



## BOARD OF DIRECTORS MEETING

November 1<sup>st</sup>, 2023      Boardroom      8:30 AM

### A G E N D A

Welcome	Steve Tilley, Chair
Opening Prayer	Jim Williams
Approve Minutes of 10/4/23	
Order of the Day	Karla Dreisbach, FSA
	Annual Compliance Report

#### **Reports:**

Nominating Committee	Sandy Pintarch
Financial Report	Henry Brubaker, VP Finance
Governance Committee	Keith Wagner
Strategic Planning Committee	Ray Flagg
Finance Committee	Roy Meyer
Development Committee	Dr. Dennis Gingrich
Resident Life & Health	did not meet
Human Resources	Sandy Pintarch
President's Report	Jeff Shireman
Executive Session (if needed)	

#### **Dates to Remember:**

<i>Big Band Christmas Concert</i>	<i>December 10<sup>th</sup></i>	<i>3 pm</i>
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## BOARD OF DIRECTORS MEETING • OCTOBER 4, 2023



The Londonderry Village (LV) Board of Directors met on October 4, 2023 at 8:30 a.m.

Board Chair Steve Tilley opened the meeting and Keith Wagner led the group in prayer.

**Present:** Board Chair Steve Tilley and members: Dr. Dennis Gingrich, Dick Hann, Robert Fortna, Ray Flagg, Michael Swank, Rev. Ronald Ludwig, Sandy Pintarch, George Porter, Chet Rose, Keith Wagner, Jim Williams, Roy Meyer, and Thomas Shenk.  
Staff in attendance were CEO Jeff Shireman and CFO Henry Brubaker.

**Absent:** Rev. Belita Mitchell

September 6, 2023 minutes reviewed and amended.

**<Approved unanimously>**

### **NOMINATING COMMITTEE:**

- Sandy Pintarch thanked Bob Fortna & Dr. Dennis Gingrich for being members of the nominating committee. Ron Ludwig & George Porter have completed their term. Sandy extended her appreciation to Pastor Belita Mitchell, who will be retiring from the Board of Directors December 31, 2023. Two Board members terms expire December 31<sup>st</sup>.
- Motion was made to accept Board member Tom Shenk to serve a 3<sup>rd</sup> term. **<Approved>**
- Motion was made to to accept Keith Wagner to serve a 2<sup>nd</sup> term on the Board. **<Approved>**
- Motion was made to re-elect Chair Steve Tilley to serve on the Board for a 2<sup>nd</sup> term. **<Approved>**
- Motion to approve the nominations of Bonnie Wampler, Wendie DiMatteo Holsinger, and Craig Moyer. All Board members were in favor.
- Per the above, and pending the elections at the November Board meeting, the following will be effective January 1, 2024:
  - Re-elected to the Board – Steve Tilley (for a second term)  
Tom Shenk (for a third term)
  - Newly elected to the Board - Wendie DiMatteo Holsinger  
Craig Moyer  
Bonnie Wampler
  - Nominated to the Executive Committee:  
Chair – Steve Tilley  
Treasurer – Roy Meyer  
Member-at-Large – Keith Wagner

Sandy received a round of applause from Board Members.

## FINANCIAL REPORT:

Henry Brubaker reviewed the August 2023 financials. Highlighted points include:

- Census in Nursing was 69 (3 mo. average: 69) and Personal Care census is almost all filled at 38 (3 mo. average: 36). Independent Living census is at 96.3% occupied (Apartments) (3 mo. Average: 96.5%) (Cottage/Duplex) remains strong at 88.4% occupied (3 mo. Average 88.2%)
- Nursing payor mix: Medicaid increased slightly at 34.6% (3-month average: 32.4%), Private Pay decreased to 61.8% (3 mo. average: 62.8%) and Medicare decreased to 5.2% (3 mo. average: 4.9%).
- August bottom line net increase was \$223,711, year to date net is a positive \$217,806; we are operating about \$1,068,639 ahead of budget year-to-date.
- Operating Revenue:
  - Expense to Revenue operating ratio was 95.8% for August (101.8% YTD).
  - Days cash on hand: 422.4 (150.0 measure) / Debt service covenant: 6.12 (1.2 measure).
  - Payroll trends as of 8/2023: Nursing hours per resident day was 4.65 (2.87 industry requirement); Agency Hours increased to 215 and Total Overtime Hours were 1,314 respectively; Total FTE's were (excluding PRN employees) 165.8.

## GOVERNANCE COMMITTEE: (DID NOT MEET)

- Proposed revision to article 3, section 10, indicating serving during a term was revised. **Any director filling a vacancy occurring during a term, shall not have the unexpired term served by them counted toward their term limit as noted in Article 3 of this article.** Voted and approved the revised bylaws, policies, and procedures.
- **It was agreed to update June 7<sup>th</sup> meeting minutes to reflect the following:**
- **Provision to article 3 section 10: Indicating serving during a term. A term-limited Officer can stay on the Board for the full limit of their Officer-term.**
- **Members are permitted to attend meetings virtually (the prior bylaw indicating members needed approval to attend virtually will be removed).**
- The June minutes were reviewed and discussed. September 6 amended discussion approved and tabled. Today, minutes were discussed and amended once again. Motion to approve amended September 6 minutes. **<Approved>**
- Board member Keith Wagner took a vote to approve the revised Bylaws and amend minutes. **<Approved>**
- It was agreed to vote on corrected minutes at the next Board meeting.



#### **STRATEGIC PLANNING COMMITTEE:**

- Marketing Director Tyler Weaber reported that sales activity for independent living continues to be very encouraging. On the Founder's Campus, we have 19 reserved units being renovated for future move-ins, and 4 unsold units. Regarding Fox Run, all eleven of the carriage homes and townhomes are reserved and under construction. There is just one contracted sale of the hybrid villas. Tyler and his staff will be meeting shortly with two other parties that have recently expressed interest in hybrid villa apartment units. We are waiting on 2 permits to break ground for the villa apartment building.
- Arthur Funk & Sons is on schedule with the Fox Run carriage homes and townhomes. Several units, including the clubhouse, are in various stages of construction. AFS discovered that some of the framing lumber that was purchased previously and stored onsite for the last two years, got mold from being moist. AFS will remediate the mold and/or purchase new lumber (as needed) without addition cost to Londonderry Village.
- The Fake and Royer Green Houses are still on schedule for an October completion date. TT approved for the stormwater accessment.
- Café closing on October 10 - 12 to install a skylight.
- President Shireman encouraged members to review the strategic framework that lists the five Strategic Planning priorities (enclosed with the Board packet) which was developed many years ago with the assistance of outside consultants. This priorities were recently reviewed at the Strategic Planning Committee Meeting. President Shireman also enclosed a copy of the monthly QAPI (Quality Assurance Performance Improvement) report, and reviewed it with the Board.

