Londonderry Village

A COMMUNITY ROOTED IN BRETHREN VALUES

BOARD OF DIRECTORS MEETING

February 7th , 2024 Board Room 8:30 AM

AGENDA

Welcome	Steve Tilley, Chair
Opening Prayer	Bob Fortna
Approve Minutes of December 6th, 2023	

Reports:

Financial Report	Henry Brubaker, VP Finance
Strategic Planning	did not meet
Finance Committee	Roy Meyer
Review/approve Tranquil Terrace Renovation	
Governance Committee	did not meet
Development Committee	Dennis Gingrich
Resident Life & Health	did not meet
Human Resources	Sandy Pintarch
President's Report	Jeff Shireman

Next Meeting: **March 6th, 2024 8:30 am**

Londonderry Village

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Board of Directors

Opening Prayer/Devotions for 2024

January	no scheduled meeting
February	Bob Fortna
March	Roy Meyer
April	Craig Moyer
May	Bonnie Wampler
June	Wendie DiMatteo-Holsinger
July	no scheduled meeting
August	no scheduled meeting
September	Tom Shenk
October	Ray Flagg
November	Dick Hann
December	Sandy Pintarch

BOARD OF DIRECTORS MEETING

Londonderry Village

A COMMUNITY ROOTED IN BRETHREN VALUES

DECEMBER 6, 2023

The Londonderry Village (LV) Board of Directors met on December 6, 2023 at 8:30 a.m.
Board Chair Steve Tilley opened the meeting and Dr. Dennis Gingrich led the group in prayer.

In Attendance

Board Chair Steve Tilley & members: Dr. Dennis Gingrich, Ray Flagg, Robert Fortna, Rev. Ronald Ludwick, Roy Meyer, Sandra Pintarch, George Porter, Thomas Shenk, Keith Wagner, James E. Williams, residents, Richard Hann and Chester Rose and new members, Bonnie Wampler, Wendi DiMatteo-Holsinger, and Craig Moyer.

Staff in attendance were CEO Jeff Shireman and Henry Brubaker

Absent: Rev. Belita Mitchell and Michael Swank

Thanks to departing members: Steve Tilley, Chair

Board Chair Steve Tilley extended thanks to departing members; Pastor Belita Mitchell, Rev. Ron Ludwick, and George Porter.

Welcome to new Board Members: Steve Tilley, Chair

Board Chair Steve Tilley extended a welcome to new Board members: Bonnie Wampler, Wendi DiMatteo-Holsinger, and Craig Moyer.

Approve Minutes – November 1st

Board Chair Steve Tilley made a motion to approve November 1, 2023 board minutes as presented. **<Approved Unanimously>**

Chair Steve Tilley, Jeff Shireman, and Henry Brubaker participated in the Annual Meeting with residents on November 14th.

Chair Tilley asked that members remain after the meeting for an Executive Session.

Financial Report: Henry Brubaker, VP Finance

- Henry reported that the October financial report is very similar with the trends we have experienced all year long. Revenue is running ahead of budget in 2023, and is also ahead of where we were a year ago. Credit the revenue to higher census, the impact of 2023 rate increases, and the positive effect of several early relinquishments.

- Census in Nursing steady at 68 (3 mo. average: 68) and Personal Care census slightly down at 37 (3 mo. average: 38). Independent Living census is at

95.7% occupied (Apartments) (3 mo. Average: 95.6%) (Cottage/Duplex) increased slightly at 89.6% occupied (3 mo. Average 88.3%)

- Nursing payor mix: Medicaid increased slightly at 35.9% (3-month average: 35.2%), Private Pay decreased slightly to 59.2% (3 mo. average: 61.1%) and Medicare increased to 4.9% (3 mo. average: 3.7%).

- Operating Revenue ahead of budget by $57,000, mostly due to increased revenue from the Therapy department. Year to date net is about $968,113 ahead compared to where we were in 2022.

- Select Indicators:
  - Expense to Revenue operating ratio decreased to 100.5% for October (107.0% YTD).
  - Days cash on hand: 420.4 (150.0 measure) / Debt service covenant: 6.05 (1.20 measure).
  - Payroll trends as of 10/2023: Nursing hours per resident day was 4.93 (2.87 industry requirement); Agency Hours increased to 603, mostly due to coverage for 2nd shift, and Total Overtime Hours were 1,384.
  - Total employee FTE's were (excluding PRN employees) 163.4.

