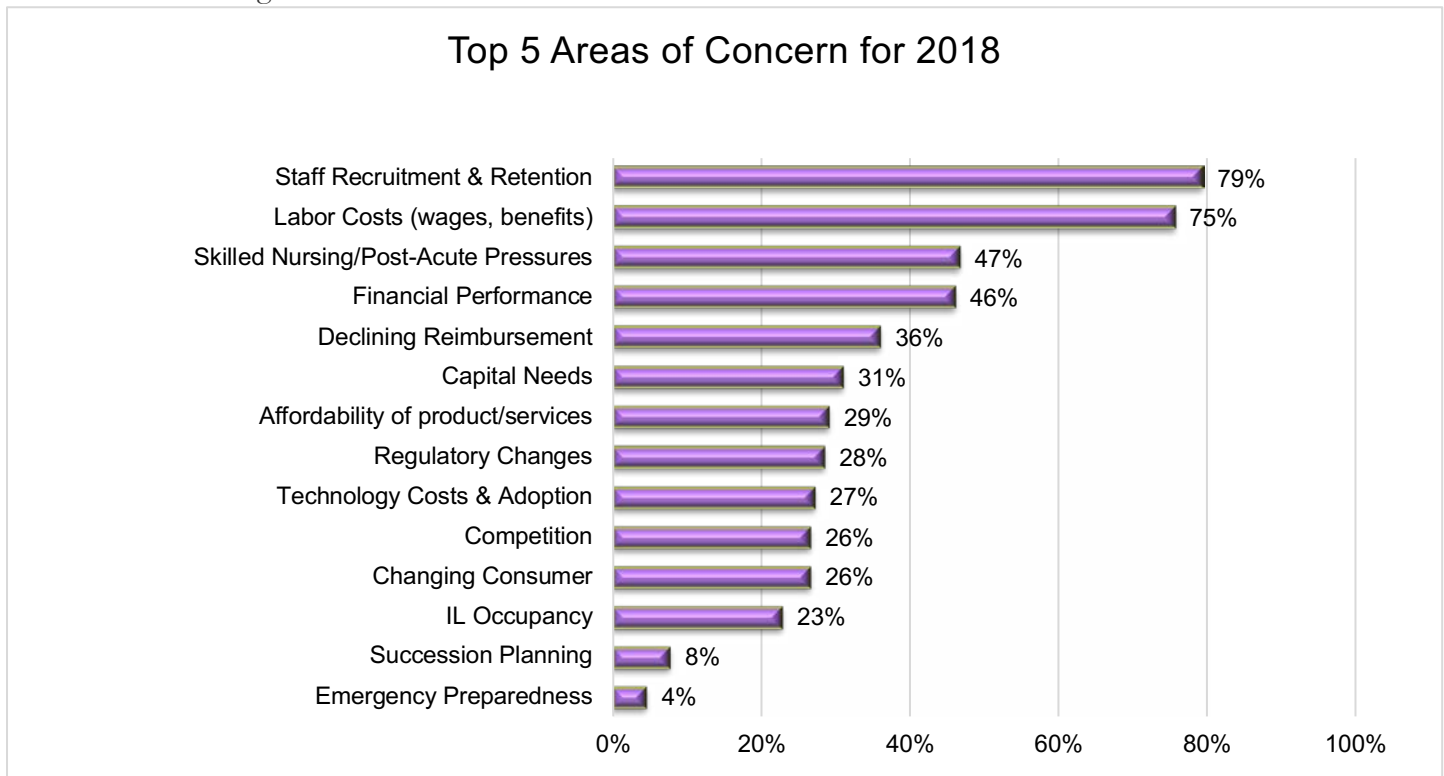


# KEY ISSUES OUTLOOK

## ZIEGLER CFO HOTLINE<sup>SM</sup>

The January Ziegler *CFO Hotline*<sup>SM</sup> survey focused on prognostications and key issues for 2018. This is a new poll, designed to get a sense of what are top-of-mind issues among not-for-profit senior living CFOs and financial professionals going into 2018. Just under 160 not-for-profit senior living CFOs and financial professionals from around the country responded to the survey, with 57% representing single-site providers and the remaining 43% from multi-site providers.

The initial survey question asked respondents to pick their top five concerns from a list of hot topics. Nearly 80% of respondents reported Staff Recruitment & Retention as one of their top five and about 75% noted Labor Costs (wages, benefits) among the top five. Another 47% reported Skilled Nursing/Post-Acute Pressures as a concern, with 46% mentioning Financial Performance. The breakout for all concerns is in the chart below.



Fifteen respondents cited concerns outside of those items on the list of potential responses. These other concerns included occupancy levels outside of independent living, community expansion, home and community-based services (HCBS), construction costs and lack of quality IT solutions for the industry.

Expansion also was the top mention when asked, “What are you most excited about as you think ahead to your organization’s top priorities in 2018?” Expansion – of campus or particular level of care – was mentioned by 30

respondents, followed by growth, strategic planning initiatives, capital improvements, and technology upgrades. Other top priorities include repositioning, renovations, affiliations/partnerships, and HCBS.

