



**Kentucky Association of Health Care Facilities**

**Annual Report  
Fiscal Year Ended 2012**

**Representing Long Term Care in Kentucky**

## MESSAGE FROM THE CHAIR

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First, I want to thank you for your continued support of our association. I have completed my first year as your Board Chair, and what a year it has been.

Let me begin by going back to our KAHCF Membership Meeting last November. You were informed that our number one issue going into the 2012 legislative session was to pursue a bill that would establish medical review panels as a reasonable solution to the frivolous lawsuits being filed against our facilities.

Murray Rep. Melvin Henley filed House Bill 361 that would establish medical review panels. Our recent Legislative Wrap-up and the Public Policy section in this Annual Report explain the bill. During the session, with the help of BK Public Affairs, we were successful in getting information out on how these lawsuits impact our ability to provide quality care, produced positive stories of long term care to legislators, articles and opinion pieces in state newspapers and established an advocacy/educational web site at [www.supportKYlongtermcare.com](http://www.supportKYlongtermcare.com). Unfortunately, the bill did not pass, but KAHCF remains committed to this effort.

We also remained actively engaged with officials about the need for adequate long term care funding and additional funding for our personal care homes in Kentucky. I'm pleased to say that last July, Medicaid providers in Kentucky received the full Global Insight Market Basket & RS Means inflationary increases at the same time other states were experiencing rate cuts. As you know, 2012 is a rebasing year. We have already begun working with our reimbursement consultant to collect the financial information that we need to ensure accuracy and fairness from the Cabinet for Health and Family Services when we rebase our reimbursement rates this July 1.

As always the regulatory environment is a challenge. We continue to meet with officials from the Office of the Inspector General on a regular basis to maintain a strong working relationship. The majority of our conversations with the OIG focus on the high number of immediate jeopardy citations being issued by their office. We will continue these conversations to represent our membership.

Not only is it important that your association meet your legislative, public relations, regulatory, and reimbursement needs, but we must also provide you with quality educational tools. The Association has launched a Webinar series, and from May 2011 to March 2012, KAHCF held 22 free-standing seminars with a total of 800 attendees. Upcoming programs in June will include a seminar on AHCA's four Quality Initiative Goals by Dr. David Gifford, Senior Vice President of Quality and Regulatory Affairs with AHCA; Dementia Capable Care, and the AANAC MDS 3.0 certification course.

I want to conclude by addressing a comment made by a legislator when we were discussing the medical review panel legislation. He said we have a "branding issue." And we do. Our Association Staff and our Board of Director's are committed to changing that, however, I am asking you to get to know your State Representative and State Senator. Have them in your facilities. Allow them to know you, your staff, and your residents.

Our commitment to provide quality care and a quality experience to our residents in a safe and secure environment has been in the past and will continue to be our top priority. I want to thank you again for your support.

*Wanda Meade, Chair of the Board  
Regional Vice President  
Diversicare Management Services*

# AHCA

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Last year, Mark Parkinson became the new President of the American Health Care Association (AHCA). Mark has years of experience owning and operating nursing facilities and that experience is serving long term care providers well. Mark and the AHCA staff have been charged with executing a strategic plan that contains three important themes to ensure AHCA achieves its goals:

- focus our audience;
- focus our message of high quality of care;
- and, utilize our most effective messengers – AHCA members, residents' families, and employees.

One initiative to assist AHCA in accomplishing its goals is a multi-year initiative, announced at the AHCA Quality Symposium in February. This initiative challenges its members to meet new quality goals, including reducing hospital readmission rates and improving staff retention. AHCA's Quality Initiative will focus on four goals designed to improve quality of care in America's skilled nursing centers and assisted living communities.

The four main goals of the Quality Initiative are:

- Reduce Hospital Readmissions: By March 2015, reduce the number of hospital readmissions within 30 days during a SNF stay by 15 percent.
- Increase Staff Stability: By March 2015, reduce turnover among nursing staff by 15 percent.
- Reduce the Off-Label Use of Antipsychotics: By December 2012, reduce the off-label use of antipsychotics by 15 percent.
- Increase Customer Satisfaction: By March 2015, increase the number of customers who would recommend the facility to others up to 90 percent.

The Quality Initiative goals have been defined for the next three years to foster sustainable change and set specific benchmarks for the long term and post-acute care profession to build upon. AHCA is challenging its membership to hold itself accountable in ensuring a higher quality, lower cost health care system.

