THE NEW NURSING HOME BUILDING ADVISORY SUBCOMMITTEE/DELEGATION WORKSHOP MEETING REPORT OF WEDNESDAY, NOVEMBER 1, 2023

The New Nursing Home Building Advisory Subcommittee/Delegation met for a workshop on Wednesday, November 1, 2023, at 6:00 p.m. in Superior Courtroom II, Upper Level of the William A. Grimes Justice and Administration Building, 259 County Farm Road, Suite 204, Dover, New Hampshire, with remote access available through Zoom: Meeting ID: 833 3063 2738 Passcode: 613483 <u>https://us06web.zoom.us/j/83330632738?pwd=XYnT1dbbAs9SQbqQiZUd0Q5UBB8aV6.1</u> or Dial by your location: +1 309 205 3325 US primarily focused on energy sources and finances.

Present were Representatives Bailey, Bickford, Burnham, Conlin, Fitzpatrick, Grassie, Horgan, Howard, Howland, Kaczynski, LaMontagne, Newton, Pare, Pitre, C. Rich, Schmidt, Turcotte, and Wall. Representative Cannon attended via Zoom. Also present were Strafford County Commissioners Maglaras, Watson, and Rollo, County Attorney Garrod, County Administrator Bower, Finance Director Legere, EMD Director Bellen, Major Bourque, Assistant Administrator Brown, IT Specialist Kelly Parker, Jonathan Halle of Co-owner of Warrenstreet Architects, former Department of Health and Human Services Lori Shibinette, Revision Energy VP of Business Development Dan Weeks, DuBois & King Mechanical Engineer Jason Parkhurst, and Electrical Division Manager Robert Kischko, and Administrative Assistant/Deputy Treasurer Janet Hilber, along with members of the public.

Geothermal Presentation by Dubois & King, Inc: DuBois & King, Inc. Mechanical Engineer Jason Parkhurst explained how Geothermal technology harnesses the Earth's heat to produce energy. Just a few feet below the surface, the Earth maintains a near constant temperature, in contrast to the summer and winter extremes of the ambient air above ground. Farther below the surface, the temperature increases at an average rate of approximately 1°F for every 70 feet in depth. Translation: There's a heat sink under your feet: if you run water through it, you can transfer heat to your building in the winter for heating and from your building in the summer for cooling. From experience with test wells in the area (Oyster River Middle School in Durham for instance) the temperature of the bedrock is approximately 50 deg. F which is also approximately the annual averaged air temperature. Heat is taken from the ground through vertical bore holes with closed loop piping in which heat is transferred to the water as it flows through the wells vertically, or through horizontal closed loop piping in which heat is transferred to the water as it flows through the loops. The horizontal loop piping is more common for residences and not practical in the northeast. Water is then pumped and directed to indoor units (water source heat pumps) with internal compressors to heat/cool the spaces. Open wells can be more efficient, but from experience, open wellfields tend to clog pipes and heat pumps, causing filters to quickly get clogged creating maintenance headaches as flow rates are higher than drinking water wells. In discussions with area well drillers, a 500-ft well depth is optimal. Drilling deeper increases drilling expenses and complexity. One ton of cooling is equal to the hourly rate of heat absorbed (or cooling effect) if 2,000 lbs. of ice were melted in 24 hours, resulting in 12,000 BTU per hour: One ton of heating or cooling is equal to 12,000 BTU per hour. Heating and cooling loads from early plans indicate the building's estimated heating and cooling loads will be in the range of 500 tons of cooling and 400 tons of heating. While site conditions have not been tested at our site, a good rule of thumb is that 200 ft of well is necessary for each ton of cooling. Well data from nearby well sites appears to indicate the site may be a good location for geothermal though testing will be required to better understand the feasibility of geothermal at this site. DuBois & King utilizes GLHE-pro computer software for well design based on collected site data. Sizing a geothermal wellfield for 500 tons at 200 feet per ton would require 100,000 ft of vertical well. 100,000 feet of wells at 500 feet per well translates to 200 wells, or a wellfield grid that is 14 or 15 wells long by 14 wells wide. This site may accommodate such a design. The design of the wellfield is very flexible and does not need to be rectangular or square in shape. Wellfields can go anywhere - under parking lots, driveways, etc. wherever is most convenient. Wells should be placed 25 feet apart. A 14x14 wellfield grid would be 400 feet x 400 feet.

