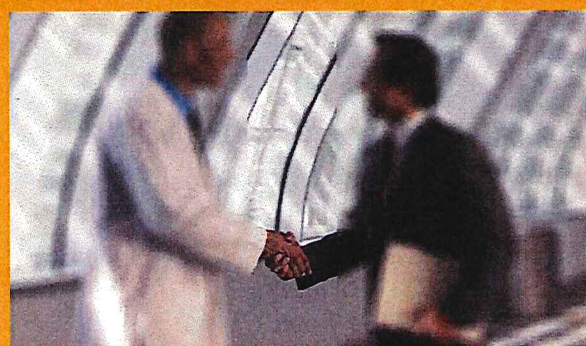
Ridgewood Task Force Appendix

Ridgewood Care Center
Racine, Wisconsin


Senior Living Market Study Presentation
October 24, 2013

WIPFLi LLP
CPAs and Consultants

Agenda

- Introductions
- Demographics Trends
- Nursing Home Bed Demand
- Assisted Living/Senior Housing Bed Demand
- Behavior Unit Model
- Status Quo Financial Model
- Q&A

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Market Study Objectives

- The primary objective of the market study was to evaluate the need for nursing home (SNF) beds; assisted living; memory-care; and senior housing.
- In addition, discussion is included about a behavioral CBRF and a multi-county commission.
- The market study was an evaluation of demographic, competitive market, and utilization data, and discussions with similar programs.
- The projection period for the nursing home bed need was 2013 to 2020, and the projection period for the assisted living, et. al. demand was 2013 to 2018.
- Data sources were ESRI, Department of Health Services, internet websites, and a Wipfli phone survey.
- This presentation is an overview of the results. A full written market study report will be issued to management, if requested.

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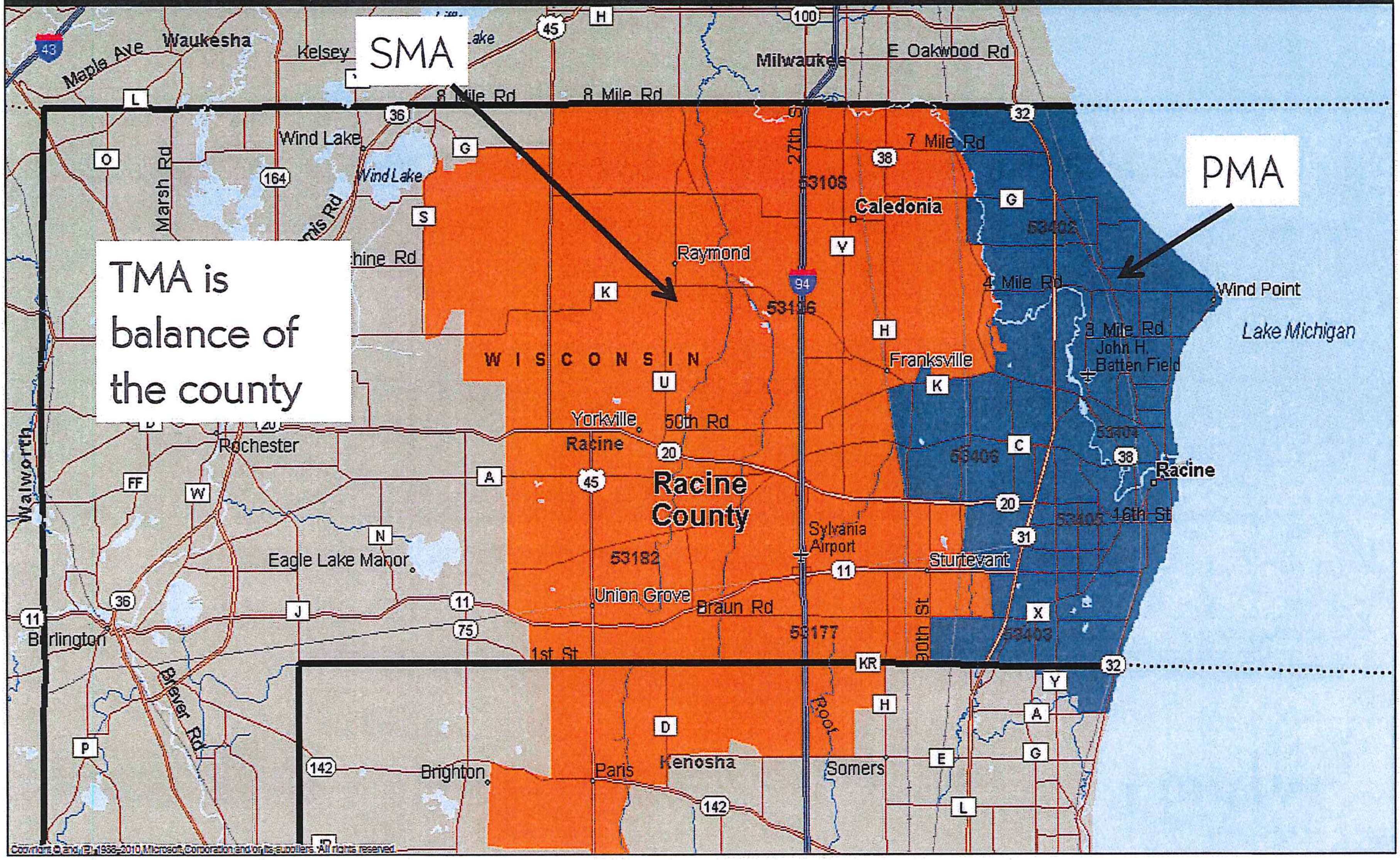
Status Quo Financial Objectives

- Collected financial and operational data from Ridgewood Care Center.
- Built a status quo financial model of operations based on 2012 and 2013 projected operational data.
- Projected the status quo financial model for the period 2013 to 2018, keeping the assumptions "static".
- The status quo model will be the base model for building the options assessments going forward.

