

Sauk County Health Care Center

Reedsburg, Wisconsin

Assisted Living and Memory Care Market Study

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Sauk County Health Care Center

Market Study – Reedsburg, Wisconsin

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Introduction

Sauk County Health Care Center management requested a market study to evaluate the market conditions for an expansion of the nursing home campus in Reedsburg, Wisconsin. This analysis was specifically for an assisted living facility for frail elderly and elderly with cognitive disabilities such as Alzheimer's/dementia. Management did not request a market study for a skilled nursing facility; Residential Care Apartment Complex, or senior independent living. Management wishes to understand the market demand for the following options and to determine the potential capacity for these options:

- Community Based Residential Facility (CBRF), and
- Memory/Alzheimer's/dementia care community-based residential facility (CBRF).

The sources for the demographic data were the Wisconsin Demographic Center, U.S. Census Bureau, and ERSI and Claritas, which are national demographic data firms. The projection period for the data was 2012 to 2017, unless otherwise noted. The data sources for the competitive market information were management, the Department of Health Services directories, senior resources directory(ies), Internet searches, and a phone call survey conducted by Wipfli LLP ("Wipfli") staff. Key assumptions in this report were developed with the input of management. This report contains certain assumptions and projections about the potential market for the project; however, generating the demand for any project developed is the responsibility of management.

Executive Summary

This Executive Summary succinctly summarizes the market related data for a CBRF and memory care CBRF. Following this Executive Summary is a more detailed assessment of the data. Attached to the report is an appendix with the supporting data and documentation.

Market Study Findings

The 75-to-84 populations for the market area, the age group most likely to need and demand a frail elderly assisted living, is projected to increase 3.0% from 2,946 to 3,033 for the period 2012 to 2017, which is slightly higher than the statewide average, which is projected to increase 2.3% for the same period. This finding suggests a small growth projected for frail elderly assisted living; however, the more significant growth in the senior populations 75 to 84 will be after 2017. The small increase projected for these populations is a short-term issue and could be offset by the more significantly sized 65-to-74 populations (adult children) and the demand for the products that they will create on behalf of their elderly parents.

The 85+ populations for the market area are projected to increase 18.4%, from 1,340 in 2012 to 1,586 in 2017, which is higher than the statewide trend (+10.5%). This suggested fairly significant growth in the oldest populations for the market area, which will likely need and demand a memory care assisted living option, and suggested that there will be some increase in need for additional beds in the area for the next five years.

For the market area, there were a total of 13 comparable and competitive CBRFs, for a total of 223 CBRF beds identified at the time of the assessment. For the total, there were 39 dedicated memory care beds identified.

Market Demand Findings

The findings of the market demand assessment for the frail elderly CBRF suggested that the market is fairly saturated and that there is higher market related risks associated with adding more frail elderly options in the area.

The market demand model for the market rate memory care CBRF suggested that there is enough potential demand in the market area for approximately 24 additional beds of memory care assisted living, assuming that the only other memory care beds identified are competition.

Caveats and Other Conclusions

Although the market demand model suggested that there is a potential for another memory care facility in the area, the analysis did suggest that the overall assisted living market in the area is becoming saturated. There are 223 CBRF beds in the market today. This suggested some market related risk for any new CBRF in this market, whether memory care/dementia care specifically or for frail elderly or a mixed population.

Executive Summary

The analysis suggested that any project over 20 beds could experience some difficulty filling. The PMA should generate enough demand to support 80% or more beds. If 40% or more the other CBRFs (not the dementia-specific facilities) in the area were competitive, the market is more likely saturated. This is a potential risk for the project. At any time, the CBRFs in the area could focus more on high acuity/memory care/Alzheimer's services.

If management could develop a more affordable option, the market risks are decreased. If management could transfer persons from the SNF to the CBRF, and they are private pay, the market related risks decrease. If management captures the persons that are currently being discharged from the nursing home to assisted living, as well as some that go to home but could go to assisted living instead, the market risks could be decreased. If the Family Care program pays rates that are acceptable to management and at least high enough that the facility could break even, the market demand would be higher and the market risks would be lower.

Executive Summary

Summary Benchmarks

The following tables summarize the key findings for the market study, including key demographic benchmarks; competitive market findings, and market saturation conclusions:

For SCHCC Executive Summary			
Market Indicator ¹	Benchmark ²	SCHCC Market Area	
65+ Total (2012)	768,843	9,020	
75+ Total	371,744	4,286	
85+ Total	112,936	1,340	
65+ % Change (2012 to 2017)	13.7%	15.8%	
75+ % Change	4.4	7.8	
85+ % Change	14.8	18.4	
% 75+ Households Earning > \$35,000 Annually (2012)	31.8%	29.6%	
% 75+ Households Earning > \$50,000+ Annually	18.0	16.3	
% 85+ Households Earning > \$35,000 Annually	25.8	20.5	
% 85+ Households Earning > \$50,000+ Annually	14.3	10.7	
% 75+ Households With \$250,000+ Net Asset Value (2012)	34.0%	29.5%	
% 65+ Households With \$250,000+ Net Assets	22.0	21.7	
Assisted Living Target Population Total (Target Market Total)		<u>Frail Elderly</u>	<u>Memory Care</u>
		858	424
Total Competitive Units ³		<u>Total</u>	<u>Memory Care Only</u>
		223	39
Market Saturation ⁴	20%	<u>Total</u>	<u>24-Bed Memory Care</u>
		23.1%	11.1%
Net Market Penetration ⁵	10%	12.6%	10.1%
Conclusion		There is enough potential demand for an additional 20 to 24 memory care/dementia care units, assuming the competition is only other memory care/dementia care beds.	
<p>Market indicator for 2012, unless otherwise noted. ¹</p> <p>Benchmark for the population statistics was the Wisconsin average for the period. ²</p> <p>The total number of competitive units is subject to change at any time and is an estimate of the total competitive units in the market area. The totals included in this analysis were identified through an evaluation of the available data during the market study. Whether a particular facility is "competitive" is open to some interpretation. In addition, there may be planned facilities in the pipeline not identified during the market study. There were 223 total CBRF beds and 39 of the total were dedicated to memory care, the analysis suggested. ³</p> <p>Market saturation is defined in the body of the report. It is an assessment of the saturation of the market. Over 20% is generally considered saturated. ⁴</p> <p>Net market penetration is defined in the body of the report. It is an assessment of the saturation of the market and the potential for filling vacancies as they occur. Over 10% is generally considered saturated. ⁵</p>			

Project Definitions

Market Area Definition

Wipfli worked with Sauk County Health Care Center's management to define the market area. Surveys of senior living communities suggest that market areas for senior living options in rural and urban market areas are less than a radius of 30 miles from the subject property, with the majority, 62% or more, of admissions originating from within 10 to 20 miles of the subject property. The market area definition reflects that the subject property is in the Reedsburg market, which for purposes of this report is considered a "rural type" location that is adjacent to small communities in outlying areas, the populations of which would potentially travel to Reedsburg for health care and other services.

Resident Admissions

The following table summarizes the admissions for the period 2009 to 2012 that originated from Wisconsin. A very small percentage originated from elsewhere.

