



**Power of Purpose**

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## Purposeful SNF Repositioning

LeadingAge Oregon Annual Conference  
May 21-24, 2017  
Eagle Crest Resort, Redmond




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## Agenda

- Macroeconomics (15)
  - Demographics & Market Size (David)
  - State of Post-Acute (David)
  - SNF Survey (Karen)
- Microeconomics (15)
  - Competition (David/Karen)
  - Operations (David)
  - Financial: Mission v Margin (David)
- Operator (10)
  - Mission Strategy (David)
- Architecture (15)
  - Trends & Strategies (Jeremy)

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## Macroeconomics

Demographics & Market Size



David Knight  
Managing Director




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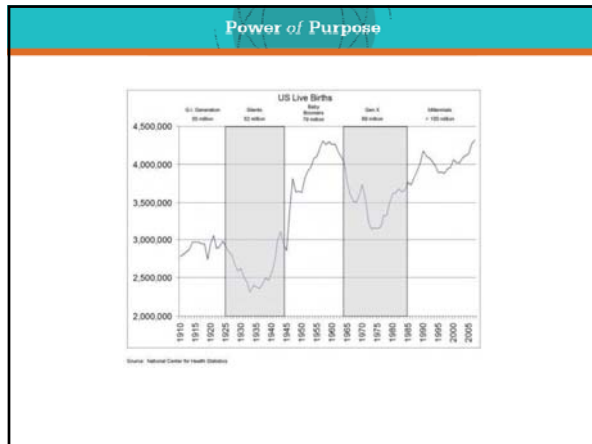
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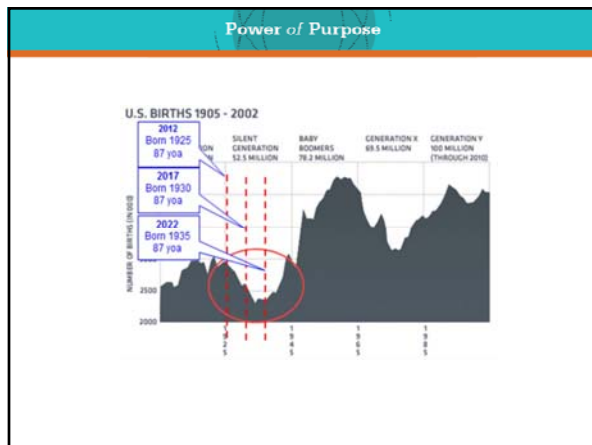
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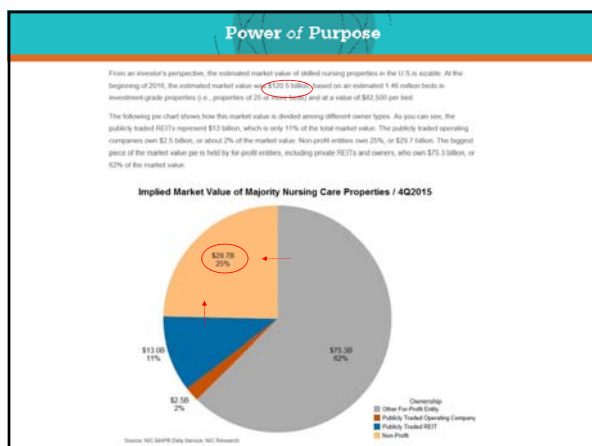
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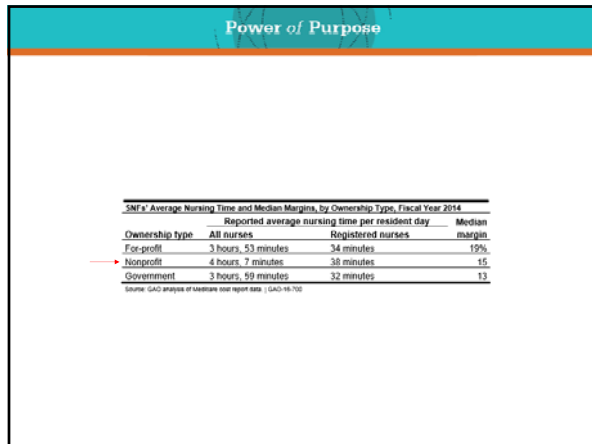
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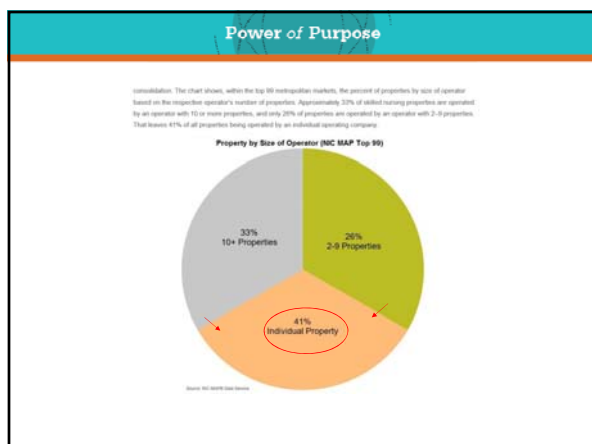
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David Knight  
Managing Director

