Request for Information (RFI)
City of La Junta, CO
Task Force for the
Transfer and Start Up of a
Skilled Nursing Facility
August 1, 2016

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RFI number: 0001

Contents

Confidentiality

All information included in this RFI is confidential and only for the recipient knowledge. No information included in this document or in discussions connected to it may be disclosed to any other party.
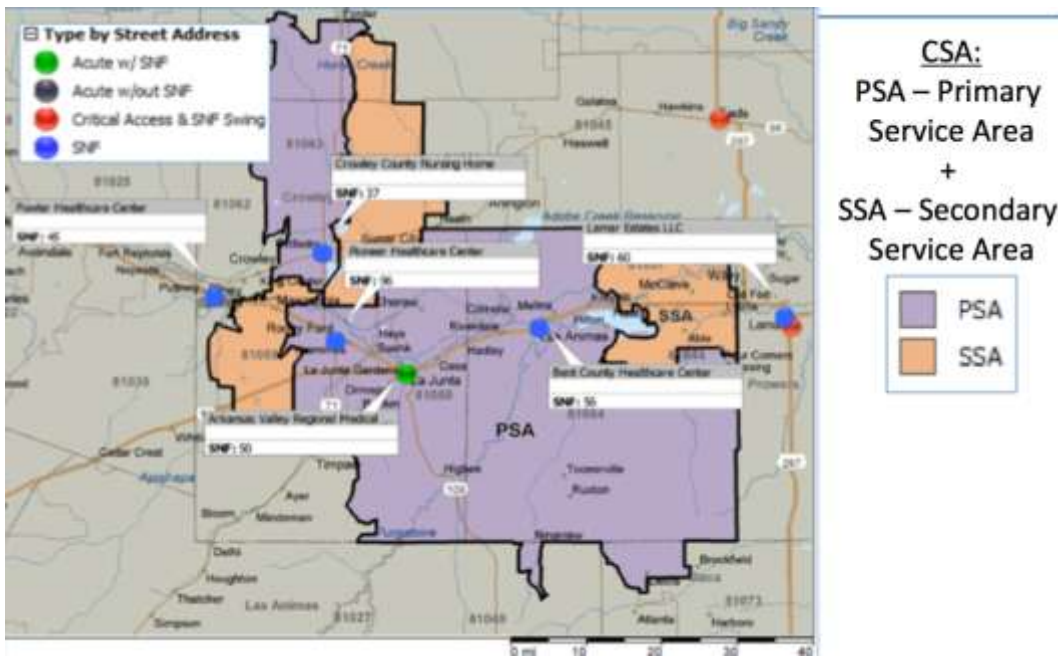
Introduction and purpose of the RFI

With this RFI we request information regarding your company and its services. The same information will be gathered from different companies and will be used to evaluate SNF operators. We will follow up the sourcing process with a Request for Proposal (RFP).

Scope

Specific information is requested according to the details provided below.

Abbreviation and terminology

- **CSA** – Combined Service Area; typically the zip codes from which a facility gets 85% or 90% of its total inpatient volume
- **Market** refers to the CSA for Arkansas Valley Regional Medical Center (AVRMC) as defined by AVRMC and shown in the map below. Market zip codes are: 81050, 81054, 81063, 81067

RFI procedure

To answer this RFI please fill in the attached form. The answers to this RFI will be evaluated by the City of La Junta, CO Skilled Nursing Facility (SNF) Task Force and the City Council of La Junta, CO. The completed form should be sent in word-format (format unchanged) by email to Ryan Stevens at Ryan.Stevens@ojc.edu.

For questions regarding this RFI or any additional assistance, you are welcome to contact Ryan Stevens, Executive Director for the City of La Junta, by phone at (719) 671-9499 or by email at ryan.stevens@ojc.edu.

Timeframe for the RFI and e*ventual project if awarded (subject to change):*

8/1/2016	The RFI is sent out
8/19/2016	Last date for RFI questions
8/26/2016	Last date for submission of answers to RFI
9/14/2016	Result from the evaluation delivered from City of La Junta, CO
9/21/2016	RFP sent to SNF operators that have passed the RFI
10/21/2016	Final SNF operators chosen for consideration
TBD	Start of Project

Background description:

The City of La Junta, CO has established the need for a skilled nursing and sub-acute care facility (SNF) of 50 beds in the La Junta combined service area (CSA). The fifty (50) existing SNF beds would be transferred from Arkansas Valley Regional Medical Center (AVRMC) to a new operator based on Fair Market Value, the appropriate legal process and department of Colorado Public Health and Environment approval.

