

Public Health Committee Minutes
August 13, 2012 – 4:00 p.m.

Present: Chairman Wright; Supervisors Raymond, Kinowski, Veitch, Southworth, Grattidge, Yepsen, Rowland, Jenkins, Lewza, Peck and Wood; Spencer Hellwig, County Administrator; Nick Berardi, Dawn Hub, Pamela Almy, Terrie Salisbury, Michelle Bush, Danielle Chillemi, Mary Myers, Sandy Fischer, Diane Brown, Heidi Jerome, Erica O'Brian, Christine Finley, A. Boyer; Maplewood Manor; Mark McCarthy, Karl Sleight, Harris Beach; Arthur Webb, Arthur Webb Group; Sam Pitcherelle, Cindy Baker, Treasurer; Hans Lehr, Mental Health; Ryan Moore, Mgmt. Analyst; Jack Kalinkewicz, Marcy McNamara, Personnel; Scott Brachett, Bryan Miller, Tammy Ballestero, Michael Nickson, CSEA; L. Cook, American Legion Post 234; Press.

Chairman Wright called the meeting to order and welcomed all in attendance.

On a motion made by Ms. Yepsen, seconded by Mr. Veitch the minutes of the June 11, 2012 meeting were approved unanimously.

Mrs. Brown requested approval to enter into a contract with Chubb Insurance to increase rates for private rooms to \$378.78/day.

A motion was made by Mrs. Southworth, seconded by Mr. Veitch to approve a contract with Chubb Insurance to increase the rates for private rooms at Maplewood Manor to \$378.78/day. Unanimous.

Ms. Levison requested approval to increase the rates for flu and pneumonia vaccines from \$34.26 to \$35.00/dose and \$54.35 to \$55.00/dose respectively.

A motion was made by Ms. Yepsen, seconded by Ms. Raymond to approve a rate increase for flu vaccines from \$34.26 to \$35.00 and \$54.35 to \$55.00 for pneumonia vaccines. Unanimous.

Ms. Levison requested approval of the CDPHP rates as outlined:

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| HHA | \$ 45.62 |
| RN | \$148.53 |
| SW | \$ 98.66 |
| ST | \$102.91 |
| OT | \$ 90.18 |
| PT | \$ 90.18 |
| NUT | \$ 93.36 |

On a motion made by Mr. Grattidge, seconded by Mrs. Southworth the above CDPHP rates were approved unanimously.

Mr. Wright said a subcommittee will be appointed to meet with the New York State Department of Health to address environmental health issues. The following were appointed to the subcommittee: Mrs. Southworth, Ms. Raymond, Mr. Lucia, Mr. Moore and Mr. Hellwig.

Mr. Sleight from Harris Beach gave a brief overview of the process that has taken place with regard to the Maplewood Manor Assessment. He said in March of 2012 the county issued an RFP expressing the need for an assessment of Maplewood Manor and the Board of Supervisors chose Harris Beach and the Arthur Web Group as the most qualified bidder. The proposal has been broken down into a phased approach with phase one and two being an operational assessment and options identification. He said the methodology that was used as it relates to the project was that the team looked over 2,000 pages of material related to the facility including the demographics of population at the nursing home to audited financial statements and a variety of documents that were provided by the county administrator's office. A comparative analysis was done of other county nursing homes in the region, statewide. Team members took part in a tour of the facility, which was a very important part to the findings and recommendations. State and Federal healthcare policies have been reviewed and the expectations of what they will be in the future. A number of options will be presented for consideration with more discussion to take place in the future, he said.

Mr. Webb said Maplewood Manor is a 277 bed nursing home offering a wide range of services to the community. The nursing home has done an amazing job in fulfilling its traditional mission, he said. Based upon the State, Public and new information, Maplewood Manor is clearly needed, with 86% of the residents in Maplewood coming from the county. The revenue projection for 2014 is approximately an \$11 million deficit; in 2013 the deficit is approximately \$10 million and in 2012 it is estimated to be \$9.8 million. It is indisputable that Maplewood Manors deficit and key financial issues are not consistent with other nursing homes and is not sustainable unless the county wants to increase taxes and/or dramatically restructure its workforce.

