

# 2022 Top Trends in Aging Services

January 27, 2022

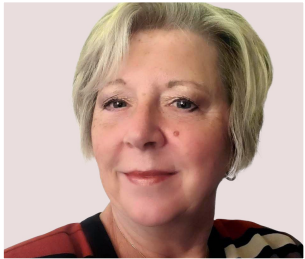


# Presenters

# Today's Presenters

## MODERATOR

Debi Damas, R.N.



As the Senior Director of Customer Success at Prime Care, Debi has held clinical and product leadership roles in LTPAC organizations for 30 years, with a focus on increasing quality of care, retention, and ROI. She has a passion for helping organizations solve issues that keep them up at night. With an early career in SNF administration, she knows what it requires to juggle the day-to-day.

## ANALYTICS PERSPECTIVE

Jonathan Duvall



As the Senior Director of Product Management at Prime Care, Jonathan leads development efforts around innovative use of data to enable managers and caregivers to spend less time gathering reports and more time driving better patient and financial outcomes. Prior to Prime Care, Jonathan spent 10 years at PruittHealth in various financial roles, Executive Director of Finance.

## INDUSTRY PERSPECTIVE

Darrin Hull



As Executive Vice President of Consulting at HDG, Darrin has more than 25 years of post-acute operations management experience, with particular expertise in large-scale, multi-site nursing centers and skilled nursing facility operational turnaround, as well as clinical program development, regulatory compliance, and strategic health system partnering.

## INDUSTRY PERSPECTIVE

Kim Watson, R.N., NHA, ODPC



As Executive Vice President of People, Culture, and Quality at HDG, Kim has more than 25 years of progressive leadership experience in the senior living industry. Her expertise includes assisted living and independent living operations, employee engagement, quality improvement, and organizational development.

## INDUSTRY PERSPECTIVE

Brian Ellsworth, MA



As Vice President of Public Policy and Payment Transformation at HDG, Brian has more than 35 years of experience in health care financing, delivery, and policy. He leads efforts to develop value-based payment approaches and innovative payment and service delivery models, in addition to providing COVID-19 support to operations and keeping abreast on regulatory issues.

# Prime Care Technologies

Prime Care has answered the technology needs of senior living for nearly 20 years. This unique perspective drives the ongoing development of our flagship product, primeVIEW. As a tool in the HDG arsenal, it aggregates critical labor, clinical, financial, and other data into a powerful KPI analytics dashboard.





# Who We Are

# About Health Dimensions Group

HDG is a leading management and consulting firm, providing services to post-acute, long-term care, and senior living providers, as well as hospitals and health systems, across the nation



# Consulting Services

- Management services
- Strategy
- Pre-development and pre-opening
- Operational performance
- PACE and value-based transformation
- Revenue cycle management
- Financial advisory
- Workforce solutions
- COVID-19 support



# 2022 Top Trends

# 2022 Top Trends

1. Necessity of Novel Workforce Strategies
2. COVID-19 Evolution from Pandemic to Endemic
3. Payment and Regulatory Policies Undergoing Rapid Change
4. Marketplace and Public Policy Preference for HCBS and Integrated Care
5. Increasing Operational Complexity and Financial Challenges Driving Consolidation and Third-Party Management
6. Medicalization of Senior Living Continues
7. Repositioning for the Future
8. Strategic Sales and Marketing



# 1. Necessity of Novel Workforce Strategies

# Today's Workforce Challenges

Factors  
driving  
people  
from the  
industry

- Additional complexities such as infection control and OSHA surveys
- Vaccine mandates
- COVID-19 fatigue
- Shift in employee expectations
- Wages

# Current State of Affairs

- According to research by the American Health Care Association and the National Center for Assisted Living (AHCA/NCAL), 99% of nursing homes and 96% of assisted living (AL) communities are experiencing some degree of staffing shortage
- Shrinking workforce





# Shift in Employee Expectations

- Work/life balance
- Search for meaning and purpose
- Willingness to leave a toxic culture
- Sense of belonging
- Opportunity for development
- Flexibility/autonomy

# Critical Workforce Solutions

- Strategic partnerships with learning institutions/training programs
- Create sustainable models—needs will always shift
- Clear path for development and advancement
- Approach from a Whole Person Model
- Commitment to Diversity, Equity, and Inclusion strategies
- Flexibility
- Technology
- Explore grant opportunities; align with advocacy groups to help drive change at a state and national level



# Interim Leadership

- Buys time—find and train the right person
- Having a “license on the wall” no longer cuts it
- Manage your expectations
- Be transparent about issues and priorities



# Back to Basics

- What is current strategy for attracting talent?
- Examine job postings—do they stand out?
- Be authentic
- Is your application process easy?
- Are you able to swiftly move someone through the interview and hiring process?
- Onboarding
- Don't forget the last part of the employee life cycle—leaving the organization
- Consider partnerships or centralized services to lighten the load

# Culture

- What does your culture say to new and existing employees?
- “We value our employees,” “Our employees belong here”
- Once you decide what you want your culture to say, put it into action
- Hire someone dedicated to people and culture—that goes beyond organizing potlucks and Secret Santa parties
- Can’t hire someone? Form a committee of people that clearly understand your vision for culture and drive it together

## 2. COVID-19 Evolution from Pandemic to Endemic

# Moving from Pandemic to Endemic

- **Good news:** 1) vaccines remain effective at stopping hospitalization and deaths, and 2) immunity from severe disease appears to be relatively long-lasting for many persons (through B and T cells)
- **Bad news:** 1) variants are much more transmissible, 2) immunity from mild infection appears to wane, raising the question of boosters for at-risk individuals, and 3) unknown effects of long-haul COVID-19







## Driving Vaccination

- Over 8 billion doses administered worldwide
- Vaccine uptake with vulnerable elders has been more successful than with workforce

Nursing Home Vaccination Rates

Cohort	National
Staff	75%
Residents	87%

- Federal and state government (as well as employer) vaccine mandates have been replacing incentives and encouragement

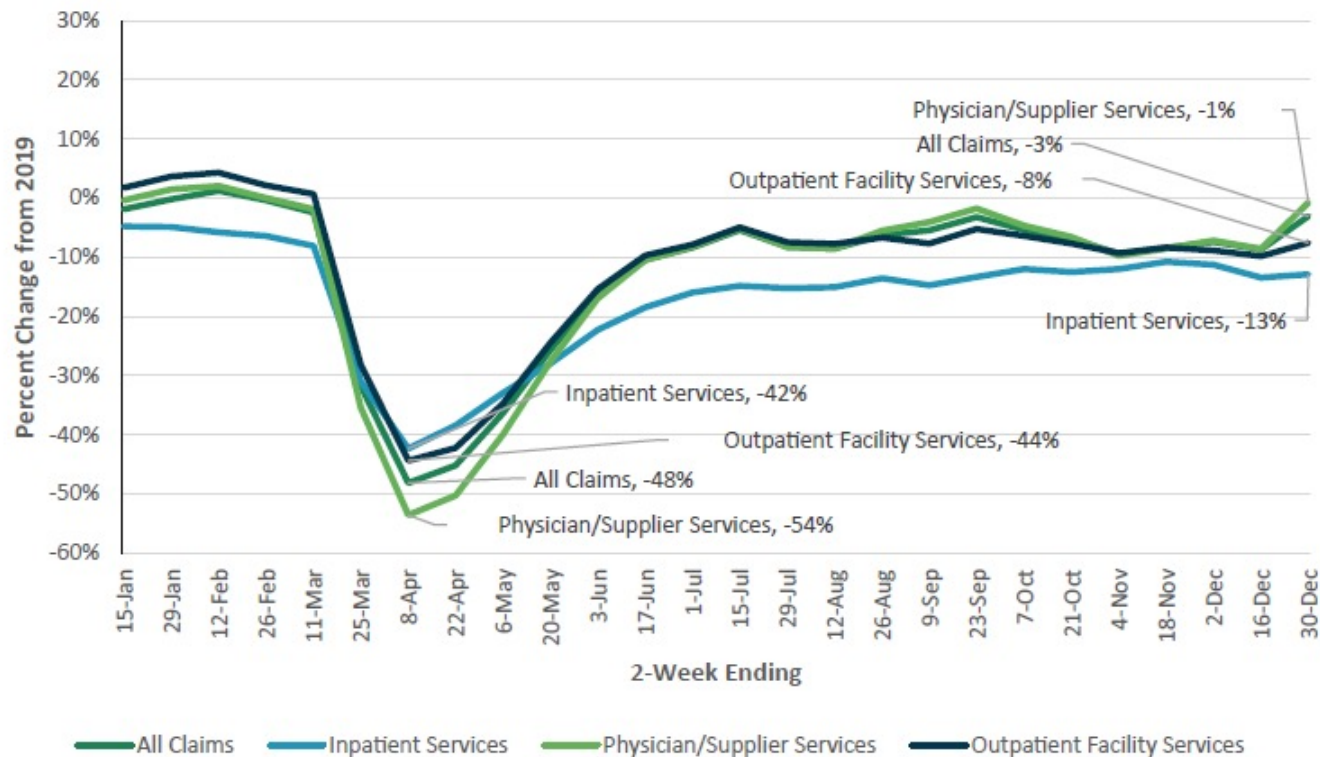
Source: <https://data.cms.gov/covid-19/covid-19-nursing-home-data>, accessed 12.05.21