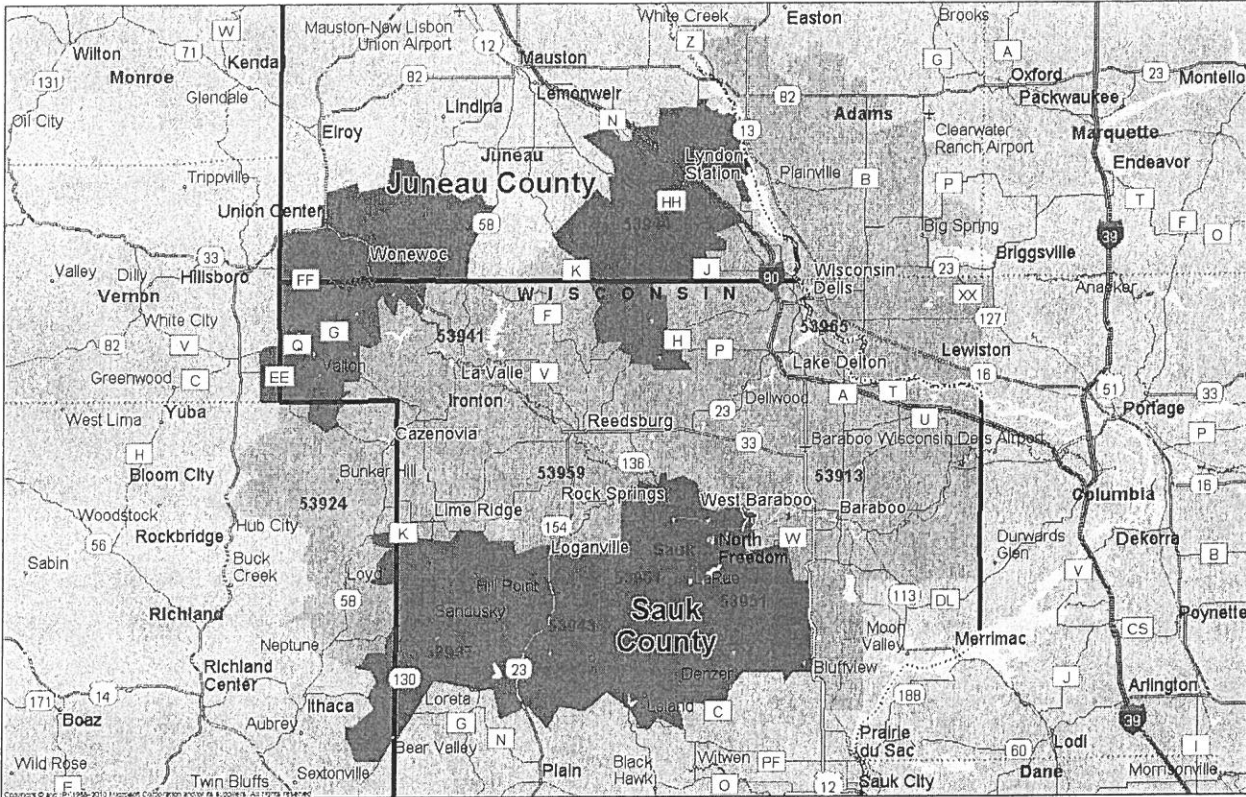
Total Admissions for SCHCC For 2009 to 2012		
City of Admission	Total	% of Total
Reedsburg	170	57.2%
Baraboo	28	9.4%
Cazenovia	13	4.4%
LaValle	21	7.1%
Wisconsin Dells	15	5.1%
Loganville	9	3.0%
Lyndon Station	4	1.3%
Friendship	2	0.7%
Elroy	1	0.3%
Hillpoint	8	2.7%
Hillsboro	2	0.7%
Lake Delton	2	0.7%
Lodi	1	0.3%
Lime Ridge	1	0.3%
Muscoda	1	0.3%
Madison/Milw	2	0.7%
Mauston	1	0.3%
New Lisbon	4	1.3%
Portage	1	0.3%
Prairie du Sac	2	0.7%
Richland Center	0	0.0%
Rock Springs	3	1.0%
Spring Green	1	0.3%
Union Center	1	0.3%
Wonewoc	4	1.3%
Total:	297	100.0%

Source: SCHCC Management. Total admissions for residents originating from Wisconsin.

Project Definitions

Market Area Definition

For this market study, the market area was defined by ZIP codes. The total market area is highlighted in the map below. The market area includes a Primary Market Area (PMA) and a Secondary Market Area (SMA). The PMA is highlighted orange and the SMA is highlighted green.



PMA ZIPs

Reedsburg – 53959
 Baraboo – 53913
 Wisconsin Dells – 53965
 LaValle – 53941, and
 Cazenovia – 53924

SMA ZIPs

Lyndon Station – 53944
 Wonewoc – 53968
 Rock Springs – 53961
 Hill Point – 53937
 Loganville – 53943, and
 North Freedom – 53951

Project Definitions

Age Eligibility

The average age of residents in frail elderly assisted living and memory care today is over 85. Many organizations report that the average age is creeping toward 89. The average age of residents of facilities does depend on several factors including location, community culture, availability and access to options, and density of younger aged senior in the population. As a result of these industry trends and working with management, the age eligibility for the frail elderly CBRF was defined as persons over the age of 75. This ensures that the market is not understated.

For the memory care CBRF, the age eligibility is 65 and over because actual incidence rates of disease, as well as percentage of elderly population with Alzheimer's by age, were used to estimate the demand for this option. The incidence rates are for persons 65+. This should ensure that the market size for each of the options assessed is not overstated.

The population projections by age 55 to 64, 65 to 74, 75 to 84, and 85+ will be evaluated. However, the target populations are 65+ and 75+ for the options assessed.

Income and Net Worth Eligibility

Wipfli understands that Sauk County Health Care Center's management goal is to target the private-pay market for the projects. However, as a public entity we understand that management will also provide services for lower-income households, including Medicaid eligible households (persons that would likely qualify for Family Care). As a result, with input from management, the income eligibility was defined as follows:

- For the frail elderly option, for the market rate alternative, seniors 75+ in households 75+ earning more than \$35,000 annually under the assumption that seniors would need to earn at least \$35,000 of annual income, not including their household asset value, to afford to pay for these services for the longer term. For the lower income option, households earning \$0 to \$34,999 were evaluated under the assumption that a portion of these households, the households that earn between \$24,999 and \$34,999, would likely be able to afford to pay private for a short period of time for a more affordable option and the households earning less than \$15,000 would more likely be Medicaid eligible.
- For the memory care CBRF option, the income definition is the same as above, except that the seniors 65+ in households 65+ were evaluated. However, management should consider that it is difficult to build a new memory care facility that has rates that are affordable for lower income and Medicaid eligible persons, and still show a profit or break even. Whether management can develop an option for the lower income households depends in part on whether Family Care will pay high enough rates for the facility to at least break even.

Project Definitions

- For the market rate assessment, households 65+ and 75+ with net assets in excess of \$250,000 were evaluated. It is assumed that households with net asset value of over \$250,000 could afford to live in a facility for an extended period of time. However, the household income and net asset data is not correlated by the demographic services firm. It is not possible to identify the number of households 65+ and or 75+ earning more than \$35,000 household annual income with a net asset value of over \$250,000.

Target Population Definition

For the frail elderly option, only age- and income-eligible persons were included in the target population and estimates of demand for the option. Persons estimated to have more advanced frailties and persons with early- and moderate-stage Alzheimer's were included in the target population. Persons estimated to be independent and persons in nursing homes were excluded from the frail elderly CBRF target population, as well as persons estimated to have more advanced memory loss and or Alzheimer's dementia.

For the memory care CBRF option, only age- and income-eligible persons estimated to have moderate- and later-stage Alzheimer's were included in the target population and estimates of demand for the option. All other persons were excluded from the assessment of market need for memory care.

Demographic Data and Projections

The following data were assessed to estimate and project the total number of age- and income-eligible seniors in the market area as defined (PMA, SMA, and total). The data was used to assess the potential market demand for the frail elderly CBRF and memory care CBRF options for the market area, which is summarized later in this report. Data assessed included:

- Population projections, by age, for Sauk County (the "County") for the period 2005 to 2035.
- Population projections, by age, for the Reedsburg ZIP code and the PMA, SMA, and market area as defined for the period 2012 to 2017.
- Household income projections, by age, for the same market area and for the same period.
- Household net asset estimates for the current year (projections are not available on an age basis) for the market area.
- Housing values for the market area.

The demographic data most relevant to the market study is summarized below. See Appendix A for additional data tables and information detail including county population projections and market area population, household income, net worth, and housing value projections.

Population Trends and Projections

The most significant driving factor of demand for frail elderly assisted living and memory care assisted living is population growth, as well as the density of seniors within a market area who are both age and income eligible. Wipfli assessed the population projections for the period assessed (2012 to 2017), by age group, for the county and the market area as defined.

Key Findings

For Sauk County, for the period 2010 to 2020, the elderly populations 65+, 75+, and 85+ were projected to increase as follows:

- For the period 2010 to 2020, the 65+ populations were projected to increase 41.4%, the 75+ were projected to increase 19.1 %, and the 85+ were projected to increase 9.6%. The 65+ and 75+ increases for the county are high than for the state. The 85+ increase was lower than the state.
- For the same period, the 75-to-84 populations, persons more likely to need and use an frail elderly CBRF, were projected to increase 24.0%, which is greater than for the state.

