

Affordable Assisted Living Case Study

Washington Coming Home Program Demonstration Project

La Dow Court
Garfield, WA
March 2004

Case Study Date: *September 2007*



For information on this project, please contact:

Candace Baldwin
Senior Policy Advisor
NCB Capital Impact
cbaldwin@ncbcapitalimpact.org

The Coming Home Program is a partnership between the State of Washington, NCB Capital Impact (www.ncbcapitalimpact.org), and the Robert Wood Johnson Foundation (www.rwjf.org). Funding for the Coming Home Program is provided by the Robert Wood Johnson Foundation.

Table of Contents

I. PREFATORY NOTES	3
III. DEMONSTRATION PARTNERS.....	4
ROBERT WOOD JOHNSON FOUNDATION	5
IV. PROJECT SUMMARY.....	6
A. PROJECT DESCRIPTION.....	6
B. PROJECT PARTNERS	7
C. PROJECT FINANCING	7
D. PROJECT FEE STRUCTURE (AS OF MAY 2007).....	7
B. PROJECT PARTNERS	7
C. PROJECT FINANCING	7
D. PROJECT FEE STRUCTURE	8
V. ASSISTED LIVING PROJECT COMPONENT	9
A. LICENSING	9
B. SERVICES	10
C. STAFFING CATEGORIES AND LEVELS	13
D. RESIDENTS	14
VI. SPONSOR DESCRIPTION	14
IX. PROJECT HISTORY.....	15
X. PRE-DEVELOPMENT.....	16
XI. FINANCING.....	17
XII. MARKETING.....	17
XI. MEDICAID SERVICES AND PAYMENT SOURCE.....	17
APPENDIX 1: DEVELOPMENT PROFORMA	20
APPENDIX 2: PHOTOS OF LADOW COURT	21

I. Prefatory Notes

1. **Purpose of Case Study:** This case study provides an illustration of how one project has been able to develop affordable assisted living. The information contained herein is designed to provide policy makers, developers, and potential sponsoring organizations with useful and detailed information about how one project made affordable assisted living work within their state's context. Through multiple case studies, the Coming Home Program hopes to provide helpful examples of affordable assisted living development and operations as well as the challenges that were overcome and those that continue.
2. **Limits of Usefulness:** Case studies of assisted living projects can often serve as illustrative examples of what may be accomplished. However, it is important to note that each assisted living project's developers and operators must respond to a multitude of unique factors, including state regulations, site conditions, local markets, and the capacities of staff and providers. While a case study may be a useful example, it cannot serve as a template for other projects. Any methods, assumptions, or other development or operational aspects contained herein require considerable analysis, modification, and endorsement by qualified professionals before they may be relied on for any other project.
3. **No Endorsement Implied:** The designation of a facility as a Coming Home demonstration project does not constitute explicit or implicit endorsement of the project's proposed or actual quality, financial soundness, plan of development, operations, or other aspects by Coming Home, the State of [insert state name here], NCB CAPITAL IMPACT, or the Robert Wood Johnson Foundation. The case study provided herein is intended to illustrate one project's method of development, financing, and operations, and is not an endorsement of those methods either in general or for any particular assisted living project.
4. **Consumers:** Consumers considering the project described in this case study for themselves or others should not construe this case study or the project's designation as a Coming Home demonstration project as an endorsement of the facility or as an indication in any way of its quality or appropriateness for them. The Coming Home Program, NCB CAPITAL IMPACT, nor the Robert Wood Johnson Foundation has not and will not examine this facility for quality, compliance, or appropriateness. For information on this facility, contact your state-licensing agency.
5. **Information not Verified:** The information contained herein has been reported by or collected from a variety of sources, and has not been verified by Coming Home, NCB Capital Impact, or the Robert Wood Johnson Foundation.

III. Demonstration Partners

COMING HOME PROGRAM

With funding from The Robert Wood Johnson Foundation, NCB Capital Impact's Coming Home Program currently works with nine states (AK, AR, FL, IA, MA, ME, VT, WA, WI) to expand the supply of affordable assisted living in underserved and rural areas. With technical assistance from NCB Capital Impact, each state is working to implement policy and program initiatives to expand the availability of high quality, affordable assisted living, sharing expertise on regulations, programs, and financing. NCB Capital Impact also provides development assistance to non-profit sponsors of affordable assisted living in the nine states. These are "Coming Home Demonstration Projects." Coming Home assistance to demonstration projects include a pre-development loan fund, consultation on development and operating issues, and building partnerships between facility sponsors, developers, financing agencies, and program operators. As a result of NCB Capital Impact's assistance, more than 3,300 units of affordable assisted living are in development or predevelopment, with more than 450 units already operational. For more information, visit the Affordable Assisted Living page of www.NCBCapitalImpact.org or contact Candace Baldwin at 703-647-2352 or cbaldwin@ncbcapitalimpact.org.

