



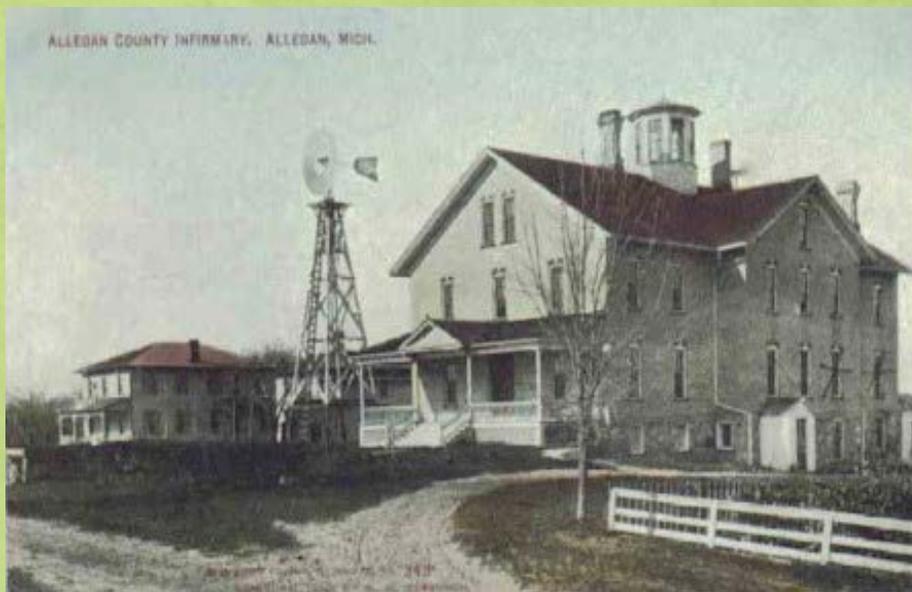
**ALLEGAN COUNTY MEDICAL
CARE COMMUNITY:
COMMUNITY RECAP—AUGUST 2018**

OUR HISTORY



Allegan County Medical Care Community traces its roots to 1866, when Allegan County established the County Poor Farm to provide for the poor, sick, homeless, and disabled of the County and to act as a safety net for those with needs that could not be met at home. Many counties across the State of Michigan developed similar poor farms or poor houses to meet the needs of their County as well. Public Act 280 of the Public Acts of 1939 provided the statutory framework for the creation and operation of County Medical Care Facilities of the State of Michigan. The Allegan County Poor Farm was closed in 1968 as construction of the Allegan County Medical Care Facility, our current Community, began on this same property. ACMCC has been in operation since 1971.

OUR HISTORY



ACMCC is one of the remaining 35 County Medical Care Facilities in Michigan that serve citizens in all of Michigan's 83 counties, regardless of ability to pay for care. All County Medical Care Facilities are county-owned buildings that serve the citizens on a first-come, first-served basis, as mandated by law, and are therefore the safety net for vulnerable citizens who have no means to pay for their nursing home care. Additionally, MCFs like ACMCC provide placement for hard to place, high needs citizens, who may be rejected by other nursing homes. ACMCC receives payment from Medicare, Medicaid, insurance and private funds when available to cover the cost of care.

MISSION AND VALUES



Mission: *To Serve the Aged and Disabled With Care, Love, and Dignity*

Values:

- ▶ *Respect*
- ▶ *Compassion*
- ▶ *Honesty*
- ▶ *Integrity*
- ▶ *Dedication*

QUALITY COUNTS



Five Star Rating on Nursing Home Compare: This designation is based on the CMS Quality Measures, Staffing Levels, and State/Federal Inspection Results.

