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BRIAN KRAMER

President & CIO

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- ▶ This webinar is being recorded for on-demand access later, after the series' conclusion
- ▶ To earn CE, you must attend the entire session
- ▶ **For those sharing a computer**
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 - Go to **Chat** to access the link for the sign-in sheet
 - Each participant must complete an evaluation to obtain CE credit
 - Instructions will also be emailed to the program registrant

About CE credit

Nursing credit

Each activity has been approved for 1.0 clock hours continuing education credit for nurses by The Illinois Health Care Association, an approved sponsor of continuing education by the Illinois Department of Professional Regulation. Participants must be present for the entire duration of the activity and complete a post-event evaluation to receive credits. There is no conflict of interest for any planner or presenter.

Administrator credit

This program has been approved for Continuing Education for one total participant hour by NAB/NCERS. Approval #20210604-1-A66886-DL

SESSION 3 OF 6

Know Your Costs to Manage Your Costs

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Your Presenters

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Industry Overview & Strategies

Current Trends

Negatives

- Decreased **move ins** and **slower lease ups**, resulting in **lower occupancies**
- **Poor publicity** around nursing homes may cause lower occupancy across all senior living
 - May get worse with more testing/second wave impacts
- **Home sales** may slow in some markets, leading to slower move ins
- **Adult children** may no longer be able to offer financial support to their parents to fund senior living
- Possible distorted view of Independent Living as it's a **congregate setting** and limitations

Positives

- Overall **demographics** are still strong for senior living
- This recession/depression? was caused by a health crisis, not an economic crisis. The **economy was healthy**
- Many feel that **housing prices** may hold and that volumes may only be effected

COVID-19 Trends

1. Wage Increases

- A. Hero Bonuses
- B. COVID-19 temporary increases (30 day implementation)

2. Increased PPE and COVID cleaning costs

- A. Many feeling overall cost increases in supplies, food, etc
- B. Warehousing PPE

3. Dietary Costs

- A. Room service surge charges – AL/IL environments
- B. Ranging from \$5 per day to a high of \$15 per day

4. Turnover

- A. Rate of turnover was much lower in April & has seemed to stabilize in May/June

5. Quality of Care

- A. More attentive staff
- B. Use of Telehealth to keep residents out of hospital – increase to occupancy

Senior Care & Living – Stimulus Reconciliation

With the significant amount of money that has been distributed, it is imperative to properly document the forgiveness provisions as well as the COVID-19 use of funds. Our financial modeling tool reconciles stimulus funds with allowable lost revenue and expenditure calculations. Our process is outlined below:

PLANNING



- As Health and Human Services continues to provide new guidance on the reporting requirements for the CARES act provider relief funds it is critical for providers to track the status of how the stimulus funds have been accounted for.
- Recent guidance has indicated that SBA Provider Protection Program funds should be accounted for first, prior to the CARES act provider relief funds
- **Providers will need to develop plans to be able to understand what dollars have been received, what dollars have been refunded and when funds have been exhausted**

APPROACH



- Set the baseline, driven by historical performance and operations with discussions as needed
- Determine your current state of operations, the impact COVID-19 has had on operations to date, and the campus's ability to implement change (including managing staffing and increases in supply costs)
- Determine the short-term and long-term future states and potential impacts to census and operations
- **Monitor, track and project the sources and uses of relief funds, lost revenues and increases expenses relating to COVID-19**

