



Public Health and Health Planning Council

Project # 121263-E
Selfhelp Family Home Care, Inc.

County: New York (New York)
Purpose: Establishment

Program: Certified Home Health Agency
Submitted: April 19, 2012

Executive Summary

Description

Selfhelp Family Home Care, Inc. is a not-for-profit corporation requesting approval to become established as a certified home health agency (CHHA) under Article 36 of the Public Health Law, to provide services in Bronx, Kings, Queens, New York, Westchester, Nassau and Suffolk counties.

On December 8, 2011, the Public Health and Health Planning Council adopted an amendment to Section 760.5 of Title 10 NYCRR. This emergency regulation authorized the Commissioner of Health to issue a request for applications (RFA) to establish new certified home health agencies, or expand the approved geographic service areas and/or approved population of existing CHHAs. Hebrew Home for the Aged at Riverdale submitted an application in response to the competitive RFA, and was awarded RFA approval. This CON application is in response to the RFA approval.

DOH Recommendation
Contingent approval.

Need Summary

The applicant provided data for each county proposed relating to the criteria set forth in 709.1(a) including factors such as population growth, ethnic makeup of the population, rate of elderly living alone, disability prevalence in the elderly population, insurance status of the population, and health status of the population. The applicant discusses the 709.1(a) criteria for the general population in the county as well as the target population of the CHHA; HIV/AIDs patients and Holocaust survivors. The applicant conducted an analysis of the data presented to show a need for the CHHA services in the proposed counties. They also

demonstrated a need for CHHA services within the proposed target population.

Program Summary

Review of the Personal Qualifying Information indicates that the applicant has the appropriate character and competence under Article 36 of the Public Health Law.

Financial Summary

There are no project costs associated with this application.

Incremental Budget:	<i>Revenues:</i>	\$ 15,768,700
	<i>Expenses:</i>	<u>15,523,100</u>
	<i>Gain/(Loss):</i>	\$ 245,600

It appears that the applicant has demonstrated the capability to proceed in a financially feasible manner.

Recommendations

Health Systems Agency

There will be no HSA recommendation for this application.

Office of Health Systems Management

Approval contingent upon:

1. Submission of current Certificates of Good Standing for each of the following attorneys: Peter Jakes and Ernes Bial. [CHA]

Approval conditional upon:

1. Pursuant to 10 NYCRR 760.8, the applicant shall be providing services in the entire geographic area approved by the Council within one year of the Council's approval. The failure, neglect or refusal of an applicant for the establishment of a new certified home health agency to commence operation of the certified home health agency within one year of issuance of the Council's approval or contingent approval of the application shall constitute an abandonment of the application by the applicant, with any such approval to be deemed cancelled and withdrawn without further action by the Council. [CHA]

Council Action Date

December 6, 2012.

Need Analysis

Background

On December 8, 2011 the Public Health and Health Planning Council adopted an amendment to Section 750.5 of Title 10, NYCRR authorizing the Commissioner of Health to issue a request for applications (RFA) to establish new certified home health agencies (CHHAs) or expand existing CHHAs. Public need was based on established criteria in section 709.1(a) of Title 10 and that approval of the application will facilitate implementation of Medicaid Redesign Initiatives to shift Medicaid beneficiaries from traditional fee-for-service programs to managed care, managed long term care systems, integrated health systems or similar care coordination models or that approval will ensure access to CHHA services in counties with less than 2 existing CHHAs.

Solicitation

The RFA for the establishment of new or expansion of existing CHHAs was released on January 25, 2012 with RFA applications due on March 9, 2012 and CON applications due on April 20, 2012. Applicants were permitted to submit questions to the Department to seek additional clarification regarding this process. The Department's answers were provided to all applicants prior to the submission deadline, to ensure consistent information was shared regarding the process.

Applications that were not presented to the Public Health and Health Planning Council with a recommendation for approval at either the August 2012 or October 2012 meetings were considered deferred. The department notified RFA applicants that we are exercising our authority under the RFA Section VII.D.5 to seek clarifications and revisions of applications from those applicants whose applications have been deferred. Letters dated September 17th and 27th were sent to these applicants through NYSECON and included information related to the review and evaluation criteria and characteristics of approved applicants.

