

The background features a dark teal color with several brown gears of varying sizes. A horizontal bar with a dark grey center and orange and green ends is positioned behind the main title.

Bad River Aquatic Fitness Center & Clinic Expansion

Overview of Design & Construction
New Services & Facilities
Finances & Sustainability

Executive Summary



This presentation will walk you through a major infrastructure project currently in process at Bad River and provide insights on:

- Designing infrastructure to address community needs
- Planning for ongoing sustainability
- Third party billing for revenue recoupment
- Strategies related to maximizing 105 L Lease options
- Financing





Project Phases



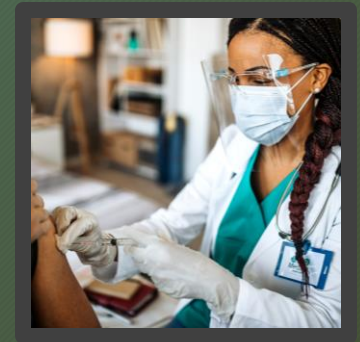
Conceptual



Design



Construction



Operation



We're here!



Disparities in Health

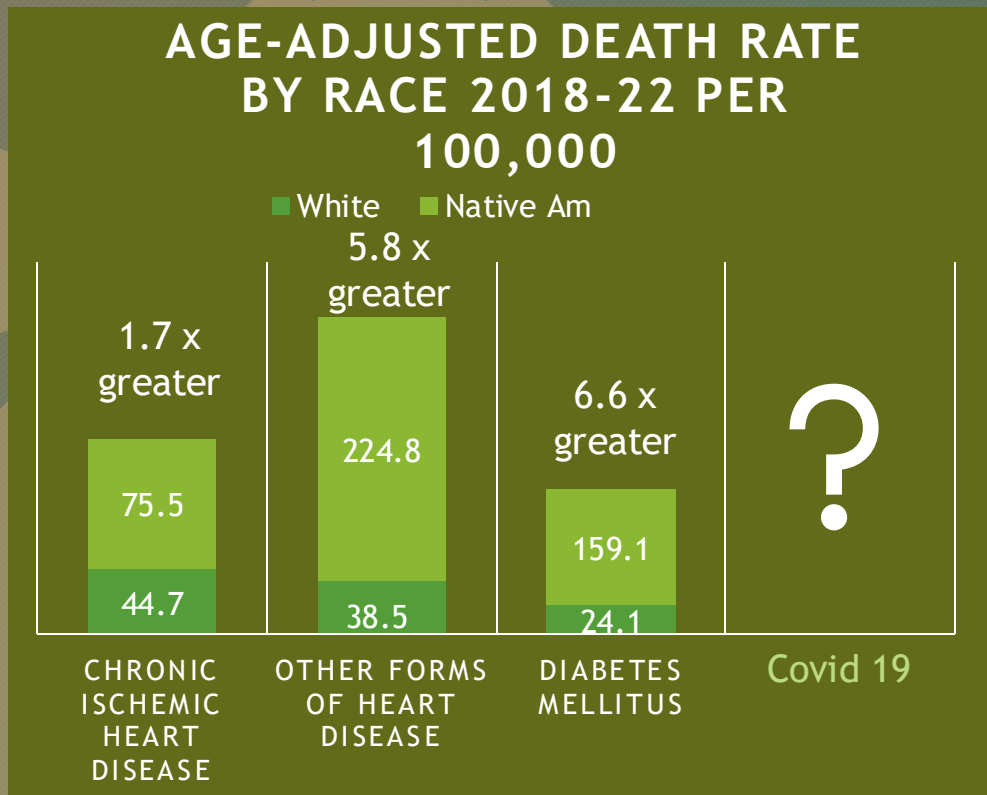
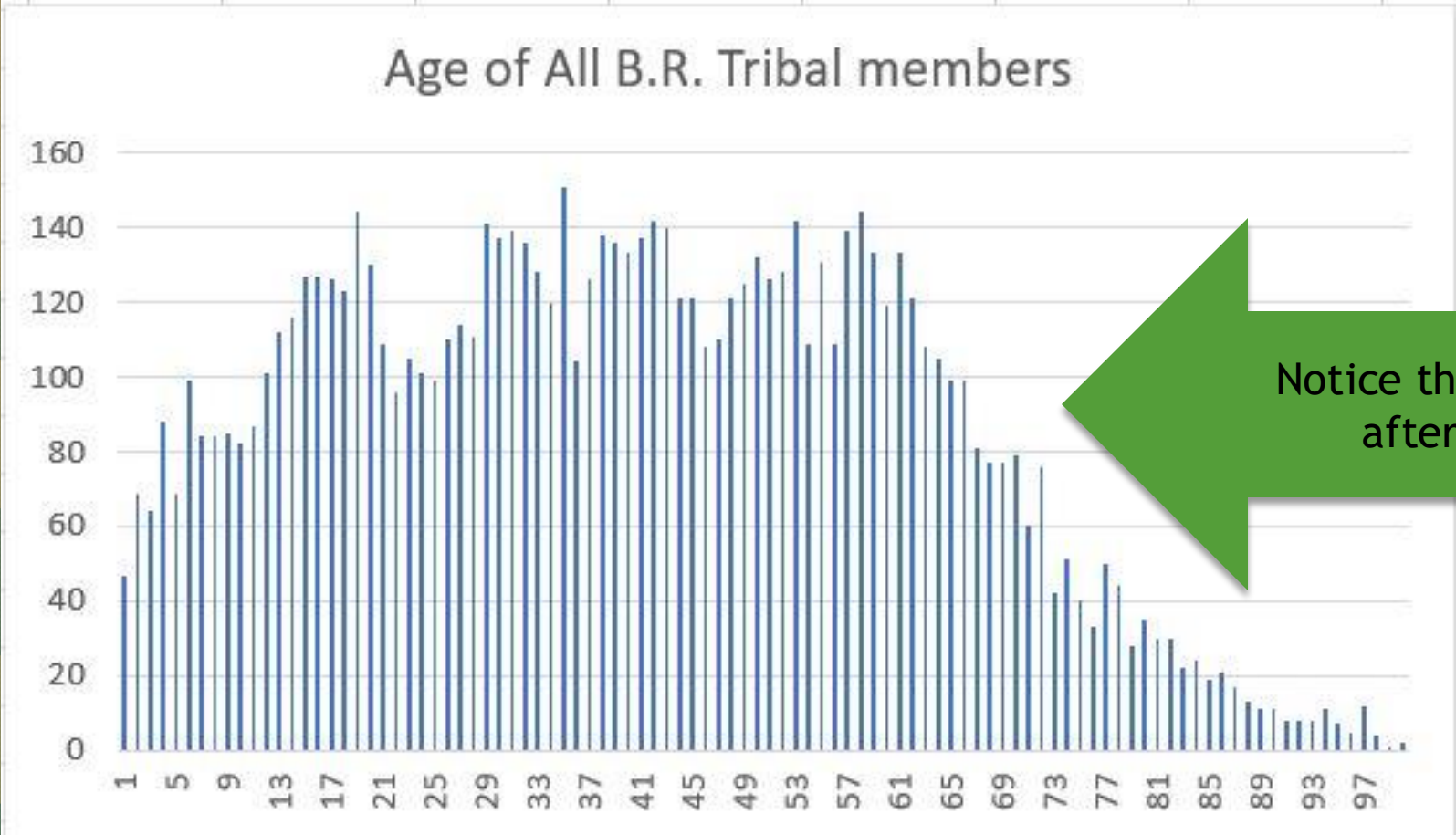


