ONCE UPON A HORSE

HORSE

THE

STAR

A girl and her horse take center stage

SARAH MASLIN NIR

HEALTHCARE MORTGAGEE ADVISORY COUNCIL Financing Seniors Housing for America

# Don't Scratch!

Keep Your Facility in the Winner's Circle - Star Ratings & Quality of Care.

## **Panelists**



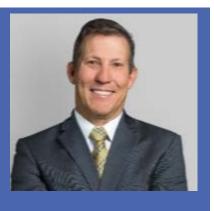
### Jennifer Tadlock

Supervisory Account Executive HUD



### Abby Hugill

Supervisory Account Executive HUD



### Brad Granger

Director

Lument



### Wendy Strain

Director of Consulting Polaris Group



Ritchie Dickey Managing Director White Oak

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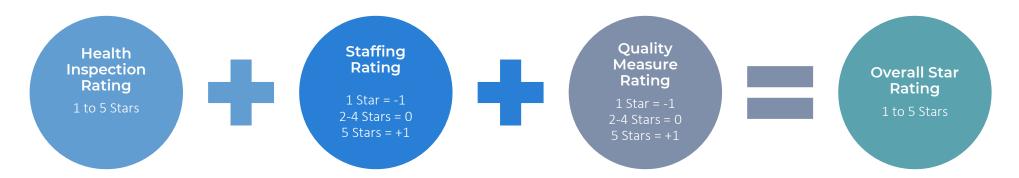
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# Agenda

- 5-Star Recap
- Staffing Changes
- QM Changes
- Health Inspection Issues
- Questions to Ask During Underwriting
- Case Studies

# **5-Star Overview Recap**

- CMS bases Five-Star quality ratings in the health inspection domain on the relative performance of facilities within a state
  - The top 10% (with the lowest health inspection weighted scores) in each state receive a rating of 5-stars
  - The middle 70% of facilities receive a rating of 2, 3, or 4 stars
  - The bottom 20% receive a 1-star rating
- Staffing Measures based on nursing home staffing levels and staff turnover
- Quality Measures Measures based on 15 MDS and claims-based quality measures (QMs)

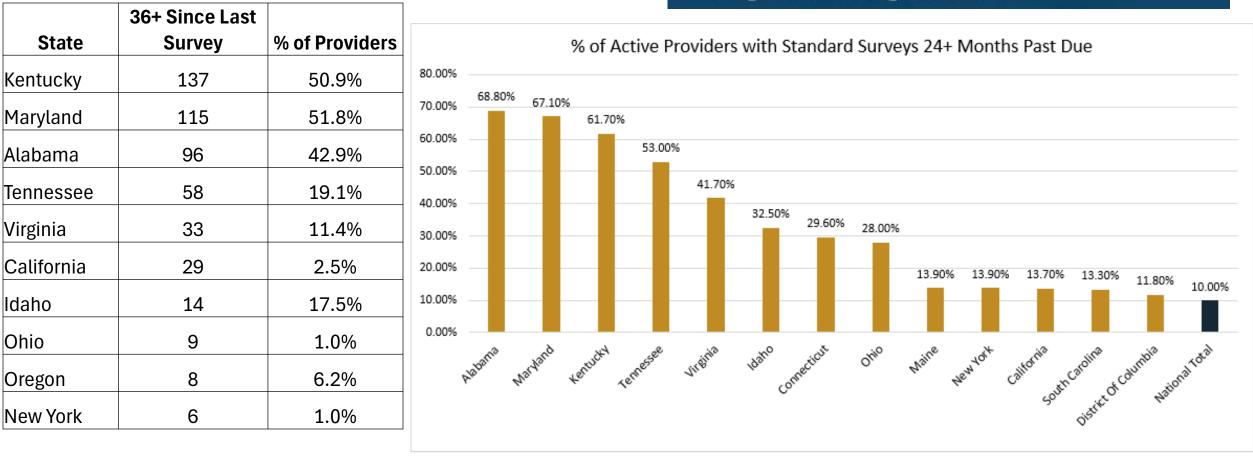


Note: If the health inspection rating is one star, then the overall rating cannot be upgraded by more than one star based on the staffing and quality measure ratings.

