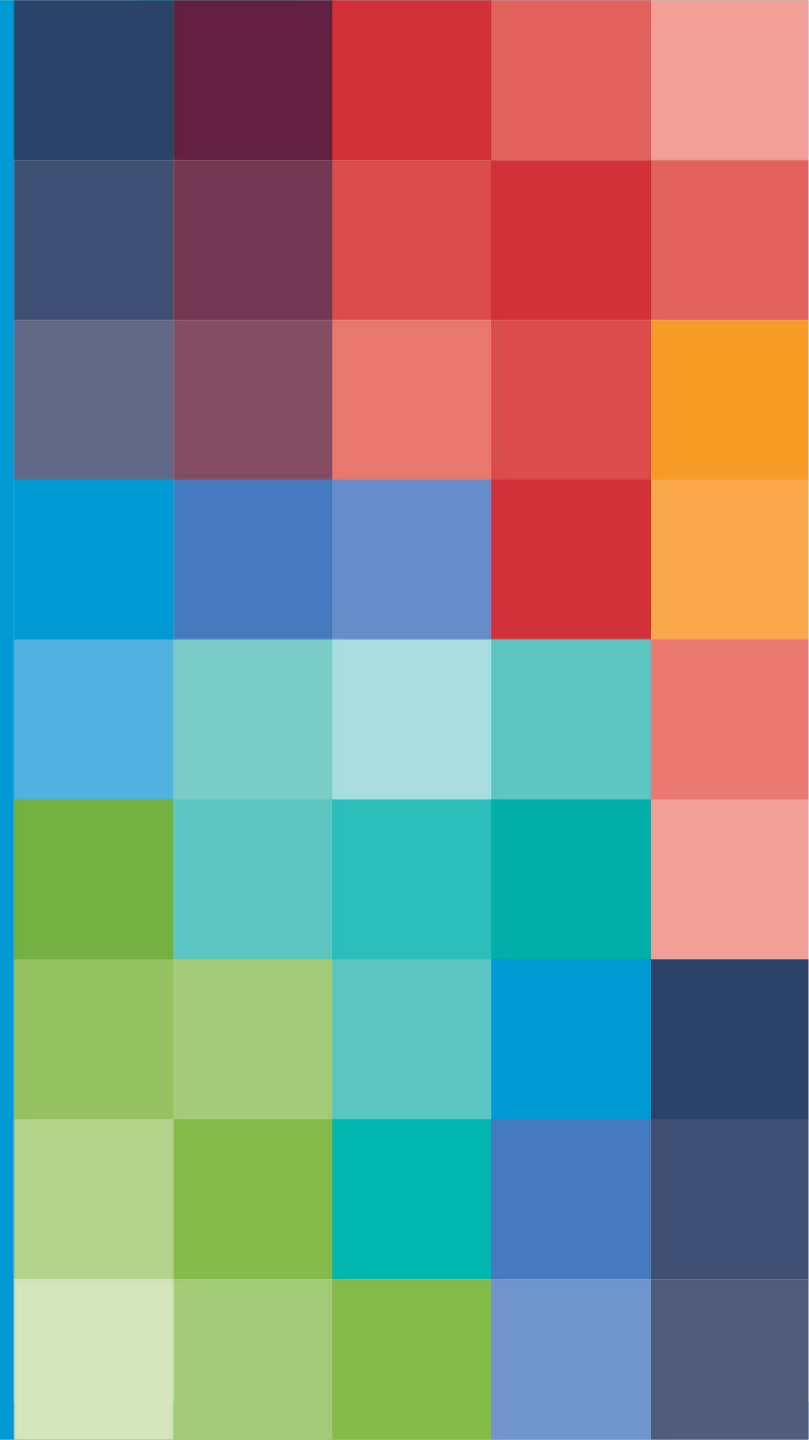




Population Health Points to New Operating Paradigms for Housing and Healthcare

2017 HHC Finance Client Symposium
14 November 2017



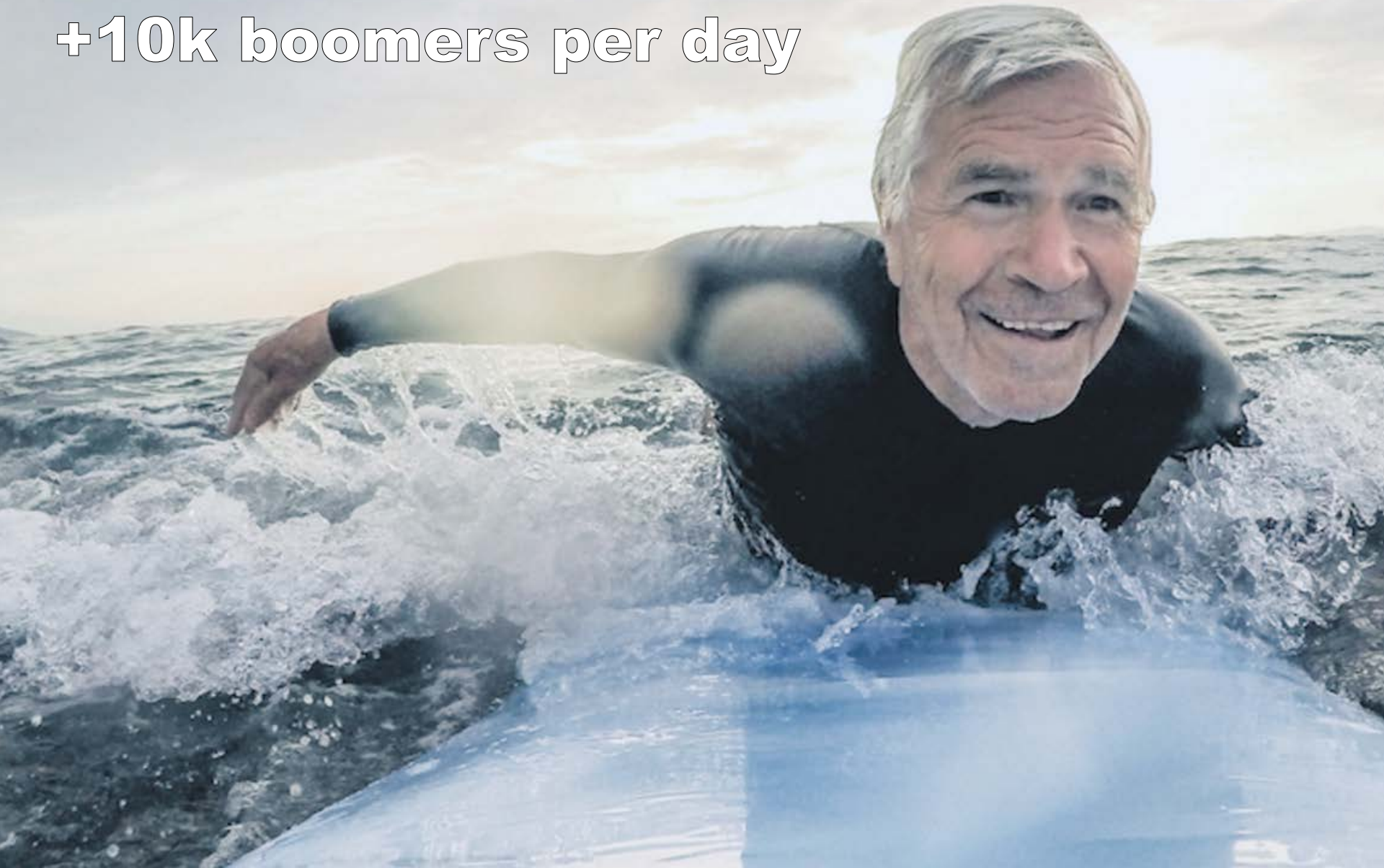
HUGE

Senior care is a \$7 trillion market

And will grow to more than \$13 trillion by 2032

The Wave...

+10k boomers per day



Population Health



As a nation, we are pushing towards population health

“the health outcomes of a group of individuals, including the distribution of such outcomes within the group”

- ✓ Focused on growing beyond individual levels of health or medical practices to address the mass in total – via consistent strategies and application of evidence-driven practice
- ✓ “Social determinants” are key to PH – economic and social conditions that drive health choices and options
- ✓ PH does not imply a “disease-free” state – alternatively, it seeks to empower individuals to adapt or respond to health challenges



When a fellow says, “it ain't the money but the principle of the thing”, it's the money.