DELIVERABLE

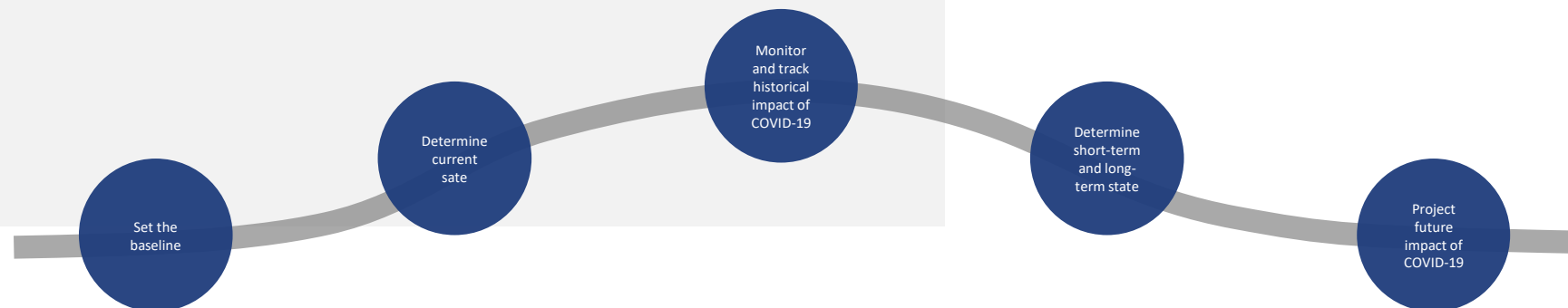
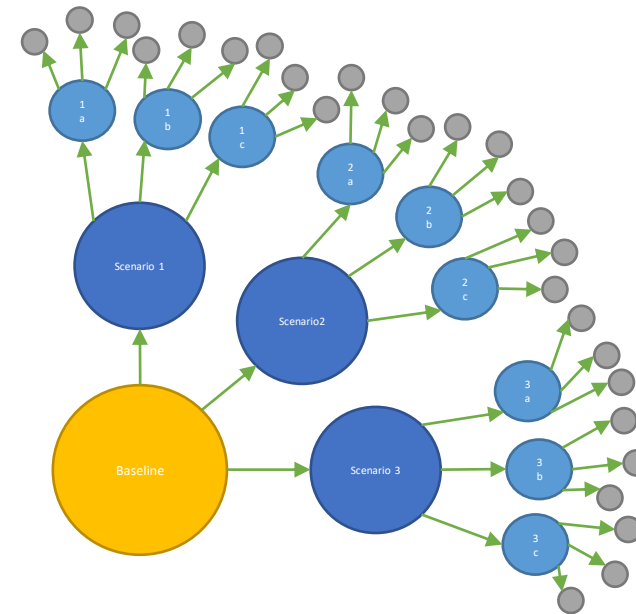


- **The stimulus reconciliation template provides historical and projected results in a comprehensive dashboard**
- Our model works in conjunction with AICPA "PPP Loan" refunding calculator to model funds that will not be forgiven
- Provides key insights on the use of stimulus funds, when COVID-19 losses are expected to exceed stimulus fund receipts, the impact of refunding stimulus funds has on operations, and the short-term and long-term impact
- Provides a basis for continued quarterly reporting

Senior Care & Living – Develop a Financial Architecture

Developing a financial architecture

- **Our primary objective in developing the financial architecture is to help understand the current projected cash burn rate, when COVID-19 losses start to impact cash and investments, and what is the potential short term and long term impact on cash and investments**
- Our model allows for the development of scenarios that encompass multiple eventualities across varying time horizons, including a resurgence of the virus in the fall/winter months
- Our scenario development typically includes the impacts of items such as potential long-term wage increases for direct line staff, labor shortages, and census declines
- Modeling the potential increase to payroll costs and supply costs along with the cash management challenges that result from census and payor mix shifts become fundamental in creating agility and fosters the ability to shift direction based on identified trigger points. Key inputs into the model include:
 - Census and payor mix changes across multiple timelines
 - Changes in FTEs
 - Increases in cost of care due to COVID-19
 - Impact of days in A/R and A/P
- The importance of scenario planning is to develop ideas for action should a specific scenario come to pass and build those action plans into the financial model to understand potential impacts



Operational Strategy

Once concerns about cash preservation have been addressed, you must ensure your organization is positioned to operate in the “new normal” with the goal of strengthening both current and long-term positions within the marketplace



