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58A

Key Health Care Trends Using Data

Chad D. Kunze, CPA - Principal



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Presenter

Chad D. Kunze, CPA

Principal – Health Care and Life Sciences

Chad focuses his time on serving senior living health care organizations. He leads the health care and life science practice in Greater Chicagoland, Illinois and surrounding states. Chad also leads CLA's national Affordable Housing practice. Chad is a certified public accountant with more than 28 years of experience in public accounting, auditing, and business consulting devoted entirely to the health care and life science industry. He also provides regular consultation regarding financial client service, strategic planning and Medicaid/Medicare reimbursement consulting for various senior living health care providers around the country.



Objectives Today

- Review key health care trends and how they continue to cause operational and financial challenges in senior living
- Impact of current trends within the skilled nursing and long-term care industry
- Demonstrate how industry-focused-data-driven insights can provide skilled nursing/long-term care organizations clarity and actionable information for strategic, operational, and financial improvement

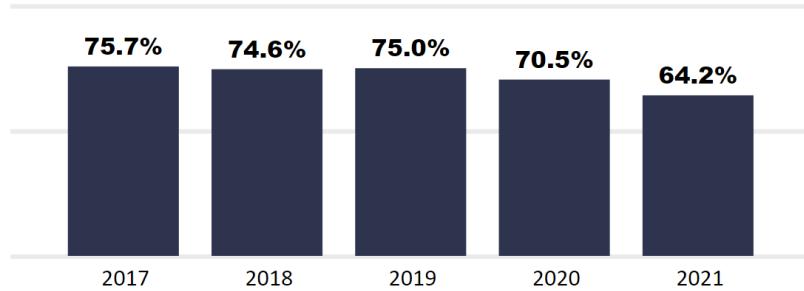




Key Health Care Trends

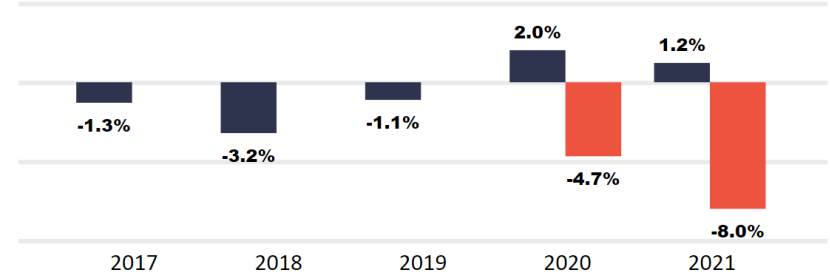
Skilled Nursing Facility Trends

Median Occupancy Rate

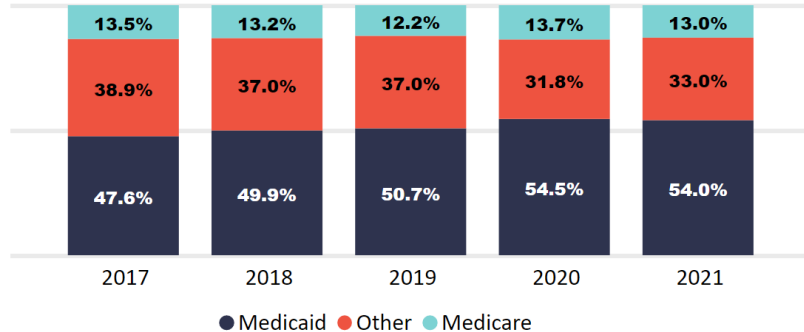


Median Operating Margin

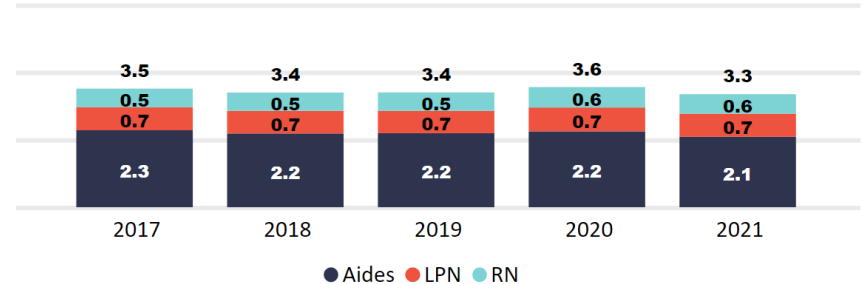
● Operating Margin (median) ● Excluding PHE Funding