#### **FINANCE COMMITTEE:**

- The Finance Committee met on September 19<sup>th</sup> and reviewed the first draft of the 2024 budget. Henry will continue to work on the budget and the final draft will be presented at the October Finance Committee meeting.
- The PA Department of Revenue contacted LV about Alternative Fuels Tax that will be due from the EV charging station near the Wheaton. This is an area of tax collection currently being pursued by the Department. Since the charging station is currently free, LV will need to upgrade the equipment so as to implement fees for the charging station.

#### **DEVELOPMENT COMMITTEE:**

- Dr. Gingrich informed the Board that 70 percent of funds received in 2023 represented legacy giving, and most of it is proceeds of the Klahr Estate farm sale. He also stated that giving from Brethren congregations has been steady this year. We anticipate more funds in 2023 for the Buddy Society because we're still in the process of following up with new residents. He also mentioned that the Committee is also focusing on our community business partnerships, particularly in reaching out to our residents to help us identify new business partners.

- The 2023 Contribution Income annual thru July 2023 totaled \$464,190 which is 70% of the budget goal of \$670,300.
- Taking a look at the BBQ Bash, Dr. Gingrich mentioned we had lots of compliments. Looking ahead to next year, maybe moving to a cooler month like June or September, taking care to make sure it doesn't interfere with other activities, also resolve issues with the wait line. Having a live auction instead of a silent one.
- Resident Dick Hann gave an update on the September 30<sup>th</sup> yard sale. He mentioned it was very successful (and crazy), with people lined up at 7 a.m. Money generated for Saturday alone was \$18,600, and also brings a lot of people onto our campus.

**RESIDENT LIFE/HEALTH: DID NOT MEET**

**HUMAN RESOURCE COMMITTEE: DID NOT MEET**

**PRESIDENT'S REPORT:**

- The census remains high in all three levels of care. Nursing is at 68, with all 40 Green House beds filled and 28 occupied beds in Leffler. Personal Care is still at 38, which leaves only 2 vacant rooms available. Independent living has 469 residents, up slightly for last month. In sum, there are 575 residents currently living on campus.
- We are still awaiting the Beers and Hoffman appointment with the PA Department of Health in early October to complete the process of removing the Tranquil Terrace unit from the DOH rolls of inspectable spaces. We will need to build a fire separation wall to insulate TT from the Leffler unit.
- Londonderry Village is still experiencing some covid-19 cases, but that has abated more recently. There are no cases in nursing or PC, and we are getting sporadic reports of IL residents who are testing positive. We are not aware of any cases that are resulting in serious illness requiring hospitalization. We are waiting word from Hershey Long Term Care Pharmacy about scheduling a covid-19 booster clinic. Expecting that to take place in October, pending vaccine availability.
- Chair Steve Tilley offered congratulations to the staff for our overall CMS quality rating. Londonderry Village received 5 stars in 3 out of 4 categories, and had an overall rating of 5 stars (the highest rating possible).

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

Meeting adjourned at 10:45 a.m., staff excused for Executive Session.

Respectfully submitted,

Barbara Showers, Recording Secretary

## **President's Report to the Board    November 2023**

1. All three levels of care continue to be utilized at high levels. Nursing is at 67, with 39 Green House beds filled and 28 occupied beds in Leffler. Personal Care is still at 38. Independent Living has 475 residents, which is an improvement of 6 from last month. In total, there are 580 residents currently living on the campus.
2. Londonderry Village has no current covid-19 cases in Nursing or Personal Care. We hear anecdotally that I/L has some sporadic cases, but to our knowledge no serious illnesses or hospitalizations. After 3 ½ years of careful prevention (and some luck), your CEO recently tested positive and spent 10 days isolating at home; fortunately only minor symptoms. Like many of our residents, I continue to be plagued by a residual bronchitis and an annoying chronic cough.
3. The Department of Health approved our request to remove Tranquil Terrace from its inspectable locations. The next step is to create a firewall separation between Tranquil Terrace and Leffler Care; the materials have been ordered for that firewall and construction will take place as soon as all the materials are onsite. Funk and Sons is currently bidding out the entire renovation project, and we expect them to present a budget and contract proposal within the next two weeks. We will definitely have construction underway this winter.
4. Sales activity for independent living continues to be very strong. On our Founder's Campus, we have 16 reserved units being renovated for future move-ins, and just 2 unsold units. Having only 2 unsold units (out of 360 on the Founder's campus) is an amazingly low number (less than 1%) and demonstrates the strong demand for our independent living services. Regarding Fox Run, all eleven of the carriage homes and townhomes are reserved and under construction, and still just one contracted sale of the hybrid villas.
5. Funk and Sons is moving at a brisk clip with the Fox Run carriage homes and townhomes. Three units are fully framed and ready for drywall. Another few units have poured concrete pads, and are awaiting the start of framing. The issue with the moldy lumber was resolved through a combination of mitigation and purchase of new lumber. There was no added cost to LV for resolving this issue.
6. We are presently recruiting to replace our Assistant Director of Nursing and our Food Service Director, both of whom resigned in October.

7. The Fake and Royer Green Houses are nearly complete. The Royer House needs to be re-painted due to a bad patch of paint. Sherwin Williams has accepted full responsibility for the failure of the paint and is paying the contractor to do the re-painting.
8. The federal nursing home staffing mandate proposal introduced in early October is still in the Public Comment stage. Once implemented, it will have a 3-year phase in period for nursing homes to come up to the new standards. There is considerable provider unrest about this, particularly for rural nursing homes where staff is virtually nonexistent. Providers are also concerned about the focus on floor RN's (and the complete lack of consideration for LPN staffing).
9. Last, but certainly not least, LV is currently engaged in our annual "anti-squirrel" campaign! We literally spend thousands of dollars each year removing squirrel nests from our trees and trapping/removing squirrels from the campus. The squirrels damage various items... most notably they seem to enjoy eating the insulation off of wires underneath the hoods of cars. Reportedly, one of our residents recently sustained a \$2800 repair bill for damage to her car!