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# **Top States with Long Lag Since Last Standard Survey**

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## **Frozen Quality Measures**

- Some Quality Measures are currently frozen until January 2025
- Being redesigned to adapt to removal of section G and inclusion of GG data
- Percentage of long-stay residents whose need for help with ADLs has increased
- Percentage of long-stay residents whose ability to move independently worsened
- Percentage of long-stay high-risk residents with pressure ulcers
- Percentage of short-stay residents who improved in their ability to move around on their own



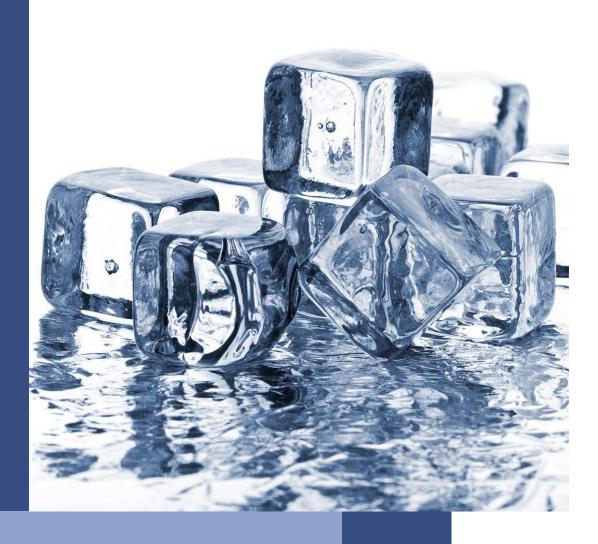
# Long-Stay Frozen QMs



- Percentage of long-stay residents whose need for help with ADLs has increased
- Not clear on new measure as of yet
- Will unfreeze January 2025
- Will incorporate similar 'late-loss' data, but from GG

### Polaris Group Confidential and Proprietary

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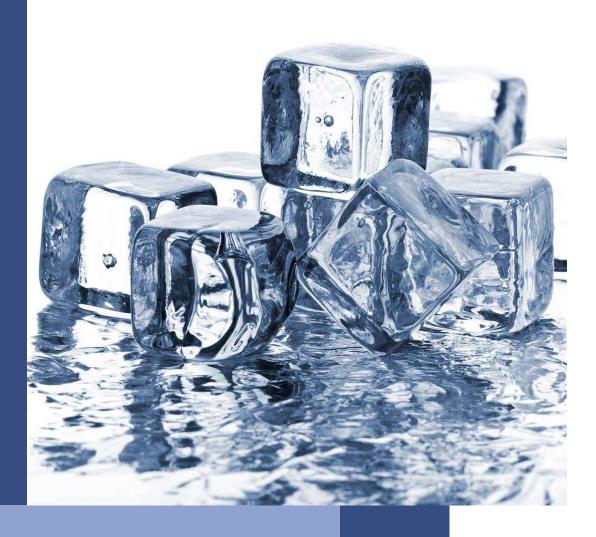
# Long Stay Frozen QMs

- Percent of Residents Whose Ability to Move Independently Worsened
- Being replaced with Percent of Residents Whose Ability to Walk Independently Worsened
- Only includes residents who can walk 10 feet
- No longer includes wheelchair locomotion



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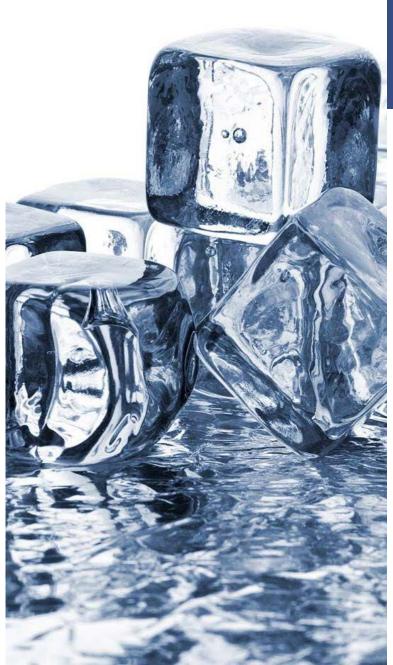


# Long Stay Frozen QMs

- Percent of High-Risk Residents With Pressure Ulcers
- Being replaced with Percent of Residents With Pressure Ulcers
- Removes high-risk stratification
- Includes all long-stay residents with pressure ulcers stage II or higher
- Uses GG data



