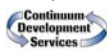



ENSURING THRIVING OPERATIONS TODAY WHILE POSITIONING FOR THE FUTURE

Tuesday, March 18, 8:30a-10:00a
Session 17-D COO Forum


Daniel Gray, President



Debra Reardanz
President/CEO



Reed VanderSlik
Chief Operating Officer








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


and mediocre CEOs never demand and push

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



“The Road to Success is Always Under Construction”

Lily Tomlin





Review Operations Annually

- Objective—to identify revenue/expense improvements that will:
 - Strengthen financial performance,
 - Improve debt service capacity,
 - Increase days cash on hand, and
 - Create additional opportunities for communities to act strategically in order to achieve mission.



Operating Margin

CCRCs need at least 10% to 15% net operating margin in order to act strategically



Caution

- *DO NOT* focus on past or place blame
- *DO NOT* place too much emphasis on the numbers—the *INITIATIVES* are most important
- *TIME PROCESS*—allow adequate time for implementation

Continuum Development Services Tipping Points for Financial Success

- **Maximizing Revenue**
 - High occupancy
 - Premium pricing/no free stuff
 - Enhancing Medicare/Managed Care
 - Develop revenue intensive/low capital HCBS
- **Optimize Value of Expenses**
 - Organizational Structure
 - Staffing
 - Information


Continuum Development Services Underlying Success Factors

- **Organization with:**
 - Clear Vision
 - Engaged Staff
 - Satisfied Customers
 - Great Value Proposition
- **Evidenced by:**
 - Great Teams (Silo thinking Faded)
 - Low staff turnover (<20%)
 - Referrals from everywhere (Residents, staff, and broader community)

8

Continuum Development Services

Maximize Revenue





Diagnostics

- ARE units reoccupied within 60-90 days of acceptance?
- ARE admissions to health care processed 24 hours per day, 7 days per week?
- ARE more than 40% of new residents from current resident referrals?



Diagnostics

- Service fees = or > than competitors.
- All services not used by most residents or not desired to be insured as a group against future costs should be charged extra at market rate.
- Programs which are the best in your market should be the most expensive.
- Nursing supply charge systems should cover non-billable costs plus at least 40% profit.



Best Practices

- Concentrate on superb resident communications
 - Total costs of operations
 - Market value of services
 - Extra charges Implement an effective POS system
- Convert to declining balance dining plans
- Optimize level of care pricing in Assisted Living



Best Practices

- Develop Transitional Care Household with in-room dining and private rooms if possible
- Hire Medicare Community Liaison
- Develop specialized customer service program
- Therapy seven days per week
- Track and market quality outcomes



Best Practices

- Transform CCRC into Community Service Center for your entire market regardless of economic and functional status
- Develop high margin programs which require little capital investment
 - Home/Home Health Care Services, PACE, Life Care at Home
 - CCRCs need support in starting these businesses



Optimize Value of Expenses





Best Practices

- Create a FLAT organizational structure
- Minimize administrative support
- Scrutinize indirect staff for value
- Utilize leads instead of supervisors where appropriate
- **However do not under power strategic changes**



Overall Staffing Targets

Target salaries and benefits to be <45% of net revenues



FTEs by Level of Service

Unit Type	Occupied Units	FTEs/ Occupied Unit	Total FTEs
ILU	300	.40	120
ALU	60	.50	30
NC	60	1.00	60
TOTAL	420		210



Best Practices

- Eliminate/reduce shift overlaps
- Use a patterned schedule that provides the appropriate staff at the right time
- Use performance- not seniority-based compensation structure
- Utilize technology to reduce staffing requirements



Best Practices

- Centralize facility operations
- Schedule kitchen staff so that cooks open and close
- Empower charge nurses to lead “Care Teams” to serve specific residents



Best Practices

- Blend security and 24-hour maintenance
- Regularly evaluate contracted versus internalizing services
- Create schedules so that only one housekeeper cleans a unit and the units cleaned are in the same area with the same housekeeper



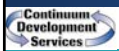
Best Practices

- Manage labor costs by providing payroll reports that compare to budget and set productivity targets
- Provide financial reporting that is concise and action-oriented
- Provide summary of financial performance using a “dashboard” approach
- Implement technology that reduces staffing requirements



Best Practices

- Wireless call systems which signal a pager
- POS system integrated with receivables
- Electronic medical record combined with service tracking system (i.e. CareTracker or DaRT Chart) , which helps maximize reimbursement under Medicare and case-mix Medicaid
- Eliminate time-consuming manual processes



