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Providers Develop Strategies For Current Economic Environment

It's an unprecedented economic environment for assisted living providers to be operating within, but those providers who are adapting to the current circumstances are going to come out of it stronger when this period of economic turmoil is over, say experts at the National Investment Center for the Seniors Housing & Care Industry (NIC), Annapolis, Md.

Housing values have dropped by 25 percent, and there is a slowdown in home sales, which causes seniors to delay moving into assisted living communities, NIC says. For providers concerned about attracting new residents or obtaining financing, NIC's experts say there are strategies to deal with the current operating environment.

"The industry has never operated in these kinds of circumstances before," says Michael Hargrave, vice president of NIC MAP. "Yet some companies are viewing this as an opportunity rather than a crisis."

Hargrave says these companies are "proactively managing expense growth," and sales and marketing people are selling "harder rather than assuming people are automatically going to move in." Some companies are offering rent concessions, such as posting signs outside their communities offering two months of free rent. Alternatively, he recommends offering residents a higher level of service or amenities.

"Paying attention to every operational detail can supersede price concessions," he says.

Erickson Retirement Communities, Baltimore, is offering reality and moving services to prospective residents. Erickson identifies and screens local realtors who have been successful in a prospect's neighborhood. It also offers assistance in staging the home for sale and even helps the prospect downsize the home

Strategies, continued on page 2

NCAL Ready For New Administration and Congress

The election of Sen. Barack Obama (D-Ill.) as president of the United States along with Democrats gaining a majority in both the House and Senate sets the political agenda for the 111th Congress when it convenes in January.

Together with AHCA, NCAL is developing an advocacy agenda that will allow the assisted living profession to meet the upcoming challenges of 2009. During the first 100 days of the new administration, NCAL anticipates introduction of the Employee Free Choice Act, also known as the Card Check bill. The Card Check bill would make it easier for unions to form in workplaces by replacing the current secret ballot process with a public election process.

NCAL and AHCA believe that other labor issues will also be included in the legislative agenda, including changes to the Family Medical Leave Act, ergonomics, raising the minimum wage to \$9.50, and improved whistleblower protections. Legislation to prohibit pre-dispute arbitration agreements is also likely to be on the agenda.

In addition, NCAL plans to secure the reintroduction of a Medicare Part D bill that eliminates drug copays for dual eligibles in residential care settings. Dual eligibles are individuals who are eligible for both Medicare and Medicaid.

The incoming administration and Congress offer NCAL members an opportunity to become advocates for assisted living on a federal level. NCAL Chair Howie Groff encourages members to participate in one of the many advocacy efforts available.

"With a new Congress and administration, now is the time for members to stay informed about upcoming legislation. *New Administration, continued on page 4*

Inside Focus

3. Dining: Experts Agree On Optimal Meal Scenarios For Residents

4. News: Washington State Voters Approve Union-Based Initiative Raising Training Hours

6. Legal: NCAL Resource Offers Tips On Minimizing Liability Exposure Of Marketing Efforts

Economic Environment

Strategies, continued from page 1

and helps with the actual move, at no cost. Another strategy is offering bridge financing through a local bank to prospective residents.

According to Robert Kramer, NIC president, local banks are a good source of financing in the current economic environment. For assisted living providers looking for loans, Kramer recommends providers start with the banks that they already have relationships with or approach a smaller, local bank before applying for financing with a larger, national bank.

"If banks are going to loan money, it's going to be to the people they have relationships with or extending loans to people or companies in their own community," he says.

"Real estate investment trusts [REITs] are another source of financing if providers are interested in expansion or acquisition," he says.

"REITs can be attractive if someone wants to expand a current community or is looking for acquisition financing by selling the REIT a leaseback arrangement," Kramer says. "Many REITs are willing to consider smaller operators who are good operators and have a track record."

Another financial resource for refinancing, construction, or major renovation is lenders involved in the Federal Housing Authority's Section 232 Mortgage Insurance Program. The 232 program is available for assisted living, board and care, and skilled nursing facilities. The provider works with an approved lender who submits the application to the Housing and Urban Development Office of Insured Health Care Facilities. Under a new expedited loan-processing program called Lean, approval times for refinancing applications—232 (f) forms—have been reduced from 250 days to 40 days. By Jan. 1, 2009, the Office of Insured Health Care Facilities will have Lean processing programs available for loan applications that involve new construction or substantial renovations.