Mr. Parkhurst explained the three options as: Base System - Boiler/Tower Arrangement Water source heat pump system with boiler and cooling tower. This approach requires no geothermal well drilling. A boiler and cooling tower provide heating and cooling to the heat pump loop as necessary. Individual heat pumps take heat or reject heat to the heat pump loop as required to maintain space temperatures. It has the lowest initial cost – Opinion of probable cost (OPCC): \$9,850,000*. It has the highest energy and highest operating cost and is not recommended here. Option 1 - Geothermal wellfield designed for 100% This option is similar to the boiler/tower option - the only exception being that instead of rejecting heat to a cooling tower or adding heat from a boiler, heat is rejected or added from the geothermal wellfield. A cooling tower and boiler would still be required due to FGI guidelines and redundancy requirements. This has the highest initial cost • OPCC: \$15,000,000*, lowest energy use and lowest operating cost. Option 2 - Geothermal Wellfield designed for 60% This is a hybrid approach that is the exact same option as the 100% wellfield option except sizing the wellfield for 60% of the cooling load instead of 100%. A boiler/tower arrangement would supplement heating and cooling as necessary. With this approach, the geothermal well to handle the building load the majority of the time. This option has a moderate initial cost – OPCC: \$13,140,000* with energy use and operating cost – in between but closer to the 100% wellfield. * This number only includes components that would be included for the heat pump system for comparison. This is NOT the entire cost of the HVAC for the project. Items not included in these costs include ductwork for code required ventilation, air handling equipment and related controls.

Based on current rates, Option 1 has the Opinion of Probable Cost (OPCC) over base of \$5,150,000 with annual energy savings of 41,178 kwh for electricity and 13,429 Therms for natural gas, netting an annual cost savings of \$24,105 and simple payback of 213 years. Option 2 has the OPCC cost over base of \$3,290,000 with annual energy savings of 36,196 kwh for electricity and 10,813 Therms for natural gas with an annual energy savings of \$16,783 and simple payback of 196 years. Natural gas is accessible at the site (\$0.686 per therm).

