



forward

LeadingAge Florida

58th Annual Convention & Exposition

**Restoring Financial
Health during and after
the COVID-19 Crisis**

LeadingAge
Florida

Speakers



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The Challenge

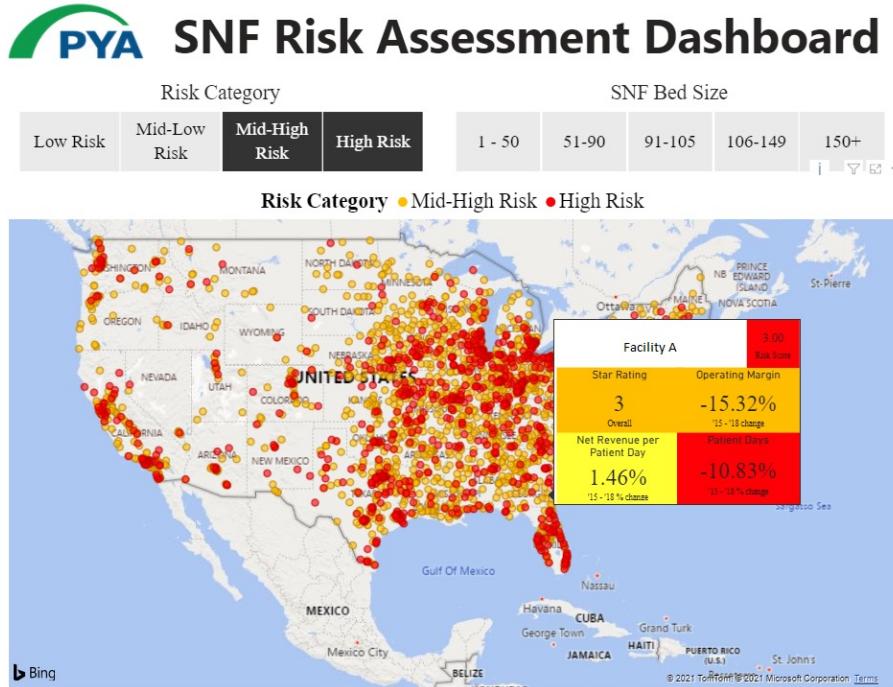
Most traditional Long Term Care providers have always depended on Medicare to be profitable

- 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



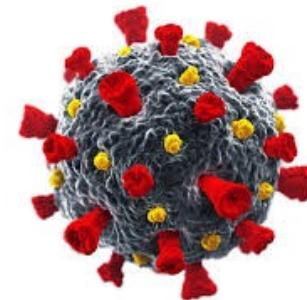
AK	CA	DE	IA	KS	MD
AL	CO	FL	ID	KY	ME
AR	CT	GA	IL	LA	MI
AZ	DC	HI	IN	MA	MN

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 decline 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 continued COVID concerns or child-care issues with some 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”