Strategic Planning: Ray Flagg

- Board member Ray Flagg reported very positive marketing results. Currently there are 27 units under contract, which includes 11 single family homes and townhomes, and 1 Hybrid Villa at Fox Run.
- Marketing intern was hired by the Marketing Department to help with the workload.
- There is a decent amount of interest by prospects who would like to learn more about the Hybrid Villa apartments, but who are not yet willing to commit to a reservation.
- Hybrid prospects have expressed concerns about the lack of a connection to the Community Center. LV intends to purchase a 6-passenger golf cart in 2024 as an on-campus shuttle service to make it easier to get to the Community Center and Green Houses.
- Over the last 2 years, the applications (for IL) coming in have increased from 75 last year to over 90 this year.
- The Fake and Royer Green House renovations are complete.
- Francis Glynn shared an aerial view of Fox Run, Phase 1, including the Clubhouse.
- A rock crusher was brought in to all of the large boulders unearthed during the site work; all the crushed stone will be used for sidewalks and roads.
- Tranquil Terrace floor plan design is complete and the fire wall (to separate Leffler and Tranquil) construction will start very soon.

A motion was made, pending feedback from member Mike Swank, to authorize Jeff Shireman to sign a contract with Akens Engineering (at a cost not to exceed $80,000) to complete the engineering submissions necessary for the Fox Run Phase 2 land development final approvals. **<Approved Unanimously>**

Finance Committee: Did not meet

- Document signed with Fulton Bank to increase our line of credit.
- The 2024 Budgeting process is complete.

Development Committee: Dr. Dennis Gingrich

- The Development department is at 76% of their budgeted goals for the year as of the last calculation. This should improve from last year due to the farmland sale and legacy funds from the Klahr Estate.
- The Buddy Society has 106 active members who all are committed to the growth and purpose of the Good Samaritan Fund.
- Lisa Thomas is actively looking for contacts and new corporate sponsors through the Lebanon Chamber of Commerce. She also recently attended a meeting of the Rotary Club in Hershey.
- Priority in the New Year is to update the Londonderry Village website content with more information about activities, giving opportunities, and ways to support LV events. LV also intends to create a new video about the Good Samaritan Fund to be used for public and corporate sponsors.
- Plans for 2024 are to move the BBQ Bash event into 2 parts, moving the BBQ and auction to Saturday, June 22 from 9 a.m. - 3 p.m., since most activity took place in the heart of the day. A second date will be explored for the typical evening activities, including a band concert.
- Generations Big Band Christmas concert will take place on Sunday, December 10th at 3:00 p.m. in the Di Matteo Worship Center.
- The "Making Spirits Bright" luminary event takes place on Thursday, December 14th from 5:00 p.m. to 6:30 p.m., with a rain date of Monday, December 18th, from 5:00 p.m. to 6:30 p.m. at the Shearer Family PlayPark.

➢ **2024 Event Schedule**

- **May 2024: (TBD):** Buddy Society Dinner
- **June 22, 2024:** Summer BBQ Bash 2024
- **September 19, 2024 :** Cathy Snell Memorial Golf Tournament, *Royal Oaks Golf Club (Lebanon)*
- **October 8, 2024 :** Good Samaritan Fund Dinner, *DiMatteo Worship Center/Fellowship Hall*
- **December 2024: (TBD):** HSO Christmas Spectacular, *DiMatteo Worship Center/Fellowship Hall*
- **December 18, 2024 :** Making Spirits Bright (luminary event), *Shearer Family PlayPark*

Resident, Life & Health: Did not meet

- Nothing to report

Human Resources: Did not meet

- Upcoming meeting on Tuesday, December 12 at 10:00 a.m.

Presidents Report: Jeff Shireman

- Jeff Shireman educated the Board on our internal QAPI (Quality Assurance and Performance Improvement) program, which is required by the Department of Health. The Board will receive periodic QAPI reports to make them aware of the issues that are being studied and improved within the facility.
- Jeff will be meeting with independent living residents tomorrow at the monthly "What's New with Jeff" meeting in the Di Matteo Worship Center. Jeff will be discussing the 2024 Budget and 2024 rate increases, as well as comparing LV charges and fees with comparable fees at other local retirement communities.
- Current Covid-19 status: LV is seeing some minor fluctuations in the number of active cases. There have been recent outbreaks in Personal Care & Nursing care, as well as among the staff. We do not know the extent of cases in IL, because most of them do not report their illnesses to LV staff. None of the known cases progressed to the point of serious illness or hospitalization. LV residents and staff were offered covid booster shots during an onsite clinic in November.
- LV is gearing up for a very busy Christmas season. The Generations Big Band Christmas concert is December 10th, the IL Christmas luncheon is on December 12th, and the "Making Spirits Bright" luminary event on December 14th.