– Artemus Ward



Where Things Are Going & Why This Is Important

New Care
Delivery Options

Immediate Answers

Mobile Care

Remote Monitoring

Acute Care Clinics

Evolving
Workforce

Multi-Disciplinary Teams

Extenders

Care Coordination

Value-Based
Payment

Per Patient
Payment Goals

Guaranteeing Quality

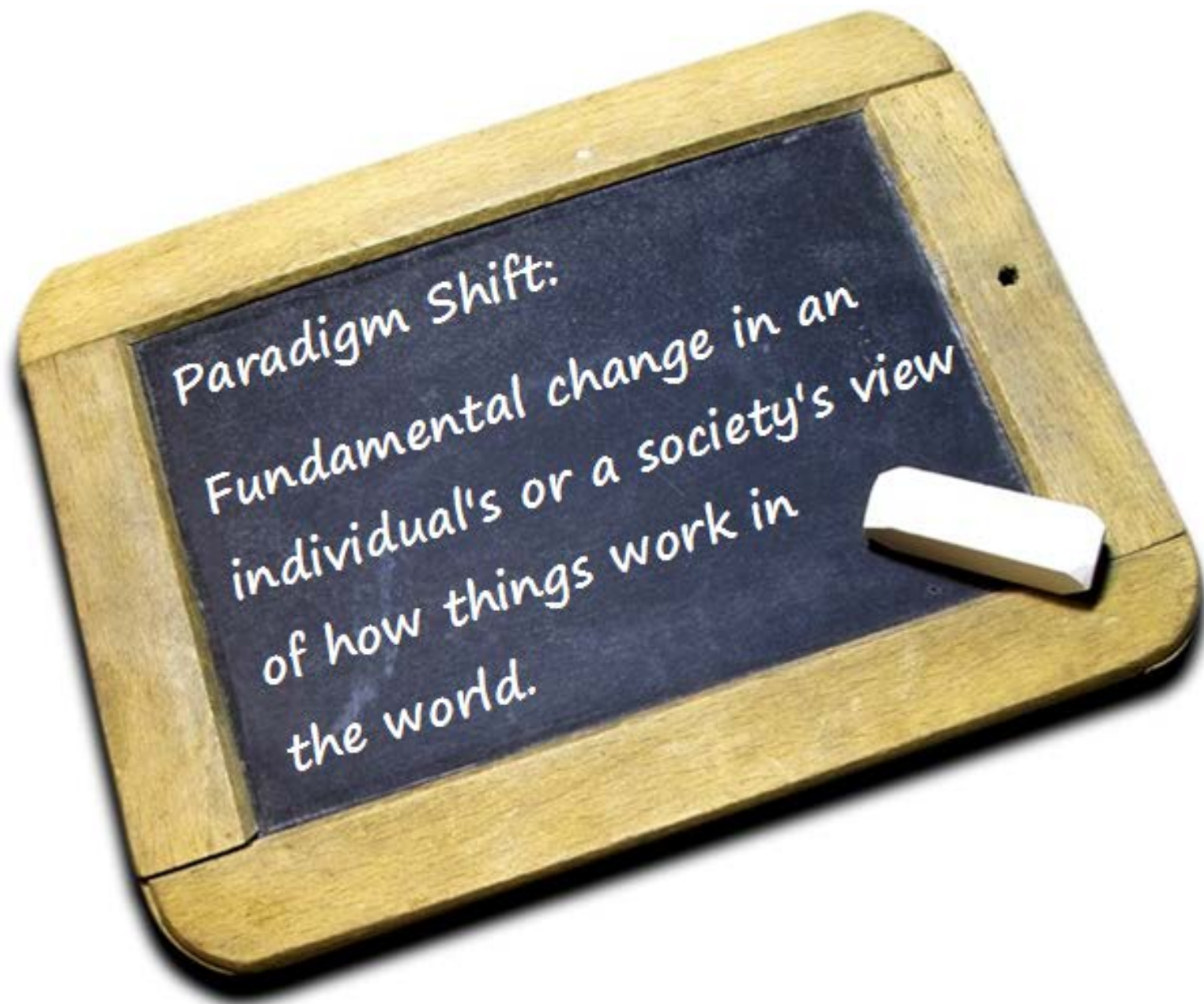
Embracing Risk

Three New Competencies Needed Over the Next 15 Years

Keeping the healthy out of trouble

**Helping people manage their risk factors
and chronic conditions**

**Better managing the sickest 5-10% of patients
so they don't need frequent ED visits and hospitalizations
and don't consume excessive resources**



Paradigm Shift:

Fundamental change in an individual's or a society's view of how things work in the world.

Impacts to Healthcare



Three stars will be the new one star

Nursing home operators call it low occupancy. Medicare insiders call it a declining census. Economists call it excess capacity.

Already, occupancy has slipped to a five-year low, **82.2 %**, in the second quarter of this year, according to the National Investment Center for Seniors Housing & Care.

Kindred is exiting the skilled-nursing home business

By **Dave Barkholz** | November 8, 2016

Kindred Healthcare is exiting the skilled-nursing home business to focus on its better-performing home health, rehabilitation and long-term acute-care hospital units, the company announced Monday.



Or Just Consolidating and Transforming...

Kindred replacing physical nursing homes with 'virtual portfolio'

By **Dave Barkholz** | February 1, 2017

The first of those partners was **announced** Tuesday. Nursing home giant Genesis HealthCare has entered into “strategic clinical collaboration” with Kindred to improve quality, outcomes and patient transitions between the two systems, Kindred and Genesis announced.

