Speakers

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The Challenge

- Most traditional Long Term Care providers have always depended on Medicare to be profitable
  - According to AARP, for every *$100 in revenue* a "nursing home" receives:
    - If *Medicare* revenue - *$10 in profit*
    - If *Medicaid* revenue – *($3) in loss*
  - Yet, *Medicare residents* only comprise roughly *18%* of the resident days; *Medicaid residents*, by contrast, comprise a whopping *76%* of the resident days
- *The sustainability of the model was in jeopardy long before COVID-19*
  - However, the pandemic has pushed the model to the breaking point
  - According to a *Fierce Healthcare* survey, *72% of nursing homes* indicated they *couldn't sustain another year* of increased costs and revenue loss
  - *40% of the respondents* indicated they couldn't sustain *6 more months*

The Challenge
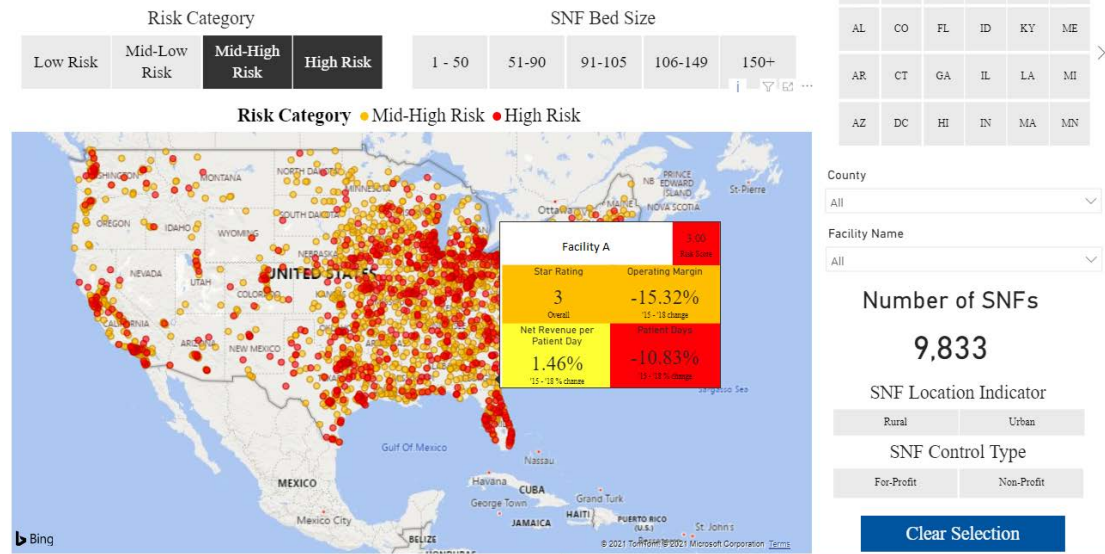
Prior to the Pandemic, *3 out of 4* SNFs were in *financial distress*

An Already Booming Population

- According to the Population Resource Bureau, the number of Americans 65-and-older is projected to more than double, from 52 million in 2018 to 95 million by 2060

- This growth taxes a system already struggling

- Adding the pressures of COVID-19 (and future, yet to be identified challenges), now is the time to begin to change
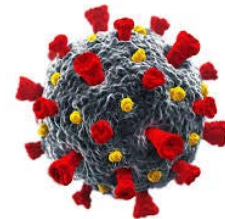
Getting Through What Comes Next

Change in care expectations and culture

- Aging in place could result in fewer admissions from hospitals related to shut-down of elective procedures

- Family reluctance to have care givers come into the home

Other Challenges

- Continued budget concerns and cuts in virtually every state resulting from the pandemic

- Reduced availability of staff due to COVID concerns or child-care issues with schools operating virtually

Getting Through What Comes Next

Good news/Challenging news - Government funding is helping to bridge the revenue short-fall

