

Aging Services: What Does the Future Hold for Us?

Version: May 25, 2011



LarsonAllen[®]
LLP
CPAs, Consultants & Advisors

LeadingAge[™]

Aging Services

*What Does the Future
Hold for Us?*

LarsonAllen[®]
LLP
CPAs, Consultants & Advisors

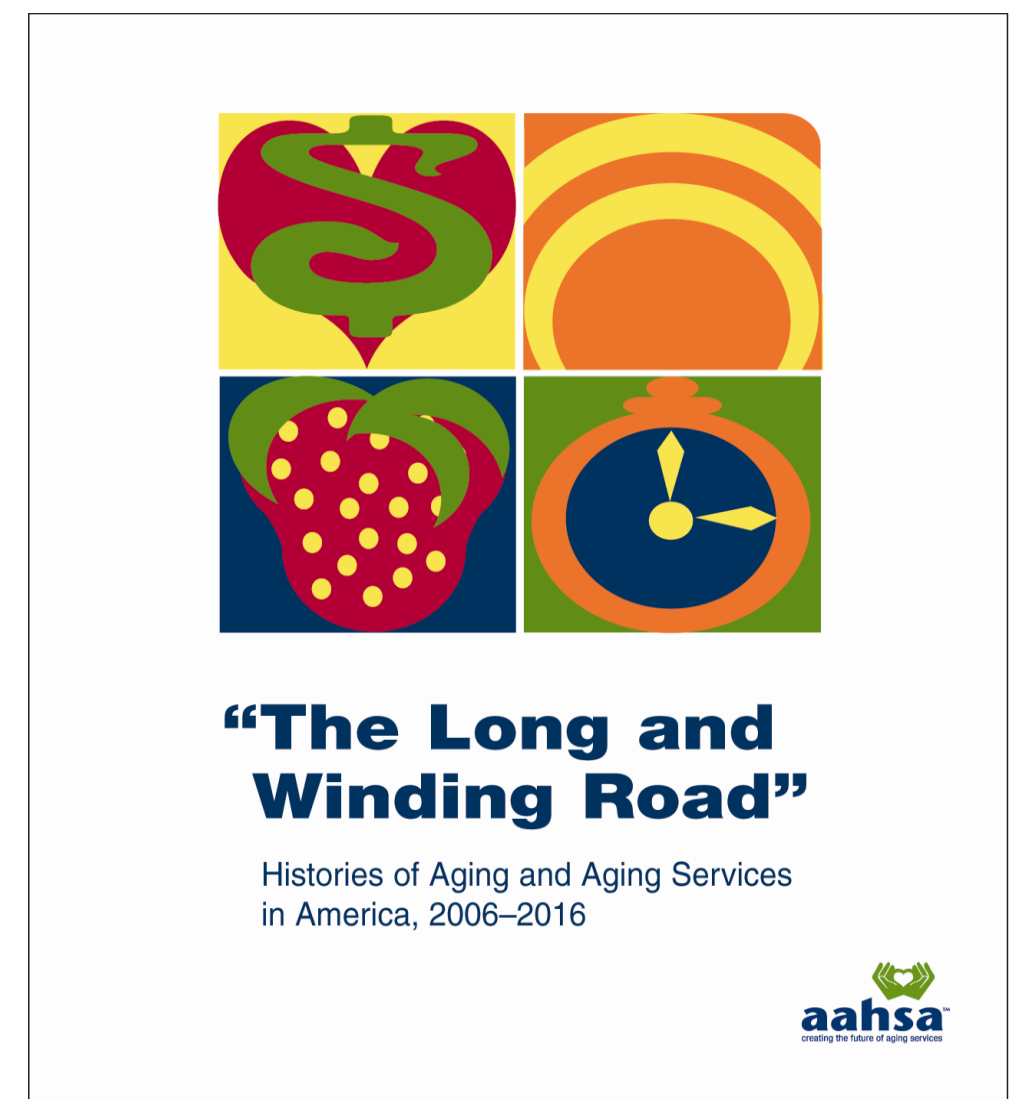
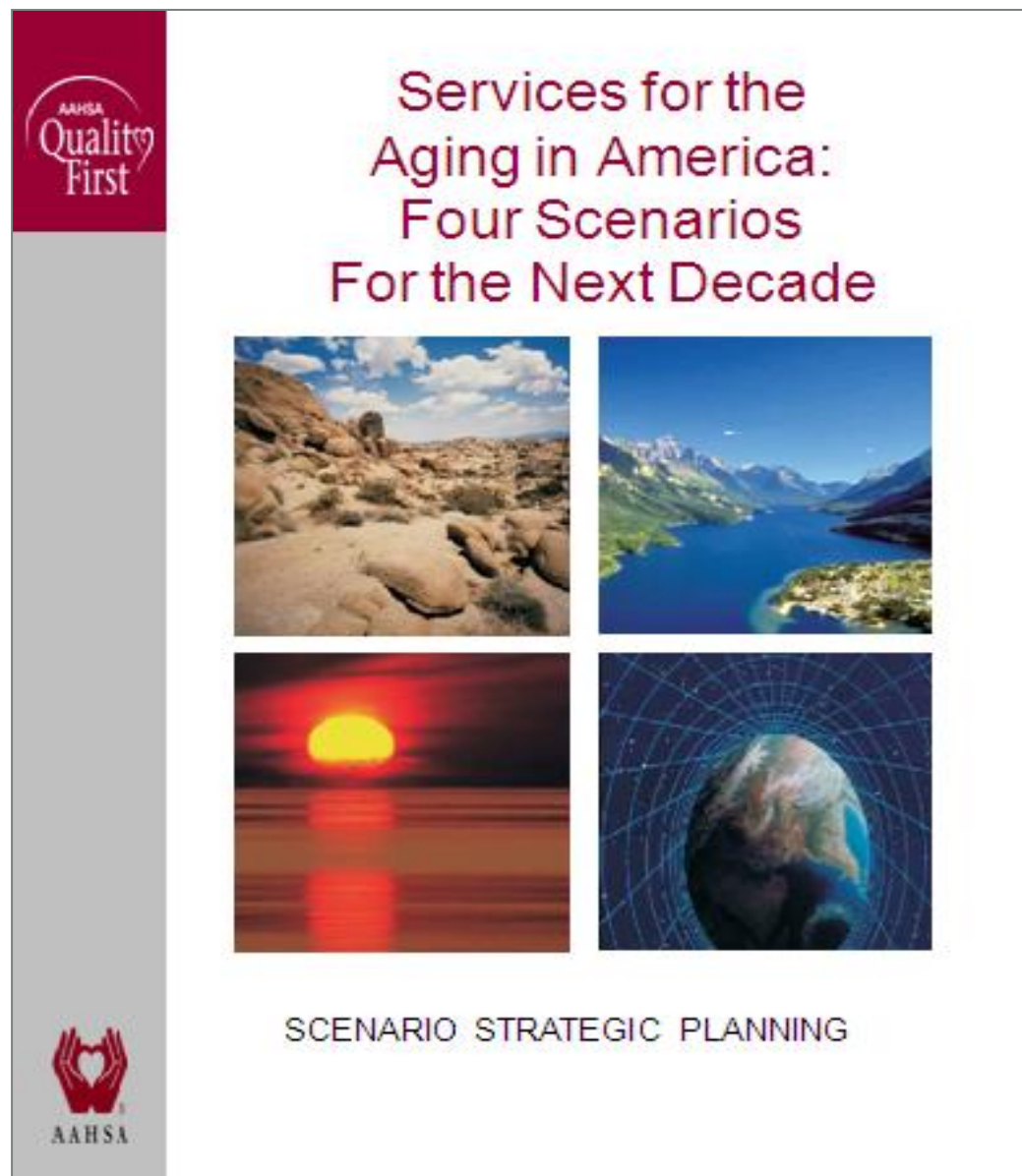
LeadingAge[™]

LEADINGAGE | LARSONALLEN



The complexity and pace
of change will bring
**opportunities and pose
significant threats** across the
aging services continuum.