# Short Stay Frozen QM



- There is one Short-Stay Quality Measure that is currently frozen, Percent of Residents Who Made Improvements in Function (short-stay)
- Being replaced with a new QM and QRP Measure, Discharge Function Score
- Evaluates GG coding on admission and compares to GG coding on discharge
- If resident meets or exceeds 'expected' GG function on discharge, the resident will trigger and it will have a positive impact on score



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The function assessment items used for discharge function score calculations are:

- GG0130A3. Eating
- GG0130B3. Oral hygiene
- GG0130C3. Toileting hygiene
- GG0170A3. Roll left and right
- GG0170C3. Lying to sitting on side of bed
- GG0170D3. Sit to stand
- GG0170E3. Chair/bed-to-chair transfer
- GG0170F3. Toilet transfer
- GG0170I3: Walk 10 Feet\*
- GG0170J3: Walk 50 Feet with 2 Turns\*
- GG0170R3. Wheel 50 feet with 2 Turns\*

# Discharge Function Quality Measure

• Includes these GG items –

#### FACILITY INFORMATION

CMS ID	Provider Name	Address	City	State	Zip Code	County	Facilities in State	Certified SNF Beds	Census	Occupancy %	CCRC	Abuse
			West Chicago	IL	60185	Du Page	680	213	209.6	98%	N	( Y )

Ownership Type	Affiliated Entity	Provider Type	
For Profit - Corporation	Aperion Care	Medicare And Medicaid	

Star Rating Calculation							
Health Inspection	Staffing	Quality Measures	Overall				
1	2	5	2				
Add/Subtract:	0	+1					

Historical 5 Star Rating								
CMS Data	Overall	Health	Staffing	Quality Measures				
10/1/2024	2		2	5				
11/1/2023	2	2	1	5.				
11/1/2022	2	2	2	4				
11/1/2021	3	2	0	5				
11/1/2020	2	2	1	5				
11/1/2019	2	2	0	3				
Average	2.2	1.8	1.0	4.5				

#### HEALTH INSPECTIONS

Cycle	Annual Survey Date	Complaint & IC Reporting Period	Total Citations	Annual Inspection Citations	Complaint Inspection Citations	Infection Control Inspection Citations	Failed Revisit Points	Points Excluded from Total Score*	Total Score	Weight	Weighted Score
1	1/10/2024	10/01/2023 - 09/30/2024	21	11	10	0	168	0	504.00	50.00%	252.004
2	12/21/2022	10/01/2022 - 09/30/2023	19	12	8	0	0	8	92.00	33.33%	30.667
3	8/13/2021	10/01/2021 - 09/30/2022	18	9	9	0	0	0	160.00	16.67%	26.666
otal Score										( (	309.333

Star Cut Points for Health Inspection Scores									
Facility Rating	1 Star	2 Star	3 Star	4 Star	5 Star				
309.333	203.333+	108.168 - 203.332	61.334 - 108.167	27.334 - 61.333	0 - 27.333				

Number of DPNAs	CMPs - Past 3 Yrs	Total Number of Penalties	Number of Facility Reported Incidents	Number of Substantiated Complaints	SFF or on Candidate List	State Survey Percentile Ranking	SFF Slots	Number of Facilities on Candidate List	Facility's HI Rank in the State	Months on the SFF Candidate List
1	\$155,038.75	4	5	15	( N )	7.6%	4	20	( 52 )	N/A

HEALTH INSPECTIO		Y LISTING								
Survey Date	Deficiency Category	Deficiency Description	Deficiency	Scope	Correction Date	Cycle	Standard	Complaint	Infection Control	Points
7/18/2024	Abuse, Neglect,	Protect each resident from all types of abuse such as physical, mental, sexual abuse, physical punishment, and neglect by anybody.	F600	C	7/21/2024	1	N	Y	N	75
6/18/2024	Neglect, and	, Protect each resident from all types of abuse such as physical, mental, sexual abuse, physical punishment, and neglect by anybody.	F600	E	6/24/2024	1	N	Y	N	8
2/8/2024	Abuse, Neglect,	Protect each resident from all types of abuse such as physical, mental, sexual abuse, physical punishment, and neglect by anybody.	F600 (	G	) 2/9/2024	1	N	Y	N	20
2/8/2024		Provide appropriate pressure ulcer care and prevent new ulcers from developing.	F686	D	2/13/2024	1	N	Y	N	4
2/8/2024	Quality of Life and Care	Ensure that a nursing home area is free from accident hazards and provides adequate supervision to prevent accidents.	F689	K	2/9/2024	1	N	Y	N	125
2/8/2024	Nursing and Physician Services	Provide enough nursing staff every day to meet the needs of every resident; and have a licensed nurse in charge on each shift.	F725	F	2/9/2024	١	N	Y	N	16
1/10/2024	Abuse, Neglect,	Protect each resident from all types of abuse such as physical, mental, sexual abuse, physical punishment, and neglect by anybody.	F600	G	2/9/2024	1	Y	N	N	20
1/10/2024		Provide care and assistance to perform activities of daily living for any resident who is unable.	F677	D	1/18/2024	1	Y	N	N	4