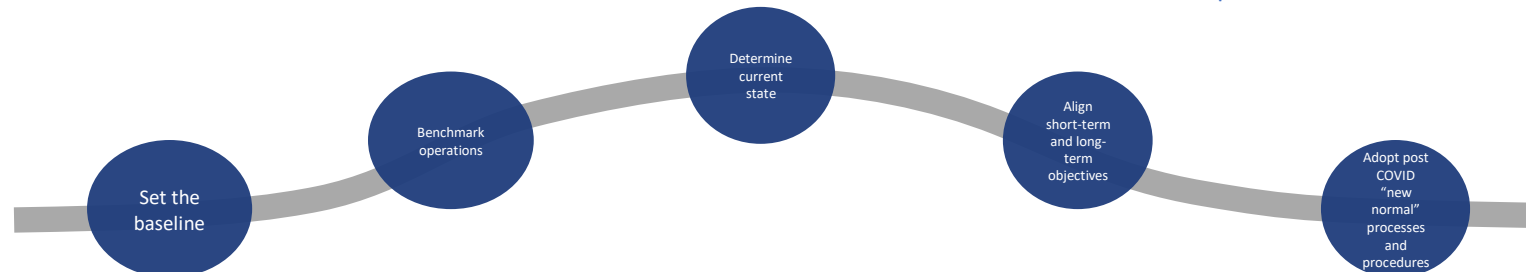
- Set the baseline with a campus wide financial assessment and discussions as needed
- Understanding your baseline position, relationship to benchmarks and others within your marketplace becomes paramount
- The crisis has provided an opportunity to push the envelope of technology adoption, this will include tele-health, virtual programming, and different ways to build or maintain relationships



- Determine your current state of operations and the potential impacts of historical inefficiencies on the “new normal”
- Operational inefficiencies will likely compound under certain circumstances
- The crisis may be the ideal time to capitalize on opportunities to restructure staffing levels or parts of the organization that require transformation



- Consider undertaking a strategic re-evaluation to align short-term and long-term strategy and objectives
- Long-term strategy may end up remaining unchanged or it could change dramatically; short-term strategy almost certainly has changed since January 2020
- Adopt post COVID-19 “new normal” processes and procedures that will strengthen both current and long-term positions within the market





More Science Than Art:

How to Properly Price Rent & Services

Price vs. Cost

Price = \$1,099.00



Cost = \$490.50

iPhone 11 Pro Max

Price = \$99.95



Cost = \$17.36

Fitbit Flex

Cost Accounting

cost ac·count·ing

noun

the recording of all the costs incurred in a business in a way that can be used to improve its management.

Price = \$1.59



Cost = \$0.39

Price = \$1.49



Cost = \$0.27

Assisted Living – 1 Br. Level 1



Price

\$5,040

Cost



Learning Objectives

- Identify how to accurately price the rent and services that are provided to residents;
- Identify which services should be provided and others that should be avoided in an effort to manage expenses and enhance revenue;
- Identify and evaluate the correlation between the cost to provide a service vs. the revenue that is being generated;
- Evaluate and compare pricing structures as it relates to the specific market demand in your community.

Pricing Review – Revenue Optimization

REVENUE

Sample Assisted
Living
1 Bdrm./Level 1

Rent = \$5,040

VS.

EXPENSES

- ✓ Rent (P & I)
- ✓ Meals
- ✓ Transportation
- ✓ Activities
- ✓ Utilities
- ✓ Personal Care with ADLs
- ✓ Laundry (linens)
- ✓ Housekeeping
- ✓ Trash Removal
- ✓ Assessments
- ✓ Medication Management



The objective of the Price Point analysis is to confirm that the pricing and fees collected for the rent and service packages you are offering to your residents are commensurate with the costs associated to provide the care.

The Price Point exercise provides owners and operators with the **information** necessary to **realign revenue** and **expenses** based on real-time data and information

Client Case Study

Annual Revenues \$30 million

12 Campus Locations

Other Senior Living Services

- Catered Living
- Assisted Living
- Transitional Care/Skilled Nursing
- Membership Cooperative Housing
- Memory Care
- Home Care/Hospice
- Senior Housing
- Adult Day

Campus Analyzed

90 Apartments Including:

- 60 Assisted Living
- 30 Memory Care

Operationally, campus had a positive cash flow, but intuitively the CEO, COO and CFO knew they were losing money, but couldn't specifically identify which of their products and services were problematic.

