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## County getting out of nursing home business

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After nearly 200 years of providing a home for the sick and elderly, Cayuga County is preparing to get out of the nursing home business.

Increased costs and an ever-tightening budget squeeze have led county leaders to the conclusion that running the nursing home, like the home health care agency before it and who knows what after it, is a game they can't win.

As a result, they've spent much of the last year in closed-door discussions about a possible sale, lease or merger that would save the county's bottom line without leaving vulnerable residents out in the cold.

Cayuga County opened its first nursing home July 1, 1826, when 52 people moved into a new wooden building on what is now County House Road. The population quickly grew to 150 in 1827, and the facility also served as an insane asylum.

In 1972, the nursing home was closed due to repeated violations and its 74 patients were moved to other facilities. The county was without its own nursing home until the current building opened in 1984.

The issue of selling it first surfaced in 1991, when some legislators suggested it could save the county money. That movement never gained much steam, largely because the nursing home actually turned a profit every year from its inception in 1984 until 1994, according to past county budgets.

Beginning with the 1995 county budget, the projected yearly operating cost has increased from \$3.35 million to \$7.75 million in 2011. Revenue has also grown, from a projected \$3.30 million in 1995 to a projected \$7.04 million this year, but not quickly enough to keep up with increased costs.

"We lose money every single day," Nursing Home Administrator Debra English said.

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Some of the reasons behind the nursing home's deficit are inherent to running a public facility.

First, the county nursing home is the "facility of last resort," as English put it, taking in residents that private nursing homes might reject for financial reasons.

For instance, the county nursing home receives about \$152 per day from Medicaid patients, compared to \$295 from private insurance and \$384 from Medicare, according to English. The facility's operating cost was an average of about \$260 per patient per day in 2010.

That disparity leads many private facilities to try to minimize the number of Medicaid recipients they take in. The Cayuga County Nursing Home, on the other hand, gets 75 percent of its payments from Medicaid.

"We take some very difficult-to-place patients because we want to keep them in the community," English said.

There are also some residents who are ineligible for Medicaid and thus have no way to pay at all. After three years of care, their outstanding bills (on which the nursing home still hopes to collect) add up to more than \$400,000.

To top it off, the federal government announced this summer an 11 percent cut in Medicare reimbursements starting Oct. 1, and Gov. Andrew Cuomo's Medicaid redesign team also recommended cuts.

A second problem is that the pay for public nursing home staff is much lower than at private facilities.

Entry-level nurses at the Cayuga County Nursing Home earn about \$20 an hour, compared with between \$25 and \$28 an hour at private facilities, English said.

The same holds true for the director of nursing, a position English described as critical to the facility's operation.

"These things don't happen automatically," English said. "You have to have leadership and policies and monitoring activities. You have to have a lot of things in place, and literally, I'm on my sixth director of nursing in six years."

Current Director of Nursing Andrea Prudom has been in place for three years. She makes \$66,000 a year plus benefits, while English makes \$80,000 a year.

The nursing home employs 110 people and uses another 23 contractors for housekeeping and food preparation. Their salaries and benefits add up to \$4.81 million, more than 60 percent of the facility's \$7.75 million budget in 2011.

"As a part of county government, we have costs that other nursing facilities don't have," English said, naming retiree benefits as a prime example. "If you add all those costs together, you'd be very close to the (\$700,000 budget deficit) in 2010."

Neither of those problems are unique to Cayuga County. A 2007 report on New York's public nursing facilities by the Center for Governmental Research concluded that financially unfavorable proportions of Medicaid patients and high labor costs make such operations "increasingly vulnerable."

From 1995 to 2005, the number of public nursing home beds in the state declined by 6 percent, even as the number of private and non-profit beds increased by about 8 percent, that study showed.

More recently, Onondaga County sought buyers for its 500-bed Van Duyn Home and Hospital after absorbing an operating loss of more than \$5 million in 2010.

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County officials stress that they are considering getting out of the nursing home business for strictly financial reasons. But low pay at the county nursing home means high turnover and high turnover can lead to issues in patient care, English said.

Reports filed with the state Department of Health show the facility has struggled at times to meet some care standards.

Between August 2008 and July 2011, there were 25 complaints and incidents at the nursing home, two-thirds of which English and her staff reported themselves.

That equals 32.8 complaints and incidents received per 100 occupied beds, higher than the statewide rate of 24.2 per 100 beds.

By comparison, Mercy Health and Rehab Center had 14.3 per 100 occupied beds, while Auburn Nursing Home had 37.2.

Between January and September 2010, the county nursing home scored poorly on several health indicators. For instance, 79 percent of patients lost control of their bladder or bowels compared to 53 percent statewide, and 29 percent reported feeling more depressed or anxious compared to 13 percent statewide.