# COVID-19 Caused Tectonic Shifts in Health Care

- Telemonitoring increased rapidly, but has leveled off
  - Behavioral and other providers appear to be adopting
- Flu cases dropped dramatically in 2020–2021 season
- Delayed care at all levels
  - Postponed diagnostic procedures and elective surgeries
  - Delayed placement in memory care from independent settings
- Shifts in referral patterns
  - Shift from inpatient to outpatient care in some markets
  - “Skip the SNF” for rehab and go straight home with HHA

# Medicare Utilization Took Big Hit in 2Q 2020, Bounced Back Somewhat Starting 2021

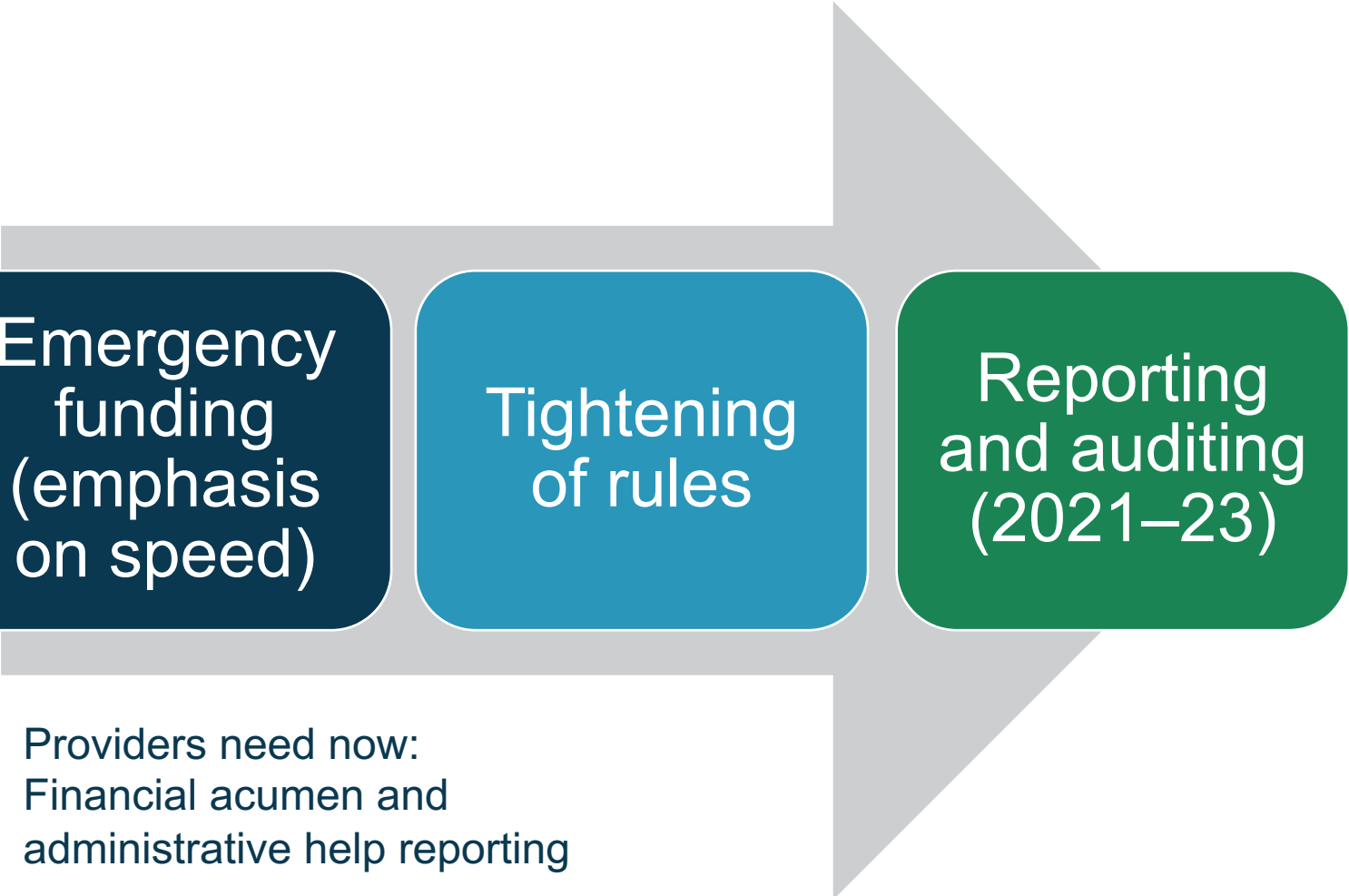
## 2020 Medicare Claims Compared to 2019 Baseline by Service Line



**Timing of data analysis now very important**

# **3. Payment and Regulatory Policies Undergoing Rapid Change**

# Provider Relief Shifting from Funding to Accountability



Emergency  
funding  
(emphasis  
on speed)

Tightening  
of rules

Reporting  
and auditing  
(2021–23)

Providers need now:  
Financial acumen and  
administrative help reporting



# Pending Insolvency of Medicare Trust Fund Means Pressure for Value-Based Care to Increase

- Medicare Trust Fund is projected to become insolvent by 2026, meaning tax increases and/or spending cuts will be necessary
- Only the second time in 30+ years that we have been within 5 years of insolvency
- Medicare can only pay 90% of benefits after 2026 absent action



# Reinvigorating the March toward Value-Based Care: CMS Innovation Center “Strategy Refresh”

- Innovation Center Strategy Refresh:  
<https://innovation.cms.gov/strategic-direction-whitepaper>
- CMS has announced that it expects all Medicare beneficiaries with Parts A and B to be in an ACO-type arrangement for quality and total cost of care by 2030
- At the same time, the “vast majority” of Medicaid beneficiaries will also be treated by a provider in one of these value-based care models
  - CMS will provide tools and support for other payors besides Medicare to develop and implement aligned value-based payment approaches

# Home Health Value-Based Purchasing Adopted

- New national program modeled after 9 state pilot, adopted for implementation on January 1, 2023
- Plus/minus 5% adjustment to Medicare rates for 2025 based on 2023 performance
- **Achievement** or **Improvement** score calculated based on performance on 8 measures compared to national norms:
  - Patient assessment data (35% weight)
  - Medicare claims (35% weight)
  - Patient satisfaction survey (30% weight)

**Final Rule Will Help HHAs Prepare for Broad-Based VBP**

# Innovative Programs/Risk Arrangements on the Rise

Medicare Advantage plans increasingly turning to value-based arrangements, especially with large systems and their CINs

Development of provider-sponsored Special Needs Plans (SNPs) continuing; I-SNPs with SNFs and Institutional-Equivalent for AL

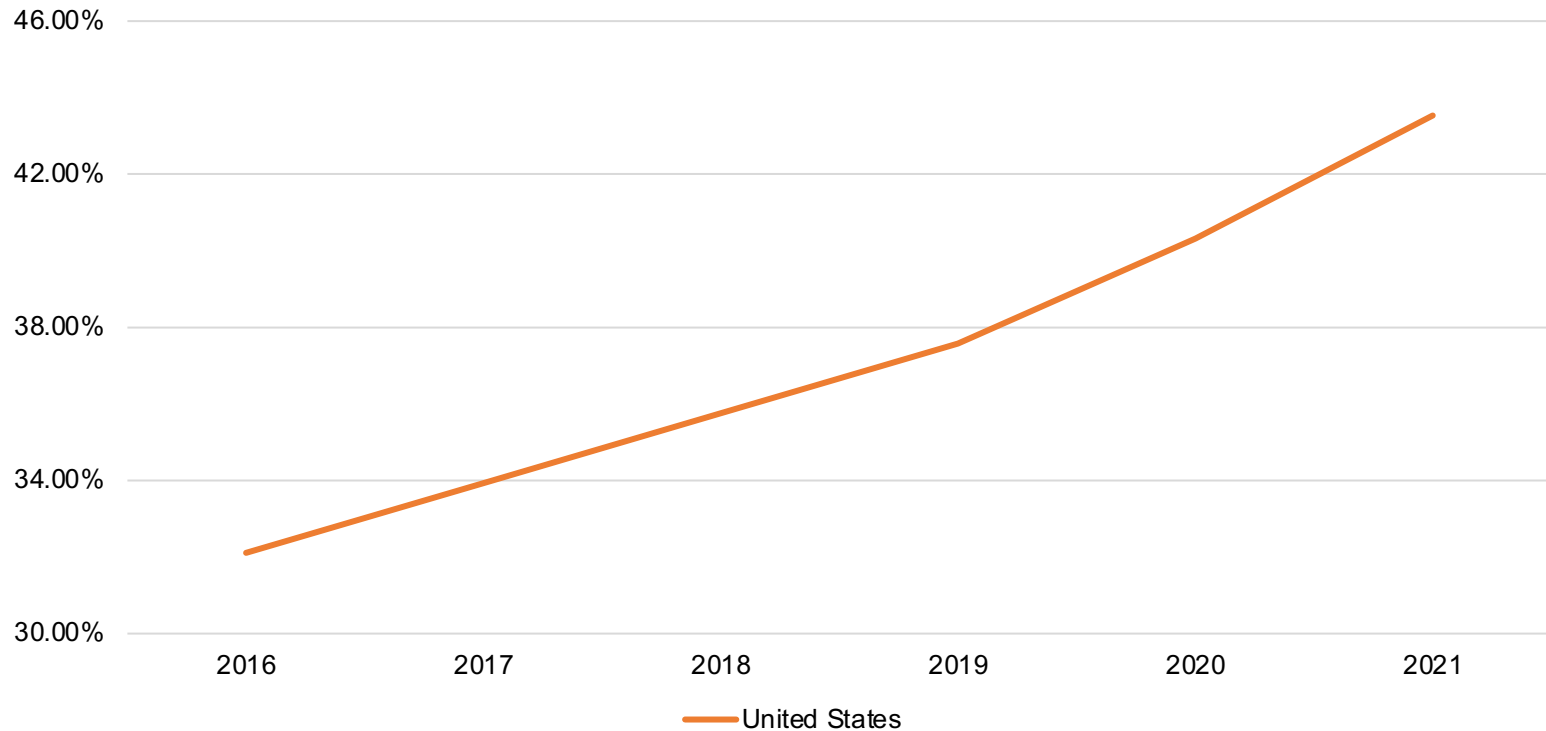
Hospice carve-in model with select Medicare Advantage plans

