

News Currents

In Brief

Lawmakers Seek Delay On Medicaid Rules

Regs Could Reduce Federal Payments

In testimony before the U.S. House of Representatives, Stuart Shapiro, MD, president and chief executive officer of the Pennsylvania Health Care Association, called on Congress

temporarily shield the Medicaid program from the seven rules. According to a statement from Dingell's office, the regulations "would reverse longstanding Medicaid policies and eliminate federal payments for a variety of critical Medicaid functions."

In an effort to demonstrate the rules' impact in his state, Shapiro cited Pennsylvania's chronic Medicaid underfunding of nursing facilities—at \$11.91 per patient, per day. "This shortfall has occurred every year for the last five years," he told the panel. "These

funding shortfalls have a major impact on the front lines of care in terms of negatively impacting staffing, jeopardizing quality improvement efforts, and even costing the jobs of the very staff that make a key difference in quality outcomes."

Testifying on behalf of the new regulations was Dennis Smith, director of the Centers for Medicare & Medicaid Services (CMS) Center for Medicaid and State Operations, who claimed that the rules "reflect the longstanding work of CMS and others, such as [the Government Accountability Office and the Office of Inspector General], to

to support legislation that would impose a one-year moratorium on a series of Medicaid regulations that he said could limit seniors' access to key programs and resources, shift costs to the states, and disrupt existing systems of care for fragile populations.

The proposed regulations are "completely antithetical and divorced from the budgetary and economic realities we face in Harrisburg and in state capitols coast to coast," Shapiro told members of the Energy and Commerce health subcommittee.

The bill, HR 5613, introduced by Rep. John Dingell (D-Mich.), would

Falls Prevention Bill Clears Congress

Legislation that seeks to reduce falls and fall-related injuries among the elderly through education, research, and prevention programs had cleared Congress at press time and was headed for the president's desk.

The measure—the Safety of Seniors Act (S 845)—directs the U.S. Department of Health and Human Services to launch a national falls prevention education campaign directed at seniors, caregivers, and health professionals.

Introduced by Michael Enzi (R-Wyo.), S 845 also awards grants for the purpose of developing state-level coalitions to carry out local education campaigns that focus on reducing falls and preventing repeat falls among older adults.

In addition to demonstration projects, the measure calls for research that identifies high-risk seniors; improves data collection and analysis of risk factors; develops targeted interventions; improves the diagnosis, treatment, and rehabilitation of falls victims; and assesses the risk of falls occurring in various settings.

—Meg LaPorte

restore greater accountability to the Medicaid program while safeguarding limited resources for actual services to those individuals who rely on the Medicaid program."

Similar legislation, introduced by Sen. John Rockefeller (D-W.V.), would impose a one-year moratorium on the implementation of Medicaid rules pertaining to targeted case management, allowable provider taxes, outpatient clinic and hospital services, as well as the U.S. Health and Human Services' Departmental Appeals Board rule, which, according to the American



Stuart Shapiro (fourth from left) gives testimony before House Energy and Commerce health subcommittee.

Public Health Association, would significantly alter the way in which disputes between states and the federal government are adjudicated.

The measure would also extend through April 1, 2009, Medicaid moratoria on payments to public providers, graduate medical education, school-based services, and rehabilitative services that Congress has already enacted, according to a statement from the senator's office.

The Economic Recovery in Health Care Act "would preserve access to Medicaid for seniors, pregnant women, individuals with disabilities, and children during the economic downturn,"

Rockefeller said as he introduced the bill. "Seniors don't suddenly stop needing long term care services simply because the economy slows. Instead, the need for access to Medicaid and [the state children's health insurance program (CHIP)] grows during times of economic uncertainty, and we must act to ensure that Medicaid and SCHIP coverage is available when families need it the most."

The bill also contains \$12 billion in fiscal relief to the states that would be equally divided between an increase in the Federal Medical Assistance Percentage and targeted grants to states.