Public Hospital District #2 of Whitman County, Washington

First established in the 1970's, the Public Hospital District #2 of Whitman County, Washington is the sponsor and operator of the LaDow Court Assisted Living Facility. The District's mission is to meet the medical and healthcare needs of the community. The District has been part of the Garfield, WA community fabric for over 30 years. Located in the southeast portion of Washington State, the District serves a very rural community bounded by mountains on each side with a service area of 300 square miles.

STATE OF WASHINGTON, DEPARTMENT OF SOCIAL AND HEALTH SERVICES (DSHS)

The mission of DSHS is to improve the quality of life for individuals and families in need. The Department is committed to ensuring these individuals achieve safe, self-sufficient, healthy and secure lives. Through the Aging and Disability Services Administration, DSHS works with adults with developmental delays or disabilities, cognitive impairment, chronic illness and related functional disabilities to gain access to needed services and supports by managing a system of long-term care and supportive services that are high quality, cost effective, and responsive to individual needs and preferences. For more information, contact George Zimmerman, Statewide Resources Director at 360/725-2534 or zimmegm@dshs.wa.gov.

NCB CAPITAL IMPACT

NCB Capital Impact, an affiliate of National Cooperative Bank, is a national nonprofit organization with a mission to provide solutions that empower underserved communities to address the problems poverty creates in America. NCB Capital Impact fills gaps where products and services do not exist, often dealing with higher credit risk, to create new customer segments. It does so through a unique combination of financial and development services and technical assistance, acting as a catalyst seeking to change the systems for delivering affordable housing and essential community services to the nation's low- income and underserved communities. The organization's primary focus is on housing, health care, affordable assisted living, education, worker ownership, and economic and

community development. For more information, visit www.NCB Capital Impact.org or contact Candace Baldwin at 703-647-2352 or cbaldwin@ncbcapitalimpact.org

ROBERT WOOD JOHNSON FOUNDATION

Established in 1972, The Robert Wood Johnson Foundation (RWJF), based in Princeton, NJ, is the largest philanthropy devoted exclusively to health and health care in the United States. RWJF concentrates its grant making in four areas: to assure that all Americans have access to quality health care at reasonable cost; to improve the quality of care and support for people with chronic health conditions; to promote healthy communities and lifestyles; and to reduce the personal, social and economic harm caused by substance abuse. To accomplish these goals, RWJF uses a variety of strategies. It supports training, education, research (excluding biomedical research), and projects that demonstrate the effective delivery of health care services. Rather than paying for individual care, RWJF concentrates on health care systems and the conditions that promote better health. It has provided generous grant support to The Coming Home Program for Affordable Assisted Living since the program's inception in 1992. For more information, visit www.rwjf.org.

IV. Project Summary

A. Project Description

<i>Name of Project:</i>	La Dow Court Assisted Living
<i>Project Location:</i>	Garfield, Washington
<i>Development Period:</i>	2 years
<i>Construction Duration:</i>	10 months
<i>Opening Date:</i>	February 29, 2004
<i>Lease-Up Period:</i>	2 months
<i>Total Development Costs:</i>	\$1.3 million
<i>Total Construction Costs:</i>	\$1.1 million
<i>In-Kind Contributions:</i>	\$20,000 – land from Whitman County
<i>AL Licensure Category:</i>	Boarding home/assisted living
<i>Number of AL Units:</i>	Sixteen (16)
<i>Affordable AL Units:</i>	The facility does not designate specific percentage of units for Medicaid recipients but does accept Medicaid as a payment for services.
<i>Number of Rent-Subsidized Units:</i>	None. The facility does not use any rental subsidy programs
<i>Other Unit Types:</i>	None.
<i>Co-located Programs:</i>	Community medical clinic adjacent to site owned by sponsor.
<i>Adjacent Services:</i>	Facility is located in downtown Garfield. The post office, grocery store, public library, beauty parlor and other shopping located within walking distance.
<i>Service Subsidies:</i>	Washington’s Medicaid Home and Community Based Services 1915(c) Waiver, referred to as the Community Options Program Entry System (COPES), provides service assessments and payments to eligible recipients residing in boarding homes certified as assisted living. Additionally, the facility has a partnership with the Council on Aging to provide transportation services through Older American Act funds.

