



Detroit Long Term Care System Change Task Force

Public Policy Agenda



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Introduction

Detroit seniors have been dying at a rate significantly faster than that of their counterparts in other areas of the state. Excess and premature death have been documented in the award-winning “Dying Before Their Time” research study conducted under the auspices of the Detroit Area Agency on Aging (DAAA) and led to the creation of the popular Dying Before Their Time Advocacy Campaign. That initiative identified a number of issues that required further study and analysis. Therefore, additional research was conducted on the capacity of the current long term care system to address the special needs of Detroit’s at-risk population; the level of consumer awareness about long term care options and resources; and the status of Detroit nursing care facilities after multiple closures. To address the community needs identified in these research studies, DAAA convened the Detroit Long Term Care System Change Task Force to develop specific policy recommendations that would address the issues identified in previous efforts.

The 154-member Task Force has engaged a broad base of support from individuals representing agencies committed to improving the condition of the long term care system in the City of Detroit. Community stakeholders, healthcare professionals and providers, consumers and advocacy groups have served on nine subcommittees established for the primary purpose of improving the quality of long term care for Detroit’s seniors, adults with disabilities and caregivers. The Task Force is co-chaired by the Honorable Michigan State Senator Samuel “Buzz” Thomas, the Honorable State Representative George Cushingberry Jr., and Paul Bridgewater, President and CEO of the Detroit Area Agency on Aging.

The results of this body of work are presented in the Detroit Long Term Care System Change Task Force’s Public Policy Agenda that is summarized below. It is hoped that the public policy agenda will move from conceptual ideas to reality through the following actions:

- ❖ Advocacy activities initiated through the development of a Community Advocacy Network charged to promote long term care reform;
- ❖ Legislative and regulatory change that support system reform, and
- ❖ Access to additional funding and financing to support the policy recommendations.

We believe that the serious issues impacting long term care can be addressed in order to improve the quality of life for individuals who are aging or living with disabilities in the City of Detroit. The specific findings and policy recommendations presented here represent a blueprint for action that needs to be undertaken with the purpose of empowering the aging and those with disabilities to have choice and to be able to live with independence and dignity.

Background

The Detroit Area Agency on Aging has been in the process of assisting and analyzing the long term care needs of residents in the City of Detroit. In the Detroit area, the poverty rate is more than double that of any other region. In addition, the older adult population in the Detroit area is dying at a dramatically higher rate than their counterparts who live in other parts of the state of Michigan. The accelerated mortality rate is believed to account for nearly 40% of the loss of 43,816 older adults in the Detroit area from 1990-2000 and is attributed to delays in seeking care, limited access to quality services and an inability to pay for services. Low-income seniors are more likely to enter the health care system at a more advanced stage of disease, resulting in more complications, a higher level of service needed, and a higher mortality rate than exists for those who seek care regularly or when a need arises.

There are significant challenges and barriers that have contributed to the need for improved long term care in the City of Detroit.

- ❖ A clinically complex resident population that often delays accessing care.
- ❖ A disproportionate reliance on the Medicaid program as compared to other geographical regions that result in less financial stability for nursing home owners.
- ❖ Aging skilled nursing facilities that have not been upgraded due to the lack of full funding of such projects by the Medicaid reimbursement system and the difficulty owners have in obtaining bank or other financing for such projects.
- ❖ A lack of affordable independent living options as well as home and community-based services.
- ❖ Excess capacity of long term care beds in selected areas of the City negatively affects the amount nursing home owners are paid for services rendered.

Over the past five years, the DAAA has initiated several studies that have consistently identified the following strategies as critical to improving the health of Detroit's seniors and reducing mortality rates.

- ❖ Increasing consumer education on health issues and on the availability of community resources to facilitate informed choice about service options.
- ❖ Improving access to the full array of quality health care services including home and community-based services.
- ❖ Upgrading, renovating and improving the quality of Skilled Nursing Facilities (SNFs) in the City of Detroit to enhance the quality of life and quality of care of the residents.