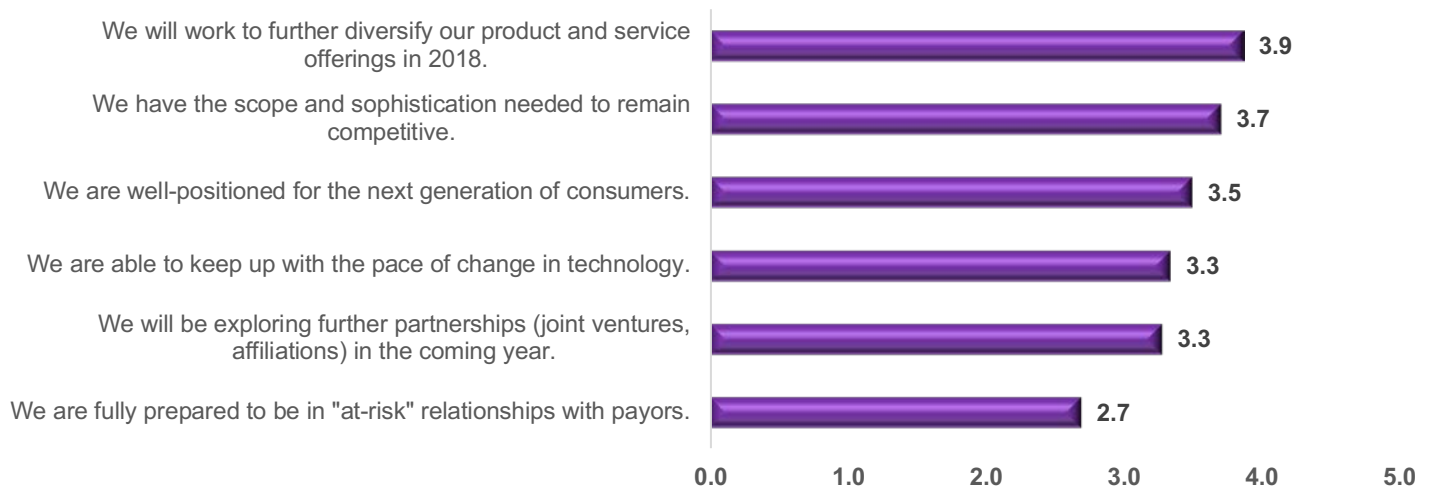
Most Excited About in 2018	Number of mentions
Expansion plans	30
Growth in general	13
Strategic Planning	11
Capital Improvements	10
Technology Upgrades	9
Repositioning projects	7
Community Renovations	6
Affiliations/Partnerships	5
HCBS	4

Note: Only the top responses are listed.

Respondents were asked to respond to a series of agree/disagree statement (1 = Strongly Disagree and 5 = Strongly Agree). Responses skewed positive to most statements.

- Two-thirds of respondents agree or strongly agree that they “have the scope and sophistication needed to remain competitive” (67.2%) and that they “will be diversifying products and services in 2018” (66.7%).
- More than half (52.2%) agree or strongly agree that they are “well-positioned for the next generation of consumers.”
- Nearly half (47.8%) agree or strongly agree that they will be “exploring further partnerships (joint ventures, affiliations)”, though 28.9% disagree or strongly disagree with this.
- Just under 45% agree or strongly agree that they can “keep up with the pace of change in technology”, with just 18.2% disagreeing or strongly disagreeing.
- Nearly 40 percent disagree with the statement: “We are fully prepared to be in “at-risk” relationships with payors” with 20.6% agreeing or strongly agreeing.

Please rate your level of agreement with the following statements: (1=Strongly Disagree; 5=Strongly Agree)



A number of respondents shared additional comments about their outlooks for 2018. Below is a compilation of selected quotes.

- *We remain concerned that public policy is limiting our ability to serve low to moderate income seniors, and we are being forced to cut back on that segment of our ministry in order to stay financially viable. Where will the growing number of low and moderate income seniors go to find safe and secure communities where they can experience meaning and purpose in their later years?*
- *Highly concerned about the rapid change in regulation and keeping up with it without having dedicated compliance/ quality assurance staff at a Manager/Director level.*
- *The most difficult challenge is to educate/change the way both discharge planners at hospitals and insurance companies see alternative methods to care for seniors other than nursing homes. Home health and high acuity CBRFs or RCACs are the future.*
- *We have 3-4 competitors going up in the next couple years (AL, IL, Dementia). They are marketing to consumers in a way that discounts the need for a continuous care environment. Marketing our brand/message will be important.*
- *Employee Turnover is a major drain.*
- *We need to improve the knowledge and performance of our middle management level staff*
- *Staffing issues are becoming very challenging, especially in our skilled nursing operations.*
- *Licensed care is our biggest area, increasing requirements with pressure on reimbursement and workforce issues...perfect storm.*
- *How to finance the complete renovation and or new construction of an aged existing apartment building (30 years) when we can't finance with entry fees.*
- *Challenges continue to affect operations with nurse and nurse aide staffing shortages, mandated minimum wage adjustments (current and upcoming years), and ongoing legislation affecting ability to finance projects and refinance existing debt.*
- *Increase fundraising efforts for those who have outlived their resources.*
- *It's more important now than ever to have a positive employee culture that acts as a magnet to attract and retain high performing staff.*
- *It is a challenge to find talented Registered Nurses, making it hard on current staff to meet the new regulatory requirement.*
- *In 2017, we dedicated one skilled small house to focus on short-term rehab, so far it has proven to be a success for us.*
- *Staff retention and recruiting is our number one issue*
- *Occupancy in highly competitive markets will be key.*

- *To be success in the future, will require a critical mass that is larger than where most of us are at.*

*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.*

PREPARED BY:

**LINDA BENDIXEN**

Research Assistant, Senior Living Research  
Ziegler

Direct: 312.596.1548

e-mail: [lbendixen@ziegler.com](mailto:lbendixen@ziegler.com)