Fig. 1: Table of age-adjusted death rates for three chronic diseases by race in Ashland County 2018-2020 per 100,000 people. (Source: WI DHS <https://www.dhs.wisconsin.gov/wish/mortality/detail.htm>)

- Bad River Health and Wellness Center's response to chronic disease (2019-2021):
 - Mental Health Disorders (10,000+ visits)
 - Opioid Use Disorder (1700+ visits)
 - Diabetes (1200 + visits)
 - Heart Disease (150+ visits)
 - Pain

In 2011, IHS determined that the Bad River Health and Wellness Center is undersized by 50%.

Bad River Membership Age Distribution (IHS Service Area)



Notice the sharp drop after year 60

New Health Services & Facilities to Address Health Disparities



Healing

Traditional Healing

Occupational Therapy
Speech Therapy

Cardiac Rehabilitation
Ojibwe Language & Cultural
Programming

Youth leadership
& programming

Pain Resolution

Chiropractic Therapy

Physical Therapy

Radiology – Fixed,
Ultrasound, Mobile MRI

Basketball courts
running track &
exercise machines

Prevention

Dietitian & Diabetic
Education

Expanded AODA/Harm
Reduction

Full Service Optical Dept.

Exercise Classes

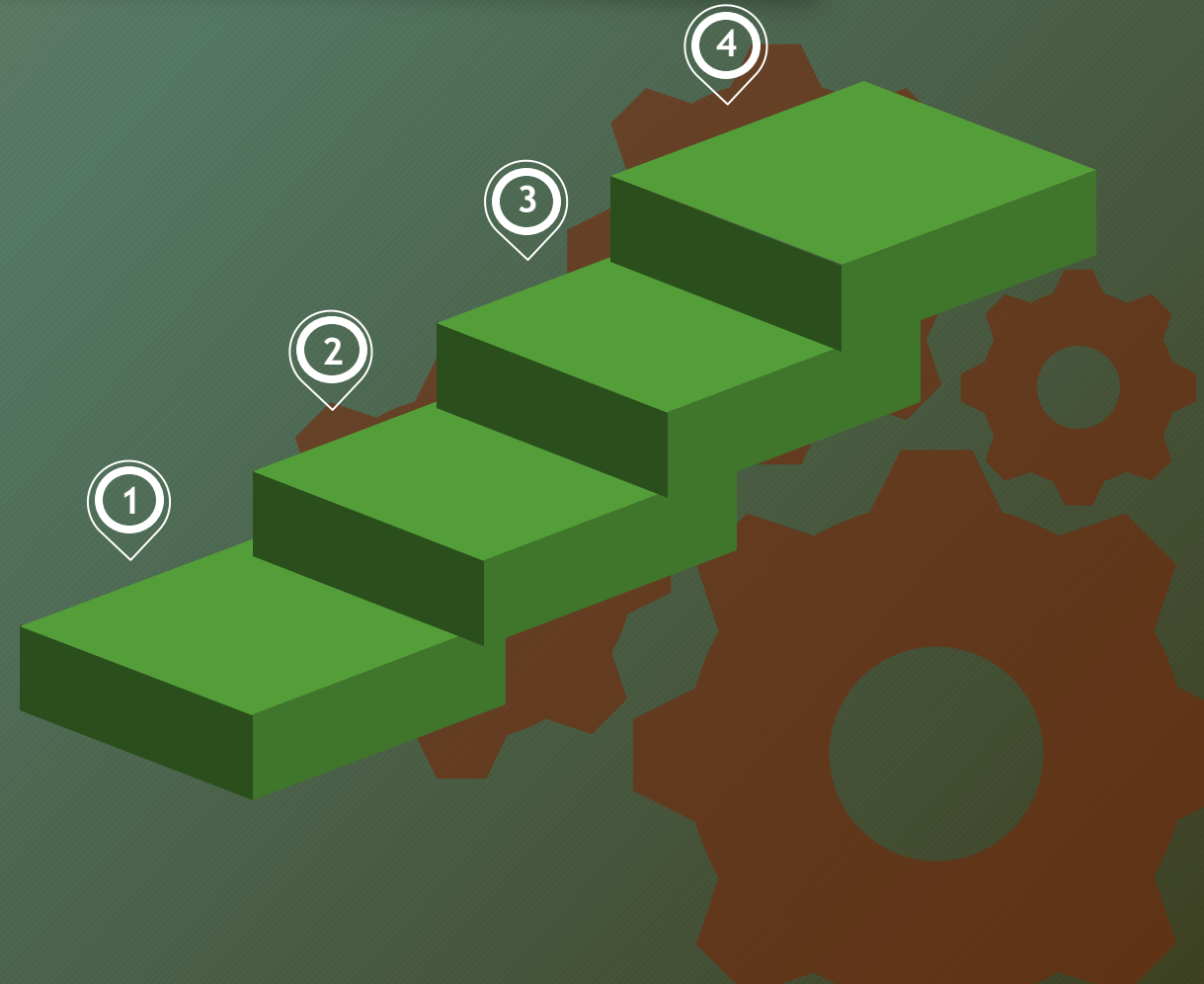
Kitchen classroom &
community spaces

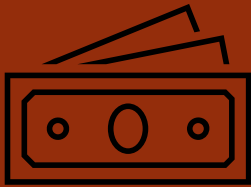
Pool, hot tub, sauna,
locker rooms, etc.

Planning for Sustainability



- 1 Revenue earned through health services provided
- 2 IHS cost agreement (105L Lease)
- 3 Annual IHS & FQHC Funding
- 4 Program funds, grants, rental fees, renewable energy, etc.





3rd Party Revenue

- Most clinic patients are insured through Medicaid or Medicare, or private insurance
- The highest payor is Medicaid. Indian tribes receive a higher rate for each Medicaid patient seen (currently \$719/encounter for lower 48 states)
- The clinic's actual costs can be lower or higher than the encounter rate
- Offering non-medical services can create a more sustainable business model

Medicaid (Badgercare)
patient comes for 5
chiropractic adjustment

All-inclusive encounter
rate: \$719

Actual cost of visit: \$345

Difference: \$1870

Healthy Mix of Healthcare Services → Long-term Financial Sustainability



Lower-cost services

- Imaging
- Dental Hygiene
- Chiropractic, Physical & Occupational Therapy
- Counseling/AODA
- Optical

Higher-cost services

- Medical
- Dental Reconstruction

PRC payments to Memorial Medical Center exceed \$500,000 per year (most years, from 2017 to present).



IHS Cost Agreement (“105L Lease”)

By the 10th year of operation, the new Bad River Aquatic Fitness Center is projected to have generated \$13 million in 105L lease revenue.