NIC recently released its report for second quarter 2008 that showed a robust quarter for lending and loan performance, but said that this activity predates the disruptive market activity and tightened credit markets that began in September 2008. Loan volume and loan performance results are for the entire seniors housing and care industry, which includes independent living, assisted living, nursing facilities, and continuing care retirement communities. During second quarter 2008, \$1.5 billion in loan value was placed, a 68 percent increase from the first quarter, and just 0.5 percent of loans were restructured or delinquent—an all-time low.

NIC also reported that occupancy rates for assisted living decreased to 88 percent in the second quarter.

"When looking at assisted living," says Hargrave, "the mean occupancy rate fell from 89.5 percent in the fourth quarter of 1999 to 83.5 percent in the first quarter of 2003, a 600 basis point decline. More recently, the occupancy for assisted living was again at 89.5 percent during the third quarter 2006, and it dropped to 88 percent in 2008."

"The most professionally managed companies will weather the economic crisis and will come out much stronger because they will have proven they can adapt during difficult circumstances," Hargrave says.

Apply Now For A Quality Award

Showcase your quality to your community.

The AHCA/NCAL National Quality Award is public recognition of your facility's quality achievements. Facilities may apply for recognition and awards at three levels, each of which requires a more detailed and comprehensive demonstration of systematic quality.

The application process itself delivers great benefits, among them:

- Gain a true picture of your mission, goals, and customer expectations
- Assess and maximize your facility's strengths
- Receive customized feedback and solutions to improve performance
- Increase your performance management, planning, training, and assessment proficiencies

Application Procedures

All nursing facilities, assisted living residences, and developmental disability (DD) residential services providers that are members in good standing of AHCA or NCAL are eligible to participate.

Please visit AHCA.org or NCAL.org for full eligibility requirements and to download an application packet. **Completed Step I applications must be submitted by Feb. 27, 2009, and Step II and III applications by March 31, 2009.**

"The application process focused the center's team by providing the pathway and the foundation to identify successes and communicate performance excellence by quantifiable indicators. In the journey to the Step I level, it brought the team together around performance practices and capabilities and helped us enhance our business plan, incorporating our mission statement and stakeholder's needs. The Step II level has given us the platform to expand our pursuit of excellence, by sharing our best practice models with others and becoming visible leaders in our community."

—Ira M. Schoenberger
Senior Administrator, Heritage Hall East
2002 Step I, 2003 Step II, and
2005 Step III Recipient



Dining Services Combining Amenities With Nutrition Optimal For Residents' Health, Experts Say

A majority of experts believe that assisted living dining services that focus on wellness and amenities establish the optimal food and nutrition environment for residents, according to a recently published study.

Sixty-three percent—135 out of 225 national experts in health, aging, nutrition, and assisted living facilities—favored the combination scenario in assisted living, according to a recent study published in the *Journal of the American Dietetic Association*.

The objective of the study was to determine expert consensus on quality indicators for how assisted living community dining services would provide optimal nutrition to residents. Experts examined different dining styles across six service areas: dining room environment, meal

services, meal quality, nutrition services, employees' qualifications, and therapeutic nutrition services.

"Experts chose food and nutrition service quality indicators that emphasized a focus on both well-

ness and amenities as their ideal scenarios for optimal food and nutrition services in assisted living facilities," the study said.

The study also points out the importance of a well-rounded dining program.

"Ample menu choices and food that is properly prepared and served by a well-trained staff in a pleasant dining room are essential to the resident's overall health

and happiness," says Jan Thayer, owner and chief executive officer of Excel Development Group and owner of the

Riverside Lodge Retirement Community in Grand Island, Neb. She is also a registered dietician.

But assisted living administrators and directors should not forget to emphasize resident autonomy, Thayer adds.

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"Residents and their families will listen to our concerns for their personal nutrition issues, but they cannot and will not be policed into doing what we recommend," she says, explaining that residents can make their own meals, eat out at restaurants, or obtain snacks and beverages from vending machines.

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*Jan Thayer, owner,
Excel Development Group*



AHCA/NCAL QUALITY SYMPOSIUM

FEBRUARY 5-6, 2009

ST. LOUIS RENAISSANCE GRAND
ST. LOUIS, MISSOURI



Sponsored by: My InnerView, PointRight,
Silverchair Learning Systems,
and Vocollect Healthcare Systems

Plan to attend the inaugural AHCA/NCAL Quality Symposium: Inspiring Excellence in Long Term Care! This conference will showcase many journeys toward performance excellence and provide a dynamic forum for exchanging innovative ideas and best practices. No matter where you are in your journey, you'll be inspired and enabled to better lead your organization to sustain results that meet and exceed the expectations of those you serve.

