

PLEASANT RIDGE MANOR

BOARD OF TRUSTEES MEETING AGENDA

May 28, 2015 5:00 p.m.

1. Call to Order
2. Roll Call
3. Hearing of the Public **(3 minutes per person)**
4. Approval of Minutes – March 24, 2015
5. New Business
 - a. Presentation by Kelly Andrisono from PACAH on the PACAH Study and funding County facilities
 - b. Possible approval of Resolution 2, 2015 – Initiation of Recommendations outlined in the PACAH and Carbis Walker Report (To be distributed at meeting)
6. Other
7. Adjournment

**PLEASANT RIDGE MANOR
BOARD OF TRUSTEES MEETING
MAY 28TH, 2015 @ 5:00 p.m.**

MINUTES OF MARCH 24TH, 2015

Members Present: Fiore Leone- Chair
Jay Breneman
Edward DiMattio, Jr.
Carol Loll

Also in attendance: Doug Smith, Secretary
James Sparber, Treasurer
Sue Ellen Pasquale, County Accountant
Denae Breter, County Administrative Assistant

Absent: Kathy Dahlkemper, President
Phil Fatica-Vice Chair
Dr. Kyle Foust
Andre` Horton

Pleasant Ridge Manor: Robert V. Smith, NHA, Executive Director
George Joseph, Esquire
David Popowicz, NHA, Administrator – East Facility
Mary Venezia, RN, Direction of Nursing
Mike Anderson, Chief Financial Officer
Jack Walburn, Director of Human Resources

ROLL CALL

PUBLIC SPREAKERS - NONE

MOTION TO ACCEPT THE MINUTES OF FEBRUARY 19TH, 2015:

**1ST JAY BRENEMAN
2ND EDWARD DIMATTIO, JR.**

ROLL CALL

APPROVED UNANIMOUSLY

EXECUTIVE DIRECTORS UPDATE:

WEST MUNICIPAL SEWER PROJECT

Starting to decommission the Sewer Treatment plant. Identifying what can be salvaged, sold and scrapped. Notice will be placed in the Erie Times accepting Bids for equipment. This process will take two (2) to three (3) months.

PACAH

Refer to the report from PACAH and Carbis Walker regarding the financial impact on Commonwealth Medicaid budget if all the County homes privatizes. Would like to invite Kelly Andrisano, Executive Director of PACAH to address the Board and would like permission to contact the state legislators to impress upon them the importance of maintaining the County Facilities. Ms. Andrisano will be making herself available at the CCAP conference.

NEW BUSINESS:

Mr. Smith stated that the contract for the AFSCME #1771 needs to be approved by the Board.

Mr. Leone asked for a motion to approve the AFSCME #1771 contract.

MOTION TO APPROVE THE AFSCME #1771 CONTRACT

1ST EDWARD DIMATTIO, JR

2ND JAY BRENEMAN

ABSENT FROM ROLL CALL ON VOTE:

DR. FOUST

ANDRE` HORTON

PHIL FATICA

ROLL CALL

APPROVED UNANIMOUSLY

OTHER

Mr. Leone asked about the custodial fees from Northwest regarding the 457B. Mr. Leone stated he has no problem who is the custodial of the plan. However, PRM does have a Pension Board and this issue should have been presented to the Pension Board for approval. Anytime anything is done with the Pension plans the Pension Board needs to be involved.

Mrs. Loll stated the Board would like someone to look at the East Facility building and evaluate the building. Mr. Bob Marz would probably be the best person to review. However since Mr. Leone would have to abstain from the vote this issue there are not enough board members present for a vote. This issue is tabled until next meeting.

Mr. DiMattio, Jr. stated he is not in any hurry to sell the East Facility. The County has departments that need more space. These departments might be able to move to the East Facility.

Mr. Breneman stated he strongly agreed with Mr. DiMattio, Jr. We are looking at the East Facility as a County asset.

Mr. DiMattio, Jr. asked how many acres surround the East Facility.

Mr. Smith stated approximately 15 acres.