Additionally, the opportunity to arrange a meeting or phone conference with the Division of Home and Community Based Services to discuss the RFA criteria that was used to evaluate each application was made available to each applicant

Competitive Review

The CON determination of need was based on the applicant's response to the RFA which includes any additional information submitted by the applicant in response to the aforementioned September 17th and 27th letters. The applications were reviewed on criteria that included, but were not limited to:

- Organizational capacity to successfully implement the MRT initiatives and potential of the proposal to support the goals of the Department in advancing MRT initiatives;
- Knowledge and experience in the provision of home health services;
- Demonstration of public need based on 709.1(a) as well as a description of community need and the health needs of the community supported by data;
- Potential of the approved application to produce efficiencies in the delivery of home care services to the home care population;
- Description of a comprehensive and effective quality assurance plan which described how the agency will use data to implement an ongoing quality assessment and performance improvement program that leads to measurable and sustained improvement in performance.

Selfhelp Family Home Care, Inc is affiliated with Selfhelp Community Services, Inc. which operates a special needs CHHA that provides services to people with HIV/AIDS. Selfhelp has partnered with FECS (a large community based social services and mental health provider) to form SinglePoint Care Network. This newly formed organization will deliver delegated care management services on behalf of MCOs. SinglePoint recently signed a contract with HealthPlus/Amerigroup MLTCP to provide delegated care management services on behalf of the plan throughout the proposed service area.

Selfhelp specifically discussed MRT initiatives that would be supported through approval of their application: MRT #5 Reduce and Control CHHA Utilization, MRT #90 Mandatory Enrollment in Managed Long Term Care Plans, and MRT #196 Supportive Housing Initiative. The applicant can support the goals of the MRT based on their history with their operational special needs CHHA and LHCSA and the network of other providers and linkages they have with the community. The IPA they were involved in creating will help control CHHA utilization.

Selfhelp has current contracts with the following MLTCPs: Wellcare, VNS Choice, Guildnet, Arch Care Senior Life, Fidelis Care at Home, Centerlight (CCM), HIP/Emblem, MetroPlus.

The applicant provided data for each county proposed relating to the criteria set forth in 709.1(a) including factors such as population growth, ethnic makeup of the population, rate of elderly living alone, disability prevalence in the elderly population, insurance status of the population, and health status of the population. The applicant discusses the 709.1 (a) criteria for the general population in the county as well as the target population of the CHHA; HIV/AIDs patients and Holocaust survivors. The applicant conducted an analysis of the data presented to show a need for the CHHA services in the proposed counties. They also demonstrated a need for CHHA services within the proposed target population.

The applicant discussed how approval of their application will improve access to home health care services and how they will enhance care coordination and ensure continuity of care for individuals currently receiving services. They have a history of serving high cost and complex cases and discussed Telehealth and Chronic Disease Management Programs they have developed to address the need of patients with heart disease and diabetes.

The applicant thoroughly describes their quality improvement plan including how customer satisfaction surveys are conducted through a CMS-approved vendor. The responses are summarized and reported to the agency. Results are reviewed to identify any patterns, trends or issues. Areas are identified for improvement. They have a detailed process to handle complaints. They perform root cause analysis to identify underlying causes of adverse events or performance and discuss partnering with other providers to prevent adverse events and improve health outcomes.

Recommendation

From a need perspective, approval is recommended.

Programmatic Analysis

Background

Selfhelp Family Home Care, Inc. is a not-for-profit corporation requesting approval to become established as a CHHA under Article 36 of the Public Health Law to provide services in Bronx, Kings, Queens, New York, Westchester, Nassau and Suffolk counties.

