

AVERAGE COST OF CARE EXPLANATION GUIDE

Consistency in the reporting of data by religious institutes is a value to NRRO. Increasing the accuracy of data enables a more consistent distribution of grants, helps identify services that will benefit institutes with specific needs, and gives a more accurate representation of the institutes' total net resources.

Varying organizational and management styles in religious institutes necessitates the modification of the standard form used to calculate cost of care. Along with the original form, two modifications are included to assist with the calculation of cost of care, breaking the cost down by levels of care. The style of the institute will determine which form or forms to use to calculate cost of care.

If an institute has developed internal processes for the ongoing calculation of cost of care into levels of care, and parallels the expense categories of the NRRO forms, this process can also be used to generate the information needed to complete the eligibility form.

Each form has the same intent: 1) to find the average cost of care for members age 70 years and above by care level, 2) to standardize the calculation of the average cost of care among religious institutes, 3) to assist persons responsible for the stewardship of community resources to consider all factors that impact the cost of care, and 4) to provide the information needed for effective long range planning.

Form A is the standard form. Forms B and C are modifications to be used to address relevant situations.

FORM A is to be used for locations where care for retired members is provided. One form is completed for each location with retirement cost breakdowns. This form breaks costs into independent living, assisted living and skilled/intermediate care.

FORM B is used by institutes whose total membership lives in one location (with the possible exception of infirmed members receiving outside care). This is particularly formatted to assist contemplative institutes and other institutes with all members living in common. This form breaks down retirement costs into two categories; independent living and assisted/skilled care.

FORM C may be used by institutes to collect data from individual houses where the central finance office does not have detailed financial data from each local house. This form may be distributed to representative local houses with members age 70 and above, for calculation at the local level. The central office may need to include directions and some specific costs, e.g. health insurance premiums. The data can then be compiled at the institute's central finance office. This compilation is used to determine independent living expenses for missions.

SPECIAL CASE

For institutes with members at several locations

Residence in Non-Congregational Nursing Care Facilities

Use Form A for members housed in non-congregational nursing care facilities. Column 4 is used to calculate their cost of care. Line number 1 is their allocated expense for corporate administration, because they continue to benefit from being members of a functioning institute. Numbers 2A and 2B include any of their personal needs beyond what is paid to the nursing care facility. Line number 4G.5 indicates the payment to the nursing care facility. If the individual's social security check is the sole payment for care, this is the amount indicated on line 4G.5. Line number H.2 accounts for any additional income that offsets out of pocket costs. The net cost is found on line number H.5. This amount is then transferred to the eligibility form matrix as cost of care for skilled/intermediate care.

PROCESS

The first step in the calculation of the cost of care is to determine the number of locations for which costs need to be determined and the best format to elicit that information. The sample overview matrix is an example of one census breakdown by various locations.*

* DEFINITION OF LOCATION:

- Consider all local missions (budget units, local community houses, etc.) with a common breakdown of costs for retired members as one location. Determine the number of unique local mission scenarios needed to obtain an overview of retirement costs.
- Each retirement house, nursing home and motherhouse should be treated as a separate location.

Notes:

- ****The sum of independent, assisted and skilled/intermediate care members age 70 and above should equal the sum of the total census ≥ 70 . *Note: If an individual is under the age of 70, but is clearly receiving skilled or assisted care, and it is difficult to break out the cost, include that person in the calculation of cost of care. The total census ≥ 70 and the number of members receiving care will then be unequal.***
- The number of average cost of care worksheets should equal the number of locations specified on the overview matrix that represent unique cost breakdowns for care of members age 70 and above.

EXAMPLE: OVERVIEW MATRIX OF CENSUS DISTRIBUTION TO COINCIDE WITH CALENDAR/FISCAL YEAR END FINANCIAL STATEMENTS

	Location	Total Census	Total Census <70	Total Census ≥ 70	Independent Living ≥ 70	Assisted Living ≥ 70	Skilled/Intermediate Care ≥ 70	FORM to USE
1.	Mission	250	190	60	60	0	XXXX	
2.	Mother house	56	10	46	20	26	0	
3.	Community Infirmary	100	3	97	0	32	65	
4.	Assisted living facility	34	2	32	0	32	0	
5.	Nursing home	1	0	1			1	
6.								
	TOTAL	441	205	236**	80	90	66	

Step 1 Complete an overview census matrix for your institute. Cost of care will be calculated for members age

70 and above. See definitions of terms for level of care on page 7.