AAHSA and LeadingAge: A Decade of Strategic Planning



The Five Big Ideas of LeadingAge

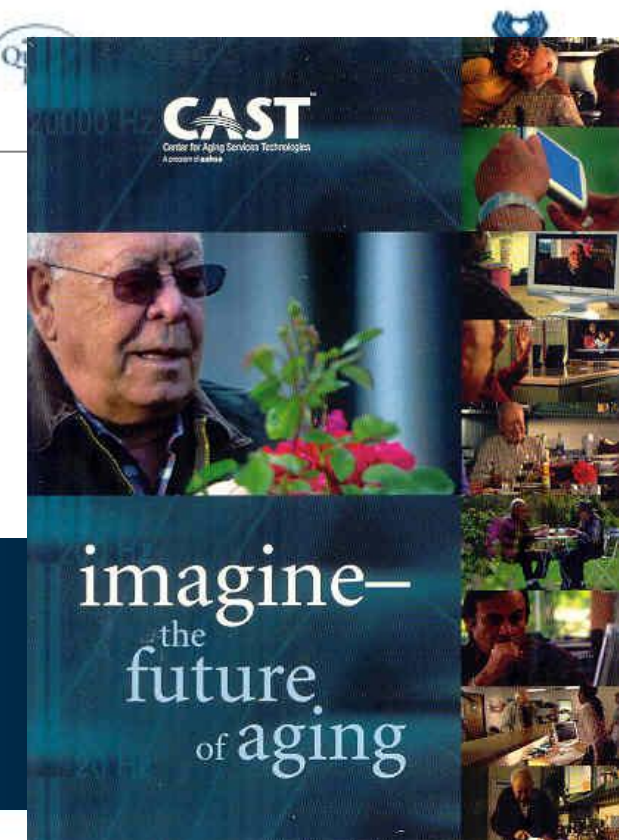
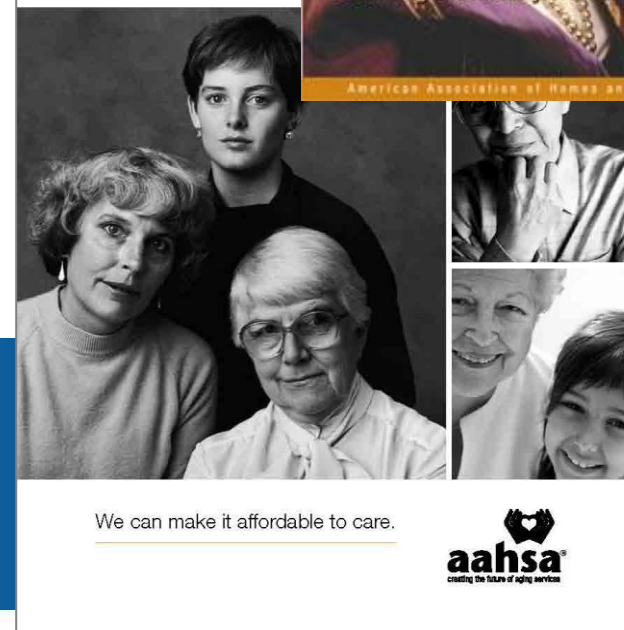
1 Quality