...Jeff Shireman, President

# Greencroft, Timbercrest announce partnership

The Elkhart Truth

TRUTH STAFF

10/27/23

GOSHEN — Senior living services provider Greencroft Communities on Tuesday announced a strategic partnership with Timbercrest Senior Living, a senior living community in North Manchester, Indiana.

The collaboration marks a significant milestone in both companies' commitment to serving residents, families and team members with Christian values, the firms said in a news release.

The partnership between Greencroft and Timbercrest brings together two quality providers in their respective markets, combining expertise, resources and a shared vision for the future, they said. The alliance is set to create synergies that will drive innovation and growth while opening up new avenues for collaboration and development.

"We are excited to collaborate with Greencroft Communities in this strategic partnership," said Jan Fahs, chair of the Timbercrest board. "The board is confident that the path to maintaining Timbercrest's culture and assuring financial sustainability into the future involves strategic partnerships like this one with Greencroft Communities."

Through this partnership, Greencroft and Timbercrest intend to:

**Expand innovation:** By combining their expertise and efforts, the partnership will lead to the development of new strategies for service development and growth for the future to provide for those who choose to live and work at Timbercrest and Greencroft Communities.

**Enhance customer experience:** The combined efforts will result in high-quality services and housing options to meet the desire for a vibrant living community and an excellent place to work.

**Drive sustainable growth:** With shared goals and resources, the partnership is positioned to drive sustained business growth and capitalize on emerging opportunities through shared resources.

"We see this partnership as a natural fit, given our shared values and commitment to excellence as faithled organizations," stated Greencroft Communities' board chair, David Weaver. "The collective expertise of Greencroft Communities and Timbercrest will undoubtedly inspire creative solutions which will position both organizations to deliver excellent service with Christ-like values."

Both companies are excited about the future possibilities and are confident that this partnership will lead to transformative outcomes, the release said. The teams are already working to identify key areas of collaboration.



# Opioid use, interpretation allegations snag two nursing home chains

McKnight's LTC News

Kimberley Marselas

10/27/23

Two nursing home chains have resolved allegations that they violated the Americans with Disabilities Act by denying admission to prospective residents with Substance Use Disorder, the US Attorney's Office in Washington announced Thursday. One of the two chains also agreed to resolve a second complaint that accused the company of failing to provide a sign-language interpreter for a deaf patient. Both organizations now must change their policies and training to improve compliance with the 1990 law ensuring access to care for patients with disabilities, Acting US Attorney Tessa M. Gorman said in a press release.

The settlement were reached individually with Avalon Health Care Management, which oversees 14 skilled nursing facilities in six states. Three of those are in Western Washington, where officials said the Avalon Care Center Federal Way, Benson Heights Rehabilitation Center, and Grays Harbor Health and Rehabilitation "engaged in discrimination by denying admission to individuals with a Substance Use Disorder."

In some cases, patients were denied admission because they were prescribed approved medication for Opioid Use Disorder, the US Attorney's Office said. Providers across the US have grappled with whether their staff has the training and resources to treat patients on such medication; the Centers for Medicare & Medicaid Services and many state officials have insisted that nursing homes must do so.

Last month, 38 nursing homes in Pennsylvania agreed to [stop denying admission](#) to patients being treated for opioid use in a settlement with that state's attorney general.

As part of its settlement, Avalon will submit a non-discrimination policy to the US Attorney's office for review. After approval, it must be posted at Avalon facilities and the company will train its employees and contractors on the policy and the medications commonly used to treat SUD. The second settlement over SUD treatment is with Arcadia Medical Resorts, which operates four facilities in Washington and specializes in short-term and speciality rehab.

Arcadia also agreed to update its policies and not discriminate against persons who have been prescribed medication for opioid use disorder. The chain will undertake new training and keep logs of training and patient admissions. Any new ADA complaints must be forwarded to the US Attorney's Office. Both Avalon and Arcadia agreed to a \$12,000 penalty, but the government will waive \$10,000 of that if each operator can demonstrate compliance.

Also in Thursday's [announcement](#), the US Attorney's Office said Avalon Health Care-Federal Way had agreed to pay a patient who is deaf \$20,500 in a separate ADA case. While authorities said Avalon failed to provide a patient recovering from back surgery with a qualified sign-language interpreter in 2021, the company disputed "many of the government findings." A press release said Avalon settled "to avoid the cost and uncertainty of litigation." The company will use new training, policies and procedures in place to ensure staff do not violate the ADA and provide appropriate communication devices as needed.



## FEATURED ARTICLE

# PROPOSED CMS MINIMUM STAFFING STANDARDS FOR LONG-TERM CARE FACILITIES

### **CMS Staffing Mandate: The Details**

In early September, the U.S. Department of Health and Human Services (HHS), through the Centers for Medicare & Medicaid Services (CMS), issued their proposed rule on Minimum Staffing Standards for Long-Term Care Facilities. This proposed rule builds on the President's Action Plan for Nursing Home Reform launched in 2022. The mandate includes three primary components:

- Minimum nurse staffing standards of 0.55 hours per resident day (HPRD) for Registered Nurses (RNs) and 2.45 HPRD for Nurse Aides (NAs)
- A requirement to have an RN onsite 24 hours a day, 7 days a week
- Enhanced facility assessment requirements to ensure facilities are making thoughtful, person-centered staffing plans and decisions focused on meeting resident needs, including staffing levels above the proposed minimums as indicated by resident acuity<sup>(1)</sup>

CMS is holding a 60-day period for comments, ending November 6th. From there, the policy will be amended, if necessary, and then it could take 6-18 months before it is finalized.

