



**Fiscal 2019-2020
Budget Presentation**

**Residents' Council Meeting
May 20, 2019**

Messiah Lifeways (ML)

Messiah Home
d/b/a Messiah
Lifeways at
Messiah
Village
(MV)

Messiah
Lifeways
Community
Support
Services
(CSS)

Messiah
Family
Services d/b/a
Messiah
Lifeways at
Mount Joy
Country
Homes (MJCH)

ML: Executive Team, Shared Services:
Fiscal, Human Resources, Information Technology,
Marketing, Compliance, Donor Development

MV:
Nursing
Enhanced Living
Residential Living
Campus Support
Services
Enrichment Services
Wellness

CSS:
At Home
Adult Day
Services
Mechanicsburg
Place Sr. Center
Pathways

MJCH:
Residential
Living
Campus
Support
Services

MV Operating Expenses

1. Program Expenses in Levels of Living

- Team Member Salaries, Wages, and Benefits: Nurses, social workers, activities, laundry, housekeeping, administrators, dieticians, etc.
- Medical Supplies
- Pharmacy, Lab, Medical Ancillaries, and Physical, Occupational, and Speech Therapy (Short-term Medicare/Insurance stays)
- Dining: Food and related supplies costs

2. Building Operations

- Utilities Expenses: Electric, Natural Gas, Water, Sewer, Trash, TV
- Service Contracts: HVAC, Elevators
- Repairs: Buildings, Streets, Equipment
- Inspections – Required by Regulations and Safety

MV Operating Expenses Continued

3. Fees

- Management Fee from Messiah Lifeways (Included within Fees and Purchased Services)
- Software fees

4. Administrative – Nursing Home Assessment Fees

5. Insurance – General Liability, Property, Auto, Cyber, etc.

6. Real Estate Taxes

7. Interest Expense – relates to \$84 million of borrowed funds for projects

8. Depreciation Expense

Depreciation Expense

Depreciation Expense

Example: On July 1, 2017, MV purchased equipment costing \$25,000. It is estimated that the equipment has a useful life of 5 years.

Cost of Equipment	\$25,000
Years of useful life	5
Depreciation expense per year	\$5,000

	2017	2018	2019	2020	2021
Depreciation Expense	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Actual Cash Paid	\$25,000	-0-	-0-	-0-	-0-

Messiah Lifeways at Messiah Village
Statement of Operations
For the Nine Months Ending March 31, 2019

	Actual	Budget	Variance	
	Year to Date	Year to Date	Year to Date	
REVENUES				
Net Resident Services Revenues	\$34,845,285	\$34,686,860	\$158,425	0.5%
Other Revenue	867,827	781,698	86,129	11.0%
Release from Temporarily Restricted Net Assets	758,324	750,000	8,324	1.1%
TOTAL REVENUE	36,471,436	36,218,558	252,878	0.7%
EXPENSES				
Salaries, Wages and Benefits	14,745,615	14,896,668	151,053	1.0%
Fees, Purchased Services and Supplies	12,267,287	11,862,540	(404,747)	-3.4%
Administrative	680,898	526,311	(154,587)	-29.4%
Building Operations and Maintenance	1,676,466	1,797,390	120,924	6.7%
Insurance and Real Estate Taxes	1,069,958	1,071,414	1,456	0.1%
Interest Expense	2,592,678	2,538,432	(54,246)	-2.1%
Depreciation and Amortization	5,744,171	5,786,928	42,757	0.7%
TOTAL EXPENSES	38,777,073	38,479,683	(297,390)	-0.8%
OPERATING INCOME (LOSS)	(2,305,637)	(2,261,125)	(44,512)	2.0%

Overall Budget Process

January - March

Budget Managers completed Operating, Capital, and Staffing Budgets for respective entities/ departments

February - March

Budget Committee reviewed budgets with Budget Managers and reporting VPs

April

Executive Team approved final draft. Board of Directors approved budget and residents were provided with new rate sheets.

