NHMV - Windemere Nursing & Rehabilitation Center DoN #NHMV-22090717-LE - TOS and Substantial Capital Expenditure - 10-27-2022

APPLICANT RESPONSES

Responses should be sent to DoN staff at DPH.DON@State.MA.US

While you may submit each answer as available, please

- List question number and question for each answer you provide
- Submit responses as a separate word document, using the above application title and number as a running header and page numbers in the footer
- We accept answers on a rolling basis however, when providing the answer to the final question, submit all questions and answers in order in one final document.
- Submit responses in WORD or EXCEL; only use PDF's if absolutely necessary. **Whenever possible, include a table in data format (NOT pdf or picture) with the response.**

In order for us to review this project in a timely manner, please provide the responses by December 21, 2022.

1. You note (P2 Narrative) that "*Due to HIPAA privacy rules surrounding low counts, the Applicant is unable to provide relevant percentages with respect to the sex, age, and race/ethnicity information for Windemere's patient panel.*"

We understand that the numbers are small due to the size of the facility and the reduced admissions due to COVID-19, however where possible please aggregate the smaller counts and provide additional detail on the Patient Panel

a. For example, without double counting how many individual patients were treated over the most recent 36-month period.

60 individual patients.

b. You report that the majority of patients are white- what percentage is *White*, and what percentage is *other*?

a. FY20: 89.8% White/10.2% Other
b. FY21: 88.9% White/11.1% Other
c. FY22: 97% White/3% Other

c. You described the Payer-mix for 2021. Is 2021 representative of Payer-mix of other years?

FY2021 was generally typical of other years but as evidenced in Table A below, it represented a higher percentage of Medicaid residents and a lower percentage of private pay residents.

d. What was the Payer-Mix for FY 22?

See Table A below.

Table A: Windemere Historical Payer Mix

	FY19	FY20	FY21	FY22
Commercial				
Medicare FFS	3%	1%	1%	2%
Managed Medicare				
Medicaid FFS	83%	81%	89%	85%
Managed Medicaid				
Private Pay	14%	18%	10%	13%
All Other				
TOTAL	100%	100%	100%	100%

2. To better understand the Patient Panel and the impact of the project on that Panel, please provide the year for the table below from P3 CPA Report and provide the comparable data for the pre-Covid year, 2019.

Table B represents projections for 2026.

Table B: Projected Payor Mix and Daily Fees for 2026

	Number of Beds	Bed Mix	Revenue Mix	Daily Fee
Private	26	37.1%	49.2%	$600
Medicaid	30	42.9%	26.9%	$328
Medicare	11	15.7%	17.4%	$690
Managed Medicare	3	4.3%	6.5%	$500
Total/Weighted Average	70	100.0%	100.0%	$493

Source: Management

Table C: Payor Mix and Daily Fees for 2019

	Number of Beds	Bed Mix	Revenue Mix	Daily Fee
Private	8	14%	20%	$393

	Number of Beds	Bed Mix	Revenue Mix	Daily Fee
Medicaid	43	83%	73%	$252
Medicare	1	3%	7%	$741
Managed Medicare	-	-	-	-
Total/Weighted Average	52	100%	100%	$286

3. Given the impact of the COVID-19 epidemic on utilization, please complete the table below for FY 17 and the highlighted sections of FY 20 and 21.

Table D: Historical Utilization

	FY17	FY18	FY19	FY20	FY21	FY22
Resident Days	23,091	21,218	19,052	16,949	8,232	9,808
Average Daily Census	63	58	52	46	37	30
Occupancy	71%	97%	85%	75%	61%	49%
Individual Patients	87	75	65	49	45	30
ALOS	1.6 yrs.	2.2 yrs.	3.7 yrs.	4.0 yrs.	3.8 yrs.	5.5 yrs.

4. You note (Narrative P2) that historically the facility has had 90% occupancy rates and that now you can only serve 30 patients.

a. **Please explain further the extent this is due to constraints related to 1) staffing, 2) the issues of infection control and 3) the multi-bedded room blocks, other than infection control.**
The decrease is entirely due to staffing. In the chart below, please see the notes for FY18 and FY19. In FY21 and FY22, WNR has had a waiting list of eligible residents. In FY21, travel staff were difficult to find. In FY22, travel staff are more available but there is no workforce housing available on the island.

b. **Provide a breakdown of the room configurations- Private, double, 3 bed, and 4 bed-rooms. Does any component of this application relate to the requirement for de-densification? (105 CMR 150.000: *Standards for Long-Term Care Facilities).***

The project does not relate to the requirement for dedensification.