Once established, non-rural facilities will have 60 days after the publication date to meet facility assessment requirements, two years for the RN provision, and 3 years for the minimum nursing staffing period. Rural facilities will have 60 days, 3 years, and 5 years for each of these phases, respectively. Facilities can apply for a temporary waiver if they meet the hardship requirements, such as the inability to hire staff after earnest attempt. This staffing mandate, once finalized, would likely go into effect in 2026 or 2027<sup>(2)</sup>.

### **Staffing Mandate Challenges**

Many industry leaders have expressed concern over how these requirements can be met considering current labor shortfalls and the challenging economic environment.

A recent report from CLA's Proposed Staffing Mandate Report calculated that 94% of facilities registered with CMS did NOT meet all three criteria, including 80% that did not meet the 24/7 RN staffing standard<sup>(3)</sup>. In fact, according to the Keiser Family Foundation, in over half the states less than a quarter of nursing facilities would meet the required HPRD, and this can vary widely from state-to-state, including 100% compliance in Alaska and 0% in Louisiana<sup>(4)</sup>.

The CLA report also estimates that the industry will need an additional 102,154 full time equivalent hires to accommodate the requirements. However, from the start of the COVID-19 pandemic to the low in April 2022, Nursing Care Facilities lost a total of 240,700 jobs and have only gained back 90,400 by September 2023<sup>(5)</sup>. This indicates that it could potentially take several years to get to the necessary levels.

In January 2023, AHCA published their State of the Nursing Home Industry report where 77% of survey responders faced moderate to high levels of staffing shortages. In fact, 24% of those facilities closed a unit, wing or floor due to the labor shortage<sup>(6)</sup>.

Other workforce issues, like the lack of faculty and supervisors for clinical placements, have resulted in a record number of qualified applicants being denied admission to nursing schools across the country<sup>(7)</sup>. Then, once a student graduates, they may face longer than normal processing times to get their license due to the same workforce shortages within state licensing departments<sup>(8)</sup>. This, coupled with the number of nurses retiring or planning to leave the industry altogether, has made it difficult to keep nursing facilities fully staffed even before the proposed mandate.

For those that can staff their nursing facilities to meet the new mandate levels, there will still be significant financial hurdles. CMS estimated that it will cost the industry \$4 billion to meet the new standards. However, CLA, using more updated cost reports that consider the 14.7% wage increases in 2022, estimates the cost will be closer to \$6.8 billion. As inflation pressures and wage increases continue, even tighter operating margins are causing concern among industry operators.

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# Senior Care Conundrum: Skilled Nursing Rightsizing Strategies



Nonprofit Life Plan Communities face the conundrum of upholding longstanding missions to provide lifelong care, regardless of residents' means or abilities, while facing escalating financial pressures on skilled nursing operations.

In February of 2023, the American Health Care Association and National Center for Assisted Living (AHCA/NCAL) shared that 55% of nursing homes are operating at a loss and 52% of providers may not be able to continue operating for more than a year at the current pace<sup>1</sup>.

## **Complex Care Adding to Cost Pressures**

As Life Plan Communities implement strategies to help residents stay healthier for longer periods and access to in-home care increases, community sponsors report that skilled nursing care is becoming a much shorter term, but more costly "very end of life" stay for most. Even if committed to maintaining the full care continuum, Life Plan Communities must rightsize their offerings to close the gap between operational costs and insufficient reimbursements.

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*"As we move away from large brick-and-mortar settings, with residential skilled nursing reserved for the most complex cases, providers must manage risk," shares Kevin Schwab, CEO of Givens Communities in Asheville, NC. "A smaller skilled nursing facility will likely be more costly to operate and this will be compounded if a large number of residents stay there long enough to exhaust their resources."*

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As Life Plan Community sponsors are exploring every opportunity to manage costs, a myriad of programming and design strategies have emerged:

1. Economies of Scale
2. At-Home Services
3. Shared Rooms to Private
4. Specialized Care Households
5. Assisted Living / Personal Care
6. Apartments / Concierge Living
7. Creative Partnerships



## 1. Economies of Scale

Nonprofit organizations currently account for 23% of skilled nursing beds in the United States, according to the Centers for Medicare and Medicaid (CMS)<sup>2</sup>. Many of the for-profit providers representing the bulk of the remaining beds are large entities that can leverage economies of scale. Some multi-site nonprofit organizations have considered a similar approach to centralizing skilled nursing care for multiple campuses into one.

In the face of mounting staffing pressures, continued reimbursement shortfalls and an obsolete building, SpiriTrust Lutheran recently made the difficult decision to eliminate skilled nursing care at one of its campuses. According to CEO Robert Rundle, it was important to share the "why" for the closure with stakeholders. This transparency helped to ease the transition for its residents who can access skilled nursing care at a nearby "sister" campus, with transportation between the two provided by SpiriTrust.

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*"We are competing with local hospitals for both licensed and unlicensed staff," Rundle shares. "It's hard to compete with the huge signing bonuses they can provide. On top of that, regulators believe we are in a crisis of quality of care, but in actuality we are in a crisis of sustainability of care. If this is not resolved, access to care is going to become an issue."*

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Another option is partnering with an outside, larger-scale skilled nursing organization to provide higher level care when needed. This allows the Life Plan Community to downsize or eliminate skilled nursing altogether. However, this approach must be carefully considered and communicated. It can be negatively perceived by a spouse or friends who now must travel off-campus to visit their loved one. This approach also requires reliance on a third party to provide the desired high quality care.

## 2. Providing At-Home Care Services

Many communities are looking to home care options as part of their skilled nursing rightsizing strategy. It has been no secret that the majority of people prefer

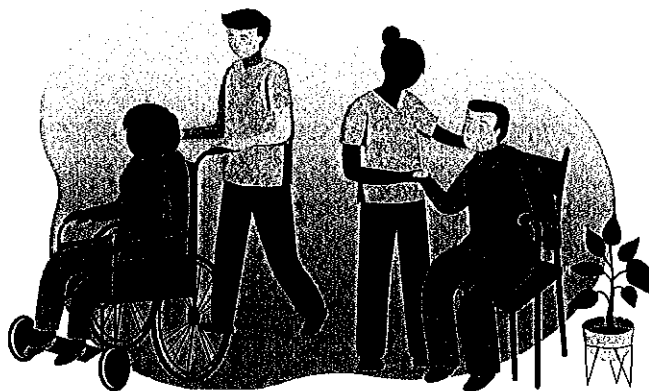
to stay in their homes as they age—whether a private residence or a Life Plan Community apartment. However, financial models must weigh the potential cost savings for downsized skilled nursing against the bottom line impacts of reduced turnover for independent living units when providing at-home services.

