

**Apostolic Christian Home for the Handicapped
State of the Agency
January 2017**

We are blessed to have the privilege of serving in the Lord's work. We are also very thankful to have a committed Board of Directors and very faithful donors. Like all services there is continuing change. Our commitment is to continue serving in ways that honor God and are faithful to our Vision and Mission.

Resident Services

The current capacity of the agency is 158 clients in 16 different locations. The agency offers a wide array of services including medical, leisure, community access, living supports, communication, therapies, behavioral supports, mental health support and training in personal care and social skills. The agency receives positive feedback from surveyors and is recognized as having high quality services.

Over the past several years we have made changes to the level of care we provide in the small group homes. We are now serving people with much higher needs in the CILA (Community Integrated Living Arrangement) group homes. We have many clients who need assistance with personal care and communication. This has resulted in needs for staff retraining, and for changes in supervision and in management. We are currently remodeling one of the CILA homes to make it wheelchair accessible. It will be ready for occupancy by June. We will review existing clients needs and their funding eligibility. We will also review our staff needs and then determine when to reopen it and what type of client mix we can support at this time.

Oakwood Estate is now a 12 bed wheelchair facility for people without high medical needs but who need significant assistance with personal care. Serving people in wheelchairs in a smaller setting is a significant addition to the scope of services we have had available in the past. We began admissions to Oakwood a couple of years ago and it has been fully occupied for a couple of years. We are extremely pleased with the quality of life we have been able to provide. We have had very strong affirmation from clients and their families.

Timber Ridge continues to look at ways to provide the medical care needed as people age or as people are admitted with higher levels of medical needs.

For many years one of the challenges for agencies who provide service to adults with developmental disabilities has been to find ways to accommodate people with aging and dementia needs. Most people come into ACHH services when they are young or middle aged adults. Many of them age earlier than adults without disabilities. For residents at Timber Ridge it is possible to "age in place" because there are high medical and personal care services in place. For residents at the group homes we need to continue to look at models that will allow them to age in their homes as long as possible. The challenges we face in the smaller settings is having sufficient services in place and not changing the nature of the home in ways that are burdensome to the other residents who live there.

One of the most significant challenges for the agency is behavioral and mental health supports. We have been able to secure the services of highly skilled psychiatrists who have experience treating adults with developmental disabilities. Our program staff have good clinical skills and knowledge regarding behavior interventions, but the area of behavior needs and mental health needs is one of the most challenging areas to serve while maintaining dignity and respect for the affected clients. It is also a highly regulated and monitored area of service.

Future Services

Both State and Federal governments continue to develop new opportunities and challenges. These are focused on increasing opportunities for people with disabilities and on managing the costs of services. These goals are often in conflict with each other. There are several new federal and state initiatives which are being proposed and developed but none are yet active. This may give us a little time to adjust to recent changes, and assess what our needs are. We belong to several State provider associations where we contribute ideas and get information about trends and impending changes. It is imperative that we stay well informed as we continue to plan for future services.

These changes have been dealt with in more detail in other Board reports. The major initiatives we are monitoring are Managed Care, 1115 Waiver, and changes to the CILA rule. The State has made little significant progress in these areas in the past year. This is not necessarily good news since some of the changes are sure to come and it would be better to adapt over time and not at the last minute. Managed Care appears to be a part of the future of all Medicaid services. No model has been developed which adequately addresses choice and bidding for residential services. It is already developed for the medical part of services and appears to be an acceptable model for health care services with some issues that need to be worked out. There is no consensus on how Managed Care will actually be used for the residential part of services. The Governor's office proposed a new "Super Waiver", 1115, which combined several parts of Medicaid into one waiver or agreement with the federal government, but they did it on a much smaller scope than originally proposed and DD services were not included at this time. Providers of services for people with developmental disabilities have significant concerns about how this waiver will be implemented. Very few details have been provided, and there is a fear that if services are lumped together many necessary services and protections may be lost. At present Illinois' application for this waiver has not been reviewed by the federal agency. Their approval is required. The agency will need to monitor trends closely to assure that if the State resorts to a bidding process or a competitive process ACHH will still remain a choice for people to use for their services. Management regularly attends meetings, webinars, and seminars to track these trends. The new rules for CILA will go into effect 2019. The State is developing their plan to comply with the federal rules so little detail is known. It appears there are two issues. One is significantly increased rights and autonomy for clients which may create stress to meet while assuring safety. The second is requirements for greater levels of service which cannot be met with current funding and staffing. The general consensus among providers is that the State is in denial regarding the significant changes expected by the federal government. The State will be submitting its plan for approval in 2017.

