



Meeting Minutes



Detroit Long Term Care System Change Task Force Business & Economic Development Subcommittee Meeting Minutes

Date: Thursday, February 26, 2009

Time: 3:00 p.m.

Place: Detroit Area Agency on Aging
Rose Aguilar Conference Room
1333 Brewery Park Boulevard, Suite 200
Detroit, Michigan 48207

MEMBERS PRESENT

Dr. Richard Douglass, Chair
Charles Dunn
Erin George
Robert Long
Rick Scherrer

STAFF

Faiz Esshaki, Facilitator

GUEST

Dorothy Deremo, Hospice of Michigan

RECORDER

Leah Pippen

MEMBERS ABSENT

Pat Anderson
Jim Branscum
Douglass Diggs
Charles Dunn
Reggie Hartsfield
Brian Holdwick
Louise Guyton
Lawrence Jackson
Marc Johnson
Mark Lang
Phillip Pierce
Denise Rabidoux

I. CALL TO ORDER/ WELCOME & INTRODUCTIONS

The meeting was called to order at 3:00 p.m. Members and guests stated their names and organization for the record. Richard Douglass noted that the agenda for this meeting was developed from the dialogue with Dorothy Deremo at the February 6, 2009 Leadership/ Steering Committee Meeting.

II. DISCUSSION WITH GUEST, DOROTHY DEREMO, HOSPICE OF MICHIGAN

Dorothy Deremo, CEO of Hospice of Michigan

Dottie also sits on the CON Commission at the State Level and she used to be the Vice Chairman of the Michigan State Hospital Finance Authority (MSHFA). Ms. Deremo made a disclaimer that she is attending the meeting as the CEO of the Hospice of Michigan, not as a CON Commissioner. Richard asked for only her guidance, in that, he asked her to review the proposed policy recommendations of the Business & Economic Development Subcommittee and direct the Subcommittee in implementing its goals.

Dottie suggested that the best way to address the negative political perception that the city of Detroit gets help and just keeps sucking resources is by leveraging with other parts of the state that have similar issues and attach the problem on a global basis instead of localizing it to the city creating a broader political base. The recommendations need to be as close to budget neutral as possible and have a rationale for community health. She said that if we can take this political campaign with the state legislature and tie it to the Department of Community Health to help them solve some problems without telling them it has to go to the legislature that's even better. The last thing that anyone wants to do is open up the Public Health Act because then that becomes a free-for-all.

Her suggestion was to go through administrative rules. The Department of Community Health does the staff work on the administrative rules. They make recommendations to the CON Commission. The CON Commission has two or three different ways that they make recommendations. One way is through a SAC (Strategic Advisory Committee) which has members from (illegible) and it is staffed by the Department of Community Health. They make recommendations. Those preliminary recommendations are acted upon and announced at a public hearing. The public hearing testimony comes back before the Commission. They may or may not change the language; then it goes out for final recommendation and final hearing and is sent to the Legislative Board.

When something is in the SAC process, there is 6-month timeframe before it is to come out with a recommendation. The SAC has a very structured system for how that happens. Richard asked if we had three or four, we would have a locked schedule for presentation of information, testimony, rebuttal, etc. The problem is that the long term care standards have already gone through that process just recently relating to replacement zone and bed needs methodology which applies to a couple of B&E Dev. Recommendations and the process is usually on a 3-year cycle. Charles asked if bed banking had gone through the process and whether exceptions to the rule of bed banking had been presented. Dottie said that changes in the bed banking process is not modified by the legislative process, but through the administrative process. However, one thing that can be done would be to engage the MDCH by meeting with Nick Lyon, Deputy Director of the Licensing Division.

Health Policy, Regulation, and Professions Administration
Deputy Director, Nick Lyon
Executive Assistant, Carol Griffiths
GriffithsC@michigan.gov

She said to state who we are, what we are trying to achieve and what our barriers are. She said to ask what information he would need to help us make the case that this is great for Michigan citizens; to ask his advice on how to arrive at our objective. He will tell you the constraints that he and the MDCH is under and if we can engage him to listen and offer advice that would be a big help. Charles asked if there was a timeframe to have that meeting with Mr. Lyon. Faiz stated that the Task Force does have a timeline to adhere to with Senator Buzz Thomas and Representative George Cushingberry. She suggested that the subcommittee get Senator Buzz Thomas' endorsement to engage the Department of Community Health through CON Commission to find out what the easiest way to get these recommendations moved forward so that we are partnering. That will help all parties involved. Charles said that he thinks we will need more information before we can meet with Nick Lyon, such as how many facilities, who is going to be in this gain, how many beds are doing to get gained, a dollar amount, etc. Richard stated that we do, however we would address the details at the next meeting. Dottie agreed that we would need more data and in terms of our capital, the Subcommittee is wanting the MSHDA to offer low cost loans to proprietary nursing homes, which is something that have never done. They have all been in a not-for-profit home. This would be a major change. Richard explained that in the early 1960's mental hospitals required a place to place the patients. The for-profit nursing home industry evolved eventually to take up that need. Public funding was not

available, so this industry was established as an instrument of institutionalization and then with transfer trauma among other things, we filled existing beds with private pay and Medicaid patients. And at that time the reimbursement rate was favorable to the owner. This is why the majority of the Medicaid beds are located in for-profit environments.