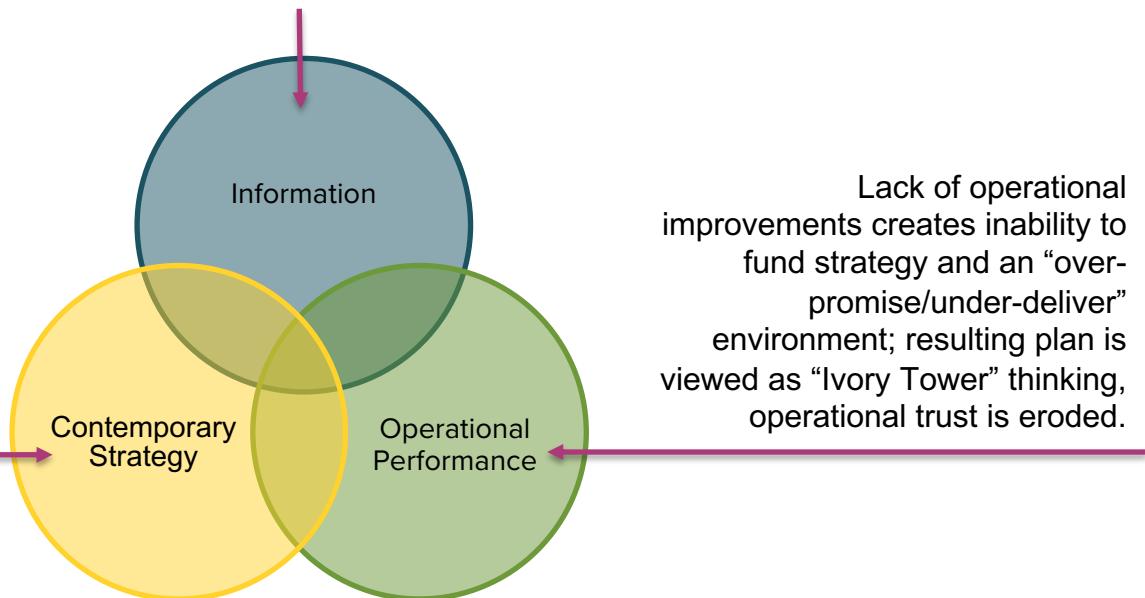


Failure of Traditional Approaches

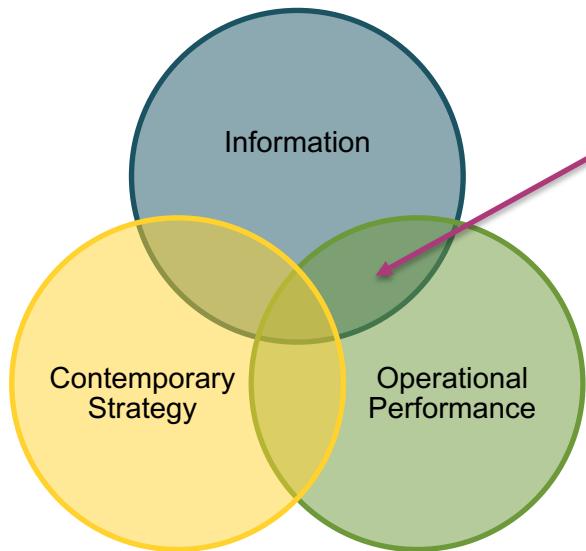
Lack of quantifiable data results in too many priorities, compromised implementation, and wasted resources. Caregivers and other team members feel as if they are “in the dark.” Communication is challenged and key relationships suffer.

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.

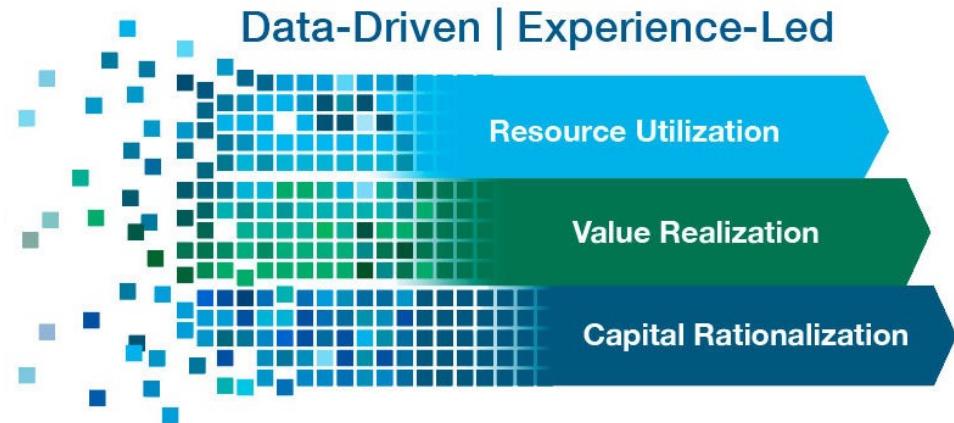
Lack of operational improvements creates inability to fund strategy and an “over-promise/under-deliver” environment; resulting plan is viewed as “Ivy Tower” thinking, operational trust is eroded.



