Revenue Reboot:

3 Ways to Rethink Revenue in Senior Living

PointClickCare® **SENIOR HOUSING NEWS**

Introduction

Declining occupancy remains an ongoing challenge for senior living providers, particularly in light of recent oversupply and increasing competition in some markets.

The issue is top of mind for today's senior living executives who are tasked with finding ways to make up for vacancies in their communities and replace lost revenue. Their instinct may be to focus solely on outward sales outreach and drive new move-ins, especially in markets where competition is rising.

But taking a look into existing operations and maximizing both efficiencies and revenue among current residents can shed light on some unique opportunities.

"Some providers will say they need to focus on maximizing revenue, which is important," says Jamie Timoteo, vice president, senior living for Chicago-based Plante Moran Living Forward. "But making sure you don't leave revenue on the table is equally important. Especially in this type of environment, there's a lot of opportunity where providers may have left revenue on the table because they misprice services, or they are providing services and are not documenting them correctly."

Senior living operators can address lost revenue due to occupancy shortfall with three key methods: capturing unbilled care, adding services and amenities, and optimizing pricing.

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1. Capture Unbilled Care

Industry-wide, providers are reporting that occupancy is among the top operating challenges this year. National data underscores this challenge, showing that occupancy declined to its lowest level in years in 2018, dipping slightly below 88% on a national basis mid-year.

Providers may be targeting move-ins first, but they can also focus on current residents who are not being billed for services. It's a common occurrence, particularly as staff are asked to do more with less in light of an ongoing staffing shortage. Undocumented care can be problematic both in settings where pricing is set on an à la carte basis, and where pricing is tiered by the level of care a resident requires.

When services are provided on an à la carte basis, revenue is lost each time a nurse, certified nursing assistant (CNA), caregiver, or maintenance staff provides assistance to a resident without logging it. This can be as simple as a maintenance professional who is called to repair the blinds yet spends undocumented time in the resident's unit changing a lightbulb.

"They are leaving revenue on the table in an environment where occupancy is already challenging," says Timoteo. "It's the making of a perfect storm."

When services are included in tiered care pricing, the problem exists when a resident is using more services than he or she is paying for, thus, delaying a move into a higher pricing tier.

"If you don't document how much time the Licensed Practical Nurse (LPN), nurse, or CNA is with a resident, it makes it very difficult to justify moving a resident to the next care level," Timoteo says.

When operators at Phoenix-based Pinnacle Senior Living LLC began documenting all services in just one of the organization's 54 communities, for example, they found there was a lot of revenue left on the table.

"We noticed there was a lot of care being provided but not being charged for," says Anthony Brown, Chief Information Officer for Pinnacle Senior Living.

NIC MAP 2Q18 Market Fundamentals

	SENIORS HOUSING		NURSING CARE	
	2Q18	1Q18	2Q18	1Q18
Occupancy	87.9%	88.3%	86.2%	86.5%
Annual Rent Growth	2.7%	2.4%	2.4%	2.4%
Annual Absorption	2.4%	2.1%	-0.8%	-1.0%
Annual Inventory Growth	3.3%	3.1%	-0.4%	-0.2%
Construction vs. Inventory	6.3%	6.9%	0.9%	1.0%

Source: National Investment Center for Seniors Housing & Care

In response, the organization piloted the use of PointClickCare's Electronic Health Record (EHR) at residents' bedsides to capture all care that was provided. Ultimately, community leadership found it not only helped from a revenue perspective, but it also empowered staff.

"Previously, an adult daughter would come in asking, 'What did my mom do earlier today?' and there was no mechanism to show she had gone to activities that morning," Brown says. "The EHR gave family members confidence in what the community staff are doing and also showed they were providing better care."

Community leadership also uses the EHR to proactively broach the topic of care transitions with residents and their family members. By catching conditions on a week-to-week or even day-to-day basis, staff members were able to provide families with more than 30-days' notice for a move to a higher level of care. As a result, they could avoid losing a month of revenue at a higher tier by proactively addressing the move to the next tier.

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2. Add Services and Amenities

Providers suffering from declining occupancy can build new business channels that help cover losses. In-home care, home health care, and hospice care are all possible channels for growing business among new (and existing) customers.