CommuniCare Health Services acquires healthcare centers in Baltimore, Towson

Ensign Group Completes Acquisition of Legend Healthcare

Centers Health purchases Beth Abraham

Post Acute Partners to buy 126-bed NY nursing home

Nursing Home Care Industry Is A Solid Investment

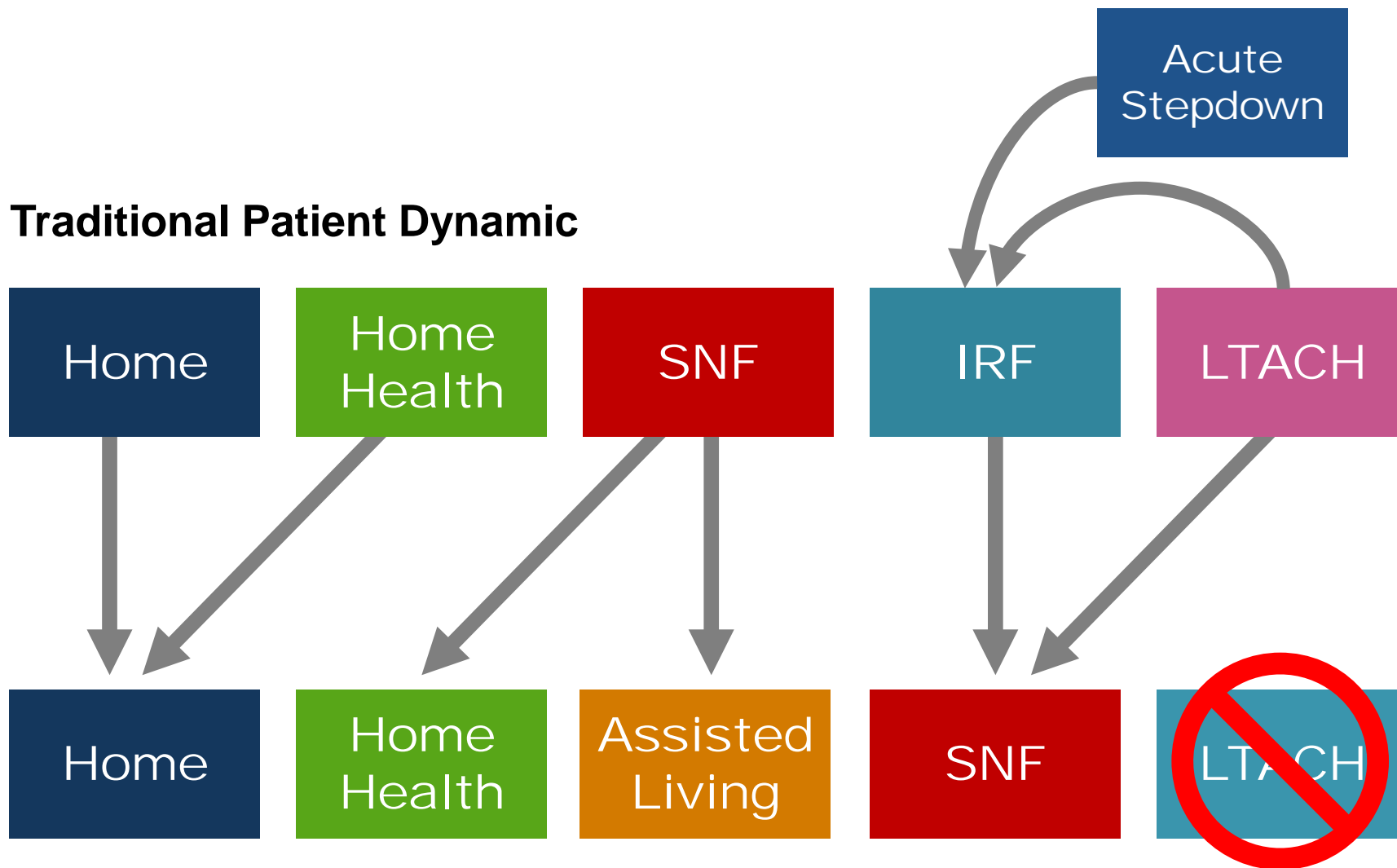
Declining rehabilitative care; increasing complex care

- The future trend for nursing homes is increasing medically complex patients with multiple co-morbidities and chronic disease, resulting in the need for care specialization
- Traditional LTC delivery will keep shifting out of the nursing home into home and community-based options – expanding HCBS programs also will continue driving down long-stay occupancy rates
- Future success for most SNFs will be determined on the basis of increasing clinical management skills and securing preferred provider relationships and/or participation with ACOs, health systems and managed care organizations.





The Increasing Slide of Acuity Pushdown



MS-DRG 470

VS.