Location	Total Census	Total Census <70	Total Census ≥70	Independent Living ≥70	Assisted Living ≥70	Skilled/Inter- mediate Care ≥70	FORM to USE
TOTAL							

Step 2 PARTICIPATION IN PUBLIC PROGRAMS

In column 1 indicate the number of members from the total census of the institute who participate in the listed programs. In column 2, list the number of members age 70 and above who participate.

<u>Program</u>	<u>Yes</u>	<u>No</u>	Column 1 Number enrolled	Column 2 Number age 70+ enrolled
Low Income Subsidy - Medicare Part D	<input type="checkbox"/>	<input type="checkbox"/>	_____	_____
QMB or SLMB	<input type="checkbox"/>	<input type="checkbox"/>	_____	_____
Medicaid - Medical (Non Nursing Home)	<input type="checkbox"/>	<input type="checkbox"/>	_____	_____
Medicaid - Nursing Home	<input type="checkbox"/>	<input type="checkbox"/>	_____	_____
Supplemental Security Income (SSI)	<input type="checkbox"/>	<input type="checkbox"/>	_____	_____
Average annual SSI benefit per recipient			\$ _____	
Is the Medicaid program open to Religious in your state?	Yes _____	No _____	Don't know _____	

DEFINITIONS:

Low Income Subsidy - Medicare Part D: This program provides additional financial assistance to low-income persons in conjunction with the Medicare Prescription Drug Benefit Program.

Qualified Medicare Benefits (QMB): This program is for a person with income at or below the Federal poverty level. The state will pay the standard Medicare premiums, deductibles, and coinsurance.

Specified Low Income Medicare Beneficiary (SLMB): This program is for a person with a slightly higher level of income. The state will pay their standard Medicare premiums but not the deductibles and coinsurance.

Medicaid - Medical (Non Nursing Home): A program of government financed medical care for specified groups. Services covered by Medicaid include inpatient and outpatient hospital services, laboratory and X-ray services, physician services, etc.

Medicaid - Nursing Home: The section of Medicaid that pays for the care of eligible individuals in a licensed nursing or retirement facility.

Supplemental Security Income (SSI): Provides monthly payments to aged (65 or older), blind, and disabled people with limited income and resources (assets).

DEFINITIONS FOR COST OF CARE WORKSHEET:

Skilled/Intermediate care level - Care is provided for individuals with long-term illnesses or disabilities whose needs are met by appropriate health care personnel under the direction of a registered nurse. These individuals would normally be found in a nursing home setting.

Assisted care level - Care is provided for individuals who require some assistance in the activities of daily living. Examples of assisted living services are meal preparation, housekeeping and laundry services, assistance with bathing, and assistance with scheduling of physician appointments. Many of these individuals would be likely to live in larger, congregate settings.

Independent living - These are individuals who are capable of taking care of their own activities of daily living, are competent in decision making, and are able to carry out the normal problem-solving activities of daily life. These individuals often live in local groupings.

Full-time Equivalent: (FTE) - This calculates the number of full eight hour shifts that are worked, e.g. if two people each work 20 hours per week, that is the equivalency of one work week or one FTE employee.

General institute administration - These expenses of the institute support management and administrative services including funerals, general insurance, postage, office supplies, telephone, audit, legal and other professional services, administrative travel, meetings, and so on. For the purpose of this report, please do not include subsidies and transfers, discretionary donations, the costs of operating a development office, FICA payments for members, mortgage or loan payments, or expenses related to education, formation, associate or third order programs. Do not impute salary expenses for elected leadership unless the tasks or responsibility of the elected leader could be replaced by a lay employee. The total general administrative expense is allocated across the entire membership.

