Bartlett Regional Hospital

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DATE: February 9, 2023
TO: City & Borough of Juneau Assembly Committee of the Whole
FROM: Bartlett Regional Hospital Senior Leadership
RE: Bartlett Regional Hospital and Wildflower Court Merger Overview

ATTACHMENT: Bartlett Regional Hospital's Wildflower Court RFI Response (minus Appendix materials)

Why Merge Now? "Continuity of Care Makes a Difference – Demand Continues to Grow"

- Bartlett Regional Hospital (Bartlett) was already in the process of standing up home health and hospice services when Wildflower Court (WFC) approached the hospital about taking over operations. Adding long-term care services to our post-acute care service line is a positive addition that will help improve continuity of care and patient throughput, grow revenue, and achieve cost reductions.
- About 80% of hospitals nationwide own some sort of post-acute care provider (ex: nursing facility, home health agency). Further, about 40 percent of nationwide Medicare patients discharged from the hospital require some type of post-acute care.
- Juneau's population is aging and will require increased healthcare needs. Juneau's population age 75+ are expected to grow by 37% by 2025 and another 36% by 2030. There is currently significant demand in the community for post-acute and long-term care services.
- Currently, Bartlett refers one third of its patients to WFC and it takes twice as long as referrals to other long-term care facilities. Due to staffing shortages and other reasons, WFC has been operating well below maximum occupancy.

WFC and Bartlett – "A Strategic Investment - Better When We Partner Together"

- WFC and Bartlett leadership share a history of respect, partnership, and support. Our visions align as we aim to provide leadership in healthcare that benefits the greater Southeast Alaska community. Merging our organizations will expand the scope and quality of these services for our residents and patients in a truly sustainable manner.
- Research suggests that stronger hospital-nursing facility relationships reduce rehospitalization rates.
- Further, enhanced care coordination improves patient throughput, freeing up needed acute-care beds.
- Research suggests that nursing facilities that share medical providers with hospitals experience fewer readmissions, shorter lengths-of-stay, and increased successful community discharges.
- Also, research has proven that, in nursing homes where hospice is available and present, residents enrolled in hospice have superior outcomes. Hospice enrollment is associated with higher-quality symptom assessment and management, and lower rates of hospitalizations.
- Hospital leadership is stable and focused on executing the CEO's 100-Day Plan and pursuing strategic initiatives that help increase revenue.
- A merger with WFC aligns with all 7 of the primary areas of focus under the 100-Day Plan, and particularly addresses (1) Labor & Cost Management, (2) Master Facility Planning, and (3) Patient Throughput (remaining areas of focus: Workforce Recruitment, Organizational Structure, Physician Alignment, and Behavioral Health Enterprise).

WFC Finances – Baseline Income & Business Equity

- WFC's historic business model is one that is profitable. For the five years prior to the pandemic (2015-2019), WFC's average annual operating income was approximately $1,100,000.
- During this same period, WFC was able to generate approximately $11,000,000 in operating revenues.

- WFC's total equity, or total assets less total liabilities, is roughly $4,000,000.
- If the building was valued at full-market value instead of depreciable cost, the total equity that Bartlett would be receiving would be considerably higher. The business as well as the assets would become Bartlett's at no cost to the hospital.

WFC Current Challenges:

- Due to staffing shortages and other reasons, WFC has been operating at an average occupancy of 49 residents out of the total 61 beds available.
- For the recent fiscal year ending 12/31/2022, WFC's revenues dipped to around $9,000,000, or a loss of $2,000,000 from previous averages.
- Currently, WFC is operating in a position where they expect to lose about $1,700,000.
- Additionally, WFC's Medicaid reimbursement rates are some of the lowest in the state for freestanding nursing facilities at 68% of the state average. Through recent conversations with the State of Alaska, Bartlett believes there may be a path toward "rebasing" or reviewing those rates and potentially pushing them higher, which would provide a significant boost to WFC's revenues.
- Bartlett believes there are additional revenue generating services that could be provided through WFC such as skilled nursing, physical therapy, and rehabilitation that could further enhance profitability.
- On the expenditure side, WFC has seen an increase in operating costs during the pandemic of roughly 13%, and that is given the decrease in volume of residents. Labor costs due to a supply/demand imbalance and the use of locums is a major contributing factor.

