Londonderry Village

A COMMUNITY ROOTED IN BRETHREN VALUES

BOARD OF DIRECTORS MEETING

March 1st, 2023 Board Room 8:30 AM

AGENDA

Welcome	Steve Tilley, Chair
Opening Prayer	George Porter
Approve Minutes of February 1, 2023	

Reports:

Financial Report	Henry Brubaker, VP Finance
Strategic Planning	did not meet
Finance Committee	Roy Meyer
Governance Committee	Keith Wagner
Development Committee	did not meet
Resident Life & Health	George Porter
Human Resources	Sandy Pintarch
President's Report	Jeff Shireman

Next Meeting: **April 5th, 2023 8:30 am**

BOARD OF DIRECTORS MEETING • FEBRUARY 2023

Londonderry Village

A COMMUNITY ROOTED IN BRETHREN VALUES

The Londonderry Village (LV) Board of Directors met on February 1, 2023 at 8:30 a.m. Board Chair Steve Tilley opened the meeting with introductions and Sandy Pintarch led the group in prayer.

Present: Board Chair Steve Tilley and members: Ray Flagg, Bob Fortna, Dr. Dennis Gingrich, Dick Hann, Rev. Ron Ludwick, Roy Meyer, Rev. Belita Mitchell, Sandy Pintarch, George Porter, Tom Shenk, Chet Rose, Keith Wagner and Jim Williams. Staff in attendance were President Jeff Shireman and Henry Brubaker, VP of Finance/CFO

Absent: Michael Swank

December 2022 minutes reviewed and approved as presented. **<Approved>**

Chair Tilley reviewed the Board Members whose terms expire at the end of 2023:

Rev. Belita Mitchell, retiring from the Board of Directors *(COB)*

Rev. Ron Ludwick, term limited and ineligible for re-election *(COB)*

George Porter, term limited and ineligible for re-election

Please forward candidate recommendations to Sandy Pintarch. The Nominating Committee will be formed and will explore suitable candidates for the upcoming open positions.

FINANCIAL REPORT:

Henry Brubaker reviewed the preliminary December 2022 financials. Highlighted points include:

- Census in Nursing was 62 (3 mo. average: 60) and Personal Care census increased to 37 which is almost maximum capacity (3 mo. average: 35). Independent Living census remained strong at 95.4% (Apartments) and 91.2% (Cottage/Duplex).
- Nursing payor mix: Medicaid lowered to 29.2% (3 month average: 33.7%), Private Pay remained steady at 58.2% (3 mo. average: 58.9%) and Medicare increase significantly to 12.6% (3 mo. average: 7.3%) which reflects the numerous new admissions, many of which were short term rehab (Medicare).
- Mr. Brubaker explained new expense line item... "Amortization Right of Use Asset", which is the non-cash expense write-off of the solar panel array.

- Select Indicators:
  - Expense to Revenue operating ratio was 82.8% for December (102.0% YTD).
  - Days cash on hand: 372.3 (150.0 measure) / Debt service covenant: 5.26 (1.2 measure).
  - Payroll trends as of 12/2022: Nursing hours per resident 4.98 (2.7 industry requirement); Agency Hours continued to decline at 15 and Total Overtime Hours remained steady at 1,282 respectively; Total FTE (excluding PRN) is 165.8.
- Non-operating income included a significant gift from the 2022 IL Annual Estate & Yard Sale proceeds.
- Mr. Brubaker stated that 2022 had strong cash flow mainly due to the significant number of entrance fees received. Jeff commended the Marketing Department for their hard work in marketing the Londonderry Village campus.

STRATEGIC PLANNING COMMITTEE:

Chair Flagg gave a review of the recent joint meeting with the Finance Committee.

- The Committee received the Strategic Planning repositioning presentation from consultants Jeffrey Anderzhon and David Slack. Highlights include:
  - A total of 58 Assisted Living apartments with a dedicated space for Assisted Living memory support.
  - Remodeled dining venue for independent living and expand the Wellness Center to include a lap pool.
  - The project would be completed in phases, minimizing disruption.
  - Mr. Slack stated that Londonderry Village has a strong capital structure and (currently) very low debt. He indicated that LV could comfortably take on additional debt, and this plan works financially to improve the organization.
- **The Strategic Planning Committee recommends President Shireman be authorized to spend up to $50,000 to proceed with the next development steps in carrying out this repositioning plan. Seconded by Roy Meyer. <Approved, unanimously>**
- Management is confident that Londonderry Village will soon receive the NPDES permit which would allow LV to start clearing and grading the site. Akens Engineering continues to make plan adjustments per the County Planning Department request.

FINANCE COMMITTEE:

- The 2022 Financial Audit is underway and the Committee is expecting a presentation at their March meeting.

Development Committee:

- The Committee meeting focused on options and proposed changes to the Chicken BBQ & Auction Event; Auxiliary President Alan Hulshart was invited to the meeting for his input. Highlights include:
    - The Committee is in favor of keeping chicken BBQ on the menu; however, supplement with other food offerings. They empowered the Development Department to procure supplemental food options, work on event logistics and decide on an updated name: Summer BBQ Bash
    - After lengthy discussion, the Committee approved a motion to consolidate the activities into a one-day event.