# Macroeconomics

State of Post-Acute




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## Macro Levels of Uncertainty

- Surge of Capital
- Trump Administration
- Medicare Advantage is pushing down lengths of stay and daily rates,
- Medicaid is still stuck with low rates with the specter of block grants coming your way,
- Labor costs are going to increase faster than inflation and daily rates, which may not increase at all.
- Demographically, SNFs will have to wait several years to see a big increase in potential customers, and without major capital improvements, they will continue to age and show it.
- The SNF business is not going away; it will just continue to bifurcate.

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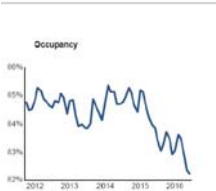
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» Occupancy declined to a five-year low. Occupancy declined 123 basis points quarter-over-quarter to 82.2%, the lowest occupancy recorded in this data series that began in October, 2011. While occupancy usually softens in the second quarter, in 2016 this second-quarter decline was more significant than in previous years, suggesting that lower occupancy is being driven by factors beyond seasonality. There are a number of healthcare delivery and payment reform initiatives that could be playing a role in the decline.

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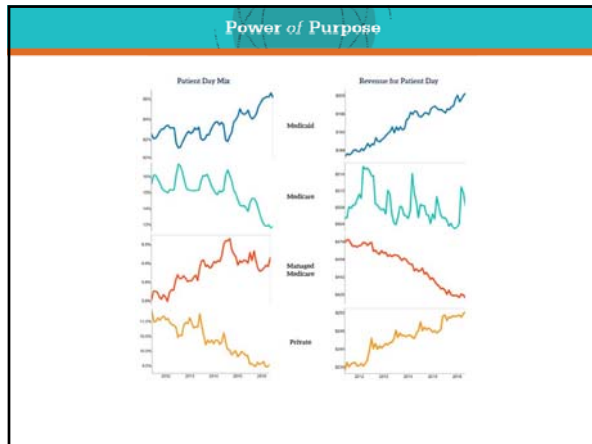
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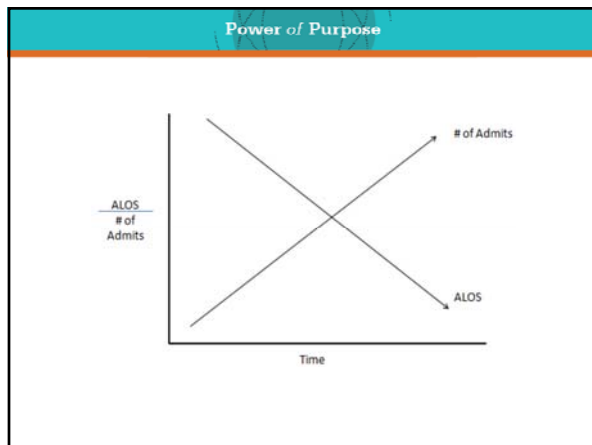
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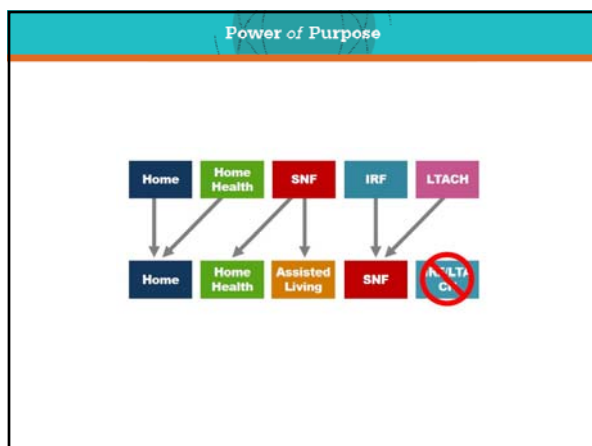
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## Power of Purpose

### Oregon Activity

- **Oregon ACO - Medicare Shared Savings Program (MSSP)**
  - Oregon Health & Science University
  - Mid-Columbia Medical Center
  - Asante
- **Statewide Clinically Integrated Network**
  - Health Systems
    - Salem Health
    - Asante with Health Alliance of Southern Oregon
    - Bay Area Hospital
    - Mid-Columbia Medical Center
    - Oregon Health & Science University
    - Sky Lakes Medical Center
  - Independent Practices
    - The Portland Clinic
    - Salem Clinic
    - Southwest Oregon IPA
    - Corvallis Clinic

