

Continuum Development Services



**ONLY THE MEDIOCRE ARE
ALWAYS AT THEIR BEST**

Jean Giraudoux (1882-1944) diplomat and writer

CONTINUUM DEVELOPMENT SERVICES

HAS A UNIQUE COMBINATION OF EXPERIENCE THAT NO OTHER CONSULTING
TEAM CAN MATCH - OPERATIONAL, FINANCIAL, AND STRATEGIC...

Could *Service Creep* be Hurting Your Bottom Line?





Learning Objectives

- Understand the importance of getting a handle on services outside the contract
- How can I communicate to staff and residents the financial impact for both parties
- How can I stop this practice?



What is Service Creep?

little by little” the contract’s provision of CORE resident services intended for all residents is EXTENDED to services benefiting a few residents at NO CHARGE”



Service Creep

- Why does it happen?
- Where does it happen?
- What are the consequences?
- How can I spot it?
- How can I communicate it?
- How can I stop it, use it to my organization's advantage or get paid for it?



Dining



Housekeeping

Health Care



Transportation





Why does it happen?

- Residents are persuasive and staff are trained to provide excellent customer service
- Internal tracking systems are not in place or are labor-intensive manual logs...it is easier to just not bill (e.g., handyman type services, extra housekeeping)
- Contracts use non-specific languages and internal documents such as Resident Handbooks often list services that are not contractually required



Where does it happen?

EVERYWHERE

- Extra or below market priced “extra” meals
- Private rooms without adequate “up charge”
- Dining services (meal takeout practices, meal credits)
- Level of care services in AL without charges
- All inclusive pricing without premium charges

What are the consequences?

Look out...here comes tomorrow...

- Hard to stop once started
- Increases in fees to pay for it
- Need for more flexible and personalized services

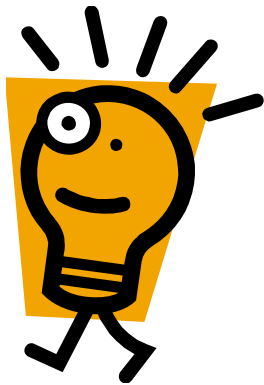


How can I spot it?

- Conduct annual review of contract to ensure that the services offered are matched to actual practices
- Meet with department managers/directors about services they deliver that are not charged
- Conduct an operational assessment to provide an outside perspective



How can I spot it?



....here's your sign

- Ancillary revenue decreases from one year to next
- Competition charges for services you do not
- Prices do not increase annually



Personal Care/Assisted Living

- ***Situation:*** staff was providing clients with ADL assistance outside of home care which was being billed
- ***Solution:*** track the number of hours being spent with residents performing tasks outside the contract language and bill these services.



Home Health

- **Situation:** Home health and medication management being provided free of charge to ILU residents at a cost of \$400K annually. CCRC had 85% occupancy in AL
- **Solution:** Add monthly charge for medication management services to ILU and assure residents understand it is a service provided without additional charge in AL



Clinic

- **Situation:** 2 FTE of NP (with 2 FTE nurses and 2 FTE support staff) employed with annual revenue of \$230K and expenses of \$495K = \$265K Annual Loss
- **Solution:** Establish daily/weekly/monthly expectations for NPs. Utilize practitioners for resident care..not meetings. Establish daily walk-up clinic.



Transportation

- **Situation:** client used to provide “free” transportation to medical appointments daily—contracts were inconsistent
- **Solution:** develop scheduled days, times and locations for “free” transportation—otherwise charge a fee that is slightly less than local taxi rates



Maintenance

- **Situation:** client allows maintenance staff to perform services such as resetting clocks, changing light bulbs, repairing of small equipment such as vacuums, moving of furniture without charge
- **Solution:** develop clear policies about included services such as “free” hours at move-in and an ancillary schedule of pricing of extra services...and stick to it.

- **Situation:** client allowed substitution of guest meals for missed meals, underpriced guest meals and provided free coffee and fruit in the dining room
- **Solution:**
 - a clear policy about included meals and the policy— usually after absent from community for longer than 10 days.
 - Develop pricing for guest meals similar to local restaurant pricing.
 - Nothing is free unless outlined in the contract..free fruit and coffee seem inconsequential...staff time and the cost of the raw food



Finance/Billing/Resident Services

■ *Situation:*

- Client accepts credit cards but does not charge back for merchant fees;
- Client allows residents to pay bills beyond normal terms and does not charge late fees
- Client allows administrative staff to support resident association functions without appropriate fees
- Management does not implement annual fee increases to keep pace with annual operating expenses
- Beauty shop services are almost always not priced competitively with other providers in the community



Finance/Billing/Resident Services

- ***Solutions:***
 - Charge residents for administrative fees related to providing “perks” to resident as well as staff time not related to operation of the community.
 - Review operating expenses annually and make the appropriate increases
 - Review ancillary services such as extra housekeeping, maintenance and beauty shop services to make sure they are priced appropriately



How can I communicate it?

- **Explain and train**—management , residents and staff must understand the contractual services versus the fee-for-service ones
- **Document**—develop systems and processes that document tasks and the time spent performing that task



How can I communicate it?

- Difficult to balance resident satisfaction with financial goals
- Collaborate with Resident Council to determine services that ALL residents desire



How can I communicate it?

Establish a culture where Residents understand that:

- They can have almost anything for which they are willing to pay
- If one resident receives more services than other residents without charge...all residents pay from monthly service fees which have to be adjusted to account for non-contractual perks



How can I stop it?

- Don't start it
- Clear and concise contract/policy wording
- Consider offering a "flexible spending" dollar value used for "extra" services



How can I stop it?

- Don't start it..**JUST SAY NO!**
- Clear and concise contract/policy wording



CDS Best Practice

Bundled service packages are an excellent way to increase utilization of services that are not included in the contracts

- Example: an average discount of 15% on all a la carte services, for singles and couples.
- Example: a declining dollar approach rather than a specific number of meals per month



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