# HUD Quality of Care Review

- HUD guidelines require underwriters to address the following in loan applications:
  - 1-Star or 2-Star CMS rating for overall or health inspections
  - "G" or Higher survey tags in the past 3 survey cycles
  - Active 'red hand' or instances of abuse or neglect in the past 2 years
  - Civil money penalties over \$5000
  - Payment Denials
  - Other care related issues

# HUD Quality of Care Review

- When these quality-of-care issues are present, the lender should address the issues by providing the following:
  - Evidence that the owner/operator is capable of providing strong care to residents
  - What specific steps the operator has taken to improve the overall quality of care, addressing the specific survey tags, fines, penalties, and quality of care in general
  - Evidence that these steps have led to improved care and survey results and facility star ratings

# HUD Quality of Care Review

- In the above situations, HUD could require mitigation that includes:
  - 3-month Quality of Care escrow
  - Ongoing 3rd party Risk Management Program
  - One-time on-site risk assessment that includes the following:
    - Identification of operational and clinical opportunities
    - Implement recommendations for improvement of operational and clinical processes
    - Review of the environment for liability risk exposures

## **HUD Guidance**

When a Red Hand Consumer Alert Icon is active, successful applications have included:

- 3-month quality of care debt service reserve escrow
- Upfront one-time risk assessment which includes:
  - Review of both operational and clinical processes
  - Review of the environment for liability risk exposures
  - Identification of operational and clinical opportunities
  - Making recommendations for improvement of operational and clinical processes
  - Developing a strategy to implement the recommendations