Facility Assessment

There are currently 17 buildings in use by the agency. Of these buildings, 16 are residences and one is a CILA office building. The increase in the number of settings has been a significant challenge for maintenance. We have developed a structured system for reporting and tracking maintenance needs which is proving helpful. The buildings are all well constructed and hold their value well. Timber Ridge, Oakwood Estate and Linden Estate may have limited resale value based on their limited options for alternative uses. Oakwood Estate was completely converted to serve wheel chairs and is presently fully utilized. Linden Estate was significantly upgraded with a room addition and cosmetic changes. Timber Ridge is updated as needed and as a result is currently in good repair. . The resident rooms are dated and will be reviewed for some possible upgrading. The Timber Ridge lobby and offices are also being assessed and a proposal for updating them will be presented to the Board in 2017. During 2017 we will be assessing ways to keep the reduce the congestion at Timber ridge. This may involve a census reduction or keeping the census at 73 and adding some rooms to give more space for dining and socializing. The CILAS are generally in good repair and kept in good condition. As noted earlier a CILA which is not currently occupied is receiving a major remodeling to make it wheelchair accessible and more usable for residents who are ambulatory.

In 2016 we completely replaced all of the driveway and front parking for Timber Ridge. The entrance was removed and replaced with a spur off of the Morton Apostolic Christian Church driveway. Several parking slips were added along with a wheelchair loading area closer to the south wings.

Information Technology (IT)

Like all businesses and services, we have had and continue to have increasing needs for technology services in order to provide our services efficiently. In the past few years we made changes to our infrastructure that resulted in a greatly improved system. We have a solid server system and back up. We have also changed our method of updating user work stations in order to assure that they are current and compatible with the system.

We have software that is current and meets our business needs relatively well. We have been exploring medication administration software which would create better accountability in our small settings and which would automate much of the checking our nurses currently do manually. We believe we have found a system which will meet our needs. We also need software that will meet the need for "Electronic Health Records" and a better system of recording resident service plans and delivery of services. The problem with this issue is that there is very limited software that meets the needs of agencies serving people with developmental disabilities. The agency will continue to look for options and assess them as they are developed.

Like all businesses our use of electronic communication has multiplied. In response to this there are new regulations and expectations being put in place regarding keeping electronic communication confidential if it contains client information. This is a major challenge for health care and social service providers. We have done a major assessment of our uses of electronic communication for client information and we have and will continue to put protections in place to protect the confidentiality. We

are adapting our policy on an ongoing basis as the regulatory expectations continue to change regarding use of email and text with clients and families. A major change in 2016 was putting encryption in place for all email communication which is private and solidifying our protocol for text with private information.

We have completed changing the agency phone system. All of our facilities are on one system with extensions for each smaller facility. We have made some changes to our internet access to give residents who desire it access to wifi. As our IT has grown in scope and complexity it has been a challenge to put appropriate support in place. We have skilled staff available for support but we are sometimes stretched to have the support available when and where it is needed. This is an area that we need to continue looking at in the future.

Finances

It appears that the Agency will remain in a very vulnerable position regarding operating income. On both the national and state level governmental leadership is looking for ways to reduce expenditures. This affects us because social services are a major expense item. Cutting services to people with developmental disabilities will require significant changes to longstanding social values. There is currently a high commitment to integration and normalization. At the same time, we are seeing society's commitment to the needy being challenged and compromised.

At the same time the commitment of our donors is unprecedented. Although we can't guarantee future donations the pattern of commitment is well established and currently we are not aware of any threats to that commitment. The agency remains very committed to constituency education to assure that awareness of the need for donations remains high.

Expenses continue to grow at a rate close to inflation. There has not been significant wage inflation because of the recession and continuing high unemployment. As the country continues to come out of the recession we are beginning to see wage pressures and more difficulty finding appropriate candidates to hire. We continue to offer good benefits, which is helpful in recruiting and retaining staff. The General Assembly has proposed legislation to substantially increase direct care wages. If this passes we will have some significant increased costs but it appears it would also result in increased reimbursement. This would help with some of our increased costs. In addition, more of our current wage costs may be covered since we already pay more than is in the reimbursement formula. This legislation failed this past year but is still well supported by some legislators. It is not likely to get passed and signed by the Governor until there is a plan for a State budget. In the State of Illinois there is also significant pressure to raise minimum wage for all sectors. This may not get adjusted in our rates and could lead to very serious consequences across all of long term care. Very few providers have sufficient margin to handle a wage increase without a rate adjustment.

There are an unprecedented number of providers who are having staffing crisis. Some agencies have 25%-35% of their direct care positions unfilled. A couple of years ago the Board of Directors approved increasing our starting wage for direct care to \$10 per hour. It appears that this has spared us from this

crisis but it has resulted in significantly increasing our annual deficit. We have also increased the differential we pay on some shifts to improve our recruitment and retention on those shifts.

In the past year we qualified for a different rate structure for Timber Ridge. This is based on the high number of residents with significant health and care needs. Based on the State's system of rating needs we are one of four facilities in this rate structure. It has significantly helped with the large deficit at Timber Ridge. It does not apply to the rates at our other facilities.

Illinois has often dealt with their deficits in income by delaying payments to providers. This sometimes results in no cash flow for up to 6 months. We are fortunate to have a solid investment portfolio and a program to borrow against it at very reasonable rates.