Demographic Trends

Market Area Definition



Population Projections for the Market Area

Ridgewood Care Center
Population Projections 2010 to 2018
Primary Market Area (53402, 53403, 53404, 53405, and 53406)

	2010		2013		2018		2010-2013	2013-2018
	Number	% of Total	Number	% of Total	Number	% of Total	% Change	% Change
55 - 59	8,431	6.6%	8,784	7.0%	8,973	7.1%	4.0%	2.2%
60 - 64	6,891	5.4%	7,407	5.9%	7,763	6.1%	7.0%	4.8%
65 - 69	4,830	3.8%	5,330	4.2%	6,375	5.0%	9.4%	19.6%
70 - 74	3,795	3.0%	4,058	3.2%	4,912	3.9%	6.5%	21.1%
75 - 79	3,016	2.4%	3,012	2.4%	3,345	2.6%	-0.1%	11.1%
80 - 84	2,710	2.1%	2,625	2.1%	2,576	2.0%	-3.3%	-1.8%
85+	2,721	2.1%	2,888	2.3%	2,975	2.3%	5.8%	3.0%
80+	5,431	4.3%	5,512	4.4%	5,551	4.4%	1.5%	0.7%
75+	8,447	6.6%	8,524	6.7%	8,896	7.0%	0.9%	4.4%
65+	17,072	13.4%	17,911	14.2%	20,183	15.9%	4.7%	12.7%
55-64	15,322	12.0%	16,191	12.8%	16,736	13.2%	5.4%	3.4%
65-74	8,625	6.8%	9,387	7.4%	11,287	8.9%	8.1%	20.2%
75-84	5,726	4.5%	5,636	4.5%	5,922	4.7%	-1.6%	5.1%
Total Population	127,217	100.0%	126,277	100.0%	126,931	100.0%	-0.7%	0.5%

Source: ESRI 2013 and Wipfli LLP

- The senior populations 65+ are projected to increase 12.7% for the next few years.

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Population Projections for the Market Area

Ridgewood Care Center
Population Projections 2010 to 2018
Total Market Area (PMA, SMA, and TMA) [1]

	2010		2013		2018		2010-2013	2013-2018
	Number	% of Total	Number	% of Total	Number	% of Total	% Change	% Change
55 - 59	13,217	6.8%	13,933	7.1%	14,281	7.2%	5.1%	2.5%
60 - 64	10,754	5.5%	11,674	6.0%	12,268	6.2%	7.9%	5.1%
65 - 69	7,602	3.9%	8,489	4.3%	10,196	5.2%	10.4%	20.1%
70 - 74	5,800	3.0%	6,297	3.2%	7,650	3.9%	7.9%	21.5%
75 - 79	4,580	2.3%	4,624	2.4%	5,180	2.6%	0.9%	12.0%
80 - 84	3,911	2.0%	3,824	2.0%	3,765	1.9%	-2.3%	-1.5%
85+	3,846	2.0%	4,131	2.1%	4,289	2.2%	6.9%	3.8%
80+	7,757	4.0%	7,955	4.1%	8,055	4.1%	2.5%	1.3%
75+	12,337	6.3%	12,579	6.4%	13,235	6.7%	1.9%	5.2%
65+	25,739	13.2%	27,364	14.0%	31,081	15.7%	5.9%	13.6%
55-64	23,971	12.3%	25,606	13.1%	26,549	13.4%	6.4%	3.7%
65-74	13,402	6.9%	14,785	7.5%	17,846	9.0%	9.4%	20.7%
75-84	8,491	4.3%	8,448	4.3%	8,946	4.5%	-0.5%	5.9%
Total Population	195,408	100.0%	196,035	100.0%	197,580	100.0%	0.3%	0.8%

Source: ESRI 2013 and Wipfli LLP
PMA = Primary Market Area; SMA = Secondary Market Area, TMA = Tertiary Market Area

- The senior populations 65+ are projected to increase 13.6% for the next few years.

Household Income Projections for the PMA

- The 65+ households are projected to increase 18.6% for the period.
- 36.8% of 75+ households earned more than $35,000 in 2013.

Ridgewood Care Center
Household Income Summary
Primary Market Area (PMA)

Age of Household	2013	2018	% Change
All Income Households (Total Households)			
64-75	6,057	7,183	18.6%
75+	5,898	6,115	3.7%
65+	11,956	13,299	11.2%
Private Pay Households ($35,000+)			
64-75	3,695	4,750	28.6%
75+	2,171	2,616	20.5%
65+	5,866	7,366	25.6%
Private Pay Households, % of Total			
64-75	61.0%	66.1%	
75+	36.8%	42.8%	
65+	49.1%	55.4%	

Source: ESRI 2013 and Wipfli LLP

53402, 53403, 53404, 53405, and 53506

The household incomes in the PMA are consistent with the statewide averages.

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Household Income Projections for the Market Area

- The 65+ households are projected to increase 12.3% for the period.
- 39.2% of 75+ households earned more than $35,000 in 2013.

