

**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...

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Surviving and Thriving in a Belt-Tightening Economy

American College of Health Care Administrators
46th Annual Convocation and Exposition
Nashville, Tennessee
May 6, 2012, 8:00a-9:30a



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“The Road to Success is Always Under Construction”

Lily Tomlin



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Challenges

- Chronic downturn in the economy
- Continuing housing crisis
- 11% reduction in Medicare Part A reimbursement for skilled nursing
- States slashing Medicaid payments
- Plummeting investment income and value
- Shrinking charitable contributions

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Strategies to Thrive and Survive

Broaden Your
Market

Maximize Your
Profitability

Partner/Merge/
Affiliate

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Broadening Your Market

Mission

Market

Business



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Mission

- Holistic
- Addresses unmet needs
- Partners with the community
- Compassion expressed through choice

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Market

- Community continuum targets 100%
- Strategy breeds community support
- Driven by community education—not selling

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Business

- Creates the structure to take risk
- Provides new funding for the most expensive
- Reduces fragmentation and waste

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Organization Vision

Be the leading innovator in developing and operating comprehensive services for older adults regardless of economic or functional status



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Client Vision

Set goal to provide seniors the **RIGHT**:

- **SERVICES** (maximize my independence)
- **PLACE** (my own home)
- **TIME** (before I lose function)
- **PRICE** (what I can afford)



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Continuum of Care

Economic Status		
Adequate	Inadequate	Impoverished
Functional Status		
Independent		
Retirement Communities Life Care at Home	Rental Retirement Communities, Middle and low income Tax-credit financed housing	Affordable Housing
Needs Assistance		
Home Care Adult Day Care Assisted Living	Home Care Adult Day Care Assisted Living	Home Care Adult Day Care
Frail		
Private Pay PACE Home Care Nursing Home	Spend Down into PACE Home Care Nursing Home-Spend Down	PACE Home Care Nursing Home

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Maximize Profitability

Tipping Points for Financial Success

Maximize Occupancy (Market Share)—May not be possible

Premium Pricing (Value)—May have to discount

Enhancing Medicare Revenue

Lean Organizational Structure

Effective Capital Management

Efficient Staffing

Information Management

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Maximize Occupancy



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Diagnositics

- DO two out of three residents on IL wait lists accept unit when offered?
- 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?

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Lost Revenue Reporting

- Definition—determines maximum revenue at full occupancy (100%) and identifies reasons for the vacancy (unit not ready for occupancy or resident temporarily in another care level).
- Purpose—focuses management on financial advantage of small increases in occupancy.

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Premium Pricing



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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 extra services 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.

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Best Practices

- Consider alternate forms of fee increases (e.g., percentage versus per person dollar amount)
- Raise monthly service fees consistently and ensure that second-person fees cover costs and set overall fees at or above market rate
- Continue to keep fees at or above market rate despite increased profitability

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Best Practices

- Concentrate on superb resident communications
 - Total costs of operations
 - Market value of services
 - Extra charges Implement an effective POS system
- Consider flexible dining plans that minimize meal credits
- Implement level of care pricing in Assisted Living

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Enhance Medicare Revenue

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Best Practices

- Develop separate unit with in-room dining and private rooms if possible
- Hire Medicare Community Liaison
- Develop specialized customer service program
- Therapy seven days per week
- Use CareTracker or similar software to accurately measure services provided to Medicare A patients

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Best Practices

- Create a FLAT Structure—avoid multiple levels (e.g., Vice President + Director + Manager + Supervisor + Assistants)
- Minimize administrative support—set target for support to include only Executive Office, Facilities, Marketing/Development and Health Services

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Best Practices

- Scrutinize for value—evaluate staffing in HR, Security, Information Systems, Compliance, Business Development and IL Social Services
- Utilize leads instead of supervisors where appropriate
- Reduce Board size to 8 to 12 challenging, community-minded individuals

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Capital Management



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Best Practices

- Consider the possibility of improving programs, quality of service and efficiency of operations before capital spending on facility redesign
- Boards should hold management accountable for all projects over \$1M (e.g., projected rate of return, operating margin)

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Best Practices

- Boards should require that management provide annual reporting on projects against projections until stabilize
- Repositioning should first focus on programming improvements prior to capital expenses (only when unavoidable)

