

EXECUTIVE SUMMARY (Updated January 2022)

The purpose of this engagement was to update the Executive Summary of a market feasibility study conducted in April 2020 for five 14-bed skilled nursing homes to be located on Martha's Vineyard in Massachusetts. This study was commissioned by Navigator Homes of Martha's Vineyard, Inc., which is partnering with Martha's Vineyard Hospital to develop the proposed project.

The Proposed Project

The proposed project will be a 70-bed skilled nursing facility comprised of five 14-bed homes, replacing the current 61-bed Windemere Nursing and Rehabilitation Facility on Martha's Vineyard. The development will be modeled after the Green House Project, an innovative model of care that radically transforms institutional care. Although designed to look like neighboring homes in a community, Green House homes are licensed to provide services to people with the greatest health care and cognitive needs.

Research conducted at Green House homes¹ has shown that this model of care results in an improved quality of life (in terms of privacy, dignity, meaningful activity, relationship, autonomy, food enjoyment, and individuality) and emotional well-being. In addition, Green House elders have been found to have an improved quality of care, including longer maintenance of self-care abilities and lower rates of depression. Green House homes have also been found to result in improved family and staff satisfaction.

Furthermore, consumer research has shown this model of care to be very appealing to potential residents and their family members, with a majority of caregivers reporting a willingness to drive further and pay more to access the services of a Green House home for a family member. Ninety-seven percent of over 1,000 informal caregivers surveyed reported a favorable response to the Green House home concept².

In addition, with the all-private rooms and small home design that are key to this model of care, Green House homes are well positioned to respond favorably to concerns raised as a result of COVID-19, by being able to mitigate infection risks while providing ongoing opportunities for social connection. In fact, research shows that Green House skilled nursing homes experienced COVID-19 cases at less than half the rate of cases in nursing homes nationwide, and that the rate of COVID-19 deaths among elders in Green House skilled nursing homes has been less than 30 percent the rate of all elder deaths in nursing homes nationally³.

¹ <http://thegreenhouseproject.org/doc/27/about-evaluation.pdf>

² <https://www.thegreenhouseproject.org/application/files/2814/2504/6162/consumer-research.pdf>

³ [Nontraditional Small House Nursing Homes Have Fewer COVID-19 Cases and Deaths - Journal of the American Medical Directors Association \(jamda.com\)](https://www.jamda.com/Nontraditional-Small-House-Nursing-Homes-Have-Fewer-COVID-19-Cases-and-Deaths)

Additionally, Green House homes have historically shown significantly higher occupancy rates compared to traditional nursing facilities, with a 97 percent average occupancy for Green House homes compared to a national average of 84 percent pre-COVID⁴. Higher than average occupancy rates continued even during the pandemic, with an average occupancy rate of 89.5 percent for Green House homes versus 71.6 percent nationally from May through October of 2020⁵.

Primary Market Area

Based on information obtained via interviews and focus groups conducted with individuals from the Vineyard, it was determined that the primary market area for a project developed on the Island would be the zip codes of Aquinnah/Chilmark (02535), Edgartown (02539), Oak Bluffs (02557), Vineyard Haven/Tisbury (02568), and West Tisbury (02575). These zip codes comprise the entire island of Martha's Vineyard, including Chappaquiddick Island which is located off the southeast corner of the Vineyard.

Following are key demographic and economic findings about the primary market area:

- The total population on Martha's Vineyard is projected to increase 6.6 percent between 2020 and 2035 (from 17,238 to 18,383), with an 85 percent increase (from 1,133 to 2,096) projected for the population aged 75 to 84 and an 82 percent increase (from 451 to 820) projected for the 85-plus population over those same years⁶.
- Driven in large part by affluent summer homeowners, the price of housing on the Vineyard is significantly higher than in most other areas of the State, with a median home value on the Island of \$884,814 compared to \$497,108 statewide⁷.
- The median household income is slightly lower on the Vineyard versus the State (\$82,307 on the Vineyard versus \$93,927 statewide), but the age 65-plus median household income is higher on the Vineyard than for the State (\$64,499 for the Vineyard versus \$58,758 statewide)⁸.
- Thirty-two percent of households aged 65-plus on the Vineyard have incomes greater than \$100,000, as compared to 20 percent statewide, while 27 percent of 65-plus householders on the Vineyard have incomes less than \$35,000 annually as compared to 33 percent statewide⁹.

⁴ Data from the Green House Project and the National Investment Center for

⁵ For May through December, 2020, per the CMS Covid-19 study database and Green House Covid-19 database.

⁶ Per population projections developed by UMass Donahue Institute (UMDI), the public service outreach and economic development unit of the University of Massachusetts' President's Office.

⁷ Senior Life Demographics 2022, Claritas LLC.

⁸ Ibid.