Benchmarks for Reference





Facility Operations

- Target 50,000 square feet per maintenance FTE
- Target square feet per housekeeper
 - ILU = 30,000
 - Assisted living = 20,000
 - Health center = 8,000
- 60 pounds of laundry cleaned per productive hour



Dining Services

- Target meals per labor hour
 - Health care = 4.5 to 5
 - Assisted living = 3.5 to 4
 - Independent Living = 2 to 3, depending on type of service
- 40% of labor should be part-time



Nursing

Hours of Care per Resident Day

Direct	3.3-3.8
Indirect	0.2
Non-productive	0.3



Assisted Living

Hours of Care per Resident Day

Assisted Living	1.7 to 2.2
Memory Care	2.2 to 2.6



Clark-Lindsey Village

Debra Reardanz
President/Chief Executive Officer



CLV Statistics & Background

- Single site, started 35 years ago by a group of local businessmen and university professors
- CCRC (IL,132; AL,9; SN,83)
- Governed by a volunteer Board of 12 local community leaders
- Type B, modified fee for service contract





The Good Ol' Days

Mission Statement

(paraphrased)

To be the best retirement community and keep our residents busy and safe.





The Good Ol' Days





The Still Good (but more challenging) Nowadays



Clark-Lindsey offers senior adults exceptional services and living environments designed to engage the mind, spirit, and body in wellness and community.





What's Going Well for Us



- Good occupancy rates
- Great resident satisfaction
- Employer of choice
- Premium pricing
- Area's "health center of choice" (only SNF with 5 Star Rating)
- IL Villa expansion is underway and will expand the housing choices for IL
- Availability of land to expand



What are our Challenges?

- IL move-in age continues to rise
- Gaps in the continuum of care (dementia care)
- Hospitals
- Inadequate capacity
- New competition





Our Game Plan

Repositioning our programs (and our community culture) to that of a **Center for Successful Aging**

Building updates to support our focus on well-being (pool, dining, social spaces)





Our Game Plan

- Small house **dementia care** model
- Repositioning the **health center**
 - more private rooms
 - more short term rehab capacity (expanded therapy gym, conversion of intermediate care license to Medicare skilled care)







Strategy: Maximize Occupancy (Market Share)



- Expansion of IL via Villas
- Expansion of AL via small house dementia care
- Repositioning of health center to accommodate an expansion of short-term rehab (Medicare) beds
- 24/7 Admissions Team and revised contracts with key partners (pharmacy, med supplies/equip providers) that accommodate outside-of-business-hours admits

Strategy: Maximize Occupancy (Market Share)

2017 Status and Revenue Analysis																
Unit	Class	Status	No. Beds	Current Rate	Previous Rate	Status Change	2017				2016			Limit		
							Revenue	Occupancy	Avg. Rate	Units	Revenue	Occupancy	Avg. Rate		Units	

Benchmark – Units are reoccupied within 90 days that unit was vacated

Strategy: Maximize Occupancy (Market Share)

Weekly health center occupancy reports shared with admissions team (increase accountability)


The graph displays three data series: 2017 Actual (blue line), 2017 Target (orange line), and 2017 Benchmark (green line). The Y-axis represents the number of occupied beds, ranging from 75 to 95. The X-axis represents the week of the year, from Week 1 to Week 52. The 2017 Actual data shows a significant decline in occupancy starting around Week 15, falling below the benchmark and target lines by Week 30. The target and benchmark lines remain relatively stable throughout the year.

Strategy: Premium Pricing

- Customization of apartments
- Provide private health center rooms and premium services (staffing, room service)
- Maintain 5-Star Status ★★★★★
- Introduction of Flexible Spending Plan
- Use of actuarial study to evaluate pricing

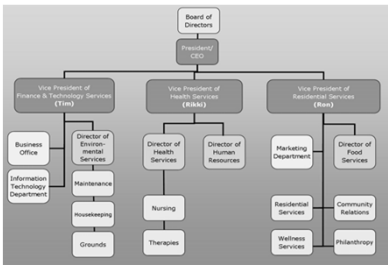
Strategy: Enhance Medicare Revenue

- Dedicated Medicare unit specializing in short-term rehab
- Admissions Coordinator is a nurse with an MBA and a good grasp of the big picture
- Therapies are available 7 days a week
- Software for reimbursement optimization (eHealth Data Solution)



Strategy: Lean Organizational Structure

- Board comprised of 12 volunteers



Strategy: Capital Management

Develop a culture of successful aging that will prepare both the residents and the employees to be a community focused on well-being

Culture first!