In April 2008, Governor Jennifer Granholm's Administration awarded DAAA a \$1.7 million grant to implement the Nursing Facility Enhancement Program. This two-year project, provided with Civil Monetary Penalty funds from the Michigan Department of Community Health's Office of Long Term Care Supports and Services, is providing funding to support the following:

1. *Conducting Clinical Analyses of the nursing facility residents characteristics and clinical quality indicators;*
2. *Addressing Management and Financial Issues including facility characteristics and ownership, staffing and financial indicators through technical assistance, support and training;*
3. *Addressing the Reimbursement and Regulatory System issues related to deficiencies, complaints and enforcement actions;*
4. *Assessing Resident Quality of Life Issues; and*
5. *Providing Training to Direct Care Workers to improve their competencies and skills.*

These efforts are in process and will significantly enhance nursing facilities in the City of Detroit in years to come.

Key Findings and Recommendations

The first public policy recommendations of this year long project have been completed and are ready to be presented to city and state legislators. The policy recommendations are designed to focus on three key goals:

- ❖ **Create Environments that Promote Quality of Life**
- ❖ **Improve Access and Level of Service for Consumers**
- ❖ **Improve Direct Care Competencies and Staffing Levels**

Business and Economic Development

Directive: Increase capital investment in nursing facilities

Recommendations:

- ❖ Modify existing Medicaid reimbursement policy to encourage reinvestment through full recognition of the amounts invested by owners who renovate or replace their facilities.
- ❖ Assist owners in accessing financing sources for renovation and replacement projects.
- ❖ Align the number of available skilled nursing facilities with the population of the City of Detroit through a policy that allows owners to bank beds.
- ❖ Restore Medicaid reimbursement lost as a result of low occupancy to providers that downsize their facility, eliminate wards and provide more private rooms.

Impact:

These proposed recommendations will result in significant renovation and replacement of Detroit facilities and will allow for reducing the number of facilities in a systematic way commensurate with population trends. Upgraded and enhanced physical structures will increase local property values, improve the quality of life for elderly citizens, and create better working conditions for employees. Rightsizing capacity will increase the financial viability of the skilled nursing facilities reducing the risk of closure.

Independent Living Services

Directive: Improve the availability, accessibility and affordability of independent living services

Recommendations:

- ❖ Increase residential care with support options through set aside of MI CHOICE Waiver slots for exclusive use in Federal and State-funded housing developments.
- ❖ Expand the MI CHOICE waiver program administrative rules to include adult foster care and home for the aged settings.
- ❖ Expedite the development of affordable assisted living.
- ❖ Expand the Program of All Inclusive Care for the Elderly (PACE) that will allow for increased access to this service for all Detroiters.

Impact:

Detroit is significantly underserved, as compared to other communities, with respect to the number of available and affordable independent and assisted living facilities. These recommendations will encourage the development of affordable non-institutional options for Detroit residents that will allow the elderly to age in place and live in the community as long as possible. Expanding the PACE program will improve Detroiters' access to healthcare services and allow for earlier detection and treatment of disease and thus improve mortality rates.

Legislation and Regulations

Directive: Review, develop and support legislation and administrative rules that will provide for effective long term care system change

Recommendations:

- ❖ Establish certification standards and oversight for non family members that seek to provide guardianship services to elderly and disabled individuals.
- ❖ Increase the resident asset and personal spending limits utilized in determination of Medicaid eligibility to be consistent with national standards of poverty.
- ❖ Streamline the process of re-determining Medicaid eligibility to eliminate undue burdens on citizens, family and guardians, and healthcare providers.
- ❖ Waive fees paid by nursing homes to obtain criminal background checks for employees.
- ❖ Modify Medicaid reimbursement regulations to accelerate the payment for expenses incurred by nursing home owners and to remove the penalties associated with low occupancy.

Impact:

These proposed policy recommendations will help to protect residents and nursing home owners from guardians that do not act in the best interest of the individual served,

establish appropriate financial criteria for determining Medicaid eligibility and improve the financial viability of skilled nursing facilities.

Nursing Home Management

Directive: Enhance the quality of care services delivered to residents

Recommendations:

- ❖ Provide financial and case management assistance to transition individuals discharged by hospitals to SNFs to home and community-based services when they are not eligible for nursing home care.
- ❖ Improve the coordination of care for Medicaid eligible seniors between Medicaid HMOs and the traditional Medicaid program that governs skilled care coverage.
- ❖ Reimburse nursing home owners for a portion of the bad debts associated with individuals that are deemed ineligible for Medicaid due to financial requirement issues or annual redetermination problems.
- ❖ Expand the criteria for additional payment to nursing homes for residents with special needs to allow for improved quality of care for these individuals.