Issued in 2007 by CMS, the federal government estimated that the regulations would reduce federal Medicaid payments to states by \$15.6 billion over five years, from fiscal years 2008 through 2012. A report from the House Committee on Oversight and Government Reform, however, projects much deeper reductions in federal payments, totaling \$49.7 billion, based on projections submitted by individual states.

According to the report, prepared at the request of Rep. Henry Waxman (D-Calif.), chairman of the panel, the cuts would deliver "a major fiscal blow" to many states, ranging from a low of \$7.4 million over five years in Ohio, to \$10.8 billion in California.

The highest-impact regulation is one that would narrow the definition of a public provider and limit payments to these providers to the cost of treating Medicaid patients. This rule alone would reduce federal Medicaid funding by \$21 billion, the report found.

Congress enacted a moratorium on this rule and three of the others last year. But all will expire by the end of June 2008 without renewed intervention.

In addition to the impact on public facilities, the rules would affect funding for a wide range of Medicaid programs and policies, including:

- Implementation of a 5.5 percent provider tax limit and a substantial tightening of "hold harmless" tests;

- Prohibition of federal matching funds for graduate medical education costs;

- Redefinition of outpatient hospital services;

- Prohibition of federal matching for rehabilitative services in non-medical programs;

- Reduced funding for school administrative and transportation activities; and

- Reduced case management benefits for those transitioning from institutions to the community.

—Meg LaPorte and Lynn Wagner

Assisted Living Guiding Principles Published

The National Center for Assisted Living (NCAL) has released its revised and enhanced "Guiding Principles for Assisted Living" and published two new major subsets of principles on quality and consumer disclosure. The guiding principles focus on person-centered care as the foundation to develop and improve services.

The principles give a general overview of many areas of assisted living, including a broad definition of the profession and a discussion of such topics as residents' health needs, staff qualifications and training, resident rights, and measuring and improving quality.

The principles begin with a suggestion for a common definition of quality, which could provide the assisted living profession with an infrastructure for quality improvement programs. The common definition is "the totality of features and characteristics of a service to meet or exceed the customer's expectation." The principles go on to focus on person-centered care, ethical practices and financial stewardship, facility mission and vision statements, quality improvement, and workforce.

"The main impetus for doing this," says Pat Giorgio, chair of NCAL's Quality Committee, was "as assisted living has grown or evolved since its inception, the entire profession has changed with it, and we have had to respond to the needs and wishes of the consumer, which are constantly changing."

One of NCAL's Board of Directors' concerns was that as assisted living has grown it has come under increasing scrutiny of the media and government officials. "We need to be the best of the best," says Giorgio. "We have to be able to respond to public officials' concerns, and we want to show that the industry itself is going to hold itself accountable."

The other major new section of the guiding principles is "NCAL's Guiding Principles for Providing Information to Consumers," which concentrates on ethical marketing practices and full disclosure of information to prospective and current assisted living residents and their families or responsible parties.

The principles can be found on NCAL's Web site at www.ncal.org.

Key SNF Quality Levels Improve, Report Shows

Variability Persists From State To State

The overall population of long-stay nursing facility residents who are physically restrained dropped from 10.7 percent in 1999 to 6.6 percent in 2005, according to the National Healthcare Quality Report (NHQR), from the federal Agency for Healthcare Research and Quality.

In some states, the drop was even more dramatic. In 2006, 26 states had a combined average rate of restraint use of 3 percent, outperforming the nationwide state average of 5.9 percent. Another 13 states, however, had a higher combined average of 9.5 percent in 2006, while seven states showed no improvement over the four-year period from 2002 to 2006, NHQR reported.

NHQR tracks 14 measures of nursing facility care and annually reports core measures that reflect the overall status of quality improvement across the health care continuum.

This year's report, the fifth of its kind, found reductions in pressure ulcers among three types of residents between 1999 and 2005: the rate of pressure ulcers among short-stay (less than 30 days) residents fell from 22.4 percent to 20.7 percent; the rate among high-risk, long-stay residents dropped from 14.3 percent to 13.1 percent; and the rate of pressure ulcers for low-risk, long-stay residents fell from 2.8 percent to 2.5 percent.

