



KORMOS AND COMPANY LLC
STRATEGY • FEASIBILITY • DEVELOPMENT

HEAL NY Medicaid Redesign Grant

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Agenda

- Background
- Objectives
- Preferences
- Eligible Activities
- Operations Support – Rate Adjustments
- Capital Projects – HEAL grant
- Tips and Advice
- Nuts and Bolts
- Questions

Background

- HEAL grants started in 2005 - reform and reconfigure New York State's health delivery system
- HEAL NY Medicaid Redesign due 3 pm, January 17, 2012
- Grants totaling up to \$450 million (HEAL funds combined with F-SHRP funds)
- Differences from HEAL 20
 - Addition of temporary Medicaid rate adjustments
 - More details on outcome measurement and health information technology
 - No SEQR form required

Objectives

- **REDUCE EXCESS CAPACITY**
- Help “Safety Net” Facilities
 - Serve large numbers of high risk and uninsured
 - Located in areas with few health care facilities
- Assistance to:
 - Close
 - Merge
 - Downsize
 - Restructure

Eligible Applicants

- Facilities undergoing closure;
- Facilities impacted by the closure of other health care facilities;
- Facilities subject to mergers, acquisitions, consolidations or restructuring;

OR

- Facilities impacted by the merger, acquisition, consolidation or restructuring of other health care facilities

Eligible for Medicaid Rate Adjustment

- General hospital
- Diagnostic and treatment center
- Hospital eligible to be classified as a Sole Community Hospital
- Residential health care facility (nursing home)
- Certified home health agency (CHHA)

Eligible for HEAL Grant Awards

- General hospital
- Residential health care facility
- Established Article 28 Network
 - which includes a general hospital or residential health care facility;
- An active parent or co-operator of a general hospital, or residential health care facility

Preference

- Supported by any committee or workgroup convened or appointed by the Commissioner of Health to assist in, evaluate, recommend or oversee restructuring efforts in a particular region or area (Brooklyn Health System Redesign)

Preference

- For each of 3 consecutive preceding years:
 - Have a loss of operations; and
 - Have a negative fund balance or negative equity position; and
 - Have a current ratio of less than 1:1
- Is a provider that fulfills an unmet health care need
 - Volume of Medicaid, service volume and mix, significance of institution in ensuring access

Preference

- Provide significant care for vulnerable populations
 - Nursing home whose percentage of Medicaid and/or uninsured is 10% or more in excess of the average in the county
 - A nursing home located in a county with fewer than six nursing homes
 - Other criteria directed toward hospitals (Medicaid discharges, ED visits, located in a MUA or HPSA)

Eligible Activities

1. Mergers, consolidation, and shared governance
2. Closures and conversions
3. Bed reduction and service reconfiguration
4. Operational Activities to support transition actions from 1.,2.,3.

Mergers, Consolidations & Shared Governance

- Full Asset Merger
- Shared Services
 - Delegation
 - Consolidation
- Shared Governance
 - Active Parent
 - Article 28 Network

Closures & Conversions

- Facility Closures
- Conversions
 - Example: closing beds and converting building to assisted living

Bed Reductions & Service Reconfiguration

- Reduction in **staffed** inpatient beds and expansion of community based services through conversion of vacated space or reconfiguration of space
- May include redeployment of inpatient personnel to community based services

Operations Support

- Applicants undergoing or impacted by mergers, acquisitions, consolidations or restructuring
- Temporary increases in Medicaid reimbursement rates (up to 3 years)
 - Transition to increase in non-Medicaid revenues
 - Expand services without an increase to its reimbursement rate
- Specifically mention the Brooklyn Workgroup

Operations Support

- Achieve one or more
 - Protect or enhance access to care
 - Protect or enhance quality of care
 - Improve cost effectiveness of service delivery
 - Otherwise protect or enhance health care delivery system

Operations Support Activities

- Medicaid rate adjustments include but are not limited to:
 - Staffing and other costs to accommodate displaced patients
 - Referral and follow-up of displaced patients
 - Transfer of medical records

Activities Should Yield Results

- Favorable return of State dollars
- No adverse impact on Medicaid expenditures
- Cost savings through efficiency and reduced reliance on inpatient care in favor of ambulatory, outpatient and community based services