Reaching the targets set in each goal in the Quality Initiative will improve the health of thousands of seniors and people with disabilities, while at the same time driving down health care costs. When AHCA members achieve the goal of reducing hospital readmissions by 15 percent, 26,000 fewer people will go back to the hospital each year. Improving staff satisfaction will result in more consistent staffing in long term and post-acute care settings, keeping more than 615,000 people in their jobs. Less off-label use of antipsychotic medications will help patients avoid the health complications that come with the drugs. More satisfied residents and families mean that AHCA member facilities are fulfilling the mission of providing quality care.

AHCA/NCAL has created a volunteer-led Quality Cabinet to coordinate and monitor the progress of the Quality Initiative. Kentuckian Mary Ousley is the Chair of this Cabinet. More information about the Initiative is available online at [www.qualityinitiative.ahcancal.org](http://www.qualityinitiative.ahcancal.org).

## REIMBURSEMENT

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Several significant events took place during Fiscal Year 2012 relating to Medicaid and the state budget. The Beshear administration, anticipating an estimated \$189 million budget shortfall, contracted with several Managed Care Organizations to help to contain costs and control the deficit for the current year. In addition, many state agencies were forced to incur an additional 2% cut to help offset the budget deficit, and the state used approximately \$75 million in excess revenue and \$114 million in spending reductions to balance the budget. While Medicaid and the Department for Community Based Services were spared these cuts, KAHCF was successful in securing an inflationary adjustment of 1.5% for the capital and non-capital components for the nursing facility rate effective July 1, 2011. At the time of this writing, KAHCF is working with the Cabinet on the rebasing and inflationary adjustments for nursing facilities for Fiscal Year 2013.

Due to KAHCF's efforts to inform legislators and the administration about long term care's price-based reimbursement system, providers were exempted from the managed care changes, and aside from pharmacy implementation issues affecting personal care residents, the November 1, 2011, transition to managed care was relatively transparent for most nursing facilities. However, many other health care providers were included in the new managed care program. Throughout the 2012 legislative session, provider and advocacy groups expressed their frustrations in Frankfort with managed care's aggressive implementation time-frame and subsequent payment issues.

In regard to Medicare, the Centers for Medicare and Medicaid Services granted the Medicare Administrative Contractor (MAC) contract to CGS effective October 18, 2011. National Government Services (NGS) had been the MAC and Fiscal

Intermediary for several years, and KAHCF worked with both NGS and CGS to make the transition as smooth as possible for providers.

KAHCF has also been working closely with the Cabinet for Health and Family Services over the past two years to move personal care home funds from the state supplementation program to the Medicaid program. This would allow the Cabinet to obtain federal matching funds and increase the rates paid to personal care facilities. KAHCF has obtained the services of a national consultant to work with the various state and federal agencies to transition Kentucky's personal care home program from state supplementation to Medicaid, while at the same time evolving the personal care home program toward adequately meeting the needs of its residents.

KAHCF is committed to providing its members the latest reimbursement information so that our providers will continue to provide quality care to our residents.



## REGULATORY

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The regulatory environment in Kentucky continues to be fast-moving and ever-evolving. The Association works to stay abreast of issues and topics facing our members as they strive to provide quality care to their residents in this setting.

Regular communication with the Office of the Inspector General is a high priority for the Association on behalf of the membership. In response to our concerns expressed about the amount and extent of immediate jeopardy citations issued to providers around the state, the OIG provided training for their Regional Program Managers, Assistant Regional Program Managers, and Quality Assurance Reviewer on the Allegation of Compliance (AOC) process. The Office of Inspector General also devised an AOC tip sheet to assist providers to achieve compliance and to effectively document the removal of the immediate jeopardy, the training provided and the monitoring required. In addition, the OIG reported that training was offered to surveyors in drafting and processing Statement of Deficiencies.

The OIG's decision to prohibit an Advanced Practice Registered Nurses (APRN) from being contacted in lieu of the physician when a resident's condition significantly changed also concerned providers.

KAHCF presented information to the OIG showing that a review of federal and state regulations, as well as findings from the Department of Health and Human Services, supported the role of an APRN in instances where a resident's condition significantly changed. KAHCF continues to work with OIG and CMS to resolve this matter.

The OIG implemented the Independent Informal Dispute Resolution (IIDR) process and facilities could request IIDR for any standard and/or complaint survey which began on or after January 1, 2012. The OIG entered into an external agency contract with MPRO, an agency from Michigan,

to preside over the IIDR process and make recommendations to the OIG and CMS.