Increasing arrangements between ACOs and LTC providers: see, for example, LTC ACO sponsored by Genesis

Direct Contracting model with physicians for high-risk populations

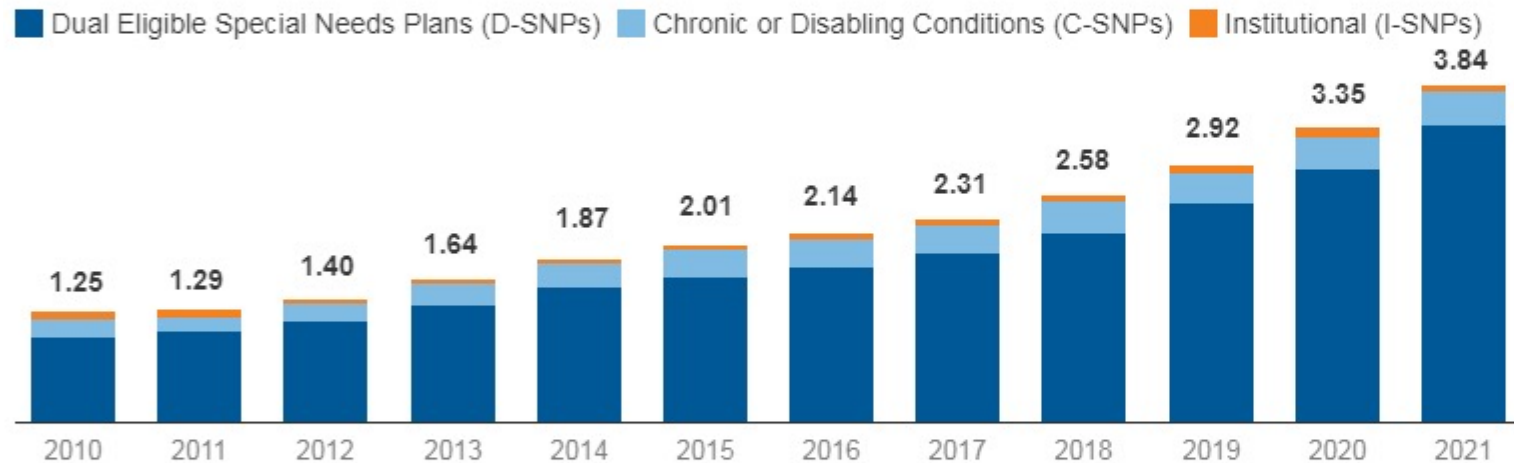
Acute Hospital Care at Home demonstration and Choose Home proposed legislation pushing inpatient care to home setting

# Medicare Advantage Penetration



Medicare Advantage penetration now exceeds 40 percent of Medicare beneficiaries nationally and is heading towards 50 percent

# Increase in Medicare Advantage SNPs Expected to Continue



NOTE: Numbers may not sum to the total due to rounding.

SOURCE: KFF analysis of CMS Medicare Advantage Enrollment Files, 2010-2021. • [PNG](#)

**KFF**

# Medicare SNF Payment Landscape: Mixed Bag of Changes with Cuts Looming

## Opportunities

- Speech Language Pathology (+26%) and Nursing CMLs (+13%) have increased significantly since start of Patient-Driven Payment Model (PDPM), indicating opportunity for revenue growth
- Therapy minutes were reduced by 30% right after start of PDPM; Group and concurrent therapy spiked up initially after PDPM, then went down due to COVID-19

## Challenges

- Moratorium on 2% sequestration set to expire by end of year
- Recovery audit contractors resuming efforts after pause
- Recalibration of parity adjustment could translate into 5% downward adjustment if eventually enacted; may get repropose in Spring 2022

**PDPM imperatives: Efficient therapy contracts, accurate coding, adding specialty services (respiratory, dialysis, etc.)**



# Active Regulatory Environment Continues

- Vaccine mandates and pushback from states and some employers
- Stepped up survey activity
  - Focus on infection control
  - Return to pre-COVID concerns
- Eventual expiration of waivers (120 days after end of PHE)
  - Nurse aide training and certification
  - 3-day prior hospital stay for Medicare SNF coverage
  - IMPACT Act: requirements for hospital discharge planners to share quality and resource data on post-acute care
- Recovery audit contractors increasing document requests

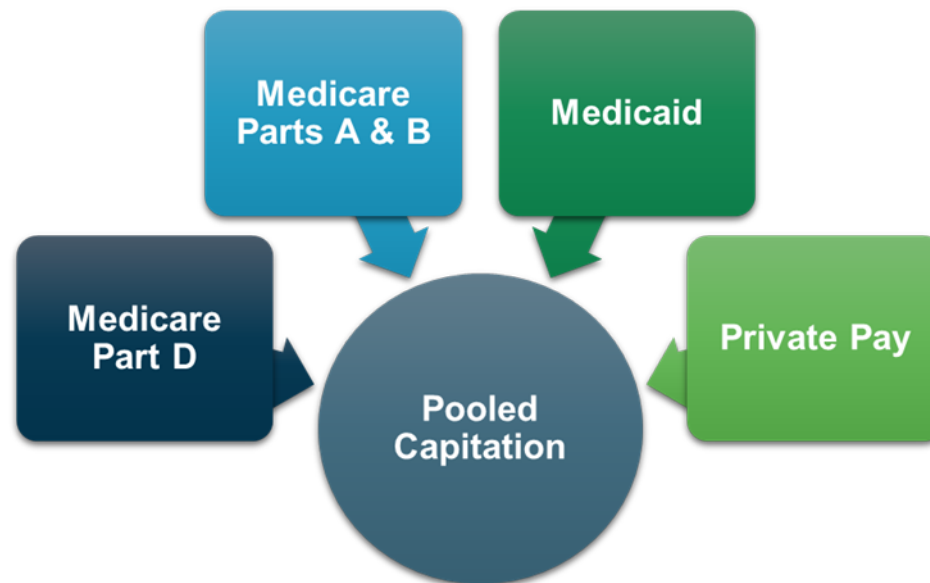
## **4. Marketplace and Public Policy Preference for HCBS and Integrated Care**

# American Rescue Plan Promotes HCBS Care

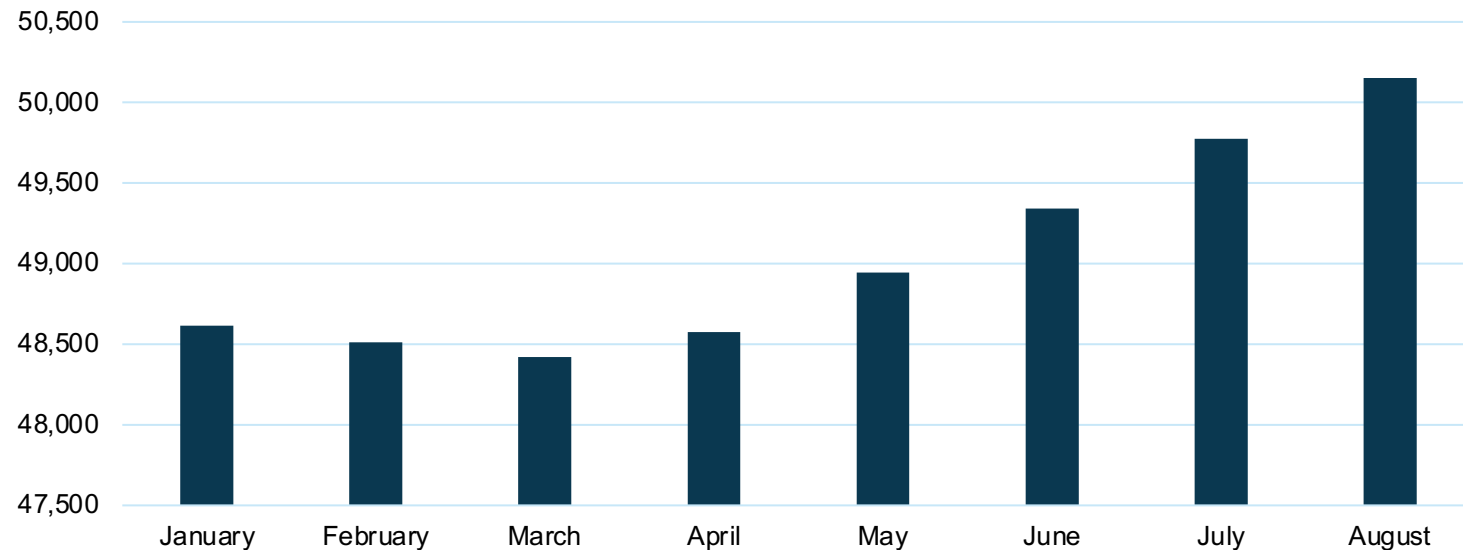
- The American Rescue Plan, enacted in March 2021, contains provisions that increase funding for Medicaid HCBS
  - Included in the \$1.9 trillion legislative package is an increase to the federal matching for certain Medicaid HCBS by 10% through March 2024
  - Among the services eligible for inclusion in this additional funding is PACE (Program of All-Inclusive Care for the Elderly); this provision may result in states developing or expanding PACE organizations
- Other pending federal legislation, including the PACE Plus Act and PACE Part D Choice Act, would expand access to PACE across the country by making development less restrictive and providing states with financial incentives to develop and expand PACE