Median Payor Mix

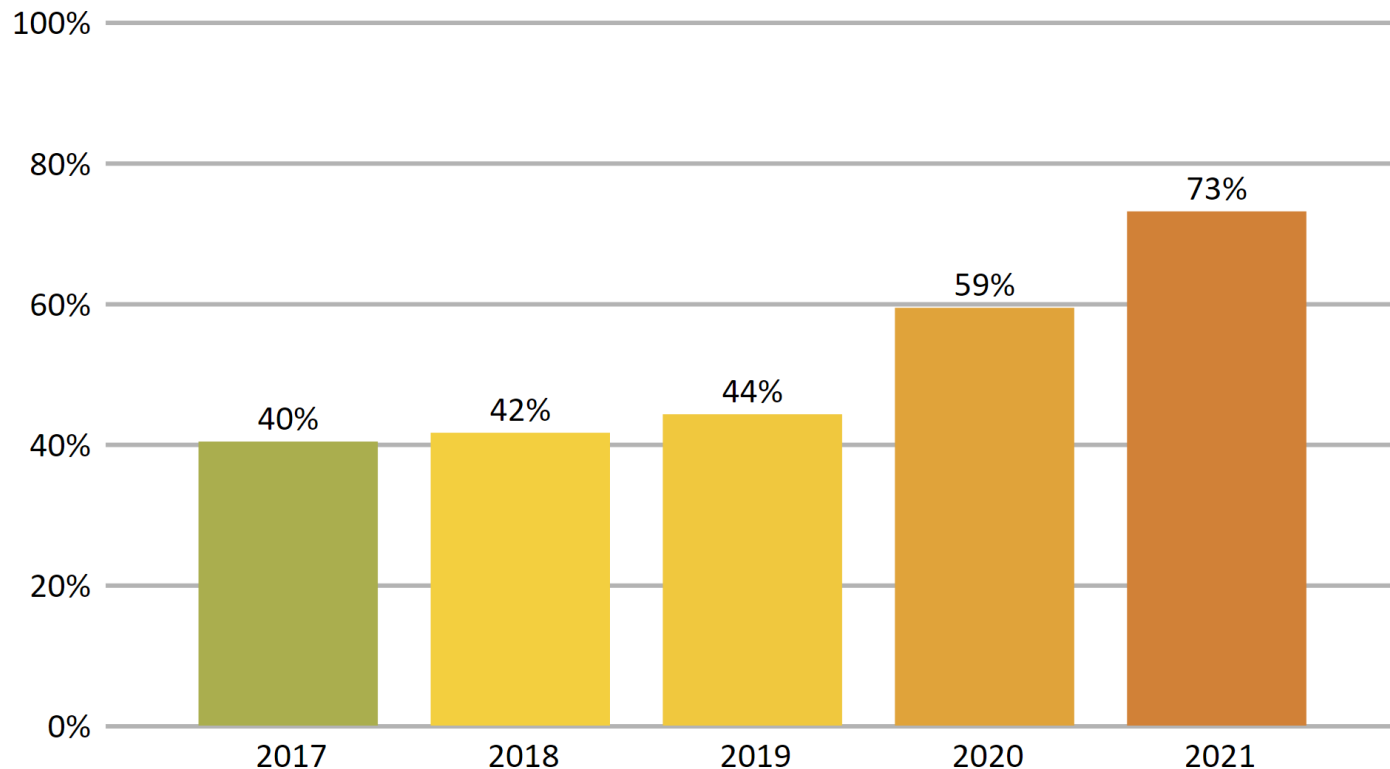


Median Paid Nursing Hours Per Day



Nursing Contract Labor Utilization

Providers Reporting Hours Paid to Nursing Contract Labor

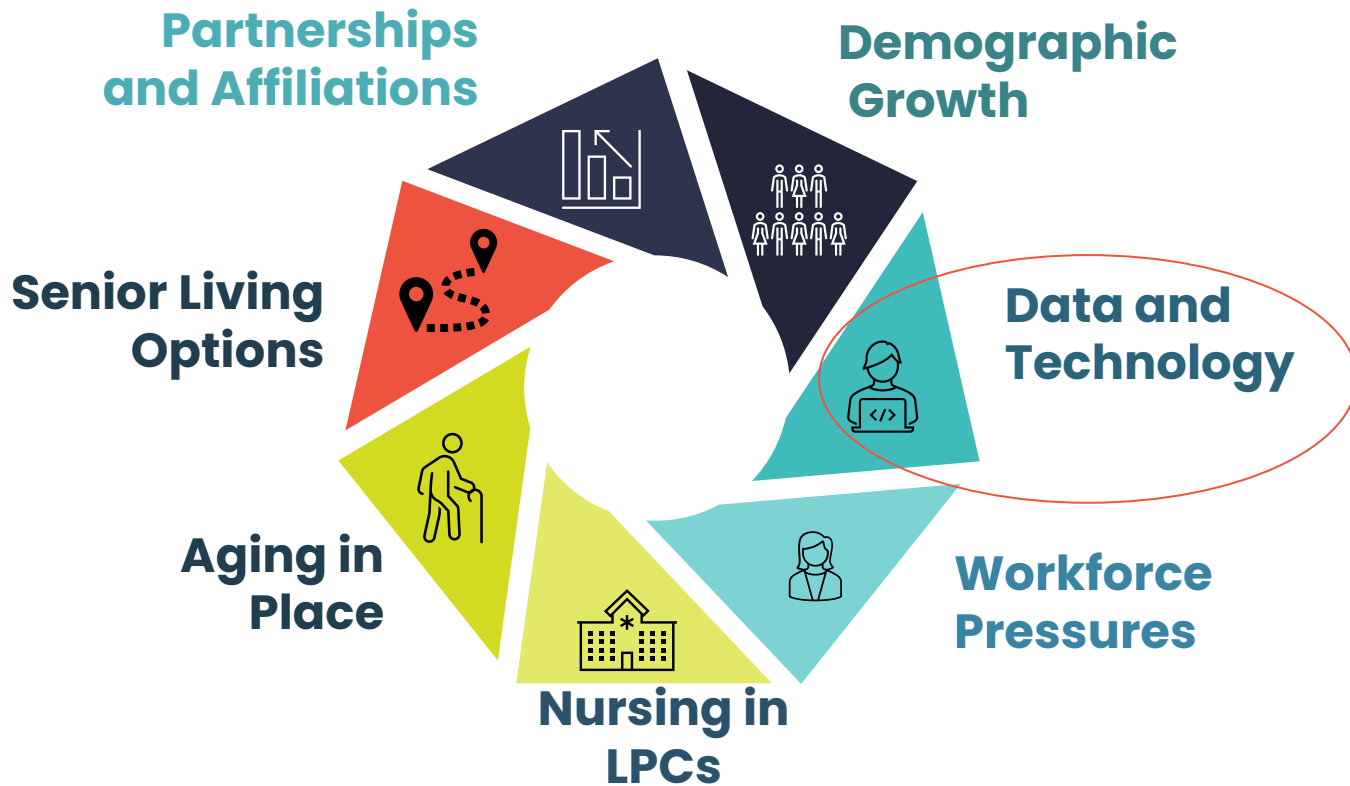


Year	Percentile			Providers using C.L.
	25th	50th	75th	
2017	0.5%	2.5%	9.2%	40%
2018	0.6%	3.1%	8.8%	42%
2019	0.8%	3.3%	9.6%	44%
2020	0.8%	2.7%	9.1%	59%
2021	1.0%	5.4%	15.0%	73%





Senior Living Trends

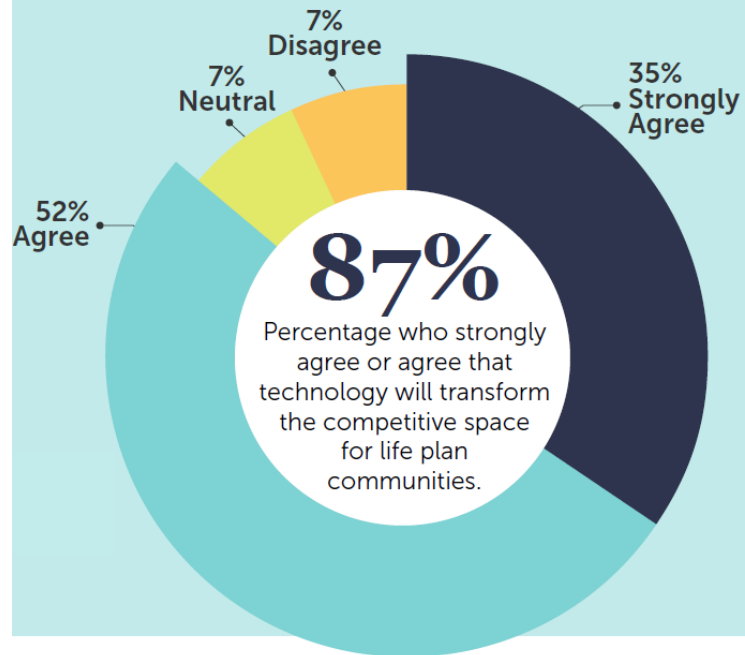




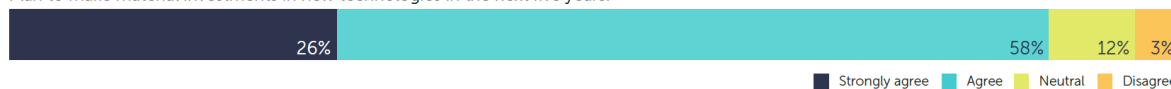
Technology

Technology is likely going to transform the competitive landscape for life plan communities.

Technology has long held the potential to transform landscapes. Due to the tailored nature of technologies, our questions focused on the perception of how technology might impact communities' and providers' desire to embrace technology. Based on the survey responses, it appears that the appetite to invest in technologies matches the reflection that 87% believe technology will transform the competitive space for life plan communities.



Plan to make material investments in new technologies in the next five years.



Process or planning to develop custom programs/apps to leverage data.



Note: Data on graphs may not total 100% due to rounding of numbers.





Technology

CLA recommended action steps:

- Elevate the use of technology as a strategic imperative and fund accordingly.
- Create a chief technology role within your organization to drive the transformation of processes and customer experiences.
- Map all processes and determine which can be improved through the use of technology.
- Maintain a clear vision of the customer experience and let that determine the value of technologies.
- Evaluate the risks and rewards of being an early adopter of new technologies.





What is happening today and looking to the future of Digital

What is Digital?

CLA Digital uses business intelligence, data engineering, and data science to meet our clients where they are and help them make data driven decisions.

Business Intelligence

BI combines data visualization, data tools and infrastructure, and best practices to help organizations make more data-driven decisions. Anything from **general data analytics consulting**, to **developing user friendly dashboards**, to re-engineering how an organization measures itself to use KPI's better.

Data Engineering

The process of using technology and automation to make raw data usable. Think **Integration, Automation, Data Cleansing, Custom Development**, usually as a means to a larger endpoint.