Demographic Data and Projections

The senior population trends for the Reedsburg zip code 54801 suggested mixed results:

- For the period 2012 to 2017, the total populations in Reedsburg are projected to increase 5.7%. By comparison, the Wisconsin populations are projected to increase 7.3% for the same period. For the 53959 ZIP code, for 2012, 7.5 % of the population was over the age of 75, and 2.4% was over the age of 85. These are higher percentages than the statewide averages.
- For 2012 to 2017, the 65+ populations are projected to increase 12.2%, which is slightly below the statewide total (13.9%). The 75+ populations are projected to increase 3.9%; and the 85+ populations are projected to increase 20.7% in 2017. The 65+ total for 2012 was 2,048, the 75+ total was 1,040, and the 85+ total was 324.
- For the same period, the 75-to-84 populations are projected to decrease 3.6%. For Wisconsin, these populations are projected to increase 2.3%. For the period, the 65-to-74 populations are projected to increase 20.7%, which is lower than the statewide average (22.0%).

The senior population trends for the total market area as defined suggested positive results:

- For 2012, there were 9,020 persons 65+, or 15.3% of the total population (all ages), and this is projected to increase 15.8% to 10,445 in 2017, which is greater than with the statewide projected increase (+13.9%).
- For the market area, the 75+ populations were projected to increase 7.8%, which was better than the statewide trend (+4.9%). For 2012, the total was 4,286 and was projected to increase to 4,619 in 2017.
- The 65-to-74 populations for the market area total are projected to increase significantly. For the market area, for the period 2012 to 2017, the populations are projected to increase 23.1%. These populations will not likely demand the options under consideration. However, over the next 10 years, as these populations turn 75, they will more likely be the majority of the market demanding senior living options for themselves or their senior parent. These populations will, however, in the shorter term have a significant involvement in the health care decisions for their elderly parents, especially for elderly parents with more significant memory loss and Alzheimer's. Management should consider targeting the 65-to-74 populations in the marketing plan and efforts.
- The 75-to-84 populations for the market area, the age group most likely to need and demand a frail elderly assisted living, is projected to increase 3.0% from 2,946 to 3,033 for the period 2012 to 2017, which is slightly higher than the statewide average, which is projected to increase 2.3% for the same period. This finding suggests a small growth projected for frail elderly assisted living; however, the more significant growth in the senior populations 75 to 84 will be after 2017. The small increase projected for these populations is a short-term issue and could be offset by the more significantly sized 65-to-74 populations (adult children) and the demand for the products that they will create on behalf of their elderly parents.

Demographic Data and Projections

- The 85+ populations for the market area are projected to increase 18.4%, from 1,340 in 2012 to 1,586 in 2017, which is higher than the statewide trend (+10.5%). This suggested fairly significant growth in the oldest populations for the market area, which will likely need and demand a memory care assisted living option, and suggested that there will be some increase in need for additional beds in the area for the next five years.

Conclusions

The data for Reedsburg ZIP code suggested that the elderly populations most likely to need a frail elderly assisted living (75 to 84) are decreasing slightly over the next five years, while the younger elderly (65 to 74) are increasing more significantly. The increase of the 65-to-74 populations is a positive factor because these persons will likely influence where and when their elderly parents need an assisted living. This will likely be an offsetting factor for the demand for an assisted living as well as for the memory care assisted living.

The market area trends identified for the 65+ populations bode well for future growth, especially after 2017, and for demand for assisted living and memory care services in the market area.

The increase of the 85+ populations for the market area suggests some potential for additional memory care assisted livings for seniors with more advanced conditions as well as cognitive disabilities such as memory loss and Alzheimer's.

The populations in the PMA are 84% of the totals for the market area.

The following table summarizes the population data for the market area as defined.

For Sauk County Health Care Center Population Projections 2000 to 2017 Total Market Area									
	2000		2012		2017		2000-2012	2012-2017	
	Number	% of Total	Number	% of Total	Number	% of Total	% Change	% Change	
55 - 64	4,951	9.5%	7,643	13.0%	8,648	14.1%	35.2%	13.1%	
65 - 74	3,901	7.5%	4,734	8.0%	5,826	9.5%	17.6%	23.1%	
75 - 84	2,730	5.2%	2,946	5.0%	3,033	4.9%	7.3%	3.0%	
85+	1,078	2.1%	1,340	2.3%	1,586	2.6%	19.6%	18.4%	
75+	3,808	7.3%	4,286	7.3%	4,619	7.5%	11.2%	7.8%	
65+	7,709	14.8%	9,020	15.3%	10,445	17.0%	14.5%	15.8%	
Total Population	52,171	100.0%	58,886	100.0%	61,515	100.0%	11.4%	4.5%	

Source: Claritas 2012

Demographic Data and Projections

Household Income Trends and Projections

Household income is a key indicator of the ability of seniors in the target market identified to afford to pay privately for a frail elderly CBRF or memory care CBRF. Although some seniors with lower income could have significant assets, if a senior household has income over \$35,000, that household is more likely able to pay privately for the options evaluated.

For this market study, it was further assumed that persons earning between \$15,000 and \$34,999 would also be able to pay private for a more affordable option. And, it was assumed that persons in households earning less than \$15,000 would more likely be Medicaid eligible (Medicaid eligibility for each person is determined by the Aging and Disability Resource Center.)

The income tables and supporting data and documentation are located in Appendix A.

Key Findings

For the Reedsburg ZIP code, 159 households 75+ earned more than \$35,000 in 2012, which was 25.0% of the 75+ total, which was projected to increase to 171 in 2017 (25.9% of the 75+ total). The Wisconsin benchmark is 32.0%. In addition, 476 households 75+ earn between \$0 and \$34,999 in 2012, which was projected to increase slightly to 489 households in 2017. For the 2012 total above, 33.1% of the households 75+ earned less than \$15,000.

For the PMA, 30.0% of the 75+ households earned more than \$35,000 in 2012, and 31.5% are projected to earn more than \$35,000 in 2017. The statewide benchmark is 32.0%.

The senior households in the total market area earn lower income on average than seniors in Wisconsin. For 2012, 29.6% of households 75+, or 812, earned more than \$35,000, which is projected to increase to 31.2%, or 921, in 2017. The totals were higher for the 65+ households, where 41.6% earned more than \$35,000 in 2012, which is projected to increase to 44.3% in 2017. This suggested that for the market area, 29.5% of the total 75+ households earned less than \$15,000 in 2012.

Conclusions

Affordability for a market rate alternative will likely be an issue for most of the 65+ and 75+ households in the market area, PMA, and Reedsburg ZIP code. A high percentage of households earn less than \$35,000 annually and may not have enough financial resources to afford to pay market rates for assisted living and memory care for an extended period of time. In addition, almost 30% of the senior households 75+ in the market area will more likely be Medicaid eligible or quickly become Medicaid eligible, based on the income findings above.

Demographic Data and Projections

The table below summarizes the income data for the 65+ and 75+ totals for the market area.

For Sauk County Health Care Center Market Area Household Income Summary For the Period 2012 to 2017				
Age	2012	2017	2012 % of Total	2017 % of Total
All Income Households (Total Households)				
65-74	2,899	3,572	-	-
75-84	2,009	2,070	-	-
65+	5,640	6,521	-	-
75+	2,741	2,949	-	-
85+	732	879	-	-
Mixed Income (\$25,000 to \$34,999)				
65-74	489	586	17%	16%
75-84	325	338	16%	16%
65+	927	1,056	16%	16%
75+	438	470	16%	16%
85+	113	132	15%	15%
Private Pay Households (\$25,000+)				
65-74	2,026	2,553	70%	71%
75-84	987	1,057	49%	51%
65+	3,276	3,944	58%	60%
75+	1,250	1,391	46%	47%
85+	263	334	36%	38%
Private Pay Households (\$35,000+)				
65-74	1,537	1,967	53%	55%
75-84	150	202	7%	10%
65+	2,349	2,888	42%	44%
75+	812	921	30%	31%
85+	150	202	20%	23%

Source: Claritas 2012

Demographic Data and Projections

Net Asset Value Trends and Projections

Household net asset value is a key indicator of the ability of households to pay privately for a facility, especially for a memory care facility. If a household has in excess of \$250,000 in net assets, it is considered a high-net-worth household. If an elderly person from a household with excess of \$250,000 in net assets moved into an assisted living or memory care assisted living and used his or her assets alone to pay for services, with an average monthly rate of \$5,000 per month, that household would have enough financial stability to pay for the option for 3.3 years before the assets were depleted. This assumes that a person will spend up to 80% of his or her assets on the option, which is not uncommon. If the rates were lower, the timeframe would be extended. See Appendix A for the household net asset data.