# PACE During COVID-19

- PACE, like all providers, was impacted during COVID-19 but was able to adapt by repurposing PACE centers and providing more telehealth and in-home services
- All-inclusive and capitated financing provided the flexibility for the PACE model to adapt to new circumstances



# National PACE Dual-Eligible Enrollment in 2021



- Enrollment has increased 3.2 percent from January through August
- Decline from January through March, but continued increase since

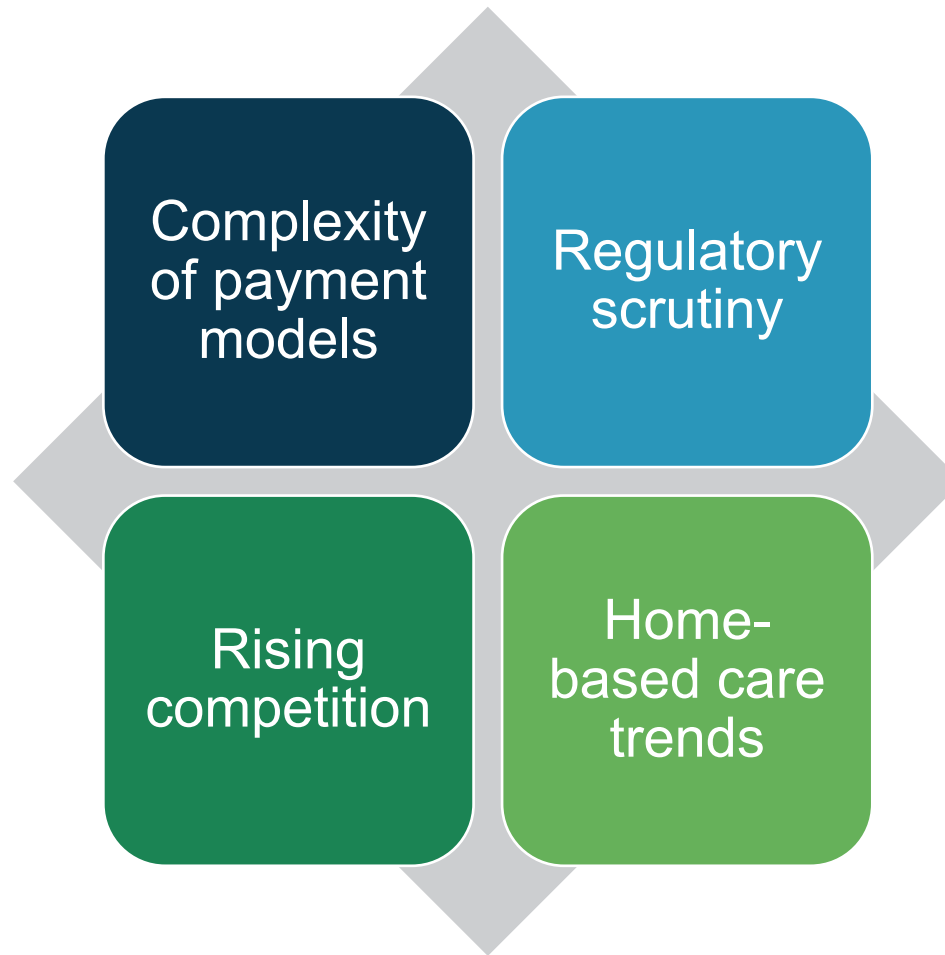
# PACE Expanding in Existing and New States

- In the past year, we have seen expansion efforts in states that currently have PACE, such as California, Florida, Indiana, Louisiana, Maryland, New Jersey, and Virginia
- In addition, PACE is under development in states that do not currently have PACE, such as Illinois, Kentucky, and Missouri
- With interest and support at an all-time high, now is the time to explore the feasibility of development or expansion of PACE, whether as a sole sponsor or in partnership with other organizations

# **5. Increasing Operational Complexity and Financial Challenges Driving Consolidation and Third-Party Management**



# The Convergence of Operational and Financial Challenges



# Prioritization of Survival

- In the pandemic period, immediate survival trumped other longer-range considerations
  - From 2020 to 2021, SNFs are expected to see a \$60 billion increase in COVID-related costs, according to AHCA/NCAL
  - An estimated 550 SNFs closed between 2015 and 2019
  - In 2020 alone, 143 SNFs were shuttered



## It's Elementary, My Dear Watson!

- Within every organization lies dormant opportunities
- Muster the tactical, creative, and innovative approaches to reshape day-to-day operations
- Relinquish old standards and think anew

# Strategic Considerations to Ensure Survival

- Service line assessment
- Resource stamina
- Market re-evaluation for new service opportunities
- Partnership, joint ventures, consolidations, and divestitures



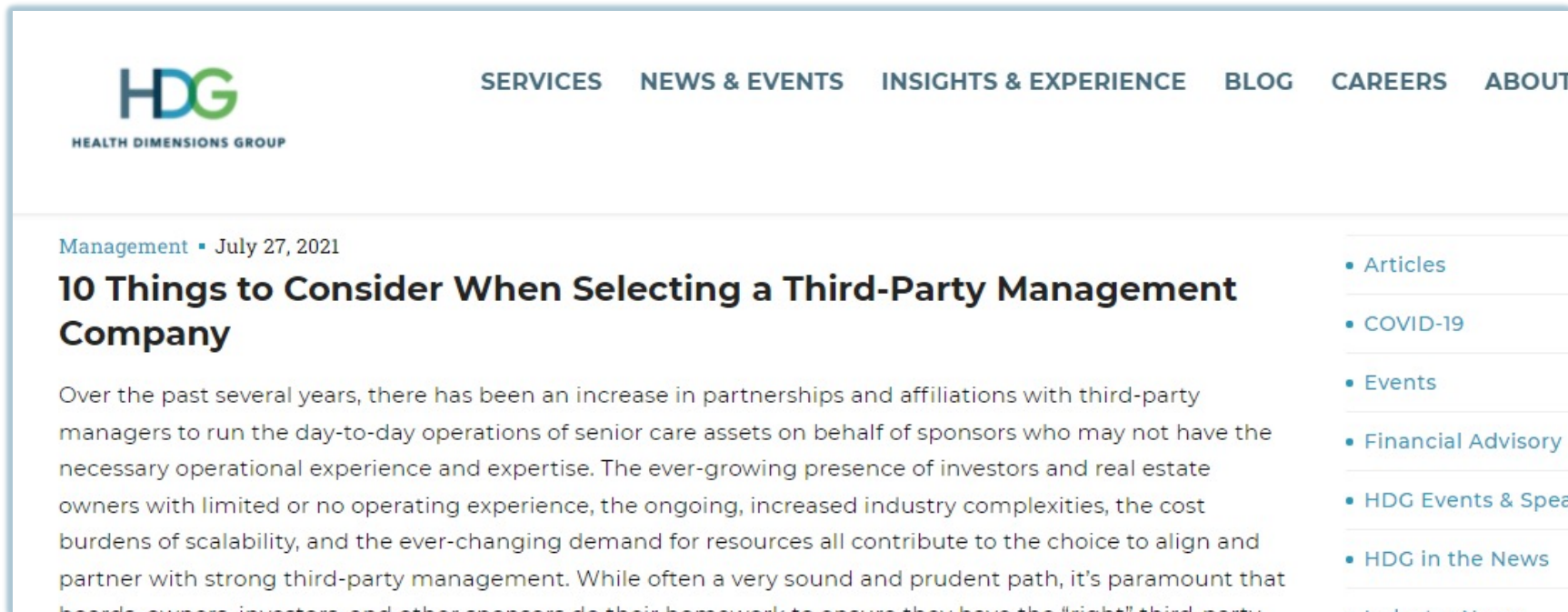
# Migration from a Free-Standing Model

- Affiliation merger
- Third-party manager
- Partnership considerations:
  - Regional expertise
  - Candor
  - Value alignment



# 10 Things to Consider When Selecting a Third-Party Management Company

- HDG Blog Post:  
<https://healthdimensionsgroup.com/considerations-selecting-third-party-management>
- Don't ignore the warning lights that are flashing on your dashboard



The screenshot shows the top portion of a web page. At the top left is the HDG logo with the text 'HEALTH DIMENSIONS GROUP' below it. To the right of the logo is a navigation menu with links: SERVICES, NEWS & EVENTS, INSIGHTS & EXPERIENCE, BLOG, CAREERS, and ABOUT. Below the navigation menu, the page content begins with a category tag 'Management' and a date 'July 27, 2021'. The main heading of the article is '10 Things to Consider When Selecting a Third-Party Management Company'. The first paragraph of the article is visible, discussing the increase in partnerships with third-party managers. On the right side of the page, there is a sidebar with a list of links: Articles, COVID-19, Events, Financial Advisory, HDG Events & Spea, and HDG in the News.