July 1 New Fiscal Year

**Approved by
Board of
Directors on
April 23**

Factors Within the Budget

- ✓ Current financial performance
 - ✓ Strategic initiatives
- ✓ Changing regulatory payment structures
 - ✓ Inflation factors
 - ✓ Market studies for rates
- ✓ Competition for team members

MV Budgeted Operating Expenses

	<u>2020</u>	<u>2019</u>	<u>Increase/(Decrease)</u>	
Salaries, Wages and Benefits	\$ 21,538,069	\$ 19,844,119	\$ 1,693,950	8.5%
Fees, Purchased Services and Supplies	16,497,736	15,816,681	681,055	4.3%
Administrative	761,835	701,754	60,081	8.6%
Building Operations and Maintenance	2,164,477	2,396,479	(232,002)	-9.7%
Insurance and Real Estate Taxes	1,473,974	1,428,539	45,435	3.2%
Interest Expense	3,428,808	3,384,561	44,247	1.3%
Depreciation and Amortization	7,400,000	7,715,920	(315,920)	-4.1%
TOTAL EXPENSES	\$ 53,264,899	\$ 51,288,053	\$ 1,976,846	3.9%

Staffing Expenses as a % of Total Operating Expenses

	Budgeted 2020
MV Direct Team Members	\$ 21,538,069
Campus Dining Labor (All Venues)	\$ 2,219,580
Therapy Labor (PT, OT, ST)	\$ 2,498,315
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	\$ 26,255,964
Total Budgeted Operating Expenses	\$ 53,264,899
Staffing as a % of Total Operating Expenses (*)	49.3%

**Excludes Allocated Team Member Costs from ML*

MV Budgeted Operating Revenue

	2020	2019	Increase/(Decrease)	
Net Resident Services Revenues	\$48,775,893	\$46,381,506	\$2,394,387	5.2%
Other Revenue	1,377,820	1,041,652	336,168	32.3%
Net Assets Released From Restriction for operations	1,210,200	1,000,000	210,200	21.0%
TOTAL REVENUE	\$51,363,913	\$48,423,158	\$2,940,755	6.1%

MV Budgeted Revenue

	<u>2020</u>	<u>2019</u>	<u>Increase/(Decrease)</u>	
Net Resident Services Revenues				
Nursing Daily Fees	\$21,706,397	\$20,746,979	\$959,418	4.6%
Enhanced Living Daily Fees	13,465,145	12,789,429	675,716	5.3%
Residential Living Monthly Fees & Amortization of Entrance Fees	10,317,744	10,181,165	136,579	1.3%
Physical, Occupational, Speech Therapy	2,470,807	1,898,333	572,474	30.2%
Other Ancillaries (Beauty Shops, Billable Supplies, etc.)	815,800	765,600	50,200	6.6%
	<u>\$48,775,893</u>	<u>\$46,381,506</u>	<u>\$2,394,387</u>	<u>5.2%</u>
Other Revenue (Dining, Wellness, Unrestricted Contributions)	1,377,820	1,041,652	336,168	32.3%
Net Assets Released from Restriction	1,210,200	1,000,000	210,200	21.0%
	<u>\$51,363,913</u>	<u>\$48,423,158</u>	<u>\$2,940,755</u>	<u>6.1%</u>

Occupancy Assumptions

Area	Available	Occupied	2020 Budget	Actual April 19
Nursing – Wagner	31	26	83.9%	67.0%
Nursing – Asper	53	45	84.9%	82.6%
Nursing – Other LTC	100	94	94.0%	93.5%
Total Nursing	184	165	89.7%	85.9%
Enhanced Living – Hopewell	26	18	70.2%	60.1%
Enhanced Living – Laurel	83	78	94.0%	95.2%
Enhanced Living – Nittany	74	69	93.2%	88.6%
Total Enhanced Living	183	165	90.3%	87.3%
Residential Living – Cottages	152	147	96.7%	98.5%
Residential Living – Village Commons	124	112	90.3%	85.8%
Residential Living – Village Square	84	79	94.0%	97.5%
Total Residential Living	360	338	93.9%	93.9%