MS-DRG 469

MAJOR JOINT REPLACEMENT
OR REATTACHMENT OF
LOWER EXTREMITY W/O MCC

MAJOR JOINT REPLACEMENT
OR REATTACHMENT OF
LOWER EXTREMITY W MCC



Home > Home Health
Home > **OT** or No Order

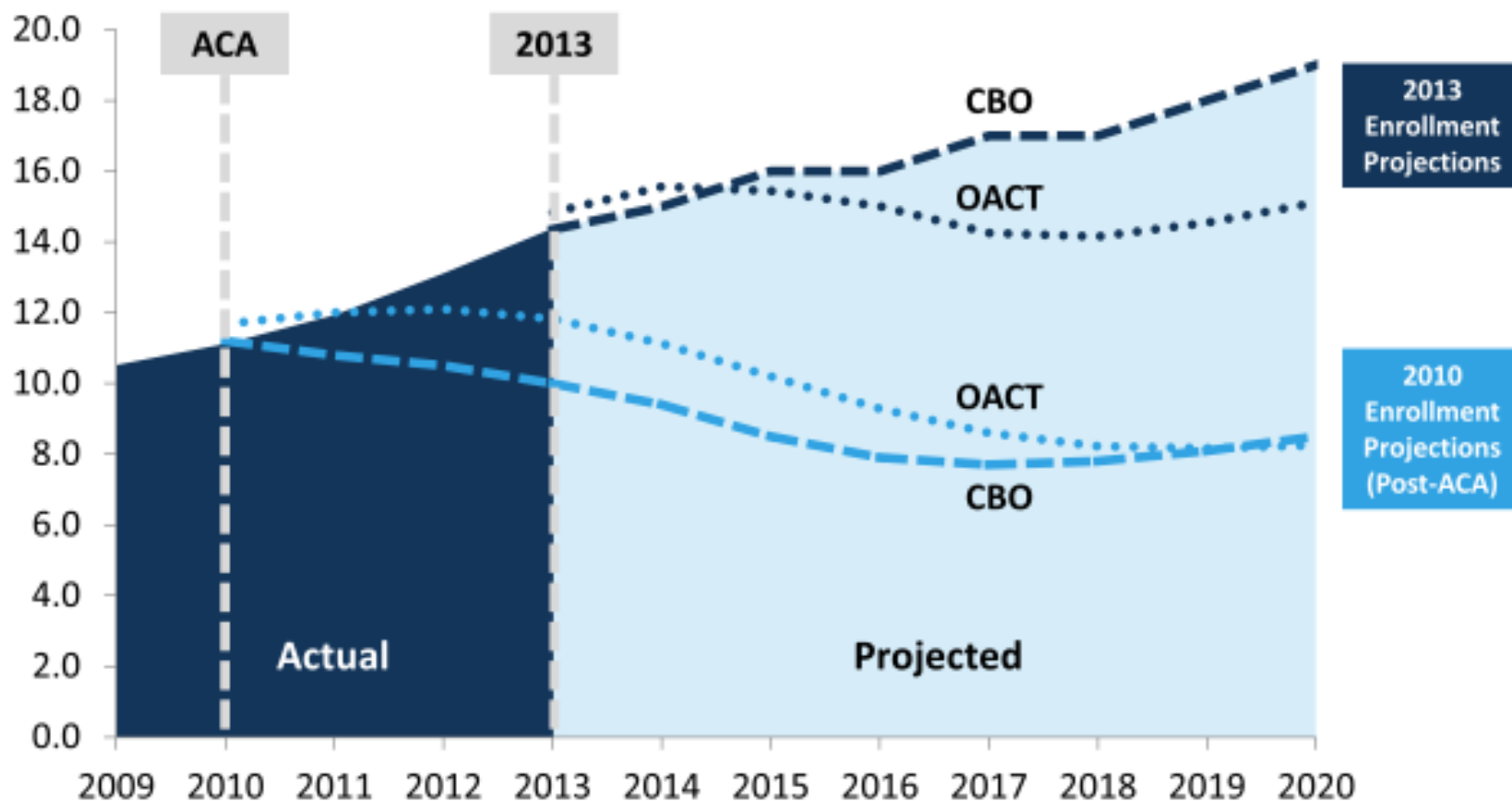


Home > SNF
Home > Home Health



Medicare Advantage: Challenge for SNFs

Actual and projected enrollment (in millions)



NOTE: CBO is Congressional Budget Office; OACT is CMS Office of the Actuary.

SOURCE: MPR/Kaiser Family Foundation analysis of CMS Medicare Advantage enrollment files, 2009-2013. CBO, "Medicare Baseline," August 2010 and May 2013. Report of the Medicare Board of Trustees, 2010 and 2013.





