

COMMUNITY – BASED RESIDENTIAL HOUSING

A White Paper on Options for the Expansion of Services

Tammy Lynn Center
for Developmental Disabilities



COMMUNITY-BASED RESIDENTIAL SERVICES

Overview

One of the most fundamental rights for all people, and essential to a quality life, is to have a place to call home. A place where people choose with whom they live, and a place where one can be safe, happy, and in a community of their choice. Due to the many challenges in our state surrounding funding and policy issues, there continues to be an immense need for a variety of housing options for people with Intellectual & Developmental Disabilities (IDD) and their families. We are prepared to expand our services by providing additional housing options, where the right combination of fee for services and philanthropy, can create additional homes that are person centered, provide long term quality services and support for people with IDD throughout their lifetime, and are financially viable.

Background

Since our founding in 1969, Tammy Lynn Center (TLC) has been committed to providing an array of quality services, care and support to meet the many needs of children, adults and families in our communities. TLC continues to evolve and expand, to assist individuals with IDD to live, learn, play, work, grow and to reach their fullest potential. Today, our four core programs are 1) Early Childhood Intervention Services, 2) Education Services, 3) Respite Care and 4) Community-Based Residential Services. Within these services, there are also services that may transfer from one program to the next, such as various therapies, nursing services, and services provided by our nutritionist, psychologist and social workers.

TLC currently provides community based residential services under two models – the first is a center based model on our campus in Raleigh, NC for both children and adults with IDD, who also require nursing services. The second model is three community based group homes in Cary, NC for adults with IDD, but who do not require nursing services within the home. The first community based home opened in 1997, followed by the remaining two homes in 2007. Two of the homes have been renovated for accessibility to meet ADA compliance, and added enhanced health and safety features, to ensure the homes will adapt to various changes in one's life, including aging. These 3 homes provide 24/7 services and support for a total of 12 adults with IDD.

Need Statement

The most common form of community based living provided in North Carolina is from immediate family members, providing round-the-clock care, in their own home. Due to access to medical and technological advances, people with IDD are living longer and healthier lives, as are their parents. The trend is for older children and adults to be receiving care from aging parents. As

this trend continues, the need for long term supports and services will increase for people with IDD and their caregivers. Families are in constant fear of what may happen to their loved ones when they themselves are no longer able to care for them or pass away.

Many states, including North Carolina, have long waiting lists for Medicaid-funded community based supports, such as Innovations funding, to serve people with IDD in a home of their choice and in their community. The total population in North Carolina is approximately 9,435,000. Of that number, 1%-3% (94,350 to 283, 050) are individuals with IDD. Currently, there are an estimated 12,000 individuals with IDD on the wait list for services in NC.

Tammy Lynn Center believes one way to address this growing need is for our agency to offer additional community homes across North Carolina. Our board supports a cautious but intentional plan to expand into adjoining counties as a prudent step that extends our reach to individuals with IDD and families who desperately need these services, yet not strain our existing management teams' ability to supervise the start-up operation of a new home(s).

Housing Options

There are several models under which a home could be acquired and operated. We have created four scenarios based upon the needs we continue to receive from families. Those four options are detailed in Appendixes 1 through 4, which were prepared with the assistance of our auditors, Langdon & Associates of Raleigh, North Carolina. In each scenario, the homes will provide services to four residents who have Innovations funding. Each of these homes would be licensed homes through the Division of Health Services Regulations (DHSR). Since the staffing models differ significantly between homes for individuals who require minimum supports and homes for individuals who require more individualized care and support, we prepared separate pro forma statements as such. Centers for Medicaid/Medicare Services (CMS), currently allows 4 bedroom licensed group homes for individuals with IDD. Appendix I and II are based on serving individuals who require minimum supports. Appendix III and IV are for homes where we are providing individualized care and support. All four models are designed for adults with IDD who require staff in the home 24/7 in order to live safely and independently in the community, and the individual's person centered plan would acknowledge this level of supports as such.