The current AVRMC SNF cannot continue to operate in the existing physical plant based on life safety issues and poor operational efficiencies. AVRMC wishes to terminate operating the SNF and is considering options for conversion of the acute care facility to a Critical Access Hospital (CAH).

Ideally, a successful operator candidate would have the capacity to build a facility, develop programming to meet community needs and demonstrate high quality patient care and satisfaction.

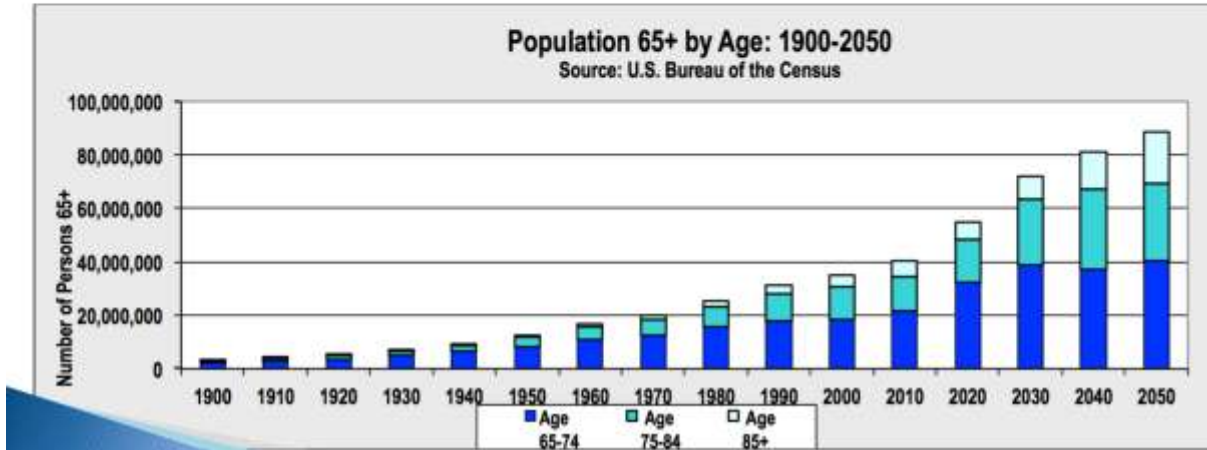*Context in which the Service Will Be Used*

A new Skilled Nursing Facility (SNF) is intended to replace and improve the existing AVRMC SNF including short-term and long-term beds in La Junta, CO. Existing SNF beds are available for transfer from AVRMC at Fair Market Value to a new operator pending approval from Colorado Department of Public Health and Environment. A new operating company must have the ability to work closely with the City of Junta, hospital AVRMC, the Colorado Department of Public Health, and the La Junta and surrounding community.

Statement of Need

This project should meet the needs of the residents of La Junta and surrounding communities for short term and long term skilled nursing care. The charts and needs analysis discussion below demonstrate the local need for skilled nursing care.

National Demographic Factors indicate high growth in need for skilled nursing

As the US population ages, demand for Post-Acute Care (PAC) services will increase. The number of people 65 years or older will double to 81 million and constitute one-fifth of the population by 2040; 17% of that segment will be at least 85 years old. Within the next 10 years, more than half of the total US population will have at least one chronic medical condition. And those trends will lead to added pressure on Post Acute Care (PAC) providers to provide efficient, high-quality care, because the cost of the US healthcare system will continue to grow.

Population 65+ by Age: 1900-2050
Source: U.S. Bureau of the Census

Local Demographics support this high growth trend

Local Trends Show Similar Growth in the elderly population compared to national statistics

The median age in La Junta is 12% higher than Colorado.

2000 to 2010 Census Comparison for ZIP Code 81050

60 to 64 years	492	581	+18.09%
65 to 69 years	475	466	-1.89%
70 to 74 years	424	384	-9.43%
75 to 79 years	320	358	+11.88%
80 to 84 years	229	244	+6.55%
85 years and over	224	249	+11.16%

http://www.zip-codes.com/zip-code/81050/zip-code-81050-census-comparison.asp
http://www.areavibes.com/la+junta-co/demographics/

SNF Sub-Acute

To estimate SNF Sub-Acute bed need for the market, PACE Healthcare Consulting used three separate methods of calculation. In the first two methods, we assumed an average length of stay (ALOS) of 14 days, which is the ALOS for AVRMC SNF Sub-Acute for FY2106 for a conservative estimate. Our "high need" calculation based ALSO on an ALOS of 26 days (source: Dobson DaVanzo & Associates, LLC. "Assessment of Patient Outcomes of Rehabilitative Care Provided in Inpatient Rehabilitation Facilities (IRFs) and After Discharge." July 10, 2014. Page 37.). Current AVRMC supply of SNF Sub-Acute beds is 10.