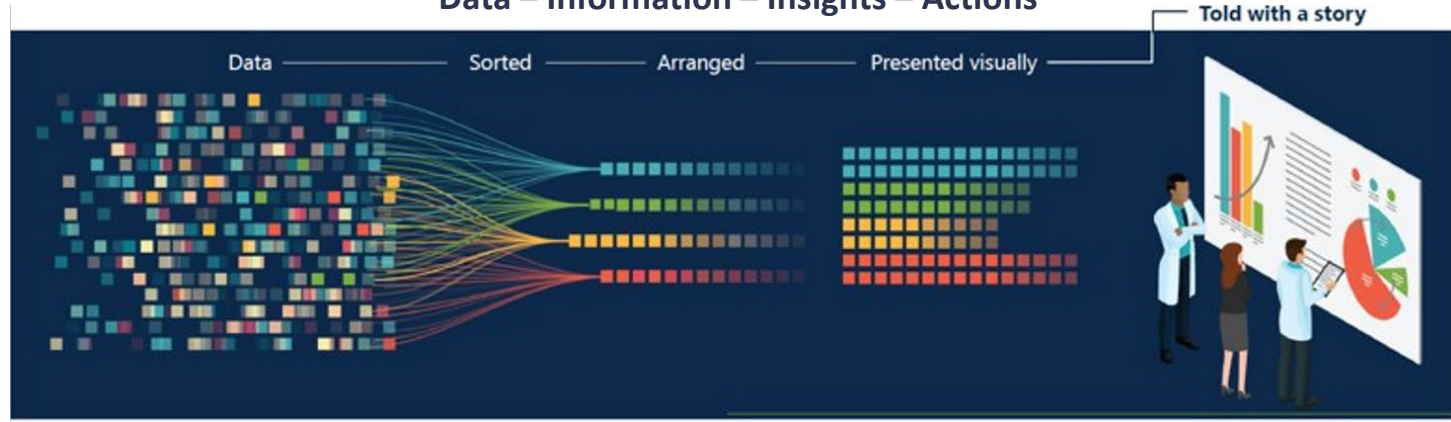
Data Science

Data science helps us use data to **predict** what is going to happen. Predictive Analytics, Machine Learning, artificial intelligence all fall under this purview. Here we answer the question "What is your data telling you?" AND "What to do about it?"



Health Care Business Insights Powered by Data to Take Crucial Actions

Data – Information – Insights – Actions



Silo Systems Full of Unorganized Data



Automation:

Facilitates Accuracy and Efficiency

- *Example:* Automate manual functions to save staff time, save cost, and enhance accuracy.

Analytics:

Insights to Faster and Informed Decisions:

- *Example:* Visual performance dashboards that track operational functions and link with financial information



Digital Modernization – Health Care:

- Health Care is continuing to focus on ways to Modernize:
 - Create efficiencies in operations and accounting processes
 - Simplify systems, operations and financial reporting
 - Streamline processes so organization can become more efficient
 - Automation and abundant data are radically changing the world, and progressive health care organizations are responding to that challenge
- There are vast opportunities for health care organizations to *make better use of their data*.
 - *Automating manual reporting*
 - *Technology-enabled workflows*
 - *Integrating disparate systems*
- Health care organizations should consider:
 - Replacing obsolete technologies
 - Automating low-value-add activities
- **Empower decision makers with higher quality data - FASTER**



CLA Digital – Empowering Health Care Business Success

As one of the largest health care practices in the country, CLA has the deep industry knowledge to help health care and life science through the challenges of today and seek opportunities for the future. Reach out if you would like help addressing your digital strategies.



Data

Data Strategy & Road Mapping
Digital Readiness Assessments
Analytics & Reporting
Predictive Modeling
Artificial Intelligence



Automation

System Integration
Process Automation
Platform Optimization
Custom App Development



Software

Software Implementation
Sage Intacct
Acumatica
Microsoft & Azure
License “Right-Sizing” Evaluations

Digital - Bridge to Better Tomorrow

Strategy

Operations

Tactical

Infrastructure

Software



Health Care's Modern Challenges

- Staffing
- M&A Transition Integration Complexity
- Rising Costs / Decreasing Revenue
- Disparate Systems with Siloed Data
- Complicated Rev Cycle
- Significant Lag in Trusted Reporting
- Data Overload
- Digital Vendor Confusion
- Covid Change Management
- Ever Changing Technology

“No Margin No Mission”



When does it Make Sense to Explore Digital Solutions?

Symptoms:

- ☐ Building key reports via manual data extraction
 - ☐ Then dumping into Excel or some “other Database”
- ☐ Disparate systems with disjointed data caused by growth
- ☐ Have outgrown current systems (accounting, budgeting, scheduling, rev cycle, etc)
- ☐ Need two Software Systems to talk to each other
- ☐ No Data Strategy in place today
- ☐ Want for more “real time” and actionable information - Dashboard
- ☐ In your everyday work - “there has to be a better way”



Why & How: Disparate Systems

- Aggregate Data from disparate systems to help make **IMPORTANT** business decisions
- Convert a mountain of data into meaningful nuggets of information
- Dashboards (Power BI = How did we do today?)
- Build Confidence / Trust (verify data)
- Make quicker business and more informed decisions
- Data Continuity (comparing yesterday to today & predicting tomorrow)
- Comparison (How are we doing compared to others?)
- Efficiency
- A “rifle” approach compared to a “shotgun” approach





Industry Focused Data Driven Insights

Reasons for CLA Clarity

Do you have a concise, consistent, unbiased approach to assessing your SNF(s)

Are you spending more time gathering and organizing data vs. identifying opportunities?