MOTION TO ADJOURN:

1ST JAY BRENEMAN

2ND EDWARD DIMATTIO, JR

Meeting adjourned at 5:40 p.m.

Respectfully submitted,

Linda Spinek

Linda Spinek

Administrative Assistant

EXECUTIVE SUMMARY - Resident DaysYTD Info as of: **March, 2015****MONTH-TO-DATE DAY STATISTICS**

	>>> ACTUAL Days <<<			>>> BUDGET Days <<<			>>> DIFFERENCE <<<		
	EAST	WEST	TOTAL	EAST	WEST	TOTAL	EAST	WEST	TOTAL
Private & Other	180	749	929	236	1,047	1,283	(56)	(298)	(354)
Medical Assistance	1,688	7,453	9,141	1,632	7,255	8,887	56	198	254
Medicare	21	396	417	41	408	449	(20)	(12)	(32)
Total Month-to-date	<u>1,889</u>	<u>8,598</u>	<u>10,487</u>	<u>1,909</u>	<u>8,710</u>	<u>10,619</u>	<u>(20)</u>	<u>(112)</u>	<u>(132)</u>
% of Occupancy	<u>80.2%</u>	<u>88.9%</u>	<u>87.2%</u>	<u>81.0%</u>	<u>90.1%</u>	<u>88.3%</u>	<u>-0.9%</u>	<u>-1.2%</u>	<u>-1.1%</u>
Average Residents per Day	<u>61</u>	<u>277</u>	<u>338</u>	<u>62</u>	<u>281</u>	<u>343</u>	<u>(1)</u>	<u>(4)</u>	<u>(5)</u>

YEAR-TO-DATE DAY STATISTICS

	>>> ACTUAL Days <<<			>>> BUDGET Days <<<			>>> DIFFERENCE <<<		
	EAST	WEST	TOTAL	EAST	WEST	TOTAL	EAST	WEST	TOTAL
Private & Other	518	1,865	2,383	685	3,041	3,726	(167)	(1,176)	(1,343)
Medical Assistance	4,842	22,101	26,943	4,738	21,064	25,802	104	1,037	1,141
Medicare	202	1,163	1,365	119	1,185	1,304	83	(22)	61
Total Year-to-date	<u>5,562</u>	<u>25,129</u>	<u>30,691</u>	<u>5,542</u>	<u>25,290</u>	<u>30,832</u>	<u>20</u>	<u>(161)</u>	<u>(141)</u>
% of Occupancy	<u>81.3%</u>	<u>89.5%</u>	<u>87.9%</u>	<u>81.0%</u>	<u>90.1%</u>	<u>88.3%</u>	<u>0.3%</u>	<u>-0.6%</u>	<u>-0.4%</u>
Average Residents per Day	<u>62</u>	<u>279</u>	<u>341</u>	<u>62</u>	<u>281</u>	<u>343</u>	<u>-</u>	<u>(2)</u>	<u>(2)</u>

Residents per day WITH Hospital Days >> Year-To-Date

Average Hospital Days	<u>1</u>	<u>2</u>	<u>3</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>1</u>
Average With Hospital	<u>63</u>	<u>281</u>	<u>344</u>	<u>62</u>	<u>283</u>	<u>345</u>	<u>1</u>	<u>(2)</u>	<u>(1)</u>

PLEASANT RIDGE MANOR
EXECUTIVE SUMMARY - Resident Days
YTD Info as of: April, 2015

MONTH-TO-DATE DAY STATISTICS

	>>> ACTUAL Days <<<			>>> BUDGET Days <<<			>>> DIFFERENCE <<<		
	EAST	WEST	TOTAL	EAST	WEST	TOTAL	EAST	WEST	TOTAL
Private & Other	119	506	625	228	1,014	1,242	(109)	(508)	(617)
Medical Assistance	1,489	7,779	9,268	1,579	7,022	8,601	(90)	757	667
Medicare	47	130	177	40	395	435	7	(265)	(258)
Total Month-to-date	<u>1,655</u>	<u>8,415</u>	<u>10,070</u>	<u>1,847</u>	<u>8,431</u>	<u>10,278</u>	<u>(192)</u>	<u>(16)</u>	<u>(208)</u>
% of Occupancy	<u>72.6%</u>	<u>89.9%</u>	<u>86.5%</u>	<u>81.0%</u>	<u>90.1%</u>	<u>88.3%</u>	<u>-8.4%</u>	<u>-0.2%</u>	<u>-1.8%</u>
Average Residents per Day	<u>55</u>	<u>281</u>	<u>336</u>	<u>62</u>	<u>281</u>	<u>343</u>	<u>(7)</u>	<u>-</u>	<u>(7)</u>