Method 1: SNF Sub-Acute bed need was based on 1) AVRMC acute care inpatient volume over the last four fiscal years (FY2013 through FY2016 with fiscal year-ending March 31) (source: AVRMC inpatient data), 2) the expected ratio of SNF bed need by bed-type to total acute care inpatient discharges, 3) and the expected SNF Sub-Acute length of stay for these patients. This method bases bed need on AVRMC inpatients only because volume for a SNF Sub-Acute unit in a rural setting will be most significantly driven by transfer of its own acute care inpatients to the SNF rather than the transfer of patients from another acute care facility.

Method 2: As a secondary method of calculation, bed need was based on an expected share of actual service area acute care inpatient discharges from all facilities (source: CHA hospital utilization data) and an expected conversion to SNF Sub-Acute based on AVRMC's historical conversion rate (source: AVRMC inpatient data)[1].

Method 3: Finally, bed need was calculated based on an expected bed need per 100,000 residents in a service area. This method is what we would use if there were no SNF inpatient data available to us and is therefore the least comprehensive.

Method	Bed need based on …	Conservative ALOS = 14	High Need ALSO = 26
1	AVRMC FY2013 IP acute care volume (the highest of the four years studied)	12	22
1	AVRMC FY2016 IP acute care volume (the lowest of the four years studied)	9	17
2	Based on capture of 2/3 of PSA and 1/3 of SSA SNF Sub-Acute patients	9	17
3	Based on bed need per 100,000 residents in the market	8	8

Table 1: Bed Need Calculation – SNF Sub-Acute

Considering the ranges calculated by all three methods (with heavier reliance on the first 2), it is concluded that 10 SNF Sub-Acute beds at AVRMC is an undersupply for the market AVRMC serves or hopes to serve, especially if they can return their inpatient acute volume to previously experienced level levels.

[1] For this analysis, we used AVRMC inpatient data for FY2015 rather than FY2016 because the dramatic drop in inpatient conversion to SNF for from FY2015 to FY2016 let us to feel that FY2016 was not a typical year for SNF Sub-Acute utilization.

Total SNF Beds (Sub-Acute + Nursing Home)

SNF beds are calculated by estimating how many market beds are needed per residents in a service area that are 65 or older. We reviewed multiple studies[2] and the table below shows the calculated recent and future bed need at high, low and average utilization.

	2014	**2019**
Low Demand	107	117
Average Demand	173	189
High Demand	245	267

Table 2: Total SNF Bed Need

Based on the above table, with a market area SNF bed supply of 239, it appears that the market is over-bedded (i.e. except in the case of very high expected demand, there is a market oversupply of beds).

Bed Count and Competition

AVRMC recently reduced both its licensed and its available SNF beds due in part to the declining state of the nursing home facility and a need to move the SNF beds to what was previously acute care space. According to a previous PY&A study, AVRMC had 115 SNF beds in 1999, we found that until recently AVRMC had 92 licensed SNF beds, and at the time of the assessment, they stand at 50 licensed beds. The AVRMC unit currently operates 10 beds as SNF Sub-Acute beds and 36 as SNF Nursing beds. There are a total of 239 SNF beds in the market area. Of the four market area providers, Pioneer Healthcare Center is the largest and also the most directly in competition with AVRMC. They are also the only market facility with secured beds – appropriate for Alzheimer's and dementia patients.

Facility	Licensed SNF / Nursing Home Beds
Arkansas Valley Regional Medical Center (DE)	50
Bent County Healthcare Center (DE)	56
Crowley County Nursing Home (DE)	37
Pioneer Healthcare Center (DE)	96 (67 secured)
TOTAL	**239**

Table 3: Market SNF Providers (source: Skilled Nursing Facilities.org; URL: http://www.skillednursingfacilities.org/.) (DE=Dual Eligible Medicare/Medicaid)