2 Transitions

3 Talent

4 Finance

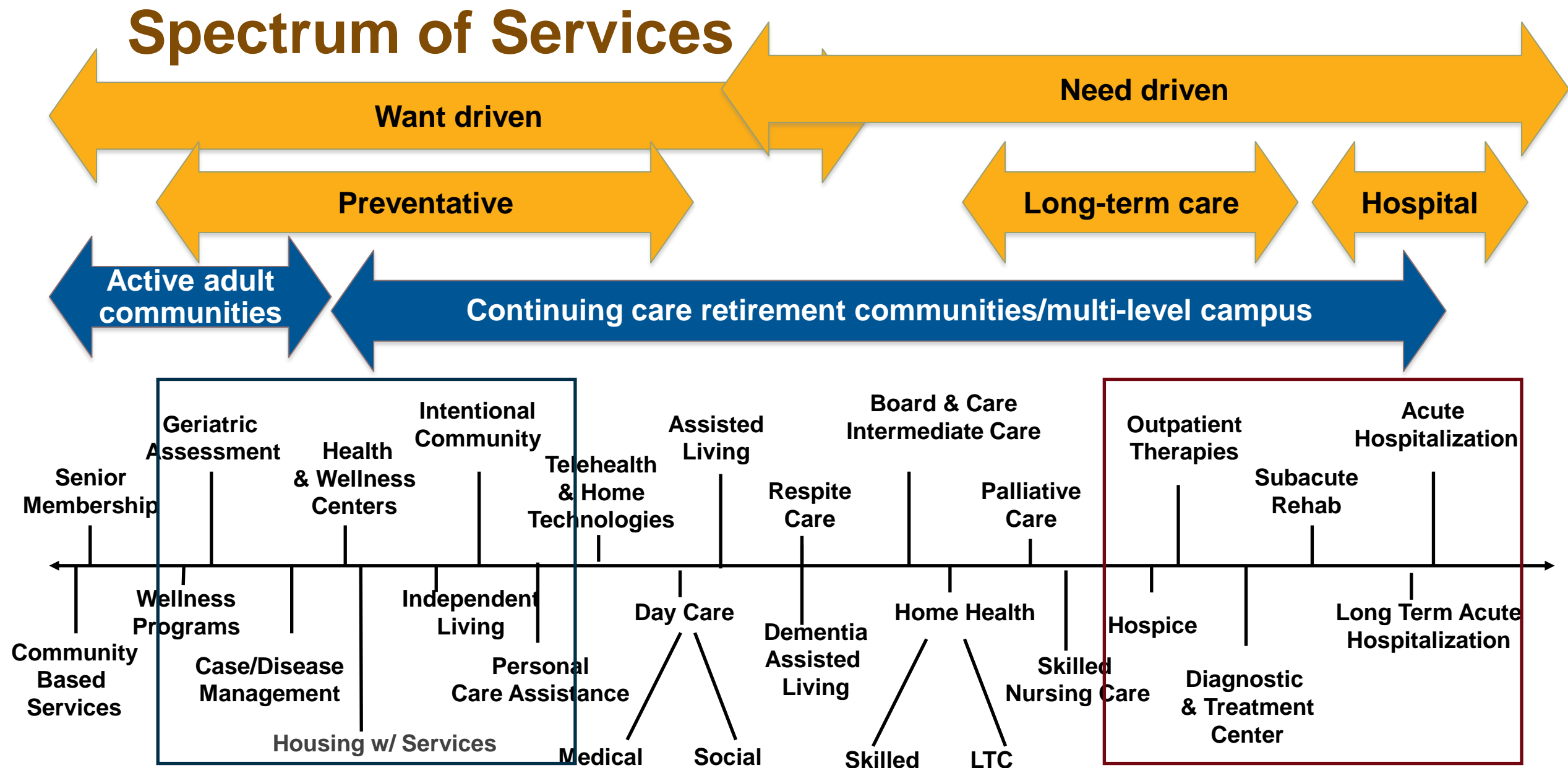
5 Technology



We can make it affordable to care.



