

## CALENDAR OF EVENTS

### Upcoming Regional Roundtables

**September 7-8, 2011**

Ritz-Carlton San Francisco

**November 15-16, 2011**

Ritz-Carlton Philadelphia

For more information on LTC 100 Regional Roundtables please contact Emily Sciascia at (203) 644-1701 or [esciascia@lincolnhc.com](mailto:esciascia@lincolnhc.com)



### 2012 LTC 100 Executive Management Conference

May 5-8, 2012

Ritz-Carlton Naples Beach, FL

Visit [www.ltc100.com](http://www.ltc100.com) to register.

## OUR MISSION

LTC 100 is a premier leadership conference for long term care executives to share best practices, envision the future and strive to continually improve management excellence.

## LTC 100 Executive Summary

The LTC 100 Regional Roundtables are designed to provide an intimate forum for long term care leaders to share best practices and strategies, giving equal emphasis to short- and long-term areas of focus.

This past March, eleven long term care C-level executives, from eight states (FL, GA, IL, MS, NC, OH, TN, and TX), participated in the first roundtable held in Atlanta. Participants represented a total of 210 facilities and an average size of 3,093 beds.

Their discussions centered on adapting to the changing future of long term care. Focusing on reimbursement cuts, the future of ACOs, technology strategies and effective leadership, the group talked about the challenges they face as well as steps being taken to address these issues. The main topics addressed were:

- Handling Medicaid and Medicare Cuts
- Collaborating on Post Acute Networks
- Creating Effective Leadership
- Preparing for Healthcare IT

We've organized this Executive Summary to present the key discussion points and leverage the experiences and knowledge of thought leaders in the long term care community.

Please note: names have not been attributed to specific quotes to protect the candor of the roundtable.

### Handling Medicaid and Medicare Cuts

Preparing for the inevitable reimbursement cuts are a challenge with no easy solution. "We'll need Medicaid, but we don't want to rely on it," said one executive. Cuts ranging from single digits to as much as 30% in Texas have been proposed.

**In the future, Medicaid reimbursement is likely to cause long term care to fracture into two tiers – a high-end tier for private payers and a low-end tier for primarily Medicaid patients.**

The rates for Medicaid don't provide an allocation for capital expenditures, so the ability for Medicaid-focused providers to maintain and improve

facilities will be very limited. Essentially, older, less desirable buildings will become Medicaid.

Group homes – unregulated with few or no safety features – are starting to pop up in some states.

The other likely outcome from budget cuts will be a reduction in the number of nursing homes in the U.S. With a shift from in-patient care to lower-cost outpatient care, the number of homes will drop from 16,000 to 11,000 over the next five years.

Unfortunately, one likely solution for the states is an increase in HMOs for Medicaid. States that have incorporated such plans in the past have had disastrous experiences, with increased costs and a "bureaucracy on steroids." One executive foresees a day when Medicaid will be privatized.

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We can't change that we're going to get a rate reduction – because everybody is getting cut – but we can change the system,” said one participant. For instance, in Ohio automated medication management and dispensing could reduce labor by 50%, but the state can't deal with it.

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### In some states, providers are splintering from their state associations to form their own lobbying groups.

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In Florida, long term care executives have formed a new collaborative called *The Florida Promise*, which uses grassroots techniques to reach key decision-makers, and works to ensure facilities are appropriately funded.

Solid grassroots efforts that include executives, owner-operators, residents and their families are critical to the future of long term care. One executive noted that getting 100 residents to contact lawmakers via email or letter tended to be more effective than hearing, once again, from a long term care CEO.

#### **Collaborating on Post Acute Networks**

With the ongoing changes in the healthcare system, long term care providers are collaborating through new partnerships or networks to ensure future successes, particularly in competitive urban environments.

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### Those who fail to forge relationships will have “referrals choked off” and will see revenues from Medicare, Medicaid and private payers reduced.

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Even if bundling is not here yet, providers are already seeing care management and other activities. As hospitals are pressed for accountability, they are beginning to reach out and providers are beginning to work closely with hospitals to reduce readmissions. The challenge is to become the source and knowledge leader for hospitals.

One executive expressed the opinion that a single provider doesn't have to own the entire post acute network. They can combine their resources with other partners but must establish minimum standards for working together.

Accountable Care Organizations are another option on the horizon, although bundling is not yet active so the focus is on care management.