B. Project Partners

Project Sponsor/Owner/Developer: Public Hospital District #2
Services Provider: Public Hospital District #2
Consultant: James Rippy and Associates

C. Project Financing

Equity Sources:

Grants: Coming Home Grant \$50,000
Whitman County Grant \$20,000

Hard Debt:

Bonds: \$1.3 million

D. Project Fee Structure (as of May 2007)

1. Private Pay Rates: \$2400/month – all in rate, excludes telephone

The project charges one flat rate in an effort to keep the facility as affordable as possible. At the initial opening of the facility, the rate was \$2,200/month. In 2005, the Board of Directors increased this rate to \$2,400/month where it has remained. The organization has found that this amount covers the cost of personal care needs on multiple levels based upon state negotiated service contract for each resident. The Medicaid eligible recipients currently living in the facility have their rates determined by the COPES program.

2. Medicaid or Other Service Rates

The COPES program is funded through Title XIX federal funding through 1915 (c) and state funding. An average cost per client as of 2006 was \$1,018. The program provides multiple reimbursement rates to providers based upon the type of license. On average, the program provides Boarding Homes/Assisted Living licensed providers an average of \$65.30 to \$103.88 per day. The Comprehensive Assessment Reporting Evaluation (CARE) program, a technology-based program that calculates the rate based upon an individual level of need, sets the rates.

B. Project Partners

The project is solely owned and operated by the Public Hospital District #2. The District is a part of the County Health Department and Laura Redmon is the Administrator at the facility. The District does not partner with any outside organizations for the facility’s operations but gained assistance for the development of the facility through the use of a private consultant.

C. Project Financing

Beginning in 1945, the State of Washington began granting authority to local communities to create hospital districts in an effort to expand access to health care services. Hospital districts are community supported government entities charged with the delivery of health care to their communities. Typically public hospital districts are located in rural areas and generally are formed

to address the challenges facing the provision of providing services in rural settings. Most entities are mission based not-for-profit organizations often licensed as acute care hospitals in the state of Washington. Public hospital districts belong to the family of special purpose districts and municipal corporations and have the ability to raise funds through the issuance of bonds.

The sponsor of this project, Public Hospital District #2, was able to raise the necessary funds to develop the La Dow Court assisted living facility through the issuance of bonds. The total cost of development was \$1.3 million. The District secured a \$50,000 Coming Home Grant and the land for the development, valued at \$20,000, was donated by Whitman County.

D. Project Fee Structure

1. Private Pay Rates:

- a. Rate for studio apartment and base service package: *\$2400/month – all in rate except telephone*
- b. Rate for one-bedroom apartment and base service package: *N/A*
- c. Rate for two-bedroom apartment and base service package: *N/A*
- d. Rates for additional levels of care or assistance: None.

The facility has elected to charge a single flat rate in an effort to keep the facility as affordable as possible. At opening the charge was \$2200 but after one year the board adjusted the rate to \$2400 where it has remained. The organization has found that this amount covers the cost of personal care needs on multiple levels based upon state negotiated service contract for each resident.

3. Medicaid or Other Service Rates

The Medicaid eligible recipients currently living in the facility have their rates determined by the COPES program. The facility annually budgets \$1,800 to \$2,500 for residents utilizing Medicaid to pay for services.

V. Assisted Living Project Component

A. Licensing

Project licensure category	Boarding House/Assisted Living
Number of licensed units	16 apartments
Number and percentage of assisted living units designated as private occupancy (expect by the residents choice – e.g., a couple, sisters who want to share an apartment)	16 (100%)
Number of units designated for people who qualify for Medicaid or other service subsidy	Facility does not designate percentage for Medicaid, but accepts on an as needed basis.
Number of actual Medicaid (or other specified subsidy) clients or units	Currently there are three units occupied by Medicaid recipients.
Number of units with affordable rents regulated by capital funding or financing agreements	None
Number of units/residents using Housing Choice Vouchers (HCV) or similar rent subsidies to subsidize rents	None
Number of residents receiving rent subsidies and not governmental services subsidies?	None
Service payment source for residents with rent but not government service subsidies.	Long term care insurance, farm ownership income, savings generated by sale of home
Unit characteristics	<ul style="list-style-type: none"> • Apartment style – 370 square feet • Kitchenette (includes small fridge, sink and microwave) • Private bathroom (includes roll-in shower in all units) • Each unit has a bay window • Cable provided with 2 jacks in each apartment paid for by facility • Single occupancy except by choice • Telephone – two jacks in each unit • One unit designated wheelchair accessible room with lowered counters
Number of floors in the building	One
Types of social spaces	Dining room with an open kitchen, living room/great room, small reading nooks
Resident laundry facilities	Yes – available to resident
Project type	The facility is a free-standing assisted living located adjacent to co-owned Medical Clinic
Site zoning	The site is zoned for commercial use and the facility is located within the Garfield business district.
Neighborhood amenities	The facility is located near the library, health