Key Findings

For the Reedsburg ZIP code, approximately 168 households 75+ had net assets in excess of \$250,000, and 73 had in excess of \$500,000.

For the PMA, the totals increase to 688 and 346 households, respectively.

For the total market area, approximately 804 households 75+, 29.5% of the 75+ total, had net assets over \$250,000, and 397, 14.6% of the total, had net assets over \$500,000. These are lower than the statewide averages (33.7% and 18.2%, respectively).

Conclusions

Although there are over 800 75+ households with net assets in excess of \$250,000, and could more likely be able to afford to pay for a higher cost assisted living alternative, it is a smaller percentage than the statewide average. This suggests the area over all is not affluent, and is an "average" area, in terms of net worth. The data suggests that the rates for the facility would need to be more affordable for the seniors in this market area to be able to afford to pay privately for an extended period of time.

It is likely that a large portion of the net asset value for many of the seniors would be the value of their home. It might be difficult for seniors to sell their homes. The housing market in the area is still quite depressed from several years ago and could increase the timeframe for the decision to move from their home to an assisted living, and could depress the market demand as a result.

Demographic Data and Projections

Real Estate Values

Wipfli collected the most current real estate value data that is publicly available for the market area. See Appendix A for the data.

Key Findings

For the PMA, the median real estate value, for 2012, was \$144,168, and for the SMA, the median real estate value was \$155,000. For comparison, the benchmark is \$162,062 in 2012, suggesting that the median value for the market area is below the statewide average.

For the market area for 2012, 24.1% of real estate owned by persons 75+ was worth less than \$100,000, 64.9% were worth between \$100,000 and \$249,999, 7.9% were worth between \$249,999 and \$499,999, and 3.1% were worth more than \$500,000.

Conclusions

This suggests that a high percentage when compared to the statewide average of seniors 75+ would have less than \$100,000 in net assets after the sale of their home.

The data suggests that only 11.0% of senior households 75+ in the market area would have access to more than \$250,000 in equity or liquid assets after the sale of their home, assuming they sell their home and are debt free.

Demographic Data and Projections

Target Market Estimates and Projections

For the market area, Wipfli assessed the total number of seniors 65+ and senior households 75+ that would most likely need and potentially demand a frail elderly CBRF or memory care CBRF. For assessment purposes, the market was segmented to reflect the differences in needs of the populations. Therefore, the analysis reduced the potential that the market was double counted and, as a result, was a conservative estimate of market size, need, and potential demand for each option.

Below is a summary of the analysis of the target population by option. The supporting data and documentation is located in Appendix A.

Key Findings

There was a fairly small-sized frail elderly assisted living market (frail elderly CBRF) identified for the total market area that would more likely require some health care and supportive services.

- For 2012, for the PMA, there were an estimated 750 seniors 75+ earning \$35,000 or more annually who would likely need and demand a frail elderly CBRF, and the total is projected to increase to 842 in 2017. The PMA is about 84% of the total market area. These identified populations earning more than \$35,000 annually would more likely need and be able to afford to pay privately for an assisted living that provides services such as meals, housekeeping, maintenance, and some direct, hands-on health-care-related services provided by staff, nurse assistants, or registered nurses.
- For 2012, the mixed income total is much larger. There was 1,678 persons in the target population that earn less than \$35,000. It was projected to increase to 1,752 in 2017. Approximately, 48% of these persons more likely earn less than \$15,000 annually, and would more likely be Medicaid eligible. The balance, approximately 873 persons would be able to pay privately for a more affordable option. This is a large total than the private pay totals above that could more likely afford a market rate alternative.
- The totals for seniors 75+ earning more than \$35,000 for the market area were 858 in 2012 and were projected to increase to 971 in 2017.

The market study suggested that there is a fairly small-sized memory care CBRF target population that was earning more than \$35,000 annually and could more likely afford to pay privately.

- For 2012 for the PMA, there were an estimated 370 persons in the total market area that would more likely need and potentially demand a memory care assisted living option, and this was projected to increase to 450 in 2017. These populations would more likely need and demand an option in Reedsburg that provided a higher level of direct health care and monitoring because of cognitive-related disorders such as Alzheimer's and dementia and would likely be more appropriately

Demographic Data and Projections

cared for in a higher-acuity-focused assisted living instead of a traditional frail elderly assisted living or independent living option.

- The totals for the market area were 424 in 2012 and were projected to increase to 518 in 2017.
- For the PMA and market area, a larger memory care CBRF target population that earns less than \$35,000 annually and could more likely afford a moderately priced option was identified. For the PMA, approximately 813 persons in the target population earn less than \$35,000 annually, and of that total, approximately 43% earn less than \$15,000.

Conclusions

The private-pay target populations for the options evaluated are projected to increase for the period, suggesting an increasing need and future demand for the options, if developed. However, the totals that could afford to pay privately for an extended period of time, whether for a frail elderly CBRF or memory care CBRF that is priced consistently with the average market rates in Wisconsin was smaller than the mixed income totals. The "mixed income" totals were over twice as large as the private-pay totals for the PMA and total market area.

As a result, the data suggested that any private-pay option or options developed would need to be small in size. The data suggested a higher demand and potential for a larger project would be for more affordably priced alternatives. This could be difficult to achieve for the memory care CBRF, however.

There is likely a high demand, however, for the options if they could be developed at a price point that persons with less than \$35,000 income could afford.

It is also likely that many of the seniors who earn less than \$35,000 annually do not have significant net assets. As a result, these seniors would not be able to pay for a traditional or average market rate alternative for an extended period of time.

See the market demand section for the conclusions on the total number of units that would be demanded in the area, and the mixed of private pay units vs. more affordable units.

Competitive Market Assessment

In June 2012, a competitive market assessment was completed for the market area as defined. The assessment included review of existing materials and data, whether online at each organization's website or on the State's websites, and phone calls to the competitive facilities (of the facilities that returned calls). The client was not named during the phone interviews. Following are the basic highlights of the competitive market assessment. See Appendix B of this report for the completed tables with the details collected about each competitor and for more specific information than is summarized on this page. In addition, Wipfli has provided management with copies of the marketing packets from the competitors in the market area, as well as competitors adjacent to the market area.

Key Findings

For the market area, there were a total of 13 comparable and competitive CBRFs, for a total of 223 CBRF beds identified at the time of the assessment. For the total, there was 39 dedicated memory care beds identified.

- For the CBRFs, there were two facilities identified, based on the phone survey conducted and the rate structures, are mostly dedicated to memory care, for a total of 39 beds. One of the facilities was located in Baraboo, Oak Park Place Baraboo Autumn Lane, and one was located in Wisconsin Dells, Our House Memory Care.
- For the Reedsburg ZIP code, a total of 28 CBRF beds were identified.
- The occupancies for the CBRF facilities were fairly strong except for Walnut Grove Assisted Living. There was several open beds over all in the market area. Most of the facilities only reported 1 to 2 openings. Walnut Grove Assisted Living was operating around 67% full.
- The rates ranged \$84 per day to \$157 per day. The majority of the facilities in the area charged less than \$3,100 per month. One facility, Oak Park Place, starts at \$4,300 and charged upwards of \$4,800.
- Four of the CBRFs were built between 2002 and 2008. The rest of the facilities are older, ranging from 15 to 40 years old.

There were three RCACs in the market area for a total of 88 units.

- The RCACs were assessed under the assumption that they could be competitive for a frail elderly CBRF. There was three in the area, including two in Baraboo (64 units) and one in Reedsburg (24 units).
- The Oak Park Place, which also owns the CBRF, had two openings. The rates ranged \$3,770 for a studio to \$4,530 for a two bedroom unit. The facility is 4 years old.
- The Greenbriar had four openings. The rates were lower than Oak Park Place. They ranged \$2,100 to \$2,740, plus additional charges for levels of care. They offered four levels of care. The facility is 26 years old.

Competitive Market Assessment

- The Ridgeview Place, although an RCAC, charges a large up front buy-in fee, and a small monthly fee.

Market Demand Projections

Market Saturation, Net Market Penetration, and Project Penetration

For the market demand assessment, Wipfli assessed the following characteristics of the market to determine how many units of assisted living and memory care the market can bear. See Appendix C for further information.

Market Saturation. A significant indicator about whether a market could bear more units, market saturation is an estimate of the percentage of the market that the project, plus the competition, would have to capture to be 94% full, assuming that the competition is 94% full. Market saturation over 20% is generally considered high, suggesting that there might not be enough eligible seniors in the market area as defined to fill the new project, the existing units in the market, and any identified or unidentified units in the pipeline. However, projects with market saturation over 20% have been successful.