## Power of Purpose

	Oregon Cases by Discharge Status	Oregon Discharge Percentage	US Discharge Percentage
Inpatient Rehab	986	1.1%	3.8%
ICF/SNF	16606	18.3%	21.7%
Home/Home Health	9764	10.8%	17.3%
Home/Self Care	53059	58.6%	44.8%
Hospice	2631	2.9%	3.0%
LTC	292	0.3%	1.1%
Another Acute Care	1989	2.2%	2.3%

Note: Percentages do not total 100 due to other discharge destinations (specialty hospital, etc.)  
Source: 2015 Medicare Standard Analytical File

## Power of Purpose

LTC 100 Conference, 36 large skilled nursing company CEO's

- Strategic Pruning – renovating old physical plants, selling weaker performers, planning eventual acquisitions (scale will matter), concentrate geographically.
- Best in Class – lower readmissions rates, decrease lengths of stay and staff turnover, establish and document high clinical and five-star ratings scores.
- Data – total cost of care, etc.
- Invest downstream – home health, assisted living, outpatient care and other non-acute operators
- Develop a comprehensive, integrated continuum for handling risk – EMR for predictive analytics and better care coordination
- Be tomorrow's hospital – raise complex (and chronic) care competencies
  - Significant rehab care currently handled by skilled and rehab facilities will be siphoned "downstream" to assisted living or home settings


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Karen Adams  
Vice President of Planning

# Macroeconomics

GSI/Ziegler SNF Survey



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## GSI-Ziegler SNF Survey

- April 2017
- E-Mailed Ziegler list, State Association Announcements
- Sources: Non-Profit Community
- 40 Respondents, 32 Complete and Included
- Largely Descriptive At This Time

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**Respondents  
Leading Age OR, CA, WA  
Ziegler**

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## Why?

- Increased Attention To SNFs By Providers
- Includes Repositioning, Master Planning, Operations Reviews, Market Assessments
- Focus on Post-Acute
- Changing Competition in Post-Acute
- Changing Markets

## Objectives:

- Measure activity
- Hear Ideas




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40 Responses  
32 Completed



<https://tinyurl.com/gsizeglersurvey>

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## RESPONDENT CHARACTERISTICS

LTC Only	N=1
Post Acute Only	N=1
Both	N=24 Single
Site	N= 4 Multi-
Facility	N= 2 Multi,
Corporate	
For Profit	N=2
Not-For-Profit	N=30
Accept MediCal/Caid	Yes N=26 No N=6
11 Operate Home Care or Home Health Care As Sole Owner	
1 Operates Home Care – Partnership, JV	
20 Do Not Operate Home Care	




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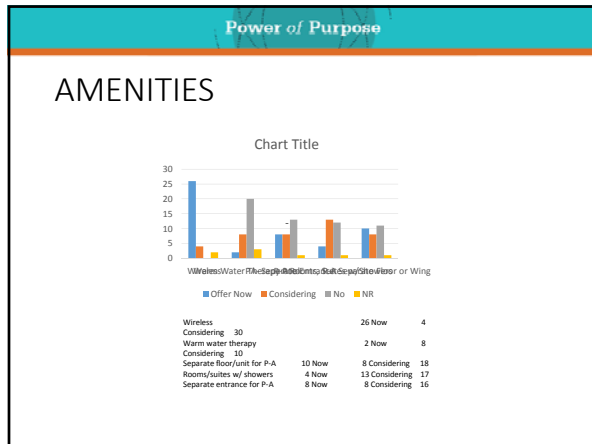
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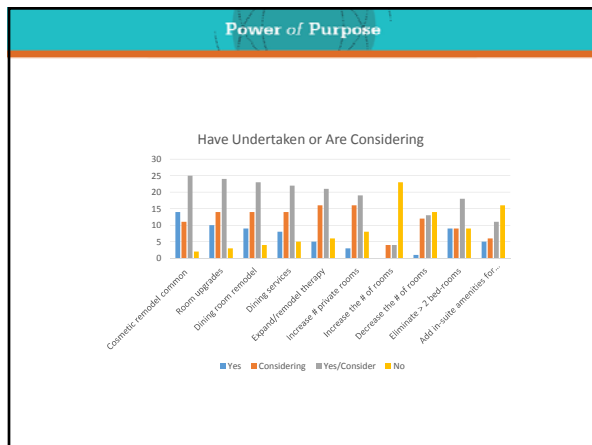
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## Have You Undertaken Or Are You Considering?