⁹ Ibid.

- Martha's Vineyard is heavily dependent on the tourist industry, and as a result the number of jobs on the Vineyard grows from approximately 6,104 in the winter months to 10,881 during the summer months¹⁰.
- In spite of the seasonal variation in employment on the Vineyard, the annual unemployment rate for the Island is only slightly higher, at 4.3 percent, than for the State as whole (3.0 percent)¹¹ or nationally (3.7 percent)¹².
- The high cost of housing on the Island coupled with competition for lower wage jobs from the tourism industry leads to staffing challenges on the Island.

Site Description

The proposed project will be sited on approximately nine acres that is part of a larger 24-acre parcel located at 490 Edgartown-Vineyard Haven Road in Edgartown, Massachusetts. Workforce housing is planned for another three to four acres of the site, with the remaining land protected as moth habitat. The site is located close to the largest population centers on the Island, with Edgartown-Vineyard Haven Road a major arterial on the Island.

The only hospital on the Island, Martha's Vineyard Hospital, is located approximately 5.5 miles from the site, with physician offices and other medical services also located on the campus of and in the area surrounding the Hospital.

Competitive Analysis

The only skilled nursing facility located on Martha's Vineyard is Windemere Nursing and Rehabilitation Center, which will be replaced by the proposed project. Only one other licensed facility, a 14-bed assisted living residence called the Henrietta Brewer House, is located on the Island.

Three skilled nursing facilities are located just outside the primary market area on the mainland in Falmouth, where the ferry to the Vineyard is accessed. All of these facilities are of a traditional institutional design, and would not be considered to be competitive to the proposed project.

Demand Analysis

Application of statewide nursing facility utilization rates for the 65-plus population to the 65-plus population in the primary market shows there to be ***a need on Martha's Vineyard for 122 nursing facility beds in 2022 and 113 beds in 2027.***

¹⁰ ¹⁰ 2008 figures from the MA Department of Labor and Workforce Development, as reported by <http://www.mvcommission.org/economic-profile-marthas-vineyard>

¹¹ For 2019, [Labor Market Information | Mass.gov](https://www.mass.gov/info-details/labor-market-information)

¹² For 2019, [U.S. Unemployment Rate 1991-2022 | MacroTrends](https://www.macrotrends.net/1000/unemployment-rate)

Private-Pay Beds. A demand analysis to determine the need for private-pay, long-term care nursing facility beds in the primary market area shows there to be ***a demand for 42 private-pay beds in both 2022 and 2027.*** This analysis was based on the following assumptions: the application of the statewide utilization rates to 65-plus households in the primary market area with incomes greater than \$185,000 annually for renters and \$50,000 per year for homeowners; a deduction of 12.7 percent to account for short-stay beds; a 15 percent secondary market factor; and 95 percent occupancy for private-pay beds at the proposed project.

Medicaid Beds. An analysis to determine the need for Medicaid-funded nursing facility beds in the primary market area results in ***a demand for 43 Medicaid beds in 2022 and 37 beds in 2027.*** This analysis was based on the application of statewide utilization rates to age-and-income eligible households; a deduction of 12.7 percent to account for short-stay beds; a 15 percent secondary market; and 96 percent occupancy for Medicaid beds at the proposed project.

Medicare Beds. Applying the percentage of short-stay beds of all nursing facility beds statewide (12.7 percent) to the estimated nursing facility bed need in the primary market area results in ***a need for between 15 and 16 short-stay (Medicare and commercial insurance) beds,*** assuming 94 percent occupancy for the short-stay beds.

These analyses reflect a greater need for nursing facility beds than is currently being utilized on Martha's Vineyard. That is, the Board of Directors for Martha's Vineyard Hospital (which owns and operates Windemere Nursing and Rehabilitation Center) decided as a result of the COVID-19 pandemic to artificially limit the number of residents served at Windemere. Therefore, at this time no more than 40 residents may be served at Windemere at any given time in order to provide private rooms to as many residents as possible to limit the potential spread of COVID-19.

The nursing home administrator for Windemere reports receiving approximately four to eight calls each week from local individuals attempting to secure a bed for loved ones and/or from the Cape Cod Hospital or mainland-based rehabilitation centers seeking long-term care placement for patients being discharged. Due to the artificial cap on admissions, staff at Windemere are forced to regularly turn away these potential residents.

In addition to the Board's desire to provide residents with private rooms, another limiting factor at Windemere is the challenge in attracting needed nursing staff to the facility. Both the high cost of housing and the lack of available housing on the Island creates a significant staffing challenge Island-wide, including at Windemere. The inclusion of workforce housing on the site of the proposed project will be a key factor in addressing these staffing issues, with 30 of the 76 apartments to be developed on the project's site to be reserved specifically for future employees of the replacement facility for Windemere.