

2010 ALBANY COUNTY EXECUTIVE BUDGET

DEPARTMENT BUDGETS

NH: Nursing Home Fund

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County Executive



VOLUME I

RESIDENTIAL HEALTH CARE FACILITIES - 6020

Albany County's commitment to serving the needs of vulnerable citizens officially dates back to 1778 when the Legislature gave the Overseer of the Poor the power to build or purchase housing accommodations for the poor. In 1826, four houses were constructed at the great cost of \$14,000 to provide relief for a total of 123 people. The County Alms House Farm subsequently grew to a population of 419 by 1857 and additional housing was added on the original 116 acres. As Albany County was the terminus for the Erie Canal and a beginning point for a westward railroad, the area drew many then known as "alien paupers."

By the turn of the 20th Century, the Alms House Farm, which was located near what is now New Scotland Avenue, included not only the Alms House, but also the Poor House, the Lunatic Asylum, and a Hospital and Pest House. Due to disrepair and overcrowding, a new site for a proposed institution was selected by the Board of Supervisors and Superintendent of the Alms House. Construction began in 1928 on the Ann Lee Home at its current Shaker Farm site in the Town of Colonie. In order to better meet federal and state standards for nursing facilities and capture public reimbursement, the Albany County Nursing Home opened in the fall of 1973.

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The role that county government plays in meeting the needs of its citizens has changed dramatically over time. These changes have been in response to changing needs of the population and changing availability of resources in the community. When Albany County first provided residential care for the most needy, institutional health care as we know it today did not exist. Today, there are many options for long term care in the community, and new models of care are constantly evolving.

A fixed model of care, such as institutional care, can not evolve to meet the changing needs of the community. The institutional model of nursing home care will not adapt to new developments in technology and pharmacy. An institutional model will be fixed for 30 years or more, despite the rapid pace of change in health care.

The funding mechanisms for long term care have changed substantially since the county began providing residential care for the indigent. Prior to Medicare and Medicaid, there were no reimbursement systems to pay for long term care, and the only available funding was County taxes. Nursing homes as we know them today as medical skilled nursing facilities simply did not exist. Since the construction of the Ann Lee Home, Medicare and Medicaid were established and grew rapidly.

Medicaid and Medicare have eliminated the need for a facility exclusively operated to provide care to the poor. Indigent long term care patients now receive care at private facilities because a payment source exists for their care.

Many counties continue to operate nursing homes and attempt to generate offsetting revenues rather than recognize that their role might have become irrelevant. Albany County not only maintained the Ann Lee Home, it built a new facility, the Albany County Nursing Home. Due to the substantial capital and fixed operating costs of running a facility, nursing homes must maintain a minimum census to offset financial losses, regardless of fluctuating demand for care in the community.

Medicaid funding, especially for institutional care, is being significantly reduced. The Medicaid nursing home payment methodology that will take effect next year will place public facilities at a substantial disadvantage. Medicaid reimbursement only covers 39 percent of the cost of care at ACNH for each resident. In 2009, Albany County will spend \$146,785 per resident, with Medicaid reimbursement of only \$56,940. Expecting Medicaid nursing home payment rates during the 30-40 year lifespan of a facility to cover the costs of construction and operation is naïve and from a financial planning perspective, foolhardy.

In 1999 the landmark Olmstead (Olmstead v. L.C. and E.W) decision supported the rights of individuals to live in the community rather than to be institutionalized and established under Federal Law the Americans with Disabilities Act of

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community rather than to be institutionalized and established under Federal Law the Americans with Disabilities Act of 1990 (ADA) requires that when a state provides services to individuals with disabilities, it must do so “in the most integrated setting appropriate to their needs.” More recently, the U.S. Court for the Eastern District of N.Y found that the State's placement of mentally ill persons in segregated institutional settings violated the integration mandate of the Americans with Disabilities Act, because these individuals could be served by existing community-based housing programs. State and local government must carefully weigh the funding trade-offs made when investing in care for senior citizens and others with disabilities who are able and willing to live in their communities with support. Albany County should lead the way in making these services available and not re-create an institutional model of services which is being increasingly discredited by courts, individuals with disabilities, advocates and care providers.

Failure to recognize that the environment of long-term care has already changed substantially and will continue to do so will doom Albany County to play a marginalized role, becoming less and less relevant to the needs and concerns of its residents and less and less relevant to those who provide care and support. And despite a diminishing role, the County will spend more and more money. To build a new nursing home is to ignore these fundamental changes.