- Chair Steve Tilley encouraged the Board members to read the informational articles Jeff provided in the Board packet. Steve thanked Jeff for providing the articles.

Next Board Meeting: February 7th, 2024 in the Board room (Zoom option available)

Meeting adjourned at 10:10 a.m.
Staff excused for the Executive session.

Respectfully submitted,
Barbara Showers, Recording Secretary

Londonderry Village

A COMMUNITY ROOTED IN BRETHREN VALUES

PRESIDENT'S REPORT February 2024

Note: *This report is being prepared on 1/23/24, slightly earlier than normal, as my wife and I are headed out of town for (1) the birth of our second grandchild, and then (2) the wedding of our son in St. Petersburg, FL. I will be joining the February Board meeting via Zoom. ....Jeff*

- There are currently 63 residents in Nursing care. Over the past 6 weeks the nursing census was as low as 60 and as high as 67.

- The Personal Care unit has a census of 36, though two of those folks are temporarily in Nursing.

- There are 480 independent living residents on the campus at the present time. Taken together, there are 579 residents living on the campus.

- We need the overall nursing census to be 60 or lower for an extended period in order to close the Leffler Unit by relocating 20 residents to the Fake and Royer Green Houses.

- We are still recruiting for the vacant Assistant Director of Nursing position. Part of the difficulty in filling this position is that it comes with a requirement to help fill-in on the nursing floors (including nights and weekends) when we experience call-offs. Most of the RN's we are seeing are looking for a 100% desk job.

- Several months ago, one of our long-tenured LPN's resigned to take a position in one of the Penn State Health physician offices…a position that had no weekend requirements. That nurse has been lobbying some of our other LPN's to follow her lead; some physician offices have even "sweetened the pot" by matching our hourly rates and also by offering 4-day workweeks (10 hour days) with no weekends. That is almost impossible to compete against.

- Karen Reed has been promoted by Morrison Living to the position of Dining Services Director for Londonderry Village. Karen has been the Assistant Director here at LV for the last 3 years. She is well known to us, and has 20+ years of relevant experience in food services for senior living. She interviewed much better than two highly-credentialed Chef managers. Karen's primary goal is to re-open the Season's Restaurant on a more frequent basis within the next few months.

- The Pennsylvania Department of Health (Nursing Facilities) conducted their annual inspection of the Londonderry Village Nursing center in mid-January. We had another excellent survey, with only one minor documentation deficiency being cited. That deficiency has already been corrected and our license is good for another year! Kudos to Jen Ginder, her staff, and all of the operating departments who were evaluated during the survey. Great surveys are a key factor in maintaining our CMS 5-star rating.

- The Life Safety Division of the PA Department of Health also conducted their annual survey of Londonderry Village in late January. This is the part of the Health Department that is concerned with physical plant issues, particularly related to fire safety. As in past years, we also did well on this survey with just 2 minor deficiencies. One concerned a fire door that did not self-close correctly and the other was in a Green House where the ceiling door (for attic access) did not latch all the way. Both situations have already been corrected.

- We recently announced a new partnership with Penn State Health concerning primary care practitioners being made available to LV residents. Penn State Health is trying to expand their Geriatric division and have formed these partnerships with several local retirement communities. They are providing a Physician, a Physician's Assistant, and a Nurse Practitioner to Londonderry Village; the Nurse Practitioner will be designated for making "house calls" to independent living residents. The news has been received very positively and we are already getting calls from folks who want to sign up.

- Fox Run construction has proceeded through the early winter without much weather disruption. Construction has begun on the first hybrid villa apartment building, and the other eleven homes are in various staggered phases of completion. We were delayed for nearly 6 weeks by a paperwork "glitch" by PA American Water; that was resolved and utility trenches and piping are now being installed.

- AFS is poised to start the renovations to Tranquil Terrace once the Board formally approves the project. Details will be provided at the February meeting.

- Last, but not least, the Marketing Department has signed a second reservation for a Hybrid Villa apartment! We hope to see more of those as construction proceeds.

