

2020 Budget Request Form – Douglas County, KS

Summary and Community Partner Overview

Community Partner:	Douglas County Visiting Nurses Association (VNA), Inc.
2020 Request	\$280,000

Contact Name:	Cynthia Lewis/Angie Lower
Address:	200 Maine, Suite C
City, State Zip	Lawrence, KS 66044
Phone No.	785-843-3738
E-mail:	cynthia.lewis@kansasvna.org angie.lower@kansasvna.org

Community Partner Overview:

Douglas County Visiting Nurses Association (VNA) is a not-for-profit home health agency, certified as a Medicare and Medicaid provider, and licensed by the State of Kansas. The agency provides nursing, rehabilitation, personal and hospice care to residents of Douglas County and surrounding areas. VNA operates multiple programs including Home Health (skilled services), Hospice Care, and Help at Home/Home Care Support Services. The agency has been providing care to Lawrence/Douglas County residents for more than 50 years, and is the only not-for-profit home care agency with its roots in Douglas County. In 2018, VNA provided nearly \$490,000 of uncompensated care with Douglas County funding supporting \$280,000.

The Home Health Program provides skilled nursing, physical therapy, occupational therapy, speech/language pathology, medical social work, home health aide and restorative aide services. Home visits are made under physician orders. The revenue sources for this program are Medicare A (if the patient is homebound and meets criteria), Medicaid, private insurance and patient direct payments. VNA’s Medicare-certified Home Health is the agency’s “founding” program.

VNA’s Bridge Program offers a range of Hospice-oriented services to patients who have a diagnosis/illness that would qualify them for Hospice, but who are not yet ready to choose palliative versus curative care. Patients are admitted through the Home Health program, but typically receive services from a Hospice Nurse Case Manager who helps them “bridge” to Hospice when they desire.

The Hospice program initiated under the VNA umbrella in 1981. This program provides end-of-life care and support to terminally ill Douglas County residents. The program is funded by Medicare, Medicaid, private insurance, personal memorials, and private pay.

Help at Home (Private Duty) is a state licensed program that supports VNA’s continuum of care. This program is the only program under our umbrella that is fee-for-service. Help at Home provides assistance with personal care, housekeeping, meal preparation, transportation, medication set-up, and companionship. In addition to private pay, clients in this program may also use long-term care insurance to help cover costs. An additional service available to Douglas County residents through this program is CareLink, a personal emergency response system. VNA facilitates obtaining equipment and setup for individuals desiring to have a remote monitoring system

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to help them remain in their homes more safely. The vendor with whom we work maintains a call center with emergency contact information for those enrolled in the program.

The Home Care Support Services Program (HCSS) provides long-term in-home personal care as an alternative to more expensive inpatient hospital, assisted living or long-term nursing home care. This program provides the patient with private home health aide and nursing services. Revenues from this program come from Medicaid, Kansas SRS, and patient direct payments. All patients in this program are below poverty and make payments according to a sliding fee scale. In addition to personal care provided by certified aides, each participant in this program receives a “wellness check” from an RN every 60 days. This last makes the program unique from other non-medical support service agencies in our community.

Service Overview - Metrics and/or data that describe the service impact:

In 2018, VNA provided nearly 48,000 visits to almost 1,700 unduplicated individuals. Patients who benefit from VNA’s not-for-profit mission are a subset of our total population served. Funding in 2018 from Douglas County supported 58% of that charitable care. VNA’s operating revenues over expenses supported 24% with the other 18% offset by other grants/donations. Another important subset of VNA’s overall population is the volume of patients with co-occurring mental health diagnoses that we serve. For the first quarter of 2019, on average 17% of our Home Health patients have a mental health diagnosis. For March, this was as high as 21%.

As with most healthcare providers, VNA’s Medicare programs have a number of metrics that measure service efficacy. One of the primary measures for our Home Health program is whether patients remain out of the hospital. The most recent published data reflects that VNA kept 85% of patients served out of the hospital (Source: CMS Home Health Compare, January, 2019). It is notable that this rate is higher than both the Kansas and National averages and all competitors that serve the Douglas County area. Home Health Compare includes eight measures of patient care quality and five measures related to patient perception/satisfaction. For the last two reporting periods, VNA’s Home Health aggregate quality of care score meets or exceeds all other providers operating in Douglas County. For Hospice, meeting not only the physical, but the psychosocial needs of our patients and their families is the focus. Hospice also has publicly reported measures to quantify the efficacy of our services. Data for December 2018 indicates 100% of our patients for a rolling 12 months had their treatment preferences addressed. For both of these programs, 9 of 10 patients reported in an independent survey that they would recommend VNA’s services to a friend or family member.