Albany County could build a new nursing home. However, while the increased financial cost of continuing to operate the Nursing Home and the burden on taxpayers will be very significant, the cost of re-building will not be limited to the financial. If we lock our financial resources into a single building and a single model of institutional care, we will be unable to take advantage of new choices, we will be forced to reduce funding for all other County operations, and we will be unable to provide more long-term care choices to more of Albany's citizens of all ages.

Building a new Nursing Home will result in a lost opportunity to dramatically improve the care and support of people living in their own homes and the family members and others who care for them. It will result in a lost opportunity for many who would much prefer to remain at home but who have available to them neither adequate supports at home nor residential alternatives to institutional placement. It will result in a lost opportunity to live in less institutional residential settings. And for others, including those considered “hard-to-place” for whom a nursing home is the preferred or only appropriate care, it will result in a lost opportunity to have more than one choice of residential setting.

Some believe that Albany County can both build a new nursing home and expand home and community based services. That cannot be done successfully because expanding home and community based services and building institutional capacity work at cross-purposes. The County cannot afford to do both. Even more important, if the County builds a new building, its organizational and financial motivation will necessarily be to keep it filled – exactly the opposite of what the public and individuals prefer.

Rather than building a new nursing home, Albany County can and should use this once-in-a-lifetime opportunity to change the direction of all of long-term care in Albany County and be a model for many other areas of New York State. While significantly reducing what would otherwise be very large property tax increases, Albany County can provide for new opportunities, especially for patients needing care in the future, opportunities that current patients never had.

This budget assumes that except for readmissions of current patients, we will close admissions to the Albany County Nursing Home and that the census will fall to approximately 140-160 by the end of 2010.

As patient census declines due to attrition and transfer of patients to alternative settings, the Nursing Home will close one unit at a time. Staff reductions will be associated with each unit, and will only occur after all patients from a unit have been discharged or moved to an appropriate alternative unit within the facility. ACNH current clinical staffing ratios will be maintained for the entire duration of time that patients remain at the facility.

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In 2011, the County will continue to reduce workforce in conjunction with capacity reductions until transition of workforce is completed, with an anticipated completion of patient discharges by December 2011.

Albany County will take all appropriate steps to provide transition support to nursing home employees. Albany County will work with:

- Nearby counties that operate nursing homes to transition staff to other employment opportunities, and assist those facilities where attracting and retaining sufficient staff is an on-going challenge. Employment with other counties will also provide continuity of participation in the New York State Employment Retirement System for employees, a significant consideration for individuals employed by municipalities.
- Other facilities in Albany County, especially those interested in assuming some of current ACNH bed capacity in either Assisted Living Programs or skilled nursing facilities, to hire and retain current ACNH staff.

Albany County will also take steps to make training available to staff that are interested in pursuing employment in other healthcare settings. Albany County will cover the cost of unemployment insurance associated with the provision of unemployment benefits for all employees unable to transition to other healthcare settings or other employment opportunities.

The 2010 Executive Budget includes the elimination of 51 vacant positions, the reduction of 13 non-clinical staff at the beginning of the year, and loss of an additional 60 staff over the course of 2010 as census declines. Revenue will also decrease as patient census decreases. In 2011, the County will continue to bear significant operational costs and steeply declining revenues. However, in 2012, only minimal costs of completing the closure process will remain.

We are at a cross roads. We can narrow the County's role to caring for 250 and no more in an inflexible costly institution which provides patients fewer choices. Or we can develop a much more flexible and responsive system expanding the County's role to serve many more people, to serve them where they would prefer to be, at home or in other residential settings and to do so at much less cost. In doing so we can continue to ensure that the most vulnerable are still well served.

