



Staffing Plan + Cost Impact Analysis for the Alaska Pioneer Homes

Part I: Division-level Report

Prepared for the Alaska Mental Health Trust Authority and the
Division of Alaska Pioneer Homes

by Agnew::Beck Consulting

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Part I: Executive Summary and Division Level Report

This document is the first of a three-part report that offers guidance to optimally staff the Alaska Pioneer Homes for full occupancy and maximize community benefit for long-term care for elders. This first document includes an Executive Summary and the Division-level Report which includes the following topics:

- Chapter 1: Introduction to the Alaska Pioneer Homes
- Chapter 2: Community Need and Market Demand
- Chapter 3: Who Lives at the Pioneer Homes?
- Chapter 4: Staffing Analysis Framework
- Chapter 5: Recommendations for Changes to Staffing Approach, Intensity and Positions
- Chapter 6: Financial Impact Analysis
- Chapter 7: Division-wide Recommendations
- Chapter 8: Implementation

The second part, the Home-level reports, is available as a separate document and includes an overview of each Pioneer Home's resident mix, facility layout and staffing approach, community need and market data, recommendations and a cost impact analysis.

The third part of the report, also available as a separate document, includes the appendices for the complete report.

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Acronyms and Abbreviations

Acronym	What It Stands For
ADLs	Activities of Daily Living
ALA	Assisted Living Aide
ADRD	Alzheimer's disease and related dementias
ALH	Assisted Living Home
ALI waiver	Adults Living Independently Medicaid waiver
APH	Anchorage Pioneer Home
API	Alaska Psychiatric Institute
AVPH	Alaska Veterans and Pioneers Home
CMS	Centers for Medicare & Medicaid Services
CNA	Certified Nursing Assistant
CON	Certificate of Need
DHSS	Department of Health and Social Services
FPH	Fairbanks Pioneer Home
FTE	Full-time equivalent
IADLs	Instrumental Activities of Daily Living
IHS	Indian Health Service
JPH	Juneau Pioneer Home
KPH	Ketchikan Pioneer Home
LPN	Licensed Practical Nurse
LOC	Level of Care
NFLOC	Nursing Facility Level of Care
NMS	NANA Management Services
PCA	Personal Care Assistance/Personal Care Attendant
PCC	Point, Click, Care
PSS	Protective Services Specialist
PT	Physical Therapy
QA/QI	Quality Assurance/Quality Improvement
RN	Registered Nurse
RSL	Residential Supported Living
SPH	Sitka Pioneer Home
SNF	Skilled Nursing Facility
VA	Veterans Affairs

Executive Summary

The Alaska Pioneer Homes

The Alaska Pioneer Homes provide assisted living care for elder Alaskans in six locations across the state. Homes range in size from 46 beds in Ketchikan to 168 beds in Anchorage. The 79-bed Alaska Veterans and Pioneers Home in Palmer is also a Veterans Affairs (VA) certified veterans home. Individuals ages sixty-five and older who have lived in Alaska more than one year are eligible to receive care at the Alaska Pioneer Homes.

The Pioneer Homes offer three levels of care in each facility, ranging from independent housing to high level assisted living care for those with advanced dementia and/or significant medical care needs. Level 1 residents are mostly independent and receive housing, meals and access to recreational activities. Level 2 residents receive help during the day with activities such as bathing and medication management. Level 3 residents require 24/7 support with activities of daily living and medication management. Fifty-six percent of Pioneer Home residents require level 3 services and 75 percent of the active waitlist are people anticipating level 3 services.¹ Sixty-four percent of the 554 Pioneer Homes' permanent employees provide direct care such as nursing services and assistance with activities of daily living.²

There are currently 201 eligible applicants on the active waitlist ready to move into a Pioneer Home within 30 days.³ Another 5,000 are on the inactive waitlist, which means they are interested in the Pioneer Home but are not yet ready to move in. Eligible applicants on the active waitlist who are ready to move in are triaged based on the date they initially signed up for the waitlist, the level of care they need, and the type of bed available at each home.