NHQR noted that high-risk, long-stay residents "have a fivefold greater risk" of pressure ulcers than low-risk, long-stay residents.

In the area of pain management, NHQR found that a large percentage of residents (43 percent to 58 percent)

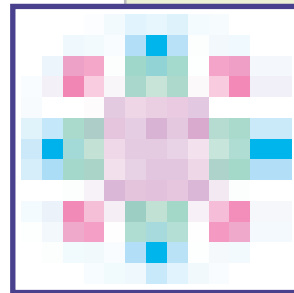
with conditions strongly associated with pain, such as cancer, fractures, and musculoskeletal disorders, received PRN-only (as needed) treatment, when a regularly scheduled pain management strategy would be deemed more appropriate, the report said. Findings were based on data from the 2004 National Nursing Home Survey.

Overall, NHQR found that the quality of health care "continues to improve at a modest pace," though the rate of improvement is slowing. In addition to nursing facility care, the report takes core measures in cancer, diabetes, heart disease, maternal and child health, respiratory disease, and other areas of care. The average annual rate of improvement across all areas is 2.3 percent, based on data from 1994 to 2005, NHQR found.

"An important goal of improving health care quality is to reduce variation in care delivery across the country," the report said. "This means that patients in all states would receive the same level of high-quality, appropriate care."

While variation in care has declined across NHQR's core measures, "progress is not uniform," the agency said. For example, the percentage of heart attack patients advised to quit smoking rose from 42.7 percent in 2000-2001 to 91 percent in 2005. Yet, diabetic patients in the worst-performing states were admitted to the hospital 7.6 times more often than those in the best-performing states.

—Lynn Wagner



Filling Life With Love: New Assisted Living Week Theme

"Filling Life with Love" is the theme for the National Center for Assisted Living's (NCAL's) 2008 National Assisted Living Week, to be held Sept. 7-13, 2008.

National Assisted Living Week celebrates the exceptional involvement of families, providers, volunteers, and individuals from the local community who foster a truly caring spirit. The week also spotlights the crucial role assisted living facilities play in helping

the nation's elderly to live as independently as possible while enjoying a meaningful quality of life.

"This year's theme of 'Filling Life with Love' emphasizes the need for all

'Assisted Living Week kicks off on Grandparent's Day.'

those connected to an assisted living facility—whether it be staff, residents, family members, or volunteers—to recognize and celebrate the lives of those they touch every day," says David Kylo, NCAL executive director, in a news release.

NCAL will produce a National Assisted Living Week program guide and product catalog that will be mailed to all members in June to aid them in their celebration efforts. As National Assisted Living Week nears, check its Web site, www.nalw.org.

—Kathleen Lourde

Bill Takes On LTC Workforce Issues

Loan Repayments, Educational Incentives Included

Legislation that would boost the nation's long term care workforce has been introduced by Sen. Barbara Boxer (D-Calif.).

The proposal, S 2708, would establish a geriatric and gerontology educational loan repayment program as part of the federal Health Professions and Public Health Workforce programs. The initiative would make \$84 million in loan repayment funds available over five years to physicians, physician assistants, clinical nurse specialists, nurse practitioners, psychologists, and social workers who complete training in geriatrics or gerontology and agree to practice full time for at least two years in long term care settings.

A maximum of \$35,000 a year would be repaid for the first two years of service. For the third and fourth, the repayment amount would rise to \$40,000 a year.

The proposal would also provide \$25 million over five years to expand the federal nursing education loan repayment program to include registered nurses who complete specialty training in geriatrics or gerontology, and who practice in a facility or home- or community-based setting for older adults. An additional \$19.5 million would be made available to a range of nursing and caregiving staff—from certified nurse assistants and personal care attendants to registered nurses—for the expansion of career ladder training in long term care. An advisory panel would be created to examine the long term care workforce and advise the Department of Health and Human Services and Congress on related issues.

