Strategic Opportunities for Senior Living Providers
September 17, 2014

Agenda

• Big picture
• Impact on the market
• Turning challenges into opportunities
Economics and Demographics

- Rapid growth in sector fueled by “Silver Tsunami”
- Alzheimer’s Disease “Epidemic”

In the next 35 years the number of seniors suffering of Alzheimer’s and other dementia disease will nearly triple.

Historical and projected growth in the aging U.S. population
Source: Data from U.S. Bureau of the Census

Economics and Demographics

- Decline in availability of family caregivers

During the same period, the 80-plus population is projected to increase by a whopping 79%.

The departure of the boomers from the peak caregiving years will mean that the 45–64 year population (adult children) is projected to increase by only 1% between 2010 & 2030.

Source: AARP Public Policy Institute calculations based on REMI (Regional Economic Models, Inc.) 2013 baseline demographic projections.
Note: The caregiver support ratio is the ratio of the population aged 45–64 to the population aged 80-plus.
Economics and Demographics

- **Aging in Place concept** - The majority of older Americans want to remain outside of a structured community setting for as long as they are able.
- Increased use of technology/internet by seniors

- Seniors on the internet have 30% LESS depression than other seniors

Economics and Regulatory

- **Affordable Care Act (ACA)** - Accountable Care Organizations (ACOs) as a solution to control health spending and improve patient outcomes

- New HIPAA Rules and State Quality Improvement Programs
Technology

- Technology: more user friendly, interoperable and scalable
- Growing adoption of mobile devices and diverse operational systems
- Progressive flexibility and security in technology
- Business adoption of cloud-based model

Source: CDWG Technology Rises Up: //wordpress/category/infographic-archive/

The Impact in the Market

40% Of IT decision makers store protected health information in the cloud.
The Impact in the Senior Living Market

• Due to economic/market related reasons the skilled nursing market is shrinking

• Memory care is a growing offer in the assisted living space

<table>
<thead>
<tr>
<th>Service</th>
<th>Daily Cost</th>
<th>Annual Cost</th>
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<tbody>
<tr>
<td>Home Care (paid health aid)</td>
<td>$168</td>
<td>$61,319</td>
</tr>
<tr>
<td>Adult day centre</td>
<td>$70</td>
<td>n/a</td>
</tr>
<tr>
<td>Assisted living facility</td>
<td>$117</td>
<td>$42,600</td>
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<tr>
<td>Assisted living providing special services for people with dementia</td>
<td>$158</td>
<td>$57,684</td>
</tr>
<tr>
<td>Nursing home (private room)</td>
<td>$248</td>
<td>$90,520</td>
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</tbody>
</table>

Source: Data from World Alzheimer Report 2013

The Impact in the Senior Living Market

• New regulations and state quality programs

• Seniors demanding larger range of services, proximity with their families and wellness programs to promote healthy living

Turning Challenges into Opportunities

Challenge 1
Medication Management

Snapshot of the Medication Management

- Senior Living residents are more likely than residents of Skilled Nursing Facilities (SNFs) to be treated by several different specialists for concurrent medical conditions.
- High number of medications that SL residents take increases the potential for drug interactions and other negative outcomes.
- An estimated 106,000 fatal ADEs occur annually in the US.
- One third of emergency department visits by older adults presenting with ADEs are caused by 3 drugs—warfarin, insulin, and digoxin.

Source: Center for Excellence in Assisted Living – www.theceal.org
A White Paper from an Expert Symposium on Medication Management in Assisted Living
Top 10 Most Common Deficiencies Across States

- Medication Administration
- Ongoing Resident Assessment
- Resident Admission Requirements
- Resident Care
- Maintenance and Building Code
- Staff Training
- Food Service
- Administrative Record Keeping
- Emergency Preparedness
- Staff Health

How to Limit Medication Errors
Find Out How Your Pharmacy Can Help

- Flag medications that are most likely to result in errors with a significant potential to cause harm if administered incorrectly.
- Leverage pharmacy consultants to review medication regimen and reduce number of drugs.
- Work with pharmacies to allow more flexibility in medication orders and reduce delivery time.
- When shipping new drugs, pharmacies can include a medication sheet, written in a way that UAPs, families and residents will understand, that explains any associated risks.