Future Opportunities Through a Merger:

- There is a significant demand in the community for these services, and with the trend of an aging population, this demand is expected to grow. Bartlett is certain that, under Bartlett's stewardship, WFC can be filled again.
- If Bartlett could open an average of 8 of the 12 vacant beds that would represent a $1.7M opportunity and almost completely erase the current deficit.
- In a transition, WFC gains access to Bartlett's ability to recruit, the administrative staff, dietary staff, materials management staff, 24/7 clinical staff and security personnel, amongst much else. Bartlett sees a lot of efficiencies to be gained and believes we could see 5 - 10% cost reductions on WFC's current structure, which would be anywhere between $500,000 - $1,000,000.
- If Bartlett can increase revenues through increasing resident occupancy and meeting the current demand of the community for its services and we can also find efficiencies, we believe the path to profitability or, at a minimum, being a self-sustaining service is within our short-term reach. By merely generating revenues commiserate to what was expected prior to the pandemic and by finding 5% efficiencies in the operating structure, we would expect to be in the black by several hundred thousand dollars.

Request to the Assembly - Funding to Cover PTO & Bond Liabilities:

- To reduce the liability assumed by the hospital, it has been recommended that the outstanding PTO and bond liabilities be extinguished prior to any merger. The Assembly could choose to help facilitate the merger by contributing funding in the amount of these liabilities ($1,475,300) for their extinguishment.
- Projected PTO Liability - $400,000
- Projected 401(k) Liability - $200,000 (will most likely be less)
- The balance for the debt principal is $1,465,000; 2023 interest due is $34,706; bond reserve is $589,706.

WILDFLOWER COURT RFI RESPONSE

December 2, 2022

Bartlett Regional Hospital

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Contents

Executive Summary

Wildflower Court (WFC) and Bartlett Regional Hospital (Bartlett) share a history of respect, partnership, and support. We honor the experience and knowledge of the WFC board, leadership, and staff. Our visions align as we aim to provide leadership in healthcare that benefits the greater Southeast Alaska community. Merging our organizations will expand the scope and quality of these services for our residents and patients in a truly sustainable manner.

Bartlett recognizes the importance of the full continuum of care and is actively expanding its service offerings to include a post-acute care service line. WFC helps Bartlett facilitate a comprehensive, fully integrated and supported post-acute care service line, putting high-quality resident and patient care at the center of our operations through:

- Achieving the highest national accreditation standards;
- Providing available, robust staffing, including 24/7 resident support and access to Bartlett's existing clinical and support services;
- Offering strong staff development, education, and clinical ladder programs to ensure the highest-quality training and delivery of care;
- Addressing WFC's facility and infrastructure integration, connectivity, maintenance, and improvement needs; and
- Ensuring operational efficiency and affordability, resulting in a reinvestment of resources into the organization.

Employees are Bartlett's greatest asset, and we welcome all current WFC employees to transition into the Bartlett organization. WFC employee focus will continue to be on WFC residents and operations. Each employee's individual skillset will be evaluated to determine the best fit, whether that be within existing Bartlett departments or in the new post-acute care service line that includes WFC.

To create a seamless employee transition, we commit to offering:

- Salary/wage at or above current levels for all transitioning WFC employees;
- Paid Time Off/Paid Leave accrual rates accounting for service time credits earned while employed at WFC;
- Transfer of existing accrued Paid Time Off up to 750 hours; and
- Integration of WFC employees into Bartlett's comprehensive and highly competitive benefit, insurance, and retirement plans.

Bartlett is taking active measures to prepare for a possible merger and is excited about working together and learning from your expertise to implement a successful and timely transition process for residents, employees, and ongoing operations.

Section 1 - Resident Care

Please share your current mission and vision for patient care, as well as how you see adding Wildflower Court to your operations will complement that vision.

Bartlett's mission is to provide the community and region with quality, patient-centered care in a sustainable manner. The residents of Southeast Alaska have relied upon our health care services continuously since 1886, and Bartlett is proud of its longstanding history and commitment to this vibrant community.