Resident Life/Health Committee: Did not meet

Human Resource Committee: Did not meet

President's Report:

- President Shireman received notice that Chaplain Mary Eller will be retiring at the end of April; he stated LV has already started the search process for a new full-time Chaplain.
- 'Food for Thought', a monthly luncheon for 10 selected residents to join President Jeff and Director of Development Lisa Thomas for an hour of fellowship, has resumed. The goal of this is to get to know one another on a more personal basis, talk about life at the Village, as well as share ideas for ways to further enhance and develop our Londonderry Village Community.
- Original Green House renovation next steps:
    - Shope Gardens Construction won the bid for the job, which will mainly be subcontracted. Each original Green House will receive fresh paint, new flooring, a new kitchen and updated technology, which will take approximately 3 months per house.
    - Castagna Green House is next to be renovated, followed by Fake Green House and Royer Green House which will be renovated concurrently.

Next Board Meeting: March 1 at 8:30 a.m. in the Board Room (Zoom option available)

Meeting adjourned at 10:15 a.m., staff excused for Executive Session.

Respectfully submitted,
Amy Kinney, Recording Secretary

Londonderry Village

A COMMUNITY ROOTED IN BRETHREN VALUES

PRESIDENT'S REPORT February 23, 2023

- **Congratulations** are in order for all of the operating departments that contributed to our **ZERO DEFICIENCY** inspection by the Pennsylvania Department of Health (Nursing Facilities Division). This is the most rigorous inspection process that we undergo every year, so we are very proud to say we came through it with flying colors! Three surveyors from the DOH started their unannounced inspection on February the 7th and exited on the 9th.

- There are currently 62 residents in Nursing care. 39 of our 40 Green House beds are full, and the Leffler Care census is at 23. The Personal Care Unit is still full (at 37 residents) and we continue to place applicants on a waiting list. The ILC census increased very slightly from 476 to 477. In total, there are 576 residents currently living on the campus.

- The demand for independent living units on our Founder's Campus continues to be strong. There are 25 move-ins scheduled between the first of the year and the end of May. That is a pace that even exceeds last year's record of 52 turnovers for the full 12 months. There are only four I/L living units on the campus that are currently not reserved. Our independent living occupancy rate continues to be above 90%, well above the national average of about 85%.

- We did not get our County approval for Fox Run in February. County Engineer Rick Bolt (once again) issued a third set of review questions only a few days before the submission deadline...leaving insufficient time for the questions to be addressed and re-reviewed. The Conservation District, however, is entering the final stages of its review process for our stormwater management plans. Knowing our urgency, and also that our approval is imminent, the Conservation District is giving us permission to do a couple of introductory steps (bringing a construction trailer onsite, staking out the roads with surveyor stakes, installing siltsock tubes, etc.) so that we can get started on some of the first steps in the site work.

- The design documents (related to our Personal Care repositioning effort) from architectural consultant Jeff Anderzohn have been relayed to our General Contractor, Arthur Funk and Sons (AFS). Funk and Sons are calculating pricing estimates for the renovations to confirm that they are acceptable to LV and also that they are within a reasonable variance of the estimates calculated by Mr. Anderzohn. We expect AFS to finish their pricing estimates by the second week of March.

- In March we will relocate the residents of the Castagna Green House to the Sweigart Haven Green House, so that we can begin renovating the Castagna House. Shope Gardens Contractors received the contract to do the renovations; their bid was considerably less than the alternative bidder we had solicited. Residents and family members of Castagna House were notified by letter of the impending relocation.

- Covid Update: At the present time, only one healthcare resident and two staff members have tested positive for covid-19. None of the three is seriously ill.

- Due to the upcoming retirement of Chaplain Mary Eller, we have begun searching for her replacement. We have received nearly twenty applications for her position (so far!). Applications will continue to be accepted for another week, after which we will begin to do interviews with the top candidates.

- Marketing Associate Elijah Blauch has tendered his resignation. Elijah is getting married soon and will be relocating to the "West Shore" as his fiancee' is a teacher in the Gettyburg School District. A search process is also underway for his replacement.

Jeff Shireman, President

ZIEGLER INVESTMENT BANKING
SENIOR LIVING FINANCE Z-NEWS
Page 1 | Week of January 30, 2023

FEATURED ARTICLE

BENEFITS OF SCALE: THE EVOLUTION OF SPECIALTY POSITIONS

Several years ago, as an inclusion to the LeadingAge Ziegler 200 survey, we started tracking specialty type positions that organizations have been creating and implementing at the corporate level. These are generally positions within larger organizations who have the resources to add, which helps them navigate the increasing complexity of the senior living operations. The summary below outlines the most common positions being added in recent years.

- **Chief Information/Technology Officer:** We all know that the pace of technology change is happening rapidly and that there are a number of meaningful solutions available that can assist in combatting the headwinds we are all facing (e.g. workforce challenges). These individuals need to wear a strategic hat and while, yes, they are charged with keeping the wheels turning on the bus of the IT centers within your organization, they need to be advancing your organization's goals through supportive IT endeavors.

- **Talent Officer/Director of Recruitment:** These positions have seen a big boon particularly across the past 2-3 years. In years' past, the Human Resources department would handle the wide range of workforce needs, which many are in generalist positions. With the current workforce environment, we are seeing executive-level positions devoted to recruitment, retention, workplace culture, etc. In general, we are hearing that these positions are yielding positive outcomes.

- **Chief of Clinical/Health:** This might not necessarily seem to be a new skill set, yet with the onset of the COVID-19 pandemic, these specialty positions elevated to a different level than prior to that. Additionally, with the evolution of value-based care and at-risk arrangements, having individuals to lead those initiatives and relationships is critical.