Site Neutral Payment Marches Forward

- The IMPACT act required MedPAC to create a site-neutral payment system by 2018 for deployment by 2023
- MedPAC's updated evaluation in June 2016 accelerates adoption timeframe to 2021.

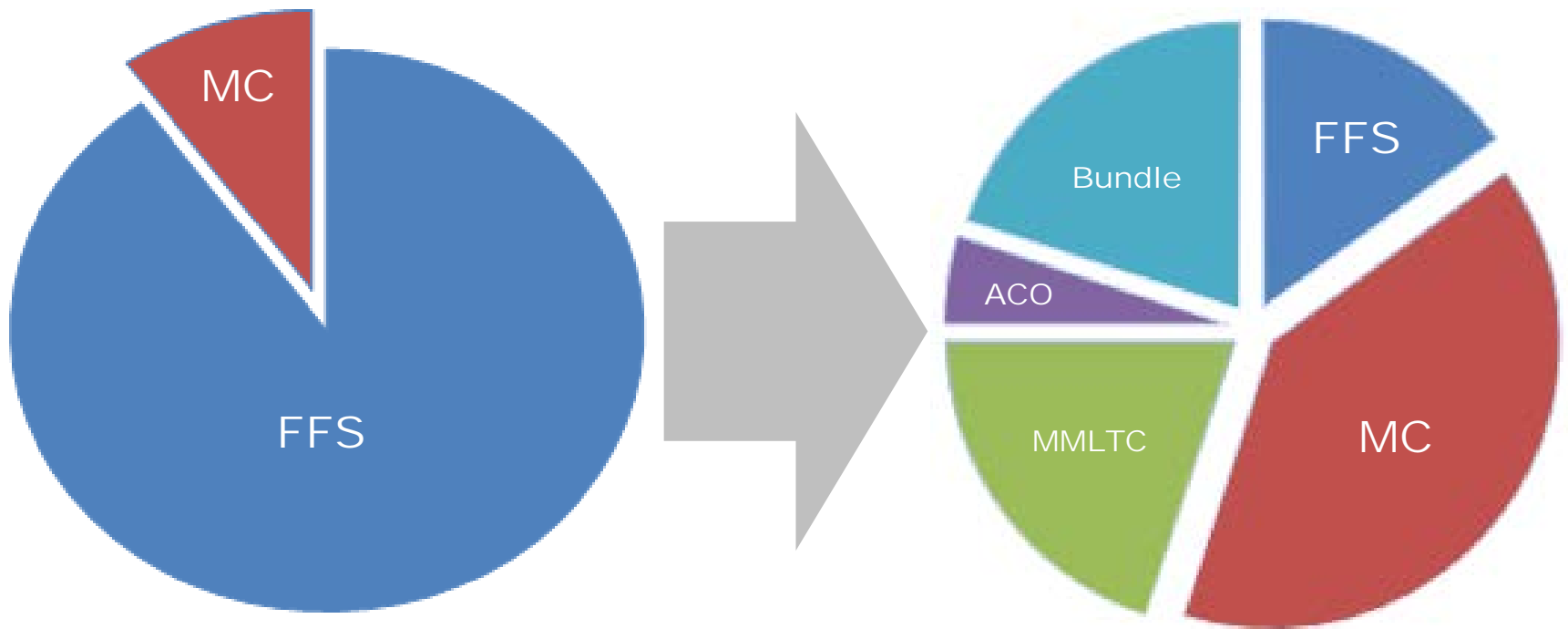
Payment Model Features

- Common unit of service (i.e., a stay or episode) with a patient characteristic risk-adjustment system
- Payment adjustment to reflect lower costs in HHA settings.
- Separate payments for routine and therapy services and for non-therapy ancillary services such as drugs
- Outlier policies for unusually high-cost stays and unusually short stays.