This intense day-and-a-half conference represents value. Fifteen sessions are encompassed into 3 main symposium tracks: Leadership, Results, and Information Systems. AHCA/NCAL has requested 12.5 hours of continuing education units for nursing home administrators, assisted living administrators, and nurses.

Registration Fee

Member rate is \$275 and non-member rate is \$375.

The registration deadline is January 21, 2009.

For information and online registration visit www.ahcancal.org/events/qualitysymposium/

PRE-SYMPOSIUM WORKSHOP – FEBRUARY 4, 2009

Leadership Excellence: The Exceptional Long Term Care Leader Self Assessment System. The full-day workshop provides the opportunity for leaders to benchmark their leadership skill proficiency and to design a personal action-plan to enhance their leadership abilities. Earn an additional six CEUs.

* The pre-symposium workshop requires an additional registration fee of \$75.

Washington Voters Pass Initiative Increasing Training Hours For Caregivers

Washington state voters have passed ballot Initiative-1029, a proposal that increases caregiver training standards in home- and community-based care, which includes assisted living. The initiative passed with 73 percent of the vote in the 2008 election.

The Service Employees International Union (SEIU) sponsored the ballot initiative and spent \$952,000 to promote it. The initiative goes into effect in January 2010.

I-1029 will require that long term care workers serving seniors and individuals with disabilities undergo 75 hours of training, as opposed to the current 34 hours; obtain a state certification based on an exam; and pass an FBI criminal background check. It would also establish disciplinary standards and procedures and apply to employees hired after Jan. 1, 2010.

The Washington Health Care Association (WHCA) opposed the measure for assisted living communities, which are licensed as boarding homes. WHCA

Executive Director Gary Weeks noted that providers are concerned about the significant, additional expense for training and about creating barriers to employment for low-wage workers.

"We already have well-documented staff shortages so we have to be cautious about creating additional barriers for entry-level workers," he says.

"And, if we are to maintain affordability for the 70 percent of residents who pay for their own care in boarding homes, we must be cautious about driving unwarranted costs," he says.

Weeks notes that WHCA will be asking Gov. Christine Gregoire to support the following key principles in the rule-making process regarding implementation of I-1029.

- On-the-job training should be fully recognized and promoted as a legitimate means to deliver training. Classroom training is simply not the most effective or cost-efficient method for ensuring resident-centered care. Providers believe caregivers who have not traditionally

been successful in the academic setting and those caregivers with English as a second language fare better when they have an opportunity to "learn by doing." Research on adult learning supports this concept.

- The requirement for additional training and certification should not be a barrier to employment. Providers are challenged by a well-documented workforce shortage.

Any new training and certification requirements must be sensitive to this issue. It will be essential to ensure that the training curriculum and the certification test are valid, reliable, and bias-free.

- There must be adequate payment for the Medicaid portion of additional costs in boarding homes.

Homes serving Medicaid clients are challenged by the gap between rate of reimbursement and actual cost of care. The state should be equitable in training reimbursement for Medicaid-contracted providers.

NCAL Urges Member Participation In Advocacy Programs

New Administration, continued from page 1

islative issues and establish relationships with federal legislators through NCAL's advocacy, grassroots, and PAC programs," says Groff, president of Tealwood Care Centers, Bloomington, Minn.

To learn about urgent legislative issues, members are encouraged to enroll in AHCA/NCAL's Advocacy Center located on the AHCA/NCAL Web site. By submitting contact information and an e-mail address, members will begin receiving AHCA/NCAL legislative e-mail alerts that summarize the legislative issue and ask members to contact their legislators. Advocacy is easy by clicking on links to prewritten letters that will be e-mailed to the member's representatives.

Want to become a Congressional Champion? If you are an NCAL member who knows a member of Congress, send an e-mail to Matt Smyth, AHCA/NCAL's director of grassroots.

AHCA and NCAL also have a program that invites members of Congress to tour an assisted living community.

Federal legislators are eager to hear from their constituents and enjoy the interaction with residents.

"These tours are a great tool in educating federal legislators about NCAL's issues and help build important relationships between NCAL members and federal legislators," says Virginia Leacock, executive director of operations for

Haven Manor, located in Lincoln, Neb., and NCAL's state leader from Nebraska.