	<p>clinic, senior center, and grocery store. These are all within 200 feet walking distance on level ground. The facility operates a van that is provided in partnership with the Council on Aging, but there is no Public Transportation serving this rural community.</p>
--	---

Lessons Learned

The facility staff identified the need to increase the size of the medication storage room. While the current storage room meets the licensure criteria, the administrator stated that it would be more helpful to have storage area for the administrative files as the record keeping requirements strain the current office storage availability. The decision to charge a flat rate is good for the private pay residents and the facility has been able to keep costs contained by being a part of the County government system. However, the facility annually conservatively budgets annually to cover the cost of up to six Medicaid residents at an average of \$1,800/month. The COPES program sets the rate for each individual based upon the assessments conducted by the caseworker and RN. This means the rate for Medicaid recipients can fluctuate on a case-by-case basis and if the determined rate is less than the \$1,800/month budgeted; the project must make up the difference. Strong coordination and collaboration between the state screening staff and the facility staff is critical for the assessment process. The facility staff often accompanies the RN during the pre-screening assessments.

B. Services

1. **Service Levels:** The facility does not provide distinctive service levels but operates within the assisted living/boarding home service delivery requirements. The facility provides an RN on staff who provides weekly wellness checks, conducts annual assessments and is on call 24 hours a day. Due to its location adjacent to the Community Health Clinic, the facility is able to provide services at all levels up to a skilled nursing level of care 24 hours a day/7 days a week. The facility can provide services to residents with dementia but only to the point where the individual becomes a danger to themselves or others within the facility. Medication assistance and reminder is provided as well.
2. **Services not Available:** The facility does not provide two persons transfers, incontinence services nor do they provide medication administration. While the facility can provide low level of wound care services, most wound care service needs can be referred to the clinic next door. Medication administration is currently an issue for the facility. The State of Washington prevents this from being provided within the facility, unless administered by an RN. The State of Washington regulations allow for nurse delegation but it is only available for specific medications. Family members are allowed, and encouraged, to come into the facility to administer medications in an effort to prevent nursing home placement.
3. **Staffing:** The facility operates four shifts. The 7:00AM to 3:00PM shift has two designated employees on site, 3:00PM to 9:00PM there is one designated employee, 3:00PM to 11:00PM there is one designated employee, and 11:00PM to 7:00AM there is one designated employee. Additionally, from 9:00AM to 5:00PM the cook is on site to prepare and serve all of the meals. This person is also trained as a Nurse Aide Registered and is an emergency caregiver. There is also an administrator on site from 8:00AM to 5:00PM daily who is also a

Certified Nurses Assistant. The facility has an RN on site one full day each week. The facility currently employs four Certified Nurses Aides and nine Nurses Aides Registered. The facility is well beyond their staffing requirements for the license. There are no staffing ratios required for the assisted living license.

The facility ensures each staff member is a universal worker. All staff members have the ability to serve food, provide personal care services within the licensing requirements, and provide housekeeping and cooking of the meals. For example, the bookkeeper for the facility is also in charge of maintaining the grounds. The administrator is not only a Certified Nurses Aide, but also is in charge of building maintenance. All employees are certified in CPR and life safety services.