Failure of Traditional Approaches



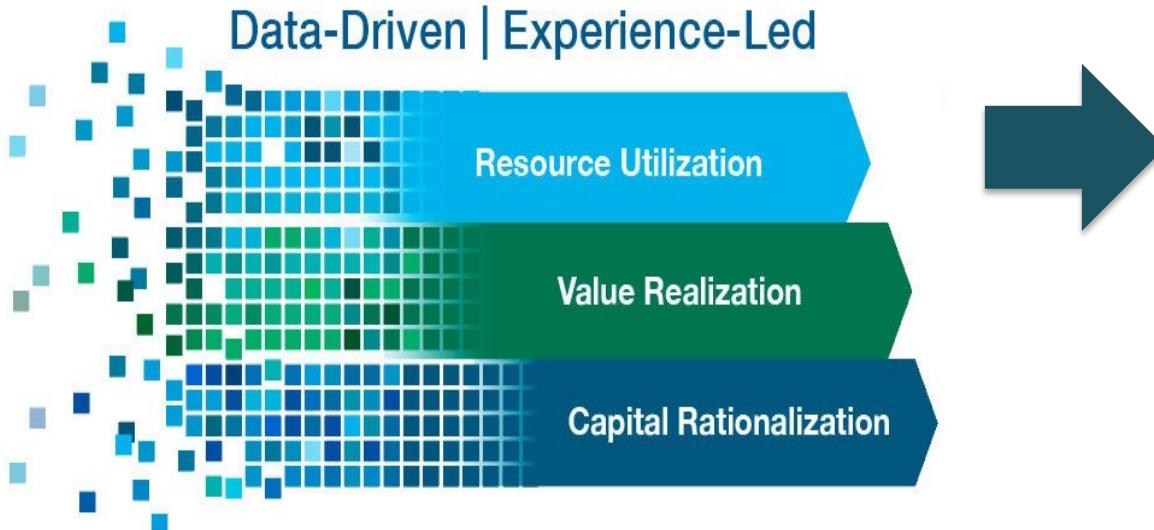
Calibrated Performance address the shortcomings of traditional approaches by harnessing the power of Information, Operational Performance/Improvement, and Strategic Planning to create immediate improvements today - and a pathway to a sustainable tomorrow.



What is Calibrated Performance?

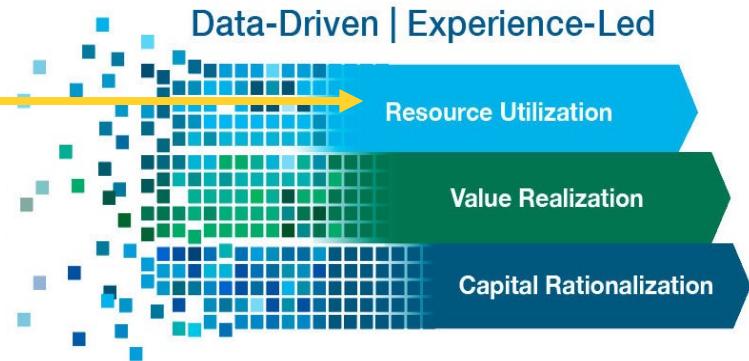
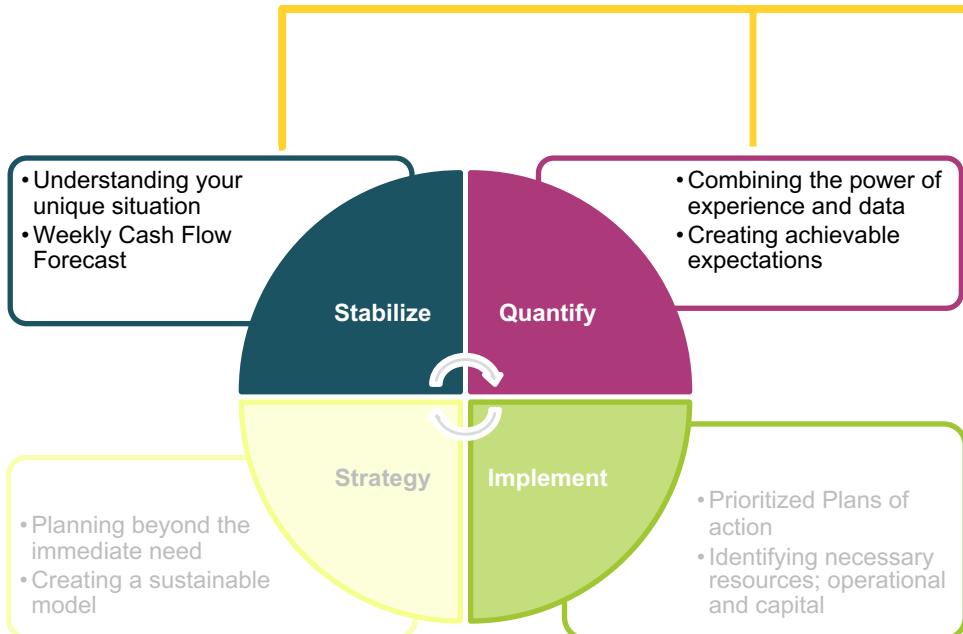
- Leverages the science of data analytics and the art of healthcare industry experience
- Develops innovative, impactful and results-driven solutions to drive improvement across multiple functions within an organization
- Begins with a thorough operational and financial assessment of the organization
- Results in a customized 12-week sequential Success Plan that progressively transforms an organization for strengthening financial and operational performance