Residents are accepted to the Pioneer Home regardless of income and a payment assistance program provides a sliding fee scale for residents. Twenty-five percent of residents are enrolled, or pending enrollment, in the Alaskans Living Independently 1915c Medicaid Waiver, which pays a flat daily rate for services. Around 50 percent of residents pay the published rates for the Pioneer Home without any Payment Assistance or support from Medicaid or Veterans Affairs (VA). However, the published rates do not cover the full cost of

Figure 2: Percent of Pioneer Home Residents by Payor Source

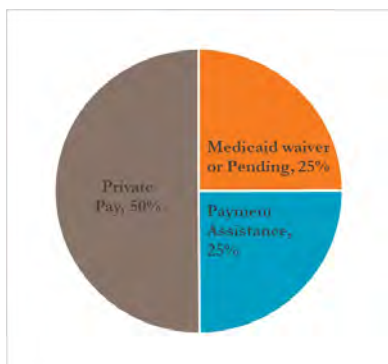
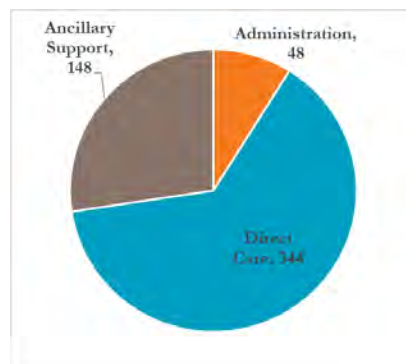


Figure 2: Permanent Full-time Equivalent Employees by Category



¹ Alaska Pioneer Homes June 2018

² This include both part-time and full-time employees for a total of 539 full-time equivalent employees. In addition, there are 91 nonpermanent employees, most of whom provide on-call services in direct care.

³ Alaska Pioneer Homes June 2018

care at the Pioneer Homes. A VA per diem is also a payment source for residents at the Alaska Veterans and Pioneers Home in Palmer. Earned revenue to the Pioneer Home from private and public payers is not sufficient to cover the full cost to operate the Pioneer Homes in Alaska. State General Fund revenues cover the difference between earned revenue and the full operations cost, with an average annual subsidy of \$67,000 per bed.

Unique Role of the Pioneer Home

The Alaska Pioneer Homes occupy a unique position in Alaska's long-term continuum of care for seniors.

- Aging in Place Care Setting.** In communities throughout Alaska, through public workshops and surveys, elders resoundingly state that they would prefer to stay in their own homes and communities as they age. Elders also share that when they must leave their homes and communities, they prefer to move only once and are eager for opportunities to age in place in settings where they can receive additional care as they need it. The Pioneer Homes, which offer the Eden Alternative Model of Care⁴, provide a valuable opportunity for Alaska's elders to age in place. By accepting level 1, 2 and 3 residents, the homes create a community of residents who help each other and benefit from integrated living. At the Juneau Pioneer Home, level 1 residents interviewed for this study expressed a commitment to assist residents with higher needs who are living with dementia. By continuing to be a place for seniors who can live independently, the homes retain a sense of vibrancy. However, the aging in place care model makes it challenging to predict staffing needs and levels. The ever-changing mix of care levels in neighborhoods and throughout the Homes causes staffing intensity to fluctuate based on resident needs. This is a difficult business model to develop in the private sector. Many assisted living homes prefer to define their clientele more narrowly to fit a more predictable staffing model. By operating with a commitment to three levels of care, the Pioneer Homes offer the benefits of aging in place to Alaska's seniors.
- Higher Acuity Assisted Living.** While the Pioneer Homes continue to accept level 1 clients, most residents are level 2 and level 3 (86%). Additionally, 52 percent of residents are diagnosed with dementia. Medical and functional acuity levels for the Pioneer Home residents fall just below acuity levels typical for skilled nursing facilities. For example, four percent of Pioneer Home residents use catheters, while this can be as high as 22 percent for residents in a typical skilled nursing facility; less than one percent of Pioneer home residents require ostomy or tracheostomy care, whereas the rates are higher in skilled nursing. Functionally, 53 percent of Pioneer Home residents need an assist of one or two staff for at least one of the activities of daily living and about half of residents are in their chair all or most of the time. The data indicates that level 2 and 3 residents at the Pioneer Homes are higher acuity clients who require assisted living care and likely do not require skilled nursing care. The Pioneer Homes meets a critical care need for this higher acuity assisted living clientele, which is nearly impossible to meet in the private sector.



⁴ Division of Alaska Pioneer Homes, About our Homes, <http://dhss.alaska.gov/daph/Documents/docs/onlineAboutOurHomes.pdf> accessed October 2018.