The mission is embodied through our C.A.R.E. values. These core values drive our daily actions as we put patient needs at the center of every decision.

> Courtesy: We act in a positive, professional, and considerate manner, recognizing the impact of our actions on the care of our patients and the creation of a supportive work environment.
>
> Accountability: We take responsibility for our actions and their collective outcomes, working as an effective, committed, and cooperative team.
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> Respect: We treat everyone with fairness and dignity by honoring diversity and promoting an atmosphere of trust and cooperation. We listen to others, valuing their skills, ideas, and opinions.
>
> Excellence: We choose to do our best and work with a commitment to continuous improvement. We provide high-quality, professional healthcare to meet the changing needs of our community and region.

The mission for patient care and values is internalized by our employees, starting with our senior leadership team. The organizational structure of Bartlett is well suited to support the existing WFC team through clear leadership channels, empowered interdisciplinary committees, and a culture of collaboration.

Bartlett's organizational vision is to be the best community hospital in Alaska. This vision can only be achieved by responding to community needs and addressing the continuum of care, especially with the changing healthcare landscape. We believe strongly in our role as the leader in lifelong healthcare in our community, and most residents agree. 72% of respondents to a community healthcare survey conducted by McDowell Group rated Bartlett's quality of care as better than other facilities in Southeast. Further, the studies highlight the community's desire for expanded services, including senior care.

Bartlett's accountability also includes proactively assessing gaps in service and supporting an integrated system – ultimately, *coordinated efforts to provide health care mean better outcomes for patients.* A direct example is Juneau's recent loss of home health and hospice services. Recognizing this critical gap in the continuum of care and addressing our population-wide health goals, Bartlett is establishing its own home health and hospice services. We believe this effort can be further complemented by the integration of WFC and the development of a post-acute care service line. Research has proven that, in nursing homes where hospice is available and present, residents enrolled in hospice have superior

outcomes (National Institute of Health, 2002). Hospice enrollment is associated with higher-quality symptom assessment and management, and lower rates of hospitalizations.

Another example of Bartlett's proactive, solution-based management is the implementation of an "earn-as-you-learn" approach to recruiting and retaining certified healthcare workers. With continued grant support through the Alaska Hospital and Healthcare Association beginning in October 2021, our Education Services team successfully trained 30 Certified Nursing Assistants (CNA), 15 of whom are currently employed at Bartlett and five at WFC. We are committed to offering CNA courses at Bartlett as interest remains high within the community and the efforts support our vision to respond proactively to gaps in service, including our own healthcare workforce. We also partner with the University of Alaska Southeast CNA program and University of Alaska Anchorage and Alaska Pacific University nursing programs to provide lab and clinical experience for students pursuing a career in the healthcare field to ensure growing demand for care is met throughout the region.

As a community hospital, services extend beyond the organization to be proactive, engaged, and responsive to patient and community care needs. The pandemic highlighted how broadly our organization partnered with, and supported the community, and these partnerships and systems will benefit the residents of WFC. During the pandemic, Bartlett partnered with the City & Borough of Juneau (CBJ), Capital City Fire & Rescue (CCFR), shelter managers, the State Division of Public Health, and others on a continuous basis to bridge gaps. We supported the growth of CCFR's Mobile-Integrated Health (MIH)/community paramedics program. We coordinated medical respite for the entire community to support isolation for our unsheltered or under-sheltered citizens. Our teams worked with vulnerable patients in outpatient, emergency care, and acute care settings before they needed to transition to skilled nursing.

The addition of WFC complements our vision by directly addressing the development of a post-acute care service line and further supporting an integrated system. Ultimately, there will be a shared understanding of patient care needs from all levels of care with a holistic and comprehensive perspective, direct communication, and minimal interruptions and delays in care. Bartlett hospice services, in conjunction with WFC, would develop a close clinical working relationship benefiting the staff at both entities by the joint sharing of knowledge and resources to improve the overall quality of care for the residents they serve. The skills and core competencies of the hospice staff will be disseminated to the nursing home staff, exposing them to palliative care processes and approaches, and familiarizing them with the outcomes terminally ill patients experience. Such diffusion of knowledge, skills, and attitudes can only occur when two organizations are compatibly working together at all levels of the organization's administrative, support, and clinical staff. Further, with improved inter-organizational relationships between WFC and Bartlett Home Health and Hospice, those residents that can be strengthened and reconditioned may be able to be discharged back into their homes with home health services for intermittent skilled nursing and/or therapy services, resulting in improved outcomes and patient satisfaction/quality of life.