YEAR-TO-DATE DAY STATISTICS

	>>> ACTUAL Days <<<			>>> BUDGET Days <<<			>>> DIFFERENCE <<<		
	EAST	WEST	TOTAL	EAST	WEST	TOTAL	EAST	WEST	TOTAL
Private & Other	637	2,371	3,008	913	4,055	4,968	(276)	(1,684)	(1,960)
Medical Assistance	6,331	29,880	36,211	6,317	28,086	34,403	14	1,794	1,808
Medicare	249	1,293	1,542	159	1,580	1,739	90	(287)	(197)
Total Year-to-date	<u>7,217</u>	<u>33,544</u>	<u>40,761</u>	<u>7,389</u>	<u>33,721</u>	<u>41,110</u>	<u>(172)</u>	<u>(177)</u>	<u>(349)</u>
% of Occupancy	<u>79.1%</u>	<u>89.6%</u>	<u>87.6%</u>	<u>81.0%</u>	<u>90.1%</u>	<u>88.3%</u>	<u>-1.9%</u>	<u>-0.5%</u>	<u>-0.7%</u>
Average Residents per Day	<u>60</u>	<u>280</u>	<u>340</u>	<u>62</u>	<u>281</u>	<u>343</u>	<u>(2)</u>	<u>(1)</u>	<u>(3)</u>

Residents per day WITH Hospital Days >> Year-To-Date

Average Hospital Days	<u>1</u>	<u>2</u>	<u>3</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>1</u>
Average With Hospital	<u>61</u>	<u>282</u>	<u>343</u>	<u>62</u>	<u>283</u>	<u>345</u>	<u>(1)</u>	<u>(1)</u>	<u>(2)</u>

ADMISSIONS COMPARISON

YEAR-TO-DATE:	Periods beginning January 1 and ending April 30		
	2015	2014	2013
INITIAL CONTACTS	177	186	156
ADMISSIONS	106	115	91
DEATHS	53	36	53
DISCHARGES	59	77	52

DISCHARGE LOCATIONS

YEAR-TO-DATE:	Periods beginning January 1 and ending April 30		
	2015	2014	2013
HOME	36	45	39
OTHER NURSING HOMES	11	5	2
HOSPITALS	12	23	10
GROUP HOMES	0	2	1
PERSONAL CARE	0	2	0