Jeff Shireman, President

Outlook 2024: 'Glimmer of hope' amid financial strain, merger uncertainty

KIMBERLY MARSELAS MCKNIGHT'S DAILY NEWS JANUARY 9, 2024

Far fewer nursing home owners and administrators see a definite sale or merger in 2024, but that could easily change as financial and operational uncertainty continue to dog the sector's decision-makers.

Some 47% of skilled nursing leaders participating in the *McKnight's* 2024 Outlook Survey said they were uncertain whether they were more likely to sell, hold all or acquire facilities in the year ahead. Last year, just 12% chose "not sure," with 39% indicating a partial sale, full sale or merger was likely.

This year, however, just 9% of leaders chose the combined sale or merger options. Experts told *McKnight's Long-Term Care News* that could be a sign of easing financial pressures, slowing sale options or, more simply, the many unknowns providers will face this year.

Lisa McCracken, head of research and research analytics for the National Investment Center for Seniors Housing & Care called the 47% uncertain rate "puzzling" but conjectured that various economic realities could be factoring into the decision to hold off on those decisions.

"This has been playing out for several years now around selling, that sort of recalibrating and some of the downsizing," McCracken said. "We know that's been particularly true for some of the freestanding nursing homes. If that's all you have is a 60-bed nursing home, that's really tough. That type of community has slowly been rolling up and consolidating into larger platforms. ... The question has been where will that slow down or potentially bottom out."

McCracken said the trend of the last few years has a natural limit, and providers — especially those in the quickly trading continuing care retirement community business — may have reached it because they're now filling more of the beds that remain.

"The likelihood of those same numbers and that same pace of sale and transaction activities is going to slow down," she said. "Have they hit a spot where they're saying they are comfortable with that right-sizing approach that they've taken the last several years and feel like that's something that they can now maintain? They might be in a holding pattern."

On the other hand, challenged providers may be remaining on the sidelines to see where valuations head this year. For some, however, time may be running out to make a deal while still operational. McCracken said that could influence valuations in 2024, if more financially strapped facilities come on the market with owners more willing to take lower purchase prices.

"There's gonna be some forcing of narrowing there because people are going to be tired of sitting on things for an extended period of time," McCracken added. "I think 2024 is going to be a very interesting year."

Mixed signals on improvement

As with many of the queries in this year's survey, lingering questions around a proposed federal staffing rule and its implementation timing are influencing providers' strategizing, too.

The 2024 *McKnight's* Outlook Survey drew 350 responses from skilled nursing owners, administrators, nurse leaders and other key professionals. It was administered online Dec. 1 through Dec. 28.

One-third of respondents said they would have to close units or wings of a facility if a proposed mandate to hire thousands more certified nurse aides and registered nurses comes to fruition. Another 8% said they "would consider selling or merging" at that point, while 7% said they "would likely have to close" their facility entirely.

"If any kind of mandate actually does find its way into regulation, that's going to drive providers to close up," predicted Bob Lane, president and CEO of the American College of Health Care Administrators, told *McKnight's*. "We know that all of the studies have shown that the costs associated with this mandate are exorbitant."

One factor that could help, Lane pointed out, would be lower interest rates. He called the Federal Reserve's December decision to keep a key interest rate unchanged a "nugget of positivity." The Fed has indicated that inflationary pressures are easing and that the job market was cooling and signaled that members may cut rates multiple times this year.

"I see that as a glimmer of hope," Lane said. "Rising interest rates and operations costs hit everybody, whether it's in your supply costs, your food costs, your labor costs. ... When everything costs more, and it comes back to 85% of your revenue base is essentially paid through two government programs that aren't keeping pace with those rises in cost, then it paints everyone into a corner."

With the mandate hanging over their heads, providers continue to show strong interest in converting beds and taking them out of the nation's skilled nursing inventory. Some 19% or providers said they'd choose that option if the mandate were finalized. That would continue a trend of shifting licenses from skilled care to assisted living, which has been especially notable in CCRCs.

“These are not organizations that are trying to buck any system by any stretch,” McCracken said, adding that many organizations are thinking about the future and where they may be able to provide somewhere less complex care with less cost and, possibly, less regulation.

“Where can you do that within a safe environment? As much as they can, that may be in a higher level assisted living with some additional supports,” she said. “That’s a less costly environment that may not have some of those obvious demands.”

Moving off the value-based sidelines

The continued escalation of inflation and wages amid more Medicaid uncertainty are also leading many provider leaders to consider new ways to improve financially.

