

## Walnut Creek Skilled Nursing Facility Business Plan

Granite Development LLC, the parent company of Manganese Development LLC, owns post-acute care facilities in California, Utah, Nevada and Arizona. It is the mission of Granite Development to construct a facility whose operations focuses on the well-being of each individual patient, and their development design reflects this respect for privacy and dignity in each of their new facilities.

Manganese Development, LLC is proposing to develop a short stay Post-Acute Skilled Nursing Facility (SNF) on a portion of the former site of the Contra Costa Times facility. The SNF will occupy 2.92 net acres of the mostly undeveloped north corner of the property. Previously the site had been used as a softball field.

The facility will serve adults of all ages and will provide daily physician coverage to supervise care and minimize trips back and forth to the hospital. Both non-medical and emergency medical transport will be used to transport patients to the facility from the hospital. The transports do not use lights and sirens when transporting patients to the facility.

### **BACKGROUND**

Skilled nursing facilities (SNFs) provide short-term skilled nursing care and rehabilitation services, such as physical and occupational therapy and speech–language pathology services to beneficiaries after a stay in an acute care hospital. The most frequent hospital conditions of patients referred to SNFs for post-acute care were joint replacement, septicemia, kidney and urinary tract infections, hip and femur procedures except major joint replacement, pneumonia, and heart failure and shock<sup>1</sup>.

The term skilled nursing facility also refers to a provider that meets Medicare requirements for Part A coverage. Most SNFs (more than 90 percent) are dually certified as SNFs and as nursing homes (which typically furnish less intensive, long-term care services)<sup>2</sup>. This project will not be dually certified and is not a long term Residential Care Facility or Assisted Living Facility. Exhibit 1<sup>3</sup> shows a comparison of a Skilled Nursing Facility versus a Residential Care Facility. This will solely be a short-stay SNF.

### **PROJECT DESCRIPTION**

The SNF will consist of approximately 37,005 square feet and include fifty-nine (59) beds, nursing stations, administrative offices, kitchen facilities, and common space for dining or socializing. Fifty-one of these beds will include a private room with a private bathroom. Four rooms will consist of two private bedrooms sharing a common bathroom. All rooms will have a window to the exterior. The facility will include a large rehabilitation room which is designed for the use of the in-patients.

The SNF will provide 24-hour, 7 days a week in-patient post-acute Skilled Nursing care. Skilled means that there is skilled nursing (Registered Nurses) available 24 hours per day, 7 days a week. Following a hospitalization for injury or illness, many patients require continued medical care, either at home or in a specialized facility. Post-acute care refers to a range of medical care services that support the individual's continued recovery from illness or management of a chronic illness or disability.

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<sup>1</sup> [http://www.medpac.gov/documents/reports/mar14\\_ch08.pdf?sfvrsn=0](http://www.medpac.gov/documents/reports/mar14_ch08.pdf?sfvrsn=0)

<sup>2</sup> [http://www.medpac.gov/documents/reports/mar14\\_ch08.pdf?sfvrsn=0](http://www.medpac.gov/documents/reports/mar14_ch08.pdf?sfvrsn=0)

<sup>3</sup> <http://www.cahf.org/MediaCenter.aspx>

**A Comparison**  
Skilled Nursing and Rehabilitation &  
Residential Care for the Elderly



California Association of Health Facilities

RESIDENTIAL CARE FACILITIES FOR THE ELDERLY (RCFEs)	SKILLED NURSING AND REHABILITATION
<p><b>Also known as:</b></p> <p><b>Residential Care Homes</b> – usually six beds</p> <ul style="list-style-type: none"> <li>- Board and Care Home</li> <li>- Retirement Home</li> <li>- Rest Home</li> </ul> <p>or</p> <p><b>Assisted Living</b> – Larger settings with more beds</p> <ul style="list-style-type: none"> <li>- Residential Care Facilities for the Elderly (RCFEs) generally six to 100 beds</li> <li>- Continuing Care Retirement Communities (CCRCs)*</li> <li>- Memory Care – Senior living communities that specialize in memory care – for early stage dementia</li> </ul> <p>These facilities offer non-medical care including private and semi-private rooms, meals, housekeeping and assistance with eating, bathing, dressing, hygiene and medication delivery, but <b>no nursing services</b></p> <p><b>In-Home or Custodial Care</b> – In home, non-medical assistance with personal care, domestic activities and transportation provided by individuals who are not licensed</p>	<p><b>Also known as:</b></p> <p><b>Skilled Nursing Facility** (SNF)</b> – usually 99 beds</p> <ul style="list-style-type: none"> <li>- Nursing Home</li> <li>- Skilled Nursing &amp; Rehab Center</li> <li>- Convalescent Hospital</li> </ul> <p><b>Subacute Care</b> – Specialized medical unit within a nursing facility for medically complex patients including those on ventilators. Higher RN staffing requirements</p> <p><b>Memory Care Units within Nursing Homes</b> – Specialized care tailored for the needs of seniors with advanced Alzheimer’s or other forms of dementia</p> <p><b>DP/SNF</b> – A skilled nursing facility that is a distinct part of a hospital</p> <p><b>SNF/STP</b> – Special Treatment Program. Specialized skilled nursing services for chronic mental health patients in a secured environment</p> <p><b>IMDs</b> – Institution for Mental Disease including acute psychiatric hospitals, psychiatric health facilities, SNF/STPs and mental health rehabilitation centers (MHRCs)</p>
<b>Funding Source: Mostly private</b>	<b>Funding Source: Mostly Medi-Cal</b>
Medicare and Medi-Cal do not pay for assisted living, with some exceptions. Limited Medi-Cal funds for custodial care	Majority of care funded by Medi-Cal. Limited Medicare funding for short-term rehabilitation. Limited VA benefits
<b>Model of Care: Social</b>	<b>Model of Care: Medical</b>
<b>Staffing</b> – No requirement for licensed health professional	<b>Staffing</b> – Mandatory staffing requirements; Licensed nurse on site 24/7. RNs, LVNs, certified nursing assistants and physical therapists present
<b>Medication management</b> – Unlicensed staff oversees delivery of medication – not permitted to dispense	<b>Medication management</b> – Licensed nurse administers medications with pharmacist and physician oversight
<b>Licensed by</b> – California Department of Social Services	<b>Licensed by</b> – California Department of Public Health
<b>Inspections</b> – Site inspections every five years	<b>Inspections</b> — Every 12 months or less and unannounced
<b>Regulations</b> – Minimal state licensing compliance requirements	<b>Regulations</b> – Most highly regulated healthcare setting with hundreds of state statutes and federal regulations
<b>Penalties</b> – Not subject to federal civil monetary penalties	<b>Penalties</b> – Subject to federal civil monetary penalties
Maximum state penalty – \$150 per violation	Fines up to \$10,000 per day and \$100,000 per instance