4. Services Available:

Service Type	Service Level or Frequency	Method of Service Provision	Payment
<input type="checkbox"/> Meals	<input checked="" type="checkbox"/> 3/day <input checked="" type="checkbox"/> Snacks/drinks	<input checked="" type="checkbox"/> In-house	<input type="checkbox"/> Separate charge <input checked="" type="checkbox"/> In base rate
<input type="checkbox"/> Housekeeping for Resident Unit	<input type="checkbox"/> Daily <input checked="" type="checkbox"/> Weekly	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate <input type="checkbox"/> Separate charge
<input type="checkbox"/> Monitored Emergency Pull Cords	<input checked="" type="checkbox"/> 24/7 * Call button is on the person	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate
<input type="checkbox"/> Staffing	<input checked="" type="checkbox"/> 24/7	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate
<input type="checkbox"/> Resident Assessment & Service Planning – private pay	<input checked="" type="checkbox"/> On Admit <input checked="" type="checkbox"/> Annual <input checked="" type="checkbox"/> As Needed	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate
<input type="checkbox"/> Resident Assessment & Service Planning – Medicaid recipients	<input checked="" type="checkbox"/> On Admit <input checked="" type="checkbox"/> Annual <input checked="" type="checkbox"/> As Needed	<input checked="" type="checkbox"/> Coordinated with State assessment case manager and on-site RN	<input checked="" type="checkbox"/> In base rate
<input type="checkbox"/> Nursing Oversight	<input checked="" type="checkbox"/> 40 hr/wk <input checked="" type="checkbox"/> On-Call 24/7	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate
<input type="checkbox"/> Assistance with Unscheduled Needs	<input checked="" type="checkbox"/> 24/7	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate
<input type="checkbox"/> Supervision/ Protective Oversight/ Cueing	<input checked="" type="checkbox"/> 24/7	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate
<input type="checkbox"/> One person Transfers	<input checked="" type="checkbox"/> Full Assist	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate
<input type="checkbox"/> Toileting	<input checked="" type="checkbox"/> Full Assist	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate
<input type="checkbox"/> Incontinence care	<input checked="" type="checkbox"/> Full Assist	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate
<input type="checkbox"/> Bathing	<input checked="" type="checkbox"/> Full Assist	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate (3/wk)
<input type="checkbox"/> Dressing	<input checked="" type="checkbox"/> Full Assist	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate
<input type="checkbox"/> Grooming	<input checked="" type="checkbox"/> Full Assist	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate
<input type="checkbox"/> Ambulation/ Walking	<input checked="" type="checkbox"/> As allowed by AL regulations	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate
<input type="checkbox"/> Medications	<input checked="" type="checkbox"/> Self Administered <input checked="" type="checkbox"/> Supervised	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate

<input type="checkbox"/> Bed Hold	Maximum 20 days for Medicaid, no max for private pay residents	Food charge/day deducted from rent for every day absent	<input type="checkbox"/> In base rate
<input type="checkbox"/> Healthcare: <u>Medical clinic located across courtyard</u>	<input type="checkbox"/> High <input checked="" type="checkbox"/> Mod <input type="checkbox"/> Low	<input checked="" type="checkbox"/> Coordinated	<input checked="" type="checkbox"/> As arranged by resident with 3 rd party provider
<input type="checkbox"/> Transportation arranged or provided	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Coordinated	<input checked="" type="checkbox"/> In base rate
<input type="checkbox"/> Housekeeping provided	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate
<input type="checkbox"/> Laundry provided	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> In-house	<input checked="" type="checkbox"/> In base rate

Lessons Learned

The facility initially provided financial management for residents. However this required an enormous amount of staff time to coordinate and the fiscal liability was too great for the facility to continue to provide this service to the residents. This service is no longer offered.

C. Staffing Categories and Levels

Personnel Category	Total Number	FTE/week
Administrator	1	40
Nurses Aide Registered (e.g. direct care workers) all universal workers	9	360
Registered Nurse	1	40
Licensed Practical Nurse		
Certified Nurse Assistant (universal workers)	4	160
Activities Coordinator		
Dietary <ul style="list-style-type: none"> • Cook/Dietary Aide/Server 	1	40
Maintenance	.5	20
Bookkeeper	.5	20

Lessons Learned

The facility is owned and operated by the Public Hospital District #2, which is a quasi-governmental organization. As such, the accounting, human resources, and administrative tasks not associated with personal care giving are coordinated through the Whitman County government. This has enabled the organization to provide a competitive level of benefits, as the employees of the facility are county employees. The facility has also learned that universal workers on staff is the most effective way to run a small facility, enabling it to meet the staffing requirements of the license and build stronger capacity to serve the residents' needs.

D. Residents

What percentage of the total residents are from the local community (define local community for this project)?	75% from local community-- defined as w/in 30 mile radius of Garfield
What percentage of residents moved from <ul style="list-style-type: none"> • A private home in the community (lived alone) • A private home in the community (with family) • A nursing facility • Hospital • Another assisted living facility • Other [specify] 	80% lived alone 10% live with family 10% from nursing facility
What is the average age of residents?	86 years
What percent of total residents are female?	85%
What percent of residents receive Medicaid?	19%
What percent of residents are private pay?	81%
What percent of residents have a diagnosis of mild cognitive impairment or dementia?	90%

VI. Sponsor Description

The LaDow Court Assisted Living facility is owned and operated by the Public Hospital District #2 (the District) of Whitman County, Washington and operates as a government entity. Located in the southeast portion of Washington State, the District serves a very rural community bounded by mountains on each side with a service area of 300 square miles. The State of Washington allows for the development of Public Hospital Districts within the Washington Administrative Code (WAC). These districts are junior taxing districts formed to serve the health care needs of a designated community. Similar to a public school district, the hospital district can claim a prescribed percentage of the tax revenues of the county. The District also has bonding authority, which allows it to raise capital for the development of health care and health care related facilities.