Ability to take up to 18 waived services clients at a reduced reimbursement level.



Client Case Study: Marketing Materials

- **Personal Care**

- Monitor alert system
- Medication set-up once per week
- Up to one hour of aide assistance per day
- One apartment bath, shower or Whirlpool per week
- Wellness monitoring system
- Up to three medication reminders per day
- Breakfast preparation
- Escorts to and from meals and activities
- Wellness clinic

- **Housekeeping**

- Light housekeeping every other week
- Laundry facilities on each floor
- Linen change once per week
- Two loads of laundry per week



Client Case Study: Cost Overview

- ▶ **Rent Expenses** – costs that are defined as being part of the base package for the AL and MC services. These include the costs for principal, interest, meals, activities, and utilities.
- ▶ **Home Care Services** – includes all services included in the Home Care Base Fee for the respective service. The overhead costs of operating the campus were allocated across all services offered to residents. Overhead costs are expenses such as administrative fees, maintenance, non-direct care staff salary, wages, and benefits, etc.
- ▶ **“A La Carte” Services** – costs associated with providing “a la carte” services to residents with the assumption the same overhead percentage is applied to each “a la carte” service. The expenses reflected in the table below are representative of all the a la carte services provided to residents during February 2016.

Client Case Study

► BASE RENT PACKAGE SUMMARY:

Assisted Living Base Package	
Rent	Services
Rent Breakfast Lunch Activities Utilities - Includes Cable	Nurse Communication with Physician Clinical Records Laundry - Linens (weekly) Housekeeping (weekly) Reassurance Check (3x/day) Resident Assistant staff 24 hours per day Initial Assessment / Care Conference
Memory Care Base Package	
Rent	Services
Rent Breakfast Lunch Dinner Activities Utilities - Includes Cable TV	Nurse Communication with Physician Clinical Records Laundry - Linens (weekly - unlimited) Housekeeping (weekly) Reassurance Check - Unlimited Resident Assistant staff 24 hours per day Compassion Care (Escorts, BP, & Encouragement) Incontinent and nursing products Wellness checks by RN or LPN Initial Assessment / Care Conference

Client Case Study

Base Package - AL Services			
Service	Per Month		
		Cost	Hours
Nurse Communication with Physician		\$ 58.87	1.08
Clinical Records		62.43	2.17
Laundry - Linens (weekly)		113.52	4.33
Housekeeping (weekly)		85.14	3.25
Reassurance Check (3x/day)		199.90	7.63
Resident Assistant staff 24 hours per day		139.82	N/A
Initial Assessment / Care Conference		9.06	0.17
Total Base Assisted Living Fee		\$ 668.72	18.62
	Per day	\$ 21.93	0.61
Base Package - AL Rent			
Service	Per Month		
		Cost	
Rent		\$ 643.04	
Breakfast		29.12	
Lunch		29.12	
Activities		76.44	
Utilities - Includes Cable		97.82	
Base Package Rent		\$ 875.54	
Total Base Package Rent + Services		\$ 1,544.26	

Client Case Study

Assisted Living - A La Carte Services	
	Cost of Service
Bathing Assistance Level 1	\$ 113.52
Bathing Assistance Level 2	227.03
Grooming Reminders	133.26
Grooming Morning Minimal Assistance	199.90
Grooming Evening Minimal Assistance	199.90
Grooming Morning Extended Assistance	399.79
Grooming Evening Extended Assistance	399.79
Toileting Assistance Daytime	399.79
Toileting Assistance Overnight	399.79
NA-R Task Level 1	399.79
NA-R Task Level 2	599.69
Reassurance Check Level 1	399.79
Reassurance Check Level 2	799.59
Escorts	399.79

Assisted Living - A La Carte Services	
	Cost of Service
Ambulation	399.79
Transfer Assistance Level 1	399.79
Transfer Assistance Level 2 (assumed 2 staff)	799.59
Nutritional Support	416.35
Diabetic Monitoring Level 1	399.79
Diabetic Monitoring Level 2	799.59
Nurse Medication Management	117.73
Medication Management Level 1	399.79
Medication Management Level 2	399.79
Medication Management Level 3	599.69
Medication Management Level 4	599.69
Medication Reminders Only (2 Reminders)	133.26
Medication Reminders Only (3 Reminders)	199.90