Some 36% of providers said they will likely be more involved with specialty services such as dialysis, memory care or ventilator care this year.

That was followed by 28% of providers who said they’d likely be more involved with accountable care organizations. This comes a year into the ACO Reach model, which has been billed as being more friendly to skilled nursing operators interested in taking on risk and earning rewards for the care they deliver.

“Organizations that were kind of sitting on the side lines in the years past that are now coming to the table and meaningfully engaging and value-based care,” Brian Fuller, managing director of ATI Advisory’s value-based care design and delivery practice. “We are of the mindset that no one will be left out and everyone involved in healthcare in their communities will need to and increasingly have a seat at the table with relevant value to contribute kind of to the overall achievement of value.”

The Centers for Medicare & Medicaid Services and its Center for Medicare & Medicaid Innovation is also increasing its commitment to better engaging specialists, including skilled nursing providers, in value-based care. Fullers said the idea of caring for senior patients as part of a broader population care management approach will accelerate in years ahead.

That makes it a prime time for those skilled nursing providers to get onboard, he said.

And if they’re not already thinking about care diversification and partnerships, McCracken said, this is the time to start.

“The nursing home environment, it’s not historically the same as what it’s been. You’ve got to be able to up your game and have different ancillary services or be at risk for payment. If you’re in [the sector], you’ve got to be able to operate at a certain level of sophistication, and I think all of these play into that.”

ZIEGLER INVESTMENT BANKING
SENIOR LIVING FINANCE Z-NEWS
Page 1 | Week of October 9, 2023

FEATURED ARTICLE

PROJECTING RESIDENT MONTHLY FEE INCREASES FOR THE YEAR AHEAD

Last week, Ziegler released its most recent *CFO Hotline℠* survey report that focused on the resident monthly fee increases for 2023 and projected into 2024. This annual survey has been conducted by Ziegler for more than a decade. Two hundred and fifty (250), primarily not-for-profit, senior living CFOs and financial professionals from around the country responded to the most recent survey, with 62% representing single-site organizations and 38% representing multi-site organizations.

The survey asked about increases given for the current year, projected increases for the year ahead, and other tactics that providers are using to offset rising expenses. Additionally, the full report lists the increases by region, by levels of care, and by contract type. Communities with all contract types were reporting record-high increases.

The table below details the reported figures for independent living increases in recent years, as well as projected for the year ahead. For 2023, the median percentage increase in monthly fees is 6.00%, which is significantly more than the typical 3.00% increase of previous years, and higher than the 2022 median increase of 4.48%. However, the projections for 2024, by all metrics, are lower than 2023.

Percentage Increase to Independent Living Monthly Fees

Statistic	2024 *(projected)*	2023	2022	2021	2020	2019
Minimum	***-1.00%***	0.00%	0.00%	0.00%	0.00%	0.00%
1st Quartile	***4.00%***	5.00%	3.50%	2.71%	2.90%	3.00%
Median	***5.00%***	6.00%	4.48%	3.00%	3.00%	3.00%
3rd Quartile	***6.00%***	7.50%	5.50%	3.75%	3.90%	3.80%
Maximum	***12.00%***	15.00%	15.00%	12.00%	10.00%	6.88%
Average	***5.03%***	**6.24%**	**4.70%**	**2.98%**	**3.26%**	**3.14%**

Source: Ziegler CFO Hotline℠, September 2023

A question was posed on the survey regarding mid-year increases. As shown in the bar graphs on the next page, roughly seven percent (7%) reported that they implemented such an increase this year. When asked about the year ahead, nearly 40% indicated that they are keeping this option open for 2024. Some CFOs commented that their contracts place restrictions on increases outside of an annual move.

Go where the people are – Why social recruiting works

KENDRA NICASTRO MCKNIGHT'S LTC NEWS JANUARY 10, 2024

With more than 20 years of experience in the healthcare industry, I've witnessed immense change over the years, especially as it relates to recruiting and hiring. And whether your building is hiring direct care staff or executive leadership, being present and standing out from the competition online is critical.

By doing a quick search on any job board, you'll find that there are more than 8,500 Director of Nursing (DON) positions open nationwide. As we make our way through 2024, nursing centers will need to expand beyond traditional marketing efforts to attract employees.

So where do you start? The answer is closer than you think.