Net Market Penetration Rate. A significant indicator of whether there is a large enough market to fill units as they turn over, net market penetration is an estimate similar to market saturation, which assesses the percentage of the market that the project would have to capture assuming 94% occupancy, an attrition rate of 40%, and that 80% of the market units are filled by eligible seniors in the market area as defined. Net market penetration over 10% is generally considered high and suggests that management would find filling vacant units more difficult (as the net market penetration rate increases over 10%).

Project Penetration Rate. The project penetration rate is the percentage of the total eligible seniors in the market area, as defined, that only the project would have to capture. Project penetration over 5% is generally considered high.

This analysis is conservative. Sauk County Health Care Center's management may have a higher tolerance to risk than indicated by this assessment. This is intended to provide a general assessment of the market conditions. Other factors should be considered when evaluating risks of the project.

Summarized in the tables on the next page, Wipfli conducted a sensitivity analysis and the impact on the market demand as the project size is increased. See Appendix C for additional information including net market penetration and project penetration.

Market Demand Projections

The following table summarizes the findings of the market penetration rate (saturation) for the frail elderly CBRF for the market area. The analysis suggested that management should not proceed with a frail elderly option. The market data suggests the market is already fairly saturated, at least for the next few years, with frail elderly assisted living beds. Moving forward, assuming that no other facility is constructed in the area, a small frail elderly expansion is possible as the population increases closer to 2017.

The following table summarizes the market penetration/saturation rate for the total market area as defined:

For Sauk County Health Care Center		
Market Demand Analysis for the Market Area As Defined for a Market Rate Frail Elderly CBRF		
Gross market penetration rate:	2012	2017
Market inventory of units in the MA:		
The Project	0	0
Other existing competitive units	272	272
Total units in the MA	272	272
Number of units to be filled assuming 80% of residents originate from within the MA at 94% occupancy	(A) 205	205
Number of age and income eligible in the MA	(B) 858	971
Gross market penetration rate	23.9%	21.1%
Net market penetration rate	12.6%	10.7%
Project penetration rate	0.0%	0.0%

Sources: Wipfli

(1) Identified at the time of the assessment. Source was Department of Health Services Directories and Management. Competition was defined as frail elderly or mixed use CBRFs and RCACs identified, for a total of 272 beds/units.

(2) The market study assumes that 80% of the admissions will come from the market area (MA). Full occupancy assumption was 94%, only for the competition.

(3) Total income eligible households in the MA.

Market Demand Projections

The following table summarizes the findings of the market saturation/penetration rate for the market rate memory care CBRF. The analysis suggested that there is enough potential demand in the market area for approximately 24 additional beds of memory care assisted living, assuming that the only other memory care beds identified are competition and that management understands the following:

- However, any project over 20 beds could experience some difficulty filling units.
- The PMA should generate enough demand to support 80% or more beds.
- If 40% or more the other CBRFs (not the dementia-specific facilities) in the area were competitive, the market is more likely saturated. This is a potential risk for the project. At any time, the CBRFs in the area could focus more on high acuity/memory care/Alzheimer's services.
- If management could develop a more affordable option, the market risks are decreased.
- The analysis did suggest that the overall assisted living market in the area is becoming saturated (see the previous page). This suggested some market related risk for any new CBRF in this market.
- If management could transfer persons from the SNF to the CBRF, and they are private pay, the market related risks decrease.
- If management captures the persons that are currently being discharged from the nursing home to assisted living, as well as some that go to home but could go to assisted living instead, the market risks could be decreased.
- If the Family Care program pays rates that are acceptable to management and at least high enough that the facility could break even, the market demand would be higher and the market risks would be lower.

For Sauk County Health Care Center						
Estimated Market Demand Analysis for a Market Rate Memory Care CBRF for the Market Area As Defined						
Gross market penetration rate:	2012			2017		
Market inventory of units in the MA:						
The Project	16	20	24	16	20	24
Other existing competitive units	39	39	39	39	39	39
Total units in the MA	55	59	63	55	59	63
Number of units to be filled assuming 80% of residents originate from within the MA at 94% occupancy	41	44	47	41	44	47
Number of age and income eligible in the MA	424	424	424	518	518	518
Gross market penetration rate	9.7%	10.4%	11.1%	7.9%	8.5%	9.1%
Net market penetration rate	7.6%	8.7%	10.1%	6.1%	7.0%	8.1%
Project penetration rate	3.5%	4.5%	5.4%	2.9%	3.7%	4.4%

Sources: Wipfli

(1) Identified at the time of the assessment. Source was Department of Health Services Directories and Management. Competition was defined as other memory care CBRFs identified, for a total of 39 beds.

(2) The market study assumes that 80% of the admissions will come from the market area (MA). Full occupancy assumption was 94%, only for the competition.

(3) Total income eligible households in the MA.

(4) 94% occupancy assumed.

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Population Estimates for 2005 and Projections for 2035

The following table summarizes the long-range population projections for Sauk County. The data source was the Wisconsin State Demographic Center.

Sauk County Long Range Population Trends							
Population Trends by Age Group							
	2005	2010	2015	2020	2025	2030	2035
55+	14,782	17,282	20,304	23,244	25,518	27,342	28,797
65+	8,377	9,160	10,736	12,950	15,552	17,883	19,388
75+	4,324	4,425	4,652	5,268	6,485	8,101	9,865
85+	1,340	1,504	1,597	1,649	1,790	2,148	2,802
55-64	6,405	8,122	9,568	10,294	9,966	9,459	9,409
65-74	4,053	4,735	6,084	7,682	9,067	9,782	9,523
75-84	2,984	2,921	3,055	3,619	4,695	5,953	7,063
% Change Trends by Age Group							
		'05-'10	'10-'15	'15-'20	'20-'25	'25-'30	'30-'35
55+	-	16.9%	17.5%	14.5%	9.8%	7.1%	5.3%
65+	-	9.3%	17.2%	20.6%	20.1%	15.0%	8.4%
75+	-	2.3%	5.1%	13.2%	23.1%	24.9%	21.8%
85+	-	12.2%	6.2%	3.3%	8.6%	20.0%	30.4%
55-64	-	26.8%	17.8%	7.6%	-3.2%	-5.1%	-0.5%
65-74	-	16.8%	28.5%	26.3%	18.0%	7.9%	-2.6%
75-84	-	-2.1%	4.6%	18.5%	29.7%	26.8%	18.6%
Worker Ratio of Persons 20 to 64 for Every Person 65 and Older							
	2005	2010	2015	2020	2025	2030	2035
20-64	35,035	38,017	40,028	41,094	41,533	41,956	42,953
65+	8,377	9,160	10,736	12,950	15,552	17,883	19,388
Ratio	4.2	4.2	3.7	3.2	2.7	2.3	2.2

Source: Wisconsin Department of Administration

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Population Estimates for 2012 and Projections for 2017

The following table summarizes the population projections by age for the Reedsburg ZIP code. The data source for the demographics below was Claritas, Inc.

For Sauk County Health Care Center Population Projections 2000 to 2017 For the Reedsburg ZIP Code (53959)								
	2000		2012		2017		2000-2012	2012-2017
	Number	% of Total	Number	% of Total	Number	% of Total	% Change	% Change
55 - 64	1,012	8.6%	1,582	11.5%	1,856	12.7%	36.0%	17.3%
65 - 74	833	7.1%	1,008	7.3%	1,217	8.4%	17.4%	20.7%
75 - 84	675	5.8%	716	5.2%	690	4.7%	5.7%	-3.6%
85+	298	2.5%	324	2.4%	391	2.7%	8.0%	20.7%
75+	973	8.3%	1,040	7.5%	1,081	7.4%	6.4%	3.9%
65+	1,806	15.4%	2,048	14.9%	2,298	15.8%	11.8%	12.2%
Total Population	11,714	100.0%	13,779	100.0%	14,565	100.0%	15.0%	5.7%

Source: Claritas 2012

The following tables summarize the population projections by age for the PMA and SMA.