- PPP Loans
- HHS CARES Act Relief Funds
- SBA Disaster Loans
- FEMA
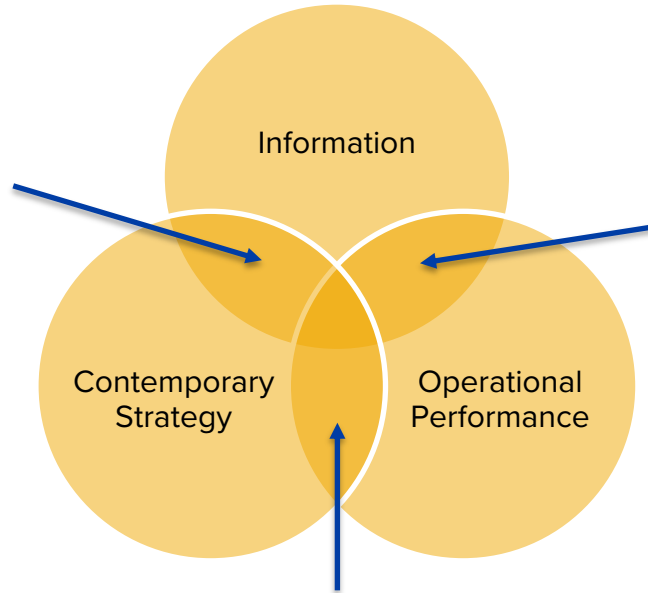- Main Street Loans

Getting Through What Comes Next

Result – A virtual cornucopia of compliance challenges – many of which are being defined "on the fly"
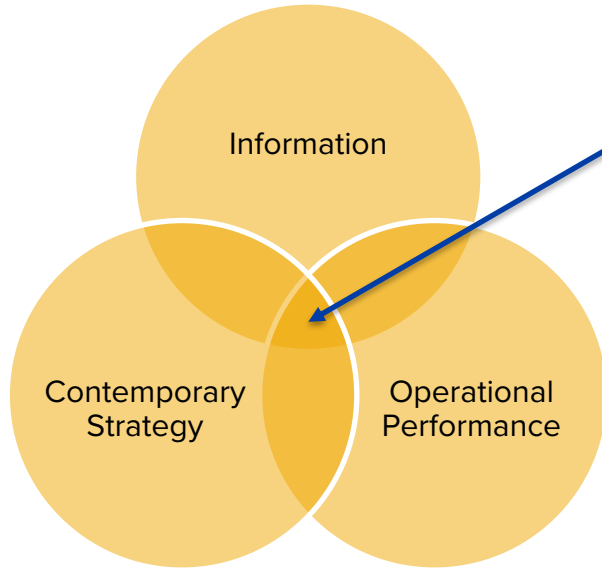
Failure of Traditional Approaches

Lack of operational improvements creates inability to fund strategy and an "over-promise/under-deliver" environment; resulting plan is viewed as "Ivory Tower" thinking, operational trust is eroded.

Information

Lack of strategy, viable future path leads to a "cut your way to success mentality", a race to the lowest operating costs; often at the expense of quality and provider/resident/family satisfaction.

Contemporary Strategy

Operational Performance

Lack of quantifiable data results in too many priorities, compromised implementation, and wasted resources. Caregivers and other team members feel as if they are "in the dark." Communication is challenged and key relationships suffer.

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Calibrated Performance

Information

Contemporary Strategy

Operational Performance

Calibrated Performance address the shortcomings of traditional approaches by harnessing the power of Information, Operational Performance/Improvement, and Strategic Planning to create immediate improvements today - and a pathway to a sustainable tomorrow.
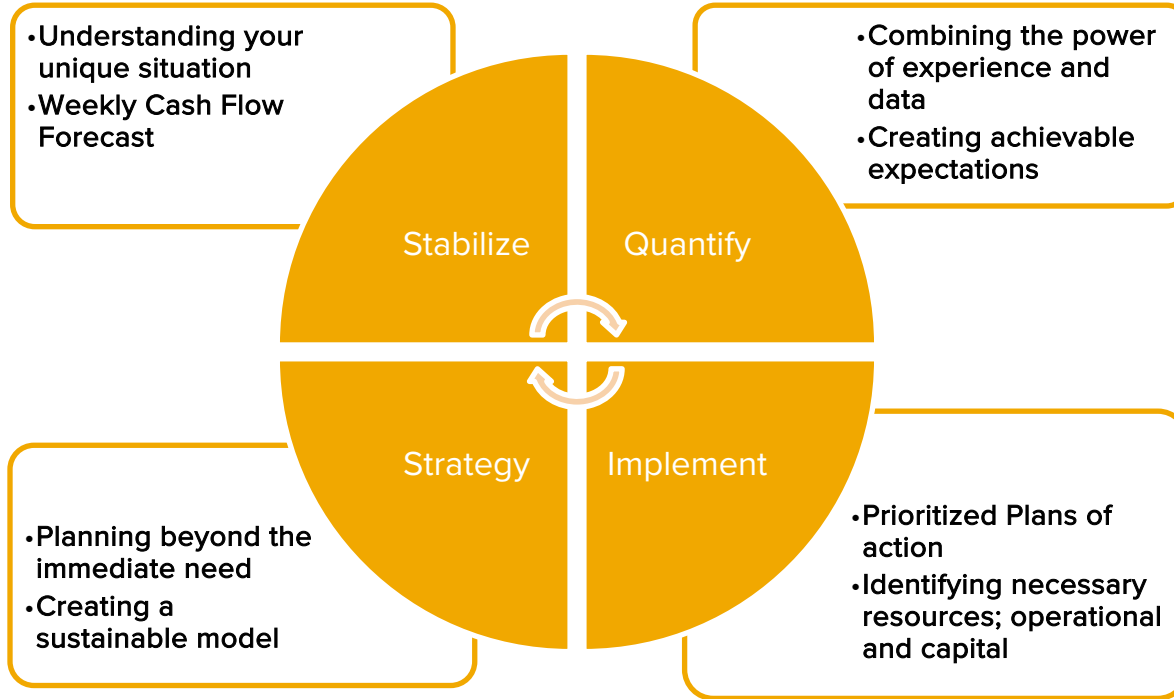
Data-Driven | Experience-Led