Impact:

These recommendations will significantly increase the financial viability of Detroit nursing homes by minimizing the financial risk to providers related to individuals that are determined to be ineligible for Medicaid due to financial or clinical reasons and by providing additional reimbursement for special patient groups.

Training

Directive: Improve training programs for direct care workers

Recommendations:

- ❖ Expand and enhance the curriculum and core competencies for individuals seeking certification as Certified Nursing Assistants (CNAs) and hospice aides.
- ❖ Increase the annual required in-service education time for CNAs.
- ❖ Improve and enhance the capacity of Michigan Works Agencies to support long term care providers.
- ❖ Develop peer mentoring programs that will improve the quality of the long term care workforce.

Impact:

These recommendations will increase the skill level of direct care workers, reduce employee turnover and increase employee satisfaction. This will improve relationships between staff and residents, staff and management, and contribute to a more consistent and higher quality of care.

Funding the Solutions

The general economic conditions in the State of Michigan present challenges for immediate funding of the recommendations. However, the **American Recovery and Reinvestment Act (ARRA)** (the Economic Stimulus Plan) may allow for financial support of selected recommendations that are consistent with the ARRA primary goals of stimulating economic recovery through jobs creation and private investment in local economies. As such, funding through the ARRA will be sought after for the proposed recommendations that address the critical issues of aging physical plant for the skilled nursing facilities and the lack of qualified and trained staff. Solutions to these problems are highlighted below. The ARRA funding will allow for a public/private partnership that results in significant operating and capital improvements through provider investment, enhancing existing Medicaid reimbursement policies and direct grants of stimulus funds.

Strategy #1 – Provide grants to Detroit SNFs to fund the cost of additional direct care staff (RNs, LPNs, Certified Nursing Assistants, Social Workers and Activities Staff) from the date of hire until the expenditure is incorporated into the Medicaid rate. This initiative would provide funding to Detroit SNFs to increase staffing. Facilities that are awarding funding grants will demonstrate how the funds will be used to improve the quality of care to residents and improve clinical outcomes. Providers will be encouraged to raise staffing levels to industry benchmarks, and to hire staff with the specialized training required to care for individuals with complex physical and behavioral needs. The most critical need is for registered nurses, and licensed professionals working in nursing administration roles. Additional staff is also needed in social services and activities to assist with care planning and program development for individuals with special needs. As noted previously, facilities in Detroit are significantly understaffed with registered nurses as compared to other Michigan SNFs.

This initiative should provide approximately 279 jobs for Detroiters and improve the clinical outcomes for individuals served in Detroit SNFs.

The estimated cost of this initiative is \$14.5 million distributed as follows:

INCREASING STAFFING TO STATEWIDE AVERAGES:		
	FTEs	Costs
RN and LPN	97	\$5.1
CNA	89	2.4
Nursing Administration Staff	50	2.8
Social Workers	23	0.9
Activities Staff	20	0.6
Employee Benefits and Payroll Taxes for New Positions	---	2.7

Strategy #2 – Provide grants to Detroit SNFs to fund the cost of support staff from the date of hire until the expenditure is incorporated into the Medicaid rate. This initiative would provide funding to Detroit SNFs to increase staffing in the Administrative area, particularly for staff supporting the process of determining Medicaid eligibility and billing and collecting for accounts receivable. This would include funding Department of Human Services (DHS) workers that are placed on site at Detroit nursing facilities to facilitate determinations of Medicaid eligibility.

This initiative should provide approximately 45 jobs for Detroiters and help to minimize bad debt expense for Detroit nursing home owners, allowing a greater focus on direct patient care and increasing the financial viability of the SNF.

The estimated total Cost for this initiative is \$1.5 million

Strategy #3 – Establish a training and education center to train workers that have lost their jobs in other sectors for careers in long term care, and to provide specialized training for workers serving special population groups.

This initiative should provide jobs for Detroiters and significantly improve the labor pool available to Detroit nursing facilities. Access to a more highly trained and educated workforce should decrease the rate of employee turnover at both the management and staff level, leading to improved quality of care and clinical outcomes for nursing facility residents.