**2015 MONTHLY PERCENTAGE
COMPLETION FROM INITIAL REFERRAL TO ADMISSION**

<u>2015</u>	<u>Percentage</u>
January	76%
February	50%
March	52%
April	64%

**PLEASANT RIDGE MANOR
STATEMENT OF REVENUES & EXPENSES**

UNAUDITED @ January 31, 2015

Description	Actual	Budget	Difference	Actual	Budget	Difference
		>>>>>>> Current Period <<<<<<<<		>>>>>>> Year-To-Date <<<<<<<<		
Resident Service Revenue:						
Net Room & Board Revenue	2,651,070	2,669,326	(18,256)	2,651,070	2,669,326	(18,256)
Net Ancillary Revenues	294,979	278,502	16,477	294,979	278,502	16,477
Resident Service Revenues	2,946,049	2,947,828	(1,779)	2,946,049	2,947,828	(1,779)
Other Revenues:						
Misc. Operating Revenue	15,312	24,184	(8,872)	15,312	24,184	(8,872)
Interest on Funds	168	284	(116)	168	284	(116)
Donations, Grants & Millcreek Manor	0	0	0	0	0	0
Net Capital Transfers	0	0	0	0	0	0
Total Other Revenues	15,480	24,468	(8,988)	15,480	24,468	(8,988)
TOTAL REVENUES	2,961,529	2,972,296	(10,767)	2,961,529	2,972,296	(10,767)
Expenses:						
Salaries & Wages	1,455,993	1,400,440	55,553	1,455,993	1,400,440	55,553
Fringe Benefits	987,222	872,637	114,585	987,222	872,637	114,585
Other Operating Expenses	659,413	689,305	(29,892)	659,413	689,305	(29,892)
Depreciation, Insurance & Interest Expense	81,468	81,570	(102)	81,468	81,570	(102)
TOTAL EXPENSES	3,184,096	3,043,952	140,144	3,184,096	3,043,952	140,144
Gain <Loss> from Operations	(222,567)	(71,656)	(150,911)	(222,567)	(71,656)	(150,911)
County of Erie General Fund Transfer	138,408	138,408	0	138,408	138,408	0
Net Gain <Loss>	(84,159)	66,752	(150,911)	(84,159)	66,752	(150,911)

Dear Nancy,

I've been meaning to write you for awhile now. I want to Thank you so... much for your letter. It has helped me many times reading it!! I am so thankful you do what you do, and very well at that! I know you told me you love your job, and it shows in so many ways! I am so thankful that you were there to help in this very uneasy, scary, difficult time in our life.

Thanks a whole bunch!

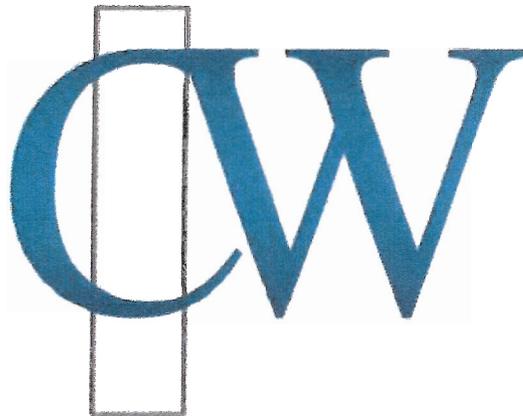
for your honesty - support
and caring!!

Julia Halliday
and
Family
of
Marie
Hyde

This is why those sympathy cards
are so important.

Pennsylvania Association of County Affiliated Homes (PACAH)

**Medicaid Rate Analysis Review
December 2014**



Carbis Walker LLP

Certified Public Accountants & Consultants

Members: Carbis Walker Group ■ McGladrey Alliance ■ AICPA Alliance for CPA Firms

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Executive Summary

Introduction

This is an analysis of the financial impact to the State of Pennsylvania (PA) when county owned skilled nursing facilities (County Homes) are sold. This analysis finds that based upon rate methodologies explained below, and if each home's Medicaid (MA) CMI was to jump to the state average non-public MA CMI, the total financial impact to PA if all 23 County Homes were to sell would be a loss to the state of approximately \$29.5 million. This is for the first year alone, compared to the amount PA is currently paying the County Homes.

The financial impact to PA has been demonstrated through five recent County Home sales. As witnessed in these five recent County Home sales, the MA rate paid by the state to the home tends to increase after the home is sold (page 3). This increase in MA rates is caused by a corresponding increase in the MA Case Mix Index (CMI) which is the primary driver of the MA rate in a non-County Home. In these five recent County Home sales alone, the average increase in MA rates was more than \$17 per day after the sale, which will cost PA approximately \$7 million on an annualized basis.

These recent County Home sales show a trend of the MA CMIs increasing and gravitating to the state average once the home is sold. If these trends were to continue, and the average non-public MA CMI of 1.04 is applied to the non-public home rate methodology, the financial impact is almost a \$29.5 million loss to PA in one fiscal year. It is clear from this study that the MA CMI is the driving factor and has the largest impact on the MA rate setting process and reimbursement. Although peer group prices and the capital component calculation play a role in the rate setting process, the MA CMI is the key component in driving the rate. This is shown in the drastic difference when using actual County Home MA CMIs and the average nonpublic MA CMI. The current County Home MA CMIs range from .83 to 1.06, with the majority of the County Home MA CMIs falling in the .88 to .94 range. Please note the average nonpublic MA CMI represents the average from the four quarters relative to the fiscal year July 1, 2013, to June 30, 2014.