Client Case Study

► OVERHEAD – ASSISTED LIVING AND MEMORY CARE

	Hourly Rate	Benefits %	Benefit Cost	Total Hourly Rate	Total Cost per Min
RN	\$ 29.31	21.66%	\$ 6.35	\$ 35.66	\$ 0.59
LPN	\$ 22.24	21.66%	\$ 4.82	\$ 27.05	\$ 0.45
NAR	\$ 14.13	21.66%	\$ 3.06	\$ 17.19	\$ 0.29
Maintenance	\$ 21.63	21.66%	\$ 4.69	\$ 26.32	\$ 0.44

Client Case Study

► OVERHEAD – ASSISTED LIVING AND MEMORY CARE

	Hourly Rate	Benefits %	Benefit Cost	Total Hourly Rate	Total Cost per Min
RN	\$ 29.31	21.66%	\$ 6.35	\$ 35.66	\$ 0.59
LPN	\$ 22.24	21.66%	\$ 4.82	\$ 27.05	\$ 0.45
NAR	\$ 14.13	21.66%	\$ 3.06	\$ 17.19	\$ 0.29
Maintenance	\$ 21.63	21.66%	\$ 4.69	\$ 26.32	\$ 0.44

2016 Budget

Total Campus	\$ 1,938,639
Enter Budget total salary costs all departments	\$ 419,984
Enter Budget total benefit costs all departments	\$ 1,238,710
Enter Budget total Direct Care productive salaries	
Enter Budget total operating exp less utilities, raw food, depreciation	
activities, incontinent, and nursing supplies	\$ 3,172,574
Benefits percentage of salaries	21.66%
Direct care staff benefits	\$ 268,353
Total cost less Direct Care productive salaries and benefits	\$ 1,665,511
Over head % (not including Direct Care productive salaries and benefits)	52.50%

General Assumptions:

Avg 4.33 weeks in a month (52 weeks per year / 12 months)

Avg 30.5 days in a month

Client Case Study

► COST SEGREGATION

Service to be provided	Laundry - Weekly for AL. Unlimited MC.		
Service Provided By	NAR	@ Per Hr	\$ 14.13
Benefits % =	22%		
Hourly Wage with Benefits	\$	17.19	
Wage Cost per Min	\$	0.29	

How long to complete this task? (Include travel time, charting time and other)

Time directly related to this service = 60

Staff Cost for task based on per min costs \$ 17.19

Percentage mark up from other costs 52%

Cost per incident for private pay \$ 26.22

Mark up for profit Margin 10%

Total Charge per service \$ 28.84

Use below to determine monthly package price

Times per month the service is provided 4.33

Total monthly price individually \$ 124.87

Package price \$ 124.87

Cost for Service 113.52

Services provided per Month Calculator			
Times per day		30.50	-
OR			
Times per week	1	4.33	4.33
Total hours provided per month			4.33

Client Case Study

► COST SEGREGATION

Service to be provided	Escorts		
Service Provided By	NAR	@ Per Hr	\$ 14.13
Benefits % =	22%		
Hourly Wage with Benefits	\$ 17.19		
Wage Cost per Min	\$ 0.29		

How long to complete this task? (Include travel time, charting time and other)

Time directly related to this service = 15

Staff Cost for task based on per min costs \$ 4.30

Percentage mark up from other costs 52%

Cost per incident for private pay \$ 6.55

Mark up for profit Margin 10%

Total Charge per service \$ 7.21

Use below to determine monthly package price

Times per month the service is provided 61

Total monthly price individually \$ 439.77

Package price \$ 439.77

GABTL Fee \$ 302.00

Cost for Service 399.79

Gain (Loss) on Service \$ (97.79)

Services provided per Month Calculator			
Times per day	2	30.50	61.00
OR			
Times per week		4.33	-
Total hours provided per month			15.25