The Field Of Aging Services Is Evolving



Source: Adapted from previous Greystone and LarsonAllen LLP presentations

Key Trends



Drivers include local culture, customs, and care delivery patterns.

Successful strategic planning will require comprehensive understanding.

Our Discussion Today...

Five trends

Seven implications

Six strategies

KEY TRENDS IMPACTING AGING SERVICES

1

Payment reform will focus on **increasing value and lowering total costs.**

Stewardship – where values meet value.

Potential Implications for Aging Services

Robust measurement systems

Automated data collecting processes



Significant cost of care reductions

Changing gain-sharing payer expectations

Better payer contracting data

KEY TRENDS IMPACTING AGING SERVICES

- 2 Referral sources are instituting changes in **preparation for different payment models.**

Potential Implications for Aging Services

Hospital and
physician relationships

New provider roles

Integrated care delivery
models



Best practice protocols

Community and post-acute
setting care delivery

KEY TRENDS IMPACTING AGING SERVICES

-
-
- 3** Hospitals will experience **significant financial strains** over the next 5 – 7 years.

Potential Implications for Aging Services

More post-acute and home care discharges



Frail and clinically-complex residents

Greater hospital integration

Faster response times

Preferred provider networks

KEY TRENDS IMPACTING AGING SERVICES

4

Future customer buying practices will likely **not reflect historical patterns.**

Potential Implications to Aging Services

More focus on stewardship,
value and quality

Increased vacancies and
longer waiting lists; more
short-stay residents

New marketing messages

CLASS Act

Transitions coordination

People staying in their own
homes longer ... with
services

“Culture trumps strategy.”

“Quality is an automatic public expectation.”

KEY TRENDS IMPACTING AGING SERVICES

5

Health Care Reform
legislation is creating
opportunities for aging services
providers.

Potential Implications for Aging Services

Health information
exchange

Payment reform

Quality and performance
measurement

Post-acute and home
health payment reductions

Shift to lower cost
levels of care, for example
housing with services

Growth in home and
community-based services

LEADINGAGE | LARSONALLEN



What Does All This Mean?

“Who will be the trusted guide?”

“Fall in love with the marketplace, not your current products.”

Impact of Consumers

How are you providing consumer-directed care?

What support do you offer to families?

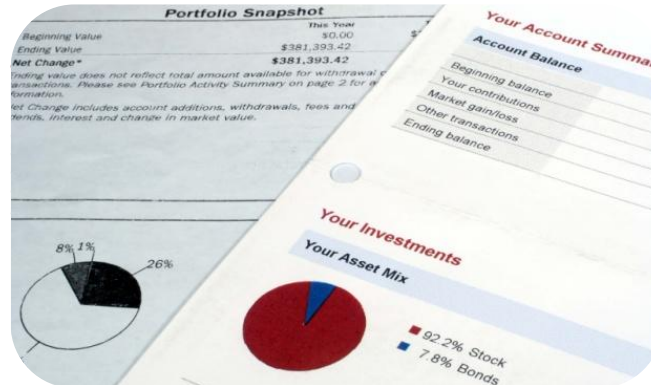
How do you help consumers navigate the maze?

Do you have a consumer-focused technology plan?

Do you have a talent-focused human resources plan?

Our Overall Perspective: The Critical Issues

Consumer expectations



Health care reform

Access to capital

Technology



Recessionary economy

Relationships

Stewardship

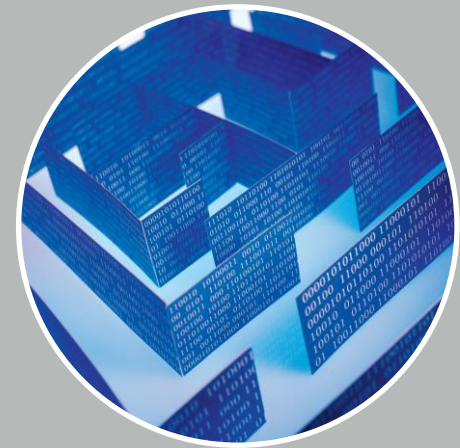
Impact of Economic Recession



The “New Normal”



Economic downturn
creates
problems and
opportunities



What is the
long-term
impact?