"When our mothers and fathers and grandparents reach their golden years, they deserve quality care for their

health and long term care needs," Boxer said in a statement. "But the medical and health community is already struggling to meet the demand for geriatric health care and support services, and the need for trained professionals is only growing. This legislation will provide incentives to help encourage qualified practitioners to join the geriatrics and gerontology fields."

Currently, fewer than 1 percent of nurses are certified gerontological nurses, and only 3 percent of advance practice nurses specialize in aging, according to findings included in the legislation. Nearly a third (30 percent) of medical students report feeling unprepared to care for older adults in acute care settings, and 42 percent feel unprepared to care for frail older people in nursing facilities, the findings said.

"By 2050, the United States will need three times as many direct care workers in home, community-based, and facility-based long term care settings as are employed now to meet the needs of the baby boom generation," the legislation said.

American Health Care Association (AHCA) President and Chief Executive Officer Bruce Yarwood praised the measure, saying it would "address the increasingly worrisome workforce issues that threaten the long term care profession's capacity to continue providing the high-quality care and services our patients need and deserve." The legislation creates "excellent models for building a more robust long term care workforce," Yarwood said, vowing that AHCA would work throughout the year to garner bipartisan support for the proposal.

—Lynn Wagner

Brandywine Buys Four Communities

Brandywine Senior Living, Mount Laurel, N.J., has completed the acquisition of four assisted living communities in New Jersey from Meridian Health System, Wall Township, N.J. The purchase price was not disclosed.

The communities include more than 380 suites and will feature restaurant-style dining, spacious apartments, 24-hour security, and on-site licensed nurses 24 hours a day, seven days a week.

"This acquisition is consistent with our strategy of owning and managing high-quality properties, and we contin-

ue to evaluate other attractive growth opportunities in New Jersey, the Northeast, and the Mid-Atlantic," said Brenda Bacon, Brandywine president and chief executive officer, in a company statement.

Brandywine has doubled its number of communities and capacity in the past two years through acquisitions and development.

The company now has 18 communities in five states: Connecticut, Delaware, New Jersey, New York, and Pennsylvania. An additional community is under construction in Fenwick Island, Del.



States Take Action To Change AL Regs

Alzheimer's Standards, Licensure Targeted In A Number Of States

More than 20 states modified statutes and/or regulations affecting assisted living residents and facilities in 2007, according to a new report from the National Center for Assisted Living (NCAL).

Entitled "2008 Assisted Living State Regulatory Review," the report includes a state-by-state summary of assisted living regulations covering 21 categories, provides contact information for state agencies that oversee assisted living activities, and includes each agency's Web site address.

Among the 20 states that made changes last year, about one dozen overhauled or made significant changes to their assisted living regulations, many more than in each of the previous two years, according to NCAL.

Three states initiated new levels of licensure in 2007, in part to accommodate increased resident acuity. Pennsylvania and the District of Columbia instituted a new "assisted living" licensure alongside their existing licensure categories, while Wyoming added new rules allowing secure dementia units under a tiered licensing system.

States also took steps to enhance standards for communities with Alzheimer's and dementia populations last year.

Several states established or tightened criminal background check requirements, augmented fire safety and emergency preparedness standards, and strengthened food safety and dietary standards.

Requirements for staff training, staffing, medication management, reporting and record keeping, and infection control were also added to state regulations last year.

'Several states established or tightened criminal background check requirements.'

Other focal points of regulatory change for assisted living communities included survey procedures, licensure fees, requirements when closing or expanding operations, resident rights,

dispute resolution procedures, move-in/move-out requirements, and resident assessments.

At least two of the few remaining states without Medicaid coverage for assisted living services took steps toward including such coverage under waivers, according to the report.

Information contained in the 230-page report is obtained from state regulatory agencies, state provider associations affiliated with NCAL, and through review of state regulations.