**HDG**  
HEALTH DIMENSIONS GROUP

SERVICES NEWS & EVENTS INSIGHTS & EXPERIENCE BLOG CAREERS ABOUT

Management • July 27, 2021

## 10 Things to Consider When Selecting a Third-Party Management Company

Over the past several years, there has been an increase in partnerships and affiliations with third-party managers to run the day-to-day operations of senior care assets on behalf of sponsors who may not have the necessary operational experience and expertise. The ever-growing presence of investors and real estate owners with limited or no operating experience, the ongoing, increased industry complexities, the cost burdens of scalability, and the ever-changing demand for resources all contribute to the choice to align and partner with strong third-party management. While often a very sound and prudent path, it's paramount that boards, owners, investors, and other sponsors do their homework to ensure they have the "right" third party

- Articles
- COVID-19
- Events
- Financial Advisory
- HDG Events & Spea
- HDG in the News

## 6. Medicalization of Senior Living Continues



# Upward Shift in Acuity

- Average age of AL residents is now 85 and older
- People in this setting are dealing with complex and costly medical needs
- The number of people in the U.S. with Alzheimer's and related dementias expected to double by 2050



# Shift in Regulations

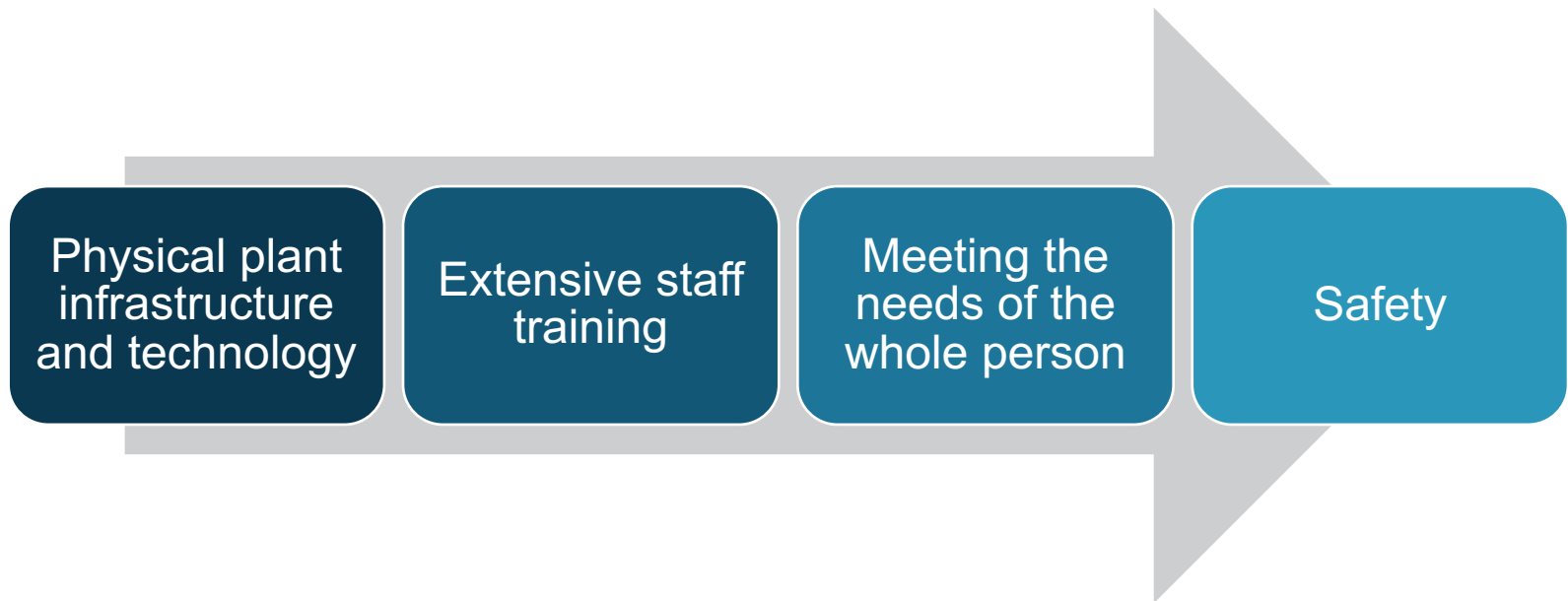
- More than half of U.S. states have made changes to their AL regulations
- Changes include:
  - Language around abuse/neglect
  - Investigating/reporting
  - Emergency preparedness plans
  - Staffing requirements
- Some states also adding enhanced license options for memory care and higher acuity

# How Providers Are Responding

- Partnering with home health and other providers for additional services, including:
  - Skilled nursing care
  - Physical, occupational, and speech therapy
  - Mental health care
  - Pharmacy services
  - Dental, podiatry
  - Hospice
- The future will also likely see many senior living communities partner with ACOs and MCOs that offer a care coordination approach to provide lower-cost care to residents in their current setting

# Shift in Expectations

To remain competitive, providers will need to evaluate several things to keep up with not only expectations of future residents but increasing acuity.



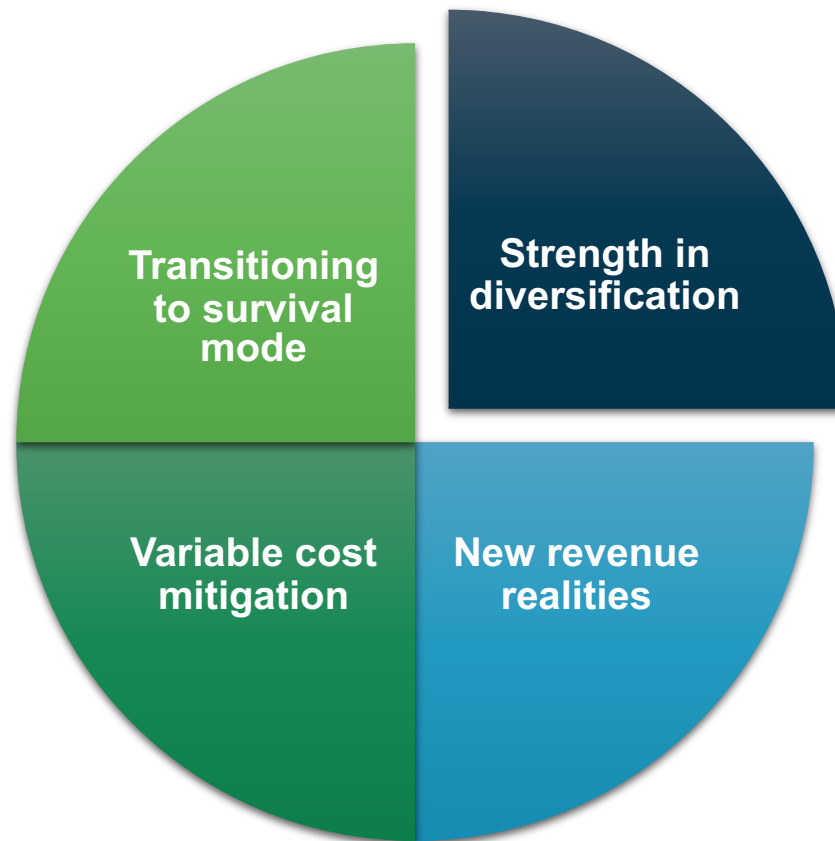
# 7. Repositioning for the Future

# Disruption in Consumer Preference

- Private room accommodations
- Ventilation considerations
- Workforce competencies



# Recalibrating Service Offerings





# Emerging Re-aligned

1. Plant reconfiguration
2. Room occupancy challenges
3. Area closures
4. Be careful of Ready, Shoot, Aim
  - Do your homework with a revised demand analysis
5. Understand labor constraints and the current workforce crisis
  - Are centralized options a potential solution?

# Variable Cost Management

- Benchmarking
- Recalibrating
- Financial modeling: What does success look like?