	Have Done	Considerin g	Total	No
Cosmetic remodel-common areas	14	11	25	2
Room upgrades	10	14	24	3
Dining room remodel	9	14	23	4
Dining service	8	14	22	5
Expand/remodel therapy area	5	17	22	6
Increase # private rooms	3	16	21	8
Increase # of rooms	4	4	4	23
Decreased # of rooms	1	12	13	14
Eliminate > 2-bed rooms	9	9	18	9
Add in-suite amenities for family	5	6	11	16

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OTHER CHANGES BEING CONSIDERED

- High-risk acute care discharges for younger patients, e.g. complex post-partum cases where child is healthy but mother is fragile.
- More trips, new private rooms, private baths orthopedic rehab
- Improving technology thru smart tv's, bedside computers and enhanced wifi. In addition, demand dining and different dining venues.
- Separating post-acute care from long-term care. Ensuring amenities, food etc cater to a younger population.

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### Post Acute Services

- 6 have made significant changes to the building or unit within the past 3 years
- 8 plan to continue services with little or no physical plant changes
  - 4 are considering discontinuing the post acute offering
- 9 are considering adding higher acuity services
 

2 Bariatric care	1 Requires physical plant changes
3 Vent care	2 Requires physical plant changes
5 Cardiac care	3 Requires physical plant changes
4 Wound management required	No physical plant changes
1 Dialysis	1 Requires physical plant changes

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### Four Are Considering Discontinuing Post-Acute

"Profound difficulties in finding qualified staff; moderate difficulties obtaining sufficient admissions; encumbrances of regulatory compliance with high staff turnover; reimbursement insufficient to be competitive with wages in urban communities."

"LOS down, third party reimbursement down, and admissions are not up enough to offset."

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Services Provided Post-Discharge				
	Own Org.	Partnership	Referral	Total
Transportation to/from doctors	8		3	11
Home health	2	1	8	11
Home care	10	2	6	18
Hospice	3	3	19	16
Therapy services	9	7	4	20

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SATISFACTION SURVEYS AND COMPETITION	
<ul style="list-style-type: none"> <li>• Satisfaction Surveys <ul style="list-style-type: none"> <li>• During stay in SNF 14 Yes</li> <li>• After discharge 17 Yes</li> </ul> </li> <li>• Knowing The Competition <ul style="list-style-type: none"> <li>• 18 Have visited the competition in the past 12 months</li> <li>• 19 Have evaluated CMS data for hospital referrals</li> </ul> </li> </ul>	

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<div>  <p>David Knight Managing Director</p> </div> <div> <h2>Microeconomics</h2> <p>Competition – Case Study 1</p>  </div>	

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Market Research

Marion Care  
3701 188<sup>th</sup> St. SW Lynnwood

- 4 Star
- One Of The Newest Buildings, 1986
- Beds: Licensed 113
- 42 Large Private Rooms
- While It Is Located Far North (Swedish Edmonds Market Area), It Also Shows Significant Referrals From Northwest
- Adjacent To A Brookdale Memory Care Facility
- Brick Building, More Current Looking Than Many Others
- Attractive Entry, Parlor With Water and Coffee, Adjacent To Entry For Waiting
- Outdoor Patio Designed For PT With Multiple Surfaces
- Internet Café For Socializing (no food service)
- Med Bridge Designation
- PT Area Very Distinct, Off Of Nursing Floor, At Lobby Area
- Restaurant Style Dining; Table Cloths
- Some Bluetooth; Wireless Throughout



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Market Research

New Competition - Prestige Care



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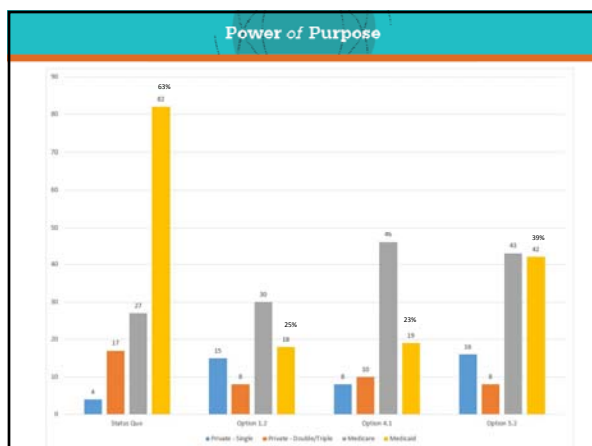
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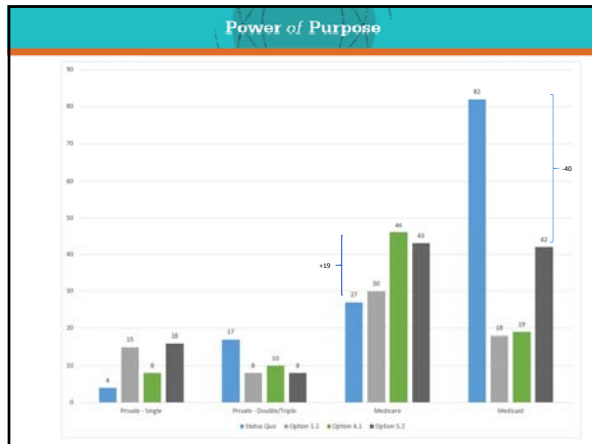
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David Knight  
Managing Director