When the number of job openings far exceeds the number of job seekers, the key to finding the best talent is incorporating efforts that also focus on passive candidates. According to multiple studies, 70% of the workforce is passively looking for a new job. These individuals aren't spending time scrolling through job boards each day. However, they *are* spending time on their phones on their favorite social media platforms.

The average adult spends about 2.5 hours on social media every single day. That adds up to more than 17 hours per week. Facebook, LinkedIn, Instagram and TikTok may sound like unconventional ways to generate interest and attract candidates, but studies show that 73% of job seekers ages 18-34 found their last job using social media. If your organization doesn't have a presence across multiple platforms, you are missing out on a low-cost way of building relationships with your future hires.

Having a presence on these platforms allows you to strengthen your employer brand, showcase your culture, save on recruitment costs, and ultimately get people interested and excited about your open positions. It is a valuable recruitment strategy because of the way it allows you to connect with active *and passive* candidates in a natural and genuine way. Plus, it's all happening in real time. If someone comments on your company's post or sends a private message, you have the ability to respond to them almost immediately.

Building a solid social media recruitment strategy starts with five steps:

1. Determine who will be involved. Determine who will be primarily responsible for posting, and if approval is needed from leadership. We recommend ensuring that at least two people on your team have access to all media platforms – including usernames and passwords in the event someone is on vacation or leaves the organization.

2. Set short-term and long-term goals. These can include increasing the total number of new applicants by X percent and lowering the overall cost per hire. Remember, social media successes come with time. By showing up consistently and genuinely, you'll begin to build rapport and become more recognizable online.

3. **Work with HR or hiring managers to get a list of open positions.** Determine which positions to post (and the appropriate platforms for them) as well as messaging that will best resonate with that audience. If you have openings for CNAs and offer daily pay or complimentary meals, talk about it. If you provide career advancement opportunities or tuition reimbursement, talk about it. Make it easy for your audience to see the benefits of working for you.

If you are unsure what to post, ask your current employees what got them to apply. Remember, what you think is important may not be the same as what is actually important to your specific audience.

4. **Decide where to post.** Each platform has a different audience. We know that people ages 18-34 make up 60% of Instagram's audience, and 78% of TikTok users are under 39 years old. Posting direct care, support roles, and even middle management opportunities could be effective for these two platforms.

One thing to note though – Facebook is king. Facebook remains the leading social media platform. It has been around since 2004 and has special features such as groups dedicated to healthcare jobs, where you can gain access to hundreds of qualified candidates in your area.

5. **Create a blend of content.** Everything you post shouldn't be about your open positions. In fact, everything you post shouldn't be about your company. Think of your online presence like a first date. When you first meet someone, it's off-putting if all they do is talk about themselves and how spectacular they are. Your organization's posts should include a mix of entertaining, educating, and promoting. For example, a post that entertains could include resident activities or employee recognition while educational posts can include quick health facts or articles.

Social recruiting works. Your organization's social media efforts can complement the more traditional ways of reaching potential new hires, but in order for it to work for you, you have to invest the time to develop a plan and remain consistent. Your target audiences are showing up on social media for multiple hours each day. Are you?

Kendra Nicastro is the Director of Business Development and Marketing Strategy for LeaderStat, a national healthcare recruitment and consulting firm.

WHAT'S HAPPENING WITH NOT-FOR-PROFITS ... AND WHERE DO THEY GROW FROM HERE?

Dec 7, 2023 | Love and Company Industry Trends

By Dan Hermann, President and CEO, Head of Investment Banking at Ziegler

The senior living market in this country has grown and thrived for more than 30 years, ever since members of the Greatest Generation first became interested in moving to senior living communities. This was especially true for healthcare-driven continuing care retirement communities that touted a continuum of healthcare services, an advantage that enjoyed such broad appeal that continued growth and prosperity seemed limitless.

Toward the end of the first decade of the new millennium, a series of demographic, financial, legislative and community health events occurred. Each event had a lasting impact on the senior living market. Here's what happened:

- **2008**—The bottom fell out of the real estate market, plunging the country into the Great Recession
- **2010**—The first wave of baby boomers turned 65, ushering in the country's largest-ever senior population
- **2012**—The Affordable Care Act (ACA) was passed, which would soon prove to have a strong impact on senior eligibility for Medicaid
- **2020**—The first wave of baby boomers turned 75 and actively entered the market for senior living
- **2020**—The COVID-19 pandemic began, altering the conventional wisdom for how senior living could grow and prosper.