Resource Utilization



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

Resource Utilization



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

Resource Utilization

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

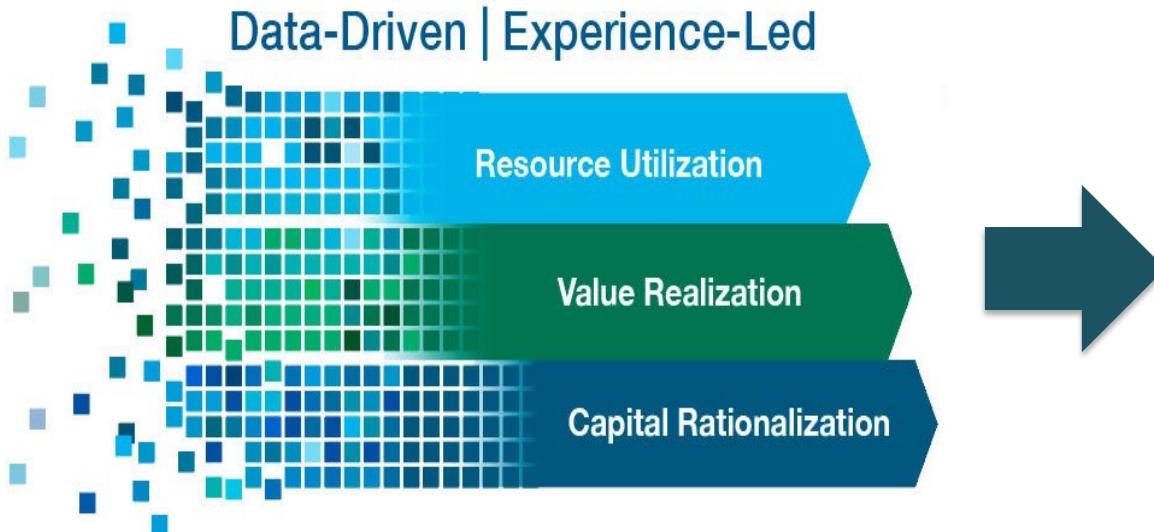


Using Data and Experience – Achievable Results

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

Value Realization



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

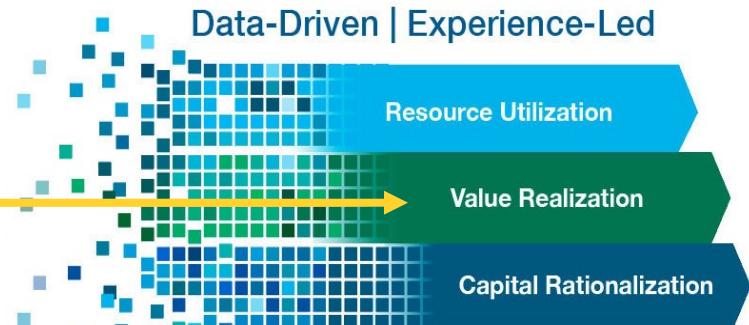
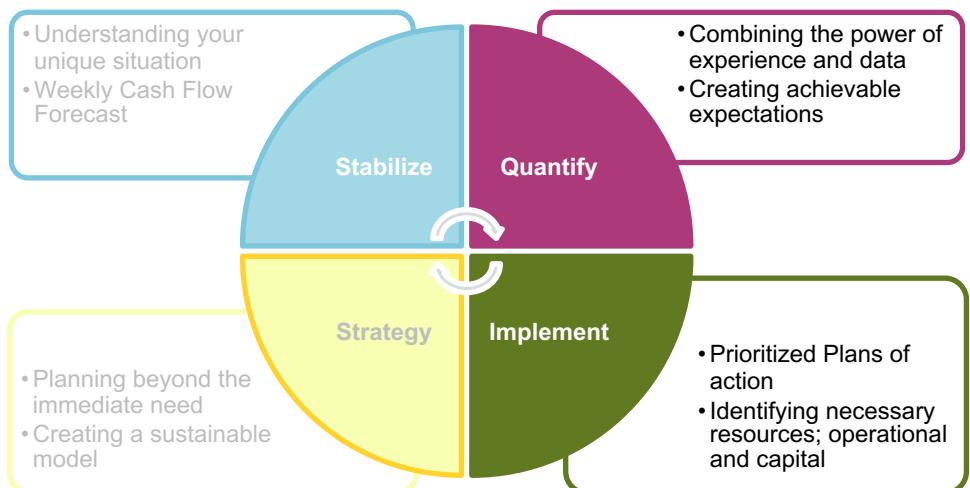
Value Realization