Resource Utilization

Value Realization

Capital Rationalization
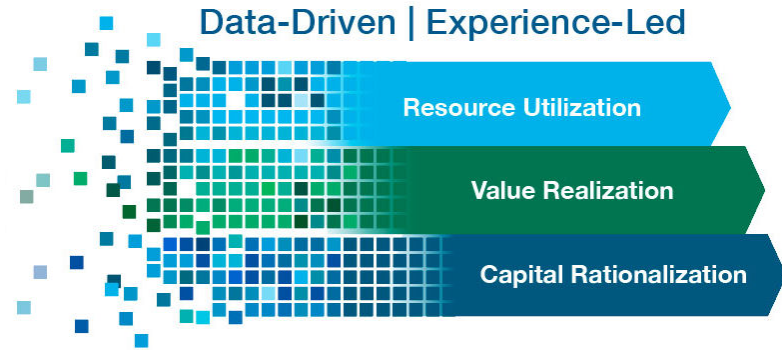
What is Calibrated Performance?

- Leverages the science of data analytics and the art of healthcare industry experience

- Develops innovative, impactful and results-driven solutions to drive improvement across multiple functions within an organization

- Begins with a thorough operational and financial assessment of the organization

- Results in a customized 12-week sequential Success Plan that progressively transforms an organization for strengthening financial and operational performance

Where to Begin?

- Understanding your unique situation
- Weekly Cash Flow Forecast

Stabilize

- Combining the power of experience and data
- Creating achievable expectations

Quantify

Strategy

- Planning beyond the immediate need
- Creating a sustainable model

Implement

- Prioritized Plans of action
- Identifying necessary resources; operational and capital