Source: Center for Excellence in Assisted Living – www.theceal.org and CS-LTC
Research Brief: Medication Administration in Assisted Living
http://www.theceal.org/component/k2/item/721-research-brief-medication-administration-in-assisted-living

Communicate with Your Physicians

- Work with physicians to allow more flexibility in medication orders
- Maximize the time you have with a physician with structure communication to include top concerns in regard to the medication
- Providing med usage reports/ PRN usage reports and associated findings

Source: Center for Excellence in Assisted Living – www.theceal.org and CS-LTC
## Technology to Mitigate Risk

### Enhance Access to Information
- Anywhere anytime access to information
- Measure and monitor census and chronic diseases
- Provide secure electronic transfer of sensitive data

### Mitigate Risk
- Drug protocol checking at time of order
- Avoid errors or missed documentation
- Display only the medication of specific med passes to the right resident with photo ID
- Warning messages triggered by incomplete, incorrect or excessive dosing orders

### Improve Quality of Care
- Prompts for timely reminders and safe administration
- Give visibility on residents’ acuity level and health risk
- Eliminate missed medication and wrong timing with PRN and Vitals follow-up reminders

### Increase Operational Efficiencies
- Automated communication with pharmacy
- Ensure secure electronic co-signatures and approval processes on orders
- Provide ease of use and intuitive interface that guides practitioners through the process of care on the device

## Electronic Health Records and eMAR
Opportunity to Improve Quality of Care and Outcomes

- Streamlining MARs reconciliation, reporting, prepping and delivering medication
- Reduce up to 90% the 5 Wrongs (wrong dose, patient, drug, time and omission)
- Increase resident and employee satisfaction
- Avoid citations, fines and litigations

Some organizations have experienced up to a 90% reduction of medication errors after adopting clinical technology.

Challenge 2
Service Creep – A Fatal Business Disease

- Service Creep is one of the most serious operational problems afflicting both for-profit and not-for-profit SL providers
- It represents a significant loss of annual revenue
- Typical AL resident suffers from chronic conditions that gradually, but predictably, deteriorate with time. How we ensure that the increasing resident acuity and the resulting service costs do not infiltrate your profit margin
- Unscheduled services are commonly provided at the point of care
- Tracking services delivered vs. services in package is challenging

50% of all AL residents have 3 or more chronic illnesses
Three Month ROI

• **Scenario**
  - 60 resident community
  - Services timed in 15 min increments
  - Half of the residents receive at least one unscheduled service (15 min) per day
  - Average cost/hour of a CNA/Resident Aide - $12.00

• **Calculation**
  - 30 residents receive 15 min unscheduled services per day
  - 15 min x 30 residents x 30 days x 12 months = 162,000 min = 2,700 hours/year
  - 2,700 hours x $12.00

  Total annual revenue loss = $32,400

Technology to Avoid “Service Creep”
Service Package Management

Opportunity to Add Revenue and Identify Health Trends

- **Service Package Management** identifies resident’s increased consumption of services as it happens and compare planned to actual service time.

- Provides solid supporting information to justify increased service levels and additional charges with residents and families

- As the increase in services is identified it allows care givers to act upon changes in resident’s health status
Challenge 3

Staffing for Acuity
Current Scenario

- Staff represents 60% of the costs for an SL provider
- Turnover is 30% in the Senior Living market
- 70% of turnover occurs in the first 3 months
- Rising acuity brings higher risk and demand for clinical services and qualified personnel
- Over staffing = revenue loss
  Under staffing = resident risk

Processes and Technologies to Optimize Staffing
The Right Staff According to Your Acuity Level

Estimate the Qualified Staff You Need
Workforce Challenges in Healthcare
A Paradigm Shift

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Gaylyn Timiney MSN RN
Senior Clinical Operations Consultant

The Numbers Speak for Themselves

21% increase in patient acuity in a five year period

44% of all Registered Nurses are over 50 years old

260,000 Registered Nurse shortage by 2025

CNA’s have a 75% retention rate in Assisted Living compared to 49% in Nursing homes

Attracting and retaining qualified workers affects the quality of care significantly
Maturing With The Workforce

Migration patterns in Healthcare
ARE CHANGING RAPIDLY
A PARADIGM SHIFT IS OCCURING
Workforce
- Residents

Four Current Generations in the Workplace...

And Their Characteristics...
Employee Engagement to them is about:

- Flexibility
- Rewards
- Frequent feedback and coaching
- Independence
- Collaboration

CONNECTION!
Culture of Relationships
Culture of Connections
Flat Organizations
Upper Management Communication
Patients, Residents and Families Rely on Technology Today

Everyone Will Be Connected To Each Other

Connected Healthcare Professionals

Decisions Will Be Made Together
Disruptive Innovation

A process by which a product takes root initially in simple applications then matures through newer technology in turn "disrupting old processes"

• Post Acute Care, The Next Frontier

Disruptive Innovation in Healthcare

Processes Inevitably Have To Change
Banking and Disruption Innovation at Home

How Do We Mature A Workforce To Sustain?