Ridgewood Care Center
Household Income Summary
For the Total Market Area (PMA, SMA, and TMA) [1]

	PMA Totals		SMA Totals		Market Area Totals	
Age	2013	2018	2013	2018	2013	2018
All Income Households (Total Households)						
64-75	6,057	7,183	1,184	953	9,300	11,098
65+	11,956	13,299	2,030	1,848	17,907	20,109
75+	5,898	6,115	846	895	8,608	9,012
Private Pay Households ($25,000+)						
64-75	4,504	5,545	918	699	7,077	8,837
65+	7,659	9,038	1,444	1,283	11,929	14,243
75+	3,155	3,493	526	584	4,852	5,406
Private Pay Households ($35,000+)						
64-75	3,695	4,750	766	574	5,939	7,769
65+	5,866	7,366	1,145	1,040	9,316	11,876
75+	2,171	2,616	379	466	3,377	4,107

Source: ESRI 2013

PMA = Primary Market Area; SMA = Secondary Market Area; TMA = Tertiary Market Area

The households income for the market area are slightly higher than the statewide averages.

Net Worth Trends for 2012

For Ridgewood Care Center
For the Primary Market Area
Net Worth for 2012

	45-54	55-64	65-74	65+	75+
<$100,000	5,583	3,642	1,939	3,886	1,947
$100,000 - $149,999	735	793	586	1,130	544
$150,000 - $249,999	1,177	1,266	710	1,713	1,003
$250,000+	2,997	3,886	2,597	4,958	2,361

Net Worth, for 2012, for the County

	45-54	55-64	65-74	65+	75+
<$100,000	8,170	5,097	2,714	5,414	2,700
$100,000 - $149,999	1,229	1,204	938	1,707	769
$150,000 - $249,999	2,068	2,020	1,058	2,474	1,416
$250,000+	5,498	6,445	4,230	7,872	3,642

Source: ESRI-BIS Data Note: Net worth is total household wealth minus debt, secured and unsecured. Net worth includes home equity, equity in pension plans, net equity in vehicles, IRAs and Keogh accounts, business equity, interest-earning assets and mutual fund shares, stocks, etc. Examples of secured debt include home mortgages and vehicle loans; examples of unsecured debt include credit card debt, certain bank loans, and other outstanding bills. Forecasts of net worth are based on the Survey of Consumer Finances, Federal Reserve Board. Detail may not sum to totals due to rounding.

- The net worth data for the PMA suggested that 42.4% and 40.3% of the households 65+ and 75+ are high net worth households, which is a positive finding. These are over the statewide averages.
- There was over 2,300 households 75+ in the PMA that could afford to pay privately in a long term care setting using net assets alone.

Population, Household Income, and Net Worth Summary

- For the PMA, the 65+ population is projected to increase 12.7% for the period, and the 75+ population are projected to increase 4.4%. These are slightly lower than the statewide average (14.4% and 6.1%). For the market area total, the 65+ population is projected to increase 13.6% and the 75+ population is projected to increase 5.2%.
- For the PMA, for 2013, the household income data suggested that 36.8% of households could afford to pay privately for services. For the market area, 39.2% earned more than $35,000 in 2013. These are consistent with the statewide averages.
- For the PMA, and the county, the net worth data suggested that 40% or more of the senior households are high net worth households.

Overall:

- The population and household income data did not raise any red flags in terms of potential of future growth of senior services and affordability of the senior households in the market.

Nursing Home Bed Need

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Nursing Home Bed Need Methodology

- The nursing home bed need (demand) is an assessment of the potential bed capacity needs of a geographic area.
- Analysis is based on population projections for the 18/20 and older population for the area.
- Actual utilization rates are used to project the potential bed capacity needs.
- The utilization rates are provided by the Department of Health Services for each county in Wisconsin for the population 20+ and are broken out by 10-year age brackets.
- The current utilization statistics were for December 31, 2012.
- The total need is compared to the actual capacity and occupancy in the area.
- The need is for all beds and are not payor specific.

Current Nursing Home Capacity

- The following table summarizes the SNF competitors in the area.

For Ridgewood Care Center
Skilled Nursing Facility Capacity, 2009 to 2013

Provider	Address	City	ZIP	Area	2009	2010	2011	2012	2013
BECKER SHOOP CENTER	6101 16TH ST	RACINE	53406	PMA	110	110	110	110	110
LINCOLN VILLAGE CONVALESCENT CENTER	1700 C A BECKER DR	RACINE	53406	PMA	122	122	122	122	122
OAK RIDGE CARE CENTER	1400 8TH AVE	UNION GROVE	53182	SMA	77	77	77	77	77
RIDGEWOOD CARE CENTER	3205 WOOD RD	RACINE	53406	PMA	210	210	210	200	200
WHEATON FRANCISCAN HEALTHCARE - LAKESHORE MANOR	1320 WISCONSIN AVE	RACINE	53403	PMA	50	50	50	50	50
WI VETERANS HOME-BOLAND HALL	21425 E SPRING ST	UNION GROVE	53182	SMA	120	120	120	120	120
Source: Department of Health Services					689	689	689	679	679
		Total excluding WI-Veterans			569	569	569	559	559
					Percentage	Change			-1.5%