## Microeconomics

Competition – Case Study 2




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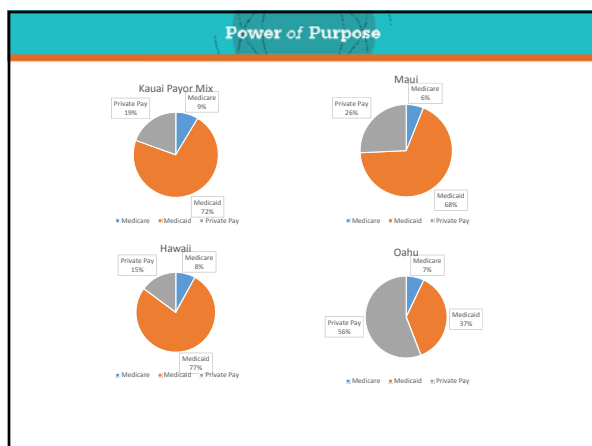
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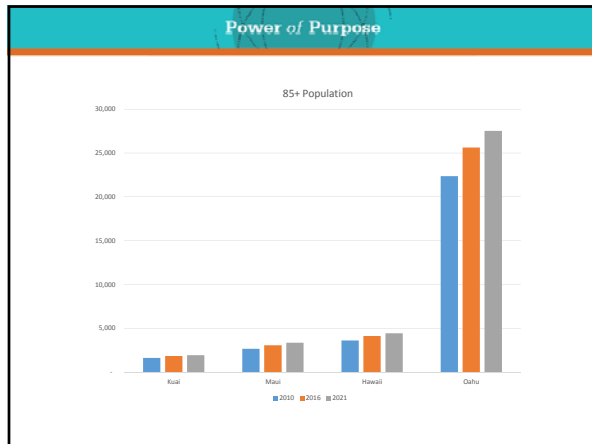
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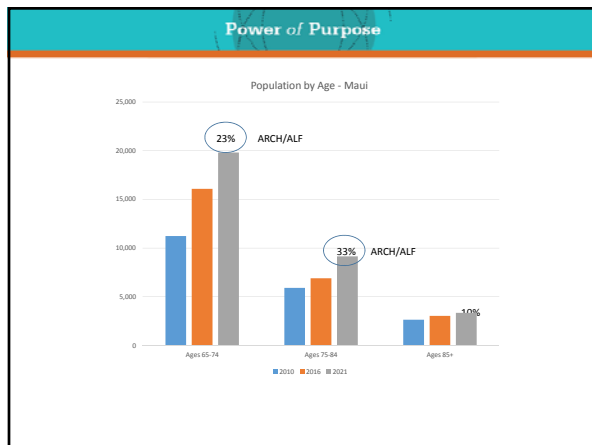
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	85+	NH	Bed per 85+		Need	Loss
Kauai	1,829	333	0.18			
Maui	3,044	459	0.15	0.08	251	(208)
Hawaii	4,119	879	0.21			
Oahu	25,616	2,113	0.08			

	85+	ALF	Bed per 85+		Need	Gain
Kauai	1,829	100	0.05			
Maui	3,044	144	0.05	0.08	243	99
Hawaii	4,119	220	0.05			
Oahu	25,616	2,049	0.08			

	85+	ARCH	Bed per 85+		Need	Gain
Kauai	1,829	103	0.06			
Maui	3,044	87	0.03	0.09	261	174
Hawaii	4,119	231	0.06			
Oahu	25,616	2,199	0.09			
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Managing Director

# Microeconomics

Operations



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Debt Capacity	
Change in Net Assets	224
Depreciation/Amortization	1,293
Cash Available for DS	1,507
DSCK	3.4
Debt Capacity	14,917

Revenue/Savings	
A/R (Bad Debt Expense)	100
Medicaid (CMI)	792
Physician Services	50
Day Health	9
Kaiser	100
Revenue/Savings	1,047

New Debt Capacity	
Cash Available for DS	1,507
Revenue/Savings	1,047
Cash Available for DS	2,554
DSCK	3.4
New Debt Capacity	25,109
Variance	10,292

Decrease Annual Bad Debt	
Increase CMI	
Bill for PS	
Bill for Day Health	
Limit Therapy, Improve Cost Reimb	

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# Operator

Mission Strategy



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A red heart and a gold dollar sign are placed on a small white balance scale. The heart is on the left pan and the dollar sign is on the right pan. The scale is slightly tilted towards the right.

