Combating COVID-19 with Key Performance Indicators: A Long-Term Care Perspective

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What You Will Learn

- What has COVID-19 done to us nationally?

- How do we transition to a "new normal"?

- What key performance indicators (KPIs) should we track?
    - Occupancy
    - Nursing Staffing

- Why should we track these KPIs? What are the benefits?

- No margin – no mission.
    - operating revenues + less operating expenses = positive bottom line!

"I'll never forget the first time we met. Jim had **two questions** for me."

[Read A Reflection with Ric – Lessons Learned from a CFO's First Day](#)

1. What is our mission?

2. How many residents do we serve?

Economic Conditions (at that time)

• Double digit inflation

• Double digit interest rates

What has COVID-19 done to us nationally?

Overview - Skilled Nursing Facilities

2019 Number of Nursing Facility Residents   1,246,079

2019 Number of Facilities   15,061

Occupancy Percentage

2014   87.1%

2015   86.4%

2016   85.4%

2017   85.1%

2018   84.5%

2019   80%

Impact on Occupancy Due to COVID-19

"America has failed our long-term care residents and staff," says AARP's Elaine Ryan, vice president of state advocacy and strategy integration. COVID in long-term care was "clearly a national crisis that needed a national intervention," she says, "but our government failed to do that and a disproportionate amount of lives have been lost as a consequence."

- More than 170,000 residents and staff of long-term care facilities have died from COVID-19

- More than 1.3 million COVID-19 infections among residents and staff have been reported.

- Deaths tied to long-term care facilities account for 35% of America's COVID-19 fatalities, even though less than 1 percent of America's population lives in such facilities

- Occupancy at U.S. skilled nursing facilities in December 2020 reached its lowest level (71.7%) since data has been collected.

- Occupancy declined 13.3% since February 2020, before the COVID-19 pandemic took hold.

For the latest coronavirus news and advice go to AARP.org/

Overview - Assisted Living

Assisted Living Communities*:   28,900

Total Licensed Beds: 996,100

Average Licensed Beds: 33

*(*Includes Other Residential Care Communities)*

Assisted Living and Independent Living Occupancy

"Industry-wide average assisted living occupancy dropped 1.3 percentage points to 77.7% in the fourth quarter of 2020, while independent living occupancy dropped 1.4 percentage points to land at 83.5% during the same period. Overall, assisted living and independent living occupancy rates have dropped by 7.4 and 6.2 percentage points, respectively, since March of last year."

"In 2019, the not-for profit senior living organization National Senior Campuses reported over nearly 21,000 senior living units across the United States. The total operational resident capacity for independent senior living communities in the United States ………was 245,000."

How do we transition to a "new normal"?

Plagues of Loneliness, Helplessness and Boredom

☐ No visitor policies in place since March 2020.

☐ No ability to leave campus or facility – except for essential services.

☐ No regular contact with any outside person for over a year.

Families singing happy birthday from outside to their loved one. Watch here.

Oversight with New Regulations

- Who is really in charge? (CDC? The State?)

- Regular reporting on a weekly basis to regulatory agencies.

- New regulation updates occurring weekly.

- **LeadingAge Minnesota**
  - Weekly capitol huddle to keep members informed of ongoing regulatory developments.

The Transition to a "New Normal"

Policies for:

- Residents and staff – vaccinated and not vaccinated.

- Bus trips – vaccinated and not vaccinated.

- Travel – vaccinated and not vaccinated.

- Welcoming family members to visit their loved ones.

- *…The list goes on and on…*

Photo by Christian Bowen on Unsplash

What key performance indicators (KPIs) should we track?

Why should we track these KPIs? What are the benefits?

Example - How Marriott Tracks KPIs

- Fill and empty the bucket
  - KPI tracked daily – Ex. number of paid rooms and occupancy per each property.
  - Exception reporting - red – yellow – green.
  - Action steps and follow up plans in place for red categories.

- Scalable Method – regardless of size.
  - As of 2020, Marriott International, Inc. has 1.42 million hotel rooms worldwide.