Capital Projects – HEAL Grant Awards

- Enable applicants to enter into mergers, shared governance arrangements and other collaborative agreements with other eligible applicants to improve efficiency and to eliminate excess bed capacity in favor of community-based services

HEAL Eligible Activities

- Construction, renovation, equipment costs, planning, legal and consulting fees
- Costs necessary to implement closure or downsizing to take beds out of service
 - Closing costs for no longer than 12 months from approval to close
 - Discharge of existing long term debt or mortgage of facility being closed
 - Payment of debt
 - Security contract for abandoned building/equipment
 - Modifications to close building/wing
 - Employee related expenses
 - Demolition of buildings
 - Medical record storage and transfer
 - Building insurance during closure
 - Medical malpractice insurance during closure

The Applications

- Rate Adjustment Application
- HEAL Grant Application

Application for Rate Adjustment

- **Description of the problem** – effects of change or problem, actual or anticipated, should be stated in specific, measureable term
- **Community Need** – Need based on documented information such as the Prevention Quality Indicators (PQI's), Census, insurance status, service volume, occupancy and discharges.
- **Activities** – supported by rate reduction (additional hours of service, increased staff, additional equipment)
- **Cost effectiveness and Medicaid impact** – By end of third year

Application for Rate Adjustment

- Expenses and Justification on supplied form

Attachment 1a					
Restructuring Initiatives Operating Budget - Sample Rate Adjustment/APG Enhancement					
Category of Costs:		Additional Costs			
	# FTE's	Total	Salaries	Fringe Benefits	Comments
Employees	660				Work with community hospitals for the orderly transfer of needed employees to other hospitals with funds to support. Some Employees will go elsewhere on their own
Executive	10	\$ 200,000	\$ 150,000	\$ 50,000	
Management	50	\$ 1,000,000	\$ 750,000	\$ 250,000	
Patient Care	350	\$ 11,000,000	\$ 8,250,000	\$ 2,750,000	
Support Staff	250	\$ 5,000,000	\$ 3,750,000	\$ 1,250,000	
Costs of closing hospital		Total	Salary	Non-Salary	
These represent costs not covered by other assets or funds					
Capital Debt Retirement					
Union Benefit Payments					
Malpractice					
Vendor Debt					
Severance					
Unemployment Insurance					
Unpaid Income tax withhold					
Medical Record Storage					
Other - Describe					
Other - Describe					
Other - Describe					
Capital related costs - Describe		Total	Building/Fixed	Major movable	
Expand Emergency Room at another community hospital		\$ 10,000,000	\$ 7,500,000	\$ 2,500,000	Costs related to other hospitals in community needing to modify space to take on services of closing hospital
Enhance existing FQHC and other ambulatory care services in the community		\$ 4,000,000	\$ 3,000,000	\$ 1,000,000	Initial costs covered with HEAL grant awards. Annual depreciation and interest covered by normal reimbursement

Application for Rate Adjustment

- Closure of facilities requires Closure Plan Benchmarks format

Closure Plan Benchmarks – Sample					
Ambulatory Care	Total Visits	First quarter	Second Quarter	Third Quarter	Fourth quarter
Emergency Room	40,000	Work with EMS to develop plan for Ambulance diversion			
General Clinic	35,000	Work with patients to develop placement of existing patients with other clinic programs in the community	Close some of the clinics operated after patients re-assigned to another provider	Close some of the clinics operated after patients re-assigned to another provider	Close remaining clinics - Follow up with patients on re-assignment to be sure they are enrolled
Ambulatory Surgery	7,500	Stop scheduling electives and begin to work on re-assignment of elective procedures to other providers in community			
Other - describe					
Other - describe					
Other - describe					
Graduate Medical Education	# of Residents	First quarter	Second Quarter	Third Quarter	Fourth quarter
Interns and Residents	30	No change - find slots for reassignment of residents	Reassign 10 residents to another teaching program in community	Reassign 10 residents to another teaching program in community	Reassign remaining 10 residents to another teaching program in community
	# of FTE's				
Employee re-deployment	660	Work with other health care providers in community to place employees	Place employees who are hired by other providers in the community.	Place employees who are hired by other providers in the community.	Place remaining employees who are hired by other providers in the community.