- **Chief Strategy/Growth Officers:** Ziegler has covered this position before as a part of strategic growth trends. Ziegler currently tracks over 60 not-for-profit senior living organizations that have a position devoted to strategic growth and business development. The majority of organizations with a full FTE devoted to this work are multi-sites and smaller organizations with very clear growth plans moving forward. These individuals are often charged with a variety of strategic growth opportunities, often affiliations and acquisitions being the most common. These individuals are leaders who are ready to grow and fulfill their role, so it is important that if this position is created, the organization is indeed ready to walk the talk.

There are a number of other evolving specialty positions such as Directors of Capital Projects/Development, Philanthropy/Fund Development, and Regional Operations Positions among others. Leaders often ask how large one needs to be in order to afford some of these positions, or whether to staff-up prior to growth, or hire positions as the organization hits certain size thresholds. There is no one right answer to that question. Growth without added resources can lead to staff burnout and challenges to executing effectively on growth. At the same time, hiring executive-level talent across multiple positions prior to having the sustained revenue to support those positions can be a tricky balance. Ideally, organizations prioritize the positions of utmost importance and pull the trigger on those, while waiting to weave in the others following periods of growth. Ziegler has observed that organizations start to evolve into some of these corporate-level positions once they hit the $100 million and higher annual revenue threshold. Greater internal expertise can be observed at various levels of increased annual revenue. The good news is that until those thresholds are met, there are many talented industry partners and consultants who can advise in that capacity until those positions can be created internally.

Ziegler recently launched the data collection process for the 2023 LeadingAge Ziegler 200 publication. Once again, we will gather information on new positions created at the corporate level and report back to readers later in the year. If you have additional questions related to this article, we encourage readers to reach out to the Ziegler representative in your region.

LISA McCRACKEN
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WORKING AS TEENS? NOT GEN Z

By Pallabi Munsi (OZY newsletter)

It was a rite of passage for previous generations of teenagers. But Gen Z is the least likely generation in America's history to work before college. They're picking education over work, but other factors ranging from their unwillingness to drive and the changing nature of the economy also play a role.

Tristan Connell, a teenager from Vermont, was on a Zoom meet-and-greet icebreaker session for incoming Princeton University students when the discussion veered to the defining moments in their very young lives. "And one kid said," Connell tells me some weeks later, "'I don't really know but I guess school? That's all I really do.'" Connell — who loves schoolwork yet has also worked several summer jobs over the years, including assisting a private investigator once — has decided to take a gap year with Princeton going remote amid the pandemic. But to him, "what that guy said kind of sums it all up for a lot of kids these days."

He's right. A Pew Research Center demographic study reveals that Generation Z is far less likely to work as teenagers than their counterparts from earlier generations — and it's got nothing to do with the current recession.

ONLY 18 PERCENT OF GEN Z TEENS (15-17) WERE EMPLOYED IN 2018, COMPARED TO 27 PERCENT FOR MILLENNIALS IN 2002 AND 41 PERCENT FOR GEN XERS IN 1986.

It's easy to think of this statistic as a sign of privilege among Gen Zers — until you remember that they're the most racially and ethnically diverse demographic in American history. But the generation is picking education over work in their teens. According to the Pew study, Gen Z'ers are on track to becoming the most-educated generation in the country's history, with a higher percentage going to college than any of their predecessors.

There are other reasons too. Gen Zers are more picky about the kind of jobs they're willing to take on, says Meghan Grace, a researcher on the demographic who has published several books on the generation. "They're going to be looking for flexibility, they're going to be looking for jobs that are enjoyable and that they can be passionate about," she says. "And if those don't exist, they'll create their own company or product and service — all on their own terms."

The availability of jobs for teenagers itself is a factor too — you'll find older people working at takeaway joints today than you would have a generation ago. With the pandemic leaving 30 million Americans unemployed, that gap between the number of people seeking jobs and the numbers of jobs available will only grow wider. Connell says most of his friends do work but that could be because he lives in a ski resort town with more jobs for teenagers than elsewhere.

Gen Zers are also far less likely to own a driving license than previous generations: 25 percent of 16-year-olds in 2017 had one, compared to 50 percent in 1983. That hobbles their ability to get around for work. "I personally don't want to intervene with my family's schedule as they are already busy enough, and it would be hard on them if I asked them to pick me up or drop me off at work," says Brianna Saavedra, a 17-year-old from American Canyon, California. She wants to get her driving license before taking up a job.

To be sure, many Gen Zers continue to view working in their teens as valuable experience. Gabriella dela Vega, 14, says she has thought about taking up work when she starts her junior year. "I just think it would be a great experience for me to help get me ready when I graduate high school."

That's precisely what prompted Amy Dekroon, a 16-year-old from Atlanta, Georgia, to take a job as a shift manager at a Wendy's. She's balancing school and work. "I come back home after school and leave for work after an hour or so."

Yet Connell agrees with Grace that what constitutes work itself has changed for many Gen Zers. "A lot of Gen Z kids have shifted away from the broad suites that defined work," he says. "I think I wouldn't take up just any job to try and be in the competitive rat race because the standard of living matters a lot."

That trend is only expected to increase amid — and following — the pandemic, as remote and freelance work increasingly displaces traditional white- and blue-collar jobs, says Grace.