Mr. McCarthy said under the law in New York, once the county has chosen to operate a nursing home under a collective bargaining agreement where the union employees are providing almost all of the services of the nursing home, regardless of what decisions that are made moving forward one of the decisions you have to take into consideration is that you cannot arbitrarily subcontract out portions of the contract without negotiating with the union. In order for the county to do that they would have to totally get out of providing those services. The county cannot maintain any type of control over how the services are provided. He said there is some discussion in the presentation for a Local Development Corporation as an option. Under that possibility, the employees would remain county employees and, therefore, the collective bargaining agreement would remain in full force and effect.

Mr. Webb said the gap between the cost per day and the Medicaid rate is over \$100 in 2012. Your fringe benefits are 68% of wages for 2012 and growing to 90%. The deficit in 2012 is \$9.8 million and \$11 million by 2014. To close the deficit gap Maplewood would have to eliminate over 35% of its workforce, which is not being recommended, he said.

Mr. Webb said they do not recommend closing Maplewood Manor. It really provides a local care and response to the community; however, maintaining the status quo is just not viable.

The following next steps were recommended for consideration:

- Increase revenues and decrease expenditures
- Hire an expert in the industry to undertake evaluation
- The county needs to decide if they want to stay in the industry as part of their mission and legacy

Mr. Sleight said the 20% tax increase or more in 2012 or 2013 would not close the gap, which is an increase that would be coming back to you every single year. Although this is an option, it is not an option that the team is recommending. An option that is continuing to be looked at is the prospect of the transfer of the real estate and the physical plant of the nursing home to a Local Development Corporation, which is a model that other counties in the state are looking at. This is something that is created under the State's finance law and there are many Local Development Corporations in the state. The real estate would transfer to the LDC and the LDC would have a board that would be chosen by the Board of Supervisors, with no more than five members recommended. He said the Maplewood Manor physical plant and real estate are debt free, and the recommendation would be that the County conduct a professional due diligence survey and valuation of the Maplewood asset to allow county leaders to make fully informed decisions during the next phase of the process. He said the LDC gives borrowing ability, allowing the county to access some of the equity in the facility to explore next steps in the solution, and in some instances provides a level of deficit relief depending on the particular facts and circumstances. He said Harris Beach Public Finance practice group is prepared to brief county officials on the specifics of a transition to an LDC model in greater detail, if the county wishes to pursue the recommendation.

Mr. Wright said there has been a lot of press about the level of care going down if Maplewood Manor was to be privatized or their loved one would be shipped out of state. He asked if there was any foundation to that. Mr. Webb said that every nursing home in the United States is governed by a set of rules and regulations imposed by the Federal Government and the Survey of Regulatory Responsibilities in the State. Every nursing home has to meet those qualifications. He said the CMS quality measures, Medicare compare, on every nursing home is evaluated on that basis and beginning in 2014-2015, nursing home reimbursement for Medicare will start to go to performance based. In terms of relative quality, frequently it is just about the same in terms of measures, he said. With regard to shipped out of state, the State of New York has this huge new policy to dramatically reduce anyone moving out of state that they would have to pay for. He said if Maplewood Manor were to increase their Medicare days by

just 3% they would generate \$700,000, so a person who values that would look at that beyond just the asset.

Mr. Grattidge said in the past they have been told that the rates of reimbursement have been based on the age of the facility. There was some discussion of upgrading to a newer facility to increase the rate. He said he has now been told that they are not taking that into consideration. Mr. Webb said this is being eliminated because the Medicaid pricing is following the Medicare pricing rules.

Mr. Webb said two years from now when nursing homes are going to be required to be a part of managed care, you will have a third party that will be dictating who gets in, what the services are, and what price they are going to pay.

On a motion made by Mrs. Southworth, seconded by Ms. Raymond the meeting was adjourned.

Respectfully submitted,
Chris Sansom