REQUESTED FOR MEETING ON AUGUST 3, 2018

Our Goal

We come to this meeting today to ask you to:

1. Move all non-medical residential assisted living services under NRS 449
    a. Providers who offer:
        i. Protective supervision
        ii. Medication Management
        iii. Assistance with activities of daily living at any level
            1. Should all be under NRS 449.
2. State and Federal funds available to help the frail, elderly, and the physically and mentally disabled residents of our state should be distributed in a transparent and equitable way. Our suggestions:
    a. Create a voucher system of reimbursements for those who cannot afford to privately pay for non-medical residential assisted living services.
        i. For those under 65.
        ii. For those over 65. The Frail & Elderly Waiver is available; however, the reimbursement levels are too low, the wait list takes up to a year in southern Nevada, and the approval process is cumbersome and prohibitive in some cases.

Operational Costs for Residential Facilities for Groups

Residential Facilities for Groups, or Care Homes, (or Group Homes) have variable and fixed expenses and home owners/managers wear multiple hats to ensure that all policies are followed and value is offered to elderly residents. Many owners approach their work from a service motive, that goes beyond a financial-only motive that is more apparent in corporate or institutionalized systems of care.

ITEM	Description	Annual	Per Unit	$ Units	# Units	Cost/Day
Hourly staffing cost	$8.25/hour with two staff for 12 hours during the day and 1 for 12 hours at night. This figure is accurate only if a care home is able to hire live-on staff for all of its staff.	$108,405.00	$8.25	36.00	365	$297.00
Hourly staffing cost	*It is NOT possible to find great caregivers at minimum wage. More realistic figure is $15/hour with two staff for 12 hours during the day and 1 for 12 hours at night. At this hourly rate, overtime doesn't apply.* ***This figure is for discussion purposes and is not added to total at this time.***	*$157,680.00*	*$12.00*	*36.00*	*365*	*$432.00*
Overtime	Overtime applies to staff who are not live-in. Some care homes are not able to find appropriate live-in staff. This could be $13,550.63 annually, figure used is average.	$9,033.75	$4.13	6.00	365	$24.75
Payroll Taxes	Estimated 20% more	$63,072.00				
Total Staff Cost		**$180,510.75**				
Workers comp	Workers' comp insurance will depend on number of claims by provider and an industry claim average.	$2,700.00				

Agenda Item II (C-5) (HEALTH)
Meeting Date: 08-27-18

Liability Insurance	Increasing annually due to increasing claims (Nursing home slip and falls.)	$5,923.00				
Licensing for 10 bed home	License fee, surety bond,	$2,293.00				
BELTCA Administrator	Most RFAs charge $100 per bed per month.	$12,000.00	Per Bed Per Mo	$100.00	10	
Sprinkler monitoring & repair	Sprinkler monitoring, repair, fire extinguisher, Egress lighting maintence, other. There are different annual and quarterly fees. This is a realistic annual average.	$1,500.00				
Food (COGS)	10 persons and staff - live in staff may have families as well who are included in the food count.	$18,000.00	Per Mo	$1,500.00		
Utilities	Utilities include all regulard household utilities but greater. Cox charges per unit, and in this setting, there is a TV in every room. Wifi is necessary, so is a fax line.	$21,600.00	Per Mo	$1,800.00		
Replace Equipment	Washer/Dryer, AC, Refrigerator, Stove, Furniture, Fax/copier, Etc. (Average figure. AC could be $3,000; a washter $500, but must budget for this as something ALWAYS breaks, annually.)	$1,000.00				
Office Supplies	Required to keep files locked, copier, fax, ink, paper, and other supplies	$1,000.00				
Laundry supplies	Soaps, cleaning products, etc	$600.00	Per Mo	$50.00		
Activity costs	Entertainment in the facility and outings. (Massage Therapist $120/mo; Performance $50/mo; Travel to an outing $50/mo)	$2,640.00	Per Mo	$220.00		
Rent / Mortgage	This can vary, but as these are all very large homes, average is used	$30,000.00	Per Mo	$2,500.00		
Business Loan Payment	Some homes were purchased from previous owners. If not, then the initial investment must also be captured in some way.	$12,000.00	Per Mo	$1,000.00		
Incontinence supplies	Briefs, wipes, pads, lotions will depend on clientele or if hospice is helping or not.	$2,400.00	Per Mo	$200.00		
Landscaping		$2,160.00	Per Mo	$180.00		
Total Annual Average Cost of Running a 10-Bed Home	**$296,326.75**					