—Meg LaPorte

Coalition Makes A Stand On Capitol Hill



In early April, frontline long term caregivers from around the nation met with their lawmakers on Capitol Hill in Washington, D.C., about pending threats to Medicare-financed nursing facility funding. The purpose of the "fly-in" was to provide first-hand perspective to lawmakers and staff regarding how Medicare cuts would jeopardize seniors' care and key caregiver jobs. The Coalition to Protect Senior Care said the group, which represents more than a dozen key organizations with members in all 50 states and the District of Columbia, is planning to step up its state-focused advocacy efforts as the 2008 election draws closer.

Trilogy Expansions Include Two SNFs

At Least Four New Health Campuses To Open

Trilogy Health Services, Louisville, Ky., recently acquired two skilled nursing facilities (SNFs), in Indiana and Michigan, and opened its 47th health campus—Morrison Woods Health Campus—in Muncie, Ind.

The two acquired SNFs—the Odd Fellow & Rebekah Home of Michigan (Jackson) and Greenleaf Living Center, Elkhart, Ind.—represent opportunities for Trilogy to reposition operations and construct new continuum-of-care health care facilities in attractive markets, according to Randall Bufford, the company’s president and chief executive officer.

“Both facilities are located in excellent markets, and we are very impressed with the management and staff at these facilities,” Bufford said in a statement. “Their dedication to the

comfort and care of their customers is in line with the culture of our company.”

Future plans for the two SNFs include the acquisition of land in Jackson, Mich., in order to build a state-of-the-art replacement facility for the existing building. “The development of a new, ground-up health campus represents an excellent opportunity to enhance the overall physical living environment for the residents and staff members, while at the same time continuing to provide the quality health care services for which this facility is well known,” Trilogy officials said. The new health campus will be completed and ready for occupancy by mid-2009.

Trilogy’s plans for the Elkhart, Ind., facility include the addition of a new health center that will provide physi-

cal, occupational, and speech therapies, as well as related medical services to those requiring short-term rehabilitation or long term care.

Trilogy has opened Morrison Woods Health Campus, in Muncie, Ind., a newly constructed community based on the company’s Town Square Residential Living model, which features a predominance of private rooms and living areas designed as a neighborhood. Services include adult day services, assisted living, short-term rehabilitation, skilled nursing, and memory care.

Additional expansion plans for Trilogy during the current quarter include the opening of three new health campuses in Bellevue, Ohio; Colerain Heights/Cincinnati, Ohio; and Terre Haute, Ind.

—Meg LaPorte

By The Numbers



Based on correlation between “Recommendation to Others” and individual survey items.
Source: Recently discharged residents surveyed in 2007 by My InnerView Inc.

Skilled Healthcare Expands Kansas Holdings

Skilled Healthcare Group, Foothills Ranch, Calif., recently completed a \$13.2 million acquisition of a 152-bed skilled nursing facility and a 34-unit assisted living facility in Wichita, Kan.

Effective April 1, 2008, the purchase is expected to be “modestly accretive” to earnings per share for the remainder of 2008.

“These high-quality assets located near our existing properties in the Kansas-Missouri region fit squarely within our selective growth strategy.”

The selling companies are affiliated with Missouri-based Redman Resources, and each facility will operate as a distinct subsidiary business.

Report Compiles Funding Research

Analysis Touts Benefits Of Long Term Care Projection Models

In an effort to highlight the need for further long term care research and to stimulate a policy debate at the national level, the National Investment Center for the Seniors Housing & Care Industry (NIC) recently published the first comprehensive review and analysis of research on long term care financing.

“The NIC Compendium Project: A Guide to Long Term Care Projection and Simulation Models” is designed to help policy makers and others determine the best combination of public- and private-sector funding that will be needed to pay for the nation’s growing care needs, especially when baby boomers reach their 70s and 80s, NIC said in a statement.

Conducted by RTI International, Research Triangle Park, N.C., the compendium includes a compilation and analysis of all projection modeling to date on the issue of long term care financing. As a research tool that pres-

ents a view of what the world would be like in the future under a certain set of assumptions, long term care projection models are important in helping to shape policy debate, the report says.