Site-neutral is essentially DRGs for post-acute care – an episodic model that will demand service need evaluation upon admission, proactive LOS management, and aggressive quality/performance management

PAC Unified PPS Goals

- Payments would be based on patient acuity rather than the PAC setting.
- Providers would have fewer incentives to selectively admit some patients over others because payment would track patient resource needs better

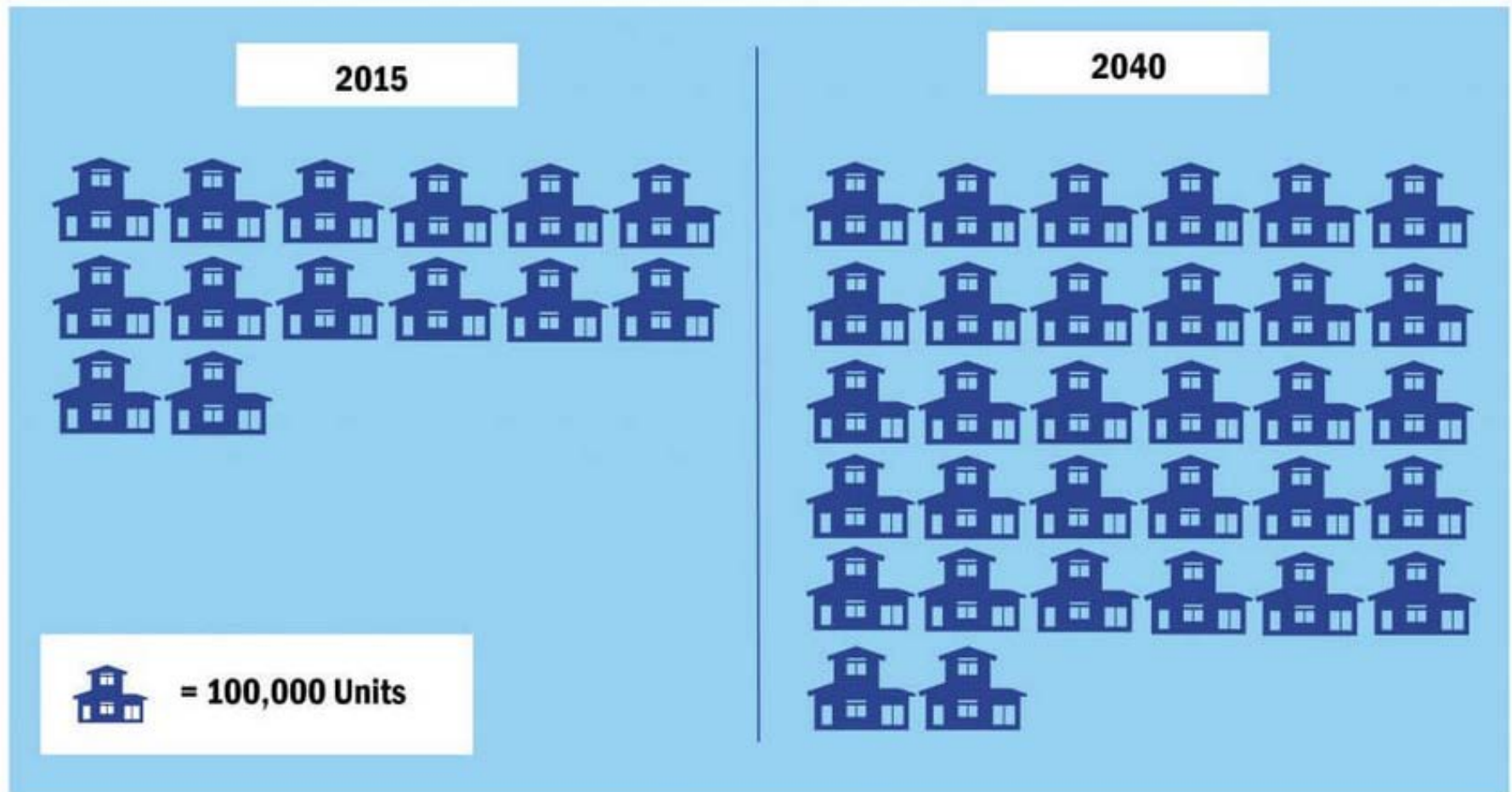


Diversified Payor Mix Will Demand
More Rugged Infrastructure and Skills

Housing

Housing Remains a Hot Commodity

Forecast demand for senior housing explodes over the next 25 years





Making Housing More than Shelter Is Key

Senior customers will want more than just a space and value-based organizations want more proactive engagement. Forward-looking providers must:

- Integrate aspects of population health and chronic disease management into a proactive model of senior housing service.
- Abandon any notion of “levels of care” tied to a physical location.
- Integrate technology across the continuum to monitor clients, deliver medications, foster independence and know WHEN to intervene.
- Recognize that they don’t have to own everything and there is value in collaboration.