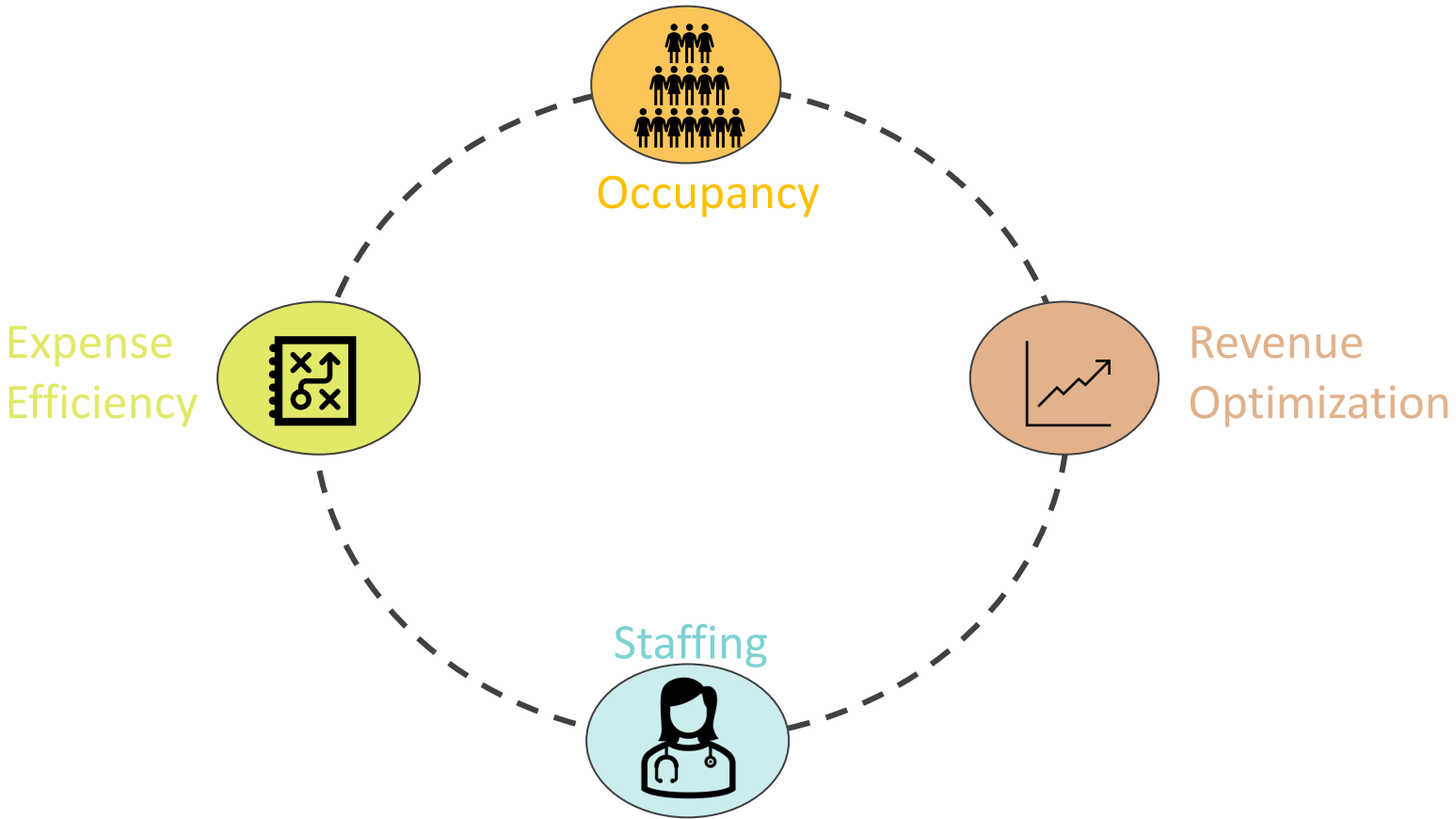
What are your opportunities?

Which opportunities are most actionable?