Health Reform will Drive Tremendous Change

Change is imminent.

Greater
financial risk

Operational
efficiency

Collaboration

Technology
investments

Increased
consumer-
focused
quality

Elevated
regulatory
risk

Community-
based
services and
care



Access to Capital will Continue to be Difficult

High interest rates for non-rated credits

Consider alternate sources of capital



Fitch Ratings: “negative outlook for the senior living sector” for 2011

Borrowing capacity defined by operating results and balance sheet strength

Rating matters for some providers!

Changing Technology Focus



The diagram consists of two large, stylized orange arrows. The left arrow points to the left and contains the text 'Past: information management and monitoring'. The right arrow points to the right and contains the text 'Today and future: Creating connectivity, Improving staff productivity, Using technologies as part of medical procedures'. The two arrows are positioned side-by-side, with the right arrow slightly overlapping the left one. The background is white, with blue and dark blue horizontal bars at the top and bottom.

Past: information management and monitoring

Today and future:
Creating connectivity
Improving staff productivity
Using technologies as part of medical procedures

Collaborative Relationship and Process Changes

Manage referral relationships

Add value in the “care delivery” stream

Participate in community collaborations

Adapt management and governance activities



Increasing Consumer and Payer Expectations

Demand for accountability and value

Targeted under
health care
reform

Person-centered
post-acute care

Home and
community-based
services

A long-range
financing vehicle

Living
arrangements

Expectation of
“free!”

Preparing for Change...

Key Strategies

Bend the cost curve

Understand and capitalize on strengths

Use technology better

Focus on consumers

Connect quality to value

Build new relationships

LEADINGAGE | LARSONALLEN



Implications for our Organization: Value, Quality and Stewardship

Be Positioned for **Success**

Does our organization have quality the public can trust?

Are we moving from silos to the broader community?

Are we moving from a product to a resident focus?

Are we succeeding in the battle for talent?

Do we demonstrate our commitment to stewardship?

Are we reinforcing our not-for-profit values?

Have a **Strategy Around Excellence**

What are we aiming to accomplish?

What are our strategies to make this happen?

What are our capabilities for doing this?

How will we know if we are making progress?

What have and haven't we accomplished so far?

Understand and Capitalize on Strengths

What are we aiming to accomplish?

What are our strategies to make this happen?

What are our capabilities for doing this?

How will we know if we are making progress?

What have and haven't we accomplished so far?

Make the Most of **Technology**

What are we aiming to accomplish?

What are our strategies to make this happen?

What are our capabilities for doing this?

How will we know if we are making progress?

What have and haven't we accomplished so far?

Shift the Focus from Process to the Resident

What are we aiming to accomplish?

What are our strategies to make this happen?

What are our capabilities for doing this?

How will we know if we are making progress?

What have and haven't we accomplished so far?

Connect Quality to Value

What are we aiming to accomplish?

What are our strategies to make this happen?

What are our capabilities for doing this?

How will we know if we are making progress?

What have and haven't we accomplished so far?

Build New Relationships

What are we aiming to accomplish?

What are our strategies to make this happen?

What are our capabilities for doing this?

How will we know if we are making progress?

What have and haven't we accomplished so far?

LEADINGAGE | LARSONALLEN



Who are **LeadingAge** and **LarsonAllen**?

LeadingAge

LeadingAge is an association of 5,400 not-for-profit organizations dedicated to expanding the world of possibilities for aging. We advance policies, promote practices and conduct research that supports, enables and empowers people to live fully as they age.

www.LeadngAge.org

LarsonAllen and ThirdAge

Who do you call when you have big questions about business or little questions about life? At LarsonAllen, you'll develop a personal connection with a team of people devoted to your field. With more than 50 years of experience, we offer valuable insights, produce original research, and develop techniques and tools specifically designed for you.