How will your organization ensure the highest quality care for our residents?

Achieving National Care Standards

At Bartlett we choose to pursue the highest national standards of care. This voluntary effort demonstrates to the community our commitment to achieving high-quality care and safety for our patients. Bartlett continues to earn The Joint Commission (TJC) Gold Seal of Approval for Hospital Accreditation by demonstrating continuous compliance with its performance standards. We are proud

to be the sole health care organization in Southeast and one of 13 in Alaska with Hospital Accreditation by TJC. With the merger, WFC residents will benefit from Bartlett's continued commitment to the highest national standards of patient-centered care, treatment, and services.

Staffing & Patient Services

A primary means to ensure high quality care is through robust staffing and patient services. As a 24-hour facility, we have the support and backup of staff available to residents any time of day or night. This allows us to help ensure safe staffing levels for CNA and direct care personnel. Further, our existing physical connection to the WFC facility allows for quick and easy access, enabling responsive, quality care for residents. WFC residents and staff will have 24/7 support and access to pharmacists, nurses, laboratory specialists, security personnel, respiratory specialists, hospitalist services, emergency care, psychiatric emergency services, and diagnostic imaging.

WFC Resident Services will be supported by nutrition and dietary services, spiritual care, occupational, physical and speech therapy, cardiac rehabilitation, and outpatient respiratory therapy services. Case managers will help ensure streamlined transitions of care and will proactively collaborate to coordinate care from the community, skilled nursing, acute care, and all other levels of care – ultimately supporting transitions when residents are clinically ready for care transitions.

The ability to integrate common operational functions within each organization will create efficient delivery of resident and patient services. This will create the opportunity to reinvest resources into the organization, further improving resident and patient care, employee satisfaction, and community support initiatives.

Bartlett has a full continuum of outpatient to inpatient behavioral health services. Many of these services will soon be housed in the new Aurora Behavioral Health Center located on the Bartlett campus. The proximity of these services to WFC will enable access to integrated behavioral health care for WFC residents. The number of people over the age of 65 with psychiatric disorders is estimated to more than double by the year 2030, from 7 million in 2000 to 15 million, according to the American Psychiatric Association. Accessibility to behavioral health services creates opportunities for integrated care management and multidisciplinary psychiatric interventions to improve patient care.

Bartlett has a strong staff development and education program incorporating best practices and evidence-based learning to support staff in advancing their education. The program provides opportunities to advance their careers through our clinical ladder programs, CNA program, nursing programs, and surgical and pharmacy technician programs. With the merger, WFC staff will benefit from Bartlett's culture of supporting growth and continued learning.

The perspective of our patients is highly valued and is a major driver of our process improvement efforts. With the merger, we look forward to inviting WFC residents to share their voices and views through our Patient and Family Advisory Committee and other patient feedback reporting systems to improve resident care and organizational processes.

Resident and Staff Safety

WFC resident care will benefit from access to the strong early recognition and team support within our rapid response system. The WFC staff and residents will be serviced by our existing safety nets to identify changes in a resident's condition. We will look at how we can provide extra support to manage a resident in their home or have more resident-focused care if they need to be transferred to an inpatient

status. This will assist the long-stay quality measure of outpatient emergency department visits, which is currently higher than the national average for long term care.

Bartlett's Quality department supports the hospital in the continued compliance with safe patient care and staff processes required by TJC, Centers for Medicare & Medicaid Services (CMS), and the Occupational Safety and Health Administration (OSHA). This is done through monitoring, analyzing, and reporting adverse events and other occurrences that happen at Bartlett, and supporting leaders and staff with performing the appropriate analysis and providing guidance on making system improvements. The team also analyzes Bartlett patient care data and patient feedback and shares findings with departments to develop process improvement projects, and provides staff resources, education, and activities to build and improve Bartlett processes.