Still, education possibly remains the single biggest factor in the reluctance of Gen Zers to work as teenagers. Saavedra refers to the volume of schoolwork and college applications that are her priority in her senior year.

And if Dekroon had to pick between work and school, it's clear what she would choose. "If a time comes when I can't balance it out, I'll have to leave my job," she says. "Because school is my priority."

Biden again touts ‘cracking down’ on nursing homes in State of Union address

MCKNIGHT'S LTC NEWS <u>JAMES M. BERKLAN</u> FEBRUARY 8, 2023

It was not as expansive as in the State of the Union Address a year ago, but nursing homes once again elicited an ignominious mention in President Joe Biden's second SOTU address Tuesday night. In addition, the White House indicated Monday more pressure on providers will soon be coming.

“We're protecting seniors' life savings by cracking down on nursing homes that commit fraud, endanger patient safety and prescribe drugs that are not needed,” Biden trumpeted during the SOTU.

The 12-second mention was in direct reference to the administration's <u>Jan. 18 announcement</u> that the Centers for Medicare & Medicaid Services would be starting targeted audits to determine whether providers are properly assessing and coding patients with a schizophrenia diagnosis. The agency also announced at that time that it will begin publicly displaying disputed survey citations even before their merit is proven or disproven.

Tuesday night's nursing homes reference was preceded by a lengthy section touting defense of Social Security and Medicare funds, during which the president elicited a unified ovation to “stand up for seniors.” Immediately after the mention, he touted success in enabling seniors to now be able to get hearing aids over the counter.

The nursing home declaration Tuesday came 36 minutes into a 73-minute speech before a joint gathering of Congress, Supreme Court justices, military leaders and other top federal figures.

In his 2022 State of the Union, the then-79-year-old commander in chief was more explicit about his intention to hold certain elements of the long-term care sector to account.

“Medicare is going to set higher standards for nursing homes and make sure your loved ones get the care they deserve and that they inspect and will get looked at closely,” <u>he said</u> then, after also promising more accountability of “Wall Street” firms that take over facilities and allegedly don't keep quality standards high enough.

At the time, the 19-second SOTU passage was believed to be the most extensive mention of nursing homes ever in a State of the Union. It came March

1, 2022, a day after the White House released an expansive 21-point reform plan that remains a work in progress.

The centerpiece of the reform effort is a promised first-ever nursing home staffing mandate. A detailed proposal, feared by many nursing home operators already struggling with historic staffing struggles, may be released at any time. Two weeks ago, an administration official announced that a study encompassing provider interviews and projected cost implications was done and strategies were being considered.

Biden's 2023 SOTU nursing homes utterance was hardly as controversial as the one a year earlier. All administrations are duty-bound to crack down on fraudulent activities conducted by nursing home operators, as well as any committed by other healthcare and non-healthcare entities that accept federal funding.

This administration, however, has made its intention to focus on inappropriate long-term care caregiving and business practices much better known than its predecessors.' In addition to several high-profile regulatory actions announced by CMS over the last year, the Department of Justice on Tuesday announced that a record $2.2 billion had been recovered via False Claims Act involving nursing homes, and many others.

The White House directly indicated in a new White House Fact Sheet section labeled "Improving safety and accountability in nursing homes" that more regulatory belt-tightening will be coming for nursing homes.

"As the President directed in last year's State of the Union, CMS has taken action to strengthen oversight of the worst performing nursing homes, prevent abuse and Medicare fraud, and improve families' ability to comparison shop across nursing homes," the notice said. "In the coming days and months, CMS will announce new actions to increase safety and accountability at nursing homes."

On Tuesday night, Biden also urged lawmakers to adopt his upcoming budget plan to pay for more services for seniors in their homes.

"Pass my plan so we get seniors and people with disabilities the home care and services they need, and support the workers who are doing God's work," he implored the lawmakers seated before him. "These plans are fully paid for and we can afford to do them."

FEATURED ARTICLE

STRATEGIC 'LAND BANKING'

One strategy for growing your organization's footprint is to strategically 'Land Bank," which essentially means taking advantage of the opportunity to acquire parcels of land at a time where there may or may not be an immediate development plan. Depending on the economic environment, there can be times where strategically acquiring parcels of land can be very advantageous to an organization that may want or need to expand or build new in the foreseeable future. During the great economic recession of 2008-2010, we observed a number of organizations who took advantage of acquiring land at a much-reduced price than it was years' prior. We are similarly observing some of these acquisition strategies unfold today. For a number of organizations, they may be waiting to initiate an actual project until related construction prices subside, but are using the time to bring additional land under their ownership. It's a buy and hold strategy. This land might be contiguous to an existing community and part of a larger expansion plan or it might be a distinct parcel of land for a satellite campus or new community. There are some organizations that have multiple parcels of land that they sit on for years. Some of those pieces of land may actually see development or in some instances, those parcels of land are deemed outside of the current strategic scope or development plan and are later sold to another buyer (hopefully at a higher price than what the organization bought it for!).

Why Considering Land Banking?

There are a number of drivers for why an organization might be intentional about acquiring land.