- Access to healthcare services is guaranteed per treaty & the federal government’s trust responsibilities
- Public Law 93-638 allows Tribes to contract with the Indian Health Service to provide healthcare
- Federal law requires the Indian Health Service to pay Indian Tribes for the Tribe’s space that is dedicated for those healthcare services

IHS cost agreement, cont.



Revenue generated through an IHS cost agreement would support youth and elder programming (e.g. staffing, programmatic expenses, facility maintenance, etc.)

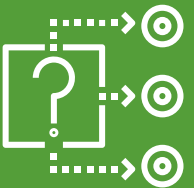
Other revenue sources

- Annual IHS & Federal Qualified Health Center (FQHC) funds are designed to cover the costs of uninsured patients.
- Grant revenue, program funds, rental fees, partnerships, etc. may be additional sources of funding.
- Renewable energy sourcing can reduce operational costs



Funding for Design & Construction

Construction cost: \$33 million = additional \$2.5 million for gas line
Tribal Council allocated \$15 million in ARPA
and \$8 million in clinic third-party revenue
\$12.5 gap funding needed



Financing partners

105 L Lease Payment Options:

- (1) Market rental value
- (2) Itemized operational expenses, which includes principal and interest (25 U.S.C. § 900.70 [a]-[h])

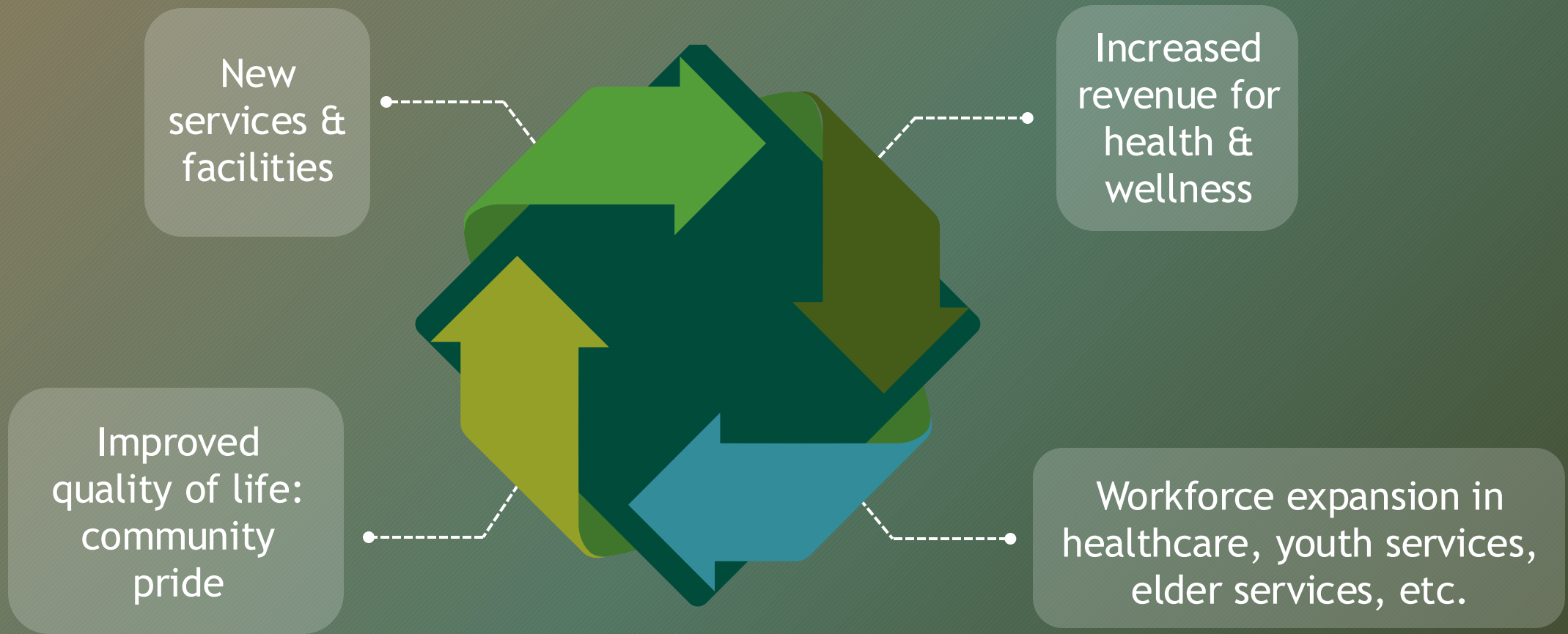




Challenges

- Labor shortages
- Increasing supply costs
- Added costs
- Minimize construction unknowns with a construction manager-at-risk contract (Miron)





Summary of Community Benefits for Bad River

