



Ziegler CFO HotlineSM
QUICK CHECK
February, 2009

Several CFOs submitted brief questions to the Ziegler CFO HotlineSM regarding various topics in senior living. Their questions are below.

When a resident is admitted into your skilled nursing facility, who contacts the “secondary” insurance company to verify benefits (e.g., What coverage they have, How much co-pay is the resident responsible for, etc.) for the resident?

Summary of Responses N= 106

Who verifies benefits?	%
Admissions Personnel	55
Finance Personnel	36
Other	13

Note: Percentage total adds up to 104% because three (3) respondents indicated that both admissions and finance personnel help to verify benefits. One (1) additional respondent indicated that admissions personnel verify benefits, while “finance is [the] backup and does Long Term Care”. Among the fourteen (14) respondents who chose “Other” for insurance verification, the three most common responses are highlighted in the following quotes:

- “The **business office** verifies the secondary insurance on all residents when they come in and in January of each year.”
- “**Social Services Director/Worker**”
- “**N/A**: We are all private pay with no Medicare; No skilled nursing; No one verifies benefits.”

What percentage of residents in your community, if any, work part-time or even full-time?

Summary of Responses N= 106

What % of residents work?	%
0-5%	75
6-10%	3
11-15%	2
16%+	0
Unsure	20

Have you ever presented to your community’s Board or Finance Committee members on “How to Read Financial Statements” or a related topic?

Summary of Responses N= 106

Presented on "Financial Statements" or related topic?	%
Yes	33
No	67

If 'Yes', would you be willing to share your presentation?

Summary of Responses N= 35

Willing to share presentation?	%
Yes	26
No	74

Note: Several respondents provided reasons for 'No' responses that were not indicative of an unwillingness to share their presentations. Some responses are provided below:

- "Yes and No: Ours is a governance board with 7 members - small and easy to educate one on one. Board policies do not require sophisticated financial analysis by members, so financial reporting and analysis is at a high level and education is at that level. Education on the critical financial measures is handled in conversations."
- "Sorry, but a formal presentation is not in condition for sharing. However, if desired, I would be happy to discuss the presentation with whoever wishes. Basically, the presentation consists of statistical information (i.e., census, FTEs, unit turnover, community and contractual patients in health care, DSCR, bonds outstanding by issue, etc.) and financial information (balance sheet, statement of operations, statement of cash flows) with explanations of appropriate items."
- "Several years ago I wrote a narrative explaining each item on our Balance Sheet and Statement of Operations. I shared it with the Board of Directors and with residents and had intended to update it each year, but there seemed to be so little appreciation of it the first year that I decided there were better ways to use my time."

Note: This CFO provided a copy of the narrative and Ziegler will forward to you upon request.

Does your community have a holiday bonus fund in place where residents and/or their families can contribute money or gifts for employees?

Summary of Responses N= 106

Holiday fund at community?	%
Yes	78
No	22

If 'Yes', please explain your community's policy for receiving funds from residents, as well as distributing funds to employees.

Summary of Responses N= 83

Type of Fund policy?	%
Completely Resident-Run	51
Completely Community-Run	8
Residents/Community Collaborate	19
None Identified/Mentioned	22

Note: Responses categorized as “**Completely Resident-Run**” include policies that Resident Associations/residents utilize without any help from community management, or management involvement only goes as far as providing a list of employee names, hours worked, seniority, etc., to be used at the discretion of the residents for distributing funds. Responses categorized as “**Residents/Community Collaborate**” include policies where community management is directly involved in the fund allocation per employee and/or the overall disbursement of funds, but the residents solicit and collect the funds. Responses categorized as “**None Identified/Mentioned**” include policies where a fund policy is in place, but the respondent did not specifically clarify who collects/disburses funds, or where a ‘Yes’ answer was given as a response, but the respondent did not elaborate on their community’s policy.

To whom allocations were made varied among respondents:

- “Residents Association collects money and gives food gift cards to **all employees** evenly.”
- “**Non-Director level employees**”
- From a system respondent: “**Executive Directors** and **Administrators** do not receive a distribution from this fund.”
- “The only employee who is **not eligible** for the Employee Appreciation Fund is the **CEO**.”
- “**Management is not included**”
- “Doled out to **hourly employees**”

How allocations were calculated by organizations also varied:

- “Allocated based on **years of service** and **FT, PT, or PRN** status”
- “Based on the **number of hours worked** during the current year with a **minimum \$25 distribution** and only to employees at the date of distribution”
- “Total funds given are distributed among the staff based on **time of service, hours worked, and employment status**.”
- “**No money is given** directly to employees. The ‘Employee Fund’ is used for employee activities (such as various employee wellness programs, employee picnic, etc.).”

Several respondents noted that their Employee Appreciation Fund is separate from their organization’s legal entity and therefore is not tax-deductible. Five (5) respondents consulted with their legal department or representative and made the contributions tax-deductible, one of whom said, “The bonus distribution is fully taxable to the employees, thus the tax deductible status of the [resident’s] contribution. We made it taxable about eight years ago and the amount contributed more than doubled.” Two (2) respondents stated that their Resident Associations were set up as a 501(c)3 charitable organization, enabling them to directly solicit donations from residents. One of these two respondents indicated that resident contributions are “put through our payroll system with FICA taken out”.

If you have a question, comment, or suggestion for the Ziegler CFO Hotline, or if there is a particular response above for which you would be interested in having additional information, please let us know using the contact info below.

The senior living organizations’ responses included in this report have been collated without verification of the accuracy of the data/comments therein. The results provided do not express an opinion of nor can they be guaranteed by Ziegler.

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