Environmental Assessment

- Community
- Referral sources
- Previous work/efforts/deliverables
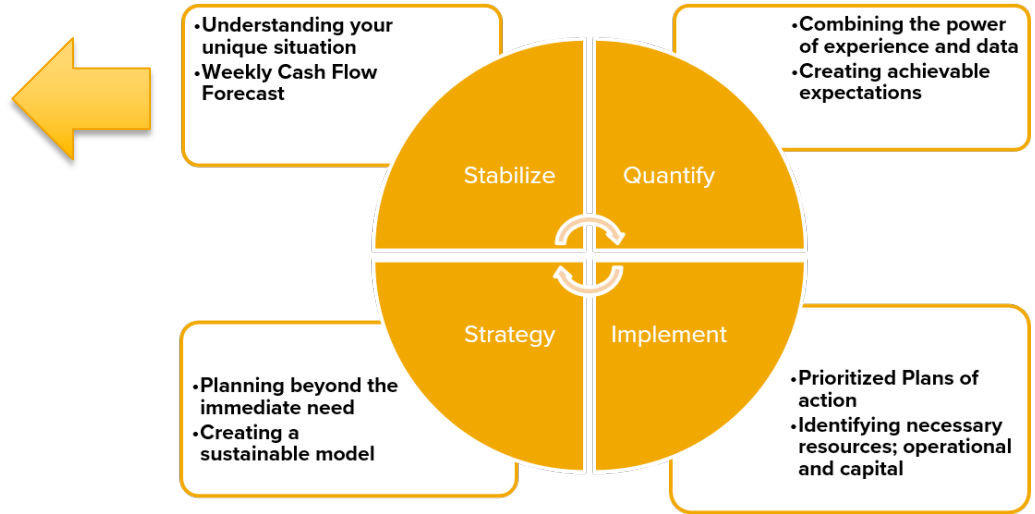- Current Debt/financing
- Identifying immediate challenges
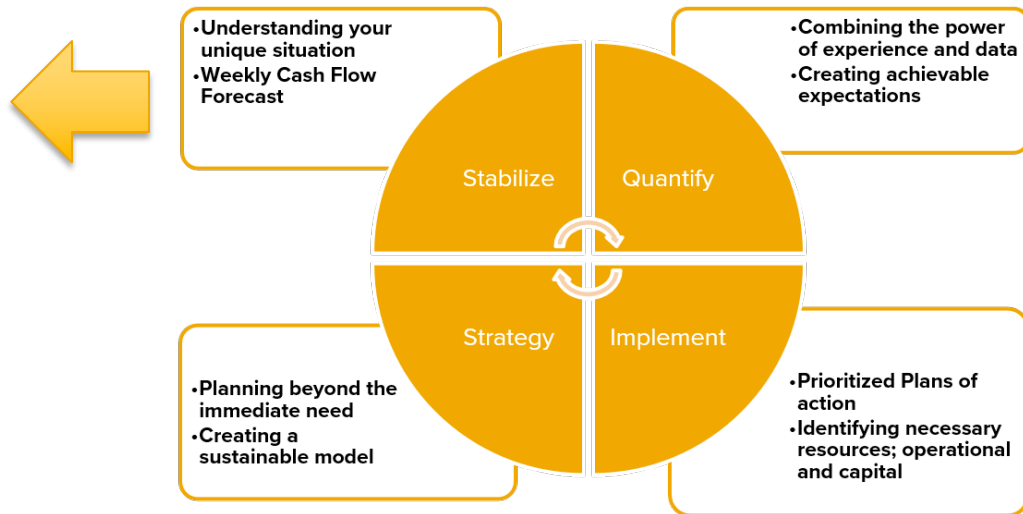
Immediate First Step - Cash Preservation

- Cash flow management is critical
  - Cash flow projection on a weekly basis
  - Weekly meeting with team
  - Update projections with actuals
  - Look at what is coming
  - Adjust payment schedules

Stabilize
- Understanding your unique situation
- Weekly Cash Flow Forecast

Quantify
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Resource Utilization

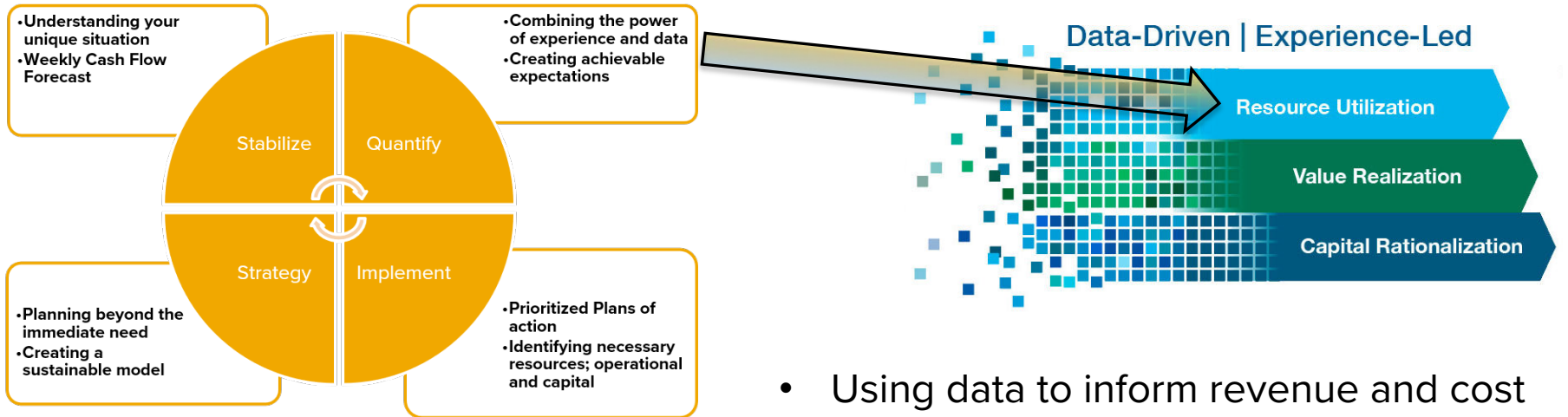## Data-Driven | Experience-Led

- Resource Utilization
- Value Realization
- Capital Rationalization

Control costs through a rigorous cash and vendor management program, while aligning expenses with occupancy and revenue