What Gets Measured Gets Managed – *Occupancy*

"More than 15,500 skilled nursing facilities (SNFs) provide care to more than 1.35 million people in the United States who need assistance with their Activities of Daily Living (ADLs), including going to the toilet, getting out of bed, getting dressed, feeding themselves, and showering, or who have cognitive difficulties, such as from dementia.[1] SNFs also provide post-acute skilled nursing care and rehabilitative services. Medicaid is the primary payer for long-term nursing needs of elders, while Medicare covers SNF rehabilitative stays of no more than 100 days. In 2015, Medicaid paid for care for 61.6% of nursing facility residents, while Medicare covered 14.2% of residents and 24.2% of residents primarily paid for their care themselves or through private insurance.[2] "

Example from one state of a Medicaid payment summary for a particular nursing home

Total Cost of Care Per day for the Facility $ 250.00

Total Medicaid Payment Per Day $ 200.00

The actual overall daily payment rate and overall dollars received from Medicare, Managed Care and Private Pay residents must be enough to offset the Medicaid payments which are less than a nursing home's daily costs.

What Gets Measured Gets Managed - *Occupancy*

Assumption – a 100 bed skilled nursing facility.

Average daily rate - $ 300 a day.

Potential Monthly Total Revenue (30-Day Month)

90% Occupied - $ 270,000

85% Occupied - $ 255,000

80% Occupied - $ 240,000

75% Occupied - $ 225,000

70% Occupied - $ 210,000

*"48 States Saw Nursing Home Occupancy of **80% or Worse** as 2021 Dawned – With Census as Low as 56%"*

What Happens With Payment Mix

Assumptions – 100 Bed Nursing Home - **80% Occupied**

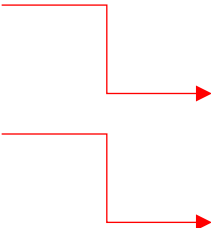| Payer	Occupancy Mix	Persons Served	Rate	Daily Revenue
Medicaid	61.6%	49.28	$ 200	$ 9,856
Medicare/MC	14.2%	11.36	$ 350	$ 3,976
Private Pay/Ins	24.2%	19.36	$ 300	$ 5,808
Total	100%	80		$ 19,640
Annual Revenue				$ 7,168,600

Payment Mix _Changes_

Assumptions – 100 Bed Nursing Home - **80% Occupied**

Payer	Occupancy Mix	Persons Served	Rate	Daily Revenue
Medicaid	70%	56	$ 200	$ 11,200
Medicare/MC	10%	8	$ 350	$ 2,800
Private Pay/Ins	20%	16	$ 300	$ 4,800
Total	100%	80		$ 18,800
Annual Revenue				$ 6,862,000

Decrease in Revenue (Due to Change in Mix)   **$ 306,600**
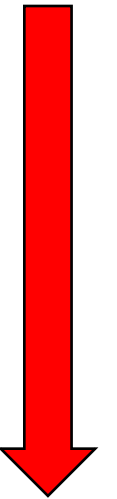
Assisted Living Group Home – *Ten Residents or Less*

	Monthly Revenue	Monthly Revenue (With Two New Residents)
Resident 1	4,250	4,250
Resident 2	3,750	3,750
Resident 3	4,000	4,000
Resident 4*	4,500	3,250
Resident 5	3,500	3,500
Resident 6*	4,750	3,250
Resident 7	3,250	3,250
Resident 8	4,000	4,000
Total Monthly Revenue	$ 32,000	$ 29,000
Estimated Annual Revenue	$ 384,000	$ 348,000
AVG Mo. Revenue Per Resident	$ 4,000	$ 3,625
Decrease in Annual Revenue		**$ 36,000**

*Imagine two new residents moved in. A **lower monthly payment** results in an **overall decrease in revenue.***