‘The number of people with disabilities is likely to increase substantially.’

For example, such models can estimate whether a tax deduction for private long term care insurance will cost more than a tax credit.

Projection models are also able to produce quantitative estimates of expenditures, tax loss, and insurance premiums necessary to design and implement long term care reform

options. Insurance companies, for example, must set premiums for private long term care insurance policies in order to sell them, and proposals for public long term care insurance programs must estimate the cost of providing new coverage.

The NIC report also emphasizes the importance of projection models in producing concrete, quantitative results rather than vague qualitative assertions about the future. “To say that a program will cost \$30 billion is more compelling than saying it will cost ‘a lot.’”

The report concludes that beyond the debate over public- and private-sector approaches, policy makers and voters face a fundamental choice of whether they wish to devote the resources necessary to substantially change the long term care financing system. “Significant changes from the status quo—be it private insurance or public insurance or something in

Stock Check

PROVIDERS	Symbol	Where Traded	% Current Price 3/31/08	Adjusted P/E Ratio	Change From 1/1/08	52-Week Range High	52-Week Range Low
Skilled Nursing							
Advocat	AVCA	NASDAQ	\$10.94	7.3	-1%	\$13.77	\$9.25
Ensign Group	ENSG	NASDAQ	\$9.27	5.5	-36%	\$16.65	\$7.50
Kindred Healthcare	KND	NYSE	\$21.87	7.9	-12%	\$28.74	\$17.35
National HealthCare	NHC	AMEX	\$48.70	11.4	-6%	\$55.75	\$45.75
Skilled Healthcare Group	SKH	NASDAQ	\$10.98	8.2	-25%	\$16.81	\$9.83
Sun Healthcare Group	SUNH	NASDAQ	\$13.14	8.3	-23%	\$18.78	\$11.72
Assisted/Independent Living							
Assisted Living Concepts	ALC	NYSE	\$5.89	10.1	-21%	\$12.75	\$5.46
Brookdale Senior Living	BKD	NYSE	\$23.90	14.1	-16%	\$48.41	\$20.46
Capital Senior Living	CSU	NYSE	\$8.05	11.0	-19%	\$12.22	\$6.32
Emeritus Assisted Living	ESC	AMEX	\$20.86	13.1	-17%	\$39.40	\$19.99
Five Star Quality Care	FVE	AMEX	\$6.35	9.2	-23%	\$11.01	\$5.71
Sunrise Senior Living	SRZ	NYSE	\$22.28	N/A	-27%	\$42.97	\$16.27
REITS							
Care Investment Trust	CRE	NYSE	\$10.55	6.4%	-2%	\$14.80	\$9.40
Health Care Property Investors	HCP	NYSE	\$33.81	5.3%	-3%	\$38.60	\$25.11
Health Care REIT	HCN	NYSE	\$45.13	5.8%	1%	\$46.55	\$35.08
Healthcare Realty	HR	NYSE	\$26.15	5.9%	3%	\$39.26	\$18.00
LTC Properties	LTC	NYSE	\$25.71	6.1%	3%	\$28.00	\$19.02
National Health Investors	NHI	NYSE	\$31.25	7.0%	12%	\$35.54	\$27.00
Nationwide Health Properties	NHP	NYSE	\$33.75	5.2%	8%	\$35.50	\$22.63
Omega Healthcare	OHI	NYSE	\$17.36	6.7%	8%	\$19.20	\$12.00
Senior Housing Properties Trust	SNH	NYSE	\$23.70	5.9%	4%	\$25.21	\$16.22
Universal Health Realty	UHT	NYSE	\$33.30	7.0%	-6%	\$39.05	\$28.23
Ventas	VTR	NYSE	\$44.91	4.6%	-1%	\$48.09	\$26.50

Quotes courtesy of www.seniorcareinvestor.com, Norwalk, CT (203) 846-6800

(1) Adjusted P/E=(market cap + total debt + capitalized leases = cash)/annualized EBITDAR based on the most recent quarter.