- **Campus Expansion**: For those organizations who are not land-locked and have the ability to further build-out their campus, it makes sense to continue to grab parcels of land that are contiguous to the community. This may be greenfield parcels or it might even be acquiring land with homes on them when homeowners are ready to sell. These opportunities do not always present themselves on a regular basis, so being able to respond when the time is right is critical.
- **Growth in Designated Market/Region**: Building off of an existing brand is a logical strategy for growth. Increasingly, we see this executed through the development of satellite campuses or a new distinct community in a nearby market. Scouting land in your local or regional market makes sense.
- **Defensive Moves**: There can definitely be times when you might not necessarily want an additional parcel of land, but you certainly do not want others to have it. This generally comes into play with land that borders an existing campus. There may be no intention of developing that land, but it has the potential to provide a meaningful buffer against other developments or businesses that could be unfavorable to the community.
- **Knowing Where the Puck is Going**: We are familiar with a number of organizations that keenly observe the direction in which certain markets are expanding in neighboring areas that are blossoming. If you play this right, you can take advantage of less costly land today that will multiply in value for years to come. Some of these can be long-games as the growth plays out, but there has been success in watching demographic and economic growth trends in your existing region(s).

How to Execute on Land Banking

There are clearly proactive strategies whereby organizations scout land in designated markets. For larger organizations, they often have internal resources devoted to some of this development strategy and land acquisition tactics. For many others, however, this is a combination of internal awareness by the leadership team and perhaps even board members, and dependence on partners such as developers, architects or even your investment banking team. These partners are often aware of opportunities where land may be available for sale and suitable for development projects. Simply making your partners aware of openness to explore land purchases will likely lead to opportunities being brought to you. Having these experts at the table can also be helpful when assessing land suitability and price valuations.

The other approach is one that is more opportunistic. There are indeed times where you may receive outreach from a landowner or nearby homeowner looking to sell. This is where fostering positive relationships in the community over time can pay dividends.

The one element that also needs to be considered relates to the financial resources to purchase the land. It is important to have some degree of capital planning to take advantage of these opportunities. This might be something that is weaved into a financing for other needs, it might be tapping into an existing line of credit, or it might be funded by a strategic growth fund if one exists. It is important to be proactive with this planning rather than reactive. The danger in a reactive financing plan may mean a missed opportunity.

The final comment to be made is that there are times when acquiring desirous parcels of land are definitely a long-game. Patience can be a virtue. Desperation purchases are not always a good thing. It is important to know what limits exist on you, what you are willing to spend, and in what market makes sense.

If you have additional questions related to this article, we encourage readers to reach out to the Ziegler representative in your region.

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Inc.

All Great Leaders Are Great Storytellers. Here's the Formula for Great Storytelling

Stories unite people. As a leader, it is your job to be a great storyteller and bring your team together.

BY HEIDI ZAK, CO-FOUNDER AND CEO, THIRDLOVE@HEIDIZAKS

Every leader knows (or should know) that storytelling is important. In an age as data-rich as ours, many leaders' natural inclination is to tell stories in terms of the numbers--total addressable market, up-and-to-the-right graphs, and other KPIs.

Numbers may tell a story, but without humans, numbers are meaningless. Particularly in a business context, the numerical side of the story will always matter. But from a leadership perspective, the most compelling stories start with people.

Storytelling is the great unifier. It makes different people feel connected to the same overarching missions; it helps people see their own objectives in the dreams of their companies and leaders. There are proven ways to do it powerfully--and powerful upside for those who do.

Why storytelling is so important for leaders

Stories create meaning. There was a great anthropological study involving two researchers who tried to sell objects worth pennies for as much as possible. To do this, they made up stories about each object--including cups, medallions, and even a tiny rhino. Ultimately, they were able to sell the pieces (which cost $1.25 on average) for more than $8,000 total. The study is a prime example of how meaning isn't inherent--it comes from the stories we tell. Meaning is only *imparted*, and the primary means of imparting meaning is through stories. The same is true in a corporate environment. Through stories, leaders have an opportunity to give meaning to the activities that every member of a team does on a day-to-day basis.

Stories unite people. Once you've articulated your meaning in a story, it allows people inside and outside of your company--employees and customers--to unite around the common purpose. It tells employees that their actions contribute to the well-being of a broader collective, and it tells customers that every time they interact with you, they're really contributing to a movement.

Stories humanize brands. The cliche that all corporations fight against is that they're impersonal, faceless institutions that care only about their bottom lines. In other words, that they're inhuman. Nobody wants to buy anything from an inhuman brand. People want to feel that their purchases, in some small way, contribute to the health of a human endeavor. By putting your mission in terms of a human-first story, you give your brand a face and a pulse.

Basic principles of compelling stories

You can go very deep on the principles of great storytelling (and if you want to, I recommend reading this interview with screenwriting lecturer Robert McKee). But here's a very brief overview of focus areas for great stories:

Mechanical elements. Think back to those middle-school writing classes: All stories need *characters* to root for, *settings* in which the action takes place, *structures* (the five-act structure is most common), and *calls to action*. It's easy to forget these basic elements when you get absorbed in your own story; make it a checklist that all your stories have to abide by.

Human-first. Start with a micro-level version of your story. What specific impact do you hope to have on what specific type of person? How can you trace the influence of your collective effort down to the most singular human level? For example, Amazon told the story of AWS--which powers about a third of the multibillion-dollar public cloud market--in terms of a kid in their dorm room. They wanted a college student with a good idea for a software application to be able to run with their idea, and not to be creatively inhibited by money or database constraints. There is no business more far-reaching than the cloud, and no story more localized than that.

Broaden with statistics. Once people understand the granular human impact of your initiative, *then* you can generalize with an overarching statistical picture. Illustrate the breadth of potential impact, showing your audience the size of the opportunity--and the number of people like the one in your story for whom your solution can be meaningful.