\*Confusion often arises because some residential-based housing models, like CCRCs, offer various levels of health care support in a single location, allowing the resident to initially reside in an independent setting and move to a more dependent and regulated level of care as needed. Most residents are private pay and a limited number of homes accept SSI/SSP benefits.

\*\*The typical nursing home resident comes to the skilled facility directly from the hospital following a scheduled surgery (hip or knee replacement) or an unexpected medical emergency (stroke or heart attack) or because of a dementia-related illness.

For more information visit [www.cahf.org](http://www.cahf.org)

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The building is considered an “I” Occupancy as defined in the California Building Code, and will be permitted by the Office of Statewide Health Planning and Development (OSHPD) and licensed by the California Department of Public Health (CDPH).

## **PROJECT DESIGN**

The proposed SNF is designed uniquely for short-stay, high acuity patients with short-term insurance benefits, such as Medicare, HMOs, and Commercial Insurance. It is designed as a smaller, more intimate short-stay center at 59 beds versus a long term care facility which are generally much larger (> 99 beds). The larger facilities are design as such in order to spread fixed cost over many patients in order to provide care at lower long-term care reimbursement rates, such as Medicaid rates.

The design of the proposed SNF has eliminated key elements required for a long term care facility. Required long term care elements which are not a part of this floor plan include separate activities spaces required for long-term residents, separate long-term dining spaces, equipment storage for long-term care equipment (e.g., wheelchairs, walkers, etc.) and medical record storage needed for long-term care. The laundry and kitchen services were also scaled down to accommodate short stay clientele.

## **OPERATIONS**

The proposed SNF Business model is built on providing higher clinical outcomes at a lower cost. The plan is to provide higher clinical quality. By providing intensive high-acuity clinical services clientele stay fewer days, returning home or being discharged to a lower level of care such as a nursing home or residential care facility. Shorter stays and higher clinical quality mean lower overall costs to clientele and their insurance companies.

The facility will be staffed for short-stay clientele. Case managers and discharge planners will be on staff to help ensure clientele return home or discharge to a lower level of care as quickly as feasible. A higher numbers of physicians, nurses, and therapists will be on staff compared to the staffing levels at long-term care facilities.

There will be three shifts in each 24 hour period. It is anticipated that the peak shift will have approximately 40 employees. The total employee count for the facility is estimated at 100-120. This number includes professional (doctors, nurses, therapists, etc.), paraprofessional, administrative, and support staff.

The facility will follow all state and federal requirements for the disposal of hazardous/biohazardous waste.

## **PERFORMANCE STANDARDS**

Skilled Nursing Facilities which receive Medicare funding, like the one being proposed, are regulated by the State and Federal Government. The “Skilled Nursing Facility Quality Reporting Program - Specifications for the Quality Measures Adopted through the Fiscal Year 2016 Final Rule”<sup>4</sup> outlines the performance and reporting standards which are required of SNF’s.

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<sup>4</sup> [https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/NursingHomeQualityInits/Downloads/SNF-QRP-Measure-Specifications\\_August-2015R.pdf](https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/NursingHomeQualityInits/Downloads/SNF-QRP-Measure-Specifications_August-2015R.pdf)

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The Improving Medicare Post-Acute Care Transformation (IMPACT) Act, enacted Oct. 6, 2014, directs the Secretary of Health and Human Services to “specify quality measures on which Post-Acute Care (PAC) providers are required under the applicable reporting provisions to submit standardized patient assessment data” in several domains, including incidence of major falls, skin integrity, and function. The IMPACT Act requires the implementation of quality measures to address these measure domains in home health agencies (HHAs), skilled nursing facilities (SNFs), long-term care hospitals (LTCHs), and inpatient rehabilitation facilities (IRFs).