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Resource Utilization

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Stabilize | **Quantify**

Strategy | **Implement**

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Data-Driven | Experience-Led

Resource Utilization

Value Realization

Capital Rationalization

- Using data to inform revenue and cost opportunities – *as a frame of reference*
  - Similarly-situated facilities
  - Directional, not absolute
- *Prioritize opportunities*

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Resource Utilization

Using curated data from similarly-situated facilities across the country to develop achievable goals / opportunities for improvement
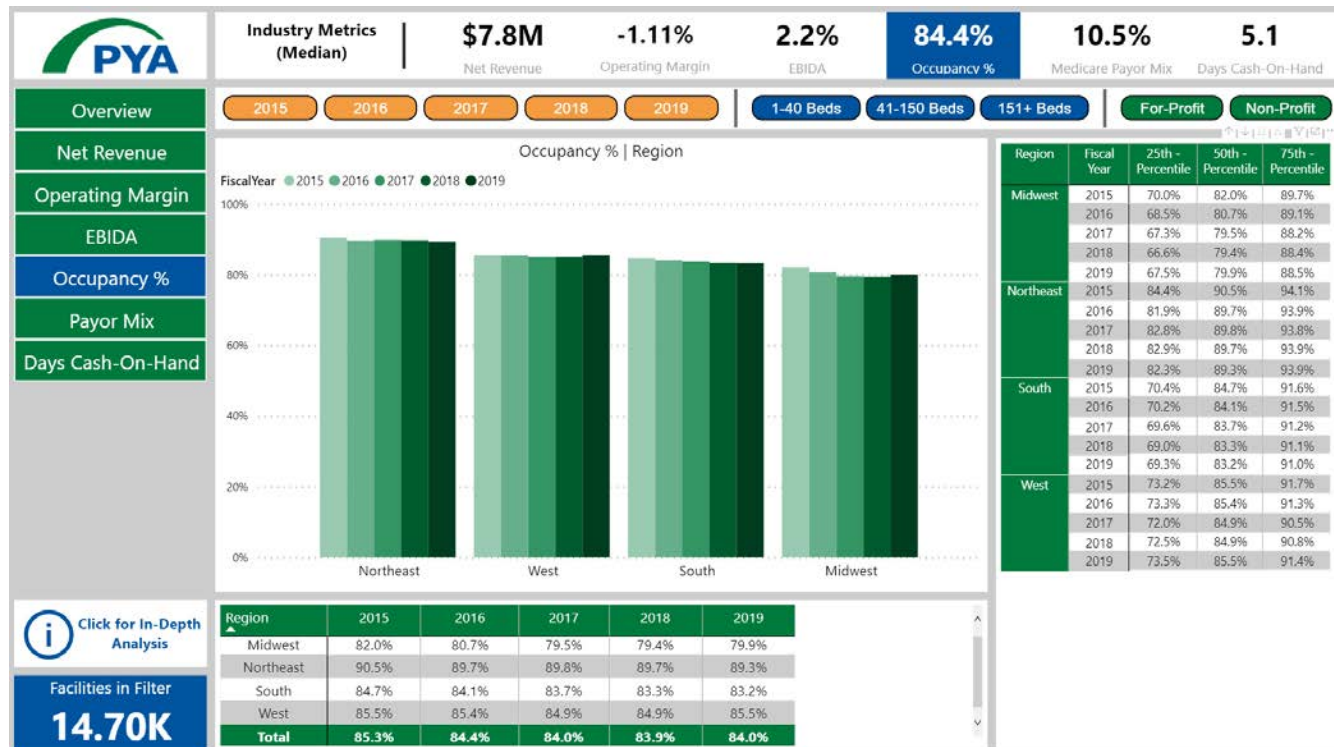
Using Data and Experience – Achievable Results

Identify *unique and achievable* opportunities and plan for cost savings

- Realign staffing plan with new average daily census
- Assess for any other opportunities to reduce costs
  - Evaluate insurance plans
  - Workplace safety programs
- Vendor Management
  - Introduce standard payment terms
  - Take advantage of all discounts offered by vendors when possible
  - Reduce the number of payment runs

Our Prescription…

- Develop *Unique and Achievable* Performance Improvement Plan
  - Identify opportunities and plan for cost savings and realignment of expenses to new reality of revenue
  - Identify opportunities and plan for increased revenue
    - Address consumer concerns about access and safety
    - May involve creative recruitment of caregivers
  - Identify opportunities and plan for access to capital