Current Capacity	Staffed Beds				
Medical/Surgical	150	Close initial transfer to neighboring			
ICU	10		Close 5 ICU beds	Close remaining 5 beds	
CCU	10		Close 5 ICU beds	Close remaining 5 beds	
Pediatric	20	Close 10 Pediatric beds			
Maternity	20	Stop admissions and direct patients to other hospitals in the community	Close Maternity Unit		
Psychiatric	20	Work with community hospitals to place patients			
Medical Rehabilitation	10	Close the medical rehab unit and transfer patients			
Chemical Dependency					
Detox					
Rehab					

HEAL Grant Application

- Technical Section
- Financial Section

Technical Section

Executive Summary

A. Eligible Applicant

B. Project Description

1. Overview
2. Community Need
3. Project Activities
4. Project Timeline
5. Continuation
6. Project Team

C. Project Monitoring Plan

Outcomes and Quality

- Describe current efforts to improve quality and patient safety
- Describe how the proposal will lead to improved outcomes measured by:
 - National Quality Forum’s proposed 2011 quality measures
 - Including pressure ulcers, falls with major injury, influenza vaccination, & self reported moderate to severe pain
- National Quality Forum – a voluntary consensus standards-setting organization
- 21 measures for nursing homes

www.qualityforum.org/Measures_List.aspx



Setting Priorities

Measuring Performance

Topics

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NQF-Endorsed® Standards

NQF has developed QPS - a new search find measures easier and faster. Try BETA

This directory currently includes performance measures. NQF also endorses other types of consensus standards, in preferred practices and measurement frameworks. Information about these other types of standards will be added months. For information on all of NQF's work, please refer to our current projects and publications.

Care Settings OK Cancel

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- Hospice
- Hospital/Acute Care Facility
- Imaging Facility
- Laboratory
- Pharmacy
- Post Acute/Long Term Care Facility: Post Acute/Long Term Care Facility
- Post Acute/Long Term Care Facility: Nursing Home/Skilled Nursing Facility
- Post Acute/Long Term Care Facility: Rehabilitation
- Other

Date	Steward	Project	Review Committee
2009	American Medical Association - Physician Consortium for Performance Improvement	National Voluntary Consensus Standards for Ambulatory Care-Part 1 (Phase 3 Cycle 1)	
2009	National Committee for Quality Assurance	National Voluntary Consensus Standards for Ambulatory Care-Part 1 (Phase 3 Cycle 1)	
2011	Center for Quality Assessment and	National Voluntary Consensus Standards for	

Outcomes and Quality

- Describe Patient Safety programs
 - Adverse event and near-miss identification
 - Reporting processes
 - Actions taken to assess and improve culture of safety
- Establish a benchmark evaluation process for quality measures and evaluation of improvement after 3rd year of project implementation

Health Information Technology

- Describe current use of health information technology (HIT)
 - Electronic medical records
 - Current or intended participation in Regional Health Information Organization (RHIO)
(<http://www.nyehealth.org/index.php/resources/rhios>)
 - Current status of efforts to comply with Statewide policy guidance governing common information policies, standards and technical approaches for health information exchange
http://www.health.ny.gov/technology/statewide_policy_guidance.htm and <http://www.nyehealth.org/index.php/resources/nys-policies>

Community Need

- Feasibility study
- Data on:
 - Health Status Indicators
 - Demographics
 - Insurance status
 - Service volume
 - Existing providers

DOH 2016 RHCF Bed Need

County	2016 Bed Need	Current RHCF Beds	Unmet Bed Need
Albany	1,844	1,829	15
Allegany	386	361	25
Broome	1,380	1,588	(208)
Cattaraugus	452	552	(100)
Cayuga	502	589	(87)
Chautauqua	831	1,130	(299)
Chemung	551	736	(185)
Chenango	487	564	(77)
Clinton	616	423	193
Columbia	667	659	8
Cortland	338	400	(62)
Delaware	511	364	147
Dutchess	1,903	1,926	(23)
Erie	5,291	6,297	(1,006)
Essex	368	340	28
Franklin	261	215	46
Fulton	411	360	51
Genesee	545	488	57
Greene	408	256	152
Hamilton	30	0	30
Herkimer	599	557	42
Jefferson	692	567	125
Lewis	189	160	29
Livingston	475	354	121
Madison	399	389	10
Monroe	4,167	5,473	(1,306)
Montgomery	515	590	(75)