It's important to realize that you don't have to reinvent the wheel as a storyteller. Getting familiar with the storytelling formula gives you a plug-and-play model to use the elements driving your business.

Staffing 'instability' might be new mandate metric; providers gear up for battle

KIMBERLY MARSELAS *MCKNIGHTS LONG TERM CARE NEWS* JANUARY 11, 2023

Average day-to-day staffing levels may be a key way to measure impact on nursing home care quality, a new study finds as federal regulators move closer to their goal of a proposed staffing mandate.

Nursing homes that keep day-to-day nursing staff stable, especially by avoiding days with low LPN or CNA presence, perform better on a variety of patient outcomes, researchers from the University of California and the University of Chicago reported in *JAMA Network Open* Tuesday.

The authors pose their calculations as a method to measure staff adequacy for patient needs, possibly "above and beyond" the traditional hours per resident day metric. A 4.1 hours per-resident-day measure has been widely considered the gold standard since the early 2000s, but it has never been adopted as a formal federal requirement.

A first-ever federal mandate, widely feared by providers who find themselves underpaid and hampered by daunting recruitment challenges, is expected to be issued by early this spring. This week, nursing home advocacy groups ramped up their efforts to insist that any such rule be accompanied by reimbursement and acknowledgement of the ongoing labor crisis.

"Workforce shortages are already limiting new admissions and they're already forcing organizations to close, so despite the fact that the proposed rule has not been released yet, we're looking to get ahead of it," Todd Adams, LeadingAge's director of health legislative affairs, said on a call with members Monday. LeadingAge is encouraging members to write to CMS Administrator Chiquita Brooks-LasSure "opposing the adoption of a minimum staffing ratios mandate without the necessary workforce investments and reimbursement levels.

"CMS needs to understand that mandating minimum staffing levels won't lead to meaningful quality improvements and outcomes without enough qualified workers to fill open positions," Adams added in his comments. "It certainly won't without adequate reimbursement levels to pay them a living wage. We need real solutions."

Workforce issues worsening for many

Those statements were echoed Tuesday by the American Health Care Association, which released a new survey showing 45% of nursing home providers said their workforce situation has worsened in the last seven months. Just 30% said workforce situation had gotten somewhat or much better since May.

In addition, 84% said they were facing moderate or high levels of staffing shortages and 96% have difficulty hiring staff. That's despite the fact that more than 90% had increased wages and offered bonuses to recruit.

"Nursing homes have done everything they can on a fixed government budget — they cannot solve this crisis on their own," Parkinson said in a statement accompanying the survey results. "We need policymakers to invest in long-term care, so we can compete for health care workers, transform America's nursing homes, and prepare for a growing elderly population."

The AHCA survey found that providers' biggest concern with a potential mandate is finding staff to meet the requirement, followed by having to rely on more costly agency staff to fill shifts Almost all respondents (95%) said they were concerned about being able to meet a 4.1 hours per resident day staffing minimum.

The *McKnight's* 2023 Outlook Survey found similar worries, with many providers saying they might stop services or increase reliance on agency nurses if such a high standard were enacted without accommodations in the current labor environment.

CNA, LPN stability promoted

The researchers behind Tuesday's *JAMA Network Open* study say their findings should be used to help shape CMS' draft proposal.

"The information provided here, about both the HPRD and below-average staffing days, is relevant and may inform these efforts," wrote the team, which included Dana B. Mukamel, PhD, of the Department of Medicine at the University of California-Irvine and R. Tamara Konetzka, PhD, of the Department of Public Health Sciences at the University of Chicago.

Even though stable CNA measures were associated with better performance on nine of the 12 quality measures, stable LPN measures associated with 10 of 12 QMs, no such results were found for stable RN staffing.

"It seems that having enough RN hours is essential to nursing home quality, but stability of those hours does not matter as much, perhaps because nursing home managers find ways to compensate when an RN cannot show up, possibly by delegating some of those tasks to LPNs or to administrative RNs, or postponing those tasks," they wrote. "On the other hand, instability of LPN and CNA staffing seems to be a red flag for quality, perhaps one that consumers should know about.

"The ability of a nursing home to avoid days with low LPN and CNA staffing, perhaps by building more flexibility into staffing availability or better planning and anticipation of changes in staff availability or resident census, appears to offer a new pathway to quality improvement."

FOUR MAJOR TRENDS THAT WILL IMPACT SENIOR LIVING IN 2023

by Love & Company | Dec 1, 2022

By Aaron Rulnick, Managing Principal of HJ Sims

I'd like to share some thoughts on the senior living trends and market forces at play in 2022 and my early insight into the carryover effect into 2023. Let me begin by saying that I expect 2023 to be a year of continued uncertainty and challenges, but with some positive trends emerging and opportunities ahead. "Strong" organizations continue to demonstrate that they are in a better position to weather the storm and take advantage of the disruption. But the real concern is that organizations that are "resource constrained" may not be equipped to manage through the continued challenges ahead and may have waited too long to raise their hands for help. As such, we will continue to see a lot of transitions within and among organizations.