Phoebe Ministries, a multi-site sponsor based in Allentown, Pennsylvania, operates the Comforting Home Care by Phoebe program. This program is supported by its own large pharmacy operations that serves other providers as well. The at-home program has been well received, but CEO Scott Stevenson cautions against viewing this as a "cure-all" for the challenges skilled nursing providers are facing.

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*"At-home services are one prong of the solution, but only for people who need three or less hours of care a day," Stevenson says. "Many residents living in skilled nursing need 20 plus hours of care a day. Home care cannot provide the level of support needed by these residents, who are typically very frail and often have complex medical conditions."*

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While at-home services are currently being touted as a lower-cost alternative delivery method, this sector is also experiencing staffing challenges and rising costs. The cost of at-home care is projected to increase over the coming decades. According to Statista, by 2050, it's estimated to cost almost \$60 per hour, a 50% increase over today's average<sup>3</sup>. For those who do need 24-hour care, a skilled nursing residence may be the most cost-effective option while also able to mitigate isolation concerns for older adults confined to their homes.



### **Providing At Home Care in a Life Plan Community**

As providers consider delivering home care services within an independent living, assisted living or personal care setting, there are some associated design considerations. When an organization is faced with many people aging in place at a high acuity level, they may be at risk if the structure was not constructed to the 'institutional' construction standard that accounts for a largely non-ambulatory population.

Homestead Village made the bold decision to pursue dual licensing for its independent living apartments. This allows the community to provide personal care in individual residences rather than having to expand its healthcare center.

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*“Senior living leaders need to strategically focus on what customers want and not allow the dysfunctional regulatory environment to interfere,” says Doug Motter, CEO. “We are successful when we find ways to provide exceptional services that are unfettered by regulatory hindrances.”*

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While this approach is welcomed by residents who want to stay in their homes as long as possible, Motter acknowledges that these in-home services do not currently qualify for Medicaid or Medicare reimbursements so careful budgetary planning is needed. He also shared that the move to dual licensing generated a bit of culture shock with some residents who did not want to see walkers and wheelchairs at the front door. However, most ultimately agreed that it was better than having those needing care being “whisked away” to a heavily regulated and thereby more institutional setting.

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*“Our entire community is built around our ‘Thrive Where You Are’ philosophy,” Motter says. “This cultural shift has become a differentiator for us.”*

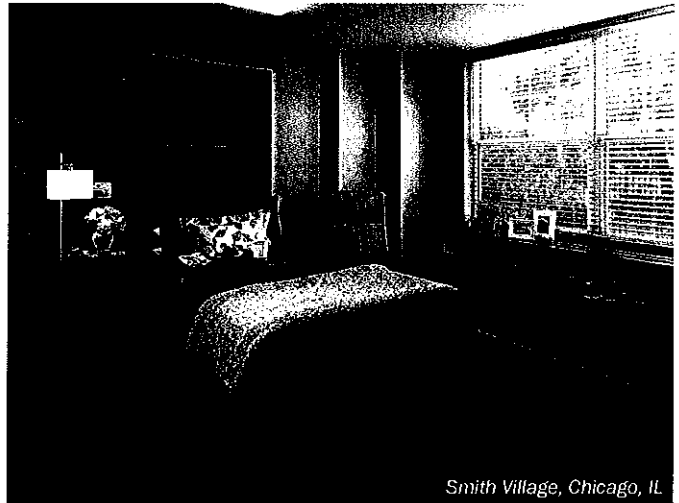
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### **3. Converting Shared Rooms to Private**

For many communities, healthcare downsizing has been accomplished by simply converting resident rooms that had been double occupancy to single occupancy. This

provides the added benefit of a more private living arrangement preferred by most consumers, as well as and enhanced infection-control.<sup>4</sup>

Smith Senior Living in Chicago, Illinois renovated its skilled nursing care residence to have more private suites. Licensed skilled nursing beds went from 100, mostly double-occupancy, to 78, with the majority now being private suites.



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*“The days of semi-private rooms or more than two in a room are well over,” Kevin McGee, President and CEO, told Skilled Nursing News in a recent interview. “I wish I had something creative to say, but you’ve got to figure out a path to private rooms, otherwise, you’re not part of the game anymore.”<sup>5</sup>*

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While there's no question that private rooms are preferred, it's important to note the potential repercussions with simply reducing census in an existing framework. Concurrent with the long term care census reduction, Smith Senior Living added short-term rehabilitation services which serve as a lead generator for both independent and assisted living.

Communities without this type of offset strategy must consider the following possibilities:

- Staffing challenges can be compounded if personnel ratios were optimized for double occupancy and now a given household or neighborhood has half that number of residents.

- The organization may become top-heavy at the administrator level so that the overall cost per bed increases and may necessitate a corresponding increase in the private pay rate
- The potential for using existing infrastructure for other revenue-generating programming is eliminated.

#### 4. Reinventing as Specialized Care Households

A number of Life Plan Communities have decommissioned entire skilled nursing neighborhoods. These unoccupied areas are often well suited for conversion. A building infrastructure analysis must confirm viability, but this can be a cost-effective strategy to introduce a specialized service line.

##### **Memory Care**

Edenwald in Towson, Maryland took the opportunity to transform a decommissioned nursing neighborhood into a memory care household with specialized programming. Renovations opened up the core of the plan to provide inviting and varied common areas that support Edenwald's whole-person approach to memory care that addresses the physical, emotional, psychosocial and spiritual needs of residents and their families. The open dining and living room spaces are complemented by a library/resource center, game room, fitness area, music therapy room and arts and crafts studio.

##### **Short-Term Rehab Care**

Another possible use for former skilled nursing stock is dedicated short-term rehab care. While Medicare reimbursement for rehab care has significantly diminished from what it was a few years ago, some communities are still finding success with this specialized service. Others that had hoped it could serve as a lead generator for independent living have been disappointed.