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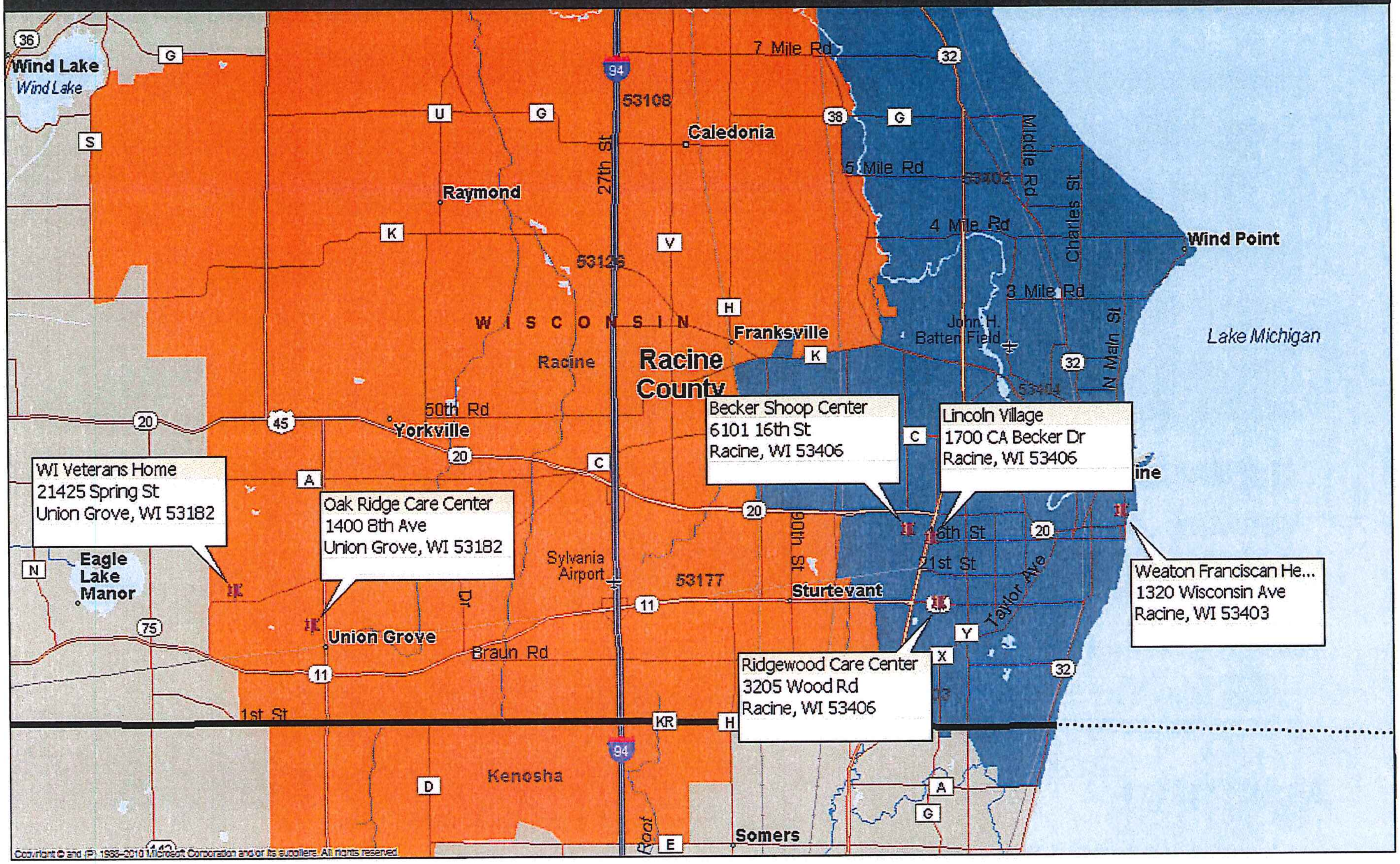
Location of Nursing Homes in the PMA and SMA



Nursing Home Bed Need – Competitive Beds Applied

- There are 679 beds in the PMA and SMA as defined, and of that total 482 are located in the PMA.
  - There is one NH located in Burlington, WI, Kindred Healthcare
- There are four nursing homes in the PMA. All four of the PMA nursing homes are located in Racine, WI.
- There is one nursing home located in Union Grove, WI Veterans Home Boland Hall, for a total of 120 beds, that was excluded from the bed need projections. Including it would have skewed the results.
- The total number of competitive nursing home beds that was used in the bed need/demand model was 559 for the market area and 482 for the PMA.

Current Nursing Home Occupancy

For Ridgewood Care Center
Skilled Nursing Facility Occupancy Trends, 2008 to 2012 [1]

Provider	Area	2009	2010	2011	2012	2013
BECKER SHOOP CENTER	PMA	93%	93%	83%	75%	65%
LINCOLN VILLAGE CONVALESCENT CENTER	PMA	82%	77%	73%	74%	85%
OAK RIDGE CARE CENTER	SMA	90%	92%	89%	94%	92%
RIDGEWOOD CARE CENTER	PMA	93%	93%	90%	89%	94%
WHEATON FRANCISCAN HEALTHCARE - LAKESHORE MANC	PMA	98%	98%	97%	92%	95%
WI VETERANS HOME-BOLAND HALL	SMA	NA	NA	NA	NA	NA
Source: Department of Health Services		91%	91%	86%	85%	86%
	Capacity [2]	518	518	518	509	509
	Occupied Beds [3]	519	515	492	474	482
	Open Beds [4]	-1	3	26	34	27
	Open per facility	0	1	5	7	5

The occupancy data for 2008 to 2012 is as reported on the
The capacity is at 90% of the actual, to account for the fact
Occupied beds is the actual capacity times the actual occupancy. [3]
Open beds are the capacity at 90% minus the actual occupied beds. [4]

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Nursing Home Bed Need

- The following table summarizes the nursing home use rates, by age, for Wisconsin, Racine County, and a blended average of all metro counties in Wisconsin. Racine County use rates was used for this assessment.