Our work testing financial feasibility for private and nonprofit senior service providers interested in developing higher acuity and dementia-focused assisted living facilities indicates that the Medicaid Waiver reimbursement rates are not sufficient to cover the staffing and operational costs. A daily rate of closer to \$400 per day is necessary to cover the costs of higher acuity assisted living, including dementia care. The FY 2019 estimated cost to provide care at the Pioneer Homes is \$363 per day for this higher level of care. While the State is investing heavily in the Pioneer Homes, the homes are meeting an unmet need for elder care that is not financially viable in the private sector given the current rate structure. Higher acuity assisted living is a critical need for seniors in our communities; it reduces the need to serve elders in higher cost care settings that are also in very short supply, such as skilled nursing beds.

- **More Opportunities to Maximize Community Benefit.** While the homes are currently meeting a critical care need for seniors in Alaska communities, this analysis identified additional opportunities for the Pioneer Homes to maximize community benefit by increasing to full occupancy and filling specific gaps in Alaska's elder care continuum.
- **Prioritizing Full Occupancy.** In response to lower oil revenues and State mandated budget cuts, in recent years, the Alaska Pioneer Home began to cut staff positions. As direct care positions decreased, the Homes held some beds open because there was not adequate staff to provide care for additional residents. This, in turn, decreased the earned revenue potential and further complicated the budget picture. As a result, in 2017, the Pioneer Homes had an average monthly occupancy of 423 residents for 497 available beds, or an average occupancy rate of 85 percent. However, the occupancy rates have been steadily increasing at the direction of Division leadership and, as of June 2018, 90 percent of the beds were filled. This tremendous community resource is not fully occupied in a time of increasing need for higher level assisted living care.
- **Serving Challenging Clients.** The 2015 Feasibility Study of the Privatization of the Alaska Psychiatric Institute study identified that, "Alaska Psychiatric Institute (API) frequently takes in long-term dementia consumers because they are not only the catch-all acute care psychiatric hospital but have become the safety net for difficult to place sub-acute consumers." Some of the Pioneer Homes are well-positioned to begin to offer specialized care for elders with complex behaviors who cannot be served in other assisted living facilities. By looking for opportunities to designate neighborhoods for higher acuity care, and continuing to focus on dementia care, the investment Alaskans make in the Pioneer Homes can help to meet the needs of higher acuity elders, which is a niche the private market is unable to fill.

Study Purpose

Until now, there has been no systematic analysis for Pioneer Homes leadership, legislators, and administrators to use to understand or adjust the level of staffing intensity or approach. This staffing plan offers guidance for how to optimally staff the Pioneer Homes for full occupancy and maximize community benefit for long-term care for elders. This report includes recommendations that help the Pioneer Homes meet the following goals:

- Operate homes at full occupancy;
- Implement the Alaska Pioneer Homes Strategic Plan, 2017-2020;
- Maximize community benefit; and,
- Be cost efficient.

Methodology

The Alaska Mental Health Trust Authority contracted with Agnew::Beck Consulting, Inc. to conduct a Staffing Plan and Cost Impact Analysis for the Alaska Pioneer Homes including the six homes in Anchorage, Palmer, Fairbanks, Juneau, Ketchikan and Sitka, the central office and pharmacy. Agnew::Beck Consulting worked closely with Pioneer Homes' leadership in the central office and the six homes.

The Staffing Plan and Cost Impact Analysis includes four information gathering and analytical steps, detailed below:

- Conduct site visits (six) and interviews (176) and focus groups at each of the six homes, central office and pharmacy, and conduct an online survey to solicit input from all Pioneer Home employees in a confidential format;
- Compare staffing intensity externally across the industry, and internally between homes and neighborhoods;
- Adjust staffing and organizational structure to support strategic plan priorities;
- Model the staffing and financial impact of three scenarios:
 1. Operational status quo;
 2. Adjust staffing model to operate at full capacity; and
 3. Increase number of higher acuity residents served to maximize community benefit.

Terminology

Employee: a person employed by the State of Alaska who has a position number.

Shift target: the number of staff needed on the floor at a given time to serve elders. Targets are typically set by neighborhood to match the mix of care levels required.

Staffing ratio: the number of residents served per staff type on each shift. In this report, staffing ratios are mostly calculated at the home level to compare overall intensity of staffing to residents.