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Best Practices

- Involve operations team in new building design
- On-time construction with minimal change orders
- Rapid fill-up at projected rates

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Best Practices

- Target debt service and depreciation at less than 40% of net revenues
- Ensure that approved projects meet budgeted margins and rate of return
- Target Days Cash on Hand at 250+

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Efficient Staffing



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Work Force

- Employee shortages may ease; however, there may be increased pressure on wages—driven partly by minimum wage increases
- Non-salary expenses are increasing substantially including food, utilities, and transportation

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Overall Staffing Targets

Target salaries and benefits to be around 50% to 60% of net revenues

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FTEs by Level of Service

Unit Type	Occupied Units	FTEs/ Occupied Unit	Total FTEs
ILU	300	.33	99
ALU	60	.45	27
NC	60	.85	51
TOTAL	420		177

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Best Practices

- Eliminate/reduce shift overlaps unless supervisor report is required (15 minutes maximum)
- 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

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Best Practices

- Centralize facility operations to include maintenance, grounds, housekeeping, laundry, security and transportation
- Schedule kitchen staff so that cooks open and close

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Best Practices

- Empower charge nurses to lead “Care Teams” to serve specific residents and consider returning nurse leadership to direct patient care on the floors
- Limit CEO’s direct reports to 8 or less—empower senior management

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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

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Facility Operations

- Blend security and 24-hour maintenance
- Create a balance between technical, skilled and general staff
- Regularly evaluate contracted versus internalizing services

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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

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Environmental Services

Create schedules so that:

- There is only one housekeeper per unit
- Housekeepers clean units on same floor or in the same area on the same day
- Detailed cleanings are incorporated into regularly scheduled cleaning times

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Laundry

- Create drying capacity that is 150% of washing capacity
- Establish cart exchange system
- Maintain 5 turns of linen
- Close laundry on weekends

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Assisted Living, Memory Care, Nursing

Total Hours of Care per Resident Day

Nursing	4.3 to 4.8
Memory Care	2.6 to 3.2
Assisted Living	1.8 to 2.2

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Person Centered Staffing

- Assisted living and health care—12-hours shifts (7 days in 2 weeks).
 - ☑ **Benefits**
 - Minimizes number of shift changes
 - Eliminates shift overlap for CNAs
 - Staffs the same number of people
 - Provides consistency of staff
 - Prefers full-time staff



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Resident Centered Staffing™

Employee	Position	Team	WEEK 1							WEEK 2							WEEK 3							WEEK 4							
			Date	31	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
			S	M	Tu	W	Th	F	S	S	M	Tu	W	Th	F	S	S	M	Tu	W	Th	F	S	S	M	Tu	W	Th	F	S	
Employee ID 1	RN	1	X			X	X				X	X			X	X	X			X	X			X	X			X	X		
Employee ID 2	C N A	1	X			X	X				X	X			X	X	X			X	X			X	X			X	X		
Employee ID 3	RN	2		X	X			X	X	X			X	X				X	X		X	X	X			X	X				
Employee ID 4	C N A	2		X	X			X	X	X			X	X				X	X		X	X	X			X	X				

Work week begins on Sunday

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Information Management



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Diagnostics

- Analyze the number of manual processes
- Evaluate the integration of time clock/payroll/POS/receivables and clinical/case-mix billing software
- Evaluate existing security and emergency response systems to determine if technology could improve efficiency

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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

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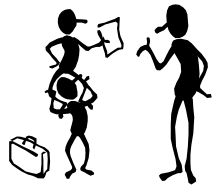
Best Practices

- 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

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Partner/Merge/Affiliate



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Partner/Merge/Affiliate

Food for Thought

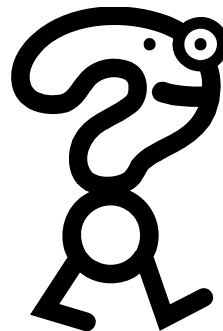
- Stand alone, non-profit, long-term care will be even tougher
- Challenged organizations seek debt capacity, economy of scale, and management
- Strong systems seek strategic advantage and ROI
- Participation in ACOs and/or innovations for the dual-eligibles require affiliation strategies

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