Nonpublic nursing homes are currently reimbursed based on their allowable costs, related to nursing care, filed each year with PA. PA takes the three most audited years of allowable costs and puts them into the MA rate calculation. This MA rate calculation is complex and involves peer group prices, total facility CMIs, MA CMIs, financial yield rates, and other steps to calculate the MA rate. The process of taking the three most audited cost reports and performing this complex calculation is called "rebasing." Rebasing occurs every July 1, and every subsequent quarter (Oct. 1, Jan. 1, Apr. 1) the MA CMI, as outlined above, drives the MA rate up or down.

Please note that as future MA cost reports are audited and new allowable costs are subsequently entered into the rate setting process, those updated allowable costs could have an impact on the totals reported above, either positively or negatively, depending on the allowable costs reported on the cost report. Future rebasing will play a role in the MA rates of County Homes that are sold. In any event, the MA CMI will continue to be the driving factor in the reimbursement process.

As each County Home converts to the nonpublic rate setting methodology, they may not immediately have a MA CMI increase to 1.04 for a full four quarters, which the example outlined above assumes. Although it could be an immediate increase, it could also be gradual, or some County Homes may never reach the nonpublic average. Given the increased scrutiny the MA CMI would receive due to the nonpublic rate setting methodology, recent trends confirm that a MA CMI increase could occur, and possibly revert to the State average. This increase in the MA CMI would highly depend on the County Home's acuity of its MA resident population, and management of the CMI. If the remaining County Homes were sold and a corresponding increase in the MA CMI did not result, the sale of County Homes would result in a gain to PA. As described above, this has not been the trend as outlined in the recent County Home sales.

Executive Summary

Introduction

Please note that Westmoreland Manor and Neshaminy Manor Home have an average County Home MA CMI for the fiscal year 2013-2014, that is greater than the average nonpublic MA CMI of 1.04. This causes a divergence from the other County Homes because the estimated nonpublic MA rate using the average nonpublic MA CMI is lower than the MA rate using County CMIs. This is not the norm throughout the report. It should also be noted that these two County Homes are managed by a for-profit entity. As witnessed by the five recent sales, their MA rates have increased as a result of being sold. Even though these two County Homes' MA CMIs are currently above the state average, it is possible that their MA CMI could increase further.

As stated above, the overall goal of this engagement is to compare each County Home's current MA rate to an estimated MA rate assuming the County Home was sold and converted to a nonpublic nursing facility provider. The results of the engagement will then be utilized by PACAH's executive committee to determine appropriate action to benefit its members. The engagement's focus is on the MA rate and not on other County Home MA third-party reimbursement, such as MA Day One Incentives, Pay for Performance, Nursing Facility Assessment Tax, and Certified Public Expenditures.

As previously stated, Carbis Walker LLP did not analyze the impact to PA relative to Certified Public Expenditures if County Homes are sold. PA separated County Homes from nonpublic nursing homes in 2008, by reimbursing County Homes under the PA State Regulations 1189, as opposed to leaving County Homes in the 1187 Regulations. Due to this switch from 1187 to 1189 Regulations, PA can now use County Home allowable nursing home costs in the Certified Public Expenditure calculation, which allows PA to obtain additional federal matching funds. As a result of County Homes being sold, PA would lose the additional dollars that are being obtained via federal matching funds due to the change from 1189 to 1187 Regulation.

PACAH's mission for over 60 years has been to participate in activities to promote the general welfare of nursing home residents in PA. Because of its mission, PACAH is representing 23 County Homes and is working directly with Carbis Walker LLP to provide support for the engagement. In addition, PACAH strives to support and educate its members to facilitate quality care and quality life settings for its residents.