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A red heart, a gold dollar sign, and a close-up of a tire tread are shown. The tire tread is on the right, with the word "ROAD" written on it.

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A red heart, a gold dollar sign, a close-up of a tire tread, and a cartoon character are shown. The cartoon character is on the right, holding a red heart.

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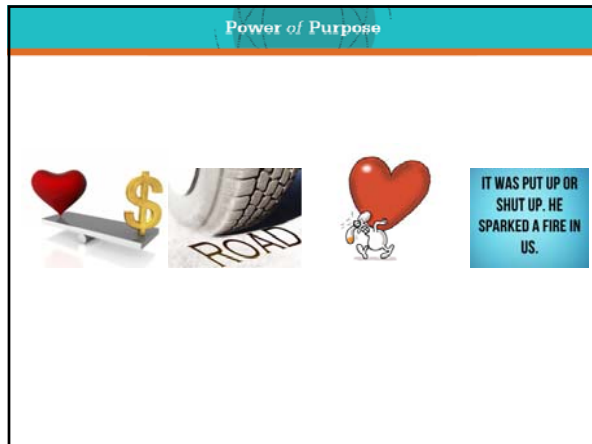
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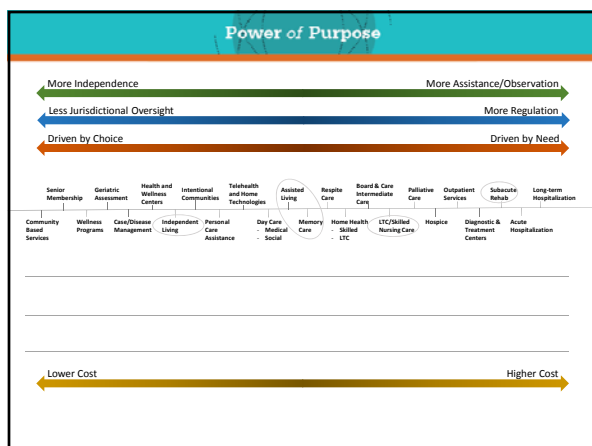
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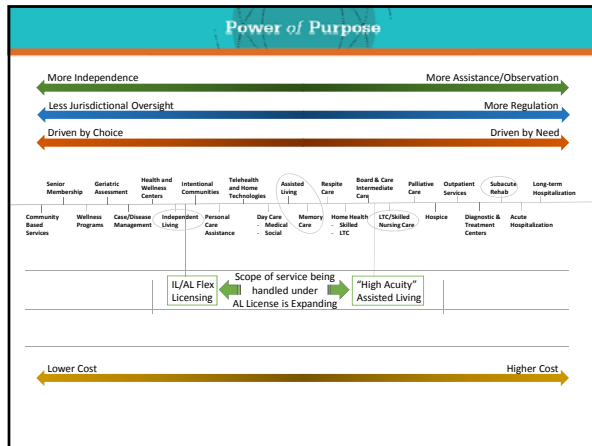
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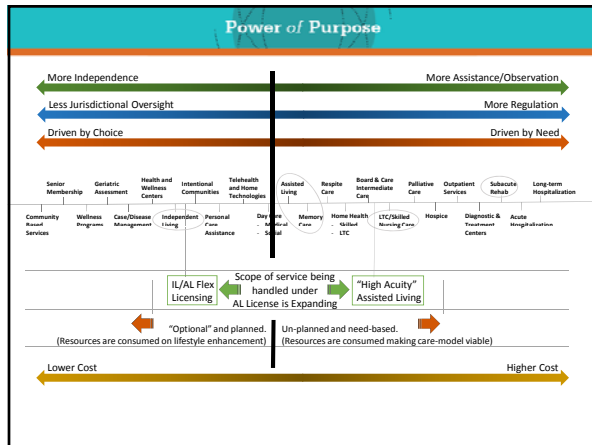
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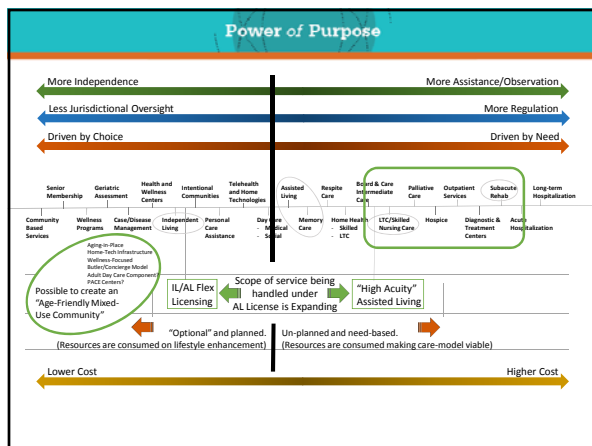