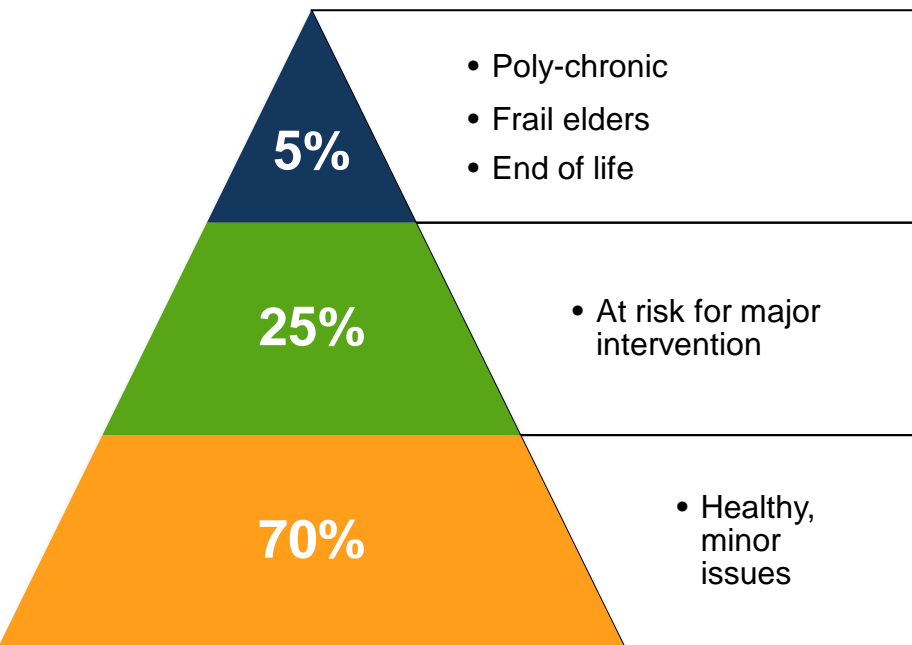
Senior housing’s future role in healthcare value equation is only beginning to emerge





Shifting Focus: Populations & Resources

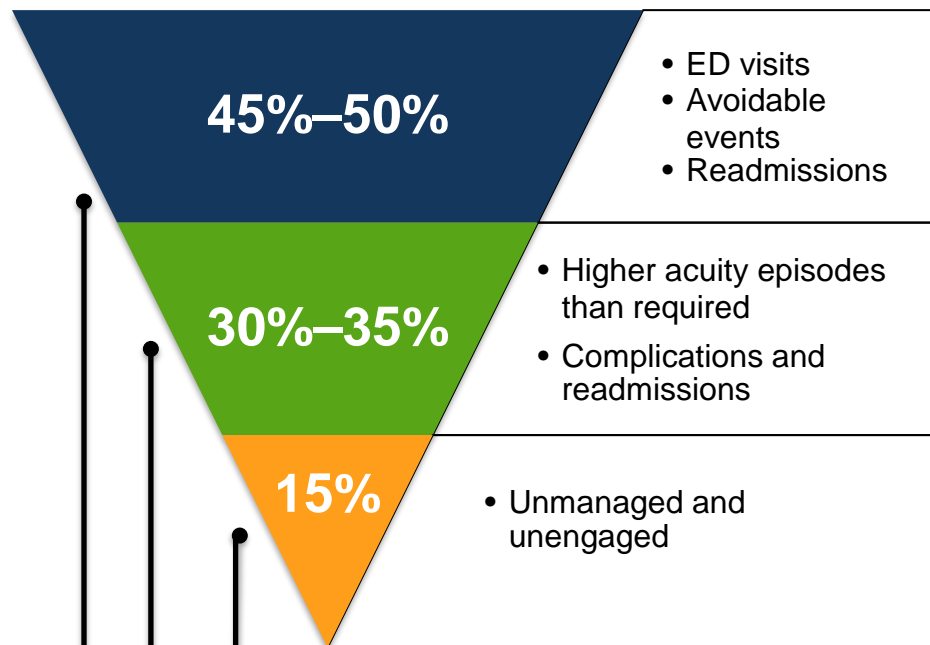
Population Stratification



Opportunities for total redesign of care delivery models

Opportunities for dramatically enhanced efficiency and consistency in care delivery

