



Helping Long-Term Care Facilities Restore Financial Health Amid COVID- 19 Challenges

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THE CHALLENGE

According to AARP, for every \$100 in revenue a “nursing home” receives:

- If Medicare revenue - \$10 in profit
- If Medicaid revenue – (\$3) in loss

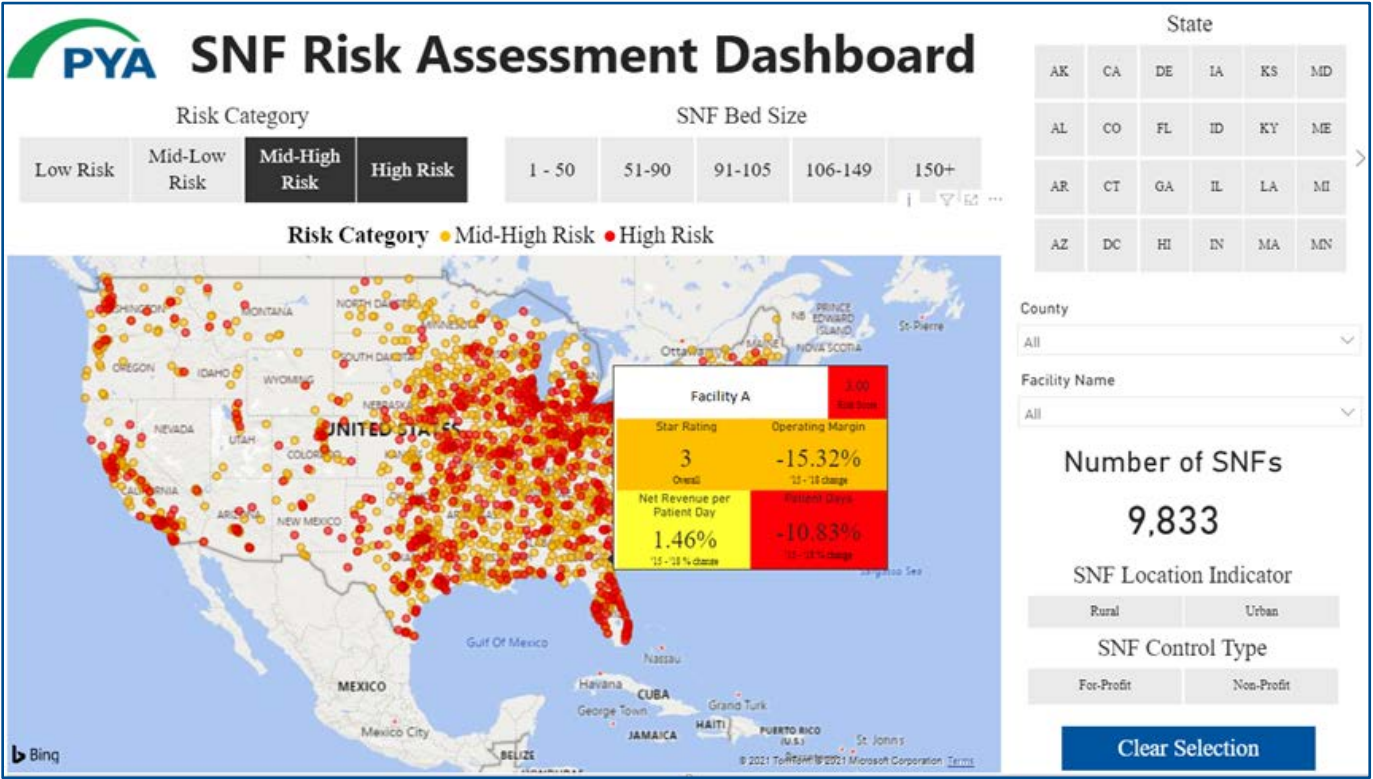
Yet, Medicare residents only comprise roughly 18% of the resident days; Medicaid residents, by contrast, comprise a whopping 76% of the resident days