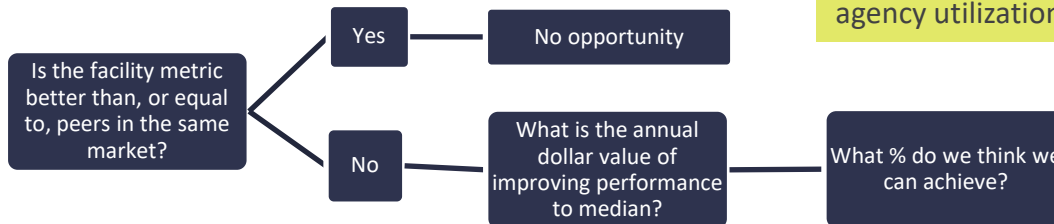
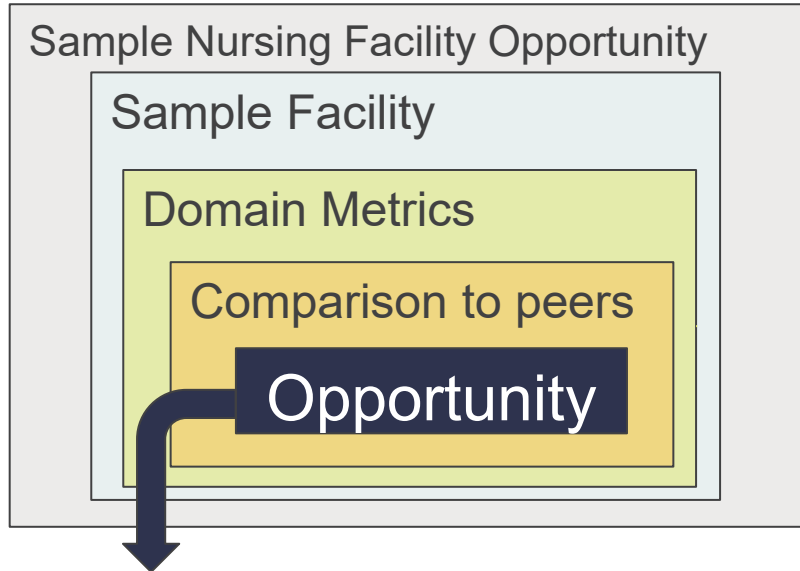
What decisions/actions will capture the opportunity?

What help is needed to execute on the opportunity?

Response: Focus On The Fundamentals



CLA Clarity – Definition of “Opportunity”



Domain Metrics

Revenue	Medicare Rate
	Medicare Mix
Census	Pre-COVID
	Recovery
Cost Control	Nursing*
	Ancillary
	Administrative & support cost centers

*Nursing opportunity considers impact on CMS star rating and agency utilization



Opportunity to Receive a Demo of CLArity

- 20 minute demo of CLArity focused on [YOUR](#) SNF
- March 7th and 8th from 7am – 4:30pm
- A “snippet” from CLArity will be provided to those that sign up in advance (provided later if not in advance)
- Sign ups are available on-site at the conference
- We look forward to seeing you all at the Demo room!!!

About the Data

Medicare Cost
Reports

Nursing Home
Compare

Hospital
Discharge
Data

PBJ Data

PDPM Data

And continues
to evolve



How Peer Groups are Determined

Market Opportunity

\$783

10 facilities



CBSA (3+) Opportunity

\$267

90 facilities



State (Top) Opportunity

\$980

16 facilities



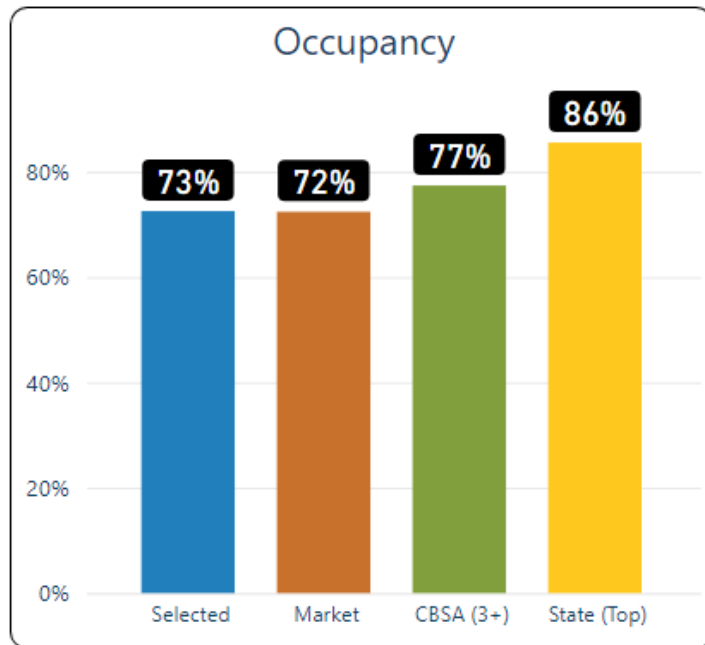
Customization is available to focus peers to compare to