First established in the 1970's, the District initial primary focus was to operate the ambulance service for Whitman County. This was the District's sole service for a number of years. The District's first foray into health care facilities was to purchase and operate the health clinic located in downtown Garfield, WA. The clinic was at risk of closing which would have left the community without any access to health care services. This could have negatively affected these community members by making them leave their established social network, further isolating them from their families and friends. Additionally, due to the rural nature of the region, the District developed an ambulance service in conjunction with the clinic in order to transport individuals through the rolling hills and surrounding areas. The District has been a fixture within the community and, as the community began to age, saw a need to address the increasing personal care needs prevalent among community members. The community of Garfield is extremely close and without access to assisted living services, community members would have had to leave to go and live in a nursing facility located in Colfax, WA, 20 miles away.

The District has no prior experience in affordable housing development or any other form of senior housing. However, as it is the organization's mission to meet the medical and healthcare needs of the

community, the District chose to take on the challenge of development the assisted living facility. The District has been part of this small community's fabric for over 30 years. The sponsor chose to develop an affordable assisted living facility for a variety of factors. The population of Garfield is rapidly aging and there were no other facilities within the region to address the needs of the community. Due to its mission, the sponsor felt there was a responsibility to ensure this facility was developed.

IX. Project History

The community of Garfield, Washington is a small rural community with a population of six hundred. Located in the southeast corner of the state, the aging of the community has outpaced the delivery of services within the community. In 1970, the local community health care clinic was faced with a closure and a public hospital district was formed to take over the clinic in order to ensure continued health care services for the community. The District's mission is to ensure access to health services for all members of the community. It is operated by a board of directors made up of community members with experience in the provision of health care.

In 2000, the Washington Department of Social and Health Services through a grant from NCB Capital Impact and the Coming Home National Program, created a demonstration program to help facilitate the creation and expansion of affordable assisted living facilities across the state. Due to the rural nature of the State, many communities were faced with the challenge of accessing supportive services for frail elders.

The Public Hospital District #2 identified the growing need to provide safe, affordable assisted living services to the members of the Garfield community. The community of Garfield was faced with 30% of the population above seventy years of age and no other facility within more than 20 miles to serve the expanding long-term care needs. Many of the aging population were leaving the community to access services in adjacent counties away from their existing social network. Through the Coming Home Demonstration Program, the District was able to access assistance to address this need. The La Dow Court Assisted Living Facility was developed as a part of this program.

Adjacent to the health clinic and located in the heart of downtown was an old, abandoned school gymnasium, which the District identified for the site of the new assisted living facility. In March 2002, the school building was demolished and the site was cleared and prepared for new development. The sponsor felt this location was important for a variety of reasons. Located in downtown, the site provided an opportunity for residents to have access to nearby amenities including the library, grocery store and community activities.

During the site selection process, the sponsor visited a number of assisted living facilities around the state and found many were located outside of the central business district, further isolating the elderly residents away from social supports. The sponsor purposefully located the facility in the downtown area as to ensure the residents were "not left behind" by the community or placed in an area where the social networks would diminish. Additionally, the facility was the first new building located in downtown in over 50 years. The community claimed a vested interest and a sense of ownership in its success. An example of this is the fact that during the construction phase of the project, the general contractor did not have to employ the typical security measures for the site,

because the entire town “kept an eye” on the property as if it was their own. This facility provided a very positive morale boost for the community.

La Dow Court Assisted Living Facility is a sixteen-unit facility licensed as a boarding house/assisted living through the Department of Social and Health Services. The development period began in May 2002 and ended with the opening of the facility on February 29, 2004. Upon opening the facility filled twelve units with the additional four units filled within two months. Total development of the facility cost \$1.3 million, of which \$1.0 million was for hard construction costs. The land for the development was donated by Whitman County and valued at \$20,000. The facility provides access to affordable residential services and accepts Medicaid a payment form for services, although no specific numbers of units are set-aside for Medicaid eligible recipients. The facility does not utilize any rental subsidy programs to offset the cost of rent but rather charges a flat rate that combines rents and services.