Employee Recruitment and Retention

- COVID-19 Testing and Quarantine

- Unemployment Benefit Changes

- High Stress Work Environment with Increased Regulations

- Resident/Patient/Elder Isolation

- No Visitor Policies

- Challenge – Looking for Other Ways to Connect – (i.e. Technology)
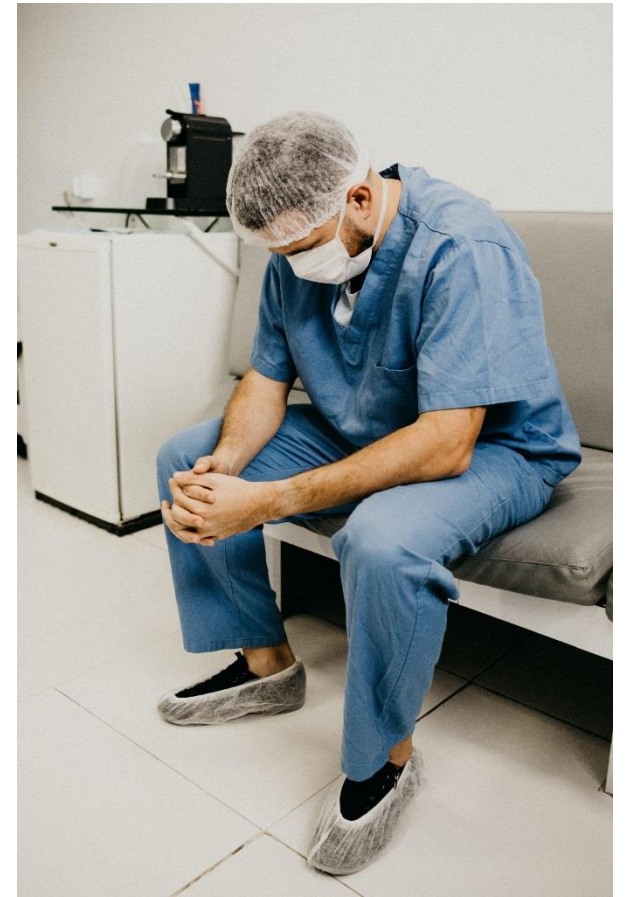
Photo by Jonathan Borba on Unsplash

High Turnover Rates

- The **average turnover** in nursing homes for certified nursing assistants is between **40 – 70%.**

- The cost of replacing any employee is **25% of the total salary** amount.

Photo by Vladimir Fedotov on Unsplash

Nursing Direct Care Wages

Assumption – Nursing Home Average Daily Census = 80

	Nursing Mix	Total Hours/Day	Avg HR/Wage	Total $
RN	.68	54.40	$ 31	$ 1,686.40
LVN/LPN	.88	70.40	$ 24	$ 1,689.60
CNA	2.33	186.40	$ 14	$ 2,609.60
Total	3.89	311.20		$ 5,985.60

Total Estimated Annual Direct Nursing Care Wages $ 2,184,744.00

Nursing Direct Care Wages –
Increased CNA Hours & Addition of Overtime

Assumption – Nursing Home Average Daily Census = 80

	Nursing Mix	Total Hours/Day	Avg HR/Wage	Total $
RN	.68	54.40	$ 31	1,686.40
LVN/LPN	.88	70.40	$ 24	1,689.60
CNA	2.75	220.00	$ 14	3,080.00
CNA – *Overtime*	.50	40.00	$ 21	840.00
Total	4.81	358.80		$ 7,296.00
				$ 2,663,040.00

Estimated Increase in Annual Direct Care Wages $ 478,296.00

Daily Census Tracking Example – Skilled Nursing Facility/Nursing Home

Date_____

Number of Private Pay Residents/Elders   _____

Number of Medicaid Residents/Elders   _____

Number of Medicare Residents/Elders   _____

Number of Managed Care Residents/Elders   _____

Other   _____

Total Residents/Elders   _____

Additional information item:

Number of Medicaid Pending Residents/Elders   _____

7 Lessons With Tracking KPIs

 Know your daily, weekly and monthly key performance indicators (occupancy, direct care hours, etc.).

 Keep the team on the same page by knowing the numbers.

 Faithfully track your numbers each day.

 Take action on a timely basis.

 Know where you're at and where you're headed

 Avoid an autopsy mindset – *month end financial reports should confirm what you already know.*

 Avoid accepting and living with a "surprise" mentality.

(Read **A Reflection with Ric – Behind Every Number is a Story**)

No Margin – No Mission

A sustainable net operating margin…

1. Is not an option.
2. Increases a leader's overall personal and professional margin.
3. Creates an ability to live out servant/steward leadership.
   – Using God given resources to serve people.

operating revenues + less operating expenses = positive bottom line!

Thank You!

With overwhelming gratitude, this presentation has been dedicated to leaders of senior living and long-term communities and services.

Thank you for the way you are making a difference 24/7 in the lives of so many people at risk all around us.

Blessings on you!

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