Strategy: Capital Management

DASHBOARD SUMMARY
May 31, 2012

Target	For 5 Months Ending 5/31/2012		For 5 Months Ending 5/31/2011					
	Actual	Variance	Actual	Variance				
Operating Ratios								
Occupancy								
Adjusted Leasing	Percentage (Goal)	12.8	106.0%	15.5	93.0%	15.5	102.5%	17.9
Adjusted Care	Percentage (Goal)	79.8	94.0%	79.1	84.0%	79.2	94.5%	17.9
Agreements	For Target (Qtr %)	123.8	94.0%	126.3	81.0%	119.8	99.5%	17.9
Operating Ratio	2012 year-to-date budget	100%		100%		100%		100%
Net Operating Margin	2012 to 2011 year-to-date	25		2.0%		6.0%		100%
Capital and Liquidity Ratios								
Days in Accounts Receivable	2012 to 2011 year-to-date	23 days	or less	18		28		100%
Days Cash on Hand	2012 to 2011 year-to-date	32 days	or more	32		32		100%


Strategy: Capital Management

- Master planning includes operations team, residents, and Board
- Five year capital plan, updated annually



Strategy: Efficient Staffing

- 12 hour nursing shifts (no agency)
- Performance-based merit raises and bonuses
- Combined roles (e.g. Restorative Nurse/Therapy Liaison/Life Enrichment Director.)
- Limit CEO's direct reports to just three





Strategy: Partner/Merge/Affiliate

- **Home health** partner serves our current IL residents and will be key to supplementing our future AL expansion
- Participation in regional **quality initiative collaborations**
- Informal relationship with **universities** via internship program and life long learning partners





Porter Hills Retirement Communities and Services (PHRCS)

Reed VanderSlik
Chief Operating Officer



Mission and Vision

Mission:

To be trusted experts serving seniors with grace

Vision:

To be nationally recognized as an unparalleled leader and partner in senior services



Our Strategies

- Grow Revenue
- Leverage Organizational Investments
- Manage Costs



Strategy: Grow Revenue

1970 → 2008 →

Porter Hills Village

- Skilled Nursing
- Basic Services
- Basic Rooms
- One Campus
- 220 Residents
- \$2M Revenue

PHRCS

- Residential/Assisted Living
- Affordable Housing
- Memory Support
- Skilled Nursing/Rehabilitation
- Home Care
- 9 Sites
- 1,000 "in residence"
- \$30M Revenue

- LifeCircles PACE (3) Sites
- THE GREENHOUSE® Homes
- Tele-health Monitoring
- Joint Venture -Dominican Sisters
- AVENUES – CCRC "without walls"
- Certified Home Care –4 Contracts
- Affordable Assisted Living
- Emmanuel Hospice – 4 Partners
- Integrated Health Care Consortium
- Adult Day Care
- 4,600 "at home" customers
- \$56M Revenue



Strategy: Grow Revenue

Porter Hills Retirement Communities & Services
Snapshot of Statistical Trends

Statistic	Actual		Budget
	2006-07	2010-11	2013-14
Revenue	\$25.5M	\$49.3M	\$56.0M
% from HCBS	22.0%	44.0%	52.0%
Net Operating Margin	2.1%	3.9%	9.0%
Low Income Seniors Served	443	2,185	2,209
Start-up Losses (\$000k)	\$ (15)	\$ (29)	\$ (548)

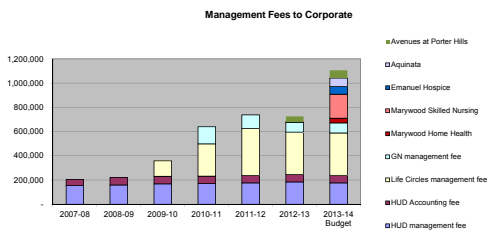


Group Strategies/Discussion

- What are others doing to grow revenue?
- Those that are partnering?
 - Criteria developed for partners
 - Lessons learned



Strategy: Leverage Organizational Infrastructure





Strategy: Cost Containment

- Align costs with reimbursement
 - Pay per visit
- Job shadowing
- Lean
- What strategies are others using to contain costs?



QUESTIONS/DISCUSSION

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