Resource Utilization

Data-Driven | Experience-Led
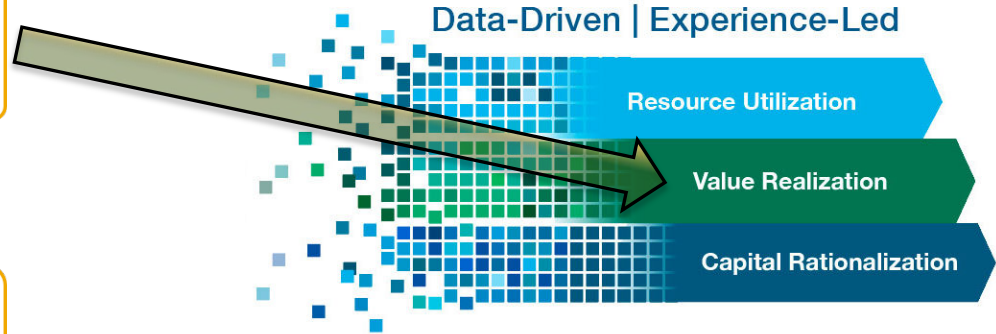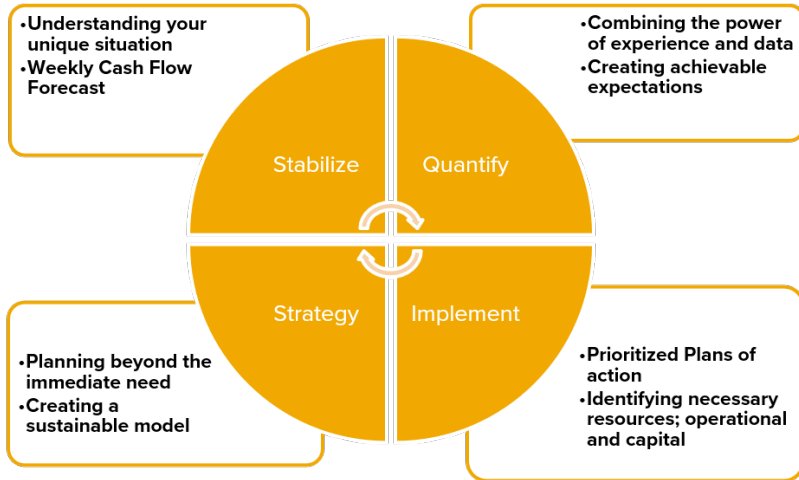
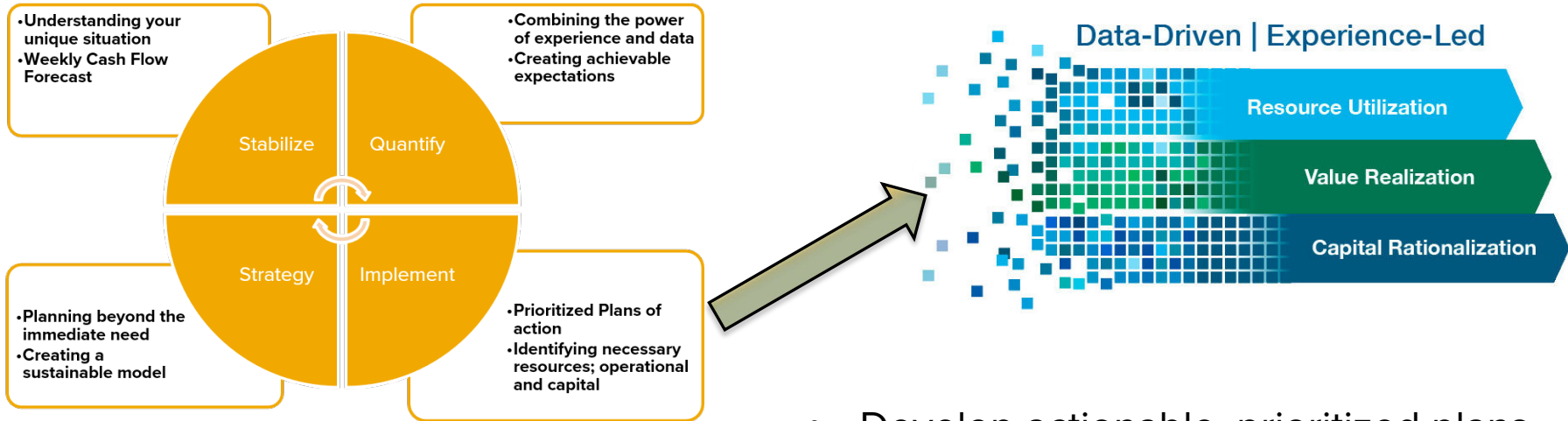- Resource Utilization
- Value Realization
- Capital Rationalization

