

# Central Arkansas Veterans Home (CAVH) Business Plan



## Decision Brief

23 Sep 15

# Purpose

To gain your decision on the business plan for the new Central Arkansas Veterans Home (CAVH).

# Problem Statement

To determine the best business plan that will provide sustainable high-quality care for our Veterans at the Central Arkansas Veterans Home no later than 2<sup>nd</sup> QTR, FY 2017.

# Recommendation

- COA1 – Hybrid with state administration and direct care.

# Prior Coordination

(1 of 3)

## Key:

COA1 = Hybrid with state administration and direct care.

COA2 = Hybrid with state administration.

COA3 = Contract.

\*Assumption: Results with a COA1 may support COA2 as well.

# Prior Coordination

(2 of 3)

<b><u>Organization/SME</u></b>	<b>Results</b>
Veterans Commission	COA3*
OLTC	COA1
American Legion Rep	COA1*
Arkansas Advocates for Nursing Home Residents	COA1
Louisiana	COA1
Missouri	COA1
Mississippi	COA1
Oklahoma	COA1
Tennessee	COA1
Texas	COA3*
Alabama	COA3
Alaska	COA1

# Prior Coordination

(3 of 3)

<b>Organization/SME</b>	<b>Results</b>
California	COA1
Colorado	COA1
Delaware	COA1
Florida	COA1
Georgia	COA3
Idaho	COA1
Iowa	COA1
Kansas	COA1
Kentucky	COA1*
North Dakota	COA1*
Oregon	COA3*
Utah	COA3
National Association of State Veterans Homes	Info Only
Centers for Medicare & Medicaid Services	Info Only

# Outline

- Background
- Facts & Assumptions
- Discussion
  - Courses of Action
  - Screening Criteria
  - Surviving COAs
  - Evaluation Criteria
  - Analysis of COAs
  - Comparison of COA
- Conclusion
- Restated Recommendation
- Decision

# Background

- A.C.A § 20-81-105:
  - ADVA authorized by statute to establish and maintain Veterans homes.
  - The home shall be operated under the supervision of the department.
- Former Little Rock home closed amid controversy in 2012.
- 2013, small-house style “Green House” design selected.
- January 2014, a new site was selected in North Little Rock.
- July 2014, ADVA contracted with a design professional.
- February 2015, ADVA contracted with a general contractor.
- Construction began June 2015.
- CAVH will be operationally ready in 2<sup>nd</sup> QTR, FY 2017.
- The Green House/Eden approach shall embody the following values:
  - Meaningful life for Veterans and their dependents
  - Empowered staff
  - Real home environment

# Key Facts & Assumptions

- (F) Small-house design is more inefficient than a traditional facility.
- (F) “Universal” worker is key to gaining efficiencies.
- (F) Three of 152 state veterans homes are small-house design.
- (F) One percent of all nursing facilities are small-house design.
- (A) Industry has little depth operating small-house model.
- (F) ADVA submitted an RFI to 18 vendors; three responded.
- (A) Vendors are hesitant to bid on small-house model.
- (A) Quality vendors will bid on any COA.
- (F) CAVH capacity is 96 residents (8 cottages X 12 residents each).
- (A) Certification in order to receive federal reimbursement at least 6 months.
- (F) ADVA will require start-up funds for first X-X months of operations.
- (A) Long-term CAVH will operate like AVHF, self-sustaining.
- (A) Quality care can be achieved through either public, private or hybrid operated home.

# Courses of Action

COA1 (Hybrid with state administration and direct care)

COA2 (Hybrid with state administration)

COA3 (“Turn-Key” Contract)

COA4 (100% State Operated)

# Screening Criteria

- Must meet minimum OLTC & VA standards of care.
- Must adhere to state procurement laws.
- Must be able to execute plan within established timeline.
- Must be fiscally responsible and sustainable.

# Surviving Courses of Action

COA1 (Hybrid with state administration and direct care)

COA2 (Hybrid with state administration)

COA3 (“Turn-Key” Contract)

~~COA4 (100% State Operated)~~

# Evaluation Criteria

(1 of 5)

- Short Title: Care
- Definition: According to the Green House Model, care is achieved through long-term relationships between Veterans and “Universal workers” (CNA staff).
- Unit of Measure: Turnover rate (%).
- Benchmark: 27.3%
- Formula: Lower is better. Weight 5

# Evaluation Criteria

(2 of 5)

- Short Title: Reinvestment
- Definition: Maximum amount of potential retained earnings.
- Unit of Measure: Dollars
- Benchmark: \$459,500.00
- Formula: More is better. Weight 4

# Evaluation Criteria

(3 of 5)

- Short Title: Public-Private Partnerships
- Definition: Maximize Veteran services by leveraging public-private partnerships.
- Unit of Measure: Percentage
- Benchmark: 54%
- Formula: More is better. Weight 3

# Evaluation Criteria

(4 of 5)

- Short Title: Responsiveness
- Definition: The ability of ADVA to correct deficiencies and make value-added adjustments.
- Unit of Measure: Time
- Benchmark: 35.75 days
- Formula: Less time is better. Weight 3

# Evaluation Criteria

(5 of 5)

- Short Title: Execution
- Definition: Ability to mitigate delays in order to execute business plan in established timeframe.
- Unit of Measure: Yes/No
- Benchmark: Yes
- Formula: Yes is better. Weight 1

# Analysis of COA 1

“Hybrid with state administration and direct care”

## **Advantages**

- Care: 16% turnover
- Reinvestment: \$919,000.00
- Responsiveness: 35.70 days
- Execution: 2<sup>nd</sup> place

## **Disadvantages**

- Public-Private Partnerships: 12% private sector

# Analysis of COA 2

“Hybrid with state administration”

## **Advantages**

- Public-Private Partnerships: 59% private sector
- Responsiveness: 35.75 days
- Execution: 1<sup>st</sup> place

## **Disadvantages**

- Care: 24% turnover
- Reinvestment: \$459,500.00

# Analysis of COA 3

## “Turn-Key Contract”

### **Advantages**

- Public-Private Partnerships: 74% private sector

### **Disadvantages**

- Care: 52% turnover
- Responsiveness: 35.79 days
- Reinvestment: \$0.00
- Execution: 3<sup>rd</sup> place

# Comparison of COAs

- Care

(%)

COA1 (16%) < COA2 (24%) < COA3 (52%)

WT: 5

- Reinvestment

(\$)

COA1 (\$919,000.00) > (COA2 (\$459,500.00) > COA3 (\$0.00)

WT: 4

- Public-Private Partnerships

(%)

COA3 (74%) > COA2 (59%) > COA1 (12%)

WT: 3

- Responsiveness

(Days)

COA1 (35.70 days) < COA2 (35.75 days) < COA3 (35.79 days)

WT: 3

- Execution

(Yes)

COA2 (1<sup>st</sup> place) > COA1 (2<sup>nd</sup> place) > COA3 (3<sup>rd</sup> place)

WT: 1

# Conclusion

**COA 1** is the best because:

- Advantage: Care - Lowest turnover rate.
- Advantage: Reinvestment - Highest potential for reinvestment of funds into Veteran long-term care.
- Advantage: Responsiveness – Shortest time to correct deficiencies.
- Advantage: Execution - Institutional experience in execution of COA.

However,

- Disadvantage: Public-Private Partnerships - Lower % of operations achieved through public-private partnerships.

# Recommendation

- COA1 – Hybrid with state administration and direct care.

# Guidance

