

Hope Creek's Conundrum: Will Taxpayers Agree to Save Rock Island County's Nursing Home?

Written by Jeff Ignatius

Wednesday, 13 November 2013 10:40

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The grim math for Hope Creek Care Center is pretty simple. Changing it is not.

Right now, the 245-bed Rock Island County-run nursing home in East Moline is paid \$127.48 by the State of Illinois for each Medicaid recipient it houses. The cost to care for each person, said Administrator Trudy Whittington, is \$200 a day.

And because by law government-run homes can't turn away Medicaid recipients, typically more than 60 percent of Hope Creek residents are on the state/federal public-aid program.

So Hope Creek is nearly \$4 million in the red each year from that disparity alone, and the current property-tax subsidy for the nursing home doesn't cover it. And that doesn't even consider other factors related to state government – such as late reimbursements and delays in approving Medicaid applications.

In that context, Rock Island County officials on October 10 bluntly announced that “after providing an option for the long-term-care needs for residents of our county since 1839 in one capacity or another, the county is looking to divest itself from the nursing-home business due to forces beyond our control that have made that commitment impossible to continue. ... The Rock Island County Board will take official action at their November 19 meeting to explore the

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potential of leasing or selling Hope Creek Care nursing home.”

That statement brought immediate backlash – by the union representing Hope Creek workers, and by people concerned about the fate of Medicaid recipients who live at Hope Creek or might need to in the future. The county quickly retreated, and County Board Chair Phil Banaszek appointed an ad-hoc committee to look at other options.

Whittington said selling or leasing Hope Creek is Plan D and Plan E at this point – but the county would be remiss if it didn't do its homework on those alternatives. “We have to start looking at what Hope Creek's options are,” she said last week. “If we don't do something, those may *become* our only options. ... That is ... our last resort.”

The Rock Island County Board could as soon as its November 19 meeting take some sort of action on Hope Creek. The most likely course is approving a referendum question for the November 2014 ballot to raise property taxes in 2015 to further subsidize Hope Creek.

(A handful of county-board members were contacted for this article. Banaszek declined a request for an interview, referring all questions to Whittington. He also said he would be unavailable for brief follow-up questions. On November 6, all members of the county board's Health & Human Services committee were sent five questions by e-mail; none responded by the November 11 deadline. Richard H. Brunk – a member of the Hope Creek ad-hoc committee – was also contacted by e-mail and did not respond.)

The exact amount of the tax levy had not been decided at press time – the ad-hoc committee was scheduled to meet November 13 – but it will probably be in the neighborhood of \$3.5 million annually, which would be on top of the existing nursing-home levy that generates \$2.25 million. For a home valued at \$150,000, the proposed levy would mean nearly \$80 in additional property taxes each year.

If the county board approves the referendum question, advocates for saving the nursing home will launch a year-long education campaign to sell voters on that steep property-tax increase.

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Concurrent with that will be legislative efforts to ease the burden on Hope Creek (and other county-run nursing homes – all of which face similar challenges because of Medicaid reimbursement rates). Whittington is president of the County Nursing Home Association of Illinois, and she said the organization and Rock Island County will be seeking several legislative remedies, most crucially allowing county-run nursing homes to turn away some Medicaid recipients.

“We want to continue to take Medicaid,” Whittington said. “But ... when a facility's financial health is in the situation like we're in now, we don't have the ability to alter it [the mix of Medicaid and private-pay residents] at all.”

She said she favors a formula that allows county nursing homes to reduce their percentage of Medicaid recipients when they're under financial duress. “We just are asking for some flexibility,” she said. “We need that flexibility for survivability.” And the state “needs county homes, because we take the bulk” of people on Medicaid.

Another legislative possibility is asking the state to expedite Medicaid applications for nursing homes.

But raising Medicaid reimbursement rates is a long-term goal. While that's the core problem, Whittington said, it's not reasonable to expect the state to increase reimbursements: “That's going to take a lot longer to do. Because the state's broke.”

“Everybody's Facing This Same Crisis”

Hope Creek opened in 2009 as the replacement for the county's Oak Glen facility, and it has seven 35-bed units – six for people who need continual nursing care, and one for short-term rehabilitation.