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



- Most traditional Long Term Care providers have always depended on Medicare to be profitable.
- The sustainability of the model was in jeopardy long before COVID-19

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



Getting Through What Comes Next

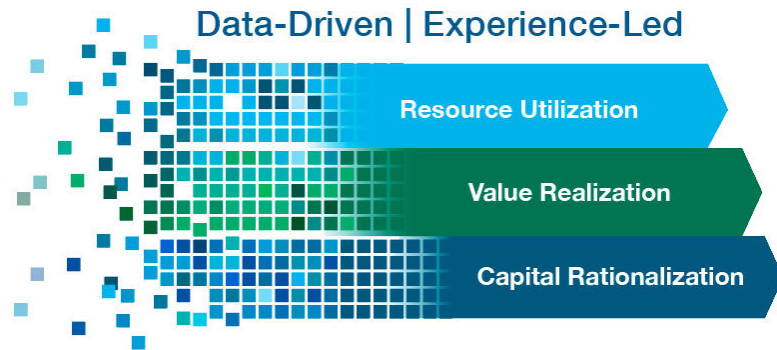
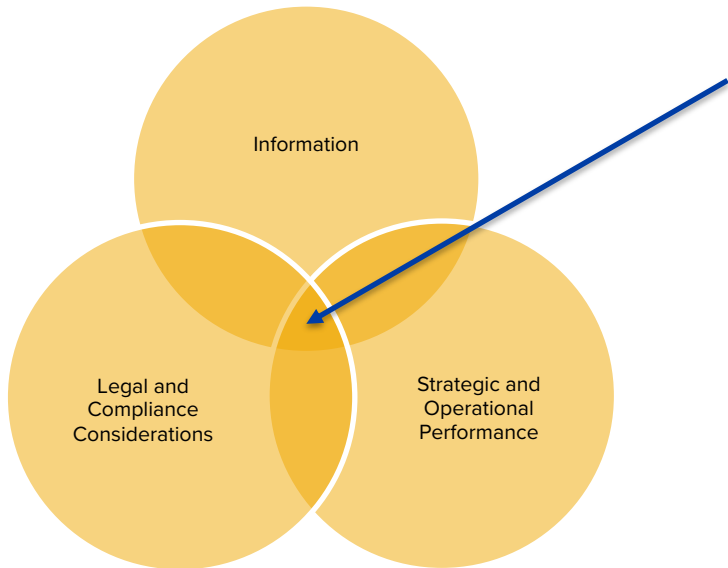


Result – A virtual cornucopia of compliance challenges – many of which are being defined “on the fly”

