

July 31, 2019

To Whom It May Concern,

Future of Pine Crest Nursing Home

In May of this year, Lisa Gervais, the Nursing Home Administrator for Pine Crest in Merrill, retired after many years of dedicated and commendable service. Each nursing home must have a full-time licensed nursing home administrator at all times. Therefore, Pine Crest was in need of an interim administrator during the transition. Lincoln County reached out to North Central Health Care (NCHC) to serve as the interim administrator during the transition. Over the past three months, NCHC has been managing Pine Crest on behalf of Lincoln County.

North Central Health Care is an organization owned and governed by Lincoln, Langlade and Marathon Counties to provide mental health, addiction, developmental disability and skilled nursing services on behalf of our partner counties. This partnership has been intact for nearly 50 years. NCHC is a governmental agency owned by the three counties but is its own legal entity organized for the purposes stated above. NCHC has managed Mount View Care Center, a 200-bed licensed county nursing home in Wausau, on behalf of Marathon County for well over 50 years. Even though Lincoln County is part of NCHC, NCHC was never previously asked to manage Pine Crest on behalf of Lincoln County. That question, however, has been asked and is now the subject of this letter.

In agreeing to manage Pine Crest over the 90-day interim period this summer, NCHC agreed to provide:

- 1) A full-time on-site licensed nursing home administrator;
- 2) Staff and education support to the Board of Trustees;
- 3) A review of operations and financial reporting;
- 4) Recruitment support in hiring a new Nursing Home Administrator; and
- 5) A proposed 2020 budget.

As part of the interim management agreement, NCHC also performed an analysis to determine how and if it would make sense for NCHC to manage Pine Crest on behalf of Lincoln County going forward. As health care continues to change, we believed we could partner our two county nursing homes to preserve the mission of county nursing homes and ensure their long-term viability in our communities. County nursing homes face many challenges, especially financial pressures. At NCHC, we are actively doing everything we can to ensure the success of county nursing homes and believe we can help in Lincoln County. We are proposing that Lincoln County contract with NCHC to continue to manage Pine Crest long-term on behalf of Lincoln County. After diving into the possibility of a longer term relationship with NCHC, the Pine Crest Board of Trustees, Lincoln County Administration and NCHC all believe it is in the best interests of Pine Crest and Lincoln County to have NCHC manage Pine Crest starting in 2020.

We believe this because we have learned a lot over the last 90 days. We have learned that the staff at Pine Crest are amazing and we have been privileged to get to work with them. We have also fully come to appreciate the high quality of care the residents and the community receives. We always heard this, but have come to fully understand how special it is. It has been an absolute honor for us at NCHC to have this opportunity. We really believe that working with NCHC over the long-term is in the best interest of Lincoln County.

What would this mean for Pine Crest?

First, we believe we can help to reduce the ongoing financial losses without changing major aspects of Pine Crest, as part of NCHC. Most of the financial challenges are related to pressures from the labor market and low Medicaid reimbursement. Here is where things sit financially: In 2017 Pine Crest had an end of the year operating loss of (\$934,363). In 2018, the final operating loss was (\$646,772). This was after an unexpected payment from the State of \$637,987, otherwise it would have been a loss of (\$1,284,759). For 2019, the projections at the end of June indicated Pine Crest would end the year at a loss of (\$115,832). Again, this comes after another unanticipated payment from the State of \$804,966 and with a much needed boost to Medicaid rates passed in the State's budget for 2019-2021. Without these two elements Pine Crest was on track to have over a \$1 million dollar loss again in 2019. Similar financial pressures have contributed to nursing home closures all over Wisconsin. At last count, there have been around 30 nursing homes that are closing or have closed this year alone. By working together, NCHC believes we can change the future direction for Pine Crest. We project that by the end of 2020, we could reduce the structural deficit to around \$200,000 and potentially eliminate the losses going into 2021. Most of these improvements would have no impact on direct care.

For residents and the community, nothing really changes with NCHC managing Pine Crest. The same staff will continue to provide the same high-quality care you are used to. We will still be known as Pine Crest. The buildings will still be owned and maintained by Lincoln County. Pine Crest will still reimburse the County for the debt related to the recent renovations. Lincoln County will still have oversight over the operations with all the major decisions about Pine Crest continuing to be the responsibility of the Lincoln County Board. If approved, there will be a management agreement between NCHC and Lincoln County that will detail performance expectations and will allow Lincoln County to oversee NCHC's management of Pine Crest on an ongoing basis.

For staff, it means you would be NCHC employees. We'd love to have you join our team. This means you would be working for a different public sector employer but would have similar benefits as you do now including continued participation in the Wisconsin Retirement System. We believe the transition will have an overall positive impact for each of you as you join NCHC.

Lastly, it means NCHC is here to make sure Pine Crest is here for the long-term and doesn't lose its county nursing home mission. This isn't a sale of Pine Crest, or a privatization. It is simply Lincoln County moving the operations of Pine Crest from being a county-run program, to a program run by a county-owned organization (Lincoln County has ownership in NCHC). Lastly, financially this means that through the benefits of working together we have a plan to eliminate the financial pressures currently present at Pine Crest.

Obviously the details matter and there are questions a brief letter will not be able to answer. Here is where we go from here and how you can get more information:

Monday, August 5th at 8:00 a.m. – The Pine Crest Board of Trustees will meet in Rm 248 (Government Service Center/801 N. Sales Street, Merrill) to make a recommendation to the Lincoln County Board.

Wednesday, August 7th at 8:00 a.m. - The Lincoln County Administrative and Legislative Committee will meet in Rm 255/57 (Government Service Center/801 N. Sales St., Merrill) to review the proposal and make a recommendation to the Lincoln County Board.

Friday, August 9th at 7:30 a.m. – The Lincoln County Finance Committee will meet in Rm 248 (Government Service Center/801 N Sales St., Merrill) Lincoln County Service Center to review the proposal and make a recommendation to the Lincoln County Board.

Tuesday, August 13th – 6:30 a.m., 1:00 p.m. and 2:00 p.m. - NCHC and Lincoln County Administration will be holding meetings at Pine Crest with employees for input and Q/A.

Tuesday, August 13th – 6:00 p.m. - The Pine Crest Board of Trustees will be holding a public meeting in the Lincoln County Service Center to invite the community to learn more about the transition and for Q/A.

Tuesday, August 20th – at 6:00 p.m. – (Rm 257, Government Service Center/801 N. Sales St., Merrill) The Lincoln County Board will be reviewing the proposal, committee recommendations and will consider whether to move forward to work with NCHC going forward.

We are moving the process along to allow enough time to make the transition effective as of January 1, 2020 and to give everyone enough time to have the transition go well. There is a financial imperative to getting a plan in place. Our experience over the last 90 days has given us the confidence that we can do this and the opportunity to work together going forward has great potential.

If you have any questions, we would encourage you to attend any of the above public meetings.

We look forward to ensuring this transition will be in the long-term best interests of Pine Crest residents and Lincoln County.

Sincerely,



Michael Loy
CEO
North Central Health Care