As demand for existing single family homes continues to climb, particularly in urban areas surrounding Wake County, the availability of quality rental housing will continue to shrink. This will lead to higher rental rates. Tammy Lynn Center believes that owning new group homes is preferable to renting, and we have experience accessing various funding, including housing subsidy programs for the acquisition and rehabilitation of existing properties. Owning our group homes also provides more dependable supports and stability for individuals and their families. However, for comparison purposes, we present rental options in our pro forma statements.

If there are individuals or groups that wish to support our expansion through the gifting of developed land or existing housing, those gifts would accelerate our expansion. Financial support that enables us to purchase property would also accelerate our expansion. Therefore, we are open to focusing our efforts in those adjoining counties where such private support exists or can be cultivated.

Even with such support, our financial analysis and our past experiences present us with the undeniable truth that each new home we develop to support individuals with IDD and their families, will operate at a financial loss. Operating at break-even will require a significant change in public policy.

Public Policy and Philanthropy

Over the past 18 months, some of North Carolina's Managed Care Organizations (MCO's) have given increases in the reimbursement rates to certain service providers. However, these rate increases have not compensated for the many years that rates were kept stagnant. Many providers such as Tammy Lynn Center experienced cost increases up to 30% greater than the recent rate increases. Until such time as public policy changes and reimbursement rates increase for services such as those proposed in this plan, private philanthropy will be needed to offer various housing options in a manner consistent with our mission. Also, our Managed Care Organizations will need to be a part of these discussions as we move towards the planning and implementation of the initiatives outlined this document.

Fortunately, we know that there are individuals, groups, corporations and foundations that may be willing to support enterprises such as this. Tammy Lynn Center has a strong history of soliciting and sustaining philanthropy from these sources. However, we know that developing a reliable, local and long-term stream of philanthropy takes time, and usually builds on itself as time goes by. It is not prudent to embark on a new group home believing that "if we build it, the private funding will come."

Next Steps

We believe it is necessary and appropriate to secure multi-year commitments from individuals, corporate, private and family foundations, and other interested groups that will fill the operating gap before embarking on each project. This will give the Tammy Lynn Center development staff time to build and implement a local, long-term philanthropic plan to subsidize these homes. We will do this while also continuing our efforts to change public policy and adequate funding to ensure people with IDD have the opportunities to continue to learn, play, work and live in the community of their choice.

We have begun meeting with families to better understand their ability and willingness to help us put in to place these multi-year commitments to fund the negative cash flows from a new home. We will begin to identify corporate, private and family foundations who are also willing to make capacity grants to help start-up and operate these homes. Finally, we will actively seek to develop relationships with city, county, regional and statewide policy makers who can also help identify and secure funds for these projects. Offering individuals and their families options to live as independently as possible and to reach their fullest potential, with the supports necessary to ensure the highest level of care and quality of life, is at the core of what we do.

**TLC
 Sleep Home Budget Model
 Innovations Level I & II
 Own Home**

Appendix I

4 People

Revenue:

| | |
|--|----------------|
| Room & Board (<i>Social Security, SSI</i>) | \$ 58,368 |
| Residential Support (<i>Innovations</i>) | 154,217 |
| Total Revenue | <u>212,585</u> |

Expenses:

| | |
|--|--------------------|
| Personnel | 148,434 |
| Supplies (food, medical, hygiene) | 12,511 |
| Property: | |
| Debt Service | 32,400 |
| Utilities | 5,029 |
| Maintenance | 4,835 |
| Insurance | 2,451 |
| Transportation: | |
| Debt Service | 15,095 |
| Insurance | 6,995 |
| Operational Expense (maintenance, gas, etc.) | 6,290 |
| Communications (cell, telephone, internet) | 3,612 |
| Administrative supplies and other expenses | 6,429 |
| Total direct expenses | <u>244,081</u> |
| Administrative overhead (14%) | 34,171 |
| Total expenses | <u>278,252</u> |
| | <u>\$ (65,667)</u> |

Note: Budget does not include additional administrative and renovation costs to comply with licensure and ADA requirements.