For Sauk County Health Care Center Population Projections 2000 to 2017 Primary Market Area								
	2000		2012		2017		2000-2012	2012-2017
	Number	% of Total	Number	% of Total	Number	% of Total	% Change	% Change
55 - 64	4,096	9.5%	6,405	13.0%	7,246	14.1%	36.0%	13.1%
65 - 74	3,225	7.5%	3,935	8.0%	4,873	9.5%	18.0%	23.8%
75 - 84	2,308	5.4%	2,522	5.1%	2,577	5.0%	8.5%	2.2%
85+	952	2.2%	1,198	2.4%	1,413	2.7%	20.5%	17.9%
75+	3,260	7.6%	3,720	7.6%	3,990	7.7%	12.4%	7.3%
65+	6,485	15.1%	7,655	15.6%	8,863	17.2%	15.3%	15.8%
Total Population	43,040	100.0%	49,204	100.0%	51,545	100.0%	12.5%	4.8%

Source: Claritas 2012

For Sauk County Health Care Center Population Projections 2000 to 2017 Secondary Market Area								
	2000		2012		2017		2000-2012	2012-2017
	Number	% of Total	Number	% of Total	Number	% of Total	% Change	% Change
55 - 64	855	9.4%	1,238	12.8%	1,402	14.1%	30.9%	13.2%
65 - 74	676	7.4%	799	8.3%	953	9.6%	15.4%	19.3%
75 - 84	422	4.6%	424	4.4%	456	4.6%	0.5%	7.5%
85+	126	1.4%	142	1.5%	173	1.7%	11.3%	21.8%
75+	548	6.0%	566	5.8%	629	6.3%	3.2%	11.1%
65+	1,224	13.4%	1,365	14.1%	1,582	15.9%	10.3%	15.9%
Total Population	9,131	100.0%	9,682	100.0%	9,970	100.0%	5.7%	3.0%

Source: Claritas 2012

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Household Income Estimates for 2012 and Projections for 2017

The following table summarizes the household income, by age of household, for the Reedsburg ZIP and the PMA and SMA.

For Sauk County Health Care Center Low Income Household Income Summary for Reedsburg (53959) For the Period 2012 to 2017			
Age of Household	2012	2017	% Change
All Income Households (Total Households)			
65-74	604	724	20%
75-84	476	462	-3%
65+	1,239	1,384	12%
75+	635	660	4%
85+	159	198	25%
Lower to Moderate Income Households (\$0 to \$34,999)			
65-74	270	318	18%
75-84	342	327	-4%
65+	746	807	8%
75+	476	489	3%
85+	134	162	21%
Lower to Moderate Income, % of Total			
64-75	45%	44%	-
75-84	72%	71%	-
65+	60%	58%	-
75+	75%	74%	-
85+	84%	82%	-

Source: Claritas 2012

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For Sauk County Health Care Center Private Pay Household Income Summary for Reedsburg (53959) For the Period 2012 to 2017			
Age of Household	2012	2017	% Change
All Income Households (Total Households)			
65-74	604	724	20%
75-84	476	462	-3%
65+	1,239	1,384	12%
75+	635	660	4%
85+	159	198	25%
Private Pay Households (\$35,000+)			
65-74	334	406	22%
75-84	134	135	1%
65+	493	577	17%
75+	159	171	8%
85+	25	36	44%
Private Pay Households, % of Total			
64-75	55%	56%	-
75-84	28%	29%	-
65+	40%	42%	-
75+	25%	26%	-
85+	16%	18%	-

Source: Claritas 2012

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The following table summarizes for 2012 to 2017 the household income data for the PMA and market area.

For Sauk County Health Care Center Primary Market Area Household Income Summary For the Lower Income Totals For the Period 2012 to 2017			
Age of Household	2012	2017	% Change
All Income Households (Total Households)			
65-74	2,413	2,982	24%
75-84	1,693	1,739	3%
65+	4,742	5,483	16%
75+	2,329	2,501	7%
85+	636	762	20%
Lower to Moderate Income (\$0 to \$34,999)			
65-74	1,116	1,325	19%
75-84	1,127	1,127	0%
65+	2,746	3,037	11%
75+	1,630	1,712	5%
85+	503	585	16%
Lower to Moderate Income Households, % of Total			
64-75	46%	44%	
75-84	67%	65%	
65+	58%	55%	
75+	70%	68%	
85+	79%	77%	

Source: Claritas 2012

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For Sauk County Health Care Center Primary Market Area Household Income Summary For the Private Pay Totals For the Period 2012 to 2017			
Age of Household	2012	2017	% Change
All Income Households (Total Households)			
65-74	2,413	2,982	24%
75-84	1,693	1,739	3%
65+	4,742	5,483	16%
75+	2,329	2,501	7%
85+	636	762	20%
Private Pay Households (\$35,000+)			
65-74	1,297	1,657	28%
75-84	566	612	8%
65+	1,996	2,446	23%
75+	699	789	13%
85+	133	177	33%
Private Pay Households, % of Total			
64-75	54%	56%	
75-84	33%	35%	
65+	42%	45%	
75+	30%	32%	
85+	21%	23%	

Source: Claritas 2012

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For Sauk County Health Care Center Market Area Household Income Summary For the Low Income Totals For the Period 2012 to 2017			
Age of Household	2012	2017	% Change
All Income Households (Total Households)			
65-74	2,899	3,572	23%
75-84	2,009	2,070	3%
65+	5,640	6,521	16%
75+	2,741	2,949	8%
85+	732	879	20%
Lower to Moderate Income (\$0 to \$34,999)			
65-74	1,362	1,605	18%
75-84	1,347	1,351	0%
65+	3,291	3,633	10%
75+	1,929	2,028	5%
85+	582	677	16%
Lower to Moderate Income Households, % of Total			
64-75	47%	45%	-
75-84	67%	65%	-
65+	58%	56%	-
75+	70%	69%	-
85+	80%	77%	-

Source: Claritas 2012

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For Sauk County Health Care Center Market Area Household Income Summary For the Private Pay Totals For the Period 2012 to 2017			
Age of Household	2012	2017	% Change
All Income Households (Total Households)			
65-74	2,899	3,572	23%
75-84	2,009	2,070	3%
65+	5,640	6,521	16%
75+	2,741	2,949	8%
85+	732	879	20%
Private Pay Households (\$35,000+)			
65-74	1,537	1,967	28%
75-84	662	719	9%
65+	2,349	2,888	23%
75+	812	921	13%
85+	150	202	35%
Private Pay Households, % of Total			
64-75	53%	55%	-
75-84	33%	35%	-
65+	42%	44%	-
75+	30%	31%	-
85+	20%	23%	-

Source: Claritas 2012

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The following table summarizes the household income for the adult children in the market area, aged 45 to 64.

For Sauk County Health Care Center Total Market Area Household Income Summary For the Adult Children Households 45 to 64 For the Period 2012 to 2017		
Income	2012	2017
\$75,000 - \$99,999	1,344	1,453
\$100,000 - \$149,999	1,067	1,177
\$150,000 - \$199,999	211	245
\$200,000 +	235	262
\$75,000+ Total	2,857	3,137

Source: Claritas 2012

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Household Net Asset Value Estimates for 2012

The following table summarizes the net asset value by age of householder for the PMA, SMA, and market area as defined for 2012 (most current period available).

For Sauk County Health Care Center					
2010 Net Worth by Age of Householder, for the Primary Market Area					
	45-54	55-64	65-74	65+	75+
<\$100,000	1,917	1,185	763	1,701	938
\$100,000 - \$149,999	427	322	244	475	231
\$150,000 - \$249,999	615	640	299	711	412
\$250,000+	1,297	1,560	1,014	833	688
\$500,000+	603	753	523	869	346
2010 Net Worth by Age of Householder, for the Secondary Market Area					
	45-54	55-64	65-74	65+	75+
<\$100,000	360	272	175	369	194
\$100,000 - \$149,999	102	67	46	111	65
\$150,000 - \$249,999	153	114	61	138	77
\$250,000+	209	267	148	139	116
\$500,000+	82	140	74	125	51
2010 Net Worth by Age of Householder, for the Total Market Area					
	45-54	55-64	65-74	65+	75+
<\$100,000	2,277	1,457	938	2,070	1,132
\$100,000 - \$149,999	529	389	290	586	296
\$150,000 - \$249,999	768	754	360	849	489
\$250,000+	1,506	1,827	1,162	972	804
\$500,000+	685	893	597	994	397

Source: ESRI-BIS Data Note: Net worth is total household wealth minus debt, secured and unsecured. Net worth includes home equity, equity in pension plans, net equity in vehicles, IRAs and Keogh accounts, business equity, interest-earning assets and mutual fund shares, stocks, etc. Examples of secured debt include home mortgages and vehicle loans; examples of unsecured debt include credit card debt, certain bank loans, and other outstanding bills. Forecasts of net worth are based on the Survey of Consumer Finances, Federal Reserve Board. Detail may not sum to totals due to rounding.