- Disruptive Innovation
- The New Generation of Workers
- Shift in Resident Acuity
- Breaking Down of Silos
The Workforce Maturity Curve

- Workforce is a Burden
- Workforce is an Expense
- Workforce is a Resource
- Workforce is a Flexible Advantage
- Workforce is a Resource
- Workforce is a Flexible Asset
- The Skilled Workforce
- The Agile Workforce
- The Vital Workforce

MANUAL AUTOMATE PLAN EXECUTE INNOVATE

Recognizing Inefficiencies

<table>
<thead>
<tr>
<th>CHALLENGES</th>
<th>CAUSED BY...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumbersome Processes</td>
<td>Labor intensive, manual processes?</td>
</tr>
<tr>
<td>Inequities in assignments</td>
<td>Unsafe resident/staff assignments? Impacting staff morale? Family and resident satisfaction?</td>
</tr>
<tr>
<td>Misalignment of staff to residents</td>
<td>Under/Over Staffing causing unnecessary costs in expense or quality? Inappropriate skill mix for care causing adverse outcomes?</td>
</tr>
<tr>
<td>Inadequate alerts to changing care conditions</td>
<td>Are tools and information available to inform staff of changing conditions? Readmissions back to the hospitals.</td>
</tr>
<tr>
<td>Inadequate monitoring for compliance</td>
<td>Regulatory compliance risks?</td>
</tr>
</tbody>
</table>
Tracking Attendance, PTO, Vacations, Holidays

Disruptive Innovation - Maturing the Workforce
# Overcome Challenges By Maturing Thru Disruption

<table>
<thead>
<tr>
<th>CHALLENGES</th>
<th>SOLUTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumbersome Processes</td>
<td>Streamline, Simplify &amp; Standardize Processes</td>
</tr>
<tr>
<td>Inequities in workload distribution</td>
<td>Managing fair assignments</td>
</tr>
<tr>
<td><strong>Misalignment of staff to workload</strong></td>
<td>Flex staffing to workload</td>
</tr>
<tr>
<td>Inadequate alerts to changing care conditions</td>
<td>Visibility to resident and staff alerts</td>
</tr>
<tr>
<td>Inadequate monitoring for compliance</td>
<td>Automated rules engine to prevent non-compliance within the workforce</td>
</tr>
</tbody>
</table>

## AUTOMATE & PLAN: STREAMLINE, SIMPLIFY

**From This**

- Swapping?
- Call out?
- Comp time?
- OT?
- Coverage?
- Compliance?

**To This**

- Balanced Skill Mix
- Minimize Overtime
- Reduce Errors
- Reduce Staff Fatigue

**Schedule**

**Staff**

- React to Changing Conditions
- Address and Manage Absenteeism
- Promote Patient/Staff Safety
- Engage Employees

**Eliminate the Complexity**
EXECUTE: Manage Unique Resident Needs
Improves Staffing

From This

To This

...discriminate between resident needs

Agile Staffing
• Improve quality care
• Reduce reactive staffing
• Improve staff morale
• Continuity of care

Detailed Productivity
• Track what happened
  - Enhanced communication
  - Resident engagement
  - Quality outcomes

React quickly & accurately to change!

One Point of Access

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Residents and Staff List In One Place

Electronic Health Records Integration
Anna Bliss, RN, Staff Nurse

"Even though we have the same number of patients the amount of work is different"
Max Owen, Executive Director

“There are objective numbers to work with…”
The Workforce Maturity Curve

A different way of thinking about the workforce

Workforce is a Burden

The Complex Workforce

Eliminate Complexity!

The Skilled Workforce

Maximize Potential!

The Agile Workforce

React Quickly and Accurately to Change!

The Vital Workforce

Measure!
Assess!
Improve!

With the right tools the Workforce becomes A COMPETITIVE ADVANTAGE

Where’s the REAL Value?
Across the Continuum of Care...

The Power to Succeed IS IN THE WORKFORCE!

The Right Place For The Resident
Summary

PointClickCare

- Adapt technology to reduce medication errors
- Avoid “Service Creep”
- Optimize staffing

Kronos

- Mature your workforce with engagement
- Manage residents with acuity
- Build fair assignments

Together we provide a complete solution enabling you to staff for acuity