Full-time equivalent (FTEs): the number of employees equal to full-time employees needed to staff a department; in this report, two part-time employees equal one full-time equivalent.

Staffing Intensity Key Findings

We compared the staffing intensity in each home to other facilities in Alaska. The Pioneer Homes provide a level of care in between regular assisted living and skilled nursing at a scale unmatched in Alaska. Staffing ratios reflect this reality. Current Pioneer Home staffing ratios are more similar to nursing facilities than to other assisted living homes. On average, the Pioneer Homes are staffed at a ratio of four residents for each direct care worker on the day shift, five residents for each direct care worker in the evening and 12 residents for each worker at night. The Alaska Pioneer Homes average staffing intensity is closest to Providence Horizon House assisted living dementia cottages. We also compared the staffing intensity across the Pioneer Homes and neighborhoods within each home to benchmark and align the level of care within the system.

Figure 3: Residents per Direct Care Staff by Shift

Facilities	Day Shift	Evening Shift	Night Shift
Pioneer Home Average (all 6 homes)	4.0	5.1	11.6
Alaska Nursing Facility Average*	3.4	3.4	6.1
Prestige Care & Rehabilitation Center	4.5	4.5	8.2
Wildflower Court	3.7	3.7	5.6
Denali Center	2.2	2.2	4.5

Facilities	Day Shift	Evening Shift	Night Shift
Providence Extended Care	3.2	3.2	6.0
Providence Horizon House (main apartments) Assisted Living	7.3	9.7	19.3
Providence Horizon House (dementia cottages) Assisted Living	4.0	4.0	12.0
Other states' Assisted Living Facility Average**	13.0	13.7	18.9

*Includes Prestige Care & Rehabilitation Center (Anchorage), Wildflower Court (Juneau), Denali Center (Fairbanks) and Providence Extended Care (Anchorage).

**Includes information from Colorado, Missouri, New Mexico, Georgia, Mississippi.⁵

Recommendations

Recommendations are drawn from the site visits to the individual homes, discussions with administrators and division leaders following the visits, and from the staffing and financial impact analysis, and are framed within the Pioneer Homes Strategic Plan Priority Areas. See Chapter 5 and 7 for additional detail and Part 2: Home-level Reports for how these recommendations are implemented in each Home.

Changes to Staffing Approach, Intensity and Positions

Adopt an organizational structure that reflects a more appropriate balance of the social and medical services of assisted living.

Each Home's chapter includes a recommended structure to implement this recommendation. Examples of this type of change include adding medical oversight in the form of a nurse practitioner or medical doctor to each Home; shifting the care planning and delegable medications away from floor nurses to CNAs; and, better integrating the activities department with the direct care staff. Many of these changes can be implemented through normal attrition. Adopting the organizational chart as a five to ten-year goal will help focus and track changes that can be made over the next several years. The financial impact of these changes was modeled in both Scenarios 2 and 3 (see the following section).

Increase staffing and acuity levels to maximize community benefit and earned revenue.

This includes increasing the total number of licensed beds by 19 from 497 to 516. A priority objective for the Pioneer Homes should be to maximize community benefit by serving the highest level assisted living clients possible to utilize scarce public resources as effectively as possible, while maintaining the mixed levels of care and aging in place philosophy that characterize the Pioneer Homes.

This model is the best use of State resources for meeting community need. Increasing access to higher level assisted living for people with advanced dementia and complex behaviors who cannot easily be served by the private sector avoids costs associated with housing elders in less appropriate and costlier care settings, such as cycling through emergency rooms or remaining in acute care or skilled nursing beds because there is no safe place to discharge them. Currently, some elders with these care needs are housed at the Alaska Psychiatric Institute (API), where beds are in critically high demand.

The financial impact of this recommendation was modeled in Scenario 3. Scenario 3 includes all the staffing changes modeled in Scenario 2 with additional recommendations that will maximize the Pioneer Homes'

⁵ <https://www.argentum.org/wp-content/uploads/2017/07/State-comparison-of-Staffing-levels.pdf> (2017).

ability to meet community need and earned revenue by increasing the number and proportion of elders served at higher levels of care.