County	2016 Bed Need	Current RHCF Beds	Unmet Bed Need
Niagara	1,377	1,524	(147)
Oneida	2,276	2,652	(376)
Onondaga	2,416	2,909	(493)
Ontario	533	615	(82)
Orange	2,122	1,418	704
Orleans	360	310	50
Oswego	653	729	(76)
Otsego	509	384	125
Putnam	446	320	126
Renselaer	1,025	1,243	(218)
Rockland	1,635	1,683	(48)
Saratoga	1,004	905	99
Schenectady	889	976	(87)
Schoharie	91	0	91
Schuyler	139	120	19
Seneca	389	280	109
St. Lawrence	613	727	(114)
Steuben	691	691	0
Sullivan	515	409	106
Tioga	352	277	75
Tompkins	478	360	118
Ulster	1,078	1,099	(21)
Warren	417	402	15
Washington	552	528	24
Wayne	635	549	86
Westchester	6,716	6,755	(39)
Wyoming	379	240	139
Yates	208	196	12
New York City	51,071	43,027	8,044
Nassau-Suffolk	16,962	15,429	1,533

Source: http://www.health.ny.gov/facilities/nursing/rhcf_bed_need_by_county.htm

Project Activities

- Process Objectives (actions)
 - Demolish a building
 - Renovate a wing
 - Form a new corporate entity
- Outcome Objectives (results)
 - Increase non-Medicaid revenues
 - Decrease staffing expenses
 - Decrease utility costs

Financial Section

Executive Summary

A. Project Budget

- Project Expenses and Justification

B. Project Fund Sources

C. Cost Effectiveness

D. Project Financial Viability

E. Eligible Applicant Financial Stability

F. General Corporate Information

Project Budget

Detailed discussion of reasonableness of each budgeted item

Land - \$xx,xxx

The sponsor has x acres of land valued at \$xx,xxx adjacent to the existing nursing home. The sponsor has received site approval for the project.

New Construction - \$xxx,xxx

XYZ Architects completed the initial building analysis and drawings for the project. XYZ has designed numerous like projects including: _____.

ABC construction firm reviewed the preliminary plans and verified the construction costs for the projects.

Project Fund Sources

List sources all non-grant dollars

- Equity
- Mortgage
- Bonds
- Loans
- Other sources

Cost Effectiveness

- Why project is cost-effective investment as compared to other alternatives
- Improved efficiency
- More appropriate levels of care
- Demonstrate health care system and Medicaid savings by end of third year of project
 - Reduction in overall inpatient admissions
 - Higher occupancy rates
 - Increased availability of home and community based services
- Verify projected savings at end of project

Project Financial Viability

- How project will support the institutions financial viability?
- Financial feasibility projections
 - Retire debt
 - Balance sheets
 - Income statements
 - Cash flows
- Project start through three years of completion

Budget Forms

“Note: Failure to utilize and submit the budget forms included in this RFA may result in disqualification of your application.”

Project Expenses and Justification

Project Name: _____

Eligible Applicant Name: _____

Each category of expenses (left column) must be accompanied by a written justification (right column). Each justification must include a discussion of how the expense will support the project, and state whether the applicant believes the expense is capitalizable.

Cost Category EXAMPLES ONLY	Anticipated HEAL NY Funds	Total Expense	Capitalizable Expense		Justification
			Choose YES or NO for each line.		
<u>Acquisition</u>					
Land Costs	\$	\$	YES	NO	
Building Costs	\$	\$	YES	NO	
Other (specify)	\$	\$	YES	NO	
<u>Capital Work</u>					
New Construction	\$	\$	YES	NO	
Equipment	\$	\$	YES	NO	
Renovation	\$	\$	YES	NO	
Other (specify)	\$	\$	YES	NO	
<u>Fees</u>					
Architectural/Design	\$	\$	YES	NO	
Engineering	\$	\$	YES	NO	
Legal	\$	\$	YES	NO	
Installation	\$	\$	YES	NO	
Construction Management	\$	\$	YES	NO	
Other (specify)	\$	\$	YES	NO	
<u>Closure</u>					
Discharge of LT Debt	\$	\$	YES	NO	
Payment of Debt	\$	\$	YES	NO	
Security Contract	\$	\$	YES	NO	
Employee Expenses	\$	\$	YES	NO	
Demolition of Building	\$	\$	YES	NO	
Medical Records Storage	\$	\$	YES	NO	
Building Insurance	\$	\$	YES	NO	
Medical Malpractice	\$	\$	YES	NO	
Other (specify)	\$	\$	YES	NO	
Other (specify)	\$	\$	YES	NO	
<u>Debt Restructuring</u>	\$	\$	YES	NO	
<u>Other Categories (specify)</u>					
-	\$	\$	YES	NO	
-	\$	\$	YES	NO	
-	\$	\$	YES	NO	
TOTAL	\$	\$			