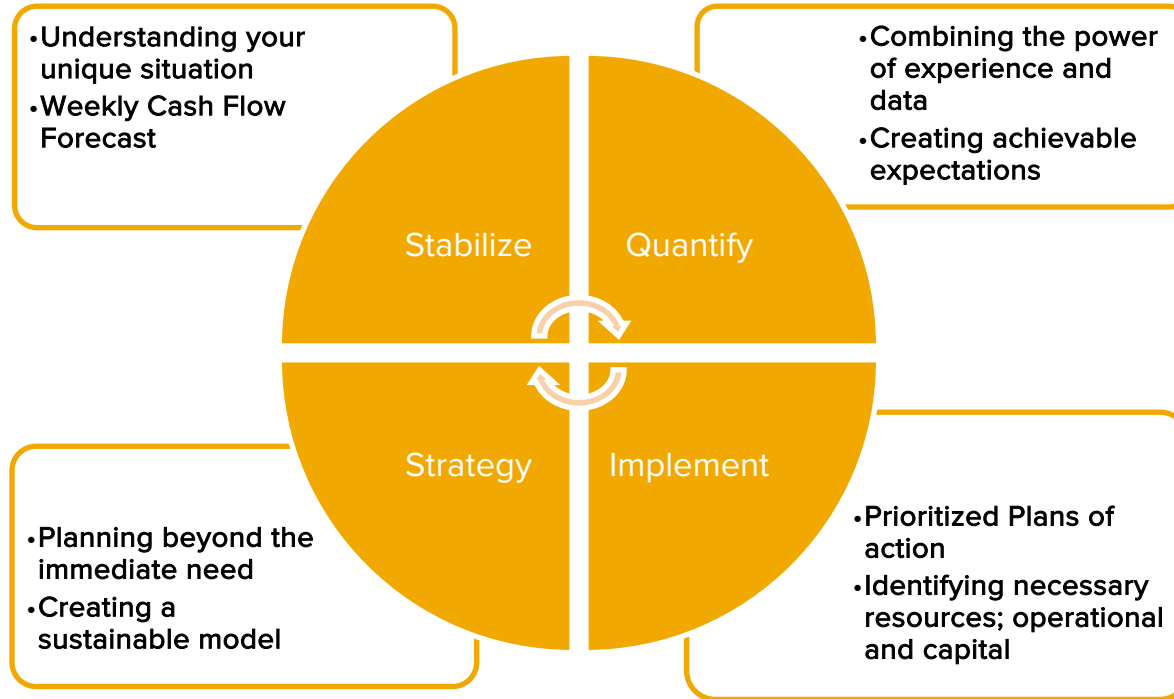


Calibrated Performance

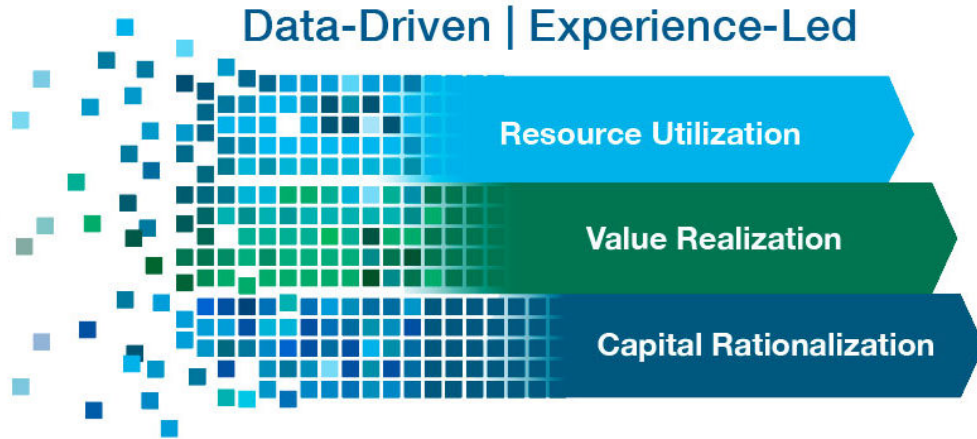
Calibrated Performance address the shortcomings of traditional approaches by harnessing the power of Information, Strategic and Operational Performance/Improvement, and Legal and Compliance Considerations to create immediate improvements today - and a pathway to a sustainable tomorrow.



Where to Begin?