KAHCF also met with the United States Attorney Office to discuss the federal False Claims Act and its impact on providers in Kentucky. Representatives from this office informed that federal prosecutors stated that they would only pursue False Claims cases in obvious cases of fraud and abuse. The U.S. Attorneys offices assured us that providers who try to do the right thing and use appropriate resources to provide care should not be concerned about isolated mistakes.

Implementation of the Elder Justice Act, which was part of President Obama's Affordable Care Act of 2010, continues to be a challenge. In particular, the requirement of law enforcement agencies to define "reasonable suspicion of crime" has presented a challenging obstacle. These agencies have relied upon KAHCF, which secured an experienced attorney in long term care to work with the Kentucky State Police and the Office of Inspector General (OIG) to develop this definition. Once this definition is agreed upon, the OIG plans to issue a letter informing providers of this definition and the reporting requirements associated with "reasonable suspicion of crime."

The Association realizes the challenges its members face every day in this regulatory environment, and continues to work with government leaders to navigate these regulatory challenges in an effort to provide quality care every day.

## PUBLIC POLICY

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**K**AHCF actively engaged every member of the General Assembly during the 2012 Legislative Session on a wide range of issues that would impact the long term care profession and our residents. Our primary focus during the session was aimed at passing legislation to establish a medical review panel process to address the dramatic increase in civil litigation facing Kentucky's long term care profession.

House Bill 361 would have required an independent panel of three Kentucky physicians to evaluate the standard of care provided by a facility prior to a lawsuit proceeding to court. The medical review panel process would be limited to six months. The plaintiff and defendant would select a physician panelist with the third panelist being agreed upon by the other two physicians. This ensures a fair and unbiased medical opinion from the panel. The expert medical opinion rendered by the panel would then be admissible in any further court proceeding.

While House Bill 361 did not pass, KAHCF remains committed to addressing the barrage of frivolous lawsuits facing our profession so we can dedicate our resources to our residents, instead of lining the pockets of predatory trial attorneys.

In addition to House Bill 361, KAHCF tracked 72 bills that would have impacted long term care in various ways. In this regard, we worked tirelessly toward protecting providers from additional regulatory burdens and costs. We led the effort to oppose legislation that would have established a mandatory State Fingerprint Background Check Program for all of our employees and volunteers. As this program is funded by a three-year grant, the burden of cost would shift to providers after grant funds expire. We also worked with key lawmakers to be exempted from being classified as a "pain management facility." We shared with lawmakers the need for adequate long term care and personal care in Kentucky, while continuing to maintain a strong and reliable presence in Frankfort.

## PUBLIC AFFAIRS

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**T**he Kentucky Association of Health Care Facilities continues its efforts to improve the image of long term care providers by using a variety of outlets and forums to promote the quality care and work its members perform every day.

The Annual Quality Awards Program honors the best caregivers and programs in the state by handing out more than 100 district and statewide awards. This year, award winners were recognized in newspapers across the state, including the *Lexington Herald-Leader* and Louisville *Courier-Journal*. The Association's Youth Volunteer of the Year, Caroline Hughes from Oaklawn, was also featured on WHAS-11's Good Morning Live program. WHAS-11 also covered the Facility of the Year Celebration at Nazareth Home for the evening news.

The Association also used radio spots promoting the economic impact of long term care providers on local economies. Clear Channel Radio produced these spots and ran them multiple times on their 80-channel network. Audio news releases on the Quality Award winners aired on an estimated 160 radio stations.

This year, more than 60 positive stories appeared in newspapers, in addition to the Association's regular publications of Heroes of Long Term Care and CareLink. The most recent editions featured residents participating in a variety of activities and personal stories from residents, families and caregivers on how long term care providers have impacted their lives.

The Association also continues to promote and encourage its members to participate in quality care programs, such as Advancing Excellence in America's Nursing Homes. Numerous members pursue the AHCA Quality Awards, and eight facilities were awarded the Bronze Quality Award for 2011.

All of these efforts are important tools in improving the image of long term care by focusing the public's attention on the quality care and impact we have in our local communities.

## **PROFESSIONAL DEVELOPMENT**

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One of KAHCF's primary goals is to enhance the knowledge of the long term care professional through timely and state-of-the-industry educational programs. In 2011, KAHCF offered 78 educational programs, totaling 320 continuing education credits. Approximately 2,000 long term care providers attended these trainings.