With a network or partnership formed, becoming a preferred provider in a particular market can be a difficult task. Asking, “what does this community need and what services can we provide” can help identify areas for potential growth.

The market may also dictate whether the services provided should be specialized or more general. An urban market, for example, typically has plenty of providers offering a variety of services so specialization may offer more opportunities. In rural markets fewer service options exist, increasing the need for providers to be generalists.

Any type of collaboration requires physician buy-in to help assist patients with the transition between care settings or back into the community – but working with physicians can be one of the biggest challenges for any provider.

In some markets, hospitals are pushing out primary care physicians, leaving PCPs to decipher where they fit in the healthcare system.

“Our challenge is to have relationships with hospitalists and PCPs and to stay politically neutral,” noted one executive.

LTC providers also need to manage the unique protocols of hospital-based physicians – this means that nurses will need to be trained in the protocols specific to a doctor. Some providers use nurse practitioners that work for a doctor's office to collaborate in a patient's care.

Studying the various hospital and physician groups in a particular region may help identify the best alignment opportunities available.

#### **Creating Effective Leadership**

In this demanding environment, effective, strong administrators will be a key to success. Providers have started to strengthen their management teams, but more than 10 percent of administrators still fail to meet expectations.

Effective performance is driven by two key components: training key personnel and retaining talented employees. One provider discussed their administrator development program, which has contributed to an average administrator tenure of 14 years. Other options mentioned include onsite Master of Business Administration programs and partnerships with schools of nursing.

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One provider has developed a program specifically focused on developing leadership in Directors of Nursing in order to build better teams and create talent management processes.

To help retain good employees - particularly at the lower levels where turnover can be high – many facilities have set up profit-sharing packages, invested in workforce development, set up employee recognition programs or provided health insurance.

One executive spoke of a longevity bonus program, which pays employees a certain amount for every year they work. The bonuses are then handed out every three or four years – and encourages employees to stick to their job at least until the next bonus is awarded.

Additional steps to encourage retention of good employees and development of executive leadership include:

- Changing the culture of a business to promote good attitudes among employees and to encourage management to listen to employees
- Investing in physical surroundings to create an environment that promotes success and reflects the level of work
- Firing underperforming employees so good workers don't resent management for failing to handle the situation

### **Preparing for Healthcare IT**

All LTC facilities are required to have full adoption of electronic health records (EHR) by 2014, creating technology pressures for providers working to meet this deadline.

No penalty has been set for those who fail to adopt EHRs, but the government is likely to start with positive reinforcement for those who do. Negative repercussions are likely to be implemented as a second recourse.

This makes creating a “meaningful use” EHR strategy vital to protecting reimbursement but also to collaborating with other providers and remaining competitive. A “meaningful use” system is one that has been qualified or certified and allows providers to obtain funding to implement the system.

It can be very difficult for providers to choose the right pieces of software – and ensure they work together properly – especially given the number of options available. The key, though, to a comprehensive technology strategy is to create an environment where the users understand how the technology affects them.

No standards have been set yet to require the interoperability of EHRs. One provider has taken on the development and ownership of all its connections with partners.

Setting priorities for EHR adoption as well as addressing any concerns can help in choosing products and systems. Also, finding and employing healthcare IT nurses can help turn a paper system into a paperless one.

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From healthcare IT to managing reimbursement cuts, LTC facilities face a myriad of challenges in the upcoming years. Researching, developing strategies and preparing as much as possible can help pave the path. And, as one executive explained, “the forward thought process is that we’re investors in healthcare. We’ve invested in our environment to strategically put us in a position that gets us through the next 30 years of healthcare.”

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## PARTICIPANTS

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*Thank You*

To our Regional Roundtable partners who support these thought-leadership efforts.



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**LTC 100 Executive Management Conference** is an invitation-only gathering of 150 senior-level long term care executives. Many of the most dynamic players in the industry attend, offering you an opportunity to strategize and plan for the future, form valuable relationship and expand your personal network during education, social functions and recreation.

**May 5 – 8, 2012, Ritz-Carlton Naples Beach, FL**

**LTC 100 Regional Roundtables** combine the same high-level CEO audience and high-quality experience of the conference for smaller, more intimate discussions about long term care's role in the healthcare continuum of the future. By invitation, these roundtables provide a tremendously valuable opportunity to leverage the experiences and knowledge of your peers in a compact period of time.

**Please visit us at [www.ltc100.com](http://www.ltc100.com) to register**