This initiative is critical to implementing Strategy #1 to increase the direct care staffing in Detroit SNFs. There is a significant shortage of licensed nursing staff, particularly registered nurses, and nurse training programs operated by Michigan colleges and community colleges are at capacity with significant waiting lists. Therefore, private programs are needed to train workers.

This initiative would provide funding to establish the educational programs needed to train workers for careers in long term care, and would expedite the ability of the SNFs to access qualified staff.

	Trained	Total Cost
RN and LPN	97	1.9
CNA	89	.1
Living Stipend*	186	.3
Total Cost		\$2.3

**Living Stipend to Qualified Students for Each School Year*

The estimated cost for this initiative is \$2.3 million.

Strategy #4 – Stimulate the renovation and replacement of Detroit SNFs through increased access to capital and funding of construction and renovation costs not reimbursed by Medicaid.

Upgrading the physical plant of the Detroit skilled nursing facilities is the most critical strategy in the goal of improving the quality of care delivered. The aging structures impact the facility’s ability to recruit and retain qualified staff, to attract private pay and

Medicare patients, and to comply with regulatory and licensure requirements. However, as noted previously, the ability of owners to invest in capital improvements is compromised by Medicaid reimbursement limitations and an inability to access capital. The goal of this initiative is to establish a partnership between providers, financing sources and an oversight agency that will result in renovation and replacement projects for Detroit SNFs. Eligibility requirements will be established to ensure that projects will result in facilities that are commensurate with industry standards.

4a – Increase access to capital through a public and private partnership. This initiative would provide credit enhancement for Detroit nursing facilities, either in the form of insurance or another vehicle that would minimize the credit risk to lenders of financing Detroit capital projects.

This initiative would improve the ability of Detroit SNFs to access funding for renovation projects and would encourage lending by local banks.

4b – Provide grant funds to eligible Detroit SNFs for the portion of construction and renovation costs that are not reimbursed by Medicaid due to the limitations within the existing reimbursement system. Eligibility requirements will include criteria related to room designations (no wards), compliance with federally mandated requirements, and other measures related to enhancing the quality of care.

This initiative would improve the ability of Medicaid dependent SNFs to accomplish a renovation or replacement project. These projects are needed to upgrade infrastructure systems, and to provide rehabilitation space and patient configuration rooms commensurate with industry standards.

Upgraded facilities would significantly increase the ability of the Detroit SNFs to attract qualified staff. This will result in an increase in the quality of care rendered, a reduction in health and life safety citations and improved clinical outcomes. In addition, the improved physical plant and enhanced quality of care will allow the Detroit SNFs to improve the payor mix of the facility and reduce reliance on Medicaid funding.

The estimated total funding required for this strategy is \$20 million.

Strategy #5 – Facilitate a reduction in bed capacity through a program that provides financial incentives to owners to delicense beds. Facilities with lower occupancy levels have difficulty sustaining operations and are financially vulnerable to closure. If facility experiences occupancy levels less than 85%, the reimbursement rate is reduced and allowable costs are not fully recognized. Reducing capacity within the City of Detroit would strengthen SNFs by improving census in the remaining buildings and minimizing the financial consequences of low occupancy.

The estimated allowable cost that is currently unfunded by Medicaid due to the 85% occupancy requirements is \$2.8 million. This strategy would restore funding to operators that reduce beds or close their facilities.

The estimated total funding required for this strategy is \$2.8 million.

SUMMARY:

Strategies Supported by Economic Stimulus Proposal:

The American Recovery and Reinvestment Act of 2009 is intended to provide stimulus for economic growth and revitalization of the US economy. The strategies outlined for Detroit SNFs are commensurate with these goals and will significantly impact a region that has been disproportionately affected by our nation's fiscal crisis.

The total cost of the proposed initiative is \$41.1 million.

Construction and Renovation of Facilities	\$20.0
New jobs	16.0
Training and Education for new jobs	2.3
Incentives for Bed Capacity Reconfiguration	2.8

Resources for Funding other Policy Recommendations:

The Detroit Long Term Care System Change Task Force will continue to identify additional revenue sources for the remaining policy recommendations through expanded funding by Medicaid and Medicare, accessing Civil Monetary Penalty funds, Section 8/Housing Choice Vouchers, Tax Credits and other sources.