



National Indian
Council on
Aging, Inc.

TRIBAL LEADERS:
**THINKING ABOUT
BUILDING A TRIBAL
LONG TERM CARE
FACILITY IN
YOUR COMMUNITY?**

Some
Issues and
Variables
to
Consider
as you start
this Quest

THE PURPOSE AND FRAMEWORK OF THIS PRESENTATION

- This presentation is designed to enable Tribes to begin its planning processes and should be considered as a generalized overview
- The process and elements of this is complex and much more detailed than the simplified version here
- Consider this as a beginning step and remember there are 50 states, each having different requirements for constructing a LTC facility



FOR STARTERS: TWO THINGS TO THINK ABOUT AND CONSIDER. FIRST: CERTIFICATE OF NEED (CON)

- **CERTIFICATE OF NEED (CON) REQUIREMENTS.**
- **CURRENTLY THERE ARE 35 STATES THAT REQUIRE CONs.**

As mentioned earlier, each state has different requirements about building LTC facilities. CON means that there has to be a need for the facility and this usually means looking at the area and determining that the area is not being overbuilt with LTC facilities. Those 35 states will have different standards that one must meet before they will approve the construction of the facility. Be sure to check out these requirements.



REVENUE EXPECTATIONS PER OCCUPANCY ASSUMPTIONS

- **MEDICARE:** What are the numbers of people in your community that meet Medicare requirements? And what are the projected reimbursements that can be collected? Medicare Conditions of Participation (CoPs) need to be consulted for certification.
- **MEDICAID:** What are the anticipated numbers of people who are eligible for Medicaid and the anticipated reimbursements that you are could collect from the Medicaid program? Some states require that a certain percentage of new beds be certified as Medicaid(usually 50%). Check local requirements.
- **PRIVATE PAY:** Are there individuals who could pay from their private insurance? These are individuals who could pay the full costs of care in the facility.
- **VETERANS ADMINISTRATION:** How many eligible veterans in the area? This source would require a contract, a survey and an authorization from VA.
- **CHARITY:** What are potential numbers of people who will need the support from the tribe who are neither eligible for any of the above payment sources?
- **OCCUPANCY RAMP-UP:** What are the anticipated types of individuals that could occupy the facility on the first day of operation. What would the mixture look like? How many would be Medicare, Medicaid, or Private pay residents in the facility on that first day?



THE SECOND CONSIDERATION: Research the State's Medicaid Requirements

- Check the State's Medicaid program to find out what the processes are for developing and constructing a LTC facility
- There you will find out what are the qualifications for staffing, infrastructure, water pressure, footage per patient, reimbursement rates and who the contact officials are at the state offices.
- Remember, State Medicaid programs have different names, i.e. In California it's called "MediCal" and in Arizona it's called "AHCCS" and so forth.



NEXT: CONSIDER THE **LOCATION** OF THE LTC FACILITY : Proximity to the following:

- REFERRAL SOURCES, SUCH AS :



SPECIALISTS



HOSPITALS



**STORES,
TRANSPORTATION,
& OTHER
CONVENIENCES**

QUESTION: Is there sufficient need for services?

- **THE MARKET:** What are the demographics for services in the area where you want to build the LTS Facility? Are there other facilities in the area? How unique would your facility be in comparison to others in your area?
- **THE BEDS:** Is there a need for additional for beds in your area? How would the additional beds that you are proposing be different from others in your area?
- **THE COMPETITION:** What would be the impact of the competition of beds and a facility be in your area? What are the possible political implications of additional beds in your area? Can you compete and to what extent is the facility you are planning different from those in your area?



**PRO FORMA
PROJECTIONS ON
THE FACILITY
THAT WOULD
INCLUDE THE
FOLLOWING:**

- **OPERATING EXPENSES:**

FIXED COSTS: Rent, loan costs, utilities, etc.

VARIABLE COSTS: that would include (occupancy mix and numbers)

START UP COSTS: costs that come with the planning process, bids, time of staff in planning, etc.

OTHER COSTS: Other costs not anticipated such as costs associated with compliance issues, other anticipated issues such as material shortages, etc.

- **REVENUE EXPECTATIONS PER OCCUPANCY ASSUMPTIONS:**

MEDICARE: What are the anticipated numbers of individuals who would be eligible for long term care through the Medicare program? Remember that Medicare program can only pay for a certain number of days for this.

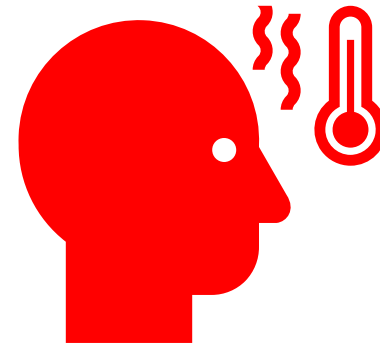
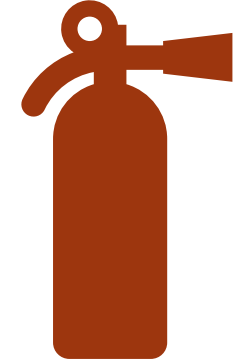
MEDICAID: What are the total numbers of people who would be eligible for Medicaid in your state? To do this, you would need to review the assessment form that is used to determine eligibility for Nursing Home Care in your respective state.