For Ridgewood Care Center
Nursing Home Bed Need by Age
For Wisconsin Racine County and Blended Average of Metro Counties

	Actual 2008	Actual 2012[1]		Actual 2008	2013 Extrapolated		Actual 2012[1]
	Wisconsin			Racine County			Blended Average of Metro County
Age	Use Rate[2]		% Change	Use Rate[2]		% Change	Use Rate[2]
20 to 64	0.4	0.8	117.6%	0.6	0.4	-23.6%	0.6
65 to 74	8.4	8.8	4.9%	5.9	6.2	4.3%	7.0
75 to 84	36.9	31.4	-14.9%	26.9	23.4	-13.2%	27.7
65+	38.1	34.3	-10.2%	28.0	25.0	-10.7%	29.6
85+	138.0	126.5	-8.3%	103.5	95.1	-8.1%	115.3
Total	7.5	5.2	-31.1%	5.3	3.3	-36.8%	4.4

Source: Department of Health Services
As of January 31, 2012 [1]
Utilzation rate per 1,000 people [2]

Nursing Home Bed Need - Conclusions

For Ridgewood Care Center

Nursing Home Bed Need by Age for the PMA

Age	2013	2018	2022
18 to 64	33	30	29
65 to 74	58	66	67
75 to 84	132	131	127
85+	275	267	258
Projected Bed Need [1]	497	494	482
NH Bed Capacity [1]	482	482	482
Estimated Over/(Under)-capacity	(15)	(12)	0
Estimated Under-capacity	(4)	(3)	0

Estimated Under-capacity per Facility

The bed need for the PMA code only suggested a short bed need (15 beds), suggesting all of Ridgewood's beds may be needed to meet future demand.

For Ridgewood Care Center

Nursing Home Bed Need by Age for the Market Area (PMA and SMA Only) [1]

Based on the Racine County Utilization Rate

Age	2013	2018	2022
18 to 64	41	38	36
65 to 74	71	81	83
75 to 84	158	157	154
85+	321	313	303
Projected Bed Need	591	588	575
NH Bed Capacity [1]	559	559	559
Estimated Under-capacity	(32)	(29)	(16)
Estimated Under-capacity per Facility	(5)	(5)	(3)

For this assessment, the TMA (Tertiary Market Area) was excluded. [1]

The bed need for the market area suggested that there will be small bed need (under capacity) in the market area until 2022.

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Payor Mix For Nursing Homes in the MA

- Ridgewood Care Center has historically achieved 20 to 21% MC payor mix and 16% to 19% private pay payor mix. Considering how many beds Ridgewood Care Center has, these payor mix percentages are excellent.

For Ridgewood Care Center
Nursing Home Payor Mix for the Region

	2010			2011			2012		
	MA	MC	PP	MA	MC	PP	MA	MC	PP
Becker Shoop Center	68%	10%	16%	72%	13%	13%	67%	15%	17%
Lincoln Village Convalescent Center	54%	29%	13%	57%	30%	12%	57%	25%	18%
Oak Ridge Care Center	72%	19%	9%	75%	15%	10%	75%	12%	13%
Ridgewood Care Center	64%	20%	16%	61%	22%	18%	60%	21%	19%
Wheaton Franciscan Healthcare - Lakeshore Manor	55%	17%	29%	50%	22%	28%	54%	23%	23%
Weighted Average	63%	20%	16%	63%	21%	15%	62%	20%	18%

Source: Wisconsin Medicaid Cost Report

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Payor Mix Considerations

Medicare Market Share For the Market Area as Defined, by Nursing Home For 2008 - 2012	2008	2009	2010	2011	2012
Becker Shoop Center	13%	11%	10%	11%	11%
Lincoln Village Convalescent Center	28%	31%	27%	27%	28%
Oak Ridge Care Center	15%	13%	14%	11%	9%
Ridgewood Care Center	37%	38%	41%	41%	41%
Wheaton Franciscan Healthcare - Lakeshore Manor	8%	7%	8%	10%	11%

Source: Department of Health Servcies Medicaid Cost Reports

Private Pay Market Share For the Market Area as Defined, by Nursing Home For 2008 - 2012	2008	2009	2010	2011	2012
Becker Shoop Center	29%	24%	19%	14%	14%
Lincoln Village Convalescent Center	24%	18%	16%	14%	21%
Oak Ridge Care Center	9%	9%	8%	10%	10%
Ridgewood Care Center	27%	35%	39%	44%	42%
Wheaton Franciscan Healthcare - Lakeshore Manor	11%	14%	18%	17%	12%

Source: Department of Health Servcies Medicaid Cost Reports

- Ridgewood Care Center historically has had over 37% MC market share.
- Recently, the facility has experienced 42 to 44% Private Pay market share.
- Management/Board needs to take steps to ensure those statistics remain strong.

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Payor Mix Considerations for Remodeling/New Addition

- For the most part, newly constructed or significantly renovated nursing homes do experience a better than average payor mix.
- Ridgewood Care Center could experience similar results, if significant remodeling were completed.

