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Baptist Health alters game to address aging population, facilities



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When Tim Bartos looked at 50 acres of former farmland in Glenville, he saw the future of elder care.

Bartos, CEO of Scotia-based **Baptist Health System**, said Judson Meadows, a \$14 million assisted living community under construction at the former Horstman Farm about five miles north of Schenectady, is just the first step in a full senior campus to be built over the next five years.

Like many in its industry, Baptist, which operates a 35-year-old, 240-bed nursing and rehabilitation center in Scotia, is responding to financial, demographic and consumer forces that demand change. Aging baby boomers are a key reason—8,000 people will turn 65 each day for the next 18 years. This is a generation that will live longer, healthier lives than those who came before them, and they want more options when deciding where and how they will spend their later years.

The aging population is a key factor behind skyrocketing medical costs. Lawmakers attempting to reign in costs have made cuts in Medicaid, which pays for the majority of residents in most skilled nursing facilities, and Medicare, which covers residents undergoing short-term rehabilitation.

This has put the squeeze on home operators. Richard Herrick, CEO of the New York State Health Facilities Association, said more than 150 nursing homes have been identified by the state as “financially distressed.”

As a result, operators like the nonprofit Baptist are willing to invest millions, often with help from the state, to improve their bottom lines. They are building more modern, more efficient

nursing homes, and they're projecting these will attract more self-pay residents, the most lucrative population in the world of elder care.

They also are diversifying their offerings with assisted living and independent living communities to meet the growing housing needs of older boomers with money to spend, many of whom have been put on waiting lists at existing facilities.

Doing so could keep people out of expensive nursing homes longer, preserving their resources and possibly helping control health care costs.

It costs on average about \$10,000 a month to reside in a nursing home in the Capital Region, according to The Business Review's Nursing Homes List. (See list on page 22.)

Judson Meadows is Baptist's first step into assisted living. Not long after it opens this summer, Baptist will begin work on a \$36 million, 192-bed skilled nursing facility, replacing the aging Scotia facility with eight modern "small house" buildings. After that would come a mixed-use independent living community featuring a small commercial strip with businesses that cater to seniors.

Meanwhile, the newer section of Baptist's nursing home in Scotia is being renovated, at a cost of about \$3 million, into a short-stay rehabilitation center with 43 private rooms. The rest will be demolished and possibly replaced with affordable housing targeted to seniors.

Bartos, 59, has led Baptist Health for 30 years. When he started, nursing homes were places where residents with a wide range of needs lived for up to two decades.

"That is almost unheard of now," he said.

With the growth of independent living, assisted living and home care options, nursing homes are now the spot where people go for short-term rehabilitation after surgery, such as a knee replacement, or where seniors with the greatest medical needs spend the last year or two of their lives. But even as they put more focus on health care, these facilities are becoming more home-like.

"The institutional model is not the model of today," said Jo-Ann Costantino, CEO of The Eddy, the senior and rehabilitative care arm of Albany-based **St. Peter's Health Partners**.

All seven Eddy nursing homes are going through a "master plan analysis" to determine what they must do to make their environments more modern and comfortable, Costantino said. These projects, all of which would be relatively small, would be paid for out of St. Peter's capital budget.

Two of the seven, Eddy Village Green at Cohoes and Eddy Village Green at Beverwyck, already use the "small house" model. Residents have private rooms but share large living areas and kitchens. Cooking is done on the premises, with residents encouraged to take part in meal preparation.

The new Baptist Health home in Glenville, which was designed by SWBR Architects of

Rochester, will use a similar model. The proposal submitted to the state Department of Health calls for eight small houses, each with 24 private rooms.

Bartos said the hope is that this model will attract more private-pay clients. At the moment, 70 percent of Baptist Health residents are on Medicaid.

About 45 percent of residents at Eddy Village Green in Cohoes are private-pay, Costantino said.

"I do think that model is very attractive to people who can pay for that level of care," she said.

But The Eddy's oldest home, Eddy Memorial Geriatric Center in Troy, is about 40 percent private-pay.

Costantino attributed that, in part, to the fact that it shares a campus with independent living and assisted living communities, allowing people to "move up" as their needs change.

This is part of Bartos' plan at Baptist Health. Judson Meadows will have 10 Medicaid beds, but the other 62 beds will be private pay at \$3,545 a month. That is about average for the region's assisted living communities.

The eventual independent living community will be entirely private-pay.

"That is one way to cut the losses on the nursing home side and create a feeder for the nursing home," he said.

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