Located adjacent to the facility, sponsor owns a medical clinic that assists the facility in providing a higher level of medical services than traditionally found in assisted living. This co-location of services also allow the residents of the facility to not have to travel to other communities in the region, often located 20 miles away, to access medical care. Centrally located within the small town of Garfield, the facility is within walking distance to all neighborhood amenities including the post office, library, grocery store and other amenities. Even though the facility is centrally located, transportation services are provided in partnership with the Council on Aging, which is funded through the Older American Act fund.

X. Pre-development

The District identified the site for proposed facility located in the heart of the business district. The land was acquired from the donation of one lot by the State Nat'l Bank, valued at \$20,000 and the purchase of seven additional contiguous lots from the Grange for \$6,000, which was valued at \$60,000. Once the site was secured, the District issued a bid for architect selection.

The building plan modified plans provided by two other assisted living facilities located in Washington State that were gathered during site visits. The sponsor added the design of bay windows in each resident unit to offer residents a wider view of community activities. The architect discouraged this feature in order to save money but the District did not waver on this requirement as it felt it was important to offer to keep residents connected with the community. In keeping with this theme, the building's design broke up the roofline in order to keep the building within the scale of adjacent buildings. This allowed the facility to fit in with the central business district aesthetics.

The facility did not conduct a formal market study. The informal market scan was based upon the sponsor's knowledge of the community and discussions at two public meetings. On the advice of the project's consultant, the project sponsor offered the opportunity for potential residents to pay \$200 and be placed on the list for the facility. These funds were accepted by the sponsor with the agreement any funds would be refunded in the event the individual wanted to be taken off the list, did not meet the criteria for assisted living services or passed away before the facility was completed. Over twenty-five individuals paid the funds to placed on the list even before the project had defined drawings. This list represented nearly double the amount of market needed to fill the planned sixteen units.

XI. Financing

The District secured a grant from the Coming Home Program for \$50,000 to cover the costs associated with pre-development activities. Additionally the project was provided a grant from Whitman County government for \$20,000 to cover infrastructure costs associated with preparing the site. The District, utilizing its ability to raise funds through bond levy, placed the bond issue on the annual ballot. The bond levy passed by a margin of 73% and raised \$1.3 million for development costs. The bonds were purchased by three local banks, which were sold by a local bond attorney in seven offerings at rates ranging from 1.5% to 5%. The three local banks purchased all of the offerings and were able to claim Community Reinvestment Act credits for the investment.

The project was able to raise all of the funds needed through the bond issuance in order to cover the costs of construction and permanent financing. Other sources of affordable housing financing were available to the project including Low Income Housing Tax Credits, HUD, USDA Rural Development and other similar subsidies. However, the unique structure of the sponsor as a Public Hospital District with the ability to access tax revenues for development ensured the project did not have to access multiple housing finance subsidies to cover the cost of construction. Due to the low interest rates determined by the bond sale, the debt service for the project remains affordable and allows the facility to charge a moderate rate for services.

XII. Marketing

Marketing for the facility did not follow a typical process for facility development. Due to the community's sense of ownership of the facility and its location in the central business district of this very small community, the facility did not have to market to garner interest in order to identify residents. Due to the fact that the Public Hospital District regular board meetings were open to the public, the community members were able to get an update on the progress of the development on a regular basis. The unique nature of a small, rural community made the marketing efforts non-traditional and the facility was able to secure adequate interest from potential residents. As stated above, the project sponsor offered the opportunity for potential residents to pay \$200 and be placed on the list for the facility. The initial list of 25 was reduced to 20 individuals by the time the facility opened and the facility has remained at 100% occupancy ever since.

XI. Medicaid Services and Payment Source

Comprehensive Assessment Reporting Evaluation (CARE)

The State of Washington employs the Comprehensive Assessment Reporting Evaluation (CARE) tool to determine service rates for individuals using Medicaid waiver funds to cover the costs of services provided in boarding home/assisted living facilities. The CARE tool is a payment methodology that allows the State to increase reliability and consistency in rate setting across different assessors as well as a payment method that more closely ties allocated resources to client needs.

The CARE tool is an automated, client centered assessment systems that is the basis for comprehensive care planning and is compatible with congressionally mandated Minimum Data Set

(MDS). The tool assists assessors to gather definitive information on a client's strengths and needs to establish the rate for services provided by the boarding home/assisted living facility.