Competition has increased for short-term Medicare rehab stays. For example, several hospital systems in Pennsylvania are getting into the rehab and long-term acute care sector. These groups tend to focus on keeping the private pay patients who qualify for Medicare in their system rather than sending them to Life Plan Communities.

While most communities still accept some direct admits to keep these areas full for operating efficiencies, the trend has been to focus on "internal" residents.

##### **In-Patient End-of-Life Care**

With admissions down following the COVID-19 pandemic, Masonic Village at Elizabethtown converted a 51-bed skilled care neighborhood into a dedicated end-of-life setting. The renovated household offers this specialized care for 16 residents and incorporates thoughtful accommodations for their loved ones.

The conversion did not require a licensing change and minimal renovations were needed to support the new programming objectives. According to Matthew Mayo, Assistant Executive Director / Health Care Administrator, Masonic Village did not pursue licensing as a dedicated hospice unit due to the specific Medicare regulations.

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*“You must figure out a way to maximize every Medicaid dollar,” says Mayo. “Eliminate waste and inefficiencies. Medicaid reimbursement does not cover the cost of good quality care.”*

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Double occupancy rooms were converted to spacious private rooms with amenities for visiting family members, such as a pull-out couch and a refrigerator. The remaining resident rooms were converted to shared uses such as a meditation chapel, a children's space, a resource library and a "touchdown" office space for working remotely. The living room, dining room and finishing kitchen required minimal adjustments to serve patients and family members. This comfortable, homelike setting is open to campus residents as well as members of the greater community needing 24-hour comfort care.



Masonic Village, Elizabethtown, PA

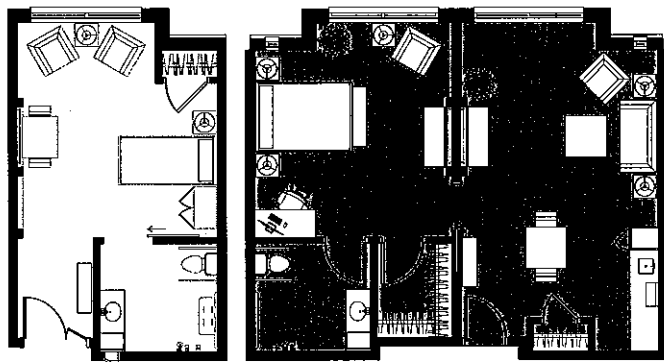
Mayo's advice to other communities is "find a need or service gap in your area (such as bariatric or heart condition care) and fill it." But these special needs units must be considered through the lens of staff burnout.

## 5. Conversion to Assisted Living

Life Plan Communities in some areas of the country are opting to eliminate skilled nursing altogether in favor of assisted living. This is increasingly being considered in states that have more options with assisted living. Conversely, in some states like Pennsylvania there is no funding mechanism for assisted living.

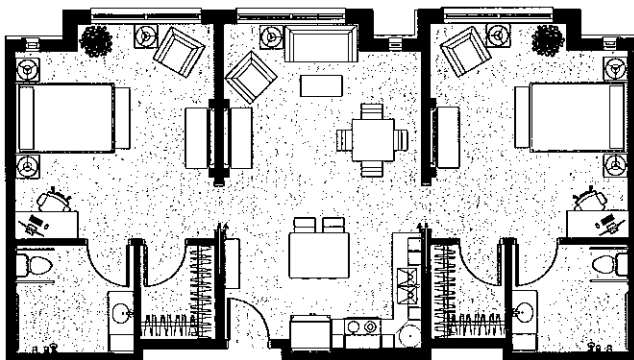
Rose Villa in Portland, Oregon provides skilled nursing care (as a licensed Intermediate Care Facility (ICF)) on the first floor and a Residential Care Facility (RCF), similar to assisted living, on the second floor of its health center. The entire building was built to the most stringent standards for flexibility to flip from one license to the other.

### Skilled Nursing Conversion Study



Skilled Nursing Residence

Assisted Living Residence



Independent Living Residence

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*“Even though this cost more, I would never do it any other way,” says Vassar Byrd who served as CEO of Rose Villa from 2006 through 2023. “This flexibility freed our team from having to guess what the future will bring.”*

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The community already has plans to re-evaluate in 2025, and may convert to all assisted living.

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*“Staffing challenges were a big part of this,” Byrd shared. “Per person reimbursement for Medicaid in Oregon is close to private pay – so the issue is cost of care staff, not reimbursement. Rose Villa will ‘skill up’ as needed to deal with higher acuity cases within assisted living.”*

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## 6. Conversion to Apartments / Concierge Living

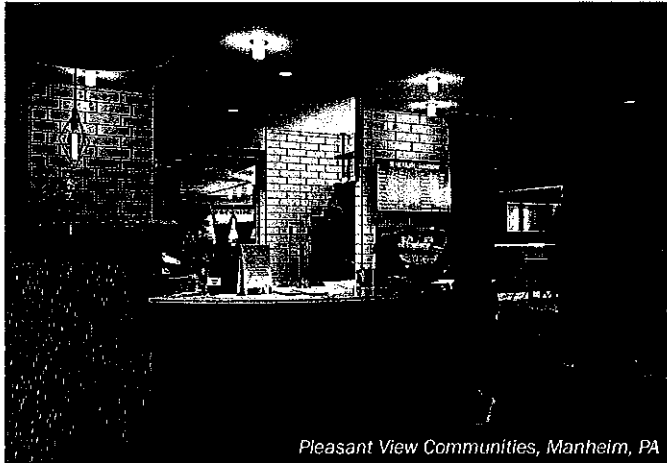
A decommissioned skilled nursing neighborhood could also be converted to an affordable independent living product or a concierge living option. Recognizing the vast need for affordable seniors' housing options, Life Plan Communities are seeking to expand their mission beyond the market-rate sector.

Construction costs continue to make new construction of a middle-market product difficult to achieve since it does not qualify for the tax credits and other funding mechanisms available to subsidized low-income housing. Repurposing existing infrastructure can help to streamline the development process and yield savings that support a lower price point.

Concierge living, sometimes referred to as enhanced living, residential care or personal care, takes a different form for each Life Plan Community. Regardless of the marketing descriptor or state licensing label, concierge services provide support services for daily tasks on an as-needed basis. This could range from simple household chores like cleaning or laundry to help with coordination of support services and transportation to medical appointments.