Additionally, there are many creative ways providers can enhance amenities or offer premium benefits to residents at an additional cost akin to the way the hospitality or airline industries charge for benefits that save time or provide additional convenience. Consider examining some of the premium benefits that can be offered in senior housing.

- **Table reservations:** Allow residents to reserve a dining table at a preferred time for an additional fee.

- **Parking:** Offer premium parking close to the building or in a covered area.

- **Personal laundry service:** In addition to standard laundry, provide personal clothes washing and folding.

- **Housekeeping:** Make extra housekeeping available in 15-minute increments for an additional charge.

- **Unit specifications:** Some providers have successfully offered dynamic pricing as is customary in the hotel business. Consider pricing that accounts for proximity to the elevator, or for a particular corner location or view.

3. Optimize Pricing

In the current payment landscape, there are new opportunities to capture revenue for current or existing services. This is driven in part by a shift to value-based care in settings that deliver clinical care, such as skilled nursing facilities.

With Medicare Advantage plans now able to cover some in-home care benefits, some providers are starting to explore the ways in which regulatory changes will help fuel payments that are determined based on the quality of care being delivered.

Optimizing payments for existing residents is a way that providers can recapture lost revenue immediately, and this begins with billing at the appropriate care level and making care transitions when they are needed — rather than documenting purely on the basis of a hunch or a single observation.

"Say Miss Johnson asks for help getting a meal one morning, and then she asks for the same thing of the night shift," Brown says. "Staff provide the care because they care. But if she really needs more care, staff can now quickly see if there is a change in condition. Community leadership can say to the family that it's been providing this service for free, but they may see a change coming soon."

How Technology Can Help

An EHR is an essential component to documenting care, at its core enhancing the resident experience and working to provide the best services possible.

But it can also be critical in laying the groundwork for an examination of existing services and revenue opportunities.

"The operators we assist are not just sitting by the sidelines saying that occupancy is going down. Instead, we are working with them and looking at how they can grow and how technology can have an impact.," Brown says.

Occupancy will continue to be a challenge in the near term and addressing it with the available tools today can set proactive organizations on a path to success.

$ Price Point Analysis

PointClickCare has partnered with Plante Moran Living Forward to offer the Service Optimization Value Program. As part of the program, Plante Moran provides an in-depth Price Point Analysis on the current rent and service packages available in the community. Coupled with a complete cost audit that factors in all expenses related to the services delivered, they can provide a detailed P&L down to the resident level. The Price Point Analysis allows the community to optimize their pricing structure based on real data and ensure they are profitable throughout their entire operation.
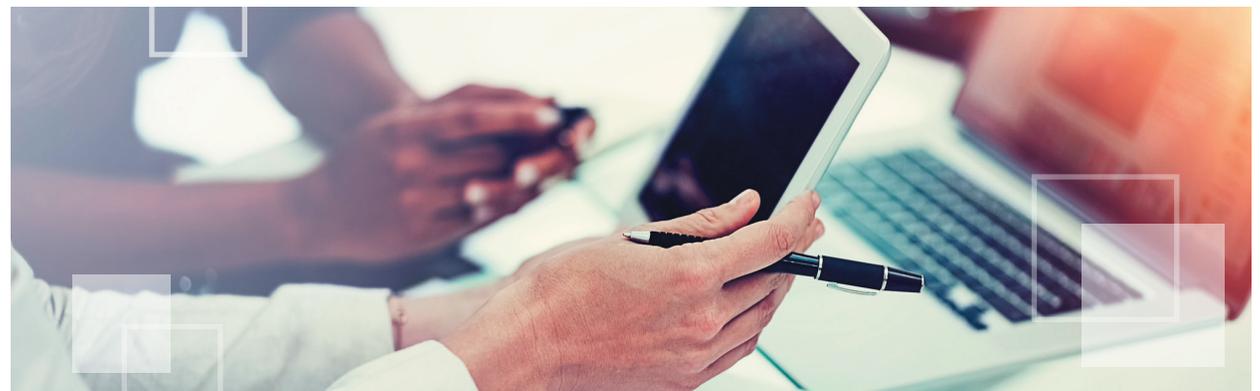
Contact PointClickCare to learn more about how our technology solutions can help your company identify new revenue opportunities and combat occupancy challenges.

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About PointClickCare

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