Executive Summary
Outline of Recent County Home Sales

	MA CMI Prior to Being Sold	Most recent MA CMI May 1, 2014	Difference	MA Rate Prior to Being Sold	MA Rate on 10/1/14	Difference	Actual MA Days from 12/31/13 MA Cost Report	*Additional Cost to the State of PA
Friendship Ridge	0.89	1.04	0.15	\$ 229.34	\$ 248.77	\$ 19.43	163,894	\$ 3,184,460
Sunnyview Nursing Center	0.94	1.02	0.08	197.99	207.60	9.61	60,332	579,791
Falling Springs Nursing Center	0.95	1.25	0.30	190.96	210.25	19.29	40,881	788,594
Centre Crest	0.93	0.97	0.04	163.95	185.40	21.45	47,086	1,009,995
Parkhouse Nursing Center	0.86	1.03	0.17	231.30	247.12	15.82	132,861	2,101,861
								<u>\$ 7,664,701</u>

* Please note that the additional cost to the State of Pennsylvania is calculated by taking the difference in the current MA rate on 10/1/14, compared to the MA rate prior to being sold, and multiplying that difference by the actual MA days filed on the most recent MA cost report. This allows for an annualized estimated financial impact to be calculated for a 12-month period.

As outlined in the Executive Summary - Introduction, five recent County Home sales were analyzed for the estimated financial impact the sales have had on PA on an annualized basis. The above chart outlines that calculation. The first three columns outline the increase in the MA CMI since the County Homes were sold. As stated above, the MA CMI has shown a substantial increase in all five nursing homes. Columns 4, 5 and 6 show the increase in the MA rate since the former County Homes were sold. The MA rates have increased by an average of \$17 per MA day since the former County Homes were sold. This increase in the MA CMI and MA rate will cost PA an additional \$7.6 million on an annualized basis, as it relates specifically to the MA rate.

Please note that all of the former County Homes outlined above were purchased by for-profit entities, with the exception of Centre Crest, which was sold and converted to a non-profit entity. This trend shows that as the County Homes are sold, for-profit entities will manage the MA CMI efficiently, which will have a direct effect on the MA rate.

Executive Summary

Summary of Procedures Performed

Below is a summary of the procedures we performed in relation to the engagement:

- Through discussions with PACAH, we obtained an understanding of the desired objectives for the engagement and documented them into an engagement agreement between CW and PACAH.
- Based upon the above understanding, we prepared an initial list of information required from PACAH and its County Home members and forwarded this list to PACAH to relay to its County Home members, to allow them to compile the information. The information requested included, but was not limited to, Medicaid days from July 1, 2013, to June 30, 2014, and MA CMI scores as of specific picture dates.
- CW studied the reimbursement methodology outlined by the Department of Public Welfare (DPW) proposed rulemaking from Saturday, October 5, 2013, labeled "Rate Setting for county nursing facilities that change ownership" (43 Pa.B. 5822). Please note that this rulemaking was finalized on July 19, 2014 (44 Pa.B. 4498).
- CW also discussed the methodology relative to rate setting for county nursing facilities that change ownership with the DPW to confirm our understanding of the process.
- In conjunction with the information gathered from PACAH membership, and the DPW website, along with CW internal data, CW was able to input data into the applicable database to quantify outcomes.
- Quantified outcomes were based off the assumption that the County Homes were converted on July 1, 2013. As of the report date July 1, 2014, peer groups were not available. Also, using a conversion date of July 1, 2013, allowed the usage of actual Medicaid days for the period July 1, 2013, to June 30, 2014. This, in turn, helped produce more accurate projections for each County Home.
- The County Home MA CMI Picture dates used for the engagement were February 1, 2013, May 1, 2013, August 1, 2013, and November 1, 2013. Please note that County Home MA CMIs were used for recalculation of Medicaid rates along with the average nonpublic MA CMI. The calculation was performed both ways to allow the report to show the impact of the MA CMI on the Medicaid rates, and also to show the possible reimbursement range a County Home could fall into depending on their MA CMI.
- For comparison purposes and quantifying the report outcomes, the County Homes' Medical Assistance rates as reported on DPW's website for July 1, 2013, was used for the analysis.
- Outlined in detail the Medicaid rate setting process for County Homes that change ownership.
- Provided a detailed calculation for each individual County Home, using the assumptions outlined above. The calculation showed the quarterly change in the MA rate using nonpublic nursing home reimbursement methodology for the first year after a County Home changed ownership. Please see the detailed description of this process outlined in the report (Pg. 4). The engagement takes into consideration the impact in the first year of conversion, and nothing beyond the first year. Beyond the first year of conversion, audited cost reports would become available and would impact the rate. CW could not rely on estimated numbers from future audited cost reports to determine an accurate rate. Also, the budget adjustment factor used throughout the report is as of July 2013. This rate is subject to change based on DPW's and the State of Pennsylvania's discretion given the yearly budget shortfall or supplies.
- For each County Home a total impact was calculated using both the County Home MA CMIs and the average nonpublic MA CMI for the specific picture dates outlined above.
- Once the analysis was complete, prepared a summary of the findings of the engagement using the details derived from each individual County Home.