Improve revenues by identifying new revenue streams, analyzing clinical program effectiveness, and ensuring integrity of revenue cycle

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Value Realization

- Understanding your unique situation
- Weekly Cash Flow Forecast

- Combining the power of experience and data
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Stabilize — **Quantify**

Strategy — **Implement**

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Data-Driven | Experience-Led

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- Existing revenue stream
  - Coding/documentation review
  - Revenue cycle operations
- Potential new sources of revenue
  - Within existing offerings, referral sources
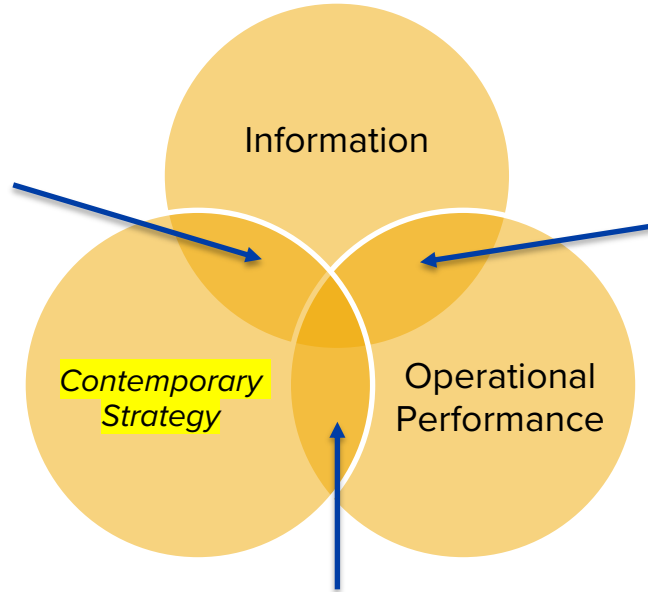 - New opportunities/referral sources

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Stabilize | Quantify

Strategy | Implement

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Resource Utilization

Value Realization

Capital Rationalization

- Develop actionable, prioritized plans
  - Resource/Cost
  - Value/Revenue/Market
  - Strategy/Capital

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Failure of Traditional Approaches

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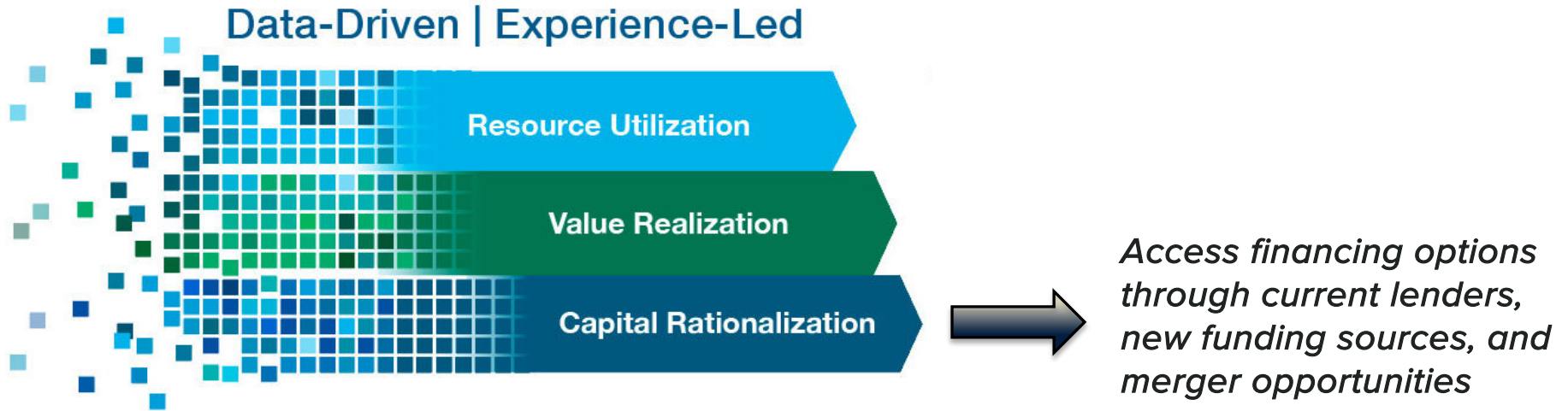
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Addressing Strategy - Sustaining the Results

