HOSPITALITY STEWARDSHIP INTEGRITY RESPECT HUMOR

Operations Assessment Presentation – Questions and Answers

City of Fertile

Fertile, Minnesota

October 5, 2017

HEALTH DIMENSIONS GROUP
Managing. Consulting. Caring.

INTRODUCTION

Health Dimensions Group (HDG) was contracted by the City of Fertile to conduct an assessment of the operations at Fair Meadow Nursing Home to better understand where there may be opportunities to improve the overall operating results of the facility. The assessment was completed in the month of August 2017.

With the facility currently owned by the City of Fertile, it already receives a generous addition to the Medicaid rate of $7.71 per patient day (ppd) that goes directly to the operations of the facility. The average Medicaid census is 27, which equals an additional $208/day, or $75,982.05 annual revenue. Even with the additional revenue, the 2016 net income of the facility is still short ($286,151) and there is a projected shortfall for 2017 as well ($178,860). The City of Fertile has had to compensate for the operational loss year over year.

HDG's recommendations to stabilize and improve operations of Fair Meadow Nursing Home in order to maintain a self-sustaining nursing facility were presented to the City Board on September 25, 2017. Questions and answers that followed the presentation are provided next.

Questions and Answers

1. Exactly what reductions in benefits do you recommend and which employees will be affected?

HDG's recommendation is that all employees contribute to the cost of their benefits equal to Minnesota norms. Based on the Mercer National Survey of Employee-Sponsored Health Plans, the 2016 Minnesota average employee contributions are listed below.

- Medical Premiums: Employees contribute 24 percent towards cost of single medical premium and 34 percent towards cost of family medical premium.
- Dental Premiums: Employees contribute 53 percent towards cost of single dental premium and 56 percent towards cost of family dental premium.

Affected employees would include all employee not currently paying premiums at the Minnesota norm.

2. Which employee benefits are currently not competitive with other employees? What is the total amount of those added benefits for certain employees? How many employees total are getting added benefits?

Fair Meadow offers a very generous benefits package, with the retirement package for City employees adding to the generosity. The management team at Fair Meadow receives their medical and dental insurance free of charge if they choose to enroll.

3. Are nursing costs higher because of all the call-ins?

Yes, having to replace call-ins does increase costs. The City of Fertile offers a pick-up shift bonus; if someone calls in, that person is replaced by an employee receiving additional hourly compensation. It is extremely important to have a clearly defined absenteeism policy and procedure that is consistently enforced.

4. Are all packing slips and/or invoices being turned in and accounted for?

No. For example, in HDG's review, one vendor was paid from a statement in which four invoices were referenced, but not all of the invoices were attached to the statement to reconcile the amount that was to be paid to the vendor. As a result, the vendor appeared to have been overpaid approximately $750.

5.a. Why were only the department heads' health insurance paid in full by Fair Meadow for the past four years?

That was based on an administrative decision at the community level.

5.b. Do any other nursing homes offer free health insurance for managers?

HDG is not aware of any other nursing home that offers free health insurance for managers.

6. Why were more positions added in the last few years when the amount of beds went down?

HDG feels this is the result of not managing to an established budget and the owner's expectations not being clearly defined in a scope of authority policy for the facility's operations team.

7. How did they come up with hours being cut for dietary, maintenance, and nursing activities?

In reviewing the internal processes of each department mentioned above, HDG looked at the care needs of the 40 residents and compared to the state and national norms.

8. If activity is cut, how are we to meet all CMS guidelines?

Which particular CMS guidelines are you referring to? Applicable regulations are listed below. HDG's staffing recommendation is adequate to meet CMS guidelines.

F248 §483.24(c) Activities
(1) The facility must provide, based on the comprehensive assessment and care plan and the preferences of each resident, an ongoing program to support residents in their choice of activities, both facility-sponsored group and individual activities and independent activities designed to meet the interests of and support the physical, mental, and psychosocial well-being of each resident, encouraging both independence and interaction in the community.