## 7. Creative Partnerships

Former skilled nursing areas can also be adapted for intergenerational opportunities. Pleasant View Communities in Manheim, Pennsylvania has partnered with a non-profit organization, OneLife Institute, to breathe new life into a decommissioned skilled nursing floor.



This faith-based program allows high school graduates to serve others while earning college credits. Adaptive re-use of a former skilled nursing wing works well for their residential program needs and the ground floor location allows them to have their own entrance. The Pleasant View campus location provides built-in opportunities for learning and service while fostering multi-generational interactions and campus vitality.

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**“**This year we have 28 'gap-year' students who are each partnered with a resident and staff member,” Jonathan Hollinger, CEO reports. “These students enter the adult world with a very different reference point from the program. One former student is now pursuing his NHA license.”

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This type of partnership can also work at a smaller scale, with college students moving into individual rooms. One such example is Vincentian Shenley Gardens in Pittsburgh, Pennsylvania. In July 2023, there were 51 residents and six graduate students living there. Students receive below-market monthly rent (\$600-\$1,400) in exchange for service hours to residents through educational workshops, social outings, parties, technology help and other assistance.<sup>7</sup>

## Meeting Mission with Future-Ready Design

As many Life Plan Communities are focused on downsizing or eliminating their skilled care residences, there are a few providers who have reaffirmed their commitment to the full continuum of senior care. One such community is Bishop Gadsden, located in Charleston, South Carolina. The hospitality-focused Gadsden Glen Center for Health and Rehab, completed in 2022, includes 64 skilled nursing beds spread across four neighborhoods. Gadsden Glen also includes residences for 32 people living with dementia and 32 short-term rehabilitation rooms.



The building block for long term care was the resident room. The spacious, 409 square foot rooms feature a separate anteroom offset from the sleeping area, as well as private bathrooms with full showers. Tucking the bed around the corner enhances privacy for residents and directs views to the large windows and daylight streaming in.

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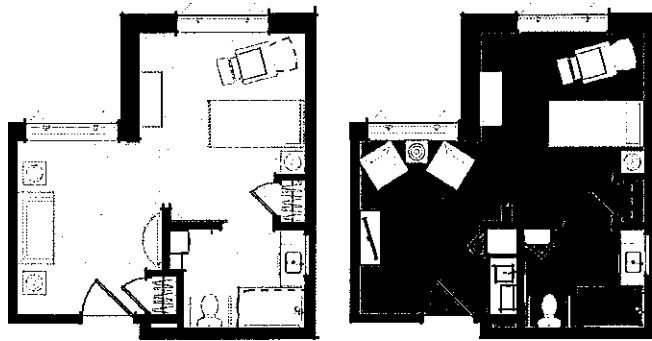
**“**Our team members were very involved in the design of the rooms,” shares CEO Sarah Tipton. “We had mock-ups of resident rooms and bathrooms created so staff members could help fine-tune details like toilet locations, lift access and bed size.”

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However, beyond these current benefits, the unique layout provides future adaptability. The rooms can be easily modified for assisted living with the addition of a kitchenette or combined to create independent living apartments.

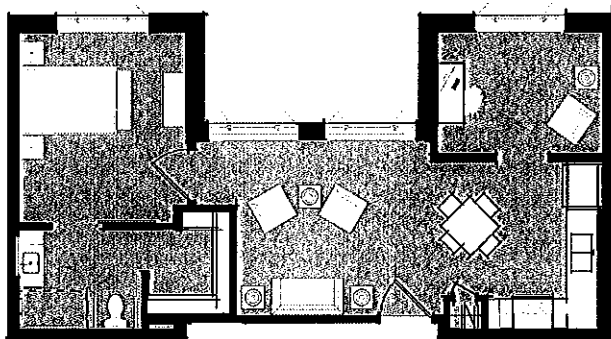


### Skilled Nursing Conversion Study



Skilled Nursing Residence

Assisted Living Residence



Independent Living Residence

Londonderry Village in Palmyra, Pennsylvania, also intends to maintain its 88 skilled nursing beds, most of which are located in six Green House model residences. These can also flex to serve different resident types.

According to The Green House Project®, the majority of Green House homes are licensed skilled nursing facilities (SNFs). However, some offer post-acute rehab while others are assisted living and dementia care settings.<sup>7</sup>

Londonderry Village currently operates one wing of a traditional skilled nursing facility that predates the Green Houses. Future plans envision closing this outdated space in favor of another Green House, if needed at that time.

*“Many people think it costs more to care for residents in a Green House, but it does not because certain staffing demands, like culinary and housekeeping, are much lower,” reports Jeff Shireman, CEO. “It is the same or slightly less overall cost to care for a resident in a Green House model than a traditional skilled nursing facility.”*

### Greater Good: Aligning Mission & Market for Life Plan Communities

It is impossible to know how current and evolving trends will impact skilled nursing in the future.

- Will more states provide viable reimbursement options for assisted living?
- Will the Centers for Medicare & Medicaid Services (CMS) moderate its minimum staffing proposal?
- Will the aging Boomer wave overwhelm the remaining Long Term Care system as fewer and fewer skilled nursing beds are available?

While we cannot predict specific outcomes, we know that a wave of people will reach the age when they are likely to need skilled nursing care at the precise moment when it may have nearly vanished from the senior living landscape. Now is the time to think how and where this critical care can be cost-effectively delivered.

*“There is a big gap in what consumers want and what most of them can afford, but my main concern for the future is access to care,” Rundle says. “There are not nearly enough caregivers and beds to accommodate them. People who are not part of a Life Plan Community will likely have very few options if they need long term care in the future.”*

Solving the current care conundrum is going to look different for each provider with varied models and new approaches. It may come down to whether your organization is willing—and able—to operate skilled nursing care at a loss. This is where rightsizing is critical. “Building” your way out of debt is increasingly difficult and you must have enough mass of profitable housing to offset losses in other areas.