Figure 4: Alaska Division of Pioneer Homes Recommendations Dashboard

Item	Operational Status Quo	Recommended Model
	(Scenario 1)	(Scenario 3)
Permanent, Full-Time Equivalent Employees	539	637
Licensed Beds	497	516
Residents	448	516 (Revenue modeled with 3 percent vacancy to accommodate turnover)
Level 3 Beds	253	360
Complex Behavior Beds	0	27 (in three neighborhoods)

Division-wide Recommendations

Chapter 7 includes the detail of approximately 20 recommendations for changes to overall processes at the division-level. The following are highlighted here:

- Develop and implement a consistent Quality Assurance/ Quality Improvement (QA/QI) program across all homes.
- Pioneer Homes should represent the diversity of Alaska communities and people. Change the name of the Pioneer Homes to ‘Elder Alaskans Homes’ or a similarly inclusive name that ensures older Alaskans of all cultural and racial groups feel equally welcomed to the homes.⁶ Standardize outreach activities across homes to include regular outreach to tribal, non-profit and other senior providers.
- Revise eligibility process and criteria to ensure all eligible Alaskans have equal opportunity to join the inactive waitlist as soon as they become eligible; and, to ensure eligibility criteria reflects the goals of the Pioneer Homes and to maximize community benefit. Work with local social service workers and hospital discharge staff to ensure all Alaskans 65 and older have access to the Pioneer Homes. Consider using the annual Permanent Fund Dividend application to identify Alaskans who are 65 and older and to proactively add them to the inactive waitlist.
- Maximize administrators’ ability to manage budgets for each home, both revenues and expenses, for maximal efficiency and optimizing resources.
- Standardize orientation, supervision, and performance management for employees.
- Define and implement consistent process across homes for managing medication orders.
- Pilot an increased Medicaid waiver rate for increased level of care for the Pioneer Homes.

⁶ One of the definitions of the word ‘Pioneer’ is “people who leave their own country or the place where they were living and go and live in a place that has not been lived in before.”⁶ This excludes people who were already living in a place, Alaska Native people, and those who came to Alaska more recently, from being described as ‘pioneers’. Collins English Dictionary, <https://www.collinsdictionary.com/us/dictionary/english/pioneer>, accessed September 2018.

Cost Impact Key Findings

Net Financial Impact at the Division-level

Net financial impact refers to the incremental change in costs or revenues associated with a change from Scenario 1, the operational status quo, to either Scenario 2 or Scenario 3. In all scenarios it is important to note that the revenues will never cover the cost of staff or the total cost of care and operations of the homes.⁷ This analysis focuses on whether changes to the status quo will result in additional operational costs or revenue opportunities. The three scenarios include:

- Scenario 1: Operational status quo.
- Scenario 2: Balance the social and medical services of assisted living and operate at full capacity.
- Scenario 3: In addition to the assumptions in Scenario 2, increase number of higher acuity residents served to maximize community benefit.

Figure 5 identifies the net financial impact of the study recommendations by comparing the increase in costs with the increase in revenues across the three scenarios. Moving to Scenario 2 from Scenario 1 results in almost \$2 million more in revenues than in staff costs. Moving to Scenario 3 from Scenario 1 results \$400,000 more in costs than revenues. However, in Scenario 3, 68 more beds can be filled, and 107 more level 3 beds can be filled than in Scenario 1. These 107 beds are a great asset to Alaska in a time when there is limited capital funding available for new facilities and the population age 65 and older is expected to nearly double in the next fifteen years. The net financial cost of these additional 107 high acuity beds is just \$3,800 over the status quo per bed per year, assuming earned revenue is collected and federal contributions continue. For comparison, in the FY2019 budget, each bed costs the state around \$67,000 after earned revenue.

Figure 5: Financial Impact of Scenario 2 and Scenario 3 in Comparison to Scenario 1 Operational Status Quo

Item	Scenario 2 from Scenario 1	Scenario 3 from Scenario 1
Staff Costs	\$893,959	\$6,512,272
Earned Revenue	\$2,787,486	\$6,106,421
Financial Impact	\$1,893,527	\$(405,851)
Permanent FTEs	19	98
Occupied Beds	49	68
Net Financial Impact per Occupied Bed	38,643	(5,968)
Level 3 Beds	32	107
Net Financial Impact per Level 3 Bed	59,173	(3,793)