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It is difficult to show an economical payback for geothermal. Geothermal systems still use pumps, compressors, and fans to move heat around. Pumping costs and compressor usage are slightly higher with geothermal systems when compared with boiler/tower heat pump systems. It should be noted that energy is being saved, but the savings is not reflected in the payback because of the (current) low price of natural gas. Over the past several years, natural gas has generally been relatively inexpensive. Energy unit prices will continue to be a product of known and unforeseen global conditions. All choices regarding energy type involve some level of risk. It appears that it may be possible for municipalities to receive the inflation reduction act tax credit in the form of a check from the federal government under 26 U.S. Code § 48 - Energy credit. For the purpose of easy interpretation, we will discuss this as if Strafford County pays taxes. • DuBois & King is not an accountant or tax advisor and does not provide legal counsel or financial advice. We recommend that the County discuss these matters with a legal and/or accounting professional regarding anything beyond this point. Credit is offered at 6 percent times a multiplier of 5 for "projects meeting prevailing wages and registered apprenticeship requirements" (or a 30% total tax credit). Additional 10% tax credits for "domestic content minimums," which require a percentage of equipment to be made in America. Other credits and deductions may also be available. These credits appear to fall under the "investment tax credit." Upon initial review, the following are included: • All engineering, energy modeling, and soft costs associated with the design and implementation of the geothermal system and components. • All exterior geothermal drilling excavation, borehole piping, pumps, geothermal horizontal piping, glycol, vaults, grouts, and anything associated with the exterior geothermal system into the building. • All interior heat pump piping, pumps, controls, power, insulation, pipe hangers, thermostats, and plumbing up to and including the interior ground source heat pumps. • Rooftop ERV with integral WSHP and associated power and controls for the unit. (ERVs without integral WSHP do not apply) • All labor, materials, and equipment associated with the above is included. • Anything downstream of this equipment, such as ductwork and VAV boxes, is NOT included. Based on discussions with NHSaves, rebates for the water source heat pumps (Boiler/Tower) would likely be: • \$80 per ton - or for 500 tons - Rebates for the boiler/tower water source heat pumps would be \$40,000. What about taking the tax credit and taking the rebates for geothermal? D&K discussed the possibility of taking both the rebate and the credit for geothermal heat pumps (which is also \$80 per ton) with NHSaves. Taking both is not permitted. If we take into account the 30% credit and rebates, Option 1's cost difference now becomes \$690,000 with annual cost savings still at \$24,105, but simple payback is now 28.6 years; Option 2's cost is now actually about \$600,000 less than the base with annual energy savings still at \$16,783, but simple payback becomes negative because initial cost is less. Shorter paybacks can be achieved on 100% wellfield if bonus 10% or additional credits can be attained. Another item to consider is that like an electric car, a geothermal system (which uses electricity) does not produce "tailpipe emissions." If the electricity powering the geothermal system is generated using fossil fuels (such as natural gas or other fossil fuels), the system does indirectly emit carbon. In conclusion it appears a 60% wellfield design (Option 2) may make economic sense. Opportunities for tax credits, utility incentives, and rebates will be investigated more as the project moves forward with design.

Mr. Parkhurst answered many questions, provided examples of other similar projects, and explained the effects of improvements in the technology regarding the different designs. A hybrid approach would be taken, but not broken off into sections. The system does not have to be integrated into the current design but would require space to be designated. Solar farm development would be an overlapping energy plan. The geothermal system would require electrical power but could be backed up by natural gas and solar with future improvements to battery charged systems. Larger generators would be required but not designed around feeding back into the power grid. There was a discussion regarding the availability of natural gas without additional pipelines and further noted that the county has high priority for power restoration through our contracts. He further noted that this is just the estimation phase and that a full schematic design with engineering narratives would require more information but could take a couple of weeks.

New Building Revenue Projections by Lori Shibinette: Former Department of Health and Human Services Lori Shibinette provided her experience with long-term care facilities for over 30 years, which also included Merrimack County Nursing Home Administrator when the new nursing home was built in 2008. She noted that the project took many years of planning with the same concerns and challenges facing Strafford County to provide a modern facility that meets the Centers for Medicare & Medicaid (CMS) guidelines, provides a desirable environment equal to the exceptional staff and care currently provided, and that will last many years into the future. She explained the benefits of providing a continuity of care for residents, and the trauma faced by those who must transferred to a different facility after a hospital visit because Riverside Rest Home (RRH) cannot provide the acute care necessary until they are ready to return to their held bed back at RRH. She clarified the misconception that new facility would displace indigent and bankrupt individuals to attract private pay residents by explaining that discrimination is not allowed based on a paying source and is wrong. She explained that the private pay funds are from the spending-down of a resident's savings until they are eligible for Medicaid, money that currently goes to other facilities before the resident is kicked out and sent to another facility which is usually a county nursing home. Most would end up in RRH anyway after all their savings are spent down. She further explained that increases in revenue based on the new facility's ability to treat more conditions is currently impossible at RRH. Again, these are higher reimbursement rates that benefit other facilities while RRH holds the resident's bed open until they can return at the lower rate, meanwhile losing the revenue of that held bed. She reviewed her report for revenue projections over the first three years of a new facility and the bond amortization based on 4% interest on a \$130 million bond. (Exhibit attached) She estimates 73% occupancy with reimbursement at over \$29.5 million for year one; 83% occupancy with reimbursement at over \$31.9 million for year two; 93% occupancy with reimbursement at over \$34.4 million for year three. She projects Medicare Part A will increase from the current average of 0.29% to 3.77% in year one, 4.44% in year two, and 4.98% in year three. Medicare Part B revenue is projected to be \$720,000 in year one, \$900,000 in year two, and \$1,080,000 in year three.