Resource Utilization



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

Using Data and Experience – Achievable Results

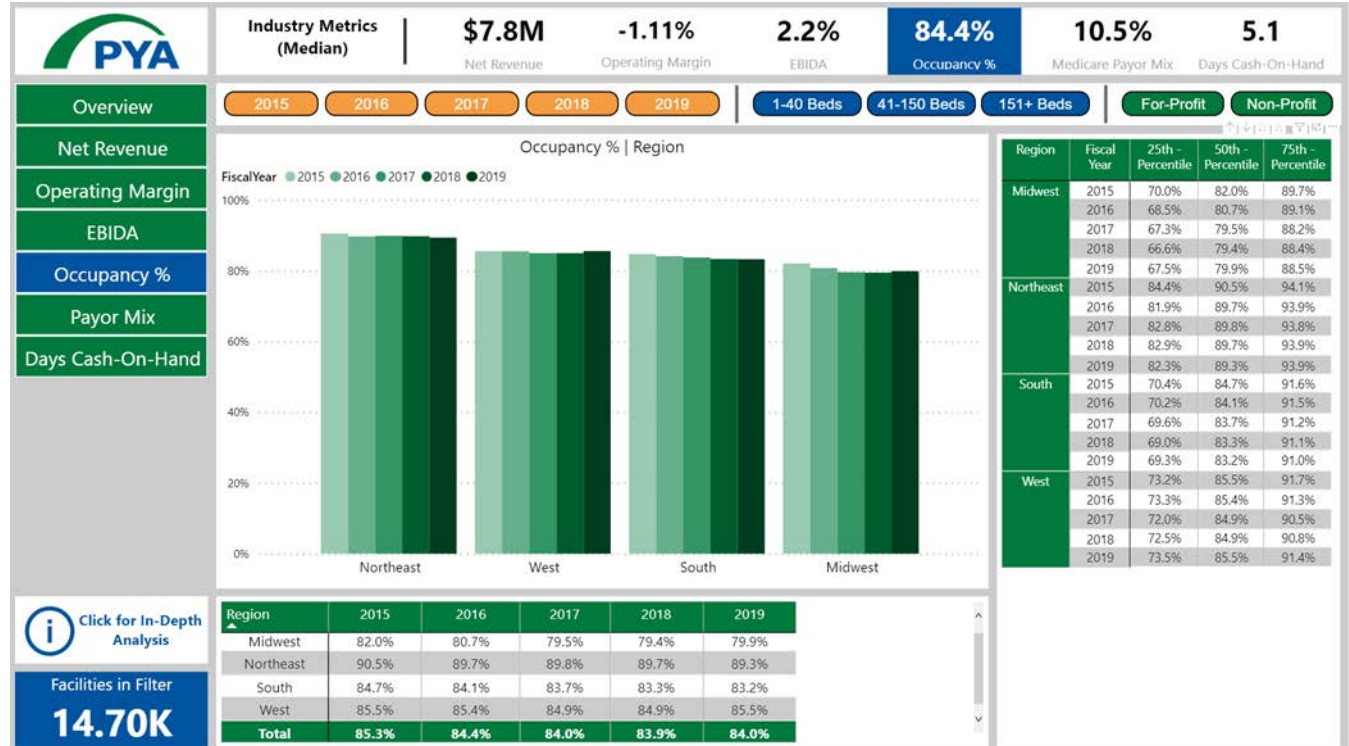


Identify *unique and achievable* opportunities and plan for cost savings

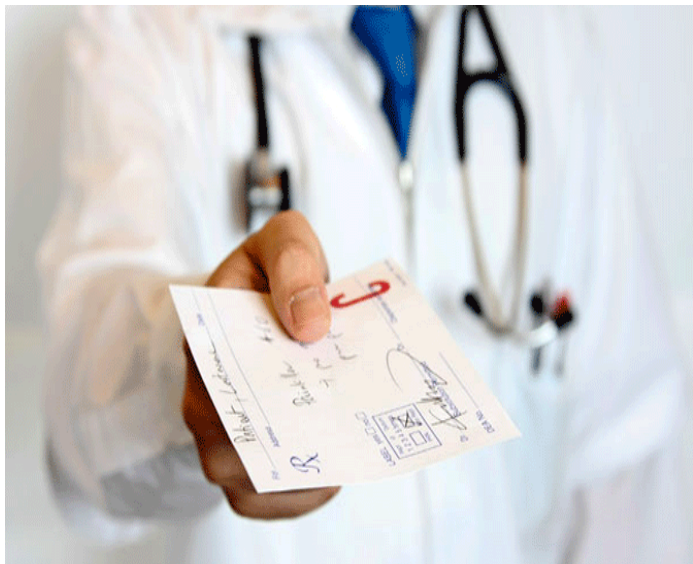
- Realign staffing plan with new average daily census
- Assess for any other opportunities to reduce costs
 - Evaluate insurance plans
 - Workplace safety programs
- Vendor Management
 - Introduce standard payment terms
 - Take advantage of all discounts offered by vendors when possible
 - Reduce the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