A NEW BEGINNING

Even as the real estate economy cratered in 2008 and faltered until 2012, many not-for-profit senior living communities continued to flourish. But as time passed, a lot of smaller communities either fell by the wayside and closed or were acquired by for-profit, private sector organizations. In the past decade, the private sector has responded to the growth in the senior population with a highly competitive product that poses a great danger to traditional not-for-profits.

Two years into the Great Recession, the first baby boomers turned 65 and began to actively plan for their retirement. Unfortunately, many senior living communities failed to anticipate that this new generation of seniors had completely different sensibilities than their parents. Those communities began struggling, and the ones that are still in business will continue to do so unless they're able to evolve.

As the 2010s moved along it became apparent that a new way of thinking was needed to keep the not-for-profit advantage intact. If communities failed to adapt, the private sector would most certainly step in to fill the void and keep growing to match the demographic growth.

WHAT NEEDED TO HAPPEN

The course to survival and prosperity for not-for-profits required some significant changes in both thinking and action. The most successful communities discovered that their path included expanding an existing campus or adding satellite locations, rather than planning and building a new full-service campus. They also proactively retooled the Life Plan Community advantage, emphasizing empowerment and choice over available on-site healthcare. Many communities even scaled back their healthcare operations, turned to technology to enable care to be delivered by remote physicians and created satellite campuses that offer only basic healthcare services.

MOVING PAST COVID-19

In 2020, as the COVID-19 pandemic devastated nursing homes and assisted living communities, Life Plan Communities were desperate to find a way for their independent living residences to survive. Three new ways emerged to help not-for-profits grow without the financial risk of creating a whole new campus, each of which offers less risk and potentially great ROI. These include:

- **Reaching into an underserved market**, which can often be more cost effective than building new in a community's existing market, especially when the existing market is highly saturated
- **Exploring affordable housing**, a growth area that is less familiar to traditional not-for-profit senior living organizations, and that may require affiliating with or acquiring an affordable housing developer
- **Offering home and community-based services (HCBS),** which often operate much like an expansion of an existing community, but with a separate department established to launch, manage and promote the program to the community

BIGGER IS STRONGER

Not-for-profit senior living of the future will be a business led by larger organizations, echoing the consolidation that's been happening for decades in the healthcare market. It is now imperative to make the necessary structural changes that will keep the not-for-profit advantage intact. The growth that will come—and it's already happening for many forward-thinking communities—will simply look and feel different from that of past models.

The new not-for-profit model will be a segmented business, operating a lot like Marriott, which transitions down from JW Marriott to Fairfield Inns. This is what the most successful systems are already doing to attract residents from a greater percentage of the senior population.

For senior living, multisite Life Plan Communities will be the high-end products, while strong affordable housing and home and community-based services round out the spectrum of offerings. This is how future billion-dollar systems will emerge.

WHAT TO AVOID

Just as there are new paths to ensuring growth in not-for-profit senior living, there are also pitfalls that can quickly sideline that growth. These include:

- Failing to maintain occupancy in the 90%s to be financially sound
- Failing to address and correct financial challenges
- Straying from the top position in a market while occupancy is high
- Ignoring the career paths of key staff members
- Having a board of directors that is not proactive
- Retaining an executive director who is not putting forth the effort

Not recognizing when there's a challenge to growth—and not acting on it—almost guarantees that a community will be forced to affiliate with another not-for-profit. Even worse, not affiliating with another not-for-profit at the right time can result in a community being acquired by a for-profit operator. Suddenly, all those volunteer hours put in by founders and board members become meaningless, and the private sector quickly acquires another competitive location.

AN UNPRECEDENTED TIME

The baby boomer generation is a one-off: We'll never experience such a demographic surge of eligible seniors again. Senior living has weathered some tough times, but today's market is ripe for those who understand how to structure a community and are willing to evolve and adapt to do so.

The top long-term care stories of 2023

JAMES M. BERKLAN MCKNIGHT'S LONG TERM CARE NEWS 12/18/23

Long-term care providers were intent on dismissing undesirable memories of the COVID-19 pandemic as much as possible in 2023, but the year's top stories revealed there were still remnants of it to deal with — and plenty of other issues to fill the gaps.

From unprecedented, increased regulatory pressures to newly introduced legislation, ongoing workforce challenges, image problems and more, there was a lot to digest.

Here are the top stories that grabbed our readers' attention in 2023, the top handful of them inevitably related to the staffing mandate and the sector's ongoing workforce challenges.

