The Ziegler CFO Hotline℠ survey for August focused on the level of post-acute activity among senior living providers as well as observations of changes in the sector. A total of 155 CFOs and finance professionals responded to the survey, which asked questions about occupancy, changes being observed in their skilled nursing units, bundled payments, and their estimates of competitiveness in the future. Roughly 64% of the respondents were from single-site organizations and the remaining 36% represented multi-site provider organizations.

The initial questions gathered feedback on skilled nursing occupancy. About 46% of providers said that compared to a year ago, their short-stay post-acute occupancy is lower. The other half of the respondents were almost equally split, with about 25% saying occupancy is the same as a year ago, and the other quarter saying post-acute/short-stay occupancy has increased.

For long-term skilled nursing, 46% of providers said occupancy is the same as a year ago, with another 34% reporting that occupancy is lower compared to a year ago. About one in five said it is above 2016 levels.
Providers were asked if in recent years they have hired any specialized staff with expertise in post-acute services. About one third of the respondents (31.8%) said they had added specialized staff. Of the positions mentioned, nursing positions were the most commonly added, with some of those specifically nurse navigator roles. Other responses were across the board from specific healthcare marketing and business development staff to community liaisons to social workers.

Respondents were asked to give feedback on what their organizations have been experiencing in their healthcare settings. Providers are most likely to be experiencing decreased length of stays (84%) and individuals with more acute needs than in the past (82%). More than half indicated that more treatment plans avoid skilled care altogether, nearly double the percentage from 2016. All of these are increases over responses in 2016, as shown in the chart below.

Providers were asked about changes they anticipate making in the number of skilled nursing beds throughout their communities or systems. More than 60% said they are not looking to make any changes. More than a quarter said they are planning a reduction in the number of beds, while about 12% said they are planning/considering additions to the number of skilled beds they have. A few differences between multi-site and single-site providers were identified and are detailed below.

About 35% of those who responded to the survey indicated that they are in a bundled payment agreement. Among those organizations, about 12% indicated that they have partnered with a “convener” to assist in the bundled payment agreement. The most commonly mentioned convener was Remedy Partners, headquartered in Darien, CT.

The final question aimed to assess level of optimism within the organizations. As can be seen below, about 7 out of 10 indicated they are somewhat or very optimistic about their organization’s ability to effectively compete in the post-acute space. There were slight differences
between the multi-site and single-site organizations and their perceptions of future success in post-acute. Roughly 78% of multi-site organizations said they were somewhat or very optimistic compared to 72% of single site organizations.

Compared to the 2016 survey providers report feeling about the same levels of optimism, with about 72% reporting very or somewhat optimistic outlooks in both 2016 and 2017.

Additionally, the survey asked CFOs for any additional comments regarding the topic of post-acute activities. Below is a subset of these comments.

- As a SNF post-acute and long term care provider based in two rural communities, we have concerns about the narrowing of networks for patients coming out of the regional hospitals located in larger population centers to which many local community members have to go for more complex surgical needs. We also have concerns about the ongoing viability of our local critical access hospitals. These two factors and how they play out will greatly impact our marketplace, our communities and our business. Our challenge is to find a way to remain in the mix no matter what happens and we are working on ways to achieve that. Demographics are in our favor and our regional hospital still feels the need to respect the desire of patients to receive post-acute care back in their hometowns. We shall see where this leads in the future. It will be an interesting journey over the next five to ten years!
- While our facility has a strong market advantage over other providers in the area (and thus we feel positive about the future from a market share), we still face significant challenges from the acute care setting. More patients are being directed to the home rather than skilled (they control home care), and we
continue to face significant pressure on costs regardless of quality outcomes from the acute care provider. The provider who has facilities in multiple counties has also threatened to send residents to other counties and we feel there is some threat that they will establish their own SNF license in order to keep the majority of cases in-house.

- Single site providers or small to mid-size not for profit providers in 5 years will not have the economies of scale to compete in this market. Without changes in our industry coupled with a considerable change in staffing costs and supply/demand this service will fall only to large for profit providers that can squeeze a small margin.

- Market place is extremely competitive with consolidation from for-profit providers.

- I feel like we are in a good place, low readmission rates, short LOS, low costs. The challenge is everyone is competing for these residents and so few go to SNF. We are down to 1 skilled resident today in a 60 bed SNF. Two years ago, we ran 10-15.

- We are revamping our business model to become a different type of post-acute provider. We are de-certifying from Medicare and delicensing as a skilled nursing facility. We will expand our CBRF license and expand into home health with the goal of partnering with hospitals to provide secure, safe post-acute care for a cost that is not the same as a SNF.

- Through the addition of ancillary services, such as a Home Health division, and progressive data tracking we have been able to build strong relationships with local hospitals to become a provider of choice in the post-acute market.

- Due to low volume and onerous regulations we dropped our Medicare A license earlier this year. We continue to participate in Medicare B, Medicare D and Hospice.

- Repositioning entire skilled facility which will create less reliance on external post-acute business.

- Currently placing stronger emphasis on transitional rehab services and engaging in marketing/advertising efforts to reach public, all physicians and hospitals in community.

- Our occupancy in skilled has been affected in part by competitors that operate Assisted Living facilities offering clients skilled services in their environments.

- We are affiliating with another large not-for-profit CCRC which will help us compete more effectively in the future.

- We have invested to be the market leader in post-acute care in our markets. Hospitals recognize what we are doing, but still having limited impact on discharges. Increased market share is due more to consumer recognition.

- Our community added a new 144 bed SNF with private bedrooms, private bathrooms following the Green House model. This added capacity to our short-term rehab program and resulted in an increase in STR revenue/expenses and admissions. Adding additional staff who specialized in STR was key to our success.

- Still trying to determine what kind of referral stream we can count on -- too many unknowns right now to be confident in any long term assumptions.

- We are at more risk for legal action from non-contract skilled residents. The healthcare needs of the skilled residents is more acute.

- Health systems do not look at post-acute care in skilled facilities as a priority thus are slow in developing relationships.

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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