F249 §483.24(c)(2)

The activities program must be directed by a qualified professional who is a qualified therapeutic recreation specialist of an activities professional who: (i) is licensed or registered, if applicable, by the state in which practicing; and (ii) is:

(A) Eligible for certification as a therapeutic recreation specialist or as an activities professional by a recognized accrediting body on or after **October 1, 1990: or**

(B) Has 2 years of experience in a social or recreational program within the last 5 years, one of which was full-time in a therapeutic activities program; or

(C) A qualified occupational therapist or occupational therapy assistant; or

(D) Has completed a training course approved by the State.

9. If you proved our residents are well taken care of, happy, and have good quality of life, why would you suggest cutting staff? Wouldn't that lower quality of life and care for residents?

HDG was asked to identify areas to improve efficiency while still providing quality care. The facility will have sufficient staff to care for its residents at a direct care ratio of 1:8.

10. It is recommended to decrease therapy staff hours and to increase amount of therapy given. How can this be accomplished?

HDG did not recommend cutting therapy staff; however, we did recommend increasing the RUs and RVs and to effectively increase the therapy minutes, which the department should consider increasing to 6 days a week.

HDG also recommended eliminating restorative CNAs and the COTA supervisor, and training the CNAs and an RN to provide the restorative nursing. The facility's recommended staffing pattern is at a 4-Star quality level, and a staffing ratio for CNAs is 1:8.

Restorative nursing includes nursing interventions that assist or promote a patient's ability to attain and maintain the highest level of function and independence. Restorative is often involved after therapy is completed to help maintain function gained in rehabilitation. The goals of a restorative program include:

- Promote mobility
- Promote continence
- Prevent contractures
- Prevent pressure ulcers
- Promote independence with ADLs
- Promote social functioning

Based on the resident assessment instrument (RAI) in the CMS manual, the requirements for coding the restorative program on the MDS are noted below:

- **Measureable objective and interventions must be documented in the care plan and in the medical record.** If a restorative nursing program is in place when a care plan is being revised, it is appropriate to reassess progress, goals, and duration/frequency as part of the care planning process. Good clinical practice would indicate that the results of this reassessment should be documented in the resident's medical record.
  - *Evidence of periodic evaluation by the licensed nurse must be present in the resident's medical record.* When not contraindicated by state practice act provisions, a progress note written by the restorative aide and countersigned by a licensed nurse is sufficient to document the restorative nursing program once the purpose and objectives of treatment have been established.
  - *Nursing assistants/aides must be trained in the techniques that promote resident involvement in the activity.*
  - *A registered nurse or a licensed practical (vocational) nurse must supervise the activities in a restorative nursing program.* Sometimes, under licensed nurse supervision, other staff and volunteers will be assigned to work with specific residents. Restorative nursing does not require a physician's order. Nursing homes may elect to have licensed rehabilitation professionals perform repetitive exercises and other maintenance treatments or to supervise aides performing these maintenance services. In situations where such services may not be coded as therapy in item O0400, Therapies, because the specific interventions are considered restorative nursing services. The therapist's time actually providing the maintenance service can be included when counting restorative nursing minutes. Although therapists may participate, members of the nursing staff are still responsible for overall coordination and supervision of restorative nursing programs.
  - This category does not include groups with more than four residents per supervising helper or caregiver.
- The facility should not have a COTA overseeing the program. A registered nurse (RN) or a licensed practical (vocational) nurse must supervise the activities in a restorative nursing program.

11. How can you increase acuity of patients (trach, wounds, etc.) and at the same time decrease staff?

Staff is recommended at a 4-Star quality level. The ratio for CNAs is 1:8.

12. If you are cutting CNAs, how are they to have time to do rehab?

Staff is recommended at a 4-Star quality level. The staffing ratio for CNAs is 1:8. See response to question 10.