The applicant proposes to operate the CHHA from an office located at 520 Eighth Avenue, New York, New York 10018. The applicant proposes to provide the following health care services:

Nursing	Home Health Aide	Personal Care
Physical Therapy	Occupational Therapy	Respiratory Therapy
Speech Language Pathology	Audiology	Medical Social Services
Nutrition	Homemaker	Housekeeper
Medical Supplies, Equipment, and Appliances		

The Board of Directors of Selfhelp Family Home Care, Inc. comprises the following individuals:

Peter H. Jakes, Esq. – President
Partner, Willkie Farr & Gallagher, LLP

Ernes L. Bial, Esq. – Treasurer
Senior Counsel, Montgomery McCracken Walker & Rhodes, LLP

Affiliations:

- Selfhelp Community Services, Inc.
- Selfhelp Family Homecare

Mary Mayer – Secretary
Retired

A search of the individuals named above revealed no matches on either the Medicaid Disqualified Provider List or the OIG Exclusion List.

A ten year review of the operations of the following facilities was performed as part of this review for the time periods specified (unless otherwise specified):

Selfhelp Community Services, Inc.
Selfhelp Family Homecare

The information provided by the Division of Home and Community Based Services has indicated that the applicant has provided sufficient supervision to prevent harm to the health, safety and welfare of residents and to prevent recurrent code violations.

Review of the Personal Qualifying Information indicates that the applicant has the appropriate character and competence under Article 36 of the Public Health Law.

Recommendation

From a programmatic perspective, contingent approval is recommended.

Financial Analysis

Operating Budget

The applicant has submitted an incremental operating budget for the first and third years, in 2012 dollars, which is summarized below:

	<u>Year One</u>	<u>Year Three</u>
<u>Revenues:</u>		
Medicaid	\$4,521,800	11,429,700
Medicare	1,612,400	4,288,000
Private Pay	<u>20,400</u>	<u>51,000</u>
Total Revenues	\$6,154,600	\$15,768,700
Expenses	<u>6,171,200</u>	<u>15,523,100</u>
Net Gain(Loss)	(\$16,600)	\$245,600

Utilization by payor source in the first and third years is as follows:

<u>Payor</u>	<u>Year One And Year Three</u>
Medicare Fee-For-Service	21.0%
Medicare Managed Care	3.3%
Medicaid Fee-For-Service	14.0%
Medicaid Managed Care	58.0%
Private Pay	0.4%
Charity Care	3.3%

Expense and utilization assumptions are based on the existing CHHA Program's historical experience. Revenues are reflective of the Medicaid Episodic Payment system.

Capability and Feasibility

There are no project costs associated with this application.

Working capital requirements, estimated at \$2,587,183, appear reasonable based on two months of third year expenses and will be provided through the existing operation.

The submitted budget indicates a net loss of \$16,600 in the first year and a net income of \$245,600 in the third year. Revenue is based on current payment rates for Certified Home Health Agencies. The submitted budget appears reasonable.

Presented as BFA Attachment A is the financial summary of Selfhelp Community Services, Inc. which shows the applicant has maintained positive working capital and net assets and achieved net profit of \$591,696 from operations for 2011. Presented as BFA Attachment B is the internal financial summary of Selfhelp Community Services, Inc. as of June 30, 2012, which shows the applicant has maintained positive working capital and net assets and experienced a net loss of \$2,027,351. The applicant has stated the reason for the losses were due to the facilities investment portfolio suffering a year end loss, reversals of old receivables from St. Vincent's Hospital and depreciation. To improve operations the facility has signed several managed care contracts which will lead to growth within the home care operations.

Based on the preceding, it appears that the applicant has demonstrated the capability to proceed in a financially feasible manner, and approval is recommended.

Recommendation

From a financial perspective, approval is recommended.

Attachments

BFA Attachment A	Financial Summary for Selfhelp Community Services, Inc. year ended June 30, 2011
BFA Attachment B	Financial Summary for Selfhelp Community Services, Inc. June 30, 2012 internals

SELFHHELP COMMUNITY SERVICES, INC.