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Real Estate Value Estimates for 2000, 2012, and 2017

The following tables summarize the value of the housing/real estate (not net asset value) for the market area as defined.

For Sauk County Health Care Center Median Housing Values For Each Zip Code in the Market Area			
Zip Code	2000	2012	2017
53941	\$110,551	\$161,620	\$174,775
53959	\$97,473	\$144,168	\$159,523
53913	\$98,229	\$147,519	\$163,615
53965	\$92,752	\$139,024	\$154,560
53924	\$87,381	\$129,651	\$143,750
53943	\$102,239	\$164,623	\$184,589
53968	\$76,122	\$128,139	\$139,163
53944	\$90,741	\$145,377	\$161,069
53961	\$120,109	\$178,125	\$193,382
53937	\$117,500	\$179,018	\$194,531
53951	\$89,205	\$137,216	\$148,780

Source: Claritas 2012

For Sauk County Health Care Center Median Housing Values For the PMA and SMA			
	2000	2012	2017
	Median Housing Value		
PMA	\$97,473	\$144,168	\$159,523
SMA	\$96,490	\$155,000	\$172,829
Real Estate Values, for Households 75+			
	2000	2012	2017
Less than \$100,000	487	256	229
\$100,000 to \$249,999	391	688	726
\$250,000 to \$499,000	24	84	110
Greater than \$500,000	10	32	45
	912	1,060	1,111
	% of the 75+ Total		
Less than \$100,000	53.4%	24.1%	20.6%
\$100,000 to \$249,999	42.9%	64.9%	65.4%
\$250,000 to \$499,000	2.6%	7.9%	9.9%
Greater than \$500,000	1.1%	3.1%	4.1%

Source: Claritas 2012

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Target Population Estimates

The following tables summarize the total number of persons in the total market area and PMA as defined who would most likely demand a frail elderly CBRF, by income level and ability to pay.

For Sauk County Health Care Center Frail Elderly Target Population Totals For the Market Area Total For the Period 2012 to 2017		
	2012	2017
Grand Total/All Income Total	2,811	3,021
By Payor		
Private Pay Only	858	971
Mixed Income	1,954	2,050
Affordable (Medicaid Eligible)	809	831
Percentage of Total, by Payor Type		
Private Pay Only	30.5%	34.5%
Mixed Income	69.5%	72.9%
Affordable (Medicaid Eligible)	28.8%	29.6%
Private Pay = Households earning \$35,000+		
Mixed income = \$0-\$35,000 income households		
Source: Claritas 2012 and Wipfli		

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The following tables summarize the total number of persons in the total market area and PMA as defined who would most likely demand a memory care, by income level and ability to pay.

For Sauk County Health Care Center Memory Care CBRF Target Population Totals For the Market Area Total For the Period 2012 to 2017		
	2012	2017
Grand Total/All Income Total	1,363	1,561
By Payor		
Private Pay Only	424	518
Mixed Income	939	1,043
Affordable (Medicaid Eligible)	393	428
Percentage of Total, by Payor Type		
Private Pay Only	31.1%	33.2%
Mixed Income	68.9%	66.8%
Affordable (Medicaid Eligible)	28.8%	27.4%
Private Pay = Households earning \$35,000+		
Mixed income CBRF = \$0-\$35,000 income households		
Source: Claritas 2012 and Wipfli		

Appendix B

Summary of Competitive Market Data Collected

Competitive Market Profile For Sauk County Community Based Residential Facilities (CBRFs)				
Name	Meadow Lane	Meadow Ridge AL	Meadow View	Oak Park Place Baraboo
Address	1414 Jefferson Street Baraboo, WI 53913	1700 Jefferson Street Baraboo, WI 53913	1600 Jefferson Street Baraboo, WI 53913	Autumn Lane 800 Waldo Street Baraboo, WI 53913
Phone	608.355.3525	608.356.8770	608.356.2944	608.355.4111
Dedicated Memory Care Unit (yes/no)	no	no	no	yes
Primary Target Population (frail, memory loss, other?)	frail, elderly	frail, elderly	frail elderly	frail, elderly, memory care
Age of facility/any remodeling?	1975	2002	1970s	2008
Capacity	17	25	17	19
# Vacant Beds	0	1	0	0
Occupancy	100%	98%	100%	10%
General condition of the building		Attractive and inviting; one story buidng; fairly new	One-story brick, nursing home attached, clean and wecoming	
Unit Costs (Rent Only):				
-Efficiency/Studio	\$112/day	\$125 per day		\$4,300-4,800
Levels of Care (charges, hours, services, etc.):	flat rate	Point system. Entry comes with 10 free points, and for example meds administration.		
Level 1				\$4,310-4,355
Level 2				\$4,520-4,565
Level 3				\$4,775-4,820
Source: DHS CBRF Director; Internet searches; Phone interviews; onsite visits				
Notes:	Amy, packet requested 5/15			Joe packet received

Competitive Market Profile For Sauk County Community Based Residential Facilities (CBRFs)					
Name	Walnut Grove Baraboo II	Our House Assisted Care	AMERICANWAY OF SAUK COUNTY LLC	Our House Assisted Care	Our House Senior Living
Address	1114 Silver Drive Baraboo, WI 53914	1200 Washington Avenue Baraboo, WI 53913	57559 US HWY 12 NORTH FREEDOM WI 53951	1135 17th Court Reedsburg, WI 53959	355 Mack Drive Reedsburg, WI 53959
Phone	608.356.4837	608.355.2344	608.643.2232	608.524.1321	608.524.6116
Dedicated Memory Care Unit (yes/no)	no	no	no	no	no
Primary Target Population (frail, memory loss, other?)	frail, elderly	frail, elderly	mental health, age 30-70	frail, elderly, memory	frail, elderly
Age of facility/any remodeling?	2002	2002	10-12 years	1997	1997
Capacity	16	21	17	12	16
# Vacant Beds	5	2	2		2
Occupancy	67%		88%		88%
General condition of the building	15 private rooms, some baths; attractive building.				
Unit Costs (Rent Only):					
-Efficiency/Studio	Fees by level	\$3,200	\$2,550 - \$2,950	\$2,700	\$2,850
-One Bedroom					
-One Bedroom suite		\$4,300 suite for 2 people			
Double Occupancy Add on (fee)					cost break for room
Entry Fee or deposit					no
Levels of Care (charges, hours, services, etc.):		A la cart services	Basic ADLs included		5 points included
Level 1	\$3,800		\$285 to \$885		\$1.00 per point
Level 2	\$4,100				
Level 3	\$4,400				
Source: DHS CBRF Director; Internet searches; Phone interviews; onsite visits					
Notes:		Sherly 608.415.0353 packet requested 5/11			pvt baths no shower Michelle packet in mail 5/23

Appendix B

Competitive Market Profile For Sauk County Community Based Residential Facilities (CBRFs)				
Name	Our House Assisted Care	Our House Memory Care	The Narrows	Weber Haus
Address	1954 State Road 23 Wisconsin Dells, WI 53965	1950 State Road 23 Wisconsin Dells, WI 53965	E4796 Narrows Creek Road Loganville, WI 53943	312 Center Street Wonewoc, WI 53968
Phone	608.253.3404	608.253.7901	608.727.2259	608.464.7688
Dedicated Memory Care Unit (yes/no)	no	yes		
Primary Target Population (frail, memory loss, other?)	frail, elderly	memory care		
Age of facility/any remodeling?	15 years	15 years		
Capacity	20	20	8	15
# Vacant Beds	yes	yes		
Occupancy				
General condition of the building				
Unit Costs (Rent Only):				
-Efficiency/Studio	\$3,100-3,150	\$3,300-3,350		
Levels of Care (charges, hours, services, etc.):	flat rate	flat rate		
Source: DHS CBRF Director; Internet searches; Phone interviews; onsite visits				
Notes:	Joni packet received	Joni packet received		

Competitive Market Profile For Sauk County Community Based Residential Facilities (RCACs)			
Name	Greenbrair	Oak Park Place	Ridgeview Place
Address	1350 Jefferson Street Baraboo, WI 53913	800 Waldo Street Baraboo, WI 53913	2350 North Dewey Reedsburg, WI 53959
Phone	608.356.9213	608.355.4111	
Primary Target Population (frail, memory loss, other?)	elderly, frail	elderly, frail	elderly, frail
Age of facility/any remodeling?	26 yrs remodeling now	built 2008	2009 addition was completed
Capacity	33	31	24
# Vacant Beds	4	2	4
Occupancy	88%	94%	83%
Unit Costs (Rent Only):			
-Efficiency/Studio		\$3,770-4,290	\$2,800
-One Bedroom	\$2,100	\$3,830-4,350	\$3,100
-Two Bedroom	\$2,740	\$4,010-4,530	
Double Occupancy Add on (fee)	\$900	\$1,500	
Entry Fee or deposit	\$600		\$89,900-139,000
Levels of Care (charges, hours, services, etc.):	by hours needed per month		
Level 1	\$150 5 hours	\$3,770-4,010	
Level 2	\$300 11 hours	\$3,980-4,220	
Level 3	\$600 23 hours	\$4,290-4,530	
Level 4	\$1200 47 hours		
Notes:	Nicole packet received	packet received	Jane adm office, have to purchase units

Appendix B

Surveys of Planning and Zoning Departments in the Market Area

Surveys of the planning and zoning personnel in Reedsburg suggested that there are no new market rate assisted living, memory care or senior housing projects planned for the area.

