The Consultant Perspective: Big Picture View of Health Care Environment

Section 3

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Reform is intended to embody the Triple Aim Goals:

• **Better Care**
  – Improve/maintain quality and patient outcomes
  – Eliminate avoidable re/admissions
  – Eliminate potentially preventable conditions (e.g., never events)

• **Better Health**
  – Primary Care Driven
  – Focus on Prevention & Wellness

• **Reduce Cost**
  – Reduce/eliminate duplication
  – Improved coordination
Threads of Reform

- Reduce hospital readmissions
- Patient-centered care/experience
- Improved care transitions
- Health information sharing/exchange
- Prevention/wellness
- Chronic care management
- Total cost of care
- Integrated, coordinated, seamless care
- Higher quality, cost effective care
- Value-based payment to replace FFS
- Targeting high-cost, high-risk patients
Health Care Reform

Health care reform is designed to significantly alter:

How we Pay for Care:
- Payment reductions
- Bundled payments
- Shared Savings
- Value-based payment

How Care is Delivered:
- Center for Medicare and Medicaid Innovation
- Comparative effectiveness
- Multidisciplinary care teams
- Electronic Health Records
- Care Transitions
- Improved coordination of care for dual eligibles

How Care is Organized:
- Accountable care organizations
- Medical homes
- Episodes of care
- Health information exchange
Today’s paradigm – we generate more revenue when we do more

From Volume to Value

Tomorrow’s paradigm – we get rewarded when we deliver greater value
True Reform Will Require Disruptive Innovation*

Simplifying Technology

Regulations & Standards That Facilitate Change

Low Cost Business Models

Value Network

* Source: “The Innovator’s Prescription” by Clayton M. Christensen
“Strawman” Strategic Priorities for Health Care Providers

1. In each market in which you operate, position your organization to be #1 or 2 for key referral sources and collaborative partners
2. Develop / coordinate / collaborate to create a full continuum of capabilities in each market
3. Continue to invest in technology and update physical plants to meet contemporary requirements
4. Improve operating performance and build balance sheet

**Overall focus:** assemble basic performance data – tighten pre- and post-acute network – focus on developing relationships with Providers that will ultimately control or influence flow of funds
Enough about Reform ...

...What about the rest of our business?
Senior Living & Long-Term Care Market

Notable Trends

• Shifting resident acuity scale
  – Seniors moving into communities at older ages
  – Higher acuity patients staying in AL, IL settings

• Increased usage of home health alternatives
  – Growing appeal of “non-institutional” care

• Replacement Facilities; aging physical plants (SNF avg. age ≈ 35 years) creates opportunities in some markets
  – Shorter Term Stay
  – Memory Care Units

• Cap rates probably coming up a bit (valuations stabilizing) but there are not many transactions to support this view

• Little new, for-profit development occurring as lenders pull back; opportunity to develop stand-alone ALFs or replacement SNFs in some markets
Overall Market Opportunity for Aging Services Encompasses a Wide Range of Options

Spectrum of Patients to be Served

• Those needing socialization and supportive services
• Those requiring rehabilitation services
• Those with long-term chronic needs
• Those with cognitive impairment
• Those nearing end-of-life

Services to Meet Patients’ Needs

• Independent/Assisted Living
• Home Health Care
• Private-Duty Services
• Hospice Care
• Skilled Nursing
• Adult Day Health
• Care Management
• Multitude of Home and Community Based Service Options

Where are your organization’s strengths?
Ten Steps to Ensure a Thriving Senior Living Organization
1. Define and Measure Success
Holistic View of a Healthy Organization
2. Embrace Technology
3. Redefine “Community”
Leading Age Members Offering H&CBS

- 600 Adult Day
- 216 Home Health
- 100 Hospice
- 85 private duty
- 50 meals on wheels

- 59 congregate meals
- 32 PACE
- 91 transportation
- 5 AAAs
4. Think Counter Intuitively
How to Turn Everything You Know on Its Head and Succeed Beyond Your Wildest Imaginings

FL!P
By Peter Sheahan

FREE – The Future of a Radical Price
By Chris Anderson
5. Market Like It’s the 21st Century...
This is where $ are typically and almost exclusively invested. Yet, success in 2014 may be more tied to an investment here, or elsewhere.
6. Use Affiliation as a Strategy

(not as a last resort)
Corporate Relationship Continuum

**Collaboration**
- Informal ‘Partnering’
  - Association membership
  - Sharing information or costs
- Joint Venture
  - Formal link or partnership – frequently to pursue a business line or opportunity

**Affiliation**
- Holding Company Model
  - Two or more organizations join together – form a holding company or ‘parent’ to guide the system
- Merger
  - Two or more organizations join together – with one surviving corporation
- Sale/Acquisition
  - One organization sells to another
7. Provide What People Love
Generational change is being underestimated
- Both as to impact
- And the pace
# What’s Marketable?

<table>
<thead>
<tr>
<th>Nursing</th>
<th>Assisted Living</th>
<th>Independent Living</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 + 4 bedded rooms</td>
<td>3 + 4 bedded rooms</td>
<td>Studio w/o kitchen</td>
</tr>
<tr>
<td>Small semi-private with shared bath</td>
<td>Semi-private</td>
<td>Studio</td>
</tr>
<tr>
<td>Small semi-private</td>
<td>Private room - 1/2 bath</td>
<td>Small unit</td>
</tr>
<tr>
<td>Standard semi-private</td>
<td>Private room - no kitchen</td>
<td>Modest size unit w/o “amenities”</td>
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<tr>
<td>Newer design semi-private</td>
<td>Private room - with kitchen</td>
<td>Modest size unit with amenities</td>
</tr>
<tr>
<td>Private/Household Design/Green House</td>
<td>Suite</td>
<td>Larger unit - with amenities</td>
</tr>
</tbody>
</table>
8. Commit to Innovation
Innovative Growth
9. Dream Big – Act with Passion
Thriving in the Future: The Entrepreneurial Equation

Innovation + Passion

________________ + Leadership = Success

Risk
10. Great Senior Living Organizations
Start with Great Boards
Only 17% of Executives and Directors of Nonprofit social-service organizations felt that their boards were as effective as possible

McKinsey & Co. Survey

“I could get a lot more done if I didn’t have a Board to worry about”

“It’s Board day, I won’t get much done”

“I have a great Board, they leave me alone”

“My Board is my secret weapon”
“Dream big...  

...act incrementally!”

_The Dream is free but the journey is not!_
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