CONSOLIDATED BALANCE SHEET

JUNE 30, 2011

(With Summarized Financial Information for June 30, 2010)

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,944,477	\$ 2,149,825
Investments:	12,863,772	12,386,649
Accounts receivable - net	10,243,929	8,223,060
Contributions receivable - net	291,013	108,450
Prepaid expenses, other receivables and deposits	157,032	160,145
Due from related parties - net:	<u>1,721,505</u>	<u>1,330,254</u>
Total current assets	<u>27,221,728</u>	<u>24,358,383</u>
Long-term assets		
Contributions receivable - net:	421,773	173,355
Assets held for deferred compensation - investments	<u>501,551</u>	<u>404,446</u>
Total long-term assets	<u>923,324</u>	<u>577,801</u>
Other assets		
Guardianship assets held in trust:	11,998,938	13,465,301
Fixed assets - net	<u>3,004,647</u>	<u>3,468,201</u>
Total other assets	<u>15,003,585</u>	<u>16,933,502</u>
Total assets	<u>\$ 43,148,637</u>	<u>\$ 41,869,686</u>

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BFA Attachment A cont.

SELFHELP COMMUNITY SERVICES, INC.

CONSOLIDATED BALANCE SHEET

JUNE 30, 2011

(With Summarized Financial Information for June 30, 2010)

	<u>2011</u>	<u>2010</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 2,064,616	\$ 1,203,736
Accrued salaries and related benefits payable	2,268,702	2,029,059
Accrued vacations payable	556,663	703,468
Refundable advances	1,425,266	907,766
Due to Selfhelp Community Services Foundation, Inc. D/B/A SCS Foundation	<u>119,615</u>	
Total current liabilities	<u>6,434,862</u>	<u>4,844,029</u>
Long-term liabilities		
Deferred compensation payable	810,220	519,729
Deferred rent payable	<u>272,294</u>	
Total long-term liabilities	<u>1,082,514</u>	<u>519,729</u>
Other liabilities		
Guardianship assets held in trust	<u>11,998,938</u>	<u>13,465,301</u>
Total liabilities	<u>19,516,314</u>	<u>18,829,059</u>
Net assets		
Unrestricted	20,020,044	19,796,309
Temporarily restricted	<u>3,612,279</u>	<u>3,244,318</u>
Total net assets	<u>23,632,323</u>	<u>23,040,627</u>
Total liabilities and net assets	<u>\$ 43,148,637</u>	<u>\$ 41,869,686</u>

Project # 121263

BFA Attachment A Cont.

SELFHHELP COMMUNITY SERVICES, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2011
 (With Summarized Financial Information
 for the Year Ended June 30, 2010)

	Unrestricted	Temporarily Restricted	Total	
			2011	2010
Operating revenues				
Home care revenue	\$ 29,816,931		\$ 29,816,931	\$ 29,911,604
Government revenue	8,774,052		8,774,052	9,039,241
Contributions and program grants	7,915,534	\$ 422,763	8,338,297	7,358,818
Program revenue	2,995,638		2,995,638	2,472,247
United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc.	1,873,674		1,873,674	2,202,249
Real estate development fees	568,688		568,688	1,618,611
Investment income	1,262,876	570,562	1,833,438	1,019,329
Net assets released from restrictions	625,364	(625,364)		
Total operating revenues	53,832,757	367,961	54,200,718	53,622,099
Operating expenses				
Home care programs	26,715,514		26,715,514	27,231,300
Community programs	18,928,900		18,928,900	18,986,575
Management and general	7,074,348		7,074,348	6,419,633
Fund raising	890,260		890,260	841,034
Total operating expenses	53,609,022		53,609,022	53,478,542
Change in net assets	223,735	367,961	591,696	143,557
Net assets - beginning of year	19,796,309	3,244,318	23,040,627	22,897,070
Net assets - end of year	\$ 20,020,044	\$ 3,612,279	\$ 23,632,323	\$ 23,040,627

Project # 121263

BFA Attachment B

SELFHELP COMMUNITY SERVICES, INC.