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Further discussion resulted in an explanation of current averages of lost revenue days for residents who must leave RRH to receive more acute care at another facility, which could last 30 to 60 days an average of 15 to 20 times per year. The new facility would prevent the loss of revenue from empty beds for those residents. She further explained conditions to qualify for care, how waiting lists are affected by acute care, and the switching of payer sources can occur multiple times. She thanked the members of the Delegation for their time.

Solar Presentation by Revision Energy VP of Business Development Dan Weeks: DuBois & King Mechanical Engineer Jason Parkhurst provided a thorough sales presentation for possible solar farm options on county land and for a new nursing home facility. He touted Revision Energy's 20-year history in New England and is owned by 450 employees. He provided similar projects which includes Dover High School and Rockingham County will be next year. He explained that this is the beginning process and based on initial concept rendering on a flat roof with a floating ballasted system as one option but other options on the fairly flat county land could include a large solar farm while staying within the restricted 5.7 megawatts for DC and 4 megawatts for AC. He noted one megawatt would require less that five acres of land; the national commercial life average is more than 40 years producing about 80% of the original power output but will include a 25-year warranty; parking canopies would be a higher cost with lower production; how tracking systems move with the sun but would cost about 15% more per panel. He explained that the end-of-life panels are recycled in northern Massachusetts at the expense of the owner of the Power Purchase Agreement (PPA). The panels are made in the United States of America and are very reliable. He reviewed the municipal financing options of Power Purchase Agreement (PPA): Municipalities go solar with \$0 cost by partnering with mission-aligned investors who utilize tax incentives and provide discounted energy rates, with buyout options through a PPA or lowinterest loans to ensure a cashflow-positive investment with electricity savings greater than PPA cost from day one; Land Lease Options: Municipalities with solar-ready land can enter into long-term lease/PILOT agreements with solar developers to offset municipal loads, which the county would generate revenue for the use of land to provide others with solar energy; Federal Supports: IRA direct pay, grants, and/or low-interest Muni bonds enable outright ownership on a cashflow-positive basis, with or without capex. He explained that the municipal solar PPAs have no upfront cost and would include net metering which sells power to a host at a fixed predetermined rate lower than utility power and is predictable for 25 years. After the investor owns for five years, the host can buy out at fair market values. He further explained the process would take about one year, but further review of the property for restrictions would have to be completed. HB 281 signed by the governor removes some restrictions which now allow coverage into other towns as long as they have Eversource as their provider.

Due to the length of the presentations, it was requested the Strafford County Financial Advisor provide his presentation at the next workshop scheduled for Wednesday, November 15, 2023, at 6:00 p.m. in Superior Courtroom II.

Chairman Schmidt noted William P. Brennan, a dedicated educator and public servant, passed away on Friday, October 27, 2023.

With no further business, Subcommittee Chairman Fitzpatrick adjourned the meeting at 8:24 p.m. without objection.

Respectfully submitted,

Sanet Hilber

Janet Hilber, Acting Clerk Strafford County Delegation

Cc: Strafford County Commissioners Maglaras, Watson and Rollo Executive Committee & Delegation Members Exhibit to Delegation Workshop on November 1, 2023

Strafford County Nursing Home

Riverside Rest Home

New Building Revenue Projections

Respectfully Submitted By: Lori Shibinette RN, BSN, MBA, NHA August 18, 2023

Executive Summary

Strafford County has undertaken an objective review of revenue projections for the replacement facility of Riverside Rest Home, scheduled to be occupied in the next twenty-four months. Long Term Care Facilities, including those in Strafford County, continue to face challenges returning to pre-covid census numbers, due to census reductions during covid and the competitive workforce environment. These factors make long term census projections difficult.