- Readdress your business plan
- Aggressively address service utilization
    - Rebuild relationships with referral sources
    - Identify market niche needs
        - Define pain points for referral sources
        - Develop specific programs to meet those needs
- Launch a public image campaign in your catchment area
- Identify opportunities for diversification of services, such as remote patient monitoring

Resource Utilization

Data-Driven | Experience-Led

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Access financing options through current lenders, new funding sources, and merger opportunities

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Capital Planning

- Assess capital situation – funding the future
- Expand performance improvement plan to a *long-range financial and capital forecast.*
- Avoid using operational funds for capital projects or purchases
- Cash acceleration or preservation strategies
  - Consider wrapping purchases into a lease
  - Financing receivables
  - Monetizing non-core assets and real estate

Long Term Cash Initiatives

Other Long-term/Capital planning considerations

- Partnership opportunities
  - Does not automatically mean loss of governance autonomy
  - Define specific areas of need and then identify strategic/targeted partnerships to fill those gaps
- If planning doesn't identify a pathway to economic viability, consider bankruptcy as an option

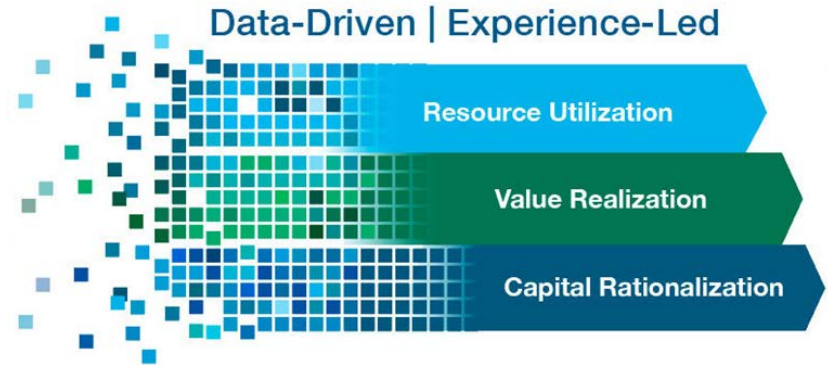# Calibrated Performance - Summary

Resource Utilization
- Honest assessment of cost structure using data and leveraging experience
- Defining achievable results
- Prioritizing, not always eliminating, staffing structures and roles

Value Realization
- Identification of new revenue streams
- Optimization of existing revenue and referral sources
- Analyze clinical program effectiveness
- Evaluate overall revenue cycle integrity

Capital Realization
- Defining Strategic Priorities
- Assess capital situation
- Develop a long-range financial and capital plan
- Evaluate funding sources
- Bank financing options
- Grants – government and private
- Ramp-up foundation solicitation efforts
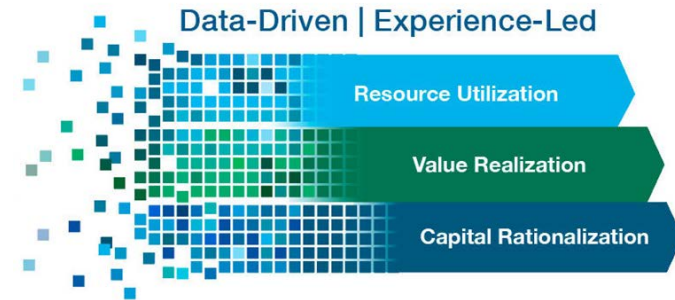- Sale or merger opportunities, if appropriate

Data-Driven | Experience-Led

Resource Utilization

Value Realization

Capital Rationalization

Calibrated Performance - Summary

Success Plan Components

– Managing change – establishing an appropriate **sense of urgency** without "breaking" the culture – **"shape" the culture of the future**

– **Develop performance improvement strategies** for each identified opportunity

– List **action steps** for each item with targeted outcomes

– **Assign** responsible individual(s)

– Establish **key performance indicators** with **prescribed measurement** and **reporting requirements**

– Obtain plan consensus and approval from key stakeholders

Success Plan Implementation

– Establish **milestone targets** over at three to six month implementation period

– Provide **post implementation monitoring** for sustained improvement and adjustments as necessary

– **Enhance leadership skills** across management and staff

  • Develop individualized improvement plan for key leader

  • On-site one-on-one coaching

  • Provide on-going feedback through regularly schedule meetings

Data-Driven | Experience-Led

Resource Utilization

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Capital Rationalization

Questions?

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For More Information

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