Client Case Study

► COST SEGREGATION

Service Provided By	RN	@ Per Hr	\$ 29.31
Benefits % =	22%		
Hourly Wage with Benefits	\$ 35.66		
Wage Cost per Min	\$ 0.59		

How long to complete this task? (Include travel time, charting time and other)

Time directly related to this service = **30**

Staff Cost for task based on per min costs \$ 17.83

Percentage mark up from other costs 52%

Cost per incident for private pay \$ 27.19

Mark up for profit Margin **10%**

Total Charge per service \$ 29.91

Use below to determine monthly package price

Times per month the service is provided 4.33

Total monthly price individually \$ 129.51

Package price \$ 129.51

Total Package Price \$ 789.16

Services provided per Month Calculator			
Times per day	30.50	-	
OR			
Times per week	1	4.33	4.33
Total hours provided per month			2.17

Total package hours per month 25.04

Service Provided By	NAR	@ Per Hr	\$ 14.13
Benefits % =	22%		
Hourly Wage with Benefits	\$ 17.19		
Wage Cost per Min	\$ 0.29		

Time directly related to this service = **15**

Staff Cost for task based on per min costs \$ 4.30

Percentage mark up from other costs 52%

Cost per incident for private pay \$ 6.55

Mark up for profit Margin **10%**

Total Charge per service \$ 7.21

Use below to determine monthly package price

Times per month the service is provided 91.5

Total monthly price individually \$ 659.66

Package price \$ 659.66

Services provided per Month Calculator			
Times per day	3	30.50	91.50
OR			
Times per week		4.33	-
Total hours provided per month			22.88

Client Case Study

Base Package - AL Services			
Service	Per Month		
		Cost	Hours
Nurse Communication with Physician		\$ 58.87	1.08
Clinical Records		62.43	2.17
Laundry - Linens (weekly)		113.52	4.33
Housekeeping (weekly)		85.14	3.25
Reassurance Check (3x/day)		199.90	7.63
Resident Assistant staff 24 hours per day		139.82	N/A
Initial Assessment / Care Conference		9.06	0.17
Total Base Assisted Living Fee		\$ 668.72	18.62
	Per day	\$ 21.93	0.61
Base Package - AL Rent			
Service	Per Month		
		Cost	
Rent		\$ 643.04	
Breakfast		29.12	
Lunch		29.12	
Activities		76.44	
Utilities - Includes Cable		97.82	
Base Package Rent		\$ 875.54	
Total Base Package Rent + Services		\$ 1,544.26	

Client Case Study

► RENT BASED ON UNIT SQUARE FOOTAGE

Unit Type	Liveable SF
Total Liveable SF	28,160
Total P&I Expense	\$ 462,989
Cost per SF	\$ 16.44

Rental Rates Based on Square Footage	
[REDACTED]	\$ 603
Riverview Manor	\$ 630
Shoreside Cabin	\$ 644
Fireside Bay 1	\$ 671
Fireside Bay 2	\$ 671
Harbor Retreat	\$ 712
Waterfall Cottage	\$ 891

Client Case Study: Overall Summary

Service	Cost
Breakfast	\$29.12
Lunch	\$29.12
Activities	\$76.44
Utilities	\$97.82
Rent based on Square Feet	\$603
Total	\$835

Assisted Living - Summary of Base Rent and Services												
Unit Floor Plans	Base Rent Charged	Base Rent Cost	Base Rent Gain (Loss)	Services Base Fee	Services Base Costs	Services Base Gain (Loss)	Total Fee w/ Services	Total Cost (Base & Services)	Total Gain (Loss)	# of Residents	Total Gain (Loss) per Month	Total Gain (Loss) Annual
Shoreside Cabin	\$ 2,567	\$ 835	\$ 1,732	\$ 330	\$ 669	\$ (339)	\$ 2,897	\$ 1,504	\$ 1,393	22	\$ 30,644	\$ 367,733
	2,567	863	\$ 1,704	330	\$ 669	\$ (339)	2,897	1,531	1,366	6	8,193	98,318
	2,715	876	\$ 1,839	330	\$ 669	\$ (339)	3,045	1,545	1,500	17	25,497	305,964
	2,715	904	\$ 1,811	330	\$ 669	\$ (339)	3,045	1,573	1,472	9	13,252	159,022
	2,715	904	\$ 1,811	330	\$ 669	\$ (339)	3,045	1,573	1,472	2	2,945	35,338
	2,941	945	\$ 1,996	330	\$ 669	\$ (339)	3,271	1,614	1,657	2	3,315	39,776
	3,177	1,123	\$ 2,054	330	\$ 669	\$ (339)	3,507	1,792	1,715	2	3,430	41,165
Total										60	\$ 87,276	\$ 1,047,316