Riverside Rest Home has an excellent reputation both in their community and within the long-term care industry. They have had consistent support from their community and have long established relationships with the local hospitals and other health care providers on the continuum of care. The facility is known to be collaborative and innovative in search of ways to care for the constituents of Strafford County. The facility has a stable and dynamic leadership team and a long history of regulatory compliance. These factors and the build of a more modern, resident centered facility, positions Riverside Rest Home for success to attain their goals of growing census, expanding Medicare Part A census and increasing billable units under the Medicare Part B program.

At the completion of construction and with occupation of the new Riverside Rest Home, the first two years should be considered growth years, whereas the facility slowly changes resident census make up to better reflect their end goal. Although there are many variables that can impact the facility's census make up and revenue projections, during the third full year of occupancy it is feasible to attain the overall census projection of 93%, Medicare Part A census projection of approximately 5% and an annual revenue projection of \$34,485,441. Further details are outlined in the subsequent sections.

STRAFFORD COUNTY BOND AMORTIZATION SCHEDULE \$130,000,000 FOR 30 YEARS

YEAR	BEGINNING BALANCE	PRINCIPAL	4.00% INTEREST	TOTAL	ENDING BALANCE
1	\$130,000,000.00	\$4,333,333.33	\$5,200,000.00	\$9,533,333.33	\$125,666,666.67
2	\$125,666,666.67	\$4,333,333.33	\$5,026,666.67	\$9,360,000.00	\$121,333,333.34
3	\$121,333,333.34	\$4,333,333.33	\$4,853,333.33	\$9,186,666.66	\$117,000,000.01
4	\$117,000,000.01	\$4,333,333.33	\$4,680,000.00	\$9,013,333.33	\$112,666,666.68
5	\$112,666,666.68	\$4,333,333.33	\$4,506,666.67	\$8,840,000.00	\$108,333,333.35
6	\$108,333,333.35	\$4,333,333.33	\$4,333,333.33	\$8,666,666.66	\$104,000,000.02
7	\$104,000,000.02	\$4,333,333.33	\$4,160,000.00	\$8,493,333.33	\$99,666,666.69
8	\$99,666,666.69	\$4,333,333.33	\$3,986,666.67	\$8,320,000.00	\$95,333,333.36
9	\$95,333,333.36	\$4,333,333.33	\$3,813,333.33	\$8,146,666.66	\$91,000,000.03
10	\$91,000,000.03	\$4,333,333.33	\$3,640,000.00	\$7,973,333.33	\$86,666,666.70
11	\$86,666,666.70	\$4,333,333.33	\$3,466,666.67	\$7,800,000.00	\$82,333,333.37
12	\$82,333,333.37	\$4,333,333.33	\$3,293,333.33	\$7,626,666.66	\$78,000,000.04
13	\$78,000,000.04	\$4,333,333.33	\$3,120,000.00	\$7,453,333.33	\$73,666,666.71
14	\$73,666,666.71	\$4,333,333.33	\$2,946,666.67	\$7,280,000.00	\$69,333,333.38
15	\$69,333,333.38	\$4,333,333.33	\$2,773,333.34	\$7,106,666.67	\$65,000,000.05
16	\$65,000,000.05	\$4,333,333.33	\$2,600,000.00	\$6,933,333.33	\$60,666,666.72
17	\$60,666,666.72	\$4,333,333.33	\$2,426,666.67	\$6,760,000.00	\$56,333,333.39
18	\$56,333,333.39	\$4,333,333.33	\$2,253,333.34	\$6,586,666.67	\$52,000,000.06
19	\$52,000,000.06	\$4,333,333.33	\$2,080,000.00	\$6,413,333.33	\$47,666,666.73
20	\$47,666,666.73	\$4,333,333.33	\$1,906,666.67	\$6,240,000.00	\$43,333,333.40
21	\$43,333,333.40	\$4,333,333.33	\$1,733,333.34	\$6,066,666.67	\$39,000,000.07
22	\$39,000,000.07	\$4,333,333.33	\$1,560,000.00	\$5,893,333.33	\$34,666,666.74
23	\$34,666,666.74	\$4,333,333.33	\$1,386,666.67	\$5,720,000.00	\$30,333,333.41
24	\$30,333,333.41	\$4,333,333.33	\$1,213,333.34	\$5,546,666.67	\$26,000,000.08
25	\$26,000,000.08	\$4,333,333.33	\$1,040,000.00	\$5,373,333.33	\$21,666,666.75
26	\$21,666,666.75	\$4,333,333.33	\$866,666.67	\$5,200,000.00	\$17,333,333.42
27	\$17,333,333.42	\$4,333,333.33	\$693,333.34	\$5,026,666.67	\$13,000,000.09
28	\$13,000,000.09	\$4,333,333.33	\$520,000.00	\$4,853,333.33	\$8,666,666.76
29	\$8,666,666.76	\$4,333,333.33	\$346,666.67	\$4,680,000.00	\$4,333,333.43
30	\$4,333,333.43	\$4,333,333.43	\$173,333.34	\$4,506,666.77	\$0.00