For Ridgewood Care Center
Nursing Home Census Comparison Before and After Construction

				Average Daily Census - Before				Average Daily Census - 2012				Occupancy	
Facility Name	Address	City	Year of Construction	Medicare	Private	Medicaid	Total	Medicare	Private	Medicaid	Total	Before	After
Avanti Health & Rehabilitation	Villa Drive	Minocqua	2009	3.79	5.52	19.86	29.18	11.76	13.87	37.37	63.00	45%	88%
Brown County CTC - Bayshore Village	2900 St. Anthony Drive	Green Bay	2009	1.17	2.95	55.83	59.95	0.83	0.73	60.30	61.86	75%	98%
Divine Savior Nursing Home	715 West Pleasant Street	Portage	2010	9.58	16.86	61.80	88.24	10.98	12.39	54.65	78.01	80%	94%
Lakeland Health Care Center	1922 County Road NN	Elkhorn	2006	1.93	10.78	109.95	122.66	10.61	22.93	84.41	117.96	100%	98%
Oak Park Nursing and Rehab Center	618 Jupiter Drive	Madison	2006	10.84	16.42	61.71	88.97	31.15	21.07	34.22	86.44	89%	86%
Park View Health Center	725 Butler Avenue	Oshkosh	2008	6.56	12.53	70.69	89.79	4.97	28.13	129.62	162.72	106%	97%
Ridgeview Terrace LTC	2350 N Dewey Ave	Reedsburg	2005	1.90	14.94	32.68	49.52	7.60	18.43	20.72	46.75	99%	94%
Sauk County HCC	1051 Clark St.	Reedsburg	2009	8.97	14.48	64.72	88.17	9.03	16.98	51.79	77.80	80%	95%
Shorehaven Health Center	1305 W. Wisconsin Avenue	Oconomowoc	2005	10.24	52.74	79.32	142.30	20.21	52.22	39.32	111.75	88%	93%
Spring Valley Nursing Home	W500 State Highway 29	Spring Valley	2011	3.45	8.10	28.52	40.07	4.14	8.12	32.23	44.49	80%	89%

Source: Nursing Home Cost Reports

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Assisted Living Market Demand (Frail Elderly and Memory Care)

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Assisted Living Target Populations

- Approximately 37.9% of the frail elderly assisted living and independent living target population in the market area are earning more than $35,000 in 2013. Approximately, 62.1% earn less than $35,000.
- Approximately, 56% of the market earned more than $25,000 in 2013. Most AL operators, and IL operators, suggest that their residents earn more than $20,000.

Ridgewood Care Center
RCAC and IL Target Population Totals
For the Service Area Total
For the Period 2012 to 2018

	2012	2018
Grand Total/All Income Total	9,160	9,796
By Payor		
Private Pay Only	3,471	4,345
Mixed Income	5,689	5,451
Affordable (Medicaid Eligible)	1,763	1,930
Percentage of Total, by Payor Type		
Private Pay Only	37.9%	47.4%
Mixed Income	62.1%	59.5%
Affordable (Medicaid Eligible)	19.2%	21.1%

Private Pay = Households earning $35,000+
Mixed income = $0-$35,000 income households
Source: ESRI and Wipfli

Assisted Living Target Populations

- The market rate/private pay memory care assisted living market is fairly large, and was 1,296 persons in 2013, growing to 1,658 in 2018.
- Approximately, 43.6% of the persons that are more likely to need and use a memory care facility in 2013 would be private pay.

Ridgewood Care Center
Higher Acuity Memory Care Target Population Totals
For the Service Area Total
For the Period 2012 to 2018

	2012	2018
Grand Total/All Income Total	2,971	3,274
By Payor		
Private Pay Only	1,296	1,658
Mixed Income	1,675	1,615
Affordable (Medicaid Eligible)	510	557
Percentage of Total, by Payor Type		
Private Pay Only	43.6%	50.7%
Mixed Income	56.4%	49.3%
Affordable (Medicaid Eligible)	17.2%	17.0%

Private Pay = Households earning $35,000+
Mixed income = $0-$35,000 income households
Source: ESRI and Wipfli

CBRFs in the Area

- The following table summarizes the CBRFs that are located in the market area as defined.
- There are a total of 284 comparable and competitive CBRFs currently in the market area, of which 252 are directly competitive for a frail elderly

For Ridgewood Care Center
Community Based Residential Facilities (CBRFs)

Facility Name	Street	City	Zip	Class	Capacity	LowRate	HighRate	DateProbationaryIssued
ARTISAN RACINE (THE)	6109 BRAUN RD	RACINE	53403	CNA	26	$ 3,300	$ 5,000	1-Dec-12
ELIZABETH RESIDENCE CALEDONIA	5737 ERIE ST	RACINE	53402	CNA	50	$ 4,000	$ 6,000	15-Mar-10
HARMONY OF RACINE	8600 CORPORATE DR	RACINE	53406	CNA	42	$ 2,400	$ 4,700	28-Jun-99
NEW BEGINNINGS GROUP HOMES II	3509 S GREEN BAY RD	RACINE	53403	CNA	8	$ 2,585	$ 2,890	1-Feb-91
NEW BEGINNINGS GROUP HOMES V	1449 N GREEN BAY RD	RACINE	53406	CNA	8	$ 2,893	$ 3,345	1-Jul-00
ST MONICAS SENIOR CITIZENS HOME	3920 N GREEN BAY RD	RACINE	53404	CNA	110	$ 1,263	$ 2,832	16-Oct-90
TIMBER OAKS	1390 8TH AVE	UNION GROVE	53182	CNA	16	$ 2,846	$ 3,468	4-Sep-91
WILLOWGREEN	4719 KINGDOM CT	RACINE	53402	CNA	24	$ 2,400	$ 2,900	27-Oct-03
				Total	284			
				Comparable and Competitive 1	252			

Source: CBRF Directory, DHS, 2013

Excludes facilities under 10 beds [1]

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RCACs in the Area

- At the time of the assessment, there was five RCACs, for a total of 238 apartments. All of the RCACs were located in Racine, except one.