Federal minimum staffing proposal dominates

By the time the Centers for Medicare & Medicaid Services finally issued its first-ever rule to set nursing home minimum staffing levels, the sector had experienced a roller-coaster of tense emotions. The Sept. 1 announcement put providers and their advocacy counterparts in labor and consumer groups in an uproar.

Operators called the proposal an impossible, unfunded mandate, if not because of the estimated $4 billion or greater price tag, then because there simply aren't currently enough registered nurses to satisfy the tripling of current mandated levels.

'Accidental' early study release, Biden unloads on providers

President Biden added fuel to the fire when he unloaded on nursing operators just days after the staffing mandate was proposed.

The administration, however, was undercut a few days before the proposed rule's release, when a "draft" of it was briefly posted online before being pulled down. That gave outsiders an early look at study findings saying it's impossible to settle on a specific staffing level(s) that would serve the White House's desired goal. Despite officials calling it a "draft" study report, it was nonetheless included in the same form when the proposal was released later that week.

The intrigue persists: Was it truly an accidental early posting, or was it the purposeful act of an insider sympathetic to providers' year-long criticism that an unprecedented staffing mandate would be a bad idea?

Staffing mandate's costs greatly underestimated: report

Three weeks after the staffing mandate was officially proposed, a respected third-party analyst hired by providers found that its cost would be nearly 60% higher than the $4 billion annual cost estimated by the Centers for Medicare & Medicaid Services.

Nursing homes would need to spend more than $6.8 billion annually and hire more than 102,000 new workers under its proposed form, said an updated analysis issued by accounting and consulting firm CliftonLarsonAllen.

Bills would block federal staffing mandate

Within five weeks of the staffing rule's proposal, Republican House members proposed legislation to block it. A similar Senate bill, this one bipartisan, was proposed in December. The legislative efforts are being led by lawmakers in rural states, which figure to be most severely hurt by any new staffing standard.

CMS delivers 4% Medicare pay raise

Nursing homes received a higher-than-expected 4.0% increase to their Medicare Part A payments for fiscal 2024. The July 31 final rule from CMS added 0.3% — or $200 million — to the agency's original April proposal. Inflationary costs were deemed responsible for the largest annual increase in recent memory. In addition, most of the recommended vast changes to CMS' quality reporting and value-based purchasing programs were retained in the final rule.

Biden plan would tie pay rates to staff turnover rates

In mid-April, President Biden signed a massive executive order that included several measures intended to improve access to long-term care and bolster job protections for skilled nursing workers. Among them were calls to expand on the then-undisclosed staffing mandate and to tie Medicare payments to staff retention. The White House called the 50-plus elements the "most comprehensive set of executive actions any President has ever taken to improve care for hard-working families while supporting care workers and family caregivers."

Nursing home ownership transparency pushed

Federal authorities made good on their promise to increase transparency from anyone owning a stake in nursing homes, or doing top business with them, with a rule finalized Nov. 15.

The rule imposes many of the ownership transparency measures outlined in a February proposal and defines both private equity and real estate investment trust owners. A coalition of 18 attorneys general fueled aspects of the rule with a plea for more ownership information.

Feds lift COVID-19 vaccine mandate that Supreme Court upheld

Regulators made big news in late spring when they announced they were acting to COVID-19 vaccination requirements for healthcare workers. The mandate had been upheld by the Supreme Court in a historic court decision in January of 2022.

Other vaccine requirements also were lifted with the end of the public health emergency on May 11. Booster shot rates have plummeted since.

Among the other big story lines

As the referring examples in this sentence indicate, the skilled nursing sector saw a growing number of providers shedding or closing facilities, or filing for bankruptcy as access worries mounted.

Meanwhile, as Medicare Advantage plans passed the 50% market share level for the first time, regulators made moves to impose more standards on them, with providers appealing for even more.

On Oct. 1, the largest overhaul to the Minimum Data Set in years became effective, capping a hectic year of planning and worrying.

Also on the federal regulatory front, authorities quietly put into place new, stricter measures regarding infection control and general vaccine immunization matters. They also continued to increase scrutiny of the use of antipsychotics and schizophrenia medications.

In other pandemic-related matters, a federal jury found that the nursing home that was the site of the first major COVID-19 outbreak in the US was not liable for the deaths of two residents. It signified one of a number of heartening court victories for providers accused of wrongdoing in the early days of the public health emergency.