There is a discrepancy in how we value the different long-term care options:

	Long Term Care Provider	**Medicaid/hour**	**Standard**	**Monthly**	R&B	Monthly
1	PCA - At Home Care	$17.00	$25.00	$14,400.00		
2	Nursing Home Daily Rate			$6,000.00		
3	SLA/CBLA**			$5,000.00		
4	Residential Facility for Groups		Level 1	$690.00	$1,800.00	$2,490.00
			Level 2	$1,560.00	$1,100.00	$2,660.00
			Level 3	$2,070.00	$1,100.00	$3,170.00

** Unlicensed homes under this umbrella have been able to provide Basic Skills Training (BST) or Psychological Skills Training (PST) at a rate of $37/hour per person, with the often-reachable hourly reimbursement of $111. These trainings have not only not been sanctioned by any authority, they are also not surveyed or reviewed ever, and hence

the quality of trainings are vastly different from what was intended by NRS 433/435, or what is provided by Opportunity Village.

Care Homes have only one state support: Medicaid's Frail and Elderly Waiver, administered by Aging and Disability Services. Most commonly referred to as the WEARC program, however the correct name is the F&E Waiver. This waiver provides group homes with the ability to bill Medicaid for the service provided only. The group home is supposed to collect room and board outside of the F&E Waiver portion. Hence, providers can set their own price, such as that the Room and Board rate is between $1,800 to $1,100 and with the waiver rate, a resident may be able to provide a total contribution of $2,490-$3,170. Average monthly service rate for a Medicaid Provider Care Home is $2,500. If a Care Home accepts mostly Level 3 residents, we must keep in mind that their staffing costs will increase, due to the fact that two caregivers cannot care for 10 Level 3 residents. So, it is fair and common to use $2,500 as an average monthly income from a resident living in a Medicaid provider Care Home. To demonstrate this fact, one group home was willing to share its rent rolls for one month in 2017:

Room	Private Pay	Medicaid	Per Day	Monthly	Total
1	$1,026.00	yes	$52.00	$1,560.00	$2,586.00
2	$2,000.00	no		$0.00	$2,000.00
3	$1,900.00	waiting		$0.00	$1,900.00
4	$1,341.00	yes	$52.00	$1,560.00	$2,901.00
5	$1,032.00	yes	$69.00	$2,070.00	$3,102.00
6	$1,000.00	yes	$52.00	$1,560.00	$2,560.00
7	$2,800.00			$0.00	$2,800.00
8	$1,000.00	yes	$69.00	$2,070.00	$3,070.00
9	$900.00	Yes	$52.00	$1,560.00	$2,460.00
10	$1,700.00	yes	$23.00	$690.00	$2,390.00
					$25,769.00
				Average:	*$2,576.90*

If a resident needed to go to the hospital for two weeks, during the month, the Medicaid Provider Care Home is now unable to bill and collect for those two weeks, yet the space must be kept for the resident to return to, and the Care Home continues to have the same amount of expenses (staffing, utilities, mortgage etc., doesn't lower…) This fallacy can break a small business' ability to meet its payroll obligations for that month.