"NCAL members are our most effective and valuable resource in building and expanding the profession's reputation on Capitol Hill as well as being the local assisted living resource for their members of Congress," says David Kylo, executive director of NCAL. "We are encouraging members' participation in our advocacy programs to support our initiatives."

To learn more about the AHCA/NCAL grassroots program, visit the "Advocacy Center" at <http://capwiz.com/ahca/home/> or send an e-mail to Matt Smyth at msmyth@ahca.org.

NCAL Legal Resource Can Minimize Liability Exposure Of Marketing Materials

Assisted living providers use a variety of marketing materials to promote and attract residents into their communities. The materials create an impression of the look and feel of the community, but do administrators, directors, and marketing and sales departments know if these materials inadvertently expose their communities to potential lawsuits?

Open-ended promises found in advertising and marketing materials and words spoken by assisted living staff are being used in court by plaintiff attorneys seeking damages against assisted living operators, says Warren Babb, an attorney with Seattle-based law firm Lane Powell, during a recently held NCAL Webinar.

NCAL and Lane Powell have developed a resource designed to help providers identify areas of legal exposure in their marketing materials. The legal issues summary brief, "Marketing Your Assisted Living Community: Avoiding Risky Pitfalls," contains information on:

- The Fair Housing Act;
- Risk Management;
- Using Resident Images and Testimonials in Marketing Materials; and
- Fraud, Abuse, and Anti-Kickback Laws.

Babb offers the following recommendations for actions administrators and directors to undertake with their marketing and sales departments:

1. Sensitize the marketing department to risk-management issues. Assign an administrator, director, or risk manager to review the proposed marketing materials and brochures to ensure that overstatements or flowery adjectives are removed from them. Avoid publishing or posting the community's mission statement on the Web site or in print because mission statements describe an aspiration or ideal of care. Care and services should

be described in a factual manner using plain language. Establish a training session or educate the sales and marketing team about how their words can expose the community to liability.

2. Avoid "meet/exceed standards" language in advertising, brochures, and on Web sites. Avoid using "quality," "professional," "superior," and "preeminent." Those words are frequently cited by plaintiff attorneys.

3. Keep advertising materials for independent and assisted living separate as the general public is often unaware of the differences between the two. If providers offer both independent and assisted living services, Lane Powell recommends creating a separate brochure for each service, even if the services are offered in the same building. If a provider chooses to have one brochure, the content should be divided into two distinct categories, with each category describing the services and amenities provided in its setting.

4. Create a realistic daily life orientation video. Providers can trump legal claims based on misrepresentation, breach of contract, and fraud by preparing and showing prospective clients a reality-based depiction of care and services. These videos can be shown in court if needed. The video should have significant input from both administrative and operations staff.

The best time for prospective residents and their relatives to view the video at the community is before they sign a contract to move in. In addition, create a consent form for the potential

resident or authorized family member to sign as an acknowledgement that they have viewed the orientation video and understand both the services and limitation of services that the community is capable of providing.

5. Many states have specific regulations about notification of changes to

Apply Five Rules To Marketing Materials

- Sensitize marketing department to risk-management issues.
- Avoid language that states "meets or exceeds."
- Separate independent living and assisted living marketing material.
- Prepare a realistic daily life orientation DVD or video.
- Issue written notices about changes to services or rates at least 30 days before implementing change.

services or rates. But, in general, notices should be issued at least 30 days before the change goes into effect. Notices should be mailed to residents and should be conspicuously posted in the common areas, such as dining rooms, beauty salons, or activity rooms. In addition, announcements about the change should be made at resident and family council meetings.

These strategies are only a few of the legal issues addressed in "Marketing Your Assisted Living Community: Avoiding Risky Pitfalls," prepared for NCAL members. The legal issues summary is designed to identify many areas of legal exposure and to offer assisted living providers tools to work with in reducing the exposure to litigation.

To obtain this brief, visit NCAL's Members Only Web page at www.ncal.org. Members can obtain their passwords from their NCAL-affiliated state association.



NCAL Satisfaction Initiative Continues In 2009: Are You Helping To Drive Our Profession Forward?

In the beginning of 2008, NCAL announced a strategic partnership with *My InnerView* to provide consumers, policymakers and the profession evidence-based satisfaction data from our residents, our family members, and our employees. This initiative enables assisted living providers to measure their performance based against their customers' expectations and also benchmark against other communities in their local area, statewide, and nationally. This critical partnership will continue throughout 2009 and all NCAL members are encouraged to participate. Help move the assisted living profession forward by participating and help NCAL tell your story. Through this initiative, you can:

- Define our product before others define it for us. This definition must be based on value to the customer and the

quality of service and care they receive. This initiative provides the profession with reputable, independent measurements of its ability to provide a quality product based on that definition.