Revenue Opportunities

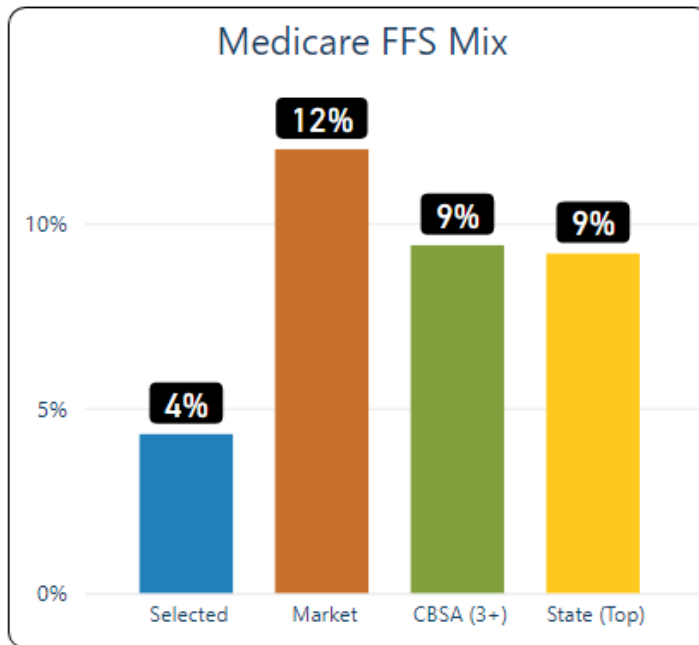
Max Identified Occupancy Opportunity

\$341



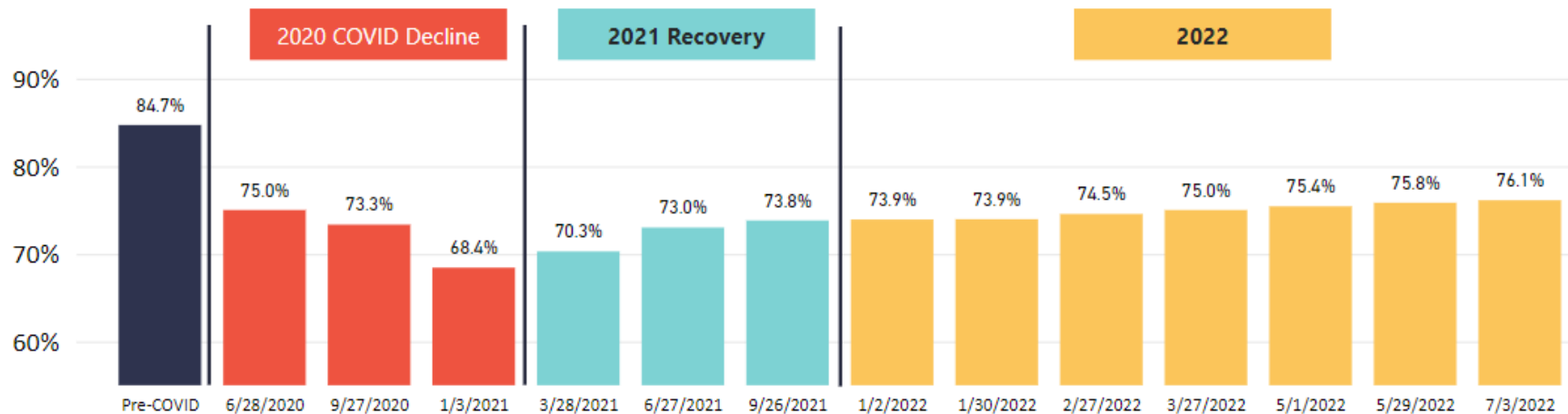
Max Identified Medicare Mix Opportunity

\$374

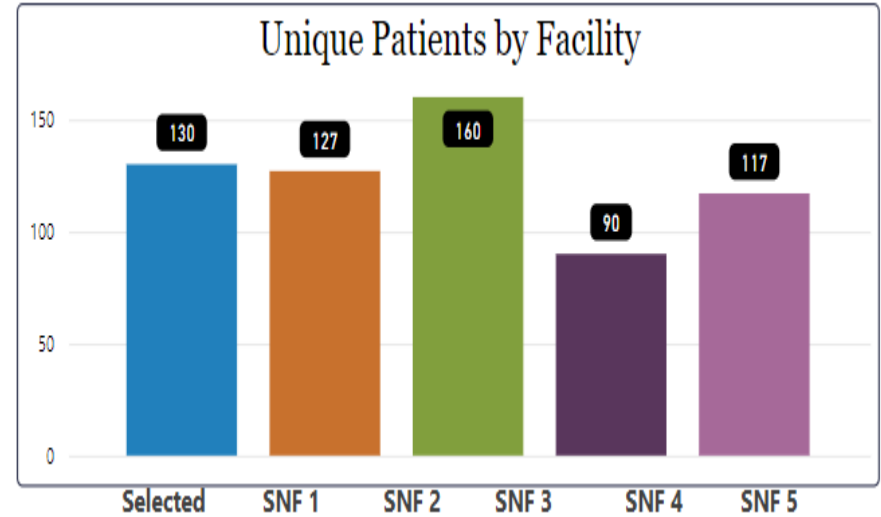
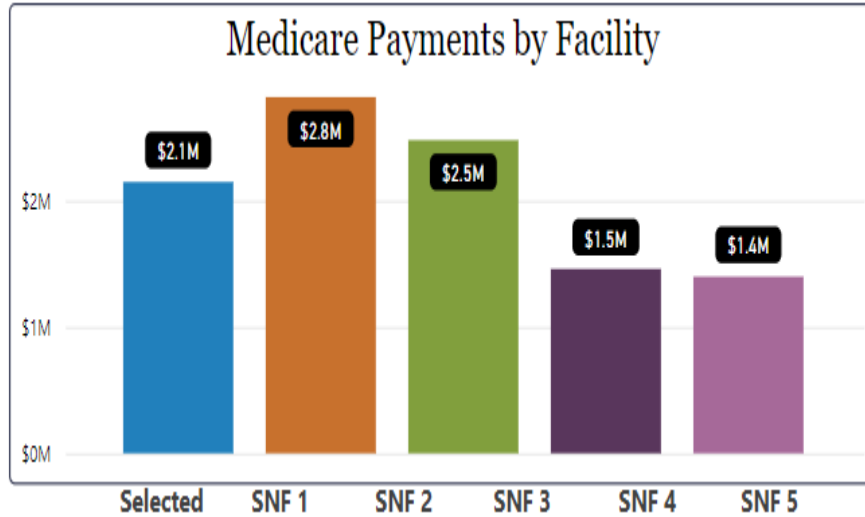