CARE takes the assessor and client or client representative through the process of identifying the care assistance that the client has received, the level of assistance provided, the continued assistance needed and how the need will be met. The questions in CARE are designed to assess the following:

- Environmental issues
- Medical (medications, diagnosis, medication management, treatments and pain)
- Skin care indicators (foot care, skin care, skin observation needs)
- Communication (telephone use, vision, speech, hearing)
- Psychological/social issues (cognition, memory, behavior, depression, suicide, sleep, relationships, interests, decision making)
- Personal elements (goals, legal issues, alcohol, substance abuse, tobacco)
- Activities of daily living (mobility, toileting, eating, hygiene)
- Instrumental activities of daily living (transportation, shopping, wood supply, housework, finance, pet care)

In addition to the above assessment areas, CARE utilizes other standardized tools such as the Mini-Mental Status Exam (MMSE), a depression questionnaire and drug/alcohol questionnaires. These tools are designed to help determine whether the client may require referrals to other health or social service providers.

Once assessment has been completed, the client's individual care plan is generated reflecting the results of the eligibility and payment methodology algorithms. The level of care for residential settings determines the payment that will be paid to the facility to meet the client's needs. A computer algorithm that evaluates the information entered into the CARE tool using the following four criteria determines this rate. The criteria for evaluation include: cognitive performance, clinical complexity, mood/behaviors, and ADLs. The rate determined for La Dow Court and other similarly licensed residential settings is comprised of four components including direct care, group and support, administration and operation and property. These rates are also adjusted for both metropolitan or non-metropolitan service areas taking into consideration the varying degrees of costs.

Community Options Program Entry System

The State of Washington provides Medicaid as a payment source for services provided to eligible consumers in a variety of settings. There are three residential care options licensed through the State where individuals who are unable to live in their own homes can access long term care services and supports. These residential care options include Adult Family Homes, Boarding Homes/Assisted Living and Skilled Nursing Homes.

La Dow Court is licensed as a Boarding Home/Assisted Living where it provides a private, single occupancy apartment to each resident in the facility. In order for an individual to be approved for residency in the facility, an assessment through the COPES program must be conducted. The COPES – Community Options Program Entry System – is the tool utilized by case managers to conduct a pre-admissions assessment for residency in a state licensed Boarding Home/Assisted

Living. The case management is provided in partnership with the Area Agency on Aging and Home and Community Based Services program.

Consumers aged 18 years of age or older that meet nursing facility level of care with incomes not exceeding 300% of the federal benefit rate can be eligible for this waiver program. According to the State of Washington, a typical client has the following:

- Eighteen years or older; blind, aged or disabled per Social Security criteria;
- Adults with functional limitations based on medical conditions and unmet need for personal care;
- Nursing facility level of care or at risk of institutionalization within 30 days;
- Income at or below 300% of federal benefit rate;
- Living in one's own home, a boarding home or adult family home.

The COPES program is funded through Title XIX federal funding through 1915 (c) and state funding. An average cost per client as of 2006 was \$1,018. The program provides multiple reimbursement rates to providers based upon the type of license. On average, the program provides Boarding Homes/Assisted Living licensed providers an average of \$65.30 to \$103.88 per day. The Comprehensive Assessment Reporting Evaluation (CARE) program, a technology-based program that calculates the rate based upon an individual level of need, sets the rates.

XII. Summary

The project has been fully occupied since opening its doors in March 2004. The uniqueness of the sponsor with the ability to generate bond revenue to finance the facility has allowed the facility to keep its costs low to be able to serve individuals who are paying privately and utilize Medicaid waiver funds for services costs. The use of universal workers has also been an effective method to provide services and keep expenses low. The effort paid by the sponsor when designing the facility to be integrated within the community has allowed the residents of the facility to be socially active and has reduced the issue of isolation in aging.

Appendix 1: Development Proforma

**LaDow Court Assisted Living Facility
Development Costs -- Sources/Uses**

Sources

Tax Exempt Bonds - Whitman County		1,250,000
Pre-Development Grant - Coming Home		50,000
.08 Money		40,550
Total Sources		1,340,550

Uses

Pre-development Costs		
Land Costs		31,638
Geotech Survey		2,600
Legal		1,762
Architectural - site selection only		-
	<i>Subtotal</i>	<i>36,000</i>
Design and Construction		
Construction Cost		1,075,633
State Review Fees		1,687
Permits and Hook up Fees		7,834
Bonds and Insurance		8,717
Design/Architecture		56,963
	<i>Subtotal</i>	<i>1,150,834</i>
Costs of Financing		
Appraisal		-
Loan Fees		2,119
Construction Interest		-
	<i>Subtotal</i>	<i>2,119</i>
Pre-Opening and Rent Up Costs		
FF&E and Supplies		77,415
Landscaping		24,519
Marketing		1,453
Operations Reserves		3,210
	<i>Subtotal</i>	<i>106,597</i>
Developer Fees		
		45,000
Total Uses		1,340,550

Appendix 2: Photos of LaDow Court