Resource Utilization

Using curated data from similarly-situated facilities across the country to develop achievable goals / opportunities for improvement



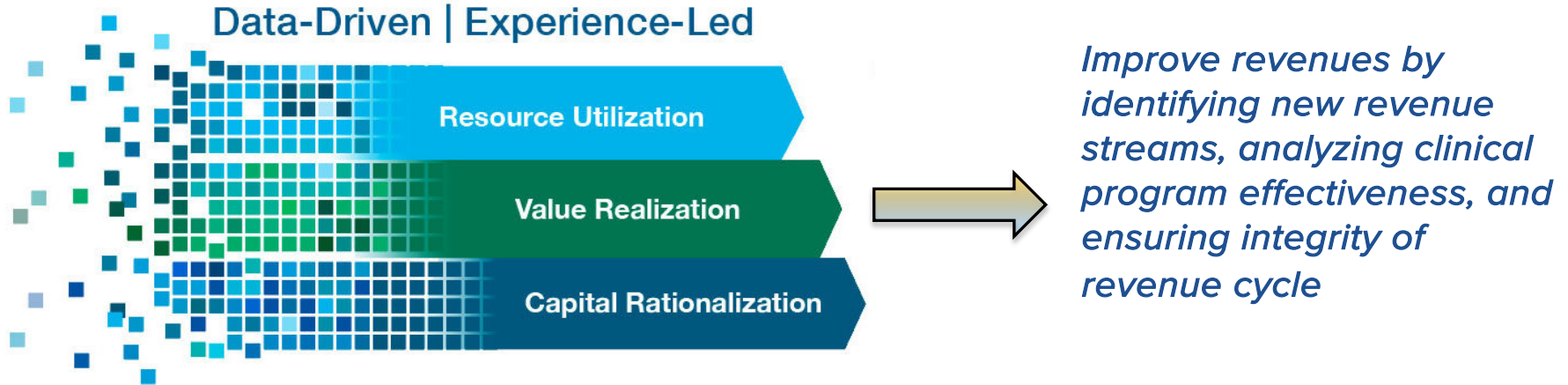
Our Prescription...



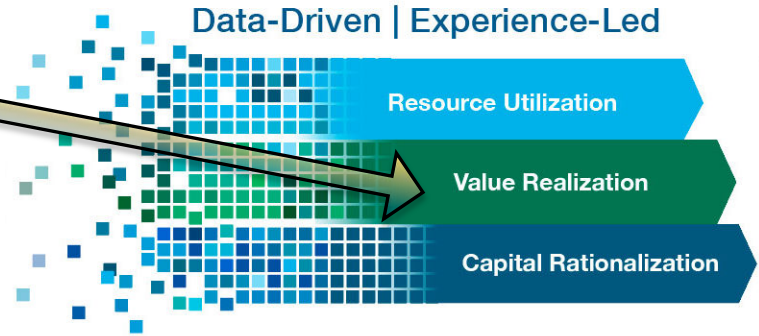
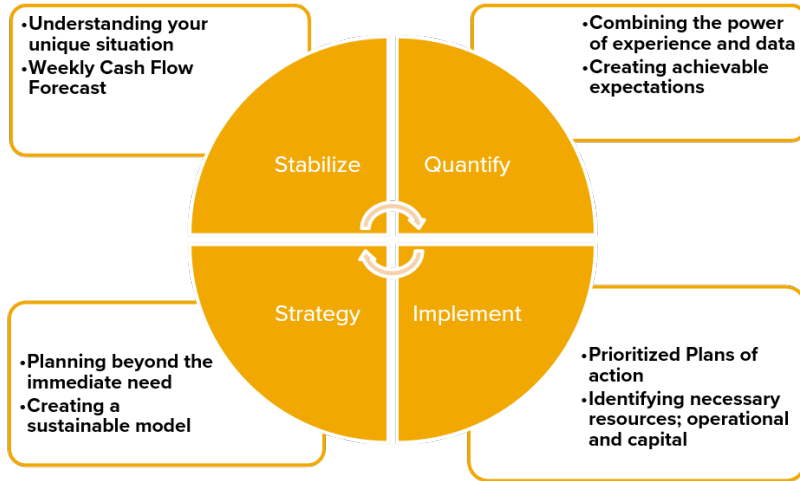
Develop ***Unique and Achievable*** Performance Improvement Plan