1. **Impact of rising inflation, construction costs, wage rates, and interest rates**
   Anyone who has been trying to get a project through the pipeline and under construction is familiar with the current state of affairs. Construction and labor costs, as well as interest rates, have increased dramatically, and the rate of inflation, while waning a bit, is still relatively high. These factors cumulatively threaten the viability of certain projects. Capital is tightening on the for-profit side of our business, too, slowing down the pace of new development. In addition, higher interest rates minimize the ability to refinance—a tool many organizations took advantage of in the prior lower interest rate market to generate savings to offset rising operating costs or to generate debt capacity for new borrowings. Besides past construction and financing challenges, will the rise in mortgage rates cause the housing market to soften? Will that have a negative impact on communities' occupancy, putting further pressure on financial recovery? The flip side is that a slower pace in new development activity relative to the pace of growth of the senior population should help enhance occupancy of existing communities and improve absorption rates of new product. We saw a similar trend coming out of the financial crisis over a decade ago. It will also be interesting to see if the tightening of capital within the for-profit sector will continue to create opportunities for non-profit organizations to grow and diversify through acquisition of these predominately rental assets. Where might interest rates go in 2023? The conventional wisdom is that the Fed will continue to raise interest rates but at a slower rate of increase, with a potential interest rate cut by the first quarter of 2024. It's more difficult to predict the effect that world events will have on the financial markets. So many things are out of our control—and fear of the unknown is exactly what drives market volatility

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2. **Reliance on government funding**
   Certainly, most organizations feel that the proverbial Band-Aid has been pulled off in terms of government relief funding/grants in response to the pandemic and the labor crisis. The continuous flow of government programs and funding relief in various forms

was a great help during the pandemic, but at this point most of those options have been exhausted. Unfortunately, it comes at a time when organizations continue to deal with intense pressures on operations along with a decline in their investment performance.

3. **Margin compression**
   Communities are getting hit on all fronts. Staffing costs are certainly constraining margins, along with supplies and capital costs. Conversely, in an attempt to preserve margins, providers need to increase fees at significantly higher levels than in years past. Even with that, it's not enough to offset all these other costs. At the same time, communities are still dealing with occupancy recovery, which is improving but not at the pace people had hoped.

4. **Organizational exhaustion**
   Coming out of the pandemic, we saw that retirements and exits from the workforce increased. Some people noted that their investments were doing well and felt they could afford to retire, and it was the right time. There was and is an enormous fatigue factor, from the CEO all the way down. Boards are exhausted, too. It has been hard on everyone—they may have survived the pandemic, but there's little relief to the challenges that remain. During the financial crisis of 2008-09, and in the early days of the pandemic, we saw a lot of resiliency in not-for-profits. The current environment feels different because the pressure is coming from all sides. While data from organizations like NIC show continued positive occupancy trends, occupancy recovery alone will not alleviate margin pressures, demanding a continued intense focus on expense management and growth of ancillary business.

SO WHAT IS AN ORGANIZATION TO DO?

Right now, organizational leadership should be actively monitoring and managing their cash flow situation. Ask the difficult questions even if you feel you're not quite in crisis. In reality, organizations should always be in a cycle of regularly asking, "Where are we, and where are we going? Are we in a solid place to perpetuate our mission and vision for the organization?" Invest and manage in such a way that you maintain viability. Another way to look at this is the contrast between being in survival mode versus being in success mode. If you are in survival mode, it can be difficult to envision what success looks like. It's a matter of acknowledging that and realizing you may need help recognizing if there is a realistic path to success either alone or in some form of partnership. Our primary recommendation to our clients going into 2023 is to ask themselves the tough questions. Keep an open and transparent dialogue with your Board. There is more need than ever to be disciplined and to monitor everything closely. And finally, do not wait until it's too late to ask for help. The bright side is that the pandemic forced us to bridge gaps and to learn to pivot quickly. We are all facing these same challenges. Opportunities abound for ways to partner and collaborate. I am optimistic that this spirit of partnership and collaboration will carry us over into 2023—and that we can work together to continue to demonstrate the resiliency of the senior living sector.

Skilled nursing profits will shrink through 2026, even as other post-acute lines gain: analysis

KIMBERLY MARSELAS   MCKNIGHT'S LONG TERM CARE NEWS   1/23/23

Skilled nursing facilities' profit margins will shrink over the next four years, projects national consulting firm McKinsey & Company, even as other post-acute services make moderate gains. Nursing homes, inpatient rehab facilities and independent labs are the only three provider categories for which McKinsey expects to see negative EBITDA through 2026. EBITDA stands for earnings before interest, taxes, depreciation, and amortization. It is a common way to measure the profitability of corporate organizations.

Assisted living, hospice and home health operators, by comparison, were expected to see profits grow by up to 5% between 2021 and 2026, the McKinsey report found. Value-based staffing groups and virtual healthcare providers offering home health and office visits, meanwhile, were expected to see their margins improve 10% or more through 2026.

Skilled nursing's dependency on the constrained nursing labor market will make it subject to intense financial pressures for the foreseeable future, McKinsey authors noted. A separate analysis issued by the American Health Care Association on Thursday showed that the sector's workforce recovery actually slowed in 2022, with pre-pandemic levels now not expected until 2027.

"Provider profit pools faced substantial pressure in 2022 and are likely to continue to do so in 2023 as a result of inflation and increased labor costs," McKinsey noted about the healthcare sector in general. Citing increased costs, several owners and real estate investment trusts have reduced their skilled nursing presence since 2021. The firm predicts overall margin reductions since 2021 could end up totalling a quarter by 2023, but that would be followed by a rebound bringing 15% annual growth from 2023 to 2026 across healthcare sectors.