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Account	Description	2008 Expended	2009 Adjusted	2010 Proposed	2009-10 Change	2009-10 Percent Change
Appropriations						
Residential Health Care NH -(6020)						
	Personnel Services	\$19,557,900	\$17,737,043	\$15,903,974	(\$1,833,069)	-10.3%
	Equipment	\$19,525	\$121,635	\$27,450	(\$94,185)	-77.4%
	Contractual Expenses	\$2,193,549	\$6,248,913	\$5,691,604	(\$557,309)	-8.9%
	Fringe Benefits	\$8,805,250	\$7,372,400	\$8,227,714	\$855,314	11.6%
	Residential Health Care NH Total	\$30,576,224	\$31,479,991	\$29,850,742	(\$1,629,249)	-5.2%
Hospital and Medical Insurance -(9060)						
	Fringe Benefits	\$2,414,601	\$2,114,046	\$2,434,387	\$320,341	15.2%
	Hospital and Medical Insurance Total	\$2,414,601	\$2,114,046	\$2,434,387	\$320,341	15.2%
Serial Bonds -(9710)						
		\$288,523	\$286,198	\$283,617	(\$2,581)	-0.9%
	Serial Bonds Total	\$288,523	\$286,198	\$283,617	(\$2,581)	-0.9%
Transfers to Risk Retention Fund -(9902)						
		\$0	\$1,055,586	\$1,230,785	\$175,199	16.6%
	Transfers to Risk Retention Fund Total	\$0	\$1,055,586	\$1,230,785	\$175,199	16.6%
	Total Appropriations	\$33,279,347	\$34,935,821	\$33,799,531	(\$1,136,290)	-3.3%
Revenue						
Residential Health Care NH -(6020)						
	Residential Health Care NH Total	(\$20,663,164)	(\$30,145,096)	(\$23,446,580)	\$6,698,516	-22.2%
	Total Revenue	(\$20,663,164)	(\$30,145,096)	(\$23,446,580)	\$6,698,516	-22.2%
	County Share	\$12,616,182	\$4,790,725	\$10,352,951	\$5,562,226	116.1%

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NH OPERATIONS FUND SUMMARY					
	2008	2009	2010	2010	2010
Description	Actual	Adjusted	Requested	Proposed	Adopted
APPROPRIATIONS					
Econ Asst/Opportunity	\$34,712,844	\$31,479,991	\$35,229,456	\$33,799,531	\$-
Total Appropriations	\$34,712,844	\$31,479,991	\$35,229,456	\$33,799,531	\$-
REVENUES					
Dept./Misc. Income	\$19,574,661	\$25,375,351	\$22,043,682	\$21,595,790	\$-
State Aid	\$0	\$216,000	\$0	\$0	\$-
Federal Aid	\$1,088,503	\$4,553,745	\$5,038,546	\$1,850,790	\$-
Subtotal Revenues	\$20,663,164	\$30,145,096	\$27,082,228	\$23,446,580	\$-
Interfund Transfer	\$19,480,012	\$4,075,854	7346029	9486247	\$-
Total Revenues	\$40,143,176	\$34,220,950	\$34,428,257	\$32,932,827	\$-

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NH FUND SUMMARY					
	2008	2009	2010	2010	2010
Description	Actual	Adjusted	Requested	Proposed	Adopted
APPROPRIATIONS					
Econ Asst/Opportunity	\$34,679,880	\$31,479,991	\$31,389,603	\$29,850,742	\$ -
Undistributed					
<i>Employee Benefits</i>					
Hospital and Medical Insurance	\$2,414,601	\$2,114,046	\$2,325,451	\$2,434,387	\$ -
<i>Transfers</i>					
Transfers for WC	\$1,080,710	\$1,055,586	\$1,230,785	\$1,230,785	\$ -
Transfer for Insurance					
Transfer for UI					
<i>Bonds</i>					
Serial Bonds (Principal)	\$230,000	\$235,000	\$240,000	\$240,000	\$ -
Serial Bonds (Interest)	\$58,523	\$51,198	\$43,617	\$43,617	\$ -
Total Appropriations	\$38,463,714	\$34,935,821	\$35,229,456	\$33,799,531	\$ -
REVENUES					
Dept./Misc. Income	\$19,574,661	\$25,375,351	\$22,043,682	\$21,595,790	\$ -
State Aid	\$0	\$216,000	\$0	\$0	\$ -
Federal Aid	\$1,088,503	\$4,553,745	\$5,038,546	\$1,850,790	\$ -
Subtotal Revenues	\$20,663,164	\$30,145,096	\$27,082,228	\$23,446,580	\$ -
Fund Balance					
Appropriated Reserve	\$0	\$0	\$801,199	\$866,704	\$ -
Interfund Transfer	\$19,480,012	\$4,075,854	\$7,346,029	\$9,486,247	\$ -
Total Revenues	\$40,143,176	\$34,220,950	\$35,229,456	\$33,799,531	\$ -