Existing revenue stream

- Coding/documentation review
- Revenue cycle operations

Potential new sources of revenue

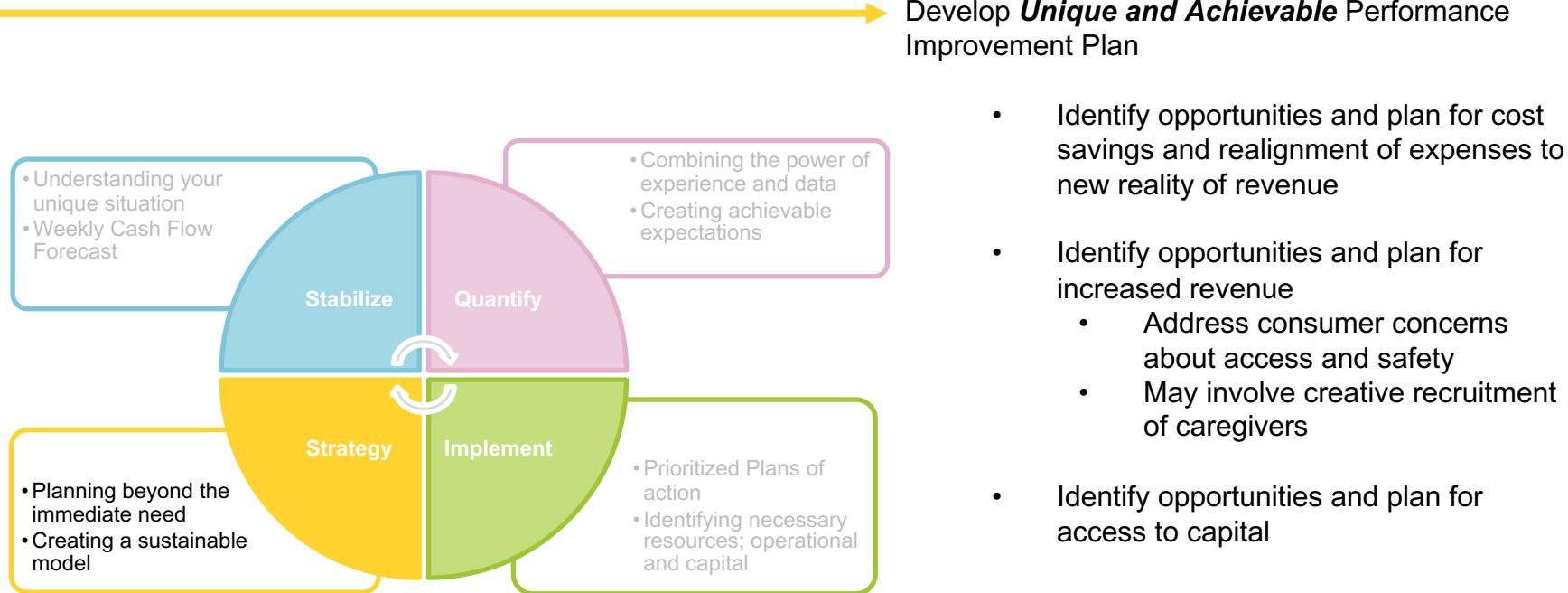
- Within existing offerings, referral sources
- New opportunities/referral sources