Executive Summary

Detailed Outline of Rate Setting Process

As outlined in the Summary of Procedures Performed under the Executive Summary section on page 2, CW discussed the rate setting methodology for County Homes changing ownership with the Department of Public Welfare. Also CW reviewed the MA Bulletins published by the Department of Public Welfare to gain a detailed understanding of the process. Outlined below are the highlights from MA Bulletin (43. Pa.B 5822) dated Saturday, October 5, 2013.

Purpose of the Proposed Rulemaking

The purpose of the proposed rulemaking is to amend Chapter 1187.97 of the PA Code (rates for new nursing facilities and nursing facilities with a change of ownership), specifically rate setting methodology used when a County Home has a change of ownership. Also, certain terminology used in definitions was updated. This proposed rulemaking is being driven by the fact that County Homes have been phased out of the Chapter 1187 rate-setting process. Per diem rates for former County Homes cannot be determined because audited data under Chapter 1187 is no longer available as of June 30, 2012.

Background

From July 1, 2006, to June 30, 2012, when a County Home changed ownership, the per diem rate was calculated in accordance with Chapter 1187.96. County Homes' cost data is no longer audited under Chapter 1187 regulations, since they have now been fully phased out of the rate setting process relative to nonpublic nursing homes. County Homes are reimbursed via the Chapter 1189 regulations, and their cost data is no longer audited for compliance under Chapter 1187. Also, per diem rates for County Homes do not include net operating or capital rates which would be used to determine a rate for a nursing home that went through a change of ownership. Therefore, the Department of Public Welfare will use peer group prices to determine the net operating portion of the per diem rate until audited cost report data is available for rebasing the MA rate.

Details of Rate Setting

If a County Home changes ownership, the peer group prices from the appropriate peer group for resident care and other resident-related and administrative costs will be used to determine the MA rate. Once a MA cost report is submitted by the new provider and audited, that data will then be used to rebase the MA rate for the new provider. Until then, the peer group prices will determine the starting point for the calculation.

The MA CMI from the most recent quarter prior to the change of ownership will be used to determine the MA CMI that will be used to calculate the resident care rate. For every other quarter after the initial rate setting quarter, the nursing home's actual MA CMI would be used from the applicable picture date that applies to that quarter. The other resident-related rate and the administrative portion of the rate will be determined, as stated above, from the peer group prices.

The capital component of the MA rate would be determined by only the fixed property component of the capital rate. Major movable property costs and real estate taxes would not be part of the initial rate setting of the capital component after a change of ownership.

The fixed property component, if assuming change of ownership on July 1, 2013, would take into account several factors. The fixed bed limitation of \$26,000 per bed would apply. The July 1, 2013, financial yield rate would be used, and also the greater of the actual or available beds at 90% as of December 31, 2012. A hypothetical calculation is illustrated below.