**TLC
 Sleep Home Budget Model
 Innovations Level I & II
 Rent Home**

Appendix II

4 People

Revenue:

| | |
|--|----------------|
| Room & Board (<i>Social Security, SSI</i>) | \$ 58,368 |
| Residential Support (<i>Innovations</i>) | 154,217 |
| Total Revenue | <u>212,585</u> |

Expenses:

| | |
|--|---------------------------|
| Personnel | 148,434 |
| Supplies (food, medical, hygiene) | 12,511 |
| Property: | |
| Rent | 54,000 |
| Utilities | 5,029 |
| Maintenance | 3,115 |
| Insurance | 201 |
| Transportation: | |
| Debt Service | 15,095 |
| Insurance | 6,995 |
| Operational Expense (maintenance, gas, etc.) | 6,290 |
| Communications (cell, telephone, internet) | 3,612 |
| Administrative supplies and other expenses | 6,429 |
| Total direct expenses | <u>261,711</u> |
| Administrative overhead (14%) | 36,640 |
| Total expenses | <u>298,351</u> |
| | <u><u>\$ (85,766)</u></u> |

Note: Budget does not include additional administrative and renovation costs to comply with licensure and ADA requirements.

**TLC
 Awake Staff Home Budget Model
 Innovations Level III & IV
 Own Home**

Appendix III

4 People

Revenue:

| | | |
|--|----|----------------|
| Room & Board (<i>Social Security, SSI</i>) | \$ | 58,368 |
| Residential Support (<i>Innovations</i>) | | 224,316 |
| Day Supports | | - |
| Total Revenue | | <u>282,684</u> |

Expenses:

| | | |
|--|----|-----------------|
| Personnel | | 226,311 |
| Supplies (food, medical, hygiene) | | 12,511 |
| Property: | | |
| Debt Service | | 32,400 |
| Utilities | | 5,029 |
| Maintenance | | 4,835 |
| Insurance | | 2,451 |
| Transportation: | | |
| Debt Service | | 15,095 |
| Insurance | | 6,995 |
| Operational Expense (maintenance, gas, etc.) | | 6,290 |
| Communications (cell, telephone, internet) | | 3,612 |
| Administrative supplies and other expenses | | 6,429 |
| Total direct expenses | | <u>321,958</u> |
| Administrative overhead (14%) | | 45,074 |
| Total expenses | | <u>367,032</u> |
| | \$ | <u>(84,348)</u> |

Note: Budget does not include additional administrative and renovation costs to comply with licensure and ADA requirements.

TLC
Awake Staff Home Budget Model
Innovations Level III & IV
Rent Home

Appendix IV

4 People

Revenue:

| | | |
|--|----|----------------|
| Room & Board (<i>Social Security, SSI</i>) | \$ | 58,368 |
| Residential Support (<i>Innovations</i>) | | 224,316 |
| Day Supports | | - |
| Total Revenue | | <u>282,684</u> |

Expenses:

| | | |
|--|----|------------------|
| Personnel | | 226,311 |
| Supplies (food, medical, hygiene) | | 12,511 |
| Property: | | |
| Rent | | 54,000 |
| Utilities | | 5,029 |
| Maintenance | | 3,115 |
| Insurance | | 201 |
| Transportation: | | |
| Debt Service | | 15,095 |
| Insurance | | 6,995 |
| Operational Expense (maintenance, gas, etc.) | | 6,290 |
| Communications (cell, telephone, internet) | | 3,612 |
| Administrative supplies and other expenses | | 6,429 |
| Total direct expenses | | <u>339,588</u> |
| Administrative overhead (14%) | | 47,542 |
| Total expenses | | <u>387,130</u> |
| | \$ | <u>(104,446)</u> |

Note: Note: Budget does not include additional administrative and renovation costs to comply with licensure and ADA requirements.