

# First For-Profit Green House Opens

## Operator Confident In Success Of Project's Mission

Defying conventional wisdom of the nursing facility industry, John Ponthie, chief executive officer of Summit Health Resources, Alexandria, La., opened the nation's first for-profit Green House in September. The Cottages of Wentworth Place, located in Magnolia, Ark., sit on a 10-acre "park-like" campus, where both long- and short-term care services will be offered.

The campus, which is licensed as a skilled nursing facility for 113 residents, boasts five Green House cottages, each of which is capable of housing 12 "elders," the Green House Project's term for residents. Also on Wentworth's campus is a 40-bed rehabilitation pavilion.

Until last month, all 18 Green House developments nationwide were not-for-profit entities, due largely to the presumption that costs for devel-

**'Green Houses will be the setting of choice for many.'**

opment of a Green House project are substantially higher than for traditional facilities. Explaining the logic behind his efforts, Ponthie says he had an epiphany. "After considering what long term care will look like in 20 years, I

realized that Green Houses and other similar initiatives will be the setting of choice for many."

Clinching the decision for Ponthie were his multiple visits to Green House homes across the country. The experience left him in awe. "The level of commitment [among staff and operators] is palpable," he says.

Ponthie is highly confident about Wentworth's ability to garner a profit. "There's more in the front end, but when you amortize it over the life of the campus, it works," he says. "Operationally, the costs are very similar, and I don't think the upkeep costs are materially different."

Nor is Ponthie concerned about filling the cottages—before opening, ➤

## Nurse Education Grants Total \$13.4 Million

The Department of Health and Human Services (HHS) has committed \$13.4 million for loan repayments to nurses who agree to practice in facilities with critical shortages and for schools of nursing to provide loans to students who will become nurse faculty.

Approximately 50,000 individuals interested in going to nursing school are turned away annually due to insufficient capacity at schools of nursing, according to HHS. The two main factors limiting the ability to train more nurses are a faculty shortage and insufficient clinical training sites.

The funds were made available by the American Recovery and Reinvestment Act, the economic stimulus bill passed by Congress last February.

"The need for more nurses is great. Over the next decade, nurse

retirements and an aging U.S. population, among other factors, will create the need for hundreds of thousands of new nurses," HHS Deputy Secretary Bill Corr said. The awards from these two Health Resources and Services Administration (HRSA) programs "will help us meet projected demand for their services."



The awards come from two HRSA programs: the Nurse Education Loan Repayment Program (NELRP) and the Nurse Faculty Loan Program (NFLP).

Funding under NELRP—a total of \$8.1 million awarded competitively—will help 100 registered nurses pay their nursing education debts, according to HHS. The program repays 60

percent of the loan balance of registered nurses in exchange for two years of service at health care facilities, some of which include nursing facilities, with a critical shortage of nurses. Participants may be eligible to work a third year and receive additional repayment assistance.

Another \$5.3 million in grants through the NFLP will go to schools of nursing to support the training of 500 masters and doctoral nursing students who plan to become nurse faculty after completing their education.

Following graduation, loan recipients may cancel up to 85 percent of the loan principal and interest in exchange for four years of service as full-time faculty at a school of nursing.

For additional information, go to: <http://bhpr.hrsa.gov/recovery/>.

—Meg LaPorte

25 people were on a waiting list. “I believe we’ll be full within three months,” he says. “I have no qualms about it whatsoever.”

The bulk of Wentworth’s development costs came from private funding sources, but the project also received a grant from the Arkansas Office of Long-Term Care, as part of the state’s civil-money-penalty-funded initiative aimed at fostering Green House devel-

opment. The grants are used to offset costs such as specialized staff training, architects with expertise in designing Green Houses, and construction expenses.

According to NCB Capital Impact, the organization that administers the Green House Project, average construction costs for a typical one-story Green House home range from \$1.2 million to \$1.5 million, but can be

substantially higher depending on local costs and project-specific decisions about design and finishes.

Ponthie will open a second Green House campus later in the year, the Green House Cottages of Southern Hills, in Rison, Ark., approximately 75 miles northeast of Magnolia.

Both projects replace traditional 60-year-old facilities.

—Meg LaPorte

# SNFs Face Double Jeopardy

## Medicare Cuts Loom In Health Reform Measure

**P**roposed funding cuts in health care reform legislation pending in the House, coupled with Medicare funding cuts already put in place by the Centers for Medicare & Medicaid Services (CMS), could potentially slash Medicare funding by \$44 billion nationwide during the next 10 years, leaving seniors requiring nursing and rehabilitative care in 15 states each facing a cut of \$1 billion or more, based on a new analysis by the American Health Care Association (AHCA).

CMS issued a final rule in late July that included a \$1.05 billion cut in Medicare funds for skilled nursing facility (SNF) payments, which the Congressional Budget Office estimates will translate into a \$12 billion cut over 10 years.

Meanwhile, as it stood at press time, the pending America’s Affordable Health Choices Act in the House had provisions to eliminate the 2.2 percent SNF market basket update, thus removing this cost-of-living adjustment from Jan. 1, 2010, through Sept. 30, 2010, and applying a productivity adjustment estimated at 1 percent of the SNF rate, beginning in fiscal year 2010.

AHCA found all these elements combined would lead to a \$44 billion cut during the next decade, which President and Chief Executive Officer Bruce Yarwood says would endanger seniors’ care, as well as threaten nearly 60,000 jobs nationally.

In a state-by-state breakdown of the

House bill ignore the fact that when Medicare cuts provider reimbursement, providers, in turn, are forced to cut staff because labor expenses comprise 70 percent of facility costs,” Yarwood says.

“Cutting staff within a facility has a direct, immediate, negative impact

STATE	MEDICARE CUT OVER 10 YRS.	REDUCED BUSINESS ACTIVITY (FIRST YEAR)	REDUCED LABOR INCOME (FIRST YEAR)	JOBS AT RISK (FIRST YEAR)
California	\$3.8 billion	\$305,289,280	\$151,762,526	4,012
Florida	\$3.5 billion	\$269,566,356	\$134,400,083	3,997
New York	\$2.9 billion	\$221,934,161	\$115,405,658	2,750
Texas	\$2.7 billion	\$215,370,891	\$103,684,893	3,269
Pennsylvania	\$2.1 billion	\$171,985,578	\$83,872,236	2,341
New Jersey	\$2.0 billion	\$156,227,046	\$79,905,668	1,975
Virginia	\$1.1 billion	\$80,206,507	\$40,049,872	1,174
<b>Total U.S.</b>	<b>\$44 billion</b>	<b>\$4,968,353,812</b>	<b>\$2,157,032,938</b>	<b>59,345</b>

Source: AHCA Research Department, from IMPLAN model, 2007 data

potential Medicare cuts completed by AHCA, California faced the biggest shortfall, with a \$3.78 billion cut, followed by Florida at \$3.48 billion and New York at \$2.87 billion.

Yarwood encouraged lawmakers to revise their plan “to ensure seniors are helped by the reform measure—not hurt by it.”

“Arguments being made that seniors’ benefits will not be reduced by the

on patients and their care—and that is what the House bill will do.”

Yarwood also stresses that Congress needs to consider that the Medicaid program already underfunds the cost of providing long term care by at least \$4.2 billion annually, based on an Eljay study, so these proposed Medicare cuts would only create additional funding stress on facilities and staff.

—Suzanne Struglinski