With our community partner, Trinity In Home Care, VNA strives to minimize unmet need. Through that relationship we know there are multiple factors at play contributing to service gaps. To avoid service duplication and maximize community coverage, Trinity utilizes a non-medical model of care as opposed to VNA’s medical model, and cross referrals occur based on individual care plans. A significant factor in either agency’s ability to serve all is not only funding, but the volume of available staffing. The inability to recruit and retain staff in these round-the-clock entry level positions resulted in 1,774 hours of overtime, which cost VNA’s Help at Home program \$32,898.

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Alignment to County Focus Areas and Collaboration:

Community Partner:	Douglas County Visiting Nurses Association (VNA), Inc.
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Focus Area:	Human Services
<p>VNA is the preferred provider of home care services in Douglas County, and serves patients throughout Douglas County regardless of their income and/or payer source. Based on Medicare market saturation data, VNA provides care to 79% of the Medicare Home Health patients and 68% of the Hospice patients in our service area. We are the bridge from hospital and/or physician office to home. As a key partner with LMH Health, the University of Kansas Medical Center, and their physicians, VNA strives to meet increasingly complex patient needs. Inpatient lengths of stay decrease year over year. Community and regional service providers and the individuals they serve expect us to align our treatment through best practices and care coordination.</p> <p>Heartland Community Health Center is a key community partner with VNA. Despite having a smaller patient panel than other large physician practices/clinics, Heartland is a top 5 referral source, particularly for our Home Health program.</p> <p>VNA provides a number of community service activities across senior living facilities in Lawrence and Douglas County. Two Lawrence Housing Authority facilities, Babcock Place and Vermont Towers, benefit from blood pressure “clinics” provided to residents. Many other senior residents profit from “chair exercise” sessions and age-related education provided by VNA’s professional staff.</p> <p>In 2018, VNA partnered with Bert Nash to train all staff in Mental Health First Aid (MHFA). Our primary goal for this education was to provide a foundation to care for an increasing volume of individuals with co-occurring mental health diagnoses. MHFA knowledge also makes VNA a better system of care partner. As previously noted, nearly one-fifth of our Home Health patients have a mental health diagnosis. VNA has also identified that mental health and/or substance use issues contribute to symptom management challenges for our Hospice patients. To address this, our Hospice Team has initiated a performance improvement project in consultation with Bert Nash to improve clinical outcomes for this patient population. Effective June 2019, VNA will also be represented on the System of Care Oversight Committee of the Behavioral Health Leadership Coalition.</p> <p>VNA is the primary home care provider for Haskell Health Center. While the volume of shared patients is not large, the services we provide in the community to this population is a critical bridge for those individuals.</p> <p>The Senior Resource Center (SRC) for Douglas County is an important affiliate for VNA. We contribute educational columns to SRC’s newsletter and have provided collaborative workshops in both Eudora and Baldwin. VNA is very excited about future onsite opportunities once SRC moves back into its permanent home. Brainstorming has already begun with the new Executive Director.</p>	

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VNA continuously seeks opportunities to add value to existing or potential partnerships. Participation in the Douglas County Human Services Providers forums and joining the Behavioral Health Leadership Coalition System of Care Oversight Committee, among other work groups, will facilitate further exploration.