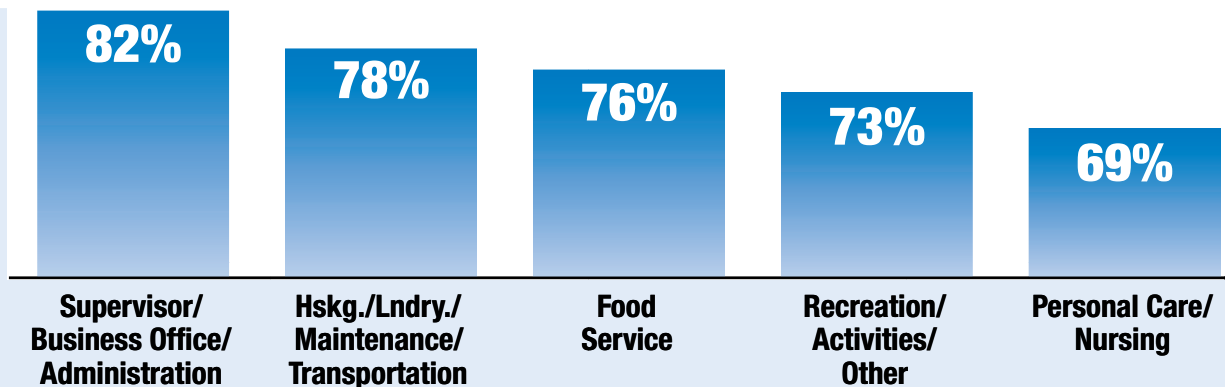
- Give our profession a unified voice and move us forward along the quality journey. Our profession needs a national database—a database that offers knowledge, shows trends, and influences public policy while telling the true story of the care and service we deliver.

- Understand what truly matters most to your customers and employees. Research shows that customer and employee satisfaction drive performance. By understanding what matters most to customers and employees, providers can begin to clearly see how their customers and employees drive an organization's performance.

- Ensure positive word of mouth. The evidence-based data generated through this initiative can supply providers with critical information about the loyalty of their customers and employees in terms of how they would recommend their community to others. With assisted living providers facing increased competition in their communities, ensuring positive word of mouth is essential for long-term financial performance.

For those members who have not yet signed up to participate, we invite you to learn more by joining us for an introductory Webinar in January. For the date, time and to register for the Webinar, please visit www.myinnerview.com and click the Webinar link. To have a one-on-one demo or to participate in this initiative, call *My InnerView's* Julie Flaig Smith at (952) 697-2252.

Staff say their assisted living community is 'great place to work'



Scores represent the percent of assisted living employees — by job category — who rated the survey question "Would you recommend this community as a place to work?" as "Excellent" or "Good."

Source: Assisted living employee satisfaction surveys conducted in 2007 by My InnerView Inc.





Average Assisted Living Rates Rise 2.1 Percent In 2008, Survey Says

Average assisted living rates charged to consumers rose 2.1 percent, from \$2,969 monthly or \$35,628 per year in 2007, to \$3,031 monthly or \$36,372 annually in 2008, according to the MetLife Mature Market Institute.

The average monthly rate for assisted living communities providing assistance with activities of daily living above the

base rate is \$386. The average monthly rate for providing assistance with instrumental activities of daily living, such as medication management, is \$327.

The most expensive area is southern Maine, with an average monthly rate of \$4,708. The lowest average monthly rate is \$1,980 in North Dakota.

Data Collection Begins For 2009 Overview

NCAL is encouraging members to participate in a profession-wide survey that will collect core data on assisted living operations and residents nationwide for publication in the "2009 Overview of Assisted Living." The questionnaire will be sent to assisted living residences in January 2009.

Providers may remember completing this questionnaire for the "2006 Overview of Assisted Living." The 2009 project is a collaboration of NCAL, the Assisted Living

Federation of America, the American Association of Homes and Services for the Aging, the American Seniors Housing Association, and the National Investment Center for the Seniors Housing & Care Industry.

The 2009 overview will be a critical component of the profession's advocacy efforts on Capitol Hill and the only report of its kind. NCAL will provide more information about the report in January.

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