FY2020 Rate Increase

Average Rate Increases	Fiscal Year		
	2018	2019	2020
Nursing – Private Room	4.0%	4.0%	3.5%
Nursing – Semi-Private Room	4.0%	4.0%	3.5%
Nursing – Greenwood/Engle	n/a	4.5%	3.5%
Enhanced Living	4.0%	4.0%	3.5%
Residential Living	4.0%	4.0%	3.5%

MV Budgeted Statement of Operations

	2020	2019	Increase/(Decrease)	
Net Resident Services Revenues	\$ 48,775,893	\$ 46,381,506	\$ 2,394,387	5.2%
Other Revenue	1,377,820	1,041,652	\$ 336,168	32.3%
Net Assets Released From Restriction for operations	1,210,200	1,000,000	\$ 210,200	21.0%
TOTAL REVENUE	51,363,913	48,423,158	\$ 2,940,755	6.1%
EXPENSES				
Salaries, Wages and Benefits	\$ 21,538,069	\$ 19,844,119	\$ 1,693,950	8.5%
Fees, Purchased Services and Supplies	16,497,736	15,816,681	681,055	4.3%
Administrative	761,835	701,754	60,081	8.6%
Building Operations and Maintenance	2,164,477	2,396,479	(232,002)	-9.7%
Insurance and Real Estate Taxes	1,473,974	1,428,539	45,435	3.2%
Interest Expense	3,428,808	3,384,561	44,247	1.3%
Depreciation and Amortization	7,400,000	7,715,920	(315,920)	-4.1%
TOTAL EXPENSES	\$ 53,264,899	\$ 51,288,053	\$ 1,976,846	3.9%
OPERATING INCOME (LOSS)	(1,900,986)	(2,864,895)	\$ 963,909	-33.6%

Net Budgeted NOL

Operating Income (Loss)	Budget 2020	Budget 2019	\$ Change
Messiah Lifeways	117,406	100,261	17,145
ML at Messiah Village	(1,900,986)	(2,861,549)	960,563
ML at Mt Joy Country Homes	6,787	(185,177)	191,964
ML Community Support Services	(201,158)	(156,509)	(44,649)
Consolidated	(1,977,941)	(3,102,974)	1,125,033

Capital Budget

ML at MV FY2020 Capital Budget	
Buildings, Land Improvements, Renovations	554,000
Building - Operational	223,500
Major Equipment	762,300
Vehicles	335,000
Construction Services (Unit Turnovers)	1,188,600
IT – Hardware & Software	658,500
Equipment	196,783
Contingency	335,310
Grand Total	4,253,993

Medicaid/Benevolent Care

Benevolent Care is defined as the gap between what it costs to provide care within a level of living and:

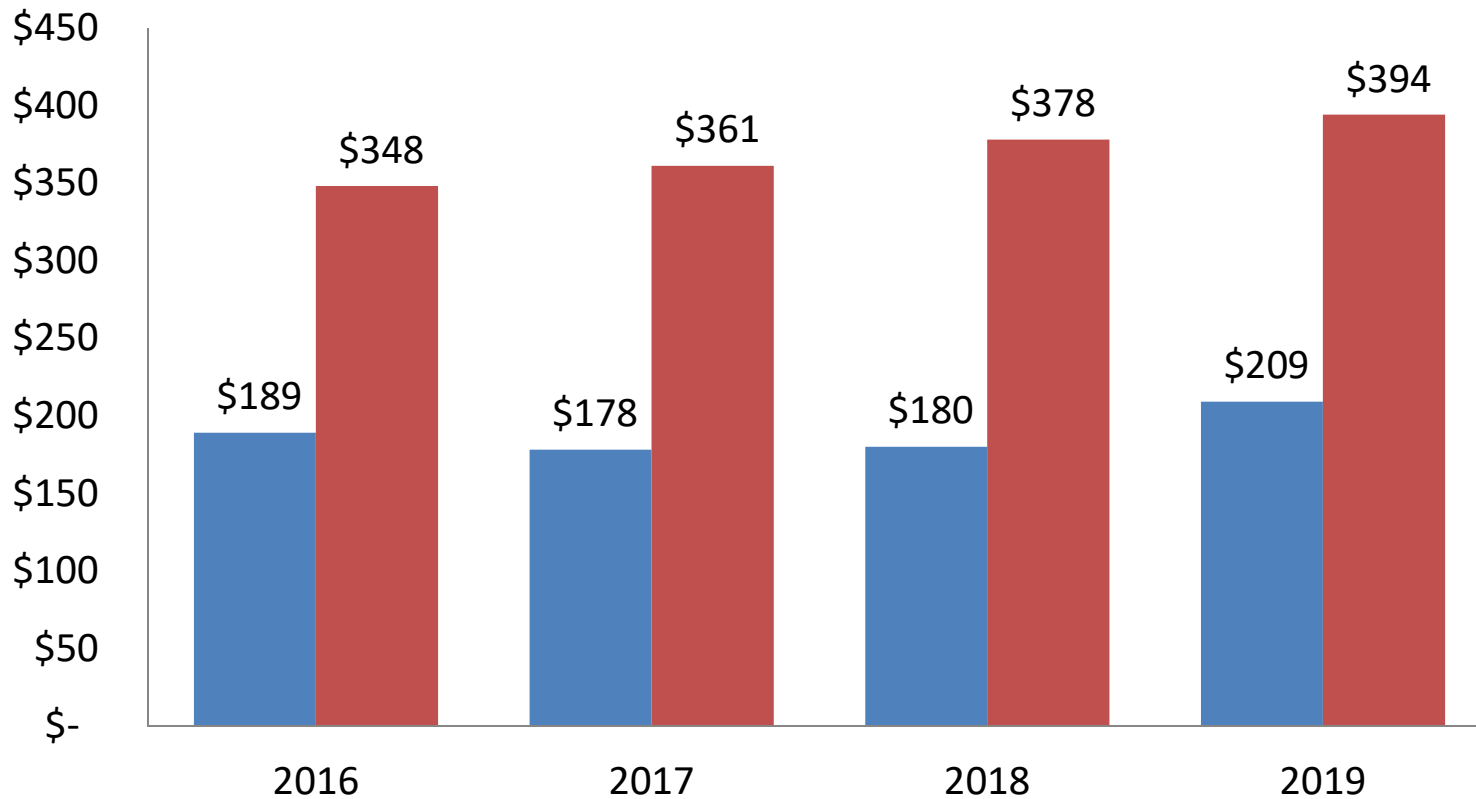
1) in Nursing, the reimbursement from Government programs (Medicaid)

OR

2) In Enhanced Living, the contributions of income payments by the residents that have outlived their assets.

	9 Months Ending 3/31/19
Nursing	\$ 2,060,000
Enhanced Living	783,500
	\$ 2,843,500
Nursing and EL Revenue	\$ 27,213,000
MA/Benevolent Care as a % of Revenue	10.4%

Gap in Private Pay Rate vs. Medical Assistance Rate



■ Medical Assistance Average Daily Rate
 ■ Private Pay Average Daily Rate

	2016	2017	2018	2019
Adjustment as a % of Private Pay Rate	-45.7%	-50.7%	-52.4%	-47.0%

Medicaid/Benevolent Care

- Messiah Village, as a non-profit and faith based organization, is committed to providing care to older adults including those who have truly outlived their resources.
- The Benevolent Care Endowment Fund exists to help financially support those who have outlived their resources, and in fiscal year 2019 the contribution is \$1 million versus the \$3.7 million projected.
- The growing gap in reimbursement versus the cost to provide quality care is not sustainable.
- Advocacy is needed at the state and federal government to increase the level of Medicaid payment as well as to close the legislation loopholes for those who are not indigent and qualify for Medical Assistance.

Questions?