A La Carte Services - AL

Assisted Living - A La Carte Services									
	Responsible Staff	Time Allotted for Service	# Vists per Month for 1 Resident	GABTL Fee	Cost of Service	Profit Margin	Residents Enrolled or Occurances	Gain (Loss) for Service Monthly	Gain (Loss) for Service Annual
Bathing Assistance Level 1	NAR	30	9	\$ 220.00	\$ 113.52	\$ 106.48	23	\$ 2,449	\$ 29,390
Bathing Assistance Level 2	NAR	30	17	330.00	227.03	102.97	2	206	2,471
Grooming Reminders	NAR	5	61	90.00	133.26	(43.26)	0	-	-
Grooming Morning Minimal Assistance	NAR	15	31	188.00	199.90	(11.90)	10	(115)	(1,378)
Grooming Evening Minimal Assistance	NAR	15	31	188.00	199.90	(11.90)	6	(67)	(807)
Grooming Morning Extended Assistance	NAR	30	31	302.00	399.79	(97.79)	7	(719)	(8,625)
Grooming Evening Extended Assistance	NAR	30	31	302.00	399.79	(97.79)	5	(523)	(6,278)
Toileting Assistance Daytime	NAR	15	61	330.00	399.79	(69.79)	9	(628)	(7,538)
Toileting Assistance Overnight	NAR	15	61	220.00	399.79	(179.79)	4	(719)	(8,630)
NA-R Task Level 1	NAR	15	61	151.00	399.79	(248.79)	10	(2,488)	(29,855)
NA-R Task Level 2	NAR	15	92	302.00	599.69	(297.69)	0	-	-
Reassurance Check Level 1	NAR	5	183	119.00	399.79	(280.79)	2	(562)	(6,739)
Reassurance Check Level 2	NAR	5	366	362.00	799.59	(437.59)	0	-	-
Escorts	NAR	15	61	302.00	399.79	(97.79)	18	(1,760)	(21,123)
Ambulation	NAR	15	61	151.00	399.79	(248.79)	6	(1,493)	(17,913)
Transfer Assistance Level 1	NAR	15	61	302.00	399.79	(97.79)	9	(880)	(10,562)
Transfer Assistance Level 2 (assumed 2 staff)	NAR	30	61	361.00	799.59	(438.59)	2	(877)	(10,526)
Nutritional Support	NAR	15	61	211.00	416.35	(205.35)	2	(411)	(4,929)
Diabetic Monitoring Level 1	NAR	15	61	112.00	399.79	(287.79)	2	(576)	(6,907)
Diabetic Monitoring Level 2	NAR	15	122	224.00	799.59	(575.59)	3	(1,727)	(20,721)
Nurse Medication Management	RN	30	4	302.00	117.73	184.27	36	6,634	79,604
Medication Management Level 1	NAR	15	61	362.00	399.79	(37.79)	6	(227)	(2,721)
Medication Management Level 2	NAR	15	61	422.00	399.79	22.21	14	311	3,731
Medication Management Level 3	NAR	15	92	482.00	599.69	(117.69)	0	-	-
Medication Management Level 4	NAR	15	92	543.00	599.69	(56.69)	16	(907)	(10,884)
Medication Reminders Only (2 Reminders)	NAR	5	61	183.00	133.26	49.74	0	-	-
Medication Reminders Only (3 Reminders)	NAR	5	92	183.00	199.90	(16.90)	0	-	-
Per Occurrence									
NA-R Visit - per 15 min.	NAR	15		13.00	6.55	6.45	21	\$ 135	1,624
Wander Guard Assitance (monthly)	NAR	15		21.00	6.55	14.45	1	14	173
Skilled Nursing visit - per 15 min.	RN	15		29.00	13.59	15.41	4	62	739
Lab Management - per order	RN	15		44.00	13.59	30.41	23	699	8,392
Foot Care - Diabetic Clients	RN	30		55.00	27.19	27.81	0	-	-
A la carte Shower	NAR	30		51.00	13.11	37.89	0	-	-
A la carte Whirlpool bath	NAR	60		66.00	26.22	39.78	0	-	-
Tray Service - delivered to apartment	NAR	5		7.00	2.18	4.82	0	-	-
Housekeeping - per 15 min.	NAR	15		31.00	6.55	24.45	10	244	2,934
Individual Laundry loads	NAR	30		19.00	13.11	5.89	0	-	-
Maintenance services - min. charge 15 min	Maintenance	15		31.00	10.03	20.97	0	-	-
Carpet spot cleaning	Maintenance	15		26.00	10.03	15.97	0	-	-
Admission Assessments	RN	60		250.00	54.38	195.62	0	-	-
Total								\$ (3,923)	\$ (47,078)