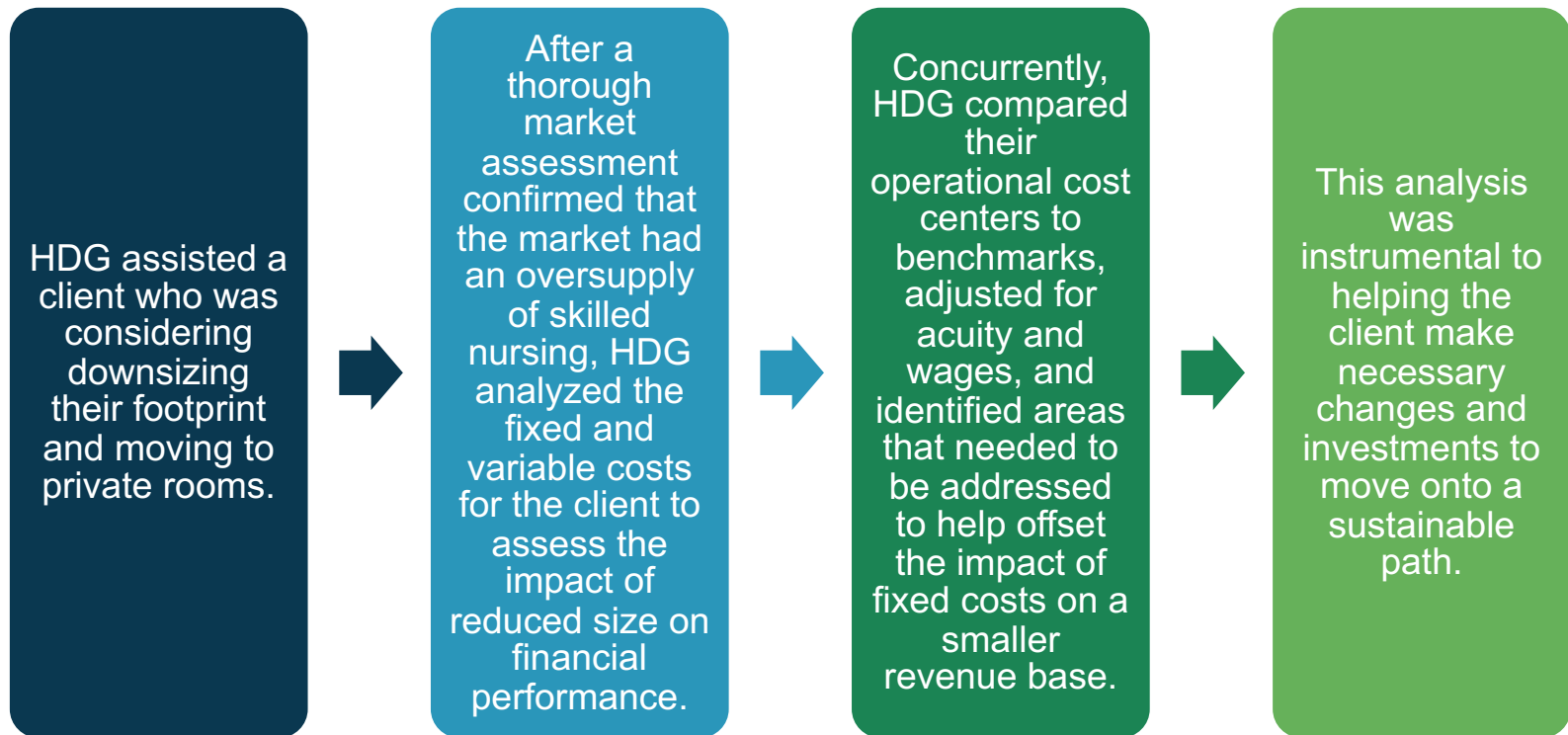
GOAL \* PLAN \* SUCCESS



# Aligning Clinical Service Offerings and Market Need (SNF and AL)

- Hospital pain points
- MS-DRG assessment
- Length of stay (LOS) outliers
- Clinical programming

# HDG Case Study



# 8. Strategic Sales and Marketing

# Doubling Down on Robust Strategic Sales and Marketing

- Operational imperatives:
  - Customer service/barrier management
    - Sales agility—out-hustling the competition
  - Relationships—joint operating committees
  - Value proposition metrics
    - RTA, LOS, return to community, quality measures
  - Innovation and technology (connectivity)

# Doubling Down on Robust Strategic Sales and Marketing (continued)

- Digital strategies:
  - Virtual tour options
  - ADA-compliant website
  - Your team is everything—lift them up!



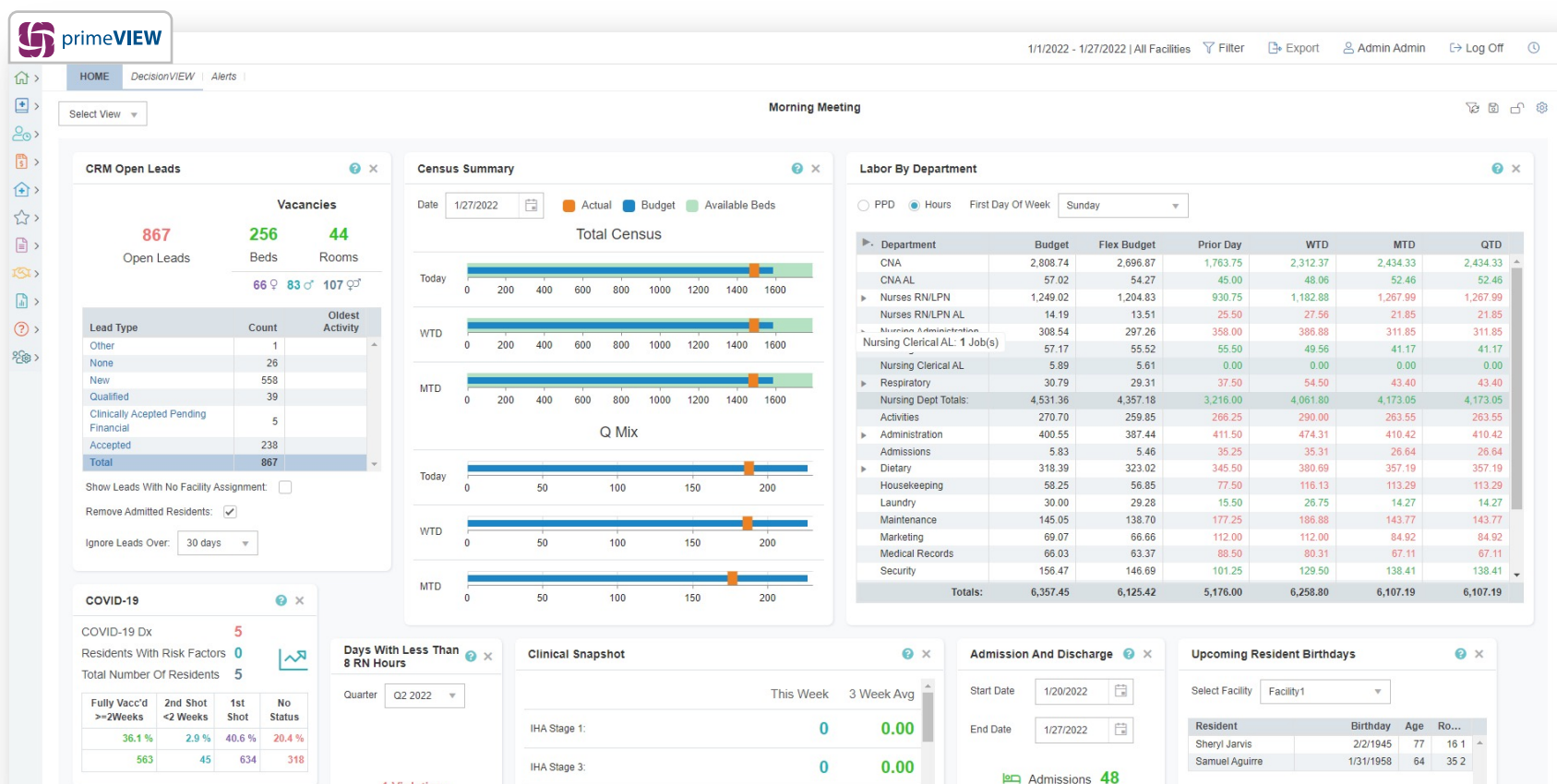


## 9. Get Connected with Technology Partners



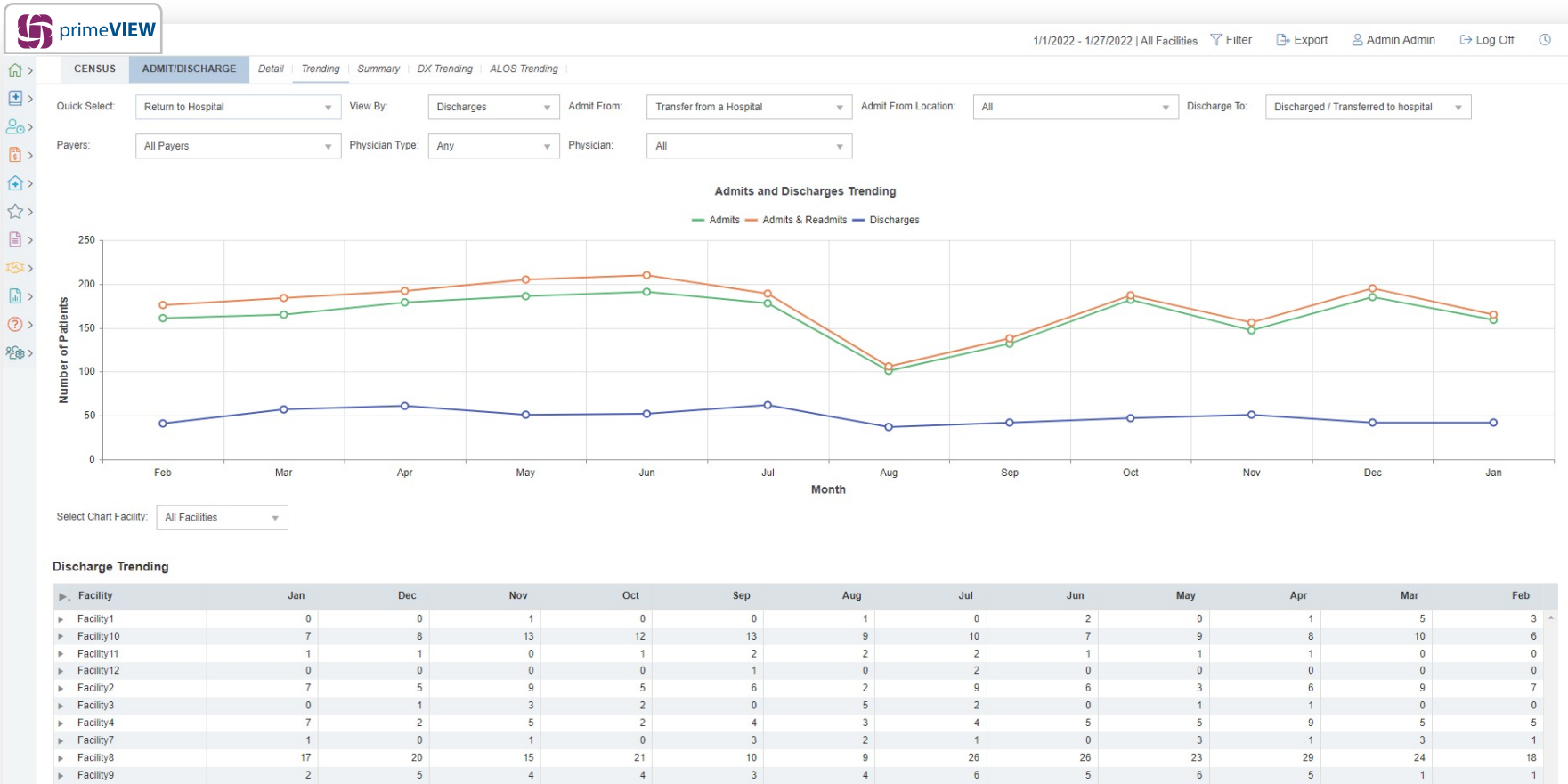
# Turnover: Make the Leadership Job Easier