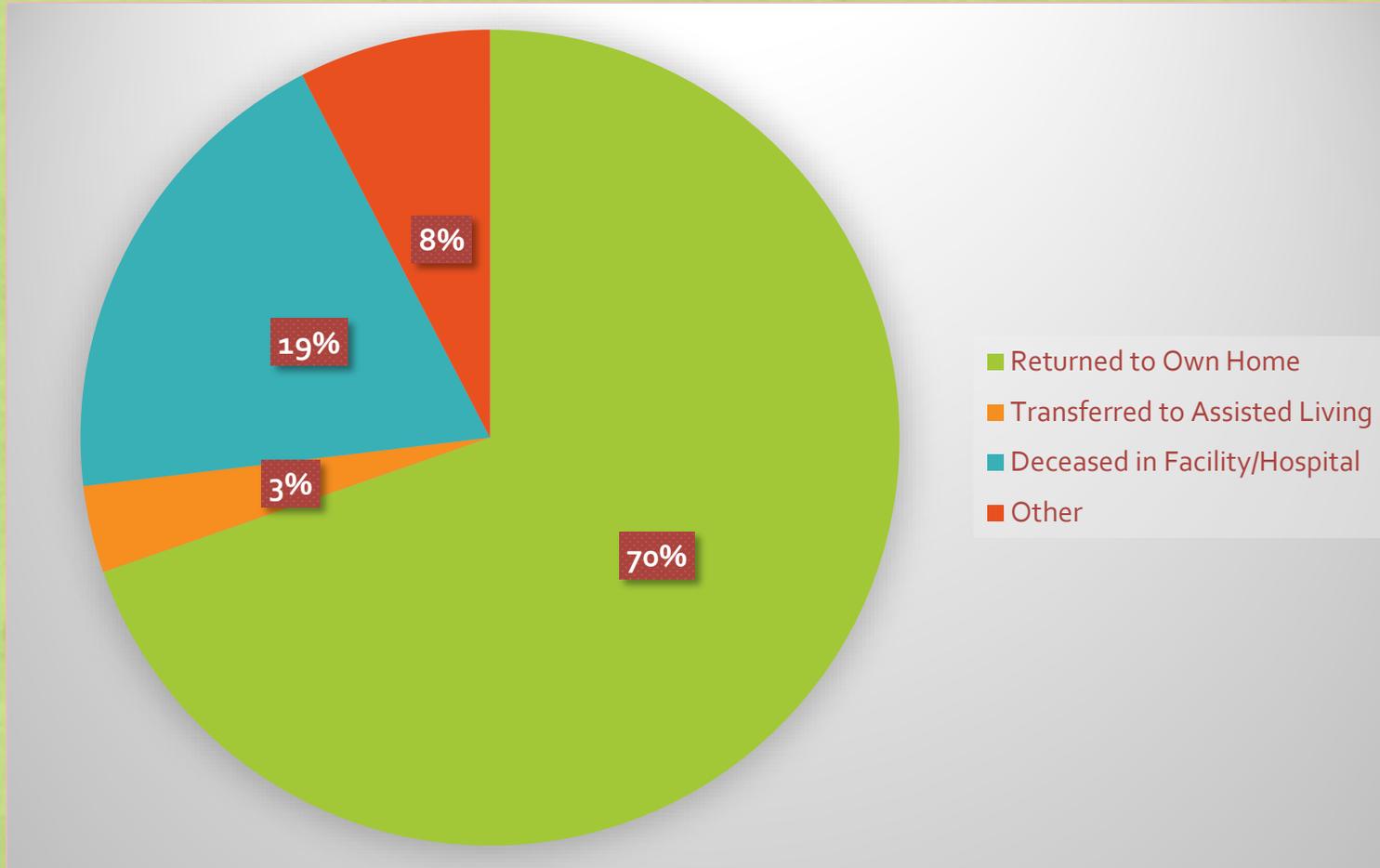
Currently, there are 24 Quality Measures featured on Nursing Home Compare. 6-8 new QMs are anticipated in the new calendar year, with a great focus on successful discharges to the community, avoiding post-discharge readmissions to the hospital, and Medicare spending per beneficiary.

ADMISSIONS BY YEAR



ACMCC Admissions by Calendar Year	
Year	Number of Admissions
2006	62
2007	40
2008	62
2009	58
2010	97
2011	124
2012	141
2013	120
2014	128
2015	147
2016	133
2017	142