Fixed bed limitation (\$26,000 x 200 beds)	\$5,200,000
Times financial yield rate at 7/1/13	<u>4.76%</u>
Allowable capital costs	\$ 247,520
Divided by the greater of actual or available bed days at 90%	<u>65,700</u>
Capital rate	<u>\$ 3.77</u>

Executive Summary
Financial Impact Summary

Peer Group	Bed Size	**MA Occupancy Percentage	2013-2014 MA Rate	*Average 2013-2014		2013-2014 Estimated Nonpublic Rate	2013-2014 MA Days	Estimated Additional State Dollars from PA
				Estimated Nonpublic Rate Using County MA CMI's	Nonpublic MA CMI's			
Armstrong County Health Center	12	68.21%	\$ 158.08	\$ 151.21	\$ 172.70	22,466	\$ 328,453	
Berks Heim Nursing & Rehab	4	78.56%	217.10	216.46	233.91	121,094	2,035,590	
Bradford County Manor	11	67.80%	171.79	172.23	182.99	40,180	450,016	
Cedarbrook Nursing Homes	4	86.24%	223.03	209.21	234.03	189,600	2,085,600	
Claremont NRC at Cumb. County	4	79.71%	210.08	216.32	234.16	75,190	1,810,575	
Communitites at Indian Haven	12	53.25%	174.13	170.14	172.62	19,241	(29,054)	
Crawford County Care Center	11	76.17%	176.93	164.26	182.79	42,390	248,405	
Fair Acres Geriatric Center	1	91.17%	205.46	206.20	244.80	271,563	10,683,288	
Gracedale- Northampton County	4	76.81%	216.05	210.15	234.20	168,299	3,029,382	
John J. Kane - Glen Hazel	2	91.28%	236.35	184.69	213.46	55,299	(1,265,794)	
John J. Kane - McKeesport	1	83.86%	230.08	227.93	245.00	85,824	2,739,502	
John J. Kane - Ross Township	2	87.80%	213.10	201.00	213.44	64,922	(1,081,601)	
John J. Kane - Scott Township	1	83.75%	217.12	235.66	245.00	67,195	1,873,397	
Neshaminy Manor Home	1	72.04%	262.34	245.59	244.78	95,143	(1,670,711)	
Philadelphia Nursing Home	1	95.17%	229.66	212.48	244.99	133,377	2,044,669	
Pleasant Acres Nursing & Rehab	4	88.55%	235.55	209.61	234.05	111,982	(167,973)	
Pleasant Ridge Manor	4	84.19%	222.56	213.26	234.20	103,576	1,205,625	
Pleasant Valley Manor	11	71.08%	167.28	166.66	182.80	43,543	675,787	
Pocopson Home	1	88.46%	213.87	215.49	244.75	84,977	2,624,090	
Rouse Warren County Home	11	66.86%	162.70	167.20	182.75	41,360	829,268	
Susque View Home	11	77.50%	170.67	167.30	182.84	39,973	486,471	
Washington County Health Center	1	76.53%	220.62	222.17	244.93	73,005	1,774,752	
Westmoreland Manor	1	83.49%	255.29	247.61	244.77	118,359	(1,245,137)	
							\$ 29,464,600	

* Please see individual entities for quarterly rate changes, the average above relates to the four quarters relative to the 2013-2014 fiscal year.
 The average rate shown above is for informational purposes relative to the summary.

** Obtained from 12/31/13 MA-11 Cost Report

Note: The additional cost to PA of \$29,464,600 is calculated by multiplying the MA rate that was estimated using the average nonpublic MA CMI (1.04) by the actual MA days reported on the 2013 Medicaid cost report for each County Home. This total is then compared to the same calculation, using the actual County Home MA rate for the 2013-2014 fiscal year instead.

For Example: Armstrong County Health Center's estimated rate for fiscal year 2013-2014 using nonpublic nursing home reimbursement methodology and a MA CMI of 1.04 is \$172.70. Therefore, \$172.70 x 22,466 (MA days) equals \$3,879,878. Their actual County Home MA rate for 2013-2014 is \$158.08 x 22,466 (MA days) equals \$3,551,425. Therefore, when the difference is calculated between the two totals, the sale of the County Home would require \$328,453 of additional State dollars for this one fiscal year, as it relates specifically to the MA rate. Other State dollars that are exchanged between PA and the nursing home are not taken into account in the above calculation.