The IMPACT Act also requires, to the extent possible, the submission of such quality measure data through the use of a PAC assessment instrument and the modification of such instrument as necessary to enable such use.

For more information on the statutory history of the SNF QRP, please refer to the FY 2015 SNF PPS final rule. More information on the IMPACT Act is available at [www.govtrack.us/congress/bills/113/hr4994](http://www.govtrack.us/congress/bills/113/hr4994).

### LENGTH OF STAY

There is no way of knowing at this point what the average stay at the facility will be. This facility is designed as a short-stay facility. The table<sup>5</sup> below indicates the average length of stay at Skilled Nursing

#### California SNF Q4FY14 Report

#### Top 20 RUGs for the SNF Episodes of Care\* (EOC) with 90+ Days in FY 2014

In descending order by number of RUG days billed

Total EOCs with 90+ Days: 12,528



RUG Code	RUG Descriptions	Number of RUG Days Billed	%of RUG Days to Total Days	%of EOCs with the RUG Billed to Total EOCs	Average Length of Stay by RUG
RUB	Rehabilitation Ultra High with ADL 6 - 10	338,179	27.37%	55.52%	48.6
RUC	Rehabilitation Ultra High with ADL 11 - 16	300,942	24.36%	49.43%	48.6
RVB	Rehabilitation Very High with ADL 6 - 10	113,869	9.22%	33.51%	27.1
RVC	Rehabilitation Very High with ADL 11 - 16	78,385	6.36%	24.69%	25.4
RUA	Rehabilitation Ultra High with ADL 0 - 5	77,038	6.23%	15.98%	38.5
RVA	Rehabilitation Very High with ADL 0 - 5	51,761	4.19%	16.20%	25.5
LD1	Special Care Low with No Depression and ADL 11 - 14	27,722	2.24%	7.34%	30.2
RHB	Rehabilitation High with ADL 6 - 10	26,607	2.15%	11.44%	18.6
RHC	Rehabilitation High with ADL 11 - 16	23,985	1.94%	9.93%	19.3
ES3	Extensive Services Tracheostomy Care and Ventilator/respirator and ADL 2 - 16	21,629	1.75%	2.47%	70.0
RUX	Rehabilitation Ultra High And Extensive Services with ADL 11 - 16	19,005	1.54%	3.76%	40.4
LE1	Special Care Low with No Depression and ADL 15 - 16	18,158	1.47%	4.25%	34.1
LC1	Special Care Low with No Depression and ADL 6 - 10	17,507	1.42%	5.68%	24.6
RHA	Rehabilitation High with ADL 0 - 5	15,117	1.22%	6.78%	17.8
ES2	Extensive Services Tracheostomy Care or Ventilator/respirator and ADL 2 - 16	11,812	0.96%	1.83%	51.6
RMC	Rehabilitation Medium with ADL 11 - 16	9,980	0.81%	4.65%	17.1
RUL	Rehabilitation Ultra High And Extensive Services with ADL 2 - 10	7,078	0.57%	1.94%	29.1
RMB	Rehabilitation Medium with ADL 6 - 10	6,990	0.57%	3.66%	15.2
HD1	Special Care High with No Depression and ADL 11 - 14	6,238	0.50%	2.43%	20.5
HE1	Special Care High with No Depression and ADL 15 - 16	5,926	0.48%	1.82%	26.0
<b>Top 20 RUGs Statewide</b>		<b>1,178,128</b>	<b>95.35%</b>		<b>35.7</b>
<b>All RUGs Statewide</b>		<b>1,235,626</b>	<b>100.00%</b>		<b>34.2</b>

\* An episode of care (EOC) is defined as a series of claims from a SNF for a beneficiary where the difference between the "Through Date" of one claim and the "From Date" of the subsequent claim is less than or equal to thirty days. The "From" and "Through" dates in form locator 6 (statement covers period) on the claim identify the span of service dates included in a particular bill; the "From" date is the earliest date of service on the claim.

Note: RUGs will display for which there are a total of at least 11 days billed to the respective RUG during FY 2014.

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<sup>5</sup> <https://www.pepperresources.org/Data>

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Facilities in California based on the top 20 Resource Utilization Groups (RUGs) providing 90 or more days of care in fiscal year 2014. As you can see from the table the length of stay varies quite a bit. The table does not reflect our short term stay business model which is projected to have a lower average length of stay. It is expected that most patients will stay at the proposed facility less than 100 days.

### **SUMMARY**

Hospitals, health systems, physician groups have long wanted to partner with providers than can cater to their short-term populations. This facility is designed specifically as a response to this request. Most providers can offer short-term stay, but they do it alongside the long-term populations they have in large nursing homes. This is a facility designed to serve only short-stay clientele.