"The US healthcare industry faces demanding conditions in 2023, including recessionary pressure, continuing high inflation rates, labor shortages, and endemic COVID-19," wrote Neha Patel, a McKinsey partner in New York, and Shubham Singhal, a senior partner in Detroit. "But players are not standing still," they added. "We expect accelerated improvement efforts to help the industry address these challenges in 2024 and beyond, leading to an eventual return to historical average profit margins."

Those interventions could include cost-optimization measures, such as pursuing increased labor productivity and the application of new technologies to improve workflows.

McKinsey laid out a series of possibilities regarding profit recovery. In the "best-case scenario," a third of post-acute providers would recoup substantial cost savings alongside the majority of hospitals. That would limit industry-wide margin declines by 90 basis points. In a "worst-case scenario," lower savings achieved by only half of hospitals and just one-quarter of post-acute players, McKinsey expects greater overall declines.

Senators call on CMS to end push for mandatory staffing in nursing homes

JESSICA R. TOWHEY   MCKNIGHT'S LTC NEWS   1/24/23

A bipartisan group of US senators representing rural states is calling on the Biden administration to halt its plan to mandate staffing levels in nursing homes, saying it's the wrong step to take as facilities are already struggling to retain and hire professional staff.

"We fear a one-size-fits-all staffing mandate would undermine access to care for patients, particularly in rural communities," reads a Jan. 20 letter from 13 senators to Centers for Medicare & Medicaid Services Administrator Chiquita Brooks-LaSure. "Additionally, blanket staffing standards may not provide enough flexibility to nursing homes in light of well-known and long-standing obstacles to the recruitment and retention of direct care workers, especially in rural and underserved areas."

The American Health Care Association and LeadingAge national have both said they cannot support a national staffing mandate without financial backing and recognition of the sector's current workforce limitations. Shelly Peterson, president of the North Dakota Long Term Care Association, said the state's facilities average 4.66 nurse hours per resident per day without a mandate, but the industry there lost more than 15% of staff during the pandemic. Contract nursing costs have increased from $28.8 million to $63.8 million over the last 12 months. What's more, 60% of nursing homes are operating at a loss compared to 57% two years ago, and at least seven facilities have closed since 2020.

"We are in a full-blown crisis and a staffing mandate will not help produce the staff we need and desire," Peterson told *McKnight's LTC News*. "We need meaningful legislation to help facilities, nurse scholarships, loan repayments, more funding to increase wages and attract workers. Immigration reform so we have access to an expanded workforce."

The minimum staffing push from CMS is part of a broader Biden administration effort to drive quality improvements and increase transparency in the nursing home sector. The federal proposal is expected this spring and comes amid similar efforts by many states to require a certain number of nursing hours per day per patient that most association leaders say will further harm the industry. The Virginia Health Care Association agreed to support legislation requiring at least 3.08 hours per resident per day after tying that to financial incentives for facilities.

Eric Boley, executive director of LeadingAge Wyoming, said staffing mandates ignore the realities of rural areas where most facilities are in "very remote and isolated" areas. Unlike urban counterparts, rural nursing residents may be relocated hundreds of miles away from their hometowns and families if facilities cannot meet staffing requirements.

"These staffing mandates could cripple small, rural nursing homes and actually hurt the residents they are committed to caring for and serving," Boley said, adding that he is grateful for the leadership of the state's US senators, both of whom signed the letter to CMS.

McKnight's Clinical Daily News ALICIA LASEK JANUARY 10, 2023

Latest COVID shot cuts hospitalizations in seniors by 81 percent: study

Seniors who receive an omicron-adapted booster shot are 81% less likely to be hospitalized with severe COVID-19, according to a new study from Israel. The news is "some of the first evidence of the jab's real-world effectiveness," Reuters reported Tuesday.

In the study, which has yet to be peer-reviewed, adults aged 65 and older received the omicron-adapted Pfizer-BioNTech shot, authorized this fall by the U.S. Food and Drug Administration. These study participants had a much lower risk of both hospitalization and an 86% lower risk of death up to 70 days after vaccination. That's when compared with their peers who had previously received at least two COVID-19 vaccinations, but not the omicron-adapted shot, according to Reuters.

The news comes as U.S. COVID-19 hospitalizations are up and a highly transmissible new omicron subvariant called XBB.1.5 is on the rise. As of Jan. 4, the seven-day average for new weekly cases rose by 16.2% compared to the prior week's average. Hospital admissions likewise increased by 16%, and deaths expanded by 8.3%, the Centers for Disease Control and Prevention reported on Friday.

In addition, CDC data shows XBB.1.5 spreading swiftly, especially in the Northeast. The variant now accounts for approximately one third of U.S. COVID-19 cases, although in some jurisdictions the proportion is currently less than 5%, the agency reported.

Federal health officials have urged healthcare providers to stay ahead of the rising tide of infections and hospitalizations by encouraging older adults to receive omicron-adapted booster vaccinations and timely treatments if they contract COVID-19. In collaboration with federal agencies, industry advocate LeadingAge is now offering free COVID-19 test kits to all aging services facilities and communities to help support infection control and prevention efforts.

The FDA in September authorized new, bivalent versions of Pfizer's and Moderna's COVID-19 vaccines to be used as booster shots. These shots target the original form of SARS-CoV-2 as well as omicron strains. The study from Israel used Pfizer's bivalent, omicron-adapted vaccine.