The biggest issue for Illinois is the lack of a State budget and insufficient revenue to meet their financial obligations. No budget was passed for 2016 or 2017 fiscal years. There is strong speculation that there will not be one for 2018 and not until either the Speaker of the House or the Governor is replaced. The State deficit continues to grow with no plan to address it. We are being reimbursed but this creates a long term threat to the State's ability to pay.

Investments

We are very fortunate to have a solid investment portfolio. We are also fortunate to have had conservative and experienced advisors to work with. The return on the portfolio has been a significant factor in taking care of our annual deficit. It appears that we will need to assure a solid ongoing income from the investments into the future. We are thankful for the donations which have made this fund possible. The Board has used a measured response in promoting the Trust Fund which is a part of the investments. We do not want to take money from our regular donations and compromise operations but we also want to see the investments grow. We continue to promote both and depend on the leading of the Holy Spirit as people choose to donate. It is imperative that we continue to use highly qualified and high integrity advisors.

Personnel

Several years ago the agency was in a very difficult place regarding adequate staff for nurse positions and direct care positions. There was a widely recognized shortage of nurses and universal predictions of a worsening crisis. During the recession which followed the economy shifted drastically and resulted in nurses and direct care staff being much more stable in their positions. This was a result of staff having fewer alternatives to seek other jobs, fear of spouses losing jobs or being marginally employed, and qualified people without jobs seeking employment. Presently unemployment is dropping and the economy improving. This has resulted in some tightening of availability of job candidates. Nationally and specifically in Illinois there has been a severe shortage of direct care workers (Direct Support Professionals or DSPs). Providers are working on several initiatives to address this but the only real

solution is to create a wage level above other entry level jobs. The financial crisis in the State of Illinois has resulted in no rate changes to support this group of employees and some DD agencies have a critical shortage. It is imperative to remain as competitive as possible so if the economy begins to create more jobs we are in a position to recruit and retain employees. In a very general sense the jobs we have may increase in desirability as middle income jobs decrease because of automation and global employment competition.

We have tried to increase cross training of management and clerical functions. As we hire people into middle management and upper management positions we have continued to evaluate the appropriate structure of the agency management and potential candidates to move into management positions in the future.

Since the agency began there had been a Department Head meeting for the management group. This was used for sharing information and receiving input on decisions. As the agency became more diverse we created two separate department head groups that each meet every other week. Their decisions are mostly limited to the facilities they work with and giving advice on agency decisions. At the same time, we created the Executive Team which is the decision making group for the agency. At present the Team is made up of the Executive Director, Associate Executive Director, Group Home Administrator, Mission and Social Services Director and Human Resources Director. The current leadership structure is working well for soliciting input on decisions and for actual decision making.

We had several changes in personnel at the management level. Two of our Resident Services Directors reached retirement age. They have both been replaced by people that seem well qualified and capable. The Human Resources Director gave his resignation notice. That spot was filled by the previous Mission and Social Services Director. She has gone through training and is doing well. The Mission and Social Services opening was filled by a new employee. He has also been trained and is doing well. We were not able to fill the CILA Director position until the end of the year. We have an interim director who is considering taking the job permanently. We believe she has good skills for the position.

Church Relations

We are very blessed to be widely supported within the National Apostolic Christian Church. We are one of the longest standing missions and one that the general membership has a strong heart for. We have put some new processes in place and strengthened others to assure a continuing good relationship with the church and a high level of awareness within the churches. These include working closely with the Elder Body, church presentations, the Annual Report, and regular correspondence with church representatives, retired board members and "Friends of the Board". In 2016 we had a Church Rep Day for all of the local church representatives. This was last done in 2009. We were pleased with the attendance and interest. We believe it will be helpful in raising the awareness of the church reps. It is also imperative that the Church knows we are living up to the commitment we have made to our Vision and Mission to "Serve According to His Purposes".

We are also pleased to have the new Morton Apostolic Christian Church as a neighbor. We worked closely with them to coordinate driveways and access to parking lots. The close proximity has given more of our residents the opportunity to attend services or Sunday School at the church.

Agency Name Change

In 1971 when services began the first facility and the agency were given the name of Apostolic Christian Home for the Handicapped. At the time it was considered an appropriate name and respectful to people with disabilities. It recognized them as worthy of our care and attention. Over time the meaning and sensitivity of words change. The name of the facility was changed to Timber Ridge to recognize it as a home. For about 30 years we have tried to come up with an appropriate name for the agency but have never been able to come up with a satisfactory name. In 2016 we engaged the services of an organization that assists with name changes, logos and rebranding. It was a very thoughtful and thought provoking experience and has resulted in a name the Board of Directors is pleased with. The new name will be presented to the Elder Body in March and to the public in April. There is a great deal of work to be done to roll it out and make changes in all the places they need to be changed, but the staff and Board members on the committee are very pleased and eager to share the new name and logo.