TOTAL \$130,000,000.00 \$80,600,000.06 \$210,600,000.06

Three Year Census and Revenue Projections

		Year	Year 1 Estimate			
	Bed Days/yr.	Bed Days/yr. Daily Census Low Census		Rate	Daily Reimbursement	Yearly Reimbursement
Building Total						
Medicaid Bed Days	42705.00	117.00	73.58% \$	\$ 251.42	2 \$ 29,416.14	\$ 10,736,891.10
Medicare A	2190.00	6.00	3.77% \$	\$ 558.80	0 \$ 3,352.80	\$ 1,223,772.00
Private Pay Days	2372.50	6.50	4.09% \$	\$ 450.00	0 \$ 2,925.00	\$ 1,067,625.00
Respite Pay Days	0.00	0.00	0.00%	\$ 250.00	- \$ 0	- \$
SBU Medicaid	10767.50	29.50	18.55%	\$ 289.12	2 \$ 8,529.04	\$ 3,113,099.60
SBU Private	00.00	00.00	%0	\$ 310.00	· \$ 0	\$
Other Insurance	0.00	00.00	0.00% \$	\$ 250.00	- \$ 0	-
Inpatient Medicare B						\$ 720,000.00
Hospice House Income						\$ 1,163,939.00
Meal Income - SENH						\$ 27,000.00
Electricity Income-SENH, CVHS, Daycare						\$ 40,000.00
RRH Emp. Contribution/Health Ins.						\$ 653,864.00
PSP						\$ 8,623,000.00
Provider "Bed" Tax						\$ 2,200,000.00
	58035.00	159.00	73.95%		\$ 44,222.98	\$ 29,569,190.70

- Medicaid rate includes projected 12% increase 1/1/24.

- Medicaid rate assumes maximum capital reimbursement at 85 percentile.