For Ridgewood Care Center

Residential Care Apartment Complex (RCAC) Directory

Facility Name	Street	City	Zip	Capacity	LowRate	HighRate	DateRegularIssued
BAY POINTE AT THE ATRIUM	3950 N MAIN ST	RACINE	53402	45	$ 2,275	$ 2,850	26-May-04
HARMONY COMMONS RACINE	8500 CORPORATE DR	RACINE	53406	36	$ 2,750	$ 2,950	8-Oct-03
HOME HARBOR	1600 OHIO ST	RACINE	53405	110	$ 356	$ 916	1-Jun-06
KILLARNEY KOURT	8800 SHANNON LN	STURTEVANT	53177	25	$ 705	$ 1,085	16-Aug-11
PARKVIEW GARDENS	5321 DOUGLAS AVE	RACINE	53402	22	$ 548	$ 2,300	1-Mar-09
				238			

Source: RCAC Directory, DHS, 2013

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Adult Day Care in the Area

- At the time of the assessment, there were two adult day care facilities located in the market area as defined, for a total of 63 "beds".
- There was an additional three adult day care facilities in the balance of the county for a total of 67 beds. However, they are located in Burlington, Waterford, and Kansasville, and are not considered comparable.

Adult Day Care Centers
For the Defined Market Area

Facility Name	Street	City	State	Zip	Capacity	FC	PD	Alz	DD	AA
ABUNDANT BLESSINGS DAY SERVICES INC	2308 RAYMOND AVE	FRANKSVILLE	WI	53126	8	1			1	
LINCOLN LUTHERAN ADULT DAY SERVICES	2000 DOMANIK DR	RACINE	WI	53404	55	1	1	1		1
					63					

Source: Department of Health Services

FC = Family Care; PD = physically disabled; Alz = Alzheimer's/dementia; DD = Developmentally Disabled, and AA = Frail Elderly

Market Demand Assessment

Assisted Living Market Demand

- Market demand for assisted living is assessed by several factors, including market saturation; net market penetration, and project penetration.
- 20% or less market saturation is desired
- 10% or less net market penetration is desired
- 5% or less project penetration rate is desired

Assisted Living Market Demand - Conclusions

For Ridgewood Care Center
Estimated Market Demand Analysis for the Assisted Living (RCAC) Market Area As Defined

Gross market penetration rate:			2013			2018		
Market inventory of units in the MA:								
The Project			36	40	50	36	40	50
Total Market Rate Units of the Project			36	40	50	36	40	50
Other existing competitive units Less 30% FC units			490	490	490	490	490	490
Pipeline Units			0	0	0	0	0	0
Total units in the MA	(1)		526	530	540	526	530	540
Number of units to be filled assuming 80% of residents originate from within the MA at 94% occupancy	(2)	(A)	396	399	406	396	399	406
Number of age and income eligible in the MA	(3)	(B)	2,430	2,430	2,430	3,041	3,041	3,041
Gross market penetration rate		(A)/(B)	16.3%	16.4%	16.7%	13.0%	13.1%	13.4%
Net market penetration rate			9.7%	9.8%	10.0%	7.5%	7.5%	7.7%
Project penetration rate			1.4%	1.6%	1.9%	1.1%	1.2%	1.5%

Sources: Wipfli

(1) Identified at the time of the assessment. Source was Department of Health Services Directories and Management. Competition was defined as other RCACs and frail eldelry CBRFs.

(2) The market study assumes that 80% of the admissions will come from the market area (MA). Full occupancy assumption was 94%, only for the competition.

(3) Total income eligible households in the MA.

(4) 94% occupancy assumed.

(5) Assumes a 50% attrition rate.

(6) Number of units to be filled by 80% of the MA.

(7) 94% occupancy was assumed.

Memory Care Market Demand - Conclusions

For Ridgewood Care Center
Estimated Market Demand Analysis for the Memory Care Assisted Living Market Area As Defined

Gross market penetration rate:			2013			2018		
Market inventory of units in the MA:								
The Project			24	30	36	24	30	36
Total Market Rate Units of the Project			24	30	36	24	30	36
Other existing competitive units Less 30% FC units			247	247	247	247	247	247
Pipeline Units			40	40	40	40	40	40
Total units in the MA	(1)		311	317	323	311	317	323
Number of units to be filled assuming 80% of residents originate from within the MA at 94% occupancy	(2)	(A)	234	238	243	234	238	243
Number of age and income eligible in the MA	(3)	(B)	1,296	1,296	1,296	1,658	1,658	1,658
Gross market penetration rate		(A)/(B)	18.1%	18.4%	18.8%	14.1%	14.4%	14.7%
Net market penetration rate			11.0%	11.2%	11.6%	8.2%	8.4%	8.6%
Project penetration rate			1.8%	2.2%	2.6%	1.4%	1.7%	2.1%

Sources: Wipfli

(1) Identified at the time of the assessment. Source was Department of Health Services Directories and Management. Competition was defined as other memory care CBRFs.

(2) The market study assumes that 80% of the admissions will come from the market area (MA). Full occupancy assumption was 94%, only for the competition.

(3) Total income eligible households in the MA.