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[2] Studies reviewed were: "1995 CDC An Overview of Nursing Homes and Their Current Residents," URL: http://www.cdc.gov/nchs/data/ad/ad280.pdf; 2000 WV Healthcare Authorization target supply, URL: http://www.hca.wv.gov/certificateofneed/Documents/manard.pdf; "2010 AARP "Assisted Living and Residential Care in the States in 2010," http://www.aarp.org/content/dam/aarp/research/public_policy_institute/ltc/2012/residential-care-insight-on-the-issues-july-2012-AARP-ppi-ltc.pdf, "2013 Long-Term Care Services in the United States: 2013 Overview," URL: http://www.cdc.gov/nchs/data/nsltcp/long_term_care_services_2013.pdf; "2015 SC State Health Plan," http://www.scdhec.gov/Health/FHPF/HealthFacilityRegulationsLicensing/CertificateOfNeed/

Requirements

➢ Demonstrated financial stability, demonstrated quality, demonstrated experience in the start up and activities of ongoing operations of a skilled nursing facility.
➢ Demonstrated census stability and growth year over year.

Qualifications

See form for RFI responses. Answers will be evaluated on a scale of 1-5 with 5 being the highest score. Companies with the highest scores may be considered for RFP, but scoring will not be the only criteria used for consideration.

Conditions which will be terms for future RFP

➢ Ability to finance construction or demonstrate why and how a private public partnership could be successfully structured.

Other Requirements

➢ Quality requirements: CMS Nursing Home Compare Star Rating Three Star Rating or Better
➢ Preferable, but not required: SNF experience in rural Colorado communities.

Thank you for your interest in this project. We look forward to reviewing your submission via the following form.

Form to fill in as answer to the RFI

Please do not alter the form, delete/add rows or delete/add columns. You may provide additional information and documentation in separate attached documents in pdf or word format. If additional information pertains to a specific question or item below, please indicate in the answer for that time.

Scoring on a scale of 0-5 with five being the best score.

Question	Answer
Company name	
Company address	
Company web page	
How many SNF facilities does the company operate?	
Locations of current facilities (city and state) and number of beds at each?	
If company owns competing SNF to La Junta describe how the market would be managed.	
Has the Company successfully completed a Start up SNF facility?	
How many Start up projects?	
Locations of Start up Projects?	
Has the operator engaged an entity other than an employee of the licensee to manage or operate a facility or service?	
Which services? Why?	
Main services	
List Specialty Programs Long Term Patients	
List Specialty Sub-Acute Programs	
List Locked Unit Programs	
Main market/customers	
Certified Programs (Indicate whether certification is available per program)	
Percent same facility growth year over year in discharges for three years?	
Percent same facility growth in patient days year over year for three years?	
Ownership structure with ownership status in percentage	
Structure of mother corporation, joint ventures, subsidiaries, partnerships or other relevant relations	
Number of years in the SNF market	
Company location(s)	

Identify the method of financing the operational cost of a Start up project, including the start up costs. Provide documentation that the applicant can obtain such financing.	
Identify the method of financing the cost of the project construction and land. Provide documentation that the applicant can obtain such financing.	
Has the company engaged a Real Estate Investment Trust to construct a facility?	
Has the company partnered with community government to fund a skilled nursing facility? Describe partnership including financial and operational agreements.	
Has the operator successfully applied for transfer of Medicare Medicaid skilled nursing/long term beds from the state of Colorado? When? How many?	
Has the operator successfully applied for new Medicare Medicaid skilled nursing/long term beds from the state of Colorado? When? How many?	
Average CMS Nursing Home Compare Star Rating	
Average state survey scores	
Outcome data: CMS Long Stay Quality Measures As Compared to Better or Worse than Expected CMS Short Stay Quality Measures As Compared to Better or Worse Than Expected	
Recruitment plan and overall retention rates to include: Management Skilled Staff Non-skilled staff Marketing and Sales Quality Staff	
Average number of years physicians on Medical Staff	

Gross Revenue for each of the last three years	
Gross margin for each of the last three years	
Profit for each of the last three years	
Mix of Medicare/Medicaid/Private Pay	
Stock markets where your company is listed	
Contact person and responsible for answering this RFI	
Telephone	
Email	
Conditions that listed in the RFI and cannot be met	
Description of services that are already delivered to customers today, and could be comparable to what is requested in this RFI	
Reference customers using comparable services (including contact information)	
Reference customers using your services today, although they are not comparable with what is requested in this RFI (including contact information)	
Describe what the company would need in terms of assistance from the City of La Junta.	
Describe what the company would need in terms of assistance from the hospital AVRMC	

Additional Information (What else would you like us to know?)