The facility earned higher marks for minimizing bed sores and giving vaccinations.

In five facility inspections dating back to January 2009, the Department of Health found 40 standard health deficiencies compared to the state average of 17.

By comparison, Mercy Health and Rehab Center had 16 standard health deficiencies and Auburn Nursing Home had 31.

The nursing home was also fined \$12,000 last September for violations related to the death of 94-year-old resident Geraldine Burke, who died in May 2009 after staff mistakenly gave her the wrong medication, then did not notify her family of the error until after she died.

Burke's son, Wayne Burke, sued the county in June 2009. That lawsuit is still in the works.

English acknowledged that "we have some areas that we need to improve upon" but defended the care her staff provides, pointing out that nearly all the beds are always filled.

"We have more thank-you notes and more donations than probably any other department in the county and most other nursing homes," she said. "The proof's in the pudding -- we give good care."

County Legislator Patrick Mahunik, chairman of the Health and Human Services subcommittee, said concerns about care have played no part in the county's decision.

"We're not looking at the nursing home because the service is substandard. That's not at all what we're doing," he said. "We're looking at it as, how do we have the highest quality in the most cost-effective manner?"

The state started a new assessment process for nursing homes last October. When that data is released, it should show a marked improvement at the county facility, English said.

Detailed data about all nursing homes in the state is available online at [nursinghomes.nyhealth.gov](http://nursinghomes.nyhealth.gov).

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The county has been talking about its options with the nursing home since last fall. They could include a sale, a lease or an affiliation agreement of some kind.

The first steps politically will likely be a discussion at committee and, eventually, a request for proposals from potential buyers or a resolution defining the terms of an affiliation.

Before that, though, the decision-makers say they're doing all their homework, acknowledging a lesson learned from the sale of the Certified Home Health Agency.

"I think maybe we put the cart before the horse (with the CHHA)," Legislature Chairman Peter Tortorici said. "We went right out with the RFP before we did our due diligence like we are now with the nursing home. ... We certainly don't want to have an operation in here that's going to run it down or throw everyone out."

The nursing home building itself is valued at \$4.96 million for insurance purposes and contains \$175,000 worth of equipment. There is also a storage unit valued for insurance purposes at \$31,200.

When Onondaga County put Van Duyn up for sale, it attracted eight bidders, but Tortorici said the county's primary concern in a sale would not be to turn a profit.

"We'd take money if it were offered, but the goal is to continue to have the services provided to the residents of Cayuga County, even if it's just a transfer," he said.

The process has taken longer than expected. In a Jan. 4 address to the Legislature, Tortorici listed making a decision on the nursing home as one of his key goals for 2011.

County leaders would now like to conduct a comprehensive assessment of the current nursing home capacity in the county, possibly with the assistance of an outside consultant, Mahunik said.

"We want to take that information and use it to find out how to go forward and provide the best service to residents," he said.

Several legislators have said that no action will likely be taken before the election and budget seasons this winter.

Whatever happens, the county hopes the facility's current employees will keep working under new management, as happened when the CHHA was sold.

The majority of the nursing home work force belongs to the CSEA. Union spokesman Mark Kotzin said he was concerned about the fate of low-income residents who might not be as attractive to a private facility.

"Our primary concern is for the safety net mission the nursing home currently provides for the community. That's the reason the people established it in the first place: residents saw value in having a place people could call their home even without the ability to pay for it," he said. "It's a community asset, and when you go private you jeopardize that mission."

Kotzin also argued that it is easier to contain costs for residents at a public facility because it has greater transparency and accountability.

One thing is for certain: the population of people in need of nursing home care is not going away.

Statistics from the federal Administration on Aging predict an explosion in the 65-plus population, from 40.2 million in 2010 to 88.5 million in 2050.

County officials were unanimous in saying the facility's doors will remain open, even if it means continuing to subsidize it.

"This isn't simply about dollars and cents, sell it to the highest bidder," County Administrator Thomas Squires said. "The financial pressures are what is driving us to look at our options, but first and foremost, we need to keep those beds available for the community."

John Ognibene, the administrator of the 323-bed Mercy Health and Rehab Center, worked for the Cattaraugus County nursing home for three and a half years and said he understood the predicament Cayuga County is facing.

He said he has a good working relationship with the county nursing home and stressed its importance to the community.

"All the beds that are certified in the county are needed now or will be needed in the next 10 years," he said. "So the county's 80 beds have a definite place in the community. Every bed counts."

County officials agreed and said maintaining a safety net for the county's elderly residents is their number one priority.

"We're making sure we do this the right way," Mahunik said. "Whatever we end up doing."

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