Additionally, we have a support network for our employees that includes a system-wide environmental health and safety program. The program's focus is on the wellbeing and safety of our employees and advocates for the training, equipment, and needs of all staff to ensure a safe working environment. Staff concerns regarding their workflow and environment are the responsibility of this program and any existing programs or resources already in place at WFC will be supported and enhanced.

Further, Bartlett will support WFC leadership through our Quality and Safety teams to address any outstanding CMS reports and corrective actions to ensure compliance with safe and high-quality patient care, as well any immediate infrastructure needs.

Also, please describe your vision on how you see WFC operating in 5 years?

In five years, we envision WFC operating at full capacity with a focus on bed availability to meet the needs of the community. WFC operations will continue to prioritize programs that enhance the freedom, privacy, and dignity of each resident with additional support from Bartlett.

WFC operations will be fully integrated into our care system and accredited as a nursing care center through TJC. Further, Bartlett and WFC will achieve the highest CMS rating possible. Goals will be established to pursue additional nationally recognized specialty certifications such as post-acute care and memory care to further demonstrate our continued commitment to providing the highest level of resident care. This will align WFC with the standards of the hospital and provide the hospital's support to the residents and staff of WFC.

In ten years, we plan to evaluate and possibly expand bed capacity based on demographic projections for Juneau and the increased healthcare needs of the aging population.

Section 2 – Staff Transition/Retention

Please provide insight on what job retention promise your organization would have for the current WFC employees and any immediate staffing changes anticipated to the current organization chart.

Bartlett strives to provide the best possible working environment for employees to continue to meet our mission of providing quality, patient-centered care. With this mission in mind, our goal is to seamlessly transition and orient WFC employees into our organization.

WFC employee focus will continue to be on WFC residents and operations. Clinical services at WFC will continue providing care to WFC residents within a new post-acute care service line at Bartlett. The post-acute care service line leader will be a member of the Bartlett senior leadership team, providing a seat at the table for important organizational strategy decisions. WFC support service employees will be incorporated into the current BRH departments that are the best fit.

Section 3 – Staff Salaries and Benefits

Please provide the salary range for RNs and LPNs, CNAs, housekeeping, and dietary staff. Feel free to include other salary ranges that are applicable to other WFC team members.

Please see Appendix A for salary range information for the positions requested, plus additional applicable positions.

Bartlett will integrate WFC employees into our current position classification and salary structure. Under our proposed transition plan, each WFC employee will be paid no less than the same rate of pay as their current WFC rate of pay. Each WFC employee's wage or salary will be reviewed on an individual basis to determine the appropriate position grade and step placement upon transition. Bartlett will place employees at the step on the Bartlett pay schedule that most closely matches the WFC employee's current rate of pay, without going below the employee's current rate of pay.

Please share your current PTO accrual matrix. Also, how much current PTO WFC staff would be able to carry over with a change in ownership.

Paid time off (PTO) is referred to as Personal Leave at Bartlett. Full-time and part-time employees accrue personal leave based on time served for purposes of vacation, holiday, and sick leave. Please see Appendix B for personal leave accrual rates and an example of accrual at each step.

As noted in Appendix B, personal leave accrual rates are based on employee service time; however, Bartlett can approve an advance personal leave accrual rate for transitioning employees from WFC. We will offer WFC employees service time credit for their employment at WFC as if they were employed at Bartlett to determine the appropriate personal leave accrual rate at Bartlett.

We recognize that employees work hard to save their personal leave and that it can be concerning to not have the safety net of personal leave available upon transitioning. Bartlett will offer the opportunity for all WFC employees to "transfer" their personal leave balance up to a total of 750 hours – this reflects the annual personal leave balance cap for Bartlett employees. Adding this additional balance of personal leave does come with a financial obligation; therefore, we will request that WFC fund the financial obligation associated with the transfer of leave hours.

Although we are providing a summary of the specific benefits requested in the RFI, we are also willing to provide our detailed personnel rules upon request.

Please provide information on your organization's retirement benefit package.

Bartlett strives to provide employees and their families with a competitive and valuable benefits package. We recognize the decisions employees make regarding benefits can have a significant impact

on their life and finances, so we offer a comprehensive online enrollment experience and access to online resources and live benefit counselors to help walk employees through enrollment options.