CONSOLIDATED BALANCE SHEET

JUNE 30, 2012

(With Summarized Financial Information for June 30, 2011)

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 144,879	\$ 1,944,477
Investments	9,642,357	12,863,772
Accounts receivable - net	11,458,229	10,243,929
Contributions receivable - net	208,504	291,013
Prepaid expenses, other receivables and deposits	188,468	157,032
Due from Selfhelp Community Services Foundation, Inc. D/B/A SCS Foundation	38,479	
Due from related parties - net	4,682,250	1,721,505
Total current assets	<u>26,363,166</u>	<u>27,221,728</u>
Long-term assets		
Contributions receivable - net	135,831	421,773
Assets held for deferred compensation - investments	583,444	501,551
Total long-term assets	<u>719,275</u>	<u>923,324</u>
Other assets		
Guardianship assets held in trust	13,393,600	11,998,938
Fixed assets - net	4,067,464	3,004,647
Total other assets	<u>17,461,064</u>	<u>15,003,585</u>
Total assets	<u>\$ 44,543,505</u>	<u>\$ 43,148,637</u>

BEA Attachment B cont.
SELFHHELP COMMUNITY SERVICES, INC.

CONSOLIDATED BALANCE SHEET

JUNE 30, 2012

(With Summarized Financial Information for June 30, 2011)

	<u>2012</u>	<u>2011</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,878,106	\$ 2,064,616
Accrued salaries and related benefits payable	2,147,706	2,268,702
Accrued vacations payable	530,988	556,663
Refundable advances	1,946,845	1,425,266
Line of credit	2,275,000	
Due to Selfhelp Community Services Foundation, Inc. D/B/A SCS Foundation		119,615
Total current liabilities	<u>8,778,645</u>	<u>6,434,862</u>
Long-term liabilities		
Deferred compensation payable	1,009,630	810,220
Deferred rent payable	<u>577,952</u>	<u>272,294</u>
Total long-term liabilities	<u>1,587,582</u>	<u>1,082,514</u>
Other liabilities		
Guardianship assets held in trust	<u>13,393,600</u>	<u>11,998,938</u>
Total liabilities	<u>23,759,827</u>	<u>19,516,314</u>
Net assets		
Unrestricted	17,966,971	20,020,044
Temporarily restricted	<u>2,816,707</u>	<u>3,612,279</u>
Total net assets	<u>20,783,678</u>	<u>23,632,323</u>
Total liabilities and net assets	<u>\$ 44,543,505</u>	<u>\$ 43,148,637</u>

SELFHHELP COMMUNITY SERVICES, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012
 (With Summarized Financial Information
 for the Year Ended June 30, 2011)

	Unrestricted	Temporarily Restricted	Total	
			2012	2011
Operating revenues				
Home care revenue	\$ 30,582,204		\$ 30,582,204	\$ 29,816,931
Government revenue	8,775,617		8,775,617	8,774,052
Contributions and program grants	7,909,224	\$ 2,981	8,338,297	8,338,297
Program revenue	2,909,879		2,909,879	2,995,638
United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc. (UJA)	1,149,822		1,149,822	1,873,674
Real estate development fees	1,723,290		1,723,290	568,688
Investment income	(8,301)	(210,461)	(218,762)	1,833,438
Net assets released from restrictions	588,092	(588,092)		
Total operating revenues	<u>53,629,827</u>	<u>(795,572)</u>	<u>52,834,255</u>	<u>54,200,718</u>
Operating expenses				
Home care programs	27,712,728		27,712,728	18,478,384
Philanthropic programs	8,458,363		8,458,363	8,237,130
Community programs	10,385,208		10,385,208	18,928,900
Management and general	7,360,820		7,360,820	7,074,348
Fund raising	944,487		944,487	890,260
Total operating expenses	<u>54,861,606</u>		<u>54,861,606</u>	<u>53,609,022</u>
Change in net assets before other changes	<u>(1,231,779)</u>	<u>(795,572)</u>	<u>(2,027,351)</u>	<u>591,696</u>
Prior year audit recovery	<u>(821,294)</u>		<u>(821,294)</u>	<u>591,696</u>
Change in net assets	<u>(2,053,073)</u>	<u>(795,572)</u>	<u>(2,848,645)</u>	<u>1,183,392</u>
Net assets - beginning of year	<u>20,020,044</u>	<u>\$ 3,612,279</u>	<u>\$ 23,632,323</u>	<u>\$ 23,632,323</u>
Net assets - end of year	<u>\$ 17,966,971</u>	<u>\$ 2,816,707</u>	<u>\$ 20,783,678</u>	<u>\$ 24,815,715</u>