Net Financial Impact by Home

For five homes, a change from the status quo operational staffing model (Scenario 1) to Scenario 2 results in a greater increase in revenues than an increase in costs. For four homes, a change from the status quo operational staffing model (Scenario 1) to Scenario 3 results in a greater increase in revenues than an increase

⁷ These estimates do not consider the capital funds needed to make changes or any additional equipment needed. These items should be estimated as part of a capital plan for the Division of Alaska Pioneer Homes as described in Chapter 7.

in costs. Scenario 3 models an increase in resident acuity in many of the homes to meet community demand for higher acuity care, in addition to the changes in Scenario 2. An increase in staff is needed to support caring for more residents with increased acuity. However, the rate structure of the Pioneer Homes does not currently reflect the actual cost of this higher level of care, so the increased revenue does not cover the increased costs. This is most pronounced when staffing up for a complex behavior neighborhood at a higher staffing intensity of one direct care aide (such as a CNA) for every three residents, 24 hours per day, seven days per week. Under the current rate structure, these residents would be charged for level 3 services. However, other neighborhoods with level 3 residents require fewer staff. A ratio of five residents to one direct care aide during the day and 10 residents to one direct care aide at night is more typical.

Figure 6: Net Financial Impact by Home, Scenario 3 from Scenario 1

Item	Change in Staff Costs	Change in Earned Revenues	Net Financial Impact	Increase in Level 3 Beds	Net Financial Impact per Level 3 Bed
Anchorage	\$1,167,459	\$2,413,882	\$1,246,424	42	\$29,677
(AVPH) Palmer	\$674,127	\$1,353,984	\$679,857	11	\$61,805
Fairbanks	\$2,010,662	\$732,992	\$(1,277,670)	23	\$(55,551)
Juneau	\$163,689	\$188,955	\$25,267	3	\$8,422
Ketchikan	\$(93,874)	\$436,836	\$530,710	10	\$53,071
Sitka	\$2,458,315	\$979,772	\$(1,478,543)	18	\$(82,141)

Note: For Juneau and Ketchikan, Scenario 2 and 3 are the same

Implementing the recommendations of this study to maximize community benefit will result in either a net increase in revenues or costs for each home because of differences in current operations and recommended changes to staffing, as described below. Additional detail is included in Part 2 Home-level Reports.

- The Anchorage Pioneer Home would serve more level 3 residents and add a complex behavior neighborhood, and still realize a net positive financial impact of \$1.25 million. The addition of more beds to the 4th floor to serve formerly homeless elders assumes General Relief funding, which also adds revenue. Anchorage should implement the recommendations modeled in Scenario 3.
- The Palmer Pioneer Home would realize a net positive financial impact from increased revenue from the VA skilled nursing per diem. Palmer should implement the recommendations modeled in Scenario 3.
- In Fairbanks, the increase in costs associated with each scenario is not offset by an increase in revenue. A move to Scenario 3 results in \$1.3 million more costs than Scenario 1 net of new revenues. This is because current operations are not staffed at a high enough intensity to serve more higher acuity residents and Scenario 3 includes the addition of a complex behavior neighborhood and an expanded memory care neighborhood. Scenario 3 could be implemented in stages, starting with the lower cost of expanding the memory care neighborhood.
- Scenario 2 and 3 are the same for Juneau. The slight net positive financial impact in Juneau reflects Scenario 2 at full occupancy, which is typical for Juneau, but was not captured in Scenario 1 baseline.
- Scenario 2 and 3 are the same for Ketchikan. The net positive financial impact at the Ketchikan Home reflects revenues associated with full occupancy, filling beds with proportionately more level 3 residents, and a move away from harder to recruit and more costly nursing positions.
- The Sitka Pioneer Home Scenario 3 results in \$1.5 million more in costs than new revenue, due to the increase in staffing needed to create a complex behavior neighborhood for southeast Alaska and

expand the current memory care unit.⁸ Scenario 3 could be implemented in stages, starting with the lower cost of expanding the memory care neighborhood.

Even though implementing the recommendations modeled in Scenario 3 would result in a higher cost impact compared to the status quo, we recommend proceeding with these recommendations because the Pioneer Homes offer a financially efficient way to serve Alaska elders with higher acuity care needs. In the two homes where additional costs associated with increased staffing and acuity levels exceed additional revenues, the per bed cost of providing care to a level 3 resident is \$56,000 in Fairbanks and \$82,000 in Sitka.