<sup>1</sup> AHCA/NCA 2023 State of the Nursing Home Sector Report <https://shorturl.at/knkQ8>

<sup>2</sup> Centers for Medicaid and Medicare Services, Assistant Secretary for Planning and Evaluation, Office of Health Policy Report <https://shorturl.at/vDGN1>

<sup>3</sup> Statista <https://shorturl.at/mnuv5>

<sup>4</sup> The Commonwealth Fund, Exploring the Cost and Value of Private Versus Shared Bedrooms in Nursing Homes, <https://shorturl.at/akvjZ>

<sup>5</sup> CCRCs Not Looking to Exit, But Reinvest in Skilled Nursing; Skilled Nursing News, <https://shorturl.at/almY1>

<sup>6</sup> Trib Live – Chatham University Students, Seniors Share Living Space at Vincentian Schenley Gardens <https://shorturl.at/djkzC>

<sup>7</sup> The Green House Project <https://shorturl.at/lowMQ>

## Strategies for Moving Forward

As healthcare becomes increasingly costly to operate, a hard look at every area is warranted so that subsidized service lines truly align with mission objectives. Engaging a multi-disciplined team of financial, development and design professionals can mean the difference between success and failure when considering future options. While it's fair to say that many non-profit, Life Plan Communities have too many skilled nursing beds, the optimum mix of housing and services will be unique to each campus.

When considering options, the following steps will get you started towards a viable rightsizing plan:

**Board Education** An often overlooked first step is making sure your board of directors understands the need for a strong market and financial position and is willing to support what can be difficult decisions. Boards members are often reluctant to shed mission-driven service lines, even in the face of growing financial pressures.

**Operational Assessment** An evaluation of organizational structure, labor costs, expenses and reimbursements will further guide future direction. This includes an in-depth review of budgets, accounts receivable, ancillary supplies, staffing costs and scheduling practices as well as documentation and record-keeping. Future plans can then be evaluated in the context of optimizing operations, particularly when it comes to staffing and maximizing reimbursements.

**Facility Study** A review of existing floor plans and infrastructure will determine what can be achieved, individual unit yield by use type and high level cost estimates associated with the changes. Particularly if considering a conversion to a different level of care, a building code analysis defines required changes for compliance with current regulations for the proposed use type.

**Financial Review** Your financial advisor will provide critical insights based on a thorough review of historical and recent financial performance, both internally and in comparison to industry benchmarks. They will help to define an appropriate mix of units and amenities, what price points make sense and any programs that need to be revisited.

## Contemplating the Future of Skilled Nursing Care for Your Organization?

We are inspired to serve mission-driven skilled nursing care providers who have the courage, discipline and creativity to persevere despite the constant threat of a negative balance sheet. Please reach out to our team if you are considering options for rightsizing your community. Together with your financial advisor and/or development team we can help you evaluate future potential and guide decisions that align with your mission, financial realities and consumer preferences.

### Acknowledgements

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# Provider is victim of data security breach at 3 locations

KIMBERLY BONVISSUTO

McKnight's Senior Living News

OCTOBER 19, 2023

A Connecticut senior living and care provider is warning that a data security breach potentially affected assisted living residents as well as rehabilitation patients in three locations. [Atlas Healthcare CT](#) announced last week that personal information may have been exposed from individuals who received care at Arbors of Hop Brook, a Manchester, CT, assisted living community, as well as Manchester Rehabilitation and Healthcare Center in Manchester, CT, and Vernon Rehabilitation and Healthcare Center in Vernon, CT, according to the [Hartford Courant](#).

The breach, which occurred Jan. 20, included the names, addresses, dates of birth, Social Security numbers, medical and health insurance information, driver's license numbers and financial information of individuals. The company did not provide information on the number of people affected or the nature of the attack. Atlas Healthcare had not responded to a request for comment from *McKnight's Senior Living* by the production deadline.

The company indicated that it conducted an investigation, notified police and engaged cybersecurity professionals to determine the extent of the breach. Individuals potentially affected by the breach were notified via mail and were offered free credit monitoring services.

## The cost of data leaks

A recent report from [Fortified Health Security](#) revealed that the number of cybersecurity incidents within healthcare has increased by 104% — affecting 40 million people — last year. Data leaks have proved [costly](#) and time-consuming, with high profile cases such as [HCA Healthcare's data leak](#) this summer, which led to [multiple lawsuits](#). PharMerica, which serves more than 3,000 assisted living and skilled nursing pharmacy programs, [was sued](#) this year for failing to notify customers of a data breach in a timely fashion.

Research conducted by [Ponemon Institute](#) found that the healthcare industry reported the most expensive data breaches of 17 various industries.

The reason senior living communities and nursing homes often are vulnerable to cyberattacks, according to cybersecurity company [NordLayer](#), is human error, including weak passwords or unintentional actions by employees that result in allowing security breaches to occur or spread.



## Senior living a target for data breaches

Senior living and care operators have been a common target for hackers, with several data breaches reported in the past year:

- The operators of four not-for-profit senior living and care communities in Pennsylvania reported suspicious activity this summer that affected some of their internal systems used for business operations. [Senior Choice and The Williamsport Home](#) both said that unauthorized individuals may have accessed personal information about residents, providers and facilities.
- This spring, a vendor of clinical and third-party administrative services to managed care organizations serving elderly and disabled individuals disclosed a data breach affecting more than 4.2 million people. [Independent Living Systems](#) said the breach occurred in July 2022. The company is facing a class action lawsuit.
- [Medicalodges](#), a Kansas-based long-term care provider, was one of two companies targeted by the Karakurt Ransomware Extortion Group this spring. Last summer, the US Department of Health and Human Services' Health Sector Cybersecurity Coordination Center issued a warning that the [Karakurt ransomware group](#) was targeting healthcare organizations after four providers — including an assisted living provider — were targeted. A [life plan community](#), Blakehurst, fell victim in December.
- Last fall, [Lantern Hill](#), an Erickson Senior Living-managed continuing care retirement / life plan community in New Jersey, used a potential data breach of resident information as an opportunity to educate staff members and beef up its technical safeguards.
- Senior living providers were among the victims of the [NetWalker hacker ring](#) in 2022 that extorted at least \$27.6 million from dozens of businesses — healthcare providers, including senior living providers, as well as law enforcement and educational institutions all over the world.
- [Avamere Health Services](#), an Oregon-based senior living and skilled nursing provider, announced last summer that its computer network was breached, affecting the personal information of some of its employees as well as some employees of affiliated entities.