



**COVENANT  
HEALTH**

**May 4, 2022**

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# Executive Summary

Prepared for the Island Nursing Home Board of Directors

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5/4/2022

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# Executive Summary

In December 2021, INH Board of Directors signed an agreement with Covenant Health to conduct an assessment of the feasibility of re-opening the Island Nursing Home.

Areas to be assessed included:

- Financial review for reopening viability
- Recruitment of clinical staff viability
- Regulatory concerns
- Physical plant conditions

# Why Covenant Health?

Covenant Health is an innovative, Catholic regional health delivery network and a leader in values-based, not-for-profit health and elder care. Covenant Health was founded in 1983 under the sponsorship of the Sisters of Charity of Montreal, “Grey Nuns.”

Today, Covenant Health consists of hospitals, nursing homes, assisted living and independent senior residences throughout New England and in Pennsylvania. Covenant Health is one of the largest non-profit provider of these services in New England.

St. Mary’s Regional Medical Center in Lewiston, St. Joseph’s Hospital in Bangor, Bangor Nursing and Rehabilitation Center in Bangor, and St. Andre Health Care in Biddeford are all members of Covenant Health.

# Process

## **Over the past 4 months, the Covenant Health consulting team has:**

- Met with Board members, Island Nursing Home Administration and Maine State Director of Licensing
- Completed a facility tour with Board Chair, Administration staff and facility plant manager
- Reviewed financial statements, staffing schedules, facility plans
- Collaborated with Island Nursing Home Controller and Administration on facility staffing plans and bed strategies to assess feasibility for reopening plans that would net a break even or positive financial return

# Considerations for Re-Opening

The decision to re-open the Island Nursing Home is a significant one. The Covenant Health consulting group recommends careful consideration of the following:

# Financial Considerations

## Evaluate Cash Position and Payor Mix

- Residential Care Maine Care reimbursement rate of approximately \$106.00 per day is not sufficient to cover patient care costs let alone facility fixed costs per day.
- Island Nursing Home would need a minimum of \$3 million in reserve by October 2022 in order to fund operations for the first 12 months due to a ramp up of census and to offset payroll and fixed expenses. Only if sufficient staffing is in place.

# Budget Considerations

A budget of 32 AL and 38 SN/NF was developed to look at financial viability:

Even if staffing and associated housing could be identified in a timely manner, INH will likely experience a significant loss from operations in the short-term.



Budget details have been redacted.

Please contact INH for audited financial reports.

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# Staffing Considerations

**There is a limited supply of RNs, MedTech's and CNAs in Maine and nationally as posted recently in McKnight's Long Term Care News.**

The 7 states hardest hit by staffing shortages in the four categories (nurses, aides, clinical staff and other staff) examined in the Senior analysis:

- Minnesota, 41.4%
- Washington, 37.9%
- Maine, 37.7%
- Kansas, 36.1%
- Wyoming, 35%
- Alaska, 33.3%
- New Hampshire, 33%

# Staff Recruitment Costs

- The cost to hire and import nursing staff from the Philippines would be an option for Island Nursing Home. It would require an initial investment of \$600,000 for 15 RNs and \$500,000 for 20 CNAs totaling \$1,100,000. The cost to provide housing would be in addition to this amount.
- However, it is taking a minimum of 12-18 months for nursing staff from the Philippines to arrive in the US. The imported nursing staff would not be available by the time Island Nursing Home's Medicare certification expires in October 2022.

# Regulatory Considerations

- If Island Nursing Home does not reopen by October 2022, the CMS Medicare wavier will expire. If and when Island Nursing Home decides to reopen, it will have to reapply through Medicare for the building license. The facility will need to be inspected and meet all current Medicare regulatory and building requirements.
- If Island Nursing Home does not reopen by February 2023, the Maine State License to operate a Nursing Home will expire. Island Nursing Home will lose its licensed Residential Care and Nursing home beds and the beds will divert back to the State of Maine. If Island Nursing Home decides to sell their beds, they will need to do this prior to October 2022.

# State of Maine Regulations Regarding Expiration of License.

## 3.1. **Voluntary Closing of a Licensed Facility**

Whenever a licensed facility voluntarily discontinues operation, the facility shall notify the Department, and during the period when it is preparing for such discontinuance, the facility shall inform the resident, the next of kin, legal representative or agency acting on the resident's behalf of the fact and the proposed time of such discontinuance, with at least thirty (30) days' notice so that suitable arrangements may be made for the orderly transfer and care of such resident. In the case of any resident who has no person acting on his/her behalf, the facility shall be responsible for assisting such resident to arrange for a suitable transfer prior to the discontinuance of operation.

**Immediately upon discontinuance of operation of a licensed facility, the owner shall surrender the license to the Department.**

# Physical Plant Assessment

- Island Nursing Home facility plant is in good condition. The building has been well maintained and the patient rooms have been updated. An assessment was completed by a walk through on November 30<sup>th</sup> with the Plant Operations Director.
- Age of roof – sections of roof is 30 years old. Repairs are scheduled of May 2023
- HVAC System – approximately 3 years old
- Boilers/Chillers – approximately 15 years old
- Plumbing – original main plumbing, sewer line has had some repairs and upgrades approximately 8 years ago. New fixtures in patient rooms when they were upgraded.
- The cedar shake exterior of the building will require routine maintenance and the building will eventually need roof replacement.

# Market Demographics – Nursing Homes & Acute Care

## **Area nearest Nursing Homes (Hancock County) all approximately 32 miles away**

Courtland Rehab & Living Center, Ellsworth, Maine

Seaport Village, Ellsworth, Maine

## **Area nearest Acute Care Hospitals(Hancock County) all approximately 18 – 53 miles away**

Blue Hill Memorial Hospital, Blue Hill, Maine

Maine Coast Memorial Hospital, Ellsworth, Maine

Mount Desert Island Hospital, Bar Harbor, Maine



# Challenges in re-opening by October 2022 in the current Health Care environment and in the next several years

- 3 million dollars to fund operations will need to be in reserve prior to October 2022
- Staff will not be available by October 2022
- License to operate a nursing home will expire in February 2023
- Extensions granted by CMS are unlikely beyond a year from closing(October 2021)
- Reopening after October 2022, CMS would require private rooms and private baths which would cause Island Nursing Home to redesign the physical layout of the building and decrease bed size.
- In the future, Island Nursing Home will have to reapply to the State of Maine for nursing home beds and then if approved, would have to purchase bed licenses.

# A Path Forward for the Future

## **The INH Board of Directors needs to weigh all factors and timing in their re-opening decision**

- Given today's challenges with staffing, the impact of the pandemic, and the pending date of October 2022, it would be more realistic for the INH Board of Directors to reassess the potential for operating a Nursing Home in two - three years.
- Given the financial strain on independent SNFs, the Board of Directors may also want to consider partnering with a larger organization who can provide oversight, management of operations and support to the Board and management if they decide to move forward in the future.