



2012 LeadingAge Annual Meeting

Resident-Centered Reporting: Transparency in Financial Disclosure

Session 64-F
Wednesday, October 24, 2012
8:30a – 10:00a



Speakers: Contact Information

Kathleen Harris
President
K Harris Consulting LLC
kharris@kharrisconsulting.com



David Scruggs
Chief Financial Officer
Montereau, Inc.
dscruggs@montereau.net





Culture Change

- Old Culture – Paternalistic
 - “Financial information will confuse residents”
 - “Residents won’t eat if meals aren’t included in the contract”

- New Culture – Person-centered
 - Core Values: Choice, Dignity, Respect, Self-determination, Purposeful living

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Culture Change

- New generations of residents
 - want more information
 - have adapted to technology

- Senior Living communities need to change attitudes as well as environments and systems

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Resident Satisfaction

- Key drivers for overall satisfaction include:
 - Quality and competency of leadership
 - Timely/accurate communications from management
 - Accessibility of administrative staff

Information courtesy of Holleran

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Resident Satisfaction (excellent/good)

- Overall satisfaction
 - National = 87.2; Montereau = 92.3
- Quality/competency of leadership
 - National = 82.6; Montereau = 94.2
- Communications from management
 - National = 85.8; Montereau = 90.7
- Accessibility of administration
 - National = 86.9; Montereau = 93.4

Information courtesy of Holleran

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Financial Disclosure

- Internal Forces – Resident Satisfaction
 - Communication builds relationships
 - Transparency = Trust
- External Forces
 - Government reports
 - Media articles
 - Resident Rights movement

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US Government Accountability Office

- June 2010 report, “CCRCs Can Provide Some Benefits, but Not Without Some Risk”
 - Uneven regulation, lack of focus on long-term viability
 - Potential loss of refundable entrance fees (unsecured creditors)
 - Monthly fee increases become unaffordable
 - Variation in resident disclosure requirements

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Senate Special Committee on Aging

- July 2010 report, “CCRCs: Risks to Seniors”
 - Key Regulatory Area: Disclosure to Consumers
 - Financial condition (audited financial reports, key financial indicators to meet obligations to residents, average time to pay refunds)

 - Fee schedules and fee adjustment policies

 - Refund policies and revenue sources

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Media Articles

- November 2009, Wall Street Journal
“Recession Hits Senior Communities”
 - Complete, audited annual reports
 - Information from EMMA
 - Resident & family references
- Local coverage of CCRCs in bankruptcy/
restructuring

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Resident Rights

- California Continuing Care Contract Statutes:
 - Effective channels of communication between residents and staff/administration/board
 - Encourage formation of resident association, keep informed about operation of community
 - Semiannual meetings (minimum) of board and residents to discuss income, expenditures, financial trends and proposed changes in policies, programs, services

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Resident Rights

- Proposed national bill of rights for CCRC residents:
 - Minimum standards of transparency and accountability
 - Financial soundness/financial projections
 - Decision-making authority (personal choice, not management)


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Best Practices: Communication

- Resident Handbook – Communication Tools
- Townhall meetings
- Resident council as communication link
- Intranet/online community
- Social media – Facebook/Twitter/YouTube

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Best Practices – Communication

- Objectives
 - Keep consumers engaged
 - Give residents a voice
 - Provide meaningful information for decision-making
 - Make public information accessible

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Best Practices: Financial Disclosure

- LeadingAge – “Suggested Best Practices for CCRC Disclosure and Transparency”
 - Ensure resident access to management, financial information, board/ownership

- CARF-CCAC – “Consumer Guide to Understanding Financial Performance and Reporting in CCRCs”

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Best Practices: Pricing Disclosure

- Communicate pricing strategy – philosophy/concepts
 - Market positioning
 - Actuarial pricing summary
 - Financial model

- Tell consistent story
 - Pricing differentials vs qualified medical deductions
 - Unbundling adjustments vs a la carte pricing

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Best Practices: Pricing Disclosure

- Address refundability concerns

- Provide expense distribution
 - Functional/departmental
 - Natural classification
 - Functional/service expense classification:
 - property, community life, personal services, dining services, administration

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MonterEAU's Approach to Resident Centered Financial Disclosure





Historical Perspective

- Developed by a private foundation
- Top-down approach to management characteristic of start-up operations
- Limited financial disclosure
 - Characteristic of private foundations
 - Reflected strengths of leadership team
- Result:
 - Ad hoc Resident Finance Committee formed
 - “Us vs. them” relationship developed

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Evolution

- CEO transition:
 - Resident centered care – a partnership
 - Team approach to leadership – trust
- CFO transition:
 - CFO function brought in-house
 - Duties changed from accounting to finance

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Communication: From Speaking “To” to Discussing “With”

- Resident Council vs. Resident Counsel
 - Sharing of information
 - Solicitation of input and ideas
- An honest question deserves an honest answer, usually followed by action
 - Don’t be afraid to answer
 - Work from guiding principles (mission, vision, values) to “Do the right thing”
- Speech coach

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The CFO’s Job

- Accounting – Get the facts right, and you will have oodles and gobs of information
- “F” stands for Finance
 - Sort
 - Sift
 - Analyze
 - Report
 - Recommend

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The CFO as CEO “Chief Education Officer”

- Never “talk down” to an audience
 - Most people are smarter than you at some/most things
 - Acknowledge that you hope to give something to everyone
- Explain:
 - Tell folks what your objective is
 - Share the information
 - Interpret it from the perspective of the listener


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Rules for CFOs to Live By

- If residents “don’t understand,” it is our fault
- We should have an opinion about almost everything
- Every question is important
- Most people do not know what questions to ask
- Never lie

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Montereaue – Tulsa, OK

- You are the residents
- Presentation of FY2012 budget
- Stump the Chump