Client Case Study

► POTENTIAL GAIN (LOSS) ON RENT & SERVICES

	Annual Base Fee Rent	Annual Home Care Services	Additional a la carte	TOTAL per PMLF
AL Revenue	\$ 1,921,584	\$ 237,600	\$ 702,022	\$ 2,861,206
MC Revenue	1,264,104	334,800	668,508	2,267,412
Total Revenue	\$ 3,185,688	\$ 572,400	\$ 1,370,530	\$ 5,128,618
	Rent Expenses ¹	Home Care Services ²	A La Carte Services ³	TOTAL per PMLF
AL Expenses	\$ 630,386	\$ 481,482	\$ 749,100	\$ 1,860,968
MC Expenses	325,675	800,052	899,271	2,024,998
Total Expenses	\$ 956,061	\$ 1,281,534	\$ 1,648,371	\$ 3,885,966
AL Gain/(Loss)	\$ 1,291,198	\$ (243,882)	\$ (47,078)	\$ 1,000,238
MC Gain/(Loss)	938,429	(465,252)	(230,763)	242,414
NET CASH FLOW	\$ 2,229,627	\$ (709,134)	\$ (277,841)	\$ 1,242,651
Add Principal	\$ 312,484	\$ -	\$ -	\$ 312,484
Less Depreciation	385,294	-	-	385,294
TOTAL ANNUAL GAIN/(LOSS)	2,156,817	(709,134)	(277,841)	\$ 1,169,841
AL Gain per Resident per Month				\$ 1,389.22
MC Gain per Resident per Month				\$ 673.37

Additional cash flow of potentially **\$986,975** for both AL and MC

¹ Includes the principal, interest, meals, activities, and utilities. Rent expense backs out depreciation

² Includes costs identified for the base service plan (i.e. Clinical Records, Reassurance Checks, Incontinent and nursing supplies, etc)

³ Includes costs associated with performing "a la carte" services based on the number of residents enrolled in February 2016

Key Takeaways

- Base care packages and a la carte services are losing money.
- For each additional service package a resident adds to their care plan, Client loses money 18 out of 23 times, based on the type of service package the resident is enrolling in.
- As the Home Care Package and “a la carte” services are added, the bottom line begin to diminish.
- Additional Support Services are priced accurately – no changes needed assuming the time allotted is accurate.
- Client should consider adjusting the prices for each service package so that it is reflective of market acceptable fees.



Operational Takeaways

- Important not to base price solely on competitive reviews.
- Time Studies of Ala Cart Options provide the greatest value to determining cost of service.
- Determine how you want to align with the market in terms of Ala Cart versus Levels.
- Review your pricing model at least annually as the workforce shortage may influence labor costs.

Q&A

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