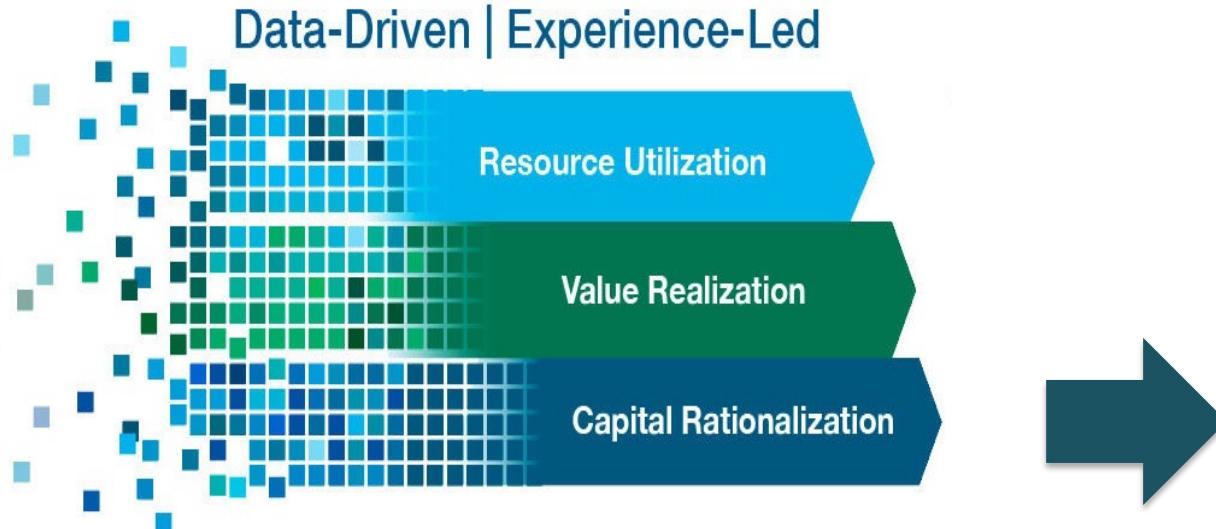
Develop actionable, prioritized plans

- Resource/Cost
- Value/Revenue/Market
- Strategy/Capital

Addressing Strategy – Sustaining the Results



Capital Rationalization



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

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

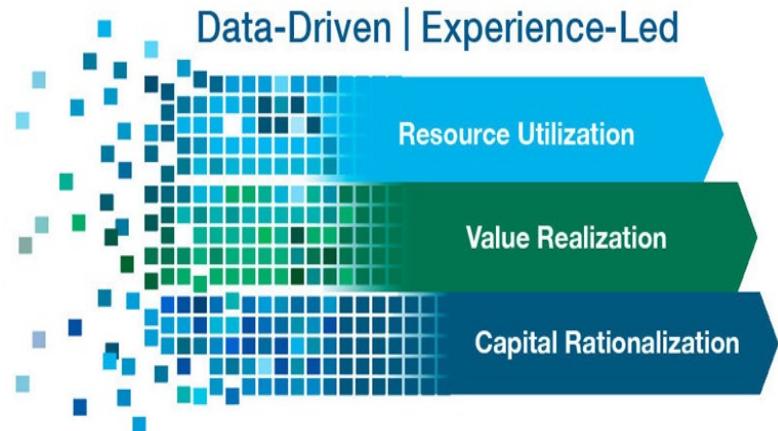
- Honest assessment of cost structure using data and leveraging experience
- Defining achievable results
- Prioritizing, not always eliminating, staffing structures and roles

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



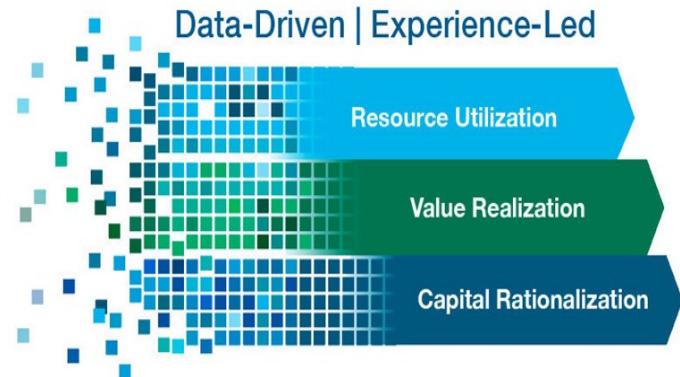
Calibrated Performance – Summary

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 scheduled meetings





Questions?

For More Information



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THANK YOU