Appendix C

Market Demand Tables

The following table summarizes the market demand estimates for an assisted living facility in Reedsburg that draws from the entire market area, assuming other RCACs and frail elderly CBRFs are competition.

For Spooner Nursing Home									
Market Demand Analysis for the Market Area As Defined for an Assisted Living Building									
Gross market penetration rate:			2012			2017			
Market inventory of units in the MA:									
The Project			24	40	60	24	40	60	
Other existing competitive units			80	80	80	80	80	80	
Total units in the MA			(1)	104	120	140	104	120	140
Number of units to be filled assuming 80% of residents originate from within the MA at 94% occupancy			(2) (A)	78	90	105	78	90	105
Number of age and income eligible in the MA			(3) (B)	676	676	676	793	793	793
Gross market penetration rate			(A)/(B)	11.5%	13.3%	15.5%	9.8%	11.3%	13.2%
Net market penetration rate:									
Total unoccupied units within the MA:									
Project units at 94% occupancy			(4)	23	38	56	23	38	56
Existing units available due to resident attrition			(5)	39	45	53	39	45	53
Total units to be occupied by MA Totals				62	83	109	62	83	109
Number of units to be filled assuming 80% of residents originate from within the MA			(C)	50	66	87	50	66	87
Number of age and income eligible in the MA			(3)	676	676	676	793	793	793
Less: Existing inventory of occupied comparable units			(6)	78	90	105	78	90	105
Net number of age and income qualified in the MA			(D)	598	586	571	715	703	688
Net market penetration rate			(C)/(D)	8.4%	11.3%	15.2%	7.0%	9.4%	12.6%
Project penetration rate:									
Project units at 94% occupancy			(7)	23	38	56	23	38	56
Net number of age and income qualified in the MA			(3) (F)	676	676	676	793	793	793
Project penetration rate			(E)/(F)	3.4%	5.6%	8.3%	2.9%	4.8%	7.1%

Sources: Wipfli

- (1) Identified at the time of the assessment. Source was Department of Health Services Directories and Management. Competition was defined as other ILs only. RCACs, CBRFs, and SNFs were excluded.
- (2) The market study assumes that 80% of the admissions will come from the market area (MA). Full occupancy assumption was 94%, only for the competition.
- (3) Total income eligible households in the MA.
- (4) 94% occupancy assumed.
- (5) Assumes a 40% attrition rate.
- (6) Number of units to be filled by 80% of the MA.
- (7) 94% occupancy was assumed.

Appendix C

The following table summarizes the market demand estimates for a memory care frail elderly CBRF, assuming only other RCACs were competition. This excludes skilled nursing facilities with memory care units.

For Spooner Nursing Home								
Estimated Market Demand Analysis for Memory Care CBRF for the Market Area As Defined								
Gross market penetration rate:			2012			2017		
Market inventory of units in the MA:								
The Project			24	30	36	24	30	36
Other existing competitive units			53	53	53	53	53	53
Total units in the MA (1)			77	83	89	77	83	89
Number of units to be filled assuming 80% of residents originate from within the MA at 94% occupancy (2) (A)								
			58	62	67	58	62	67
Number of age and income eligible in the MA (3) (B)								
			247	247	247	327	327	327
Gross market penetration rate (A)/(B)			23.5%	25.1%	27.1%	17.7%	19.0%	20.5%
Net market penetration rate:								
Total unoccupied units within the MA:								
Project units at 94% occupancy (4)			23	28	34	23	28	34
Existing units available due to resident attrition (5)			29	31	33	29	31	33
Total units to be occupied by MA Totals			52	59	67	52	59	67
Number of units to be filled assuming 80% of residents originate from within the MA (C)								
			42	47	54	42	47	54
Number of age and income eligible in the MA (3)								
			247	247	247	327	327	327
Less: Existing inventory of occupied comparable units (6)								
			58	62	67	58	62	67
Net number of age and income qualified in the MA (D)			189	185	180	269	265	260
Net market penetration rate (C)/(D)			22.2%	25.4%	30.0%	15.6%	17.7%	20.8%
Project penetration rate:								
Project units at 94% occupancy (7)			23	28	34	23	28	34
Net number of age and income qualified in the MA (3) (F)			247	247	247	327	327	327
Project penetration rate (E)/(F)			9.3%	11.3%	13.8%	7.0%	8.6%	10.4%

Sources: Wipfli

(1) Identified at the time of the assessment. Source was Department of Health Services Directories and Management. Competition was defined as other CBRFs only. RCACs, SNFs, and IIs were excluded from the competition.

(2) The market study assumes that 80% of the admissions will come from the market area (MA). Full occupancy assumption was 94%, only for the competition.

(3) Total income eligible households in the MA.

(4) 94% occupancy assumed.

(5) Assumes a 40% attrition rate.

(6) Number of units to be filled by 80% of the MA.

(7) 94% occupancy was assumed.

Appendix C

The following table summarizes the market demand estimates for a memory care CBRF, assuming only other memory care CBRFs were competition. This excludes skilled nursing facilities with memory care units.

For Spooner Nursing Home								
Market Demand Analysis for the Market Area As Defined for an RCAC Building								
Gross market penetration rate:			2012			2017		
Market inventory of units in the MA:								
The Project			24	40	60	24	40	60
Other existing competitive units			27	27	27	27	27	27
Total units in the MA	(1)		51	67	87	51	67	87
Number of units to be filled assuming 80% of residents originate from within the MA at 94% occupancy								
	(2)	(A)	38	50	65	38	50	65
Number of age and income eligible in the MA								
	(3)	(B)	511	511	511	586	586	586
Gross market penetration rate		(A)/(B)	7.4%	9.8%	12.7%	6.5%	8.5%	11.1%
Net market penetration rate:								
Total unoccupied units within the MA:								
Project units at 94% occupancy	(4)		23	38	56	23	38	56
Existing units available due to resident attrition	(5)		19	25	33	19	25	33
Total units to be occupied by MA Totals			42	63	89	42	63	89
Number of units to be filled assuming 80% of residents originate from within the MA								
	(C)		34	50	71	34	50	71
Number of age and income eligible in the MA								
	(3)		511	511	511	586	586	586
Less: Existing inventory of occupied comparable units	(6)		38	50	65	38	50	65
Net number of age and income qualified in the MA	(D)		473	461	446	548	536	521
Net market penetration rate		(C)/(D)	7.2%	10.8%	15.9%	6.2%	9.3%	13.6%
Project penetration rate:								
Project units at 94% occupancy	(7)		23	38	56	23	38	56
Net number of age and income qualified in the MA	(3)	(F)	511	511	511	586	586	586
Project penetration rate		(E)/(F)	4.5%	7.4%	11.0%	3.9%	6.5%	9.6%

Sources: Wipfli

(1) Identified at the time of the assessment. Source was Department of Health Services Directories and Management. Competition was defined as other RCACs only. CBRFs, SNFs, and ILs were excluded.

(2) The market study assumes that 80% of the admissions will come from the market area (MA). Full occupancy assumption was 94%, only for the competition.

(3) Total income eligible households in the MA.

(4) 94% occupancy assumed.

(5) Assumes a 40% attrition rate.

(6) Number of units to be filled by 80% of the MA.

(7) 94% occupancy was assumed.

Appendix C

The following table summarizes the admissions to Sauk County Health Care Center by Zip Code:

