll Taxes (FICA/Unemployment)	1,104,212	7.82%	9.07%	8.22%	7.85%	7.73%	9.27%	8.95%
Workers Comp Insurance	150,914	1.07%	2.97%	3.37%	3.40%	2.08%	3.55%	6.69%
Pension	984,998	6.97%	0.29%	11.91%	1.28%	2.13%	0.12%	11.32%
Other Fringes (Life, Disability, OPEB)	122,826	0.87%		0.72%				3.48%
Retiree OPEB (Health, Dental, Vision, Life)	0	0.00%		0.00%				8.90%
Total Fringe Benefits	5,633,896	39.88%	28.54%	52.15%	34.02%	40.21%	29.49%	72.86%

Opportunities

- Revenue enhancements
- Expense reductions
- Staffing model changes

Revenue Enhancement Opportunities

- There is opportunity to increase short term mix and overall census above the current levels. This will require the adoption of a full scale admission program, strong fully executed marketing program and facility commitment from all departments to ensure the facility is competitive in the marketplace.
- Continue coordination with PACAH for advocacy of increased Medicaid reimbursement for County homes

Expense Reduction Opportunities

- Nursing supply expenditures for the wound program may realize expenditure reductions. A complete overhaul of the wound program would be needed. This will include changing the items currently being utilized with a formal formulary based on resident healing rates, staff administration time and cost.
- Dietary expense reductions through redesign and implementation of diet supplement formulary, food first program and nursing medication pass program

Staffing Opportunities

- Staffing model changes including the reduction in activity staff, clerical staff and direct care staff.

Direct Care Staffing Analysis									
	Current	Proposed	Current	Proposed	Fav (Unfav)		Estimated		
	CNRC	CNRC	CNRC	CNRC	Variance	Hours Diff	Wage	Fringes	Total
	Weekly Hours	Weekly Hours	Hr PPD	Hr PPD	to CNRC	census 267	Reduction	@39.88%	Reduction
RN	708.00	648.00	0.38	0.35	(0.03)	(3,129)	(103,132)	(41,129)	(144,261)
LPN	1,736.00	1,640.00	0.93	0.88	(0.05)	(5,006)	(119,744)	(47,754)	(167,497)
CNA	4,368.00	4,144.00	2.34	2.22	(0.12)	(11,680)	(174,733)	(69,683)	(244,416)
RESTORATIVE CNA	224.00	224.00	0.12	0.12	0.00	-	-	-	-
	7,036.00	6,656.00	3.76	3.56	(0.20)	(19,815)	(397,608)	(158,566)	(556,174)

- All other departments appear to be appropriately staffed per industry standards and working within the fluctuating census.

Summary of Expense Reductions

Summary of Cost Savings

(in Thousands)

Direct Care Staffing	\$556
Activities (2 FTE)	100
Unit Clerk (3 FTE)	122
Medical Records Secretary	40
Therapy Expense	79
Food Supplements	<u>25</u>
Total Savings	<u><u>\$922</u></u>

Strategic Plan Developed by Claremont Administration

- Several Customer service opportunities noted in Strategic Plan, although many will not materially impact earnings of Claremont
- Several concepts require substantial investigation or studies to verify viability before proceeding

Questions?



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