- A. Personal needs - Personal budget, food, clothing, travel expenses, spiritual, recreation, supplies and personal expenses.
- B. Medical Expenses - Deductible, insurance premiums, self-insurance costs, direct payments to providers, pharmacy and medical supplies and equipment, net of reimbursement. Please include only the true costs of medical care to the congregation, i.e. medical reimbursements are deducted from medical costs. If medical expenses are inflated for retired members due to higher insurance premiums for active members, make the appropriate adjustment for your institution.
- C. Housing - Operating, maintenance of plant, rent, utilities, etc.
- D. Staff salaries - Payroll and benefit expenses for dietary, administration, housekeeping, maintenance, laundry, pastoral care, and human resources staff. Everyone at the location benefits from these services; not specific to retirement costs. Include a religious member's salary if it is currently included in the payroll.
- D. 1 Replacement of community member staff - Any staff positions that are currently filled by institute members who would be replaced by lay employees if religious vacate these positions. Include those positions where lay employment is in the near future.
- E. Support staff and services - These services are more specific to members age 70+ whether independent, assisted living or skilled care; e.g. payroll and benefit expenses for administrator, clerical, activities director, unit clerk, physical therapist and aide, occupational therapist and aide positions. Include adult day care costs. Include a religious member's salary if it is currently included in the payroll.
- E. 1 Replacement of community member staff - Support staff positions, not including those providing medical care, currently filled by institute members who would be replaced by lay employees if the institute members vacate these positions.

- F. Lay nursing staff - Salary and benefit expense for director of nursing, registered nurses, licensed practical nurses, licensed vocational nurses, certified nurse aides, nurse aides, and resident assistants. Include a religious member's salary if it is currently included in the payroll. These positions are more specifically geared toward the needs of the assisted living and skilled care residents. Estimate the proportion of these employees' time spent caring for the assisted living residents and the proportion spent caring for the skilled care residents. If this determination cannot be made, use a ratio of 4:1, i.e. four hours of skilled care for every hour of assisted care provided.

Example 1:

Type of Care	Census	Hrs/resident day	Total hours	% attributed to type of care
Skilled Care	1	4	$(1 \times 4) = 4$	$4 \div 5 = 80\%$
Assisted Care	1	1	$(1 \times 1) = 1$	$1 \div 5 = 20\%$
Total	2	5	$(4 + 1) = 5$	100%

Example 2:

Type of Care	Census	Hrs/resident day	Total hours	% attributed to type of care
Skilled Care	66	4	$(66 \times 4) = 264$	$264 \div 354 = 75\%$
Assisted Care	90	1	$(90 \times 1) = 90$	$90 \div 354 = 25\%$
Total	156	5	$(264 + 90) = 354$	100%

Calculation:

Type of Care	Census	Hrs/resident day	Total hours	% attributed to type of care
Skilled Care				
Assisted Care				
Total				

- F. 1 Replacement of community member staff - Imputed cost for director of nursing, registered nurses, licensed practical nurses, licensed vocational nurses, certified nurse aides, nurse aides, and resident assistant positions currently filled by community members who would be replaced within 5 years by lay employees if community members vacate these positions.
- G. Upkeep expense - Average cash outlay pertinent to the location for building improvements, large equipment and automobiles used in the care of retired members. Do not include the entire fleet of cars, just those used by/for members age 70 and above. This does not include the cost of new buildings or extraordinary costs that would make this year appear unusually high in these types of expenditures. Large capital expenses/improvements should be amortized on a depreciation scale. The depreciation figure from the audit/review may be substituted if this is a more realistic figure.

Step 4

CALCULATION OF THE WEIGHTED AVERAGE COST OF CARE PER PERSON

Weighted average cost of care across all care levels is arrived at by completing the following matrix. All information for this matrix is found on the Average Cost of Care Form. Note that total costs are required.

	Location from matrix on page 6	Independent TOTAL COST Form A H.3, Column 2 Form B (13.A * Y.1) Form C #14	Independent census Form A (Y.1) Form B (Y.1) Form C ("Y")	Assisted Living TOTAL COST Form A H.3, Column 3	Assisted Living Census Form A (Y.2)	Skilled Intermediate TOTAL COST Form A. H.3, Column 4 Form B 13.B * Y.3	Skilled / Interm Census Form A Y.3 Form B Y.3
1.							
2.							
3.							
4.							
5.							
6.							
		(M)	(N)	(O)	(P)	(Q)	(R)
	Total of each column						

- S. Average per capita living cost for independent members ≥ 70 years is \$ _____ (M / N).
- T. Average per capita assisted living cost for members ≥ 70 years is \$ _____ (O / P).
- U. Average per capita skilled care cost for members ≥ 70 years is \$ _____ (Q / R).
- V. Calculate weighted average cost of care for members ≥ 70 years, across all care levels.

$$[(M + O + Q) / (N + P + R)].$$
- W. **Weighted average cost of care** = \$ _____.
(This figure is transferred to the Eligibility Form. In Section IV)