Targeted trainings and conferences address the specific needs of different long term care professionals. Following are a few highlights of KAHCF's major professional development initiatives during 2011.

### **Caring for the Young Adult Population**

As the long term care population has evolved toward providing more comprehensive in-patient and out-patient rehabilitation services, the age of the population we serve is younger. In response to this trend, KAHCF provided new training geared toward caring for the younger adult population in long term care.

### **KAHCF First Friday Webinar Series**

In our effort to keep up with the latest technology, KAHCF and Silver Chair Learning Systems introduced our webinar series. There have been a variety of topics offered and the response so far has been very positive. These webinars allow facilities to offer training to many employees without leaving the facility.

### **Resident Voice: Meeting Quality of Life Requirements through the MDS 3.0**

KAHCF partnered with Kentucky Coalition for Person Centered Care to offer this education. This session provided guidance on the utilization of the MDS/RAI process in meeting quality of life requirements for each individual residing in a facility. Through resident voice and professional interdisciplinary assessment, the delivery of care and services become a dynamic, collaborative process.

### **Annual Long Term Care Nursing Symposium**

KAHCF and KADONA collaborated on a program appropriate for all long term care team members. Training focused on nursing leadership, providing the attendees with practical tips for preventing Drug Diversion and the new Nursing Continuing Competency requirements, including a one-time educational program on pediatric abusive head trauma or "shaken baby syndrome." The closing session discussed the daily sins committed that shorten the careers of nurses in the nursing profession.

### **2011 Annual Meeting & Trade Show**

The 2011 Annual Meeting & Trade Show in Louisville was a great success with over 1,400 attendees and 180 facilities participating in more than 30 different educational sessions, and the largest trade show for long term care professionals in Kentucky that included 153 exhibits and booths.

### **2012 Spring Training**

This year's Spring Training was held in Bowling Green and featured presentations on "Meeting the Leadership Challenge in Long Term Care: What You Do Matters" and "The Architecture of a Leader." Various professional development organizations that are involved in Kentucky's long term care profession were invited to participate in the Leadership Networking Reception. The newly elected 2012-13 KAHCF Board of Directors was inducted at the annual Chairman's Breakfast.

Fulfilling the continuing education needs of Kentucky's long term care profession is an essential service provided by KAHCF. Your Association continues to identify, develop, and provide a wide variety of innovative and relevant educational and training opportunities that truly satisfy the needs of the long term care professional.

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## **KAHCF & STATEWIDE INSURANCE SERVICES, INC. (SIS) FISCAL PERFORMANCE**

**F**inancial goals are set each year by means of a combined annual budget by the Board of Directors of KAHCF and SIS, as the entities share overhead functions. During the year, staff and elected leadership work together to ensure that the budget goals are achieved. KAHCF pursued medical review panel legislation this year, which required spending more dollars than were anticipated for in the budget. At the same time, SIS lost a strategic partner which resulted in lower net income than budgeted.

- KAHCF and SIS anticipate realizing a combined net loss from operations of \$184,00 Net of Depreciation.

Statewide Insurance Services, Inc., which is wholly owned by KAHCF, was created in 1992 to generate additional financial resources for KAHCF and enhance benefits to the membership. Strategic alliances of SIS that benefit membership are:

- Silverchair Learning Systems – Leading provider in senior care employee training
- Special Care Management LLC – Dental and vision services for residents delivered in facility funded by a fully insured policy (formerly known as Citizens Security Life Insurance Co. )
- AHCA and HealthCap – Agreement effective April 1, 2012. HealthCap is a leading professional and general liability insurance company dedicated to the senior care profession. HealthCap provides focused claims management services and specialized insurance products.
- Wells Fargo Insurance Services USA – Agreement was terminated January 1, 2012, and a new strategic partner negotiation has begun. It is expected to be finalized for the next fiscal year.
- Fine Tune, LLC – Agreement was terminated January 1, 2012.

Through these alliances, we continue to seek ways to enhance member benefits and to increase Statewide's financial contributions to KAHCF.

Once again the Finance Committee and both Boards of Directors have approved the Association's Combined 2012-2013 Budget. The Finance Committee reviewed existing policies with regard to the Investment Reserve Account and updated them for our current financial condition.

Both KAHCF and its subsidiary continue to build a fiscally secure foundation. We look forward to this continued success as we serve the needs of the membership.