- 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
- Identify any legal and /or compliance matters to be addressed as part of the plan

Value Realization

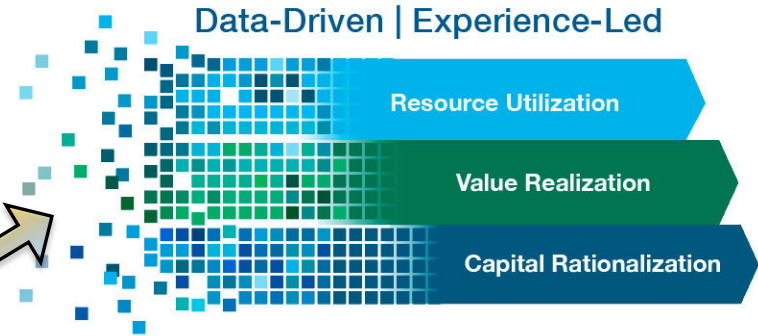
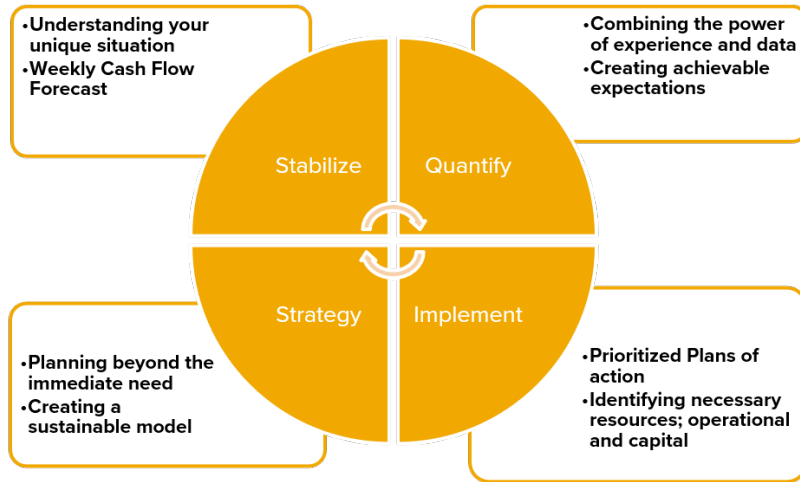