- Nobody likes “doing reports” because they know they should be doing something else with their time
- Eliminate reporting time – deploy automated information and analytics tools



# Quick Trending Insights

- Trends should be at your disposal
- No more running reports by facility and compiling in Excel

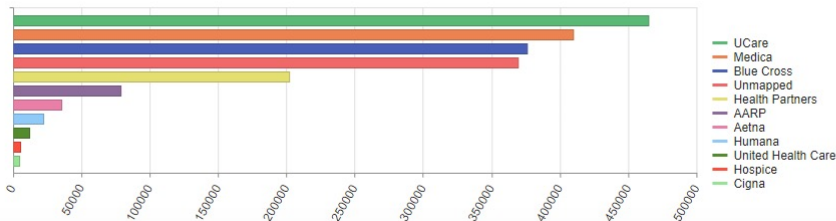


# Medicare Insolvency – Collect Every Dollar

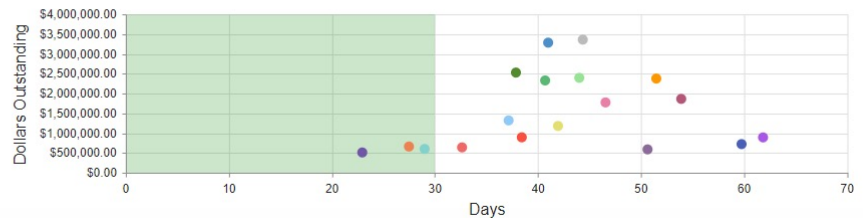
- Collections paradigm must change
- Big write-offs, non-paying patients, and costly admissions will damage your organization
- Stay on top of aging and write-offs with tools like primeVIEW



Top 15 Insurance Groups 60+ days Interim Net



Aging To DSO Interim Net



Aging Period:  Aging Type: ☒ Net ☐ Debit ☐ Credit View By: ☒ Payer View ☐ AR Type View ☐ Insurance View ☐ Insurance Payer View

Payer:

Facility	Current	30	60	90	120	150	180	210	240	270	300	330	360	Total	Over 90	% of Total over 90	Adv Bill	Total w/ Adv Bill
► Total	9,948,890	4,132,729	1,946,434	1,317,448	871,822	739,344	639,928	588,322	474,541	497,989	573,366	552,994	22,046,252	44,330,059	28,302,005	63.84 %	-40,003	44,290,056
► Facility1	683,128	752,641	124,010	84,754	88,858	59,900	1,356	41,699	31,364	23,997	37,418	49,327	2,578,022	4,556,474	2,996,695	65.76 %	0	4,556,474
▲ Facility10	735,668	244,154	111,075	70,210	86,597	103,287	98,340	55,673	43,056	35,399	42,483	83,266	449,991	2,159,198	1,068,302	49.47 %	0	2,159,198
Payer	Current	30	60	90	120	150	180	210	240	270	300	330	360	Total	Over 90	% of Total over 90	Adv Bill	Total w/ Adv Bill
► Managed Care	187,874	96,760	6,813	12,134	34,054	37,912	19,329	7,095	373	6,036	8,238	37,982	173,980	628,579	337,132	53.63 %	0	628,579
► Medicaid	343,752	85,351	46,716	28,173	36,341	52,966	63,715	26,851	16,395	14,895	20,950	20,171	220,146	976,421	500,602	51.26 %	0	976,421
► Medicare A	140,309	2,057	0	0	0	0	0	0	0	0	0	0	0	142,365	0	0.00 %	0	142,365
► Medicare B	4,930	0	0	0	0	0	0	0	0	0	0	0	0	4,930	0	0.00 %	0	4,930
► Outpatient	4,952	431	0	93	0	182	266	3,574	0	0	0	1,101	7,425	18,024	12,640	70.13 %	0	18,024
► Private	41,980	37,490	19,334	11,245	5,195	10,528	13,163	12,608	15,410	-310	7,080	18,134	22,035	213,892	115,087	53.80 %	0	213,892
► Co Insurance	11,610	11,304	21,804	7,466	869	1,379	1,281	4,007	9,772	13,299	6,215	5,879	22,739	117,624	72,906	61.98 %	0	117,624
► Unknown	260	10,761	16,408	11,100	10,139	319	585	1,539	1,106	1,479	0	0	3,667	57,363	29,934	52.18 %	0	57,363
► Facility11	1,315,395	332,334	299,900	281,170	176,236	200,884	113,187	115,908	132,430	137,308	101,617	65,004	2,022,214	5,293,585	3,345,957	63.20 %	-21,675	5,271,910
► Facility12	592,577	413,393	119,118	40,288	36,591	18,390	31,264	53,313	41,818	24,549	34,776	67,298	2,936,832	4,410,207	3,285,119	74.48 %	0	4,410,207

# Conclusion

## Key Takeaways

- Prepare for a value-based future
- Form creative partnerships
- Become employer of choice
- Proactively address consumer concerns about safety





# Questions



# For More Information



**Brian Ellsworth, MA**

Vice President, Public Policy and Payment Transformation

[info@hdgi1.com](mailto:info@hdgi1.com)

Phone 763.537.5700



**Darrin Hull**

Executive Vice President, Consulting

[info@hdgi1.com](mailto:info@hdgi1.com)

Phone 763.537.5700



**Kim Watson, RN, NHA, ODPC**

Executive Vice President of People, Culture, and Quality

[info@hdgi1.com](mailto:info@hdgi1.com)

Phone 763.537.5700



**Jonathan Duvall, Prime Care Technologies**

Executive Director, Product Management

[sales@primecaretech.com](mailto:sales@primecaretech.com)

Phone 877.644.2306





**HEALTH DIMENSIONS GROUP**

12900 Whitewater Drive, Suite 201  
Minneapolis, MN 55343-9407  
P: 763.537.5700  
[healthdimensionsgroup.com](http://healthdimensionsgroup.com)



6650 Sugarloaf Parkway, #400  
Duluth, GA 30097  
P: 877.644.2306  
[primecaretech.com](http://primecaretech.com)



# Why Work With Us

# Why HDG

## Knowledge Born from Hands-on Experience

As managers and consultants in post-acute, long-term care, and senior living, we are familiar with the challenges our clients face every day

## Post-acute and Senior Care Experts

Aging services are our focus, resulting in an unparalleled depth of knowledge. Our seasoned professionals and highly skilled specialists ensure customized solutions

## Values-driven Partner

Guided by an unwavering commitment to our values of hospitality, stewardship, integrity, respect, and humor, we have served the nation's leading health care organizations for over 20 years

# Disclosure

The information provided here is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought.

HDG refers to Health Dimensions Group, an independently owned, for-profit entity.

