



City of Fertile

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On Monday, January 8, 2024, the Fertile City Council was given a brief presentation by representatives from Cornerstone, a long-term care and assisted living provider, about their interest in the potential acquisition of Fair Meadow Nursing Home. Cornerstone has long term care and assisted living facilities located in Bagley, Fosston, and Kelliher. The Cornerstone group has been providing long-term care services over the last 50 years. Cornerstone owns institutions exclusively in Northwestern Minnesota, and note that they are very familiar with the needs of long term care facilities in the region.

When representatives from Cornerstone were asked about why they have interest in Fair Meadow they replied that "it's what we do, and we know the industry" and went on to say that they "are compassionate to the industry and know how important these small facilities are to a community." Cornerstone has made an assurance to the council that their interest would certainly be to maintain the long-term viability of Fair Meadow and they are "not in the business of buying and selling."

At this meeting, the City Council did approve the signing of a non-disclosure agreement with Cornerstone which allows the two entities to begin to explore the possibility of Cornerstone acquiring Fair Meadow Nursing Home. This agreement DOES NOT commit the City of Fertile to selling Fair Meadow, but simply to begin exploring this as a potential option. The city council is fully committed to assuring the long-term viability of Fair Meadow. Each of the members of the council and the mayor are fully aware of the value that Fair Meadow provides to the residents and families of the residents staying locally, along with assuring the continued employment of the phenomenal staff of Fair Meadow and the great value that they bring to the community.

Long-term care facilities across the nation have faced enormous challenges over the last decade including reimbursement from Medicare and Medicaid, workforce shortages, and increasing regulation and Fair Meadow has not been an exception. These facts have resulted in numerous closures of long-term care facilities, with the most recent in our region being Pioneer Memorial Care Center in Erskine in June of 2023.

A common thread amongst the institutions which have faced closure is that they are "stand-alone" institutions, which Fair Meadow currently is. These institutions lack the capacity to combine services such as administration, central billing, and human resources. They also lack the capacity of group buying to obtain goods and services at a volume discount including the ability to obtain insurance premiums at larger group rates. This creates significantly more overhead costs, which makes operational costs substantially higher.

Additionally, since the transition of administration in June of 2023, Fair Meadow has relied on the services of temporary administrators. These administrators have provided excellent guidance through this transition, but it is not a viable option in the long term. Despite implementing the services of a top recruiting firm, Fair Meadow has not been able to secure a permanent administrator with several reasons being cited for this inability. In maintaining these concerns, and in order to assure the longstanding viability of Fair Meadow, the council believes it is prudent to explore the potential divesting of Fair Meadow, to an entity which is well established in the region, and to allow for the benefits of a multi-facility system.

In the event that an agreement for acquisition of Fair Meadow by Cornerstone seems to be in the best interest for the long-term future of Fair Meadow, Cornerstone has assured the City Council that they would certainly agree to meet with families of the residents as well as staff of Fair Meadow to assure that this potential change will be in the best interest of all of the parties involved.

Cornerstone is ranked "Above Average" in the Overall Medicare ratings and has had zero complaints in the past three years that resulted in a citation according to medicare.gov and only one facility-reported issue that resulted in a citation over the last three years. The city council is pleased that a regional long term care provider has shown interest in potential acquisitions as compared to a national group with little knowledge of the challenges that rural long-term care providers face. We will continue to share additional information as it presents and want to assure you that you will remain apprised of the details of any potential advancement in this process.

Fertile City Council