(4) 94% occupancy assumed.

(5) Assumes a 50% attrition rate.

(6) Number of units to be filled by 80% of the MA.

(7) 94% occupancy was assumed.

Adult Day Care Market Demand - Conclusions

- Adult day care market demand is projected by applying potential use rates to the 65+ population.
- Between .85% and 1.25% of the 65+ population demands and uses adult day care services.

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Adult Day Care Market Demand - Conclusions

For Ridgewood Care Center
Adult Day Care Center Market Demand Model

	2013	2018	2013	2018
	PMA		Market Area Total	
65+ Population Total	17,911	20,183	27,364	31,081
Low Use/Demand Rate	0.85%	0.85%	0.85%	0.85%
High Use/Demand Rate	1.25%	1.25%	1.25%	1.25%
Demand Estimates				
Low Estimate	152	172	233	264
High Estimate	224	252	342	389
Excess Demand Estimates				
Excess Bed Demand - Low	84	104	165	196
Excess Bed Demand - High	156	184	274	321
Competitive Market Total	68	68	68	68
[1] Total Beds Needed - Low	50	61	97	115
[1] Total Beds Needed - High	92	108	161	189
[2] Growth Opportunity - High	24	40	93	121

Source: Wipfli projections

Total beds needed is a calculation of the total persons needed per bed divided by the total excess demand. [1]

Growth opportunity is the difference between the supply and the beds needed on the high estimate. [2]

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Market Demand - Conclusions

- The market study suggested that there is a potential to add a frail elderly assisted living; memory care assisted living, and possibly an adult day care to the operations.
- Specific sizes to be discussed.

NH Commission and Behavioral CBRF

Nursing Home Commission

- Nursing homes with behavioral units that are contracted with other counties through a commission have the following characteristics:
  - ✓ Have historically been on the county levy, to a significant degree.
  - ✓ Have historically been the nursing home of last resort.
  - ✓ Are not traditional nursing homes (with a positive payor mix, such Ridgewood) and have historically cared for persons that other nursing homes turn away.
  - ✓ Have historically had a large number of out-of-county, high cost residents in their nursing home.
  - ✓ Are trying to offset the county levy commitment.
  - ✓ Have space available that is not being used, or historically was vacant.
  - ✓ Are already caring for a non-traditional, high care, high cost population.
  - ✓ Are sending several county residents out of county on a regular basis for crisis prevention and or temporary/permanent placement for behaviors, chronic mental illness, and or other.
  - ✓ Have permanent or long term placements at Mendota or other, with no other placement for them after they return to the county.
  - ✓ Have psychiatrists on staff or available from the county.

Nursing Home Commission

- The nursing home license is turned over to the commission.
- The county still employs the staff.
- The county owns the building.
- There is a commission board; but, it does not have any power.
- The point of any commission is to offset losses to the county due to caring for high cost residents admitted from other counties.
- If the nursing home does not experience losses due to high cost residents admitted from other counties, the commission will not be effective.

Behavioral Unit/CBRF Findings

- A commission would only make sense if Ridgewood already had a high number of out-of-county, high cost, behaviorally challenged, hard to place residents in the NH.
- Ridgewood Care Center could start a unit for mentally ill; the combative and behaviorally challenged, and or the developmentally disabled with behavioral challenges without forming a commission.
- The CBRF could contract with other counties, and at any monthly rate management decided.
- If management developed a program for these populations, it should not be part of the nursing home operations or current building:
  - The traditional population that management currently serves would begin to erode.
  - Medicare days would begin to erode.
  - Private pay resients would go elsewhere
- Any new behavioral program for Ridgewood should be in addition to the current operations and building – not part of the current building.

Behavioral Unit/CBRF Findings

- The CBRF would need to fit within the mission of the county home.
- The CBRF, to contract with Family Care, would need to be 8-beds or less, if it served the DD population.
- Could charge as much as $300/day.
- The county would need to hire psychiatrists.
- Population would be a combination of mentally ill; behaviorally challenged persons with dementia; combative individuals; developmentally disabled persons and or persons with multiple conditions, including the above.
- Many of the residents will be young males with dementia/behavior issues, and are combative.
- Heavily staffed, high cost model.
- Highly trained staff needed.

Behavioral Unit/CBRF Findings

- Finally, <u>Racine County would still need to admit residents to Mendota and other options regularly.</u>
  - It was clear from interviews that if Racine County developed a program for these populations, there would still be populations that would not be appropriate for a CBRF and would have to be transferred to alternative settings like Mendota.
  - The purpose of developing a CBRF would be to bring county residents back to a lower cost alternative that is appropriate at such time that the resident is deemed eligible to return to a less restrictive setting and lower cost option.

Status Quo Assessment

Status Quo Assessment Findings

- Status Quo assessment is essentially a "do nothing" analysis, to show where will we be in the future with no significant changes:
  - ✓ No change in payor mix or overall occupancy
  - ✓ No change in staffing levels
  - ✓ Historical increases in revenue rates, wage rates, etc
  - ✓ Normal inflationary increases for operating expenses
  - ✓ No significant capital additions or replacements
- Based on YTD financial information through June 2013

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Status Quo Assessment Findings

- Net Loss
  - 2013 <$1,660,350>
  - 2014 <$1,849,190>
  - 2015 <$1,939,834>
  - 2016 <$2,037,572>
  - 2017 <$2,141,813>
  - 2018 <$2,253,488>
  - 2019 <$2,385,295>

Next steps and Options Assessment

- Discussion

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