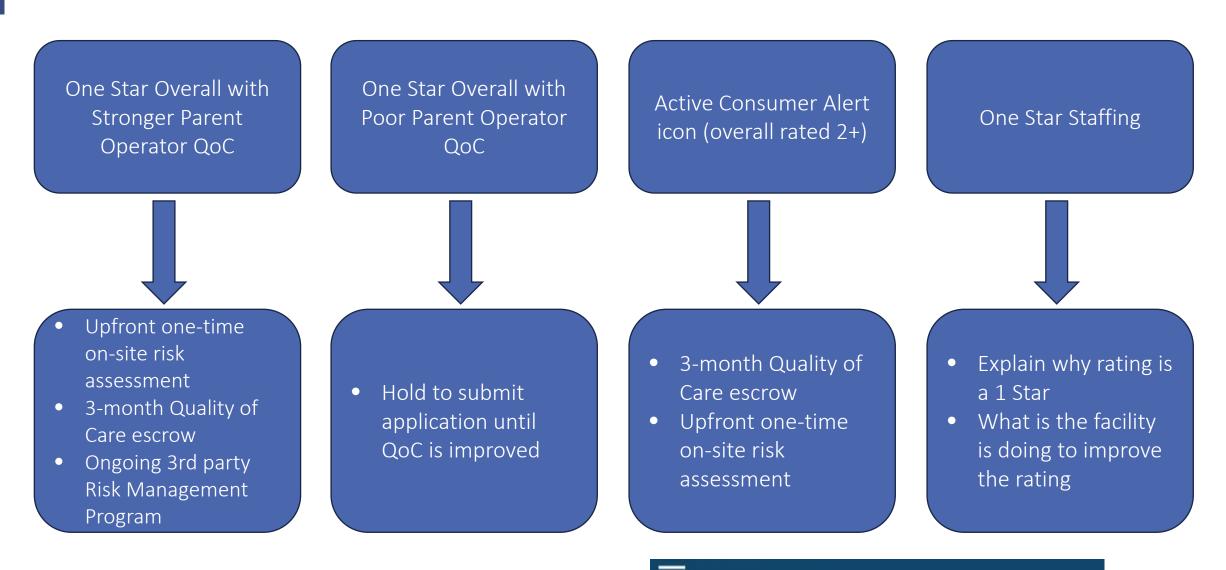


- Analysis of the impact of the consumer alert icon on the marketability and occupancy of the project, and:
  - What specific steps has the operator taken to improve the overall quality of care. This should address the specific survey tags, and also quality of care in general.
  - Evidence that these steps have led to improved care and survey results.
  - Facility names and addresses for their other facilities, Star Ratings, an explanation of survey history at those projects and information on any Denials of Payment or Civil Money Penalties at these facilities to provide evidence that the operator is capable of providing strong quality of care.

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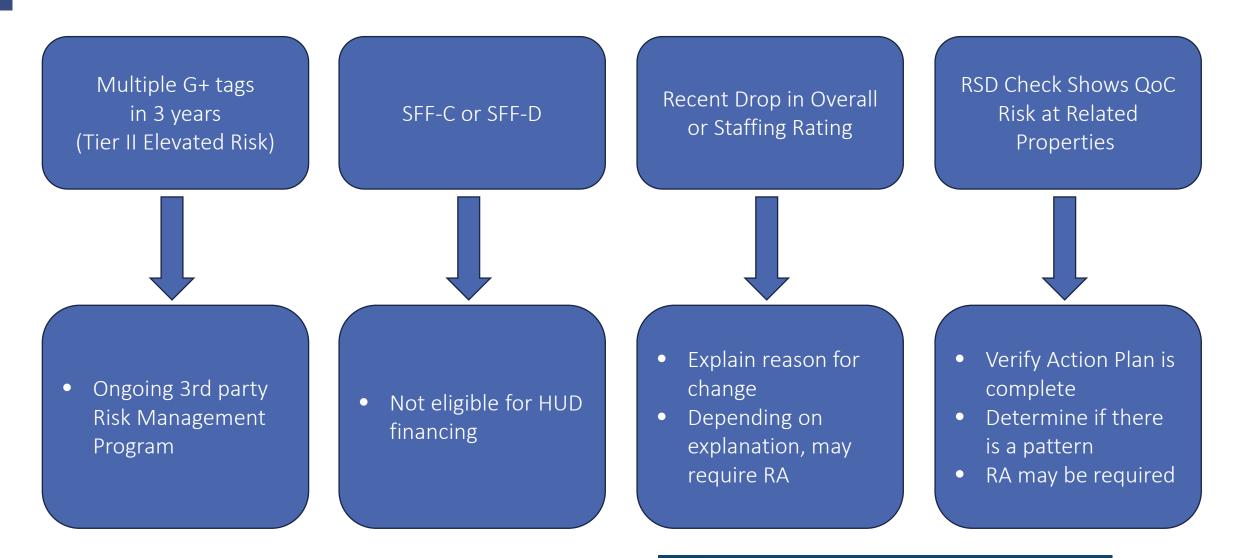
\*See November 20, 2023 Email Blast

## **Decision Tree – Star Rating and Abuse Icon**



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## **Decision Tree – Star Rating and Abuse Icon**



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# **HUD Monitoring and Loan Servicing**

- Risk Surveillance Dashboard (RSD) is sent to lenders by HUD ORCF every 90 days. The following criteria require borrower/operator to provide HUD an Action Plan for improvement:
  - Any facilities with low DSCR + certain Quality of Care indicators:
    - 1-Star Overall
    - 1-Star Health
    - 1-Star Staffing rating
    - CMS Abuse Icon
    - CMS Fire Life Safety critical tags (unresolved tags higher than G or repetitive G tags identified)
  - SFF-C or SFF-D facilities (SFF-D transferred to Risk Mitigation Team)
  - One-Time Risk Assessment or Ongoing Risk Management Program required by UW