		Year	Year 2 Estimate				
	Bed Days/yr.	Bed Days/yr. Daily Census Low Census		Rate	Daily Rein	Daily Reimbursement	Yearly Reimbursement
Building Total							
Medicaid Bed Days	48545.00	133.00	73.89%	\$ 251.42	12 \$	33,438.86	\$ 12,205,183.90
Medicare A	2920.00	8.00	4.44%		80 \$	4,470.40	\$ 1,631,696.00
Private Pay Days	2190.00	6.00	3.33%	\$ 450.00	-	2,700.00	\$ 985,500.00
Respite Pay Days	00.00	0.00	0.00%	\$ 250.00	<u> </u>		
SBU Medicaid	12045.00	33.00	18.33%	\$ 289.12	2 \$	9,540.96	\$ 3,482,450.40
SBU Private	00.00		%0		-		Ş
Other Insurance	00.00	00.00	0.00%	\$ 250.00	0 \$		\$
Inpatient Medicare B							\$ 900,000,006
Hospice House Income							\$ 1,163,939.00
Meal Income - SENH							\$ 27,000.00
Electricity Income-SENH, CVHS, Daycare							\$ 40,000.00
RRH Emp. Contribution/Health Ins.							\$ 653,864.00
pSp							\$ 8,623,000.00
Provider "Bed" Tax							
	65700.00	180.00	83.72%		Ŷ	50,150.22	\$ 31,912,633.30
		Year 3 Estin	Year 3 Estimate and Beyond	p			
	Bed Days/yr.	Daily Census	Low Census	Rate	Daily Reim	Daily Reimbursement	Yearly Reimbursement
Building Total							
Medicaid Bed Days	52195.00	143.00	71.14%	\$ 251.42	2 \$	35,953.06	\$ 13,122,866.90
Medicare A	3650.00	10.00	4.98%	\$ 558.80	-	5,588.00	
Private Pay Days	2920.00	8.00	3.98%	\$ 450.00	-	3,600.00	\$ 1,314,000.00
Respite Pay Days	00.00	00.00	%00.0	\$ 250.00	0 \$		Ş
SBU Medicaid	14600.00	40.00	19.90%	\$ 289.12	2 \$	11,564.80	\$ 4,221,152.00
SBU Private	00.00	0.00	%0	\$ 310.00	0 \$	-	Ş
Other Insurance	00.00	00.0	%00.0	\$ 250.00	0 \$		Ş
Inpatient Medicare B							\$ 1,080,000.00
Hospice House Income							\$ 1,163,939.00
Meal Income - SENH							\$ 27,000.00
Electricity Income-SENH, CVHS, Daycare							\$ 40,000.00
RRH Emp. Contribution/Health Ins.							\$ 653,864.00
PSP							\$ 8,623,000.00
Provider "Bed" Tax							\$ 2,200,000.00
					_		

34,485,441.90

56,705.86 \$

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93.49%

201.00

73365.00

Total Census Projections

Riverside Rest Home's total census has seen a slight decline in the past five years with significant decline during and after the covid pandemic. The pre-covid decline can be attributed to many variables including external building aesthetic, interior building aesthetic/comfort and a competitive labor market. These variables in combination with a very progressive industry that has re-defined the standard of how facilities provide care, have made a capital investment in Riverside Rest Home necessary. The limits associated with the current Riverside Rest Home's physical structure, both exterior and interior, would have a negative impact on Riverside's ability to market open beds to potential residents and their families. Additionally, the same limits regarding the facility would have a negative impact on Riverside's ability to attract and retain qualified staff. The new facility would reduce and potentially eliminate those challenges and the expectation is to return to historical census numbers between 92%-95% by the third year of occupation.

Historical and Projected			
	Total Census		
Actual	2012	97.45%	
Actual	2013	96.66%	
Actual	2014	91.31%	
Actual	2015	90.44%	
Actual	2016	92.73%	
Actual	2017	89.40%	
Actual	2018	87.05%	
Actual	2019	86.56%	
Actual	2020	81.02%	
Actual	2021	59.63%	
Actual	2022	62.97%	
Proj	Year 1	73.95%	
Proj	Year 2	83.72%	
Proj	Year 3	93.49%	

Medicare Part A Projections

Medicare Part A or Skilled Nursing Services is a federal benefit for Medicare beneficiaries that provides skilled nursing and rehabilitation services after a hospital stay of more than three days. There are many benefits to having a robust Medicare Part A program:

- Higher reimbursement with higher margins
- Ensures continuum of care for current residents
- Attract and retain both short term and long term residents
- Promotes advanced clinical skills for team members

Riverside Rest Home is qualified to participate in the Medicare Part A program but has had to limit participation to current residents with lower acuity due to limitations of space within the facility. A robust Medicare Part A program necessitates both a dedicated rehabilitation space for therapy and adequate resident room size for bedside therapy. The construction of a new facility will enable Riverside Rest Home to offer the Medicare Part A benefit to all current residents and any qualified person that has met the three-day hospital stay. Traditionally, Riverside Rest Home's Medicare Part A census has been below 1% of the total census. The plan to grow this program with projected target census of 5% is achievable with a likeliness that it could exceed 5% as the program matures.