- Rooms with 2 beds that share a bathroom with a second 2-bed room = 24 rooms (48 beds)
- Rooms with 2 beds that do not share a bathroom with a 2nd room = 5 rooms (10 beds)
- Single rooms with private bathroom = 3 rooms (3 beds)
- Totals of 32 rooms and 61 beds

5. You note that patients have left the Island for more preferable LTCF care. In performing your projections do you have an estimate of the number of patients this might be.

Based on feedback received through extensive community engagement, Navigator repeatedly heard of residents going off-island for care because services were not available on the island. While Navigator was able to confirm a minimum of 13 residents who have gone off-island for care through informal survey, this number does not accurately reflect the true number of residents who are receiving long-term care off-island. This number is in addition to Windemere's existing 15-person waitlist of Island residents who are not interested in seeking care off-island.

6. You note that 'in addition to the large cohort of year-round 65+ residents of Martha's Vineyard, other residents may seek to bring their relatives residing elsewhere [who are not part of the Patient Panel] and who need care in a long-term care facility'. In establishing the need, do you have an estimate of the number of patients this might be and whether they'd be long-term vs short-stay patients?

Based on feedback received through extensive community engagement, Navigator understands there is a desire by community members to be able to bring relatives to the Island to receive care where family can play a more active role in the care of individuals seeking both short-term rehab and long-term care.

7. You note (P3 Narrative): To address the existing need to retain an adequate staffing to meet the needs of the residents, and in furtherance of its commitment to its staff and staff satisfaction, the Applicant will provide staff housing through 30 one-bedroom affordable units in partnership with MVH. Please describe the nature, structure and duration of this "partnership" and how the units will be distributed among the staff.

Navigator and MVH have entered into an agreement through which MVH has agreed to provide employees of Navigator with access to 30 beds. The units will be available to employees below market rate and will be equal to or less than the subsidized rate currently charged to employees of MHV. Through the construction of new workforce housing on the site of the proposed facility, these units will be available to Navigator's employees indefinitely.

8. You state that the entire facility is to be a Level II facility, and that Windemere is the only LTCF on the Island. Where do patients in need of other levels of care go for those services?

The Henrietta Brewer House, a 14-bed assisted living residence, is the only other licensed facility on the Island.

9. Please clarify certain aspects concerning the CPA report.

A) We note that the report states that it uses 6 benchmark Green House projects however that benchmark is not applied throughout consistently and appears only to be applied in the first chart on Private Pay Daily fees and is reduced by one facility for each subsequent chart. Please explain why it appears that only certain facilities were selected for certain measures.

The reason that the Green House project benchmark was only used on certain benchmarks is because the Green House project data was not available for all the benchmark comparisons used in the Financial Feasibility Report.

B) Based on the following statements P1 of the CPA report *Navigator Homes of Martha's Vineyard (the "Corporation") is recently formed non-profit 501(c)(3) organization to develop and construct a replacement skilled nursing facility (the "Project") for Windemere Nursing and Rehabilitation Center ("Windemere") located in Oak Bluffs, Massachusetts."* And it also states:

"The proposed Project will replace Windemere, the only nursing facility located on Martha's Vineyard. The existing facility is an affiliate of and located inside the structure of Martha's Vineyard Hospital."

The Application Narrative states that *The Applicant is a newly formed entity that acquired ownership and the right to operate Windemere from Mass General Brigham on October 1, 2022.*

i) Please help us understand and clarify who currently operates the existing Windemere facility at MVH? Is it Navigator or is it MVH, and what will be the nature of the affiliation agreement upon project completion?

Navigator is the current licensee and operator of Windemere. Navigator has a management agreement with MHV to run the facility. Following completion of the Proposed Project, Navigator Homes intends to enter into a management agreement with Hebrew Senior Life to manage Windemere.

ii) Who owns the space that will be vacated space at MVH, and what will be the disposition of the vacated space?

MVH owns the space that will be vacated by the relocation of Windemere. At this time, MVH does not have defined plans for the use of the space.

C) In Factor 4 of the DoN regulations the CPA must demonstrate compliance with the two bullet points below-

- ***"the Applicant has provided sufficient documentation of the availability of sufficient funds for capital and ongoing operating costs necessary to support the Proposed Project without negative impacts or consequences to the Applicant's Patient Panel.***
- **show that it reviewed "past and present operating and capital budgets; balance sheets;…"**
  - **i) We note (P6-7 of the CPA report) that the projections anticipate eliminating nine beds in 2025 alone that have been occupied by Medicaid patients. (From a reported high of 40.4 in 2020 down to a projected 24.7 beds at the end of 2025). Please help us to understand how significantly reducing the number of Medicaid patients does not adversely impact the Patient Panel and that Panel is essentially all of the residents of the island, given that Windemere is the sole LTCF on the island?**

    To clarify, the data point of 40.4 residents on page 6 of the CPA report represents Windemere's total average daily census from 1/1/2021 – 12/31/2021. Of that, an average of 34.4 residents were covered by Medicaid. The current census of Windemere as of 12/16/2022 is 25 residents covered by Medicaid.