PRO FORMA PROJECTIONS ON THE FACILITY (Cont'd)

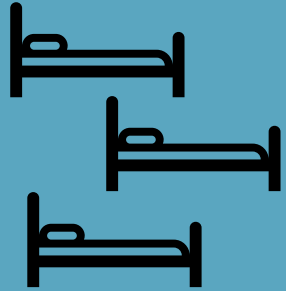
- **PRIVATE PAY:** What are the number of people in your community who have private insurance or the necessary resources to pay the costs of care in your facility?
- **VETERANS ADMINISTRATION:** Numbers of veterans who would be eligible for LTC services
- **CHARITY:** What are the numbers of people in your community who would require the support of outside resources to receive services in the facility? These resources could be tribal, foundations, etc.
- **OCCUPANCY RAMP-UP:** What would the occupancy and characteristics of the residents of the facility look like on the first day of operation? What do you anticipate the payment mixture to look like? Mostly Medicare? Medicaid? Private Pay? Charity? What is the ideal mixture to ensure the financial stability of the facility? These are important considerations in the successful operation of the facility.

WHEN THE LTC IS UP AND OPERATIONAL, REMEMBER:

- **It is absolutely critical that there be sufficient funds be available once the facility begins operating to sustain it for what could be several months. Why?**
- State surveyors will want to come in and inspect after the facility has produced a variety of operating records: Staffing schedules; medication administrations; treatments; therapy modalities; meals (including special diets); life safety activities including fire drills and generator checks, etc., etc.
- Additionally, CMS will want to see specific treatment regimens on otherwise qualified Medicare patients.
- So, most all these operating costs will go unpaid for until Medicaid and Medicare participation is approved (and they do not pay retroactively).



PRO FORMA PROJECTIONS FORCASTING ECONOMY OF SCALE, PAYOR TYPES AND SERVICES. CONSIDER:



Size/number of Beds:
Consider Economy of Scale, usually 120 Beds

Types of Beds: Skilled Nursing? Level 1? Behavioral/Dementia?



Payer Mix: Medicaid, Medicare, Private Pay

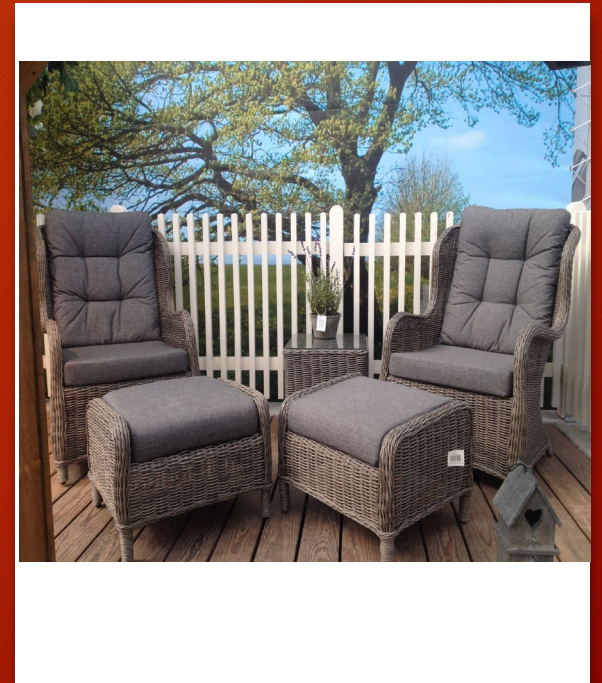
IDENTIFY FUNDING OPPORTUNITIES: (One-Time and Ongoing Sources)

- Governmental (Medicaid, Medicare, VA & Other Governmental Sources)
- Grants
- Foundations
- Group or Individual Sponsors
- Fundraising Events
- Others



USES FOR FUNDS IDENTIFIED: What Will It be Used For?

- LAND COSTS?
- ARCHITURE & ENGINEERING (A&E)?
- CONSTRUCTION-PHYSICAL PLANT?
- FURNITURE, FIXTURES & EQUIPMENT (FF&E)?
- PATIENT CARE SUBSIDIZATION DURING OPERATION?
- OTHER?



IDENTIFY AND CONSIDER POTENTIAL PARTNERS. For What Purposes?

- ❑ SHARING RESOURCE, ESPECIALLY PERSONNEL
- ❑ REFERRAL NETWORKING
- ❑ COMMUNICATION & MARKETING
- ❑ SHARING OR BLENDING SERVICES
- ❑ BUILDING ON ESTABLISHED REPUTATION/MARKET SHARE





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CLOSING OBSERVATIONS & SUMMARY



**VISUALIZATION, PLANNING AND
CONSTRUCTION OF AN LTC FACILITY
IS COMPLEX AND REQUIRES
CONSIDERABLE THOUGHT.**



**THIS BRIEF PRESENTATION IS SHARED
TO PROVIDE A BEGINNING
FRAMEWORK AS YOUR COMMUNITY
LEADERS PONDER THIS IDEA.**



**THANK YOU TO INFORMATION SOURCE:
DAVID B. WILDGEN, MPA LNHA**