Historical and Projected				
M	ledicare Part A	A		
Actual	2012	0.36%		
Actual	2013	0.54%		
Actual	2014	0.59%		
Actual	2015	0.59%		
Actual	2016	0.61%		
Actual	2017	0.28%		
Actual	2018	0.40%		
Actual	2019	0.07%		
Actual	2020	0.16%		
Actual	2021	0.53%		
Actual	2022	0.29%		
Proj	Year 1	3.77%		
Proj	Year 2	4.44%		
Proj	Year 3	4.98%		

Medicare Part B Projections

The Medicare Part B program is federal benefit in which Medicare pays for certain outpatient services. In the long-term care setting, Medicare Part B services are frequently billed for rehabilitation services and physician services. Although Riverside Rest Home has provided these services for years, the facility leadership is developing an organized program that is compliant with Medicare Part B regulations. When fully operational, this program will allow Riverside Rest Home to bill for services that were previously provided without additional reimbursement.

Projected Revenue				
Medicare Part B				
Proj	Year 1	\$720,000		
Proj	Year 2	\$900,000		
Proj	Year 3	\$1,080,000		

Other Potential Revenue Changes

As Riverside Rest Home evolves their long-term care programing, there will be shifts in other revenue lines. Although they are not planned or intended, it is the consequence and/or benefit of progress. The exact impact on revenues is indeterminable at this stage.

<u>Private Pay:</u> Although private pay is not the intended market for Riverside Rest Home, County facilities have a reputation across New Hampshire for providing excellent care. The current physical building is a barrier for many families with private funds seeking long term care services. The new facility will likely attract additional private pay residents.

<u>MQUIP</u>: The Medicaid Quality Improvement Program is a New Hampshire program created to incentivize facilities that care for Medicaid beneficiaries. Each facility pays a "bed tax" on each occupied bed. Facilities receive an MQUIP payment for each Medicaid resident. As Riverside Rest Home's census shifts to accommodate more Medicare residents, the facility may experience a slight decrease in the MQUIP payment. This decrease will be offset by higher reimbursement from Medicare.

<u>Medicaid Rate:</u> The County's investment in new construction will be partially reimbursed through Riverside Rest Home's daily Medicaid rate. This report utilizes a Medicaid rate that assumes maximum capital reimbursement at the 85 percentile. The 85 percentile is subject to change depending on all reimbursable capital expenditures from all qualified facilities.

<u>ProShare:</u> The ProShare program is a federal program that allows municipalities and counties to recuperate some of the difference between the Medicaid rate and the upper payment limit of Medicare. As the Medicaid rate increases, the County may see a decrease in the ProShare payment.

The County as a Payer of Medicaid Services

New Hampshire is unique in how long-term care is paid for in the Medicaid program. In most states, the federal government pays a portion, and the State pays a portion. In New Hampshire, the federal government pays 50% of the Medicaid costs and the Counties pay the other 50%, up to the cap. This is seen as a payment each County pays to the State of New Hampshire each month. This arrangement provides an opportunity for Counties to invest in Home and Community Based Services for the elderly with the goal of caring for this population in the community, which is less expensive than facility-based care. As the County undertakes this significant construction project, additional investments that have the potential to reduce the County Medicaid burden could include:

- PACE Programs of All Inclusive Care for the Elderly
- Affordable Senior Housing
- Assisted Living Facility

Thank you for the opportunity to review the revenue projections for Riverside Rest Home. The proposed project is an exciting and needed addition to communities served by Strafford County. I am available to answer questions related to the reviewed materials.