#### STAFFING

STAFFING											
Hours Per Resident Per Day	RN	LPN	Nurse Aide	Total		CMS Min	imum Staffing I	Rule (HPRD)			
Reported - All Days	0.518	0.341	0.814	1.673			RN	Nurse Aide	Total		
Case-Mix - All Days	0.781	1.025	2.680	4.486		CMS Requirement	0.55	2.45	3.48		
Adjusted - All Days	0.441	0.290	0.693	(1.423)		Reported - All Days	0.518	0.814	1.673		
Reported - Weekend	0.357			1.418		Meets Criteria	N	N	N		
Adjusted - Weekend				1.206		Difference	-0.032	-1.636	-1.807		
Sta	affing Measures		Value	Score	Measure Date Range	Statting Measures: Point Value Ranges					
Case-mix adjusted total nursing ho a quarter averaged across all days			1.423	10	04/01/2024 - 06/30/2024	8.000 2.722 3.051 10 20 1	3.293 3.49 30 40	3.692 93 3.910 50 60	4.151 4.4 70 80	5070 99 ∞ 90 100	
Case-mix adjusted RN hours per re days (weekdays and weekends)	averaged across all	0.441	40	04/01/2024 - 06/30/2024	0.275 0.000 0.368 10 20	0.440 0.5 30 <u>40</u> 1	0.591 13 0.678 50 60	0.786 0.9 70 80	1202 934 00 90 100		
Case-mix adjusted total nursing ho a quarter averaged across all week	1.206	5	04/01/2024 - 06/30/2024	0.000 2.354 2.637 <u>5</u> 10 ↑	2.862 3.04 15 20	3.233 44 3.429 25 30	3.668 3.9 35 40	4.464 958 ∞ 45 50			
The percentage of nursing staff that period	at left the nursing home o	ver a twelve-month	31.3%	45	04/01/2023 - 03/31/2024	69.793 62.792 5 10	57.693 53.42 15 20	49.255 26 45.680 25 30	41.740 37.3 35 40	31.127 501 0.000 45 50 ↑	
The percentage of RNs that left the	nursing home over a two	elve-month period	28.6%	40	04/01/2023 - 03/31/2024	80.0 01 66.663 5 10	60.0 01 3 52.9 15 20	44.445 42 41.66 25 30	35.715 3 28 35 <u>40</u> ↑	20.001 572 0.000 45 50	
The number of administrators that left the nursing home over a twelve-month period			0.0	30	04/01/2023 - 03/31/2024	2+ 0 10 25	<u>30</u> ↑				
Total Score				(170)							
	Point Ranges fo	r the Staffing Rating									
1Star	2 Stars	3 Stars	4 Stars	5 Stars	1						
< 155	(155 - 204)	205 - 254	255 - 319	320 - 380	1						
					J						

#### QUALITY MEASURES

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#### **Quality Measures Rating**

3

Short-Stay QM Rating	Long-Stay QM Rating							
3	2							
Quality Measure								
Percentage of short-stay residen	ts who were re-hospita	lized after a nursing hon						
Percentage of short-stay residen	ts who have had an out	tpatient emergency dep						

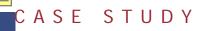
Quality Measure	Classification	Claims Based Y/N	National Average	QM Value	Points
Percentage of short-stay residents who were re-hospitalized after a nursing home admission	Short Stay	Y	21.47%	25.41%	30
Percentage of short-stay residents who have had an outpatient emergency department visit*		Y	11.59%	19.74%	15
Percentage of short-stay residents who got antipsychotic medication for the first time*	Short Stay	N	1.71%	2.36%	40
Percentage of residents with pressure ulcers/pressure injuries that are new or worsened*		N	2.40%	2.30%	60
Percentage of short-stay residents who improved in their ability to move around on their own <sup>‡</sup>		N	76.76%	82.60%	135
Rate of successful return to home and community from a SNF	Short Stay	Y	49.74%	63.59%	150
Number of hospitalizations per 1,000 long-stay resident days*	Long Stay	Y	1.65	0.99	120
Number of outpatient emergency department visits per 1,000 long-stay resident days*	Long Stay	Y	1.65	1.13	90
Percentage of long-stay residents who got an antipsychotic medication	Long Stay	N	14.69%	24.53%	30
Percentage of long-stay residents experiencing one or more falls with major injury	Long Stay	N	3.35%	2.27%	80
Percentage of long-stay high-risk residents with pressure ulcers <sup>†</sup>	Long Stay	N	7.85%	13.14%	20
Percentage of long-stay residents with a urinary tract infection	Long Stay	N	2.06%	9.13%	20
Percentage of long-stay residents who have or had a catheter inserted and left in their bladder	Long Stay	N	1.24%	0.99%	80
Percentage of long-stay residents whose ability to move independently worsened <sup>†</sup>	Long Stay	N	15.34%	31.39%	15
Percentage of long-stay residents whose need for help with daily activities has increased <sup>†</sup>	Long Stay	N	14.13%	11.28%	120
Total QM Score. Maximum Score = 2,300					1193