Here is a breakdown of Income and Costs:

ITEM	Annual	Per Unit	$ Units	# Units	Cost/Day
Total Annual Average Cost of Running a 10-Bed Home	**$296,326.75**				
Income-using an average of $2,500 for a 10-bed home	**$300,000.00**	$2,500.00	10	12	

Gross Profit	**$3,673.25**

It is unlikely that a Care Home can stay in business if it grosses only $3.5K per year, especially because the owner works 20 hours per week in their own facility, wearing multiple hats. Please review our prepared "job description" of an owner/administrator of a Care Home.

Improving Current Structures

It seems very inefficient to spend more on "unlicensed care" when the existing proven safe, lower cost, LTC choices exist.

The SLA/CBLA system created homes where the following were not required: BELTCA Licensed administrators, sprinklers and other safety features, transparency for community complaints, training for staff and many other items. Nevada's own internal audit (Dec 2016 and 17) as well as TV news stories showed the living conditions that develop when these requirements are waived.

Even though the F&E Waiver creates a system of funding for Care Homes that is still dramatically underfunded, it is clearly a better option than the SLA/CBLA system. If the funding available to the SLA/CBLA system were made available to the care homes, Nevada could truly find a solution to its frailest elderly, mentally and physically disabled residents.

The current Care Home requirements have propelled Nevada to be one of the best system of long term care in the nation. The SLA/CBLA system moved non-medical care away from licensed care – Care Homes with Mental Health endorsements, where those with mental illnesses were cared for safely and cost effectively.

This re allocation of funds toward unlicensed SLA / CBLA care has negatively impacted funding of **ALL** licensed long-term care providers as listed above, at a time when long term care is critically needed. For example, the 5,000 SNF beds, state wide, that use to be mainly used for long term care, are now reduced to just 2,500 beds because of Medicaid under funding of SNF LTC beds. The remaining 2500 SNF beds are increasingly used for acute short-term rehab and are no longer used for LTC, leaving a gaping hole in the states LTC bed resources. Those who fall into the "transitional living" or SLA category yet are funded at a higher level ($5-6 K / mo.) in total cost per resident than those who require more intense and on-going monitoring in a SNF. This relative inequity in reimbursement reduces funds for the overall system, besides the obvious injustice.

Nevadans are still living out of state from past mental health crises. To avoid such crises, create safe homes for those that require non-medical, yet critical assistance, provide funding to the Care Home system to be able to grow, apply to funds for those who are under 65, speed up the F&E waiver waiting list, and create a system where the funds actually cover the cost of operating in a manner that entices small business entrepreneurs and operators to actually stay in business.

Mental Health Group Homes v CBLA

Before the state began moving the non-medical care from licensed care, Care Homes with the Mental Illness endorsement provided the care safely and cost efficiently. Care Homes have long proven, safe, and cost-effective track record.

Unreasonably Restrictive Regulations/Issues

The Care Home industry have been battling with the whim of the State Fire Marshall for 21 years. At times, Care Homes are allowed to have 10-category 2 residents. At times only Category 1's. Then it's 5-5. These changes affect the industry's ability to grow, to effectively retain top providers. It is essential to understand that it is hard enough to stay in business as it is, it would be impossible, if 10 Category 2 licenses were not allowed. And since safety has never been compromised in a sprinkled, licensed home, this discussion is exhausting.

In Conclusion

Nevada NRS 449 Licensed Group homes are among the best in the nation. Nevada was among the first states to require sprinklers, requires liability insurance and a licensed BELTCA Administrator that other states may not require. Nevada has a 20-year track record with no fire deaths in sprinkled homes. Already there are many crisis situations in "unlicensed" SLA / CBLA care including the tragic death of a caregiver on 7/26/16.

While the growth of Licensed Care Homes has been stunted by the states focus on "unlicensed care" for similar or same needs, the industry continues to educate the community on the high value Care Homes offer to a state health care system with crisis level needs for safe, cost effective, monitored, Long Term Care choices. Nevadans are fortunate to have many licensed choices in LTC (PCA, RFFG, SNF, Home Health Care, Hospice Care and others) at many price points but need Legislators to help restore a single common set of regulations to protect a fair, free market of business practices and the disabled who use those services.