DISCHARGES IN 2017



**Total Discharges:
145**

**Length of Rehab
Stay:**

2006—39 Days

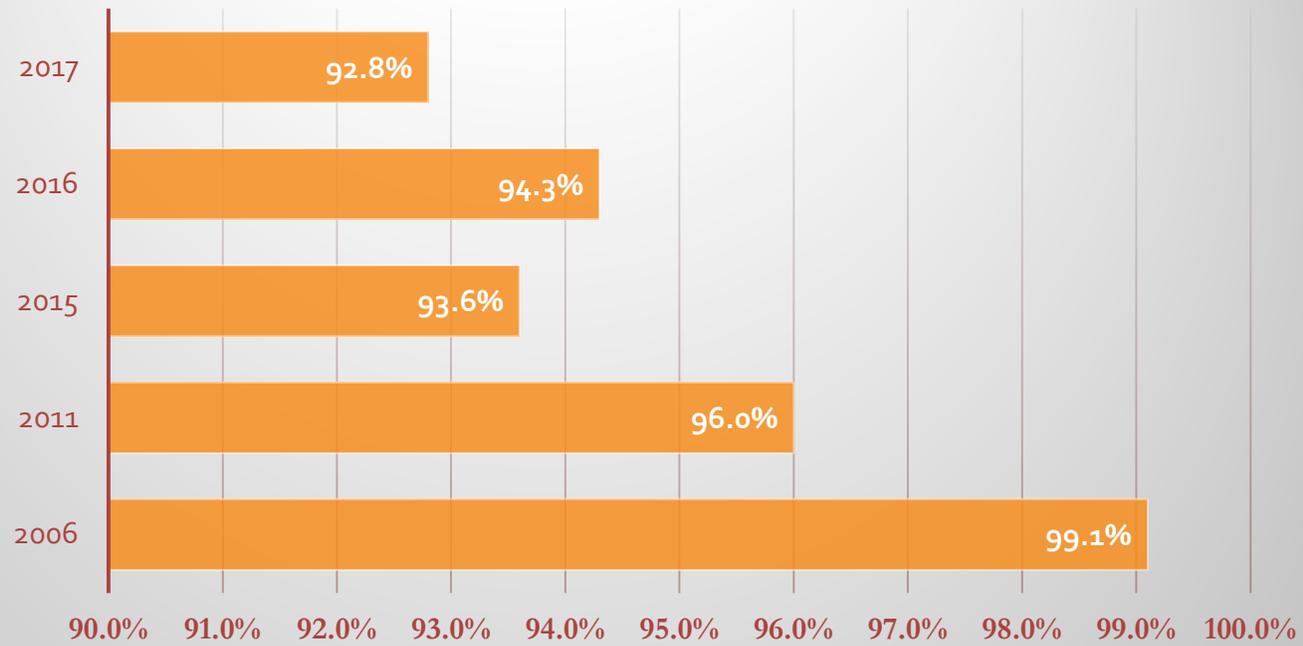
2015—23 Days

2016—21 Days

2017—19 Days

DAILY OCCUPANCY

Average Daily Occupancy Percentages



	2006	2011	2015	2016	2017
■ Average Daily Census	99.1%	96.0%	93.6%	94.3%	92.8%

FACTORS IMPACTING OCCUPANCY/LENGTH OF STAY



- Allegan County has a 49.8% penetration of Medicare Advantage or Medicare HMO plan enrollment. These plans place great emphasis on Case Management and reducing length of stay through each part of the health care continuum from hospital to nursing facility to home.
- ACMCC has changed many processes to meet the expectations of these plans and additional administrative time, while still providing high quality care and client satisfaction. Some surrounding facilities are not contracting with all Med. Adv. plans due to the difficulty of working with the plans. As Allegan County's safety net, we continue to try to work with all.

REIMBURSEMENT CHALLENGES



Medicare De-Activation

- In August 2016, Medicare claims for February and March 2016 were being denied, indicating a “Medicare Crosswalk” issue—the combination of our NPI, EIN, and CCN numbers.
- NGS informs us that according to their system, we “voluntarily disenrolled ourselves as a Medicare provider.” It turns out this all was caused by a software change at CMS.
- ACMCC is finally able to submit claims for Medicare in February 2017, at that time owed over \$800,000.

REIMBURSEMENT CHALLENGES

Medicare De-Activation continued

- Medicare requires “sequential billing” meaning that claims filed must clear before the next claim can be submitted, typically 2-3 weeks per claim. We continue to “play catch up” and submit claims as quickly as possible. We are currently receiving payments from February/March 2018 services.



REIMBURSEMENT CHALLENGES



Medicaid CHAMPS System Error

- The B7 error was a new error in the Medicaid CHAMPS system that originated from the migration of the former system to the new system in which some of our very long term residents were being rejected for payment due to the level of care screening tool. For many of these residents, this LOCD tool was completed over 5 years ago.
- The majority of these Medicaid payment issues occurred in 2016 and some into 2017. Finally, on May 10, 2018, we received an arrears payment of \$473,000 for the vast majority of these past due accounts!