\*Indicates Managed Care Scorecard Metrics

QM Rating(s)	Overall QM Points	Short-Stay QM	Long-Stay QM
QM Rating(s)	Overall QM Points	Points	Points
1 Star	299-975	144-491	155-483
2 Star	976-1170	492-588	484-581
3 Star	1171-1342	589-678	582-663
4 Star	1343-1522	679-766	664-755
5 Star	1523-2300	767-1150	756-1150
3 Star	1193	618	575

**VBP Incentive Payment** -0.1850%

<sup>†</sup> QM is frozen from April 2024 to January 2025.
 <sup>‡</sup> QM was frozen in April 2024 and will be replaced in October 2024.



## Facility A



Client Overview: 95 bed facility. Polaris Group engaged with the facility in March, 2024 to conduct a 3rd Party Risk Assessment as a prerequisite for a HUD loan. Initial audit score reflected high risk for compliance. HUD lender required ongoing clinical risk management. Polaris Group began ongoing risk management services in May of 2024.

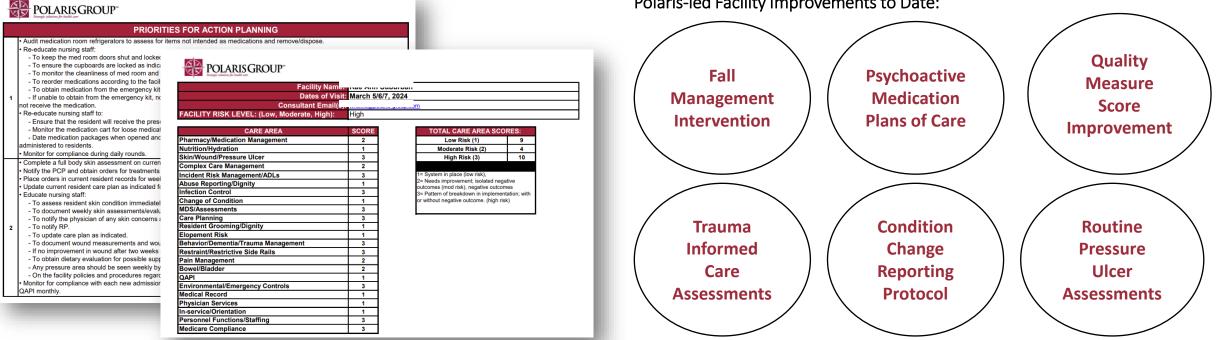
#### **Risk Assessment Citations:**

- Incident Reporting and Management .
- Skin and Wound Management
- Infection Control .
- Environmental Issues and Hazards .
- **Psychoactive Drug Management**
- **Environmental Controls**

#### Solution:

- Ongoing clinical support through the Polaris Edge ٠ program
  - Custom-Tailored Staff Training .
  - **Clinical Staff Mentoring**
  - Monthly Audit
  - Progress Reporting and Intervention

#### Polaris-led Facility Improvements to Date:





### Facility B



Client Overview: 124 bed facility. Polaris Group engaged with the facility in to conduct a 3rd Party Risk Assessment as a prerequisite for a HUD loan in August of 2023. Initial audit score reflected high risk for compliance. HUD lender required ongoing clinical risk management. Polaris Group began ongoing risk management services in January of 2024.

#### **Risk Assessment Citations:**

- Incident Reporting and Management
- Skin and Wound Management
- Psychoactive Drug Management
- Environmental Controls
- Abuse Reporting/Dignity
- Elopement Management

#### Solution:

- Ongoing clinical support through the **Polaris Edge** program
  - Custom-Tailored Staff Training
  - Clinical Staff Mentoring
  - Monthly Audit
  - Progress Reporting and Intervention

#### Polaris-led Facility Improvements to Date:



# **Questions to Ask During Underwriting**

### Staffing

- Are you having any staffing challenges including issues with recruitment and retention?
- What is your staffing turnover rate compared to the market?
- Has this stayed consistent?
- What is the experience and tenure of your key personnel?
- Are agency staff being used? If yes, what percentage of staff are agency? What are the average rates compared to full-time employees?

### **Health Inspection**

- Did the facility receive any G-level deficiencies or higher on the last annual survey or on any complaint or infection control survey during the past 12 months? If so, what corrective action plans were implemented to ensure the deficiencies do not occur again?
- Do you perform mock surveys?
  - If so, what is the process?
  - When was the last mock survey?

### **Quality Measures**

- If there were any recent SS=G or higher citations, did those citations correlate with low scoring quality measures? What is being done to improve.
- If the QM rating is below 3, discuss opportunities to improve.

### Other Risk Management

- What type of automated or realtime incident reporting and tracking processes are being used?
- Are the processes trended and discussed in Q.A. committee? Is the effectiveness of corrective action measured?

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Owner — T. J. Nichols

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The centerfield always has been a favorite place to be at the Kentucky Derby. There was free admission to this area in 1878 and nearly 6,000 were in the area.

More than 75,000 jam the space now for every running even though vision of the horses is extremely limited.

Many of the traditions of the Kentucky Derby were established early in its history. For instance, a band annually keys the program with the playing of "My Old Kentucky Home" to announce the horses' entrance onto the track. A band entertained the 1878 Derby crowd, too, and bands have been part of the annual Derby scene through the years.



#### DAY STAR

#### \$1,500 added. Net to winner \$4,050; second \$200. 56 nominations.

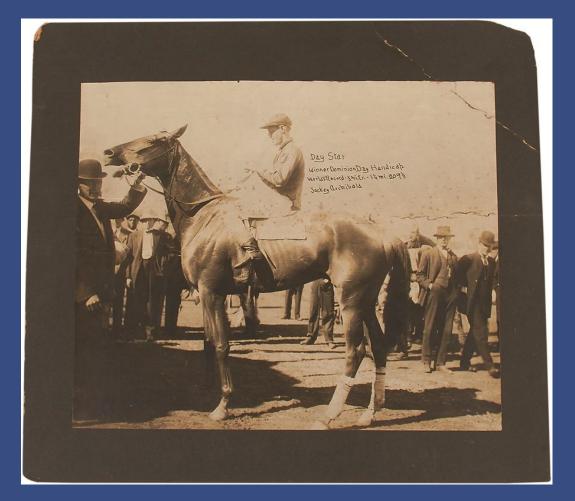
Hor	rses Wt.	Fin.	Jockeys	Owners
Day S	itar	1	J. Carter	T. J. Nichols
Himyo	ar	2	Robinson	B. G. Thomas
Levele	er	3	Swim	R. H. Owens
	Solicitor		Edward	L. P. Tarlton
	McHenry100		James	Gen. Abe Buford
Also	Respond		Ramey	Rodes & Carr
ran	Burgundy		L. Jones	J. M. Wooding
	Earl of Beaconfield		Mahoney	A. Straus & Co.
	Charlie Bush		Miller	Jennings & Hunt

Time: 2:371/4 (new Derby record). Weather clear, track good.

Winner-Ch.c. by Star Davis-Squeeze-'Em, by Lexington; trained by Lee Paul; bred in Kentucky by J. M. Clay. Auction Pools: Himyar, \$305; Field, \$110. With Himyar out, Day Star, Burgundy and Leveler sold about even. Mutuel wagering introduced in 1878, with four machines operating, but no prices available. DAY STAR led from start to finish, winning by two longths.

#### THE WINNER'S PEDIGREE AND CAREER HIGHLIGHTS

	DAY STAR (Chestnut Colt)		Star Davis		*Glencoe { Margaret Wood Lexington Skedaddle		Sultan Trampoline Priam Maria West Boston Alice Carneal *Yorkshire Magnolia	
	Year	Age	Sts	lst	2nd	3rd	Won	
	1877	2	2	0	1	0	\$ 100	
	1878	. 3	6 8	2	1	1	7,050	
	1879	4	8	2 0 3	1	0	125	
	1880	5	9		1	2	1,205	
	1881	6	10	5	3	1	2,450	
	1882	7	7	1	0	1	450	
	Tot	als	42	11	7	5	\$11,380	
At 2 Years	2ND	Sanford Stal	kes					



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