    Navigator has revisited its projections to determine the average occupied beds by payer that would maximize its ability to care for Medicaid beneficiaries while preserving the financial viability of the facility. This was achieved by increasing the facility's occupancy to 93%, which is consistent with other Green House facilities. As a result, Navigator is projecting an average of 28 Medicaid beds beginning in 2025, which creates an *increase* of Medicaid beds from the facility's current average of 25.

    A supplemental analysis from the CPA is provided in Attachment A: Sensitivity Analysis I – Payor Mix.

Table E: Projected Payer Mix

Utilization of the Green House Beds – Revised Payer Mix 12/20/2022

Month/Year	Average Occupied Beds: Private Pay	Medicaid	Medicare	Managed Medicare	Total [4]	Average Beds Available	Bed Occupancy Percentage[1]
Projected:							
2024	1.5	4.4	0.6	0.2	6.7	70.0	9.6%
2025	19.6	28.0	9.9	2.7	60.2	70.0	86.0%
2026 - 2029	23.8	28.0	10.4	2.9	65.1	70.0	93.0%

Source: Management

(1) Year to date occupancy through July 1, 2022.

(2) Due to COVID constraints Windemere limited the number of occupied residents, decreasing the number of available beds from 61.0 to 39.0
(3) Prior to COVID Windemere average annual occupancy was 96.7%, or 59.0 occupied beds of the licensed 61.0 available beds.
(4) As of September 1, 2022 there is currently a fifteen-person waitlist for Windemere Hospital.

It is important to recognize that Windemere currently maintains an operating loss that can no longer be sustained. For the proposed project to be financially viable, Navigator is projecting the need to manage the facility's payer mix so that private pay rates can make up for the shortfall caused by Medicaid reimbursement as Medicaid does not cover the full cost of care. Without the Proposed Project, Windemere will be forced to close and as such there would be no access on the Island to skilled nursing facility services, forcing all Island residents to leave the Island – and their community – for care. As with a number of residents today, many will choose to forego care in order to remain in their community. Others will go off Island, putting significant strain on their well-being as well as that of their family who may not be able to visit as frequently due to transportation barriers.

In addition to preserving access to a skilled nursing facility on the Island, the Proposed Project seeks to improve overall care delivery through the adoption and implementation of the Green House Model. A study of Green House facilities that transitioned from traditional nursing homes found that overall hospitalizations declined by 1.3%. The study further found outcome improvements across all Minimum Data Set ("MDS") Quality Metrics in Green House organizations relative to comparable traditional nursing home organizations. Specifically, the study found statistically significant declines in bedfast residents, catheterized residents, and pressure ulcers in Green House residents as compared to residents of traditional nursing homes. Studies have also found the Green House model reduces 30-day readmissions and avoidable hospitalizations by approximately 30%. Through implementation of the Proposed Project, all residents of the Island (i.e., the entire Patient Panel) will benefit from continued access to a skilled nursing facility, as well as the transformation of long-term care into patient-centered, more home-like experience with demonstrated improved outcomes and quality of life.

Therefore, the Proposed Project will not adversely affect the Patient Panel, rather it will provide the panel with access to high-quality care. Without the Proposed Project, the Patient Panel will be immeasurably harmed through the eventual closure of Windemere.

ii) How do the projections relate to the current financial status, for example, what is the current operating margin?

Navigator acquired Windemere with the understanding and vision that significant changes would be needed to ensure the financial viability of the facility. Therefore, Navigator's projections represent a re-alignment of the payer mix to achieve a mix that will allow the facility to operate without a loss so that it can ensure continued access for the Patient Panel.

iii) **We note (on P12 of the CPA report) that many of the non-healthcare FTE hourly wages are above three select benchmark greenhouse projects and particularly the *Administrative and General* category is $99.20, which is approximately double the benchmark average. Please explain what is included in this category and why the hourly wage so much higher while the Director of Nursing's wage is below that of all three benchmark facilities.**

Due to the Island's remote location, Navigator is assuming a higher Administrator salary will be required to recruit and retain a qualified Administrator. Around the country, nursing home administrators are in high demand which places a higher burden on facilities like Windemere where the cost of living is significantly higher than other potential job locations. For example, Our Island Home on Nantucket has been without an Administrator for more than two years due to the facility's island location.