© 2022 Health Dimensions Group

# Appendix

# Commitment to Diversity, Equity, and Inclusion Strategies

- Diversity and inclusion are not interchangeable
- Factors of inclusion



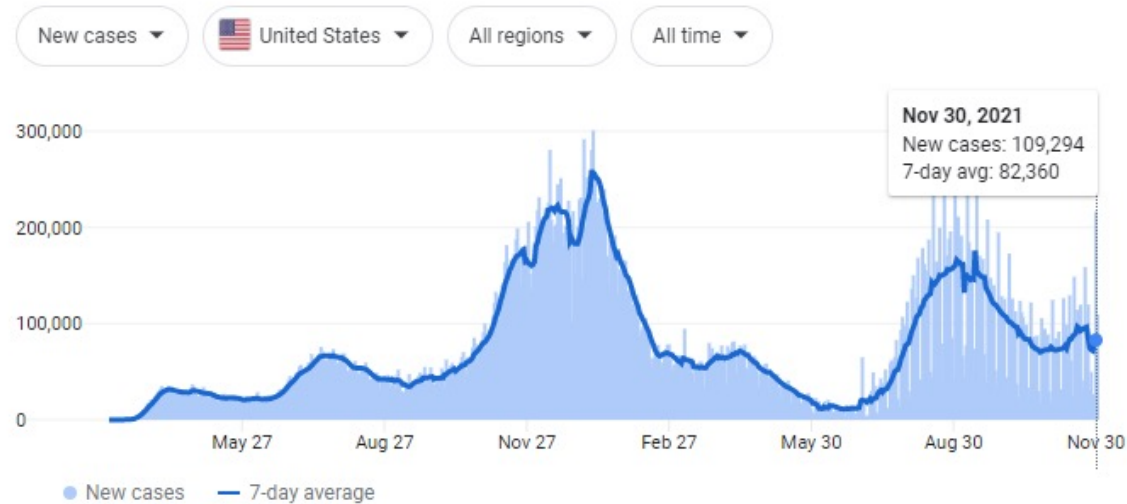
# Commitment to Diversity, Equity, and Inclusion Strategies (continued)

McKinsey & Company study details that one of the top 3 reasons employees cited for quitting their job was because they didn't feel a sense of belonging.

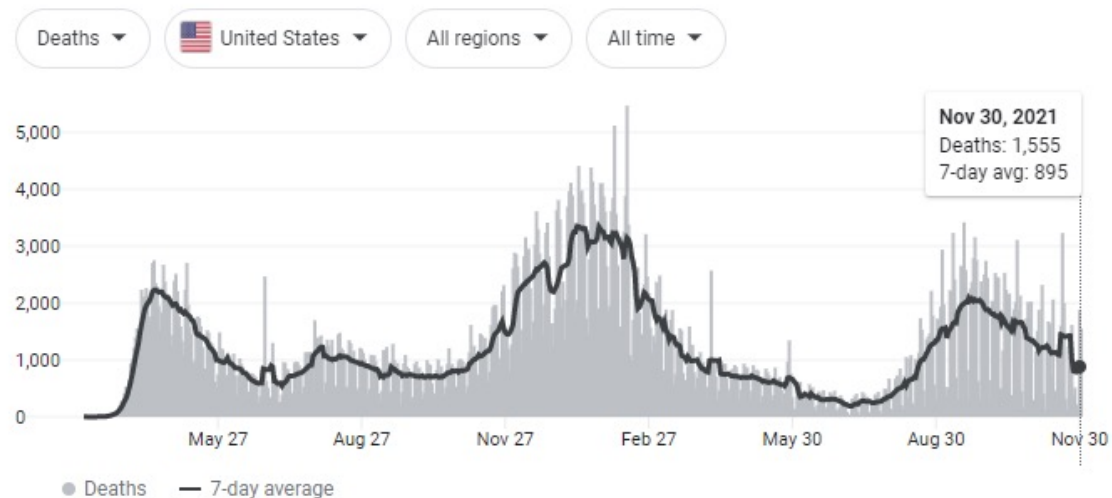
Notably, employees who classified themselves as non-white or multiracial were more likely than their white counterparts to say they had left because they didn't feel they belonged at their company—a worrying reminder of the inequities facing Black employees and other minority groups.

# COVID-19 Cases and Deaths Across the U.S.

## Cases



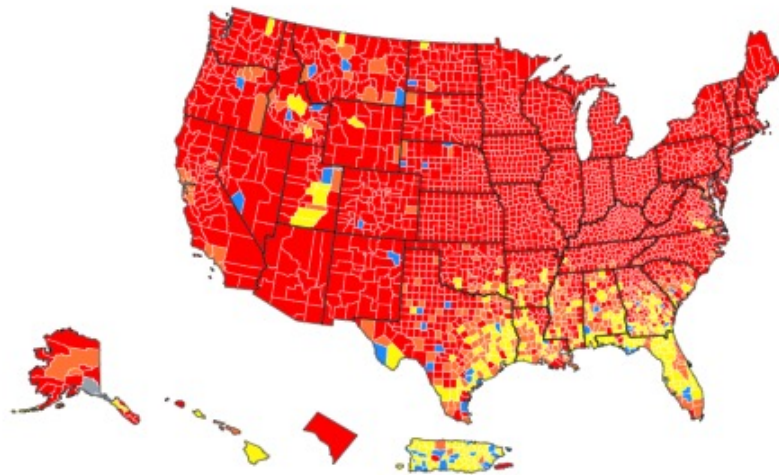
## Deaths



Source: New York Times, accessed 12.05.21

# COVID-19 Community Transmission Very High Across the Country

Level of Community Transmission of All Counties in US



Community Transmission in US by County

	Total	Percent	% Change
High	2449	76.01%	7.14%
Substantial	386	11.98%	-2.58%
Moderate	302	9.37%	-2.23%
Low	79	2.45%	-2.33%

How is community transmission calculated?

● High ● Substantial ● Moderate ● Low ● No Data

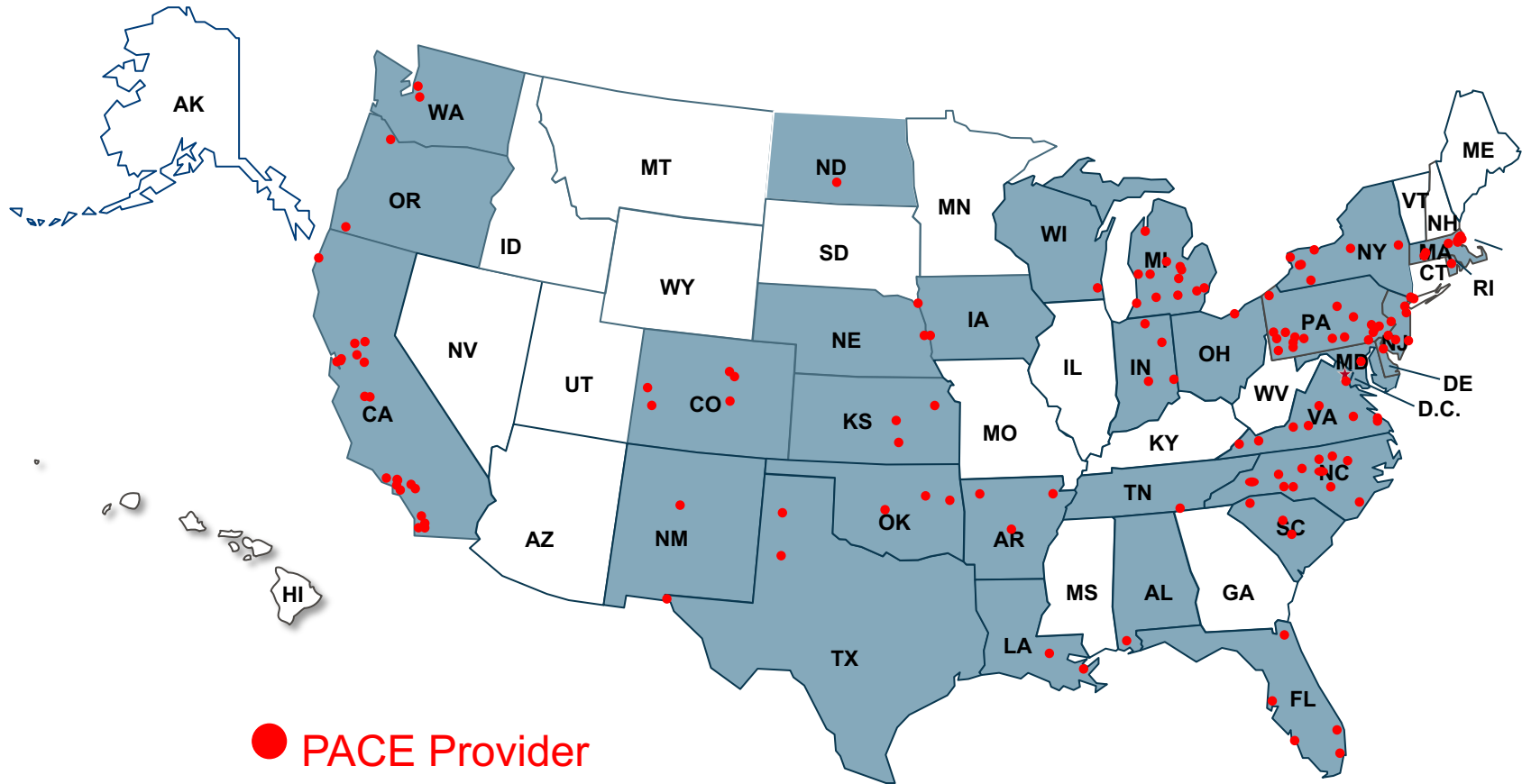


# MedPAC Proposing Changes to Medicare Value-Based Program for SNFs: Similar to HHA VBP

- Current SNF Value-Based Purchasing only looks at one metric (30-day readmissions) and only makes a relatively small adjustment to Medicare Part A rates (-2% to +1.5%)
- Regarded as too narrow and has not moved the needle on readmissions
- MedPAC proposes broader value-based program for SNFs:
  - Expanded but small set of performance measures
  - Expend the entire pool of dollars
  - Eliminate threshold effects

**Even if SNF VBP is broadened, SNFs will still need to pay close attention to hospitalizations and readmissions**

# 141 PACE Programs in October 2021



52% of programs have opened since 2010