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Community Partner:	Douglas County Visiting Nurses Association, Inc.					
	2016 Actuals	2017 Actuals	2018 Actuals	2019 Adopted Budget	2019 Current Estimates	2020 Budget Request
Revenues:						
Unrestricted Fund Balance 1/1/xx	3,592,160	4,666,449	5,991,439		7,237,261	7,419,182
Douglas County	280,000	280,000	280,000	280,000	280,000	280,000
United Way	53,183	26,851	-	-	-	-
Fundraising/Grants	209,039	184,298	193,913	290,703	290,000	200,000
Episodic Revenue	3,416,849	3,427,400	3,226,130	3,241,776	3,547,085	3,156,906
Non-Episodic Revenue	3,149,814	3,879,698	3,642,537	3,770,914	3,063,640	3,063,640
In-Patient Care Revenue	181,670	144,249	428,314	358,665	668,852	668,852
Adjustments and Refunds	(927,689)	(1,204,605)	(913,896)	(847,257)	(958,795)	(958,795)
Emergency Response Revenue	19,381	16,991	16,405	15,932	13,439	13,439
Value of Donated Building & Services	493,809	511,322	469,190	415,320	415,320	415,320
Other Income	790	921	988	944	1,453	1,453
Total Revenues:	6,876,847	7,267,124	7,343,581	7,526,997	7,320,994	6,840,814
Total Revenues and Fund Balance	10,469,007	11,933,573	13,335,020	7,526,997	14,558,254	14,259,996
Expenditures:						
Direct Personnel Wages/Benefits	3,697,434	3,546,396	3,499,663	3,665,422	3,550,354	3,550,354
Inpatient Care Service	268,398	247,252	434,222	511,533	707,942	707,942
Billable Medical Supply/Pharmacy	303,711	262,283	345,482	328,076	356,340	356,340
Telemedicine	11,492	18,346	19,332	20,250	20,000	20,000
Other Billable Direct Costs	39,561	31,565	24,742	24,196	7,212	7,212
Indirect Personnel Wages/Benefits	1,332,271	1,370,866	1,449,722	1,517,037	1,476,808	1,476,808
Volunteer Services Cost Value	44,520	50,223	39,584	-	-	-
Occupancy Costs	417,768	415,520	416,955	418,055	416,684	416,684
Office Expenses	188,481	216,399	259,716	213,000	257,579	257,579
Other General Costs	484,906	472,177	432,952	462,359	471,154	451,154
Other Income & Expense	(186)	8,240	-	-	-	-
Total Investment Income & Expense	(985,798)	(697,133)	272,816	-	(125,000)	(125,000)
Total Expenditures:	5,802,558	5,942,134	7,195,186	7,159,930	7,139,072	7,119,072
Ending Fund Balance 12/31/xx	4,666,449	5,991,439	6,139,833	367,067	7,419,182	7,140,924

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Budget Request Analysis

Community Partner: **Douglas County Visiting Nurses Association (VNA), Inc.**

Analysis of Revenue Sources:

Revenue Sources:

Unrestricted Fund Balance = Investment Account (unrestricted for type of use, restricted by approval of Board/Finance Committee) + operating revenues over expenses

Fundraising/Grants = Biennial signature fundraiser, 3d; memorials and donations; all grants including restricted use grants

Episodic Revenue = Home Health Medical Traditional and Medicare Advantage plans

Non-Episodic Revenue = All other payers, e.g. private insurance, VA, Medicaid, patient self-pay revenue, and Hospice Medicare

Inpatient Care Revenue = Medicare reimbursement for Hospice Inpatient Symptom Management (mandatory level of care for Medicare-certified Hospice); “pass through” that is paid to LMH for services

Emergency Response Revenue = Carelink™ clients’ monthly fees

Value of Donated Building and Services = Market value of space in Community Health Facility + value of volunteer services

A number of factors are influencing VNA’s overall financial picture and shrinking the operating margin that has helped support our not-for-profit mission.

A significant change with VNA’s revenue will occur in 2020. The Centers for Medicare and Medicaid (CMS) will implement a new payment model for Medicare Home Health agencies known as Patient-Driven Groupings Model (PDGM). The model has a number of different reimbursement “levers” that will impact the amount of money VNA is reimbursed for an individual’s care. Based on CMS’ published projection, our Home Health Medicare revenue will reduce by 11% or more than \$390,000. We have a core leadership team working on streamlining processes and staff education in preparation for this most significant change in Home Health finance in 20 years. An additional factor for our Home Health revenue projection relates to Medicare replacement plans. An increasing number of seniors are shifting from “traditional” Medicare to replacement plans provided by private insurance companies. These plans and other private insurance reimburse VNA about two-thirds the cost of the care we provide.

Another notable difference between 2019 revenue estimates and the 2020 budget request is within the “Fundraising/Grants” line item. This primarily corresponds with two activities: VNA’s signature fundraiser, 3d, and our annual appeal. 3d is now biennial so there will be no revenue

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from that source in 2020. Our 2018-19 annual appeal focused on VNA's 50 years of service to our community and resulted in record donations. We do not anticipate such a robust result with the 2019-20 appeal.

Currently we do not anticipate significant changes in the Hospice per diem rate, although the annual "market basket update" (corresponds to wage index) continues to decrease. What has changed, and is expected to continue, is the length of service and intensity of care for VNA's Hospice patients. Hospice organizations are paid a flat rate for each day of patient care. That rate must cover all staff services, durable medical equipment, medications required for the terminal illness, and supplies. With medical advancements, patients are waiting longer to "elect" Hospice which reduces VNA's patient days (revenue) and increases service intensity (expense). Additional detail about associated expenses are outlined in the "Analysis of Expenditure Changes" below.

VNA continuously seeks grant opportunities to support our mission and enhance care delivery. However, most available private grants are for projects or capacity-building, not direct services to patients.

