

Village to make offer to purchase Heritage of Wauneta

Written by Wauneta Breeze

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Decision to proceed with plans to acquire arrived at after delving into feasibility study

By Tina Kitt

The Wauneta Breeze

After several hours of examining the details of a feasibility study formulated by Rural Health Development (RHD) consultants, members of the Wauneta Village Board determined the numbers look solid enough to take the plunge.

They voted unanimously to extend an offer of \$50,000 to Vetter Health Services (VHS) to purchase the building, property and equipment at Heritage of Wauneta, the community's licensed nursing home. The offer is contingent upon the Village being able to obtain financing, acquire the required bed licenses and obtain a fixed bid for fire sprinkler system upgrades.

The discussion and vote were held during a special meeting held Thursday morning. The vote came after an extensive conference call discussion with RHD president Ron Ross, attorney Dick Nelson, accountant Terry Galloway, USDA Rural Development Nebraska Area Specialist Natalie Furrow, and Randall Raile of BWTelcom, which has offered to act as a flow-throw utility company for public loan funding for the project.

Joining the discussion in person was Terry Engell of Wauneta who has played a critical role in gathering information and rallying support to keep Heritage of Wauneta open.

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Other community members were also present to listen to the discussion including Cedric McDaniel of rural Hayes County who voiced strong support for the steps being taken by the Village to purchase the facility, which will ensure it continues to operate as one of the premier nursing homes in the region.

These efforts were launched this summer when the community of Wauneta was rocked by the announcement that Vetter Health Services, owners of Heritage, planned to discontinue operations here by June 30, 2012.

The loss of the local facility, which is the single largest employer in the community, would pose a significant economic and emotional blow to Wauneta, note community members and consultants alike.

“There are high emotions involved in the decision to continue operation,” notes RHD in the feasibility study. “The community does not want to lose services to their elderly. Employment is another key factor to consider. Jobs are scarce in small communities.”

On average, Heritage employs 60 full and part time employees with an annual payroll of \$830,298 in 2010.

At present, 31 of Wauneta’s citizens make their home at Heritage, marking an 81 percent occupancy rate for the 38-bed facility, according to information made available by Heritage of Wauneta Administrator Lisa Kisinger.

Based on last year’s inspections, Heritage has a 3 Star rating on the Medicare Nursing Home Compare website, which is the highest rating of all other nursing homes in a 100 mile radius with the exception of Good Samaritan in Atwood, Kans. And after 2011’s stellar survey results are compiled, the rating is likely to go even higher, notes Kisinger.

“We are a great little home and that can be credited to our fantastic staff. They are

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compassionate and caring, but more importantly, they are passionate about what they do and it shows!" said Kisinger.

Village board members Page Johnston and Tony Cribelli are scheduled to meet with Jack Vetter, owner of Vetter Health Services, at his office in Elkhorn today (Thursday) to discuss the Village's offer. They will be joined by attorney Dick Nelson.

Feasibility study details

Among the details offered in RHD's feasibility study were an estimate of start-up costs needed to keep Heritage of Wauneta in operation under new ownership. In addition to the cost of purchasing the building, land, equipment and furnishings for \$50,000, the Village will also need to procure licenses for each bed available for occupancy.

VHS has announced they will be moving existing bed licenses to another location within Nebraska, possibly to new facilities they are building in eastern Nebraska.

State law allows for bed licenses to be transferred and a moratorium on issuing permits for new bed licenses in the state is in place. This leaves Wauneta with the only available option of finding nursing homes willing to sell existing bed licenses to be used at Heritage. Engell has been successful in finding a number of nursing homes in the region willing to help Wauneta by selling some of their licenses, but those licenses do not come cheap, with the cost of securing 30-35 bed licenses pegged at \$300,000.

Another major cost is associated with incorporating mandated fire sprinkler system upgrades in the building. That cost is estimated at \$225,000.

Cash-flow for the first month of operations is pegged at \$150,000, with another \$100,000

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included in the start-up cost estimates for miscellaneous expenses putting the total projected cost at \$825,000.

Loan funding is available through the USDA at 0 percent interest for 80 percent of the cost. The community would need to furnish 20 percent. The term of the loan is 10 years.

Village board members noted that for the purchase of the nursing home to be successful it will require the support of the community not only financially to cover 20 percent of the start-up costs, but in promoting Heritage and in choosing the facility for health care purposes when the time comes to make that decision individually.

While everyone agrees that Heritage plays an invaluable role in the community, there are some who are worried that operational costs of the facility may fall on the backs of local tax payers. Merlin Marquart of Wauneta was present at last week's meeting to voice that concern, asking where the money would come from.

Ross said that an analysis of the facility's finances showed there is a good cash flow to cover operational costs. Board members said there has been an outpouring of support from across the area, with several verbal commitments to donate money if needed to make the purchase possible.

Public input is welcome, sought and needed, said Johnston. "We want to be as transparent in this process as possible.

The USDA loan process will require public hearings. In the event that bonds will need to be issued for the project, a public vote would be likely be required also, noted Furrow.

Nelson cautioned that a bond issue would involve drawn-out process. "We need to be mindful that the current owner needs to see things rolling along or they will have to put into action their plans to wind down operations," said Nelson.

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Heritage plays invaluable role in local community

Residents: 31 currently

At present, 31 community members call Heritage of Wauneta home, allowing them to remain in their hometown, close to family members and friends while getting the extra care they need.

Employees: 60 staffers

There are currently 60 full and part time employees affiliated with Heritage, most of whom live within the Wauneta-Palisade School District, making Heritage the single largest employer in town.

School district impact

Among those households of Heritage's 60 employees there are 12 youngsters enrolled in school at Wauneta-Palisade, representing 7 percent of the district's current total enrollment.

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Annual payroll: \$830,298

An annual payroll approaching \$1 million at Heritage pumps a healthy flow of capital into the economy of southwest Nebraska.