We value quality and integrity and create noticeably different client experiences. With our industry experience and national resources, we provide services that impact your business.

**[www.larsonallen.com/Health_Care
Senior_Living/](http://www.larsonallen.com/Health_Care_Senior_Living/)**

LeadingAge

Health Reform and Aging Services

<http://www.aahsa.org/healthreformhub.aspx>

- HCBS Provisions
- Nursing Home Provisions
- Technology Provisions
- Employer Provisions
- Demonstration Programs
- Consumer Information



See our Future of Aging Headlines for aging services news and updates.
<http://www.leadingage.org/>



www.twitter.com/LeadingAge



www.facebook.com/LeadingAge



<http://www.linkedin.com/groups?mostPopular=&gid=924317>

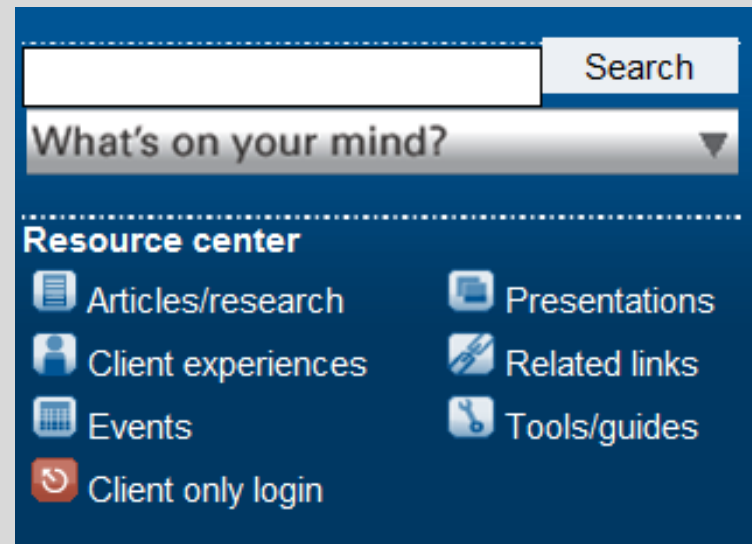
For more information on health reform, go to LeadingAge's website:
www.LeadingleAge.org

LarsonAllen

eFLASH NEWS SERVICE

<http://www.larsonallen.com/Subscribe.aspx>

Articles, research, presentations, and more:



Search

What's on your mind?

Resource center

- Articles/research
- Presentations
- Client experiences
- Related links
- Events
- Tools/guides
- Client only login

<http://www.larsonallen.com/healthcare/>

http://www.larsonallen.com/Health_Care/Senior_Living/



Follow our blog for current discussions on health care.
www.larsonallen.com/blog



www.twitter.com/larsonallen
www.twitter.com/larsonallenhc



www.facebook.com/larsonallen



www.linkedin.com/companies/larsonallen

For more information on health reform, go to LarsonAllen's Health Care Reform Center:
www.larsonallen.com/healthreform

LarsonAllen

John Richter

Executive Principal
Health Care
jrichter@larsonallen.com
704-998-5220

Mike Slavik, CPA

Principal-in-charge
National Senior Living Practice
mslavik@larsonallen.com
617-984-8116

Scott Townsley

Principal-in-charge
National Senior Living
Consulting Practice
stownsley@larsonallen.com
610-805-6303



Follow our blog for current
discussions on health care.
www.larsonallen.com/blog



www.twitter.com/larsonallen
www.twitter.com/larsonallenhc



www.facebook.com/larsonallen



[www.linkedin.com/companies/
larsonallen](http://www.linkedin.com/companies/larsonallen)

For more information on health reform, go to LarsonAllen's Health Care Reform Center:
www.larsonallen.com/healthreform