13. Are you aware that positions eliminated provide hands-on patient care? How will aides make up these hours to prevent resident decline?

Staff is recommended at a 4-Star quality level. The staffing ratio for CNAs is 1:8.

14.a. By cutting the staffing, what will this do to Fair Meadow's rates?

Salary decreases in direct care (nursing, nursing administration, activities, and social services) will decrease the facility's rates by approximately the amount of the decrease divided by the resident days subject to the rate methodology. Salary and decreases to housekeeping, laundry, maintenance, and administrative costs and wages will not change the Medicaid rates.

Decreases to health insurance will impact the facility's rates by the amount of the decrease divided by resident days. The 2016 cost report will be used to set the January 1, 2018, rates, so if the decreases happen in 2017, they would impact the January 1, 2019, rates. If the decreases happen in 2018, they would impact the January 1, 2020, rates. Minnesota requires the cost reports to be filed based on an October 1 to September 30 fiscal year, so the cost changes during that period are what determine the change in rates. Since it is already October, any changes now would most likely impact 2020.

14.b. What are the costs of your recommendations for new implementations?

Staff is recommended at a 4-Star quality level. The staffing ratio for CNAs is 1:8. There is no additional cost for these recommendations. There is currently an excess of staff in the facility's nursing department compared to state and national averages. As noted in the report, Fair Meadow is running at 5.33 ppd for total nursing, while the Midwest average is 3.73 ppd for total nursing and the national average is 3.84 ppd for total nursing.

15. Is it okay to have 4 RNs, 2 cart people (LPN/TMA), a clerk, a secretary and an orientor all during first shift when the other two shifts have 2 cart people and 5 CNAs and they also need to answer the phones?

The recommended staffing adjustments address this issue.

16. Why is the focus on direct care staff when there are too many supportive staff roles?

The recommended staffing adjustments address this issue.

17. How is it possible to do most of these recommendations in 30 days? It took 60 days to develop the recommendations.

HDG's recommendations are based on historical practices. It is up to the City of Fertile to determine which recommendations they want implemented and the time frame in which they would like the operators of their nursing home to have them completed.

18. Can you prioritize by area?

HDG's top priorities in no particular order are as follows:

- Install an electronic timekeeping system.
- Establish a budget (before October 1, 2017).
- Implement staff reductions to bring nursing labor within industry standards, while still providing quality care; also included in this are the other departments referred to earlier.
- Provide PCC training for billing office.

19. Are Medicare patients actually more profitable?

Yes, as reviewed in the PowerPoint presentation:

- Average **Medicaid** resident revenue is $252.46/day.
- Average **Medicare** resident revenue is $356.15/day. Medicare is all-inclusive; on average, Fair Meadow's cost for a Medicare resident is $78.82/day. $356.15 - $78.82 = $277.33/day.
- Medicare pays $24.87/day above the Medicaid rate. Admitting one Medicare patient would increase revenue by $10,000 per year.

20.a. Need to "prioritize" recommendations at beginning of presentation with those at the end of the presentation.

Thank you for the feedback; no question noted.

20.b. There was discussion at the end of the meeting about the early recommendation to eliminate the educator position but at the end there is discussion on establishing a State-certified educator and also revamping/improving orientation of new staff. This would appear to contradict the recommendation to eliminate the educator position.)

See response to question 18. The State-certified educator is a program desired by the facility; at the time of the assessment, HDG recommended that the DON lead the program.

21. We have had one MDS person in the past. Primary nursing works much better as the RN-LPN-CNAs know their patients well. Unless working one-on-one, staff will not be as aware of the residents they serve. MDSs were missed in the past because one person was in charge.

Thank you for the feedback; no question noted.

22. With the reduction in CNA staff, and then having an RN in the building on each shift, plus some other changes with LPNs, will the RNs and LPNs now be providing some more direct care to hopefully offset the reduction in CNAs?

HDG's recommendation is for the RNs to be on the floor to add the ability to assess patient care.