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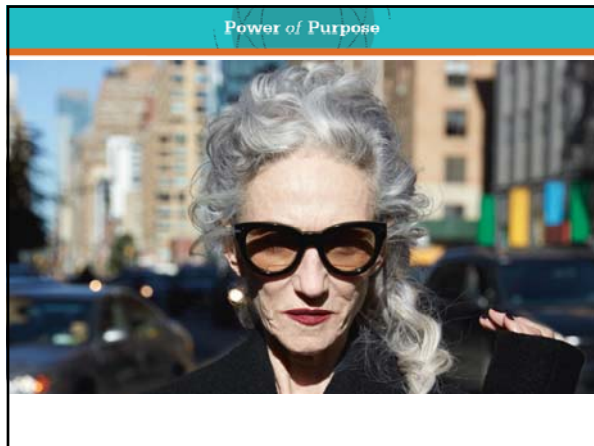
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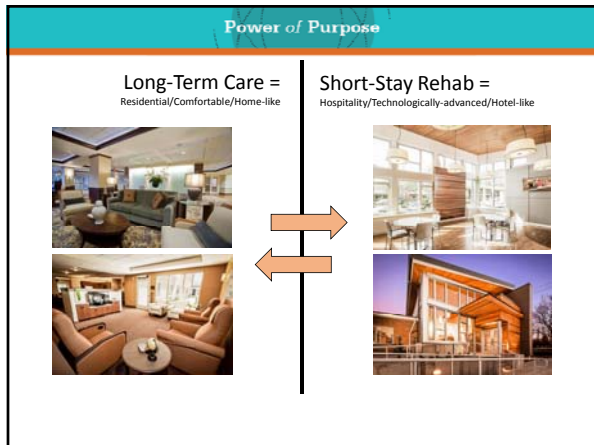
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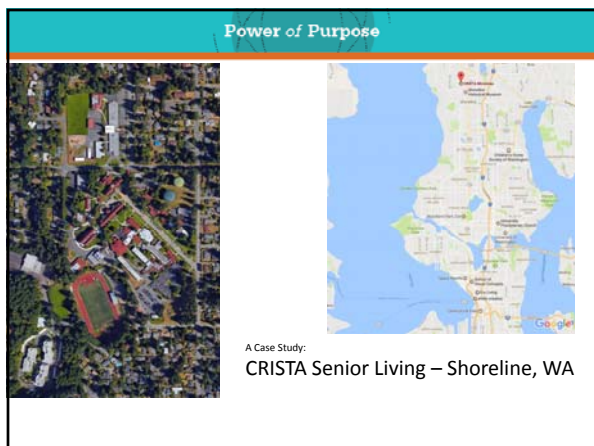
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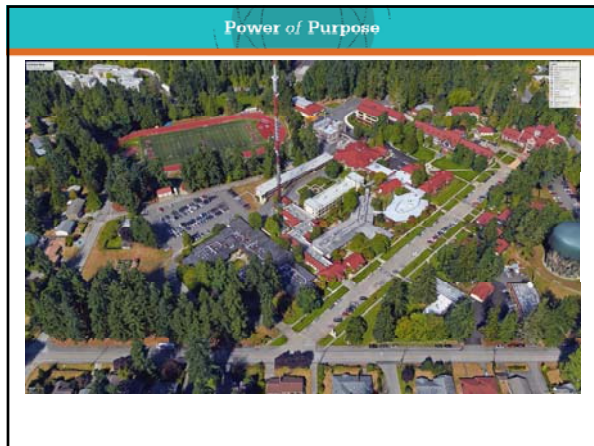
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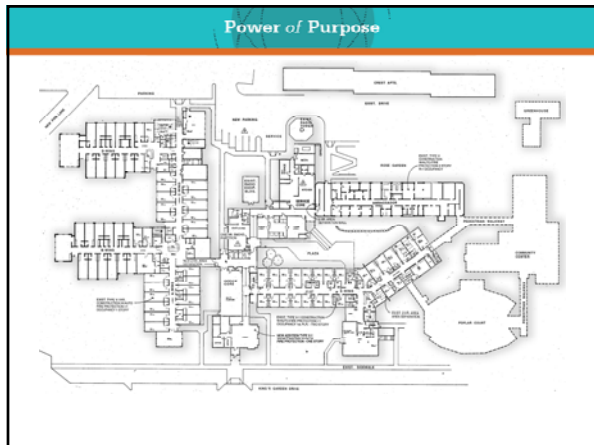
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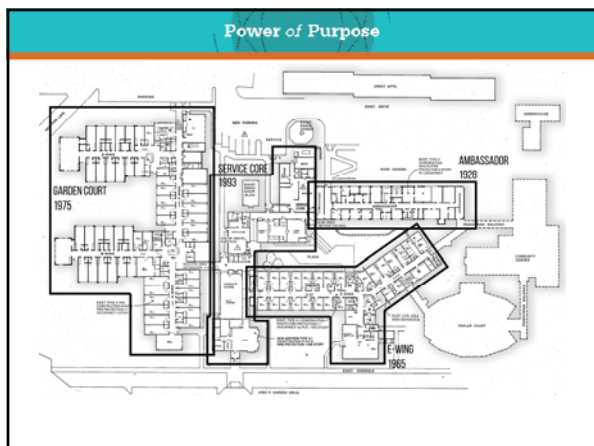
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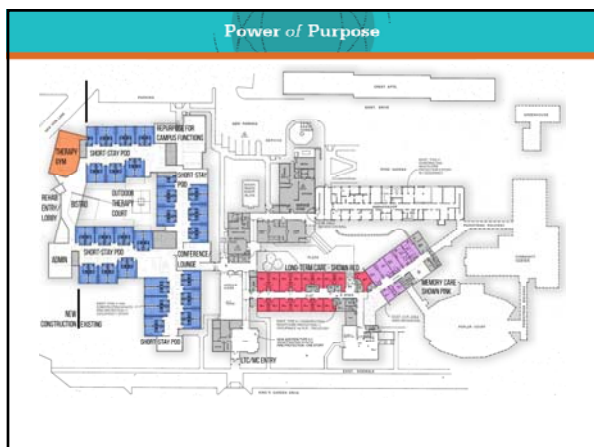
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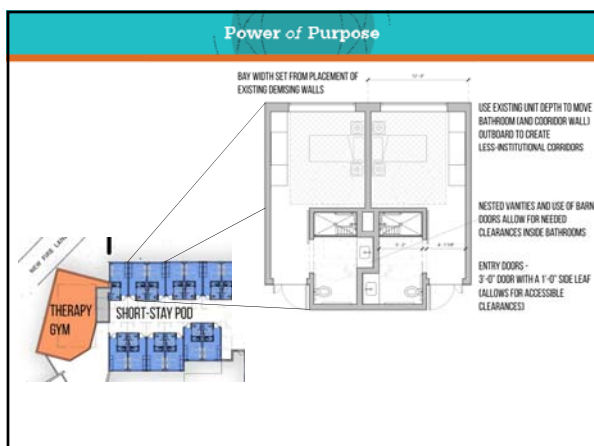
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**Power of Purpose**

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**Repositioning Strategies**  
**Short-Stay Rehab**

Create a Hospitality environment!

"Service" model – "Where Courtyard by Marriott meets Starbucks meets 24 Hour Fitness"

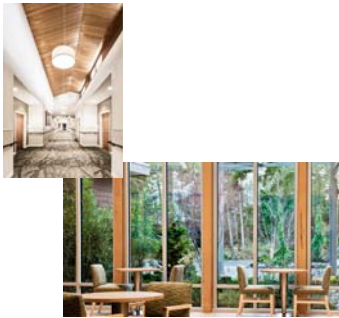
Front and Center Rehab Gym

Separate and dedicated entry for Short-Stay

Widen Corridors and create modulation in walls and ceilings

**Amenity Spaces:**  
 Patients/Residents are often still working –  
 Network connections, access to work areas, etc  
 Bistro Dining – more like coffee shop

**Rooms:**  
 Private Rooms/Private Bathrooms with Showers  
 Provide amenities in the room for visitors, workspace, food service/dining in the room  
 Bariatric Suites that can double as "Deluxe Suites"




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**Repositioning Strategies**  
**Long-Term Care**

**Right-sizing** – What services are you currently providing in a SNF LTC environment that could be handled in an expanded or enhanced AL setting?

Stay true to your mission – Variety in room types to allow for offerings at different reimbursement levels and types


**Privacy**

- Private rooms, if possible
- Create as much privacy for the individual residents as possible – operable walls or casework instead of simple cubicle curtains
- "Jack and Jill" configuration for bathrooms if shared – Or, "2-Bed/1-Bath Apartment" configuration of a shared room.
- Shared amenities for private functions: Family Rooms/Private Dining/etc.

Fireside lounges, sunrooms

Open serving pantries/food on demand

Any opportunities to break down the length of corridors – Widening/Ceiling modulation/"Front porches" at resident room entries/etc.




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You are Mission-Driven,  
 offering care out of a place of  
 compassion, rather than  
 profit.

Don't be afraid to highlight  
 and celebrate this.

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