Value Realization



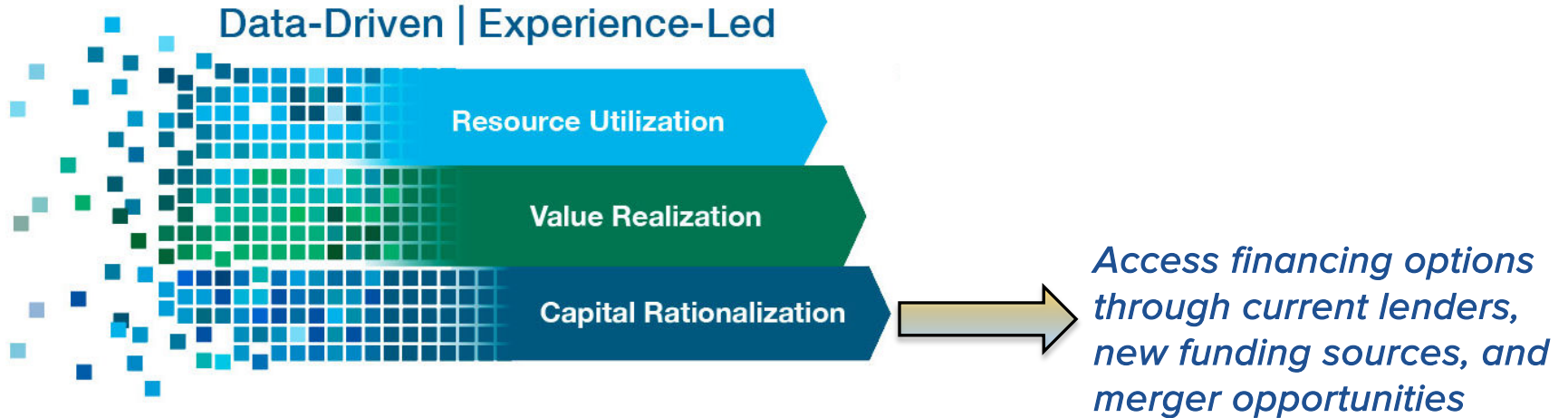
- Existing revenue stream
 - Coding/documentation review
 - Revenue cycle operations
- Potential new sources of revenue
 - Within existing offerings, referral sources
 - New opportunities/referral sources

Value Realization



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

Capital Rationalization



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



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

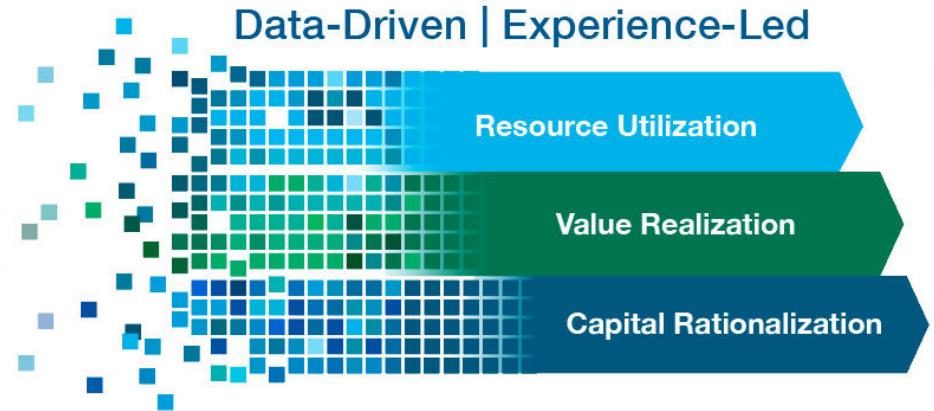
- Honest assessment of cost structure using data and leveraging experience
- Defining achievable results
- Prioritizing, not always eliminating, staffing structures and roles

Value Realization

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

Capital Rationalization

- 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



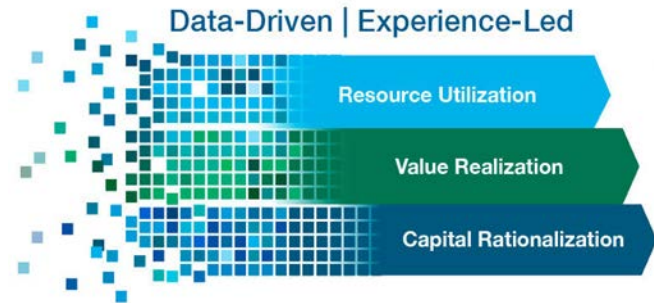
Calibrated Performance - Summary

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



Questions?



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