Resource Consumption

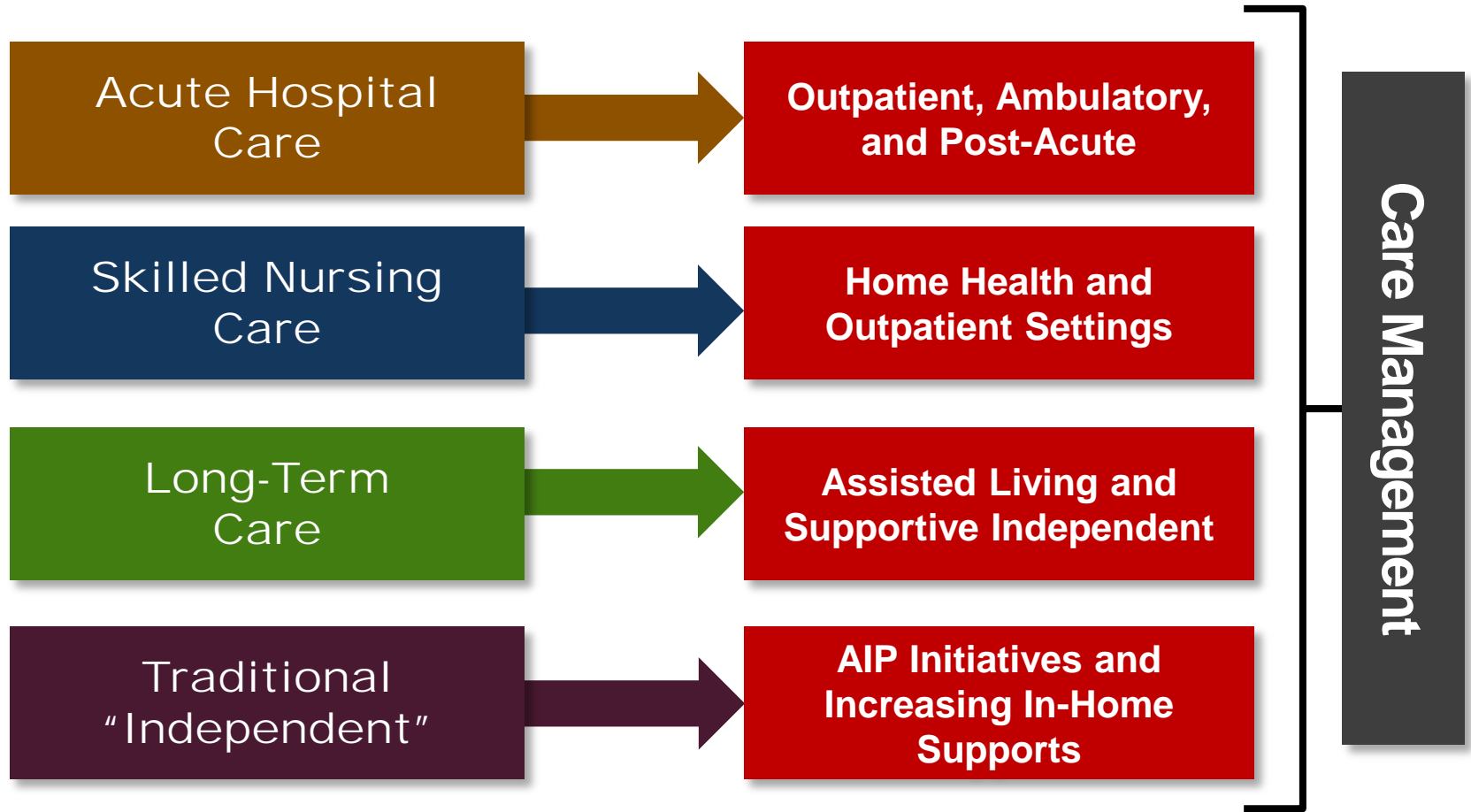


Opportunities to enhance value through better access and enhanced patient engagement

Source: HFMS National Institute 2013: Blended MarketScan Commercial, Medicare 5% LDS, and representative payor Medicare data



Acuity Stepdown Drives Need for Care Management





**“I love my neighborhood.
I want to stay home.”**

Site-agnostic care and service is inevitable



In-Home Services As the Driving Force...

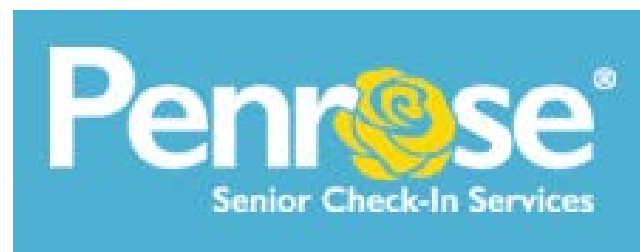
- In-home care is seen by some as the way to reduce exponentially rising costs associated with health care.
- Many prominent venture firms collectively invested more than \$200 million in 2016 across an assortment of companies developing online tools and services for arranging and providing home care.

According to the National Private Duty Association, private home care is more cost effective than SNF or AL care.

- Average annual cost of one nursing home resident: \$69,715
- Average annual cost of one assisted living resident: \$36,372
- By contrast, 20 hours a week of home care service: \$18,000



“Traditional” Elder Market Space Is Getting Crowded





And Partnering with Wal-Mart...

honor

Love them back.

- “Modernizing the entire home care experience”
- Matches seniors with caregivers - \$25/hr for visit
- \$62 million in PE/VC funding



Medication Reminders

Timely prompts to take medication, drink water, and other daily wellness needs.



Staying Active

Support to keep you moving and healthy, from a simple walk to specific exercises.



Meal Prep & Groceries

From shopping for groceries to planning and preparing healthy meals you'll love.



Transportation

Wherever you're going, get a ride in a comfortable car—or yours if you prefer.



Light Housekeeping

Doing dishes or laundry, taking out the trash, plus seasonal projects and organizing.



Personal Care & Hygiene

Assistance with dressing, bathing, or toileting—always respectful and professional.



Companionship

Doing activities, building friendships, fellowship, and community—or just talking.



Check-in Visits

A skilled care advisor can be there in as little as 2 hours—24/7—to check in on you or a loved one.

Where Is It All Going?

**"HOPE IS NOT A
STRATEGY."**

USAF Special Ops pilot

Risk



Reward and
or volatility
ics, risk is
ually, t

The \$4 Billion Threshold

If you're not big enough on your own,
you're going to need someone else to survive.

Industry pundits say \$4-6 billion for a health system.

How much for a healthcare or housing organization?



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POTENTIAL

NOT EVERYONE GETS TO BE AN ASTRONAUT WHEN THEY GROW UP.

Questions?





Thank You!



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