The rate used to capitalize the leases has been changed from 12.5% to 10.0% effective 1/31/06 to better reflect market conditions

between—will require substantial additional government spending either as direct government expenditures or as tax losses through deductions or credits for private long term care insurance or other private mechanisms,” the authors write.

“This issue of how we will fund future long term care has huge implications for the seniors housing and care industry, and its leaders need to work closely with government and research communities to craft ongoing, relevant research, especially in those areas that have been lacking in previous studies,” said Anthony Mullen, senior fellow for NIC. “In addition to full micro-simulation models, stakeholders also need to develop simpler projection models that allow for easier input of ‘expert opinion.’ And the results of government-funded projection models should be more publicly available.”

Several significant findings are:

- The need for long term care is a “normal” life experience. According to a recent study by Kemper, Komisar, and Alecxih, among those turning 65 now, nearly 70 percent will need some form of long term care before they die, and 20 percent will need it for more than five years. This includes informal care, paid home care, nursing facility care, and assisted living facility care.

- The number of people with disabilities is likely to increase substantially, even if disability rates fall. A recent study by Johnson, Toomey, and Wiener projected that the number of older people with disabilities will grow from 10 million in 2000 to between 15.1 million and 24.6 million in 2040. As such, policy makers cannot assume that declines in disability rates will solve the problem of long term care.

- The demand for long term care services is likely to at least double by

2040. The same Johnson, Toomey, and Wiener study projected that the use of paid home care will increase from 2.2 million people in 2000 to between 3.9 million and 6.2 million in 2040.

- Despite problems with the pension system, the financial status of older people will improve over time. One report (Knickman and Snell, 2002) projected that the proportion of older people who will be extremely likely to use Medicaid to pay for a significant period of long term care will decline from 45 percent in 2000 to 29 percent in 2030.

- Under the current system, most older people will not have private long term care insurance in the future. The Wiener, Illston, and Hanley study projected that no more than 20 percent of older people would have private long term care insurance in 2018 because of its high cost.

—Meg LaPorte

Sentana Healthcare
4/c, New
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In Brief

Capital Senior Living Mulls Sale, Merger

Capital Senior Living Corp., Dallas, ranked No. 14 last year on *Provider's* list of the Top 40 Assisted Living Chains, announced recently its intent to “actively explore” a number of “strategic alternatives” that, among other things, could lead to a sale of the company or a merger with another private company.

Company officials announced in March that a special committee of its board of directors will consider the following options: a sale of Capital Senior for cash or stock; a going-private transaction; a restructuring of the company's portfolio, which may include sales and/or acquisitions of assets, or a merger with a private company, in which Capital Senior Living's stockholders may or may not retain a major-

ity equity interest in the surviving entity. Other options being considered include the institution of a share buy-back or dividend (recurring or extraordinary), the execution of the company's existing business plan without alteration, or any other alternative or combination of alternatives that has the potential to enhance shareholder value.

In addition, the special committee will hire as its financial advisor a “nationally recognized investment banking firm with expertise in the senior living industry.”

“Our goal is to maximize shareholder value, and we intend to carefully evaluate all strategic alternatives,” said Lawrence Cohen, Capital Senior Living chief executive officer.

“We are pleased that [the company] is taking shareholder concerns seriously. We look forward to working

together constructively with the goal of enhancing shareholder value,” said Harvey Hanerfeld and Peter Martin, two new members of the company's board of directors.

As proposed by Capital Senior Living's shareholders, the board of directors has expanded in size from seven to nine members in order to add the two new directors.

Hanerfeld is a co-founder of West Creek Capital, which beneficially owns 1.7 million shares of Capital Senior Living, or approximately 6.4 percent of the shares outstanding.

Martin is currently a portfolio manager at Matthes Capital Management, which beneficially owns 444,600 shares of Capital Senior Living, or approximately 1.7 percent of the shares outstanding.

—Meg LaPorte