

Strafford County Nursing Home

Riverside Rest Home

New Building Revenue Projections

Respectfully Submitted By:

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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**

<u>YEAR</u>	<u>BEGINNING BALANCE</u>	<u>PRINCIPAL</u>	<u>4.00% INTEREST</u>	<u>TOTAL</u>	<u>ENDING BALANCE</u>
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 1 Estimate						Daily Reimbursement	Yearly Reimbursement
	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	\$ 29,416.14	\$ 10,736,891.10		
Medicare A	2190.00	6.00	3.77%	\$ 558.80	\$ 3,352.80	\$ 1,223,772.00		
Private Pay Days	2372.50	6.50	4.09%	\$ 450.00	\$ 2,925.00	\$ 1,067,625.00		
Respite Pay Days	0.00	0.00	0.00%	\$ 250.00	\$ -	\$ -		
SBU Medicaid	10767.50	29.50	18.55%	\$ 289.12	\$ 8,529.04	\$ 3,113,099.60		
SBU Private	0.00	0.00	0%	\$ 310.00	\$ -	\$ -		
Other Insurance	0.00	0.00	0.00%	\$ 250.00	\$ -	\$ -		
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 2 Estimate

	Bed Days/yr.	Daily Census	Low Census	Rate	Daily Reimbursement	Yearly Reimbursement
Building Total						
Medicaid Bed Days	48545.00	133.00	73.89%	\$ 251.42	\$ 33,438.86	\$ 12,205,183.90
Medicare A	2920.00	8.00	4.44%	\$ 558.80	\$ 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	0.00	0.00	0.00%	\$ 250.00	\$ -	\$ -
SBU Medicaid	12045.00	33.00	18.33%	\$ 289.12	\$ 9,540.96	\$ 3,482,450.40
SBU Private	0.00	0.00	0%	\$ 310.00	\$ -	\$ -
Other Insurance	0.00	0.00	0.00%	\$ 250.00	\$ -	\$ -
Inpatient Medicare B						\$ 900,000.00
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
	65700.00	180.00	83.72%		\$ 50,150.22	\$ 31,912,633.30

Year 3 Estimate and Beyond

	Bed Days/yr.	Daily Census	Low Census	Rate	Daily Reimbursement	Yearly Reimbursement
Building Total						
Medicaid Bed Days	52195.00	143.00	71.14%	\$ 251.42	\$ 35,953.06	\$ 13,122,866.90
Medicare A	3650.00	10.00	4.98%	\$ 558.80	\$ 5,588.00	\$ 2,039,620.00
Private Pay Days	2920.00	8.00	3.98%	\$ 450.00	\$ 3,600.00	\$ 1,314,000.00
Respite Pay Days	0.00	0.00	0.00%	\$ 250.00	\$ -	\$ -
SBU Medicaid	14600.00	40.00	19.90%	\$ 289.12	\$ 11,564.80	\$ 4,221,152.00
SBU Private	0.00	0.00	0%	\$ 310.00	\$ -	\$ -
Other Insurance	0.00	0.00	0.00%	\$ 250.00	\$ -	\$ -
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
	73365.00	201.00	93.49%		\$ 56,705.86	\$ 34,485,441.90

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
Medicare Part 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.

Private Pay: 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.

MQUIP: 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.

Medicaid Rate: 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.

ProShare: 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.