Occupancy Trend

Median Occupancy



Medicare Part A Referral Data by Facility

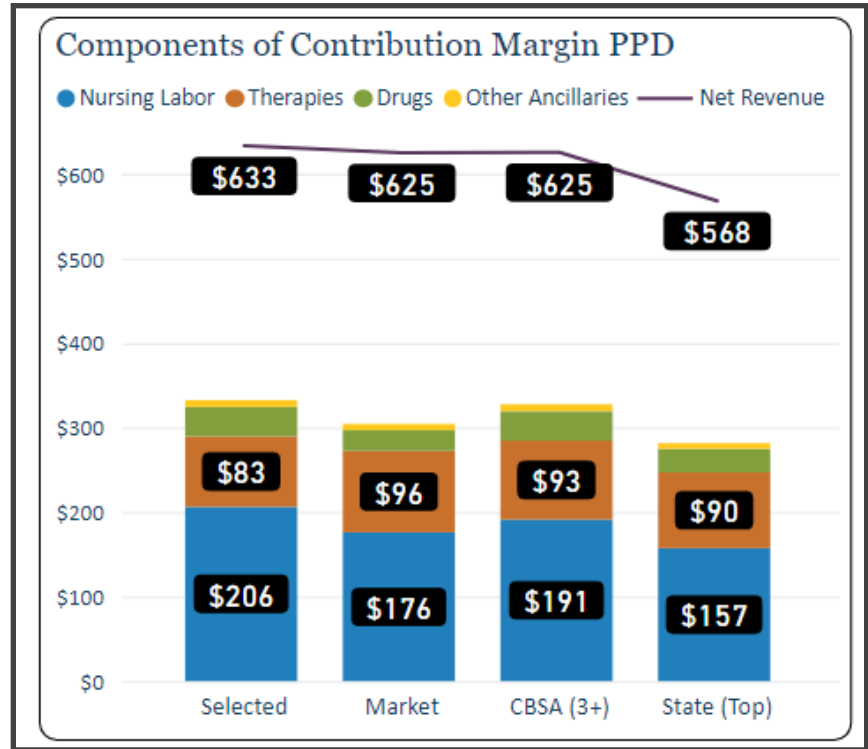


Your facility

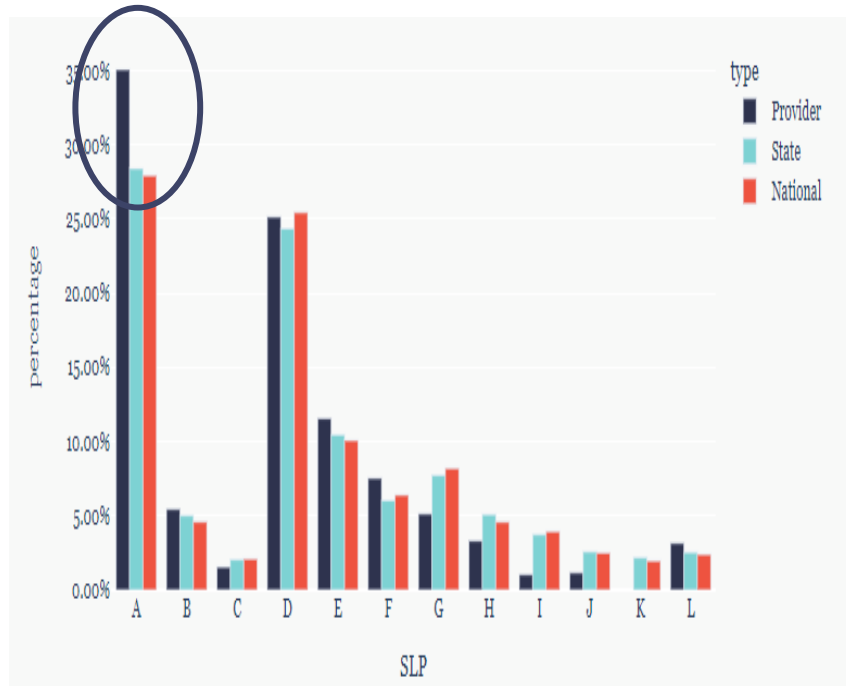


Revenue Optimization

- Do the components make sense for the acuity of residents served?
- Can nursing labor be controlled with decreased agency usage?
- How will PDPM parity adjustment impact contribution margin?



Revenue Optimization



- Focus on capturing **all** of the quality care services provided to residents
- Ability to review detail of rate calculations for both Medicare and Medicaid



Workforce

Paid Hours PPD

● Aide ● LPN ● RN ● Admin



Market Opportunity

\$360

CBSA (3+) Opportunity

\$382

State (Top) Opportunity