Medicaid Waiver Acuity Rate Add-on

The Medicaid waiver includes a special rate for residential supported living facilities to provide one-on-one care 24-hours per day (AAC 130.267). While we have heard anecdotally that this rate is difficult to obtain, the Pioneer Homes that add a complex behavior neighborhood staffed at a ratio of three residents per one direct care aide might be well positioned to obtain this rate when residents require one-on-one care. As part of the site visits, we heard that this level of care is already provided occasionally. This rate could provide additional revenue to offset the costs associated with providing this level of care. If we assume that at least one of the three on-duty direct care neighborhood staff are always providing one-on-one care in each of the three, nine-person complex behavior neighborhoods, an additional \$394,000 could be billed to Medicaid per year.

A Choice for Alaskans

Most Alaskans want to and will be able to stay in their homes as they age. Some will move into assisted living or skilled nursing facilities as their care needs increase and exceed what can be provided in the home. Some will be able to pay out of pocket for the \$75,000 average annual cost of assisted living; others will rely on relatives or the Medicaid waiver to pay for the cost of care; others will move away from Alaska to access more affordable long-term care.

The Alaska Pioneer Homes are designated in Alaska statutes as a resource for any Alaskan age 65 or older who "...is in need of residence at a home because of physical disability or other reason..."⁹ The number of Alaskans making these choices is increasing and will continue to increase for the next two decades, with an additional 18,000 Alaskans age 85 and older by 2040.¹⁰ Forty-four percent of Alaskans age 85 and older are anticipated to have some form of memory loss.¹¹ Some of these elders will develop combative behaviors that are difficult to manage in any environment; some will not have family or friends who are able to care for them, or homes of their own.



⁸ These estimates do not consider the capital funds needed to make changes or any additional equipment needed. These items should be estimated as part of a capital plan for the Division of Alaska Pioneer Homes as described in Chapter 7.

⁹ AS 47.55.020

¹⁰ Alaska Department of Labor and Workforce Development Population Projections 2017-2045, Agnew::Beck Analysis

¹¹ Alzheimer's Association, Alzheimer's Disease Facts and Figures 2018, Agnew::Beck Analysis.

So, how will Alaskans respond to this need?

The private assisted living market is less able respond to the need for care for elders with complex behaviors because the Medicaid waiver rate structure does not reimburse at a rate sufficient to cover the staffing intensity needed for this type of care.

The Pioneer Homes could expand to new buildings or communities, but there is limited capital funding available for new facilities and the current per bed net cost to the State is around \$67,000 annually.

This study recommends that we increase the number of elders served and the acuity level at the current Homes, fill them to capacity, and provide the staff necessary to care for elders with a range of care needs. Though there are costs associated with this change (as modeled in Scenario 3), these costs are lower than the per bed cost of care in FY2019.

At the system level, the net financial impact of moving from Scenario 1, the status quo, to Scenario 3 to maximize community benefit is just \$405,000 in additional costs or \$3,800 per level 3 bed per year. This is by far the most efficient and cost-effective way to serve more Alaskan seniors with memory care or complex behavior needs.¹²

In contrast, the annual cost of a skilled nursing bed in Alaska is \$331,000, a hospital bed is \$541,000 and an API bed is \$555,000 per year.¹³ **In situations where these care settings are paid for by Medicaid, which is half funded by the State, there could be substantial and measurable savings associated with serving these individuals in the Pioneer Homes.**

The Alaska Pioneer Homes are a valuable State resource filled with life-affirming residents and engaged, quality staff members. We hope this study provides guidance to support legislators and Pioneer Homes leadership to chart the course of the Pioneer Homes over the next ten years.



¹² This assumes all revenue modeled is achieved and Medicaid waiver programs are sustained. These estimates do not consider the capital funds needed to make changes or any additional equipment needed. These items should be estimated as part of a capital plan for the Division of Alaska Pioneer Homes as described in Chapter 7. The Anchorage Pioneer Home has already secured the capital funds for the nine-bed complex behavior neighborhood.

¹³ Skilled nursing annual cost based on private room, Genworth Cost of Care 2018; Hospital in-patient based on an average daily rate of \$1,485, Becker's Hospital Review; API cost per patient-day in FY2014 of \$1,521, Feasibility Study of the Privatization of the Alaska Psychiatric Institute