Project Fund Sources

Project Name: _____

Eligible Applicant Name: _____

	Currently Committed	Anticipated	Total	
HEAL NY	\$	\$	\$	
Other Funds	\$	\$	\$	A
Total	\$	\$	\$	B

Other Funds' Components

Applicant Direct Funds	\$	\$	\$
Program Income	\$	\$	\$
Federal Government	\$	\$	\$
Foundations	\$	\$	\$
Corporations	\$	\$	\$
Bonds	\$	\$	\$
Loans	\$	\$	\$
Board/Individual Contributions	\$	\$	\$
Other (describe)	\$	\$	\$
Total	\$	\$	\$

- Calculate the Other Funds as a Percent of Total Funds.
A / B = _____
- Any program income realized during the project must be applied to project costs.
Name, phone number, and e-mail address of the person responsible preparing for the budget:

Name _____
Phone _____
E-mail _____

Tips and Advice

- Make sure your project fits the grant request
 - Does it reduce beds?
 - Are you a “Safety Net” facility or in a County with less than six nursing homes?
 - Are you increasing community based services?
 - Do you have other parties involved?
 - Can you document need?
 - Do you have project plans, costs and operating pro formas?
 - Will the project save Medicaid dollars?

Successful HEAL 20 Projects

- **Regional distributed** (Bronx, Brooklyn, Mount Vernon, New Rochelle, Utica, Wyoming, Oswego, Watertown, Jamestown)
- **Beds decertified** (zero (2) to 83)
- **Assisted living added** (4), low income apartments (3), ADHC (2 new, 2 added space)
- **Projects from \$4.6 to \$70 million**
- **Grants from \$2.5 to \$33.9 million**
- **Calculated Medicaid savings/year: \$721,000 to \$5.4 million**

Tips and Advice

- Don't forget to address NQF measures, RHIO and statewide policy guidance
- Provide additional financial sources to the project (equity, loans, etc.)
- Make sure your estimates of project cost assume prevailing wages
- Document Medicaid savings

Tips and Advice

- Each HEAL section may be read by a different review team
- No financial data in the Technical section
- Make sure synopsis of the project description from the Technical section is in the Executive Summary of the Financial Section (and the Rate Adjustment application if applicable)

Nuts and Bolts

- Check DOH website daily for Q&A, etc.
- Make one person ultimately responsible for the application
- Use checklists
- Follow the format provided
- Put additional and supporting information into the appendices

Nuts and Bolts

- Separate application packages for Rate Adjustment and for HEAL grant sections
- Adobe Acrobat Pro to create a single PDF file per section
- Use the right font (12 pt)
- Each HEAL section no more than 15 pages (use appendices)

Nuts and Bolts

- Get the sponsor and background information together early (scan hard copy documents into PDFs)
 - List of vendor references, vendor attestation, list of previous grants, Form 990, names of related corporations, resumes and references, audited financials
- Use the included DOH budget forms
- Have one or two people not working on the application ready for final read through

Nuts and Bolts

- Allow enough time for PDF creation, pen drives & printing
 - Separate HEAL Technical and Financial sections
 - For each HEAL section: 2 signed originals, 4 hard copies, 3 flash drives)
- Make sure your CEO is available to sign the documents
- Clearly label the sets that have the original signatures

Questions?



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Kormos and Company LLC

Full-service long term care, senior housing and healthcare consulting company that provides strategic planning, comprehensive feasibility studies and development services. Liz Kormos has more than 25 years of experience in long term care, senior housing and healthcare. Kormos and Company LLC is a New York State certified Woman Business Enterprise (WBE).

- Strategic Planning
- Market Feasibility Studies
- Direct Market Surveys & Focus Groups
- Site Selection
- Financial Feasibility Analysis
- Project Management & Owner Representation
- Municipal approvals
- RFPs for Consultants, Contractors, Developers
- CONs
- Grants (\$37.3 million HEAL NY)