It's warm and inviting and doesn't feel institutional. When visiting Hope Creek, nothing hints at its financial crisis.

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But it is a crisis. The county earlier this year borrowed \$750,000 for Hope Creek operations, and that loan is due April 1. The county is now exploring the possibility of additional short-term borrowing; securing additional loans would allow the county to get through the 2014 state-legislative session and the referendum question, at which point it would have a better sense of Hope Creek's long-term prognosis.

While the state's Medicaid reimbursement rate is the chief problem facing Hope Creek, it's exacerbated by other issues.

For one, Illinois has often fallen far behind with its payments. In 1995, Whittington said, Rock Island County merged one of its nursing facilities with Oak Glen because the state had fallen \$1.6 million behind on payments. "That [closed] facility was full all the time, they had people waiting to get in, it was a great location, people really liked that facility," she said. "But we just couldn't, as a county, continue to afford to operate two facilities when the state at that time owed the county over \$1.6 million."

The state eventually got current with Rock Island County, she added, but by November 2011, the state had fallen \$1.3 million behind: "It's been a roller-coaster ride with them, but there's no signs of improvement in the near future."

Beyond that, programs through which nursing homes could earn additional reimbursements are gone.

And the process to approve people for Medicaid has been shifted from local offices (where it would take four to eight weeks) to the Office of the Inspector General. Those applications, Whittington said, are "sitting there for eight, nine, 10, 12-plus months."

That creates a cash-flow problem, but it also means that if an application is ultimately denied, there's no guarantee that Hope Creek will get paid for the care it has provided. The home will work with the resident, Whittington said, but the money will come only "if there are funds there to make that arrangement." Three weeks ago, she added, 34 people at Hope Creek were awaiting public-aid approval.

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And at the federal level, the sequester's automatic spending cuts took 2 percent off Hope Creek's Medicare reimbursements – which affects the home's short-term unit.

Faced with this collection of persistent problems, it's natural that Rock Island County and other counties with public nursing homes would consider closing, selling, or leasing their facilities. (Private nursing homes aren't required to take all Medicaid patients, so their financial situations aren't nearly so precarious.)

"County homes are dwindling, because everybody's facing this same crisis," Whittington said. There were 27 county nursing homes in 2005, and one of the remaining 21 will likely be sold this year, she said.

But Rock Island County doesn't want to close Hope Creek, she said: "We're looking for anything that we can to literally save this facility." In addition to the referendum and lobbying, there's also talk of a lottery scratch ticket to benefit county nursing homes, and Hope Creek is looking to see where it can cut costs without hurting care.

The Toughest Question

I asked Whittington why Rock Island County and the County Nursing Home Association don't lobby to force private nursing homes to dedicate a certain percentage of their beds to Medicaid recipients.

She at first avoided the question – "We're here to conduct our business," she said. But then she said that fundamentally this is an issue of the state's responsibilities: "If the state met their obligations financially as far as paying what it truly costs to care for someone, keeping their reimbursement current, ... [and] making sure that applications are processed [in a] timely [fashion], ... we wouldn't care what percentage the other facilities did or didn't take."

But because that's not the case, there are several scenarios in which Medicaid recipients could

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lose Hope Creek as an option – when it's already often their *only* option.

If the state relaxes its rules for county nursing homes – allowing them to turn away some people on public aid – that would result in some Medicaid recipients not having a place to receive the long-term care they require. (No residents would be kicked out of Hope Creek in this situation, Whittington stressed; a private-pay person could simply get an open room that previously would have gone to a Medicaid recipient applying at the same time.)

And if Hope Creek were sold or leased to a private company, there's the possibility that many dozens of people on public aid would be turned away. There are open beds in the Quad Cities, Whittington said, but they might not be made available to people on Medicaid – particularly given the gulf between cost and reimbursement.

So where would those people go? "That's a problem," Whittington said. "And that concerns us. And we don't have the answer for that."

That question will be at the heart of efforts to pass a property-tax referendum next year. "That's all the more reason we need the community to support us through the referendum efforts, so that we can continue to serve as many or all of the Medicaid people that need us," Whittington said. "How much is it worth to take care of a senior citizen or a person who has been a taxpayer all their life? ... How do you put a price on Grandma and Grandpa or Mom and Dad ... ?"