As an enterprise fund of the City and Borough of Juneau (CBJ), Bartlett participates in the Public Employees' Retirement System (PERS) administered by the State of Alaska. The PERS plan funds consists of employee and employer contributions into a defined benefit or defined contribution program, depending on date of hire, and investment earnings. Members who first entered PERS:

- Before July 1, 1986, are in Tier I
- On or after July 1, 1986, but before July 1, 1996, are in Tier II
- On or after July 1, 1996, but before July 1, 2006, are in Tier III
- Individuals who first entered PERS on or after July 1, 2006, are members of the PERS DCR Plans

Employees must have five years of paid-up PERS service to become 100 percent vested for employer contribution and change in value. Employee contributions and change in value are 100 percent vested from day one of enrollment in the plan.

Please see Appendix C to review a copy of the hospital's PERS Tier Chart.

Additionally, employees have the option to enroll in the CBJ Deferred Compensation Program with MissionSquare. Program highlights include:

- 457 Deferred Compensation and 457 Roth options available
- Low-cost investing—average is estimated at 0.35 percent each year
- Employer sponsored plan with on-going monitoring for cost and performance
- Professionally monitored investments
- Counseling services available at no cost, even after retirement

Please provide details on the insurance coverage to include cost-share for full-time and part-time staff (Health, Dental, Vision, Life/Disability).

Bartlett offers a comprehensive employee benefit package including medical, pharmacy, vision and dental. Coverage highlights include:

- Self-insured medical/pharmacy/vision plan that uses Premera Blue Cross Blue Shield of Alaska as the third-party administrator - this allows for more control over plan design and cost
- Fully insured dental plan with Premera Blue Cross Blue Shield of Alaska
- Coverage is effective on employee's date of hire; there is no wait period
- Coverage is available for employees and/or family with a no-cost employee only option
- Basic dental plan available at no cost with a buy-up option that includes orthodontia coverage
- Employees can enroll in benefits that work best for their family's needs
- Virtual care services are available for general medicine at no cost and dermatology, counseling, and chemical/alcohol dependency treatment are available subject to deductible and co-insurance
- Health Yourself Wellness Program provides wellness focused activities, education, and screenings to benefited employees and dependents with an opportunity to earn a discount of $50.00 per pay period off the bi-weekly employee premium ($1,300 annual savings)

Please see Appendix D for health insurance coverage and cost information for full time and part time staff.

Life insurance with Accidental Death and Dismemberment (AD&D) is available to all benefit eligible employees, spouses, and dependents. Insurance highlights include:

- Bartlett pays for $5,000 Life with AD&D for employees, spouses, and children
- Optional coverage is available for employees and spouses up to $300,000 (or 7 times your salary) and $10,000 for children

Please see Appendix E for information about supplemental, optional health and life benefits available to employees including:

- Accident coverage (page 12)
- Critical Illness coverage (page 14)
- Short-term disability (page 11)
- Hospital Indemnity insurance (page 13)
- Pet Insurance (page 16)
- Employee Assistance Program (page 7)

Section 4 – Other

Please feel free to include any other information that you believe may be helpful in considering WFC's possible merger into your organization.

Bartlett has created a transition work group in preparation for a possible merger and is excited about working with, and learning from, WFC board members, leadership, and staff to implement a successful and timely transition process for residents, employees, and ongoing operations. Should Bartlett be selected as the preferred organization to proceed with a merger, we look forward to inviting WFC administration and board member(s) to serve on the transition team.

We are currently conducting our organization's annual strategic planning work plan development and review process. With the creation of the Bartlett post-acute care service line, and with the goal of executing a merger with WFC, we invite WFC leadership to share their knowledge and participate in this process.

What questions may your organization have for us?

1. It is extremely important to Bartlett to maintain a culture of courtesy, accountability, respect, and excellence throughout the transition process. With that, support and alignment with existing WFC leadership will be a critical factor for a successful transition. How long is WFC's Interim Administrator committed to staying in the position?

2. Although we have created a transition work group and are preparing for a possible merger, Bartlett places a high value on the longstanding stewardship provided by WFC's board. What are the WFC board's expectations regarding a transition plan, including timeline and key players?