Dottie suggested that Richard Douglass meet with Susan Martin, President of EMU and Board Chair of MSHFA.

Michigan State Hospital Finance Authority

Assistant: Gayle Getz

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She said that she would be someone that, off the record, would have good advice for what we are trying to accomplish. And what might be the opportunity for MSHDA to change their charter. Richard stated that a charter modification might be in order for a grant provider. He shared that we have discussed making DAAA a fiduciary on behalf of these other facilities, so that DAAA could, as a not-for-profit, receive the grant. Then they would subcontract. Dottie said that might be possible, but DAAA is not a provider. And usually the providers request the money for the bond. Richard said that they normally would under practice, but to consider the charter issue. That might be the technicality around it, Dottie isn't sure. It would depend on what the charter says and how old it is or how restored. She said to definitely ask Susan Martin.

Regarding the meeting with Nick Lyons and Susan Martin, Richard noted that we will have to educate them of what they are not aware of.

Charles said that this would be open to the state if we go through MSHDA. Dottie said that what would happen is all the other AAA's would follow. Richard said that if it would lead to a more equitable distribution of the Medicaid patients there is nothing wrong with it. Erin George asked Faiz what he thought of the possibility of the other AAA's becoming their local nursing homes fiduciary. He said it does not matter.

The subcommittee discussed non-profit issues and Rick mentioned that they are all partnered. When he clarified, the subcommittee realized that they had misunderstood the bonding authority. She had been referencing MSHFA, whereas the subcommittee had been speaking about MSHDA. Richard said that Dottie had opened a new door for us. Rob said that he does not think that MSHDA goes down the LTC path and that MSHFA only does non-for-profit. So we have an issue with both of them. Faiz said that we have an issue with both, but with the MSHDA is able to get funding. He thinks that MSHDA would be easier than the MSHFA route. Dottie said maybe not. It is non-profit, but it finances non-profit health systems and non-profit nursing homes with strictly bonds funding. It accesses bonds funds at a very low interest rate. Rob said that we might have a hard time doing that without an intermediary like DAAA or somebody taking the bond money and then re-distributing it. We can not have everybody apply separately for mini-bonds. Dottie thought it would be beneficial to at least discuss it. Dottie said that the MSHFA would be very effective.

Faiz asked who controls the charter. Dottie said that it is actually the board and is mandated through legislation. But it is completely different from the SAC and the Department of Community Health.

Dottie referenced the Business & Economic Development recommendation 1b. Rob asked if it was CON specific. Dottie said that it is. Unfortunately, the recent cycle dealt with long term care, so we are past that protocol. However, if we can get our issue into a workgroup it can be presented before the CON Commission in the context of a workgroup rather than having to go through a SAC cycle.

Dottie suggested meeting with Larry Horowitz, President of The Alliance for Health concurrent to meeting with Nick Lyons. The Alliance for Health is a very powerful group with representation from the UAW, GM, The Big 3 and the suppliers. Their goal is to keep the cost of health care down, so there goal is to keep the beds limited because it creates cost to them and their members.

Dottie said that we could go on the website to learn about the Alliance and who their members are. They are very active in either enhancing or stopping standard changes that come forth that would affect their goal negatively.

Rob asked to revisit the methodology for calculating bed space. Dottie said that it is not CON. It would be the reimbursement side of the equation, but because of the replacement zone any capital costs and if you want to move beds you would have to go through a very formal process to have capital construction which has to be approved above a certain limit. Rob said that we need to find a painless way to get beds offline. Dottie would recommend pulling out the current, newly approved administrative standards and rules for long term care related to beds, bed lending methodology, bed banking, etc. Rick, Rob and Erin have the latest copy and will forward to Richard, Faiz and Charles.

Richard said that this has all been very helpful in identifying what is not a CON issue. Faiz briefly spoke about the Economic Stimulus Package prepared in the past week.

III. DISMISSAL

Richard said that the meeting will not be adjourned; only dismissed so that feedback can be given on the notes taken today to ensure that everyone is on the same page and has the same understanding from today's meeting. Subcommittee Members and Guests were dismissed at 4:41 p.m.

Respectfully submitted by:
Leah Pippen
FE/lp

Moving Towards Enhancing the Quality of Care