Analysis of beginning & ending fund balances, and dedicated or restricted cash reserves:

2019 budget estimates are based on VNA's experience through two months of the year, then annualized. Differences between 2019 and 2020 are as follows:

2020 "Fundraising/Grants" reduced due to no 3d and anticipated lower annual appeal receipts

2020 "Episodic Revenue" decreased to reflect the reduction with the new CMS payment model for Home Health

VNA's "Fund Balance" includes our investment account that is not restricted but is managed by approval of the Finance Committee and Board of Directors. Access to these funds has been limited to Medicare cash flow issues (e.g. reimbursement structural changes resulting in payment delays) and/or other emergency needs.

Analysis of expenditure changes:

Line Item Expenditures:

Direct Personnel Wages/Benefits = All patient care clinical staff

Inpatient Care Service = Contracted payment to LMH "bed days" for patients on Hospice Inpatient Symptom Management; expense incurred when LMH bills VNA

Billable Medical Supply/Pharmacy = All medical supplies across programs + medications for Hospice patients

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Telemedicine = Remote telemonitor equipment for patients with chronic disease, e.g. congestive heart failure (note that there is no corresponding revenue for this expense, please see below)

Indirect Personnel Wages/Benefits = All staff not providing direct care to patients, e.g. clinical team assistants, medical records, Hospice bereavement/spiritual staff, volunteer coordinator, business operations

Occupancy Costs = Market value of space in Community Health Facility + small lease payment for offsite space

Other General Costs = Examples include IT hardware and software, staff education, licenses and legal fees, insurance

There are a number of “unreimbursed” expenses that impact VNA’s overall financial experience.

One of these is the cost of medical supplies that are necessary to provide effective patient care. Provision of medical supplies related to an individual’s diagnosis is expected by CMS regulation. However, the expense is part of the “bundled” payment VNA receives for each patient. Over the past five years, our medical supply expense has increased 32%. We anticipate that expense continuing to increase based on the acuity of patients VNA serves (think shorter hospital stays resulting in more intense service needs).

Another unreimbursed expense for VNA is the cost of telemonitors (remote monitoring for vital signs, weights, etc.) that are “best practice” for patients with certain diagnoses. Although payers encourage the use of such equipment to manage and support patients with congestive heart failure, diabetes, etc., the expense is not specifically reimbursed and again, is part of the “bundled” payment VNA receives for each patient. In 2018, that cost was slightly more than \$19,000.

As mentioned in the revenue analysis section, patients are waiting longer to “elect” Hospice which increases service intensity (expense). One of two scenarios occurs with “late” Hospice admissions. One scenario is patient symptoms are so great that more frequent visits by multiple disciplines are required and medication costs to manage symptoms are exponentially more. Expenses for Hospice patient medications increased 86% from 2017 to 2018. Costs for durable medical equipment in this program increased 28% between those two years. These are expenses VNA attempts to manage, but cannot be eliminated based on CMS payment rules. The other scenario is the patient is too ill for their symptoms to be managed at home. These patients remain, and/or return to, the hospital for a higher level of care. Even at a discounted rate per bed day, VNA’s negotiated agreement with LMH is essentially a “pass through” of the per diem we receive for “inpatient symptom management (ISM).” All professional services provided to these individuals results in a loss to VNA. In 2018, our Hospice Team made 382 unreimbursed visits to ISM patients, a 65% increase from 2017.

As with every employer who provides employee health coverage, VNA always anticipates increases in our insurance expense. For the past several years, we have managed this by incrementally increasing the employee’s premium obligation. VNA maintains a consistent contribution across employees regardless of their chosen level of coverage, i.e. the agency pays a fixed dollar amount for employee coverage and staff are responsible for spouse/family coverage if they choose. We do not anticipate a change with this strategy, however it is a recruitment issue.

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While it is not a projected expenditure change, we feel it's important for funders to understand that VNA has not provided a cost of living increase for nine years. We do have a merit pool through which staff receive an increase relative to their annual performance review. However, due to anticipated annual changes with Medicare payment rules, VNA has not felt it fiscally prudent to add a cost of living adjustment to our wage expense. This too is a recruitment/retention issue.

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Supplemental Request for Additional Funding

(This is in addition to the 2020 Request amount on page 1)

Community Partner:	Douglas County Visiting Nurses Association (VNA), Inc.	\$000
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Purpose for additional revenue from County:

VNA's goal is to sustain the level of funding received from Douglas County for a number of years. We are not requesting additional funding with this application. However, as VNA integrates more on behavioral health initiatives, future consideration may be requested.

Impact if supplemental request is not funded: