

*The
Hamlet*
In the Heart of Lopez Village

September 27, 2024

Finance Committee
San Juan County Public Hospital District #2, DBA Lopez Island Hospital District
PO Box 976
Lopez Island, WA 98261
CC: Iris Graville, President
James Orcutt, Secretary
Albert Berger, Treasurer
Steve Goldstein, Commissioner

Dear Finance Committee members,

The Hamlet Board of Directors have asked me to inquire whether the Lopez Island Hospital District is willing to fund sufficient program-related expenses to make it sustainable for us to provide adult family home services to Lopez residents who are Medicaid recipients.

The following key points serve as a summary of our request, with additional details below:

- Hamlet House is an eight bed, non-profit adult family home which provides assisted living services for Lopez residents and their family members.
- The Hamlet is committed to supporting a diverse clientele, including residents that depend upon Medicaid for their long-term care.
- Medicaid payments are much less than the actual cost of 24/7 care provided at Hamlet House. Providing Medicaid residents with care currently poses an unsustainable financial hardship to The Hamlet.
- The Hamlet Board of Directors is requesting between \$50,000 to \$70,000 annually to cover sufficient program-related expenses to make it feasible for us to continue care for all in an equitable manner.

We spoke with the administrator of the San Juan Island Hospital District #1 about their program for Medicaid residents at Village on the Green, and that program has been very successful since it was initiated in March of 2024. In April, they had six Medicaid supported residents in five rooms, out of their total population of 42 individuals in 36 rooms. Since then, they have had no Medicaid bed turnover. They acknowledge that it would not be financially feasible to provide these services to Medicaid residents if they did not have hospital district funds to help absorb some of the expenses that aren't covered by Medicaid. Currently, Village on the Green is the only facility in the county besides Hamlet House that provides facility-based assisted living services to Medicaid recipients. Their policy is to offer this support only to Medicaid recipients who are San Juan Island residents or their family members.

We have contacted Lopez Island Home and Hospice Support, the Lopez Island Family Resource Center, Hospice of the Northwest, and the UW Medicine Clinic, and all agree that if it were known that there was a dedicated Medicaid bed available, it would likely be put to good use. According to the 2019 San Juan County Long-Term Care Survey, 48% of Lopezians over age 65 reported that if staying in their home was no longer an option due to care needs, they would choose to move to a facility on island. Since we are the only care facility on Lopez, we must assume that many island seniors hope to move to Hamlet House at some point, and with a market-rate bed currently costing \$99,000 per year, it is highly likely that quite a few seniors require a Medicaid bed.

The need for services by Medicaid recipients on Lopez Island varies significantly from month to month. Currently, there are two potential Medicaid individuals who live on Lopez and are interested in a room at Hamlet House. However, we occasionally encounter a period when we receive no referrals and the individuals who have been waiting for an opening have made other arrangements.

As a non-profit organization, the Hamlet has an ongoing commitment to subsidize rental rates for 7 of our 14 cottages, but no regulatory requirement to support Medicaid beds at Hamlet House. Nonetheless, it is an ongoing goal of the Board to offer a Medicaid bed. Several of our Cottage residents have been Medicaid recipients and we are familiar with the difficulties they encounter when transitioning to off-island assisted care facilities.

In the past, Hamlet House was able to provide limited financial support to help one or two residents who were on Medicaid or were of low to moderate income and could not afford to pay market rates. We relied upon an internal Financial Assistance Fund. However, the fund never exceeded \$35,000 and the four Hamlet House residents who benefitted from the fund had an average requirement of 5 years of ongoing support. The fund was depleted in 2016.

In 2022, the Hamlet operated at a \$117,394 loss and in 2023 the Board reluctantly decided to restrict future Hamlet House services to residents who could pay market-based rates until our financial situation improved. Now that we are once again operating on a break-even basis, we voted at our most recent Board meeting to serve up to two Medicaid-supported clients who meet our criteria for residency. We will again be operating at a loss and are seeking funding support from the Commission, as well as from local nonprofit organizations and our donor community, because of the long-term commitment to services we make to each of our residents. The estimated annual funding support needed to serve one Medicaid-enrolled resident would be \$70,000; if two Medicaid-supported residents shared a room the combined support costs would be approximately \$50,000.

The challenges are considerable for any care facility that is committed to providing services to Medicaid enrollees. Medicaid reimbursement varies with the acuity of the resident served, but the average monthly rental reimbursement is only \$4,000 per month, and the current cost of services at Hamlet House exceeds \$8,000 per month. Many Medicaid-funded residents share a room with another Medicaid resident in order to reduce the cost per resident for services, but this is only possible if there is another willing and compatible person available, and often this goal cannot be accommodated at the exact time it is needed in our small community.

In addition to seeking support from the Hospital Commission for Medicaid enrollees, we have a goal to work with our donor community to renew the financial assistance fund over time to provide ongoing assistance for Hamlet House residents who require subsidy, including situations where their financial resources become depleted over time. This fund will need to be substantial in order to be maintained on an ongoing basis.

We look forward to having a discussion with you concerning how you can help us support Medicaid-enrolled, low-income seniors on Lopez so they can have access to 24-hour care in the community that they love. When we meet, we will provide you with Hamlet financial statements and operating budgets, as well as discuss mechanisms for how services could be reimbursed.

Best regards,

Karen Gilbert, RN, MN

Karen Gilbert
Board of Directors
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