REIMBURSEMENT CHALLENGES



Medicare and Medicaid account for approximately 90% of ACMCC's revenues. When these reimbursement sources do not pay as expected over such an extended period of time, there are significant impacts to:

- Cash flow
- Ability to make building/technology improvements
- Progress towards our future strategic and financial goals
- Stress level of the Administrator, County Finance Director, and DHHS Board. 😊

FINANCIAL OUTCOMES



<u>Year</u>	<u>Revenue</u>	<u>Expense</u>	<u>Variance</u>	<u>Margin</u>
2011	7,932,352	7,599,670	+ 332,683	4.3%
2012	7,927,315	7,854,315	+ 73,000	1.0%
2013	7,731,440	8,080,076	- 348,636	- 4.5%
2014	8,235,425	8,380,663	- 145,238	- 1.7%
2015	8,132,872	8,215,009	- 82,137	- 0.9%
2016	7,729,553	8,252,835	-405,656	- 4.9%
2017	8,090,264	8,224,944	-134,680	- 0.98%

ADDITIONAL FACTORS

Recruitment and Retention:

- To aid in recruiting and retaining staff, while also addressing long term issues with overtime costs, new innovative scheduling options and shifts have been initiated, as well as changes to pay and benefit programs. More are continuing into 2018.

Long Term Debt:

- In 2017, ACMCC continued to pay on two long term bonds that allowed for building additions to create more private rooms and aid us in creating an improved home environment. The Rehabilitation Center bond from 1999 was finally paid in full in April 2018 and the Households Project will be fulfilled in 2020.

INDUSTRY CHANGES



Requirements of Participation:

In 2016, we worked through the 1st Phase of the new Federal Requirements of Participation, with a great deal of focus on the updated Resident Rights and Abuse/Neglect Reporting requirements. Effective in 2017, the 2nd Phase of new regulations began with HUGE changes and requirements, as well as a completely new survey process. These new regulations put even more focus on ACMCC as the resident's home with each resident setting their own schedules, making choices about when to bathe and how, approving every change to their care plan from medications to activities to fall interventions, etc. If the resident is unable, their family member/responsible party is contacted to approve/direct these care changes. In addition, there are changes to how medications can be ordered such as pain medications, antibiotics, etc.

INDUSTRY CHANGES



PDPM: On July 31, 2018, CMS (Centers for Medicare and Medicaid Services) issued a proposed rule outlining proposed Fiscal Year (FY) 2019 Medicare payment updates and proposed quality program changes for skilled nursing facilities (SNFs).

The proposed new case-mix model, PDPM for Patient Driven Payment Model, would focus on clinically relevant factors, rather than volume-based service for determining Medicare payment.

Too soon for details, but change is definitely coming...

POSITIONING ACMCC FOR THE FUTURE



- Unlike the vast majority of the other Michigan Medical Care Facilities, ACMCC does not receive a millage from tax dollars to help cover the costs of non-reimbursable care. Each year, ACMCC sees a trend higher in this amount, with 2017 seeing the highest in our history. As health insurance copays and deductibles increase, many individuals are unable to meet those financial obligations, yet do not financially qualify for Medicaid assistance, leaving a gap in payment to ACMCC and areas for consideration as we move into our future.
- We have existed for over 47 years, while providing excellent care, and are committed in continuing into the future in the same manner. We also must continue our progress with our Eden Alternative, household lifestyle and our dreams of providing more resident choice and privacy in room spaces, as well as ensuring that our rehab center remains up to date with the current therapy and nursing equipment and technologies needed to meet the care needs. As our long term debts are resolved, future projects must begin to be considered.

SUMMING IT UP



ACMCC has been working through some large financial challenges related to reimbursement issues. We have worked with our County partners and DHHS Board to be innovative and work through these issues while maintaining 5 STAR Quality Ratings, Award Winning Customer Satisfaction Scores, and improving our Staff Turnover and Recruitment Efforts.

Times continue to change rapidly in our industry and we flex and change as needed while keeping our Mission and our History as Allegan County's safety net at the forefront of our actions.

“WHERE MEMORIES ARE MADE”



THANK YOU!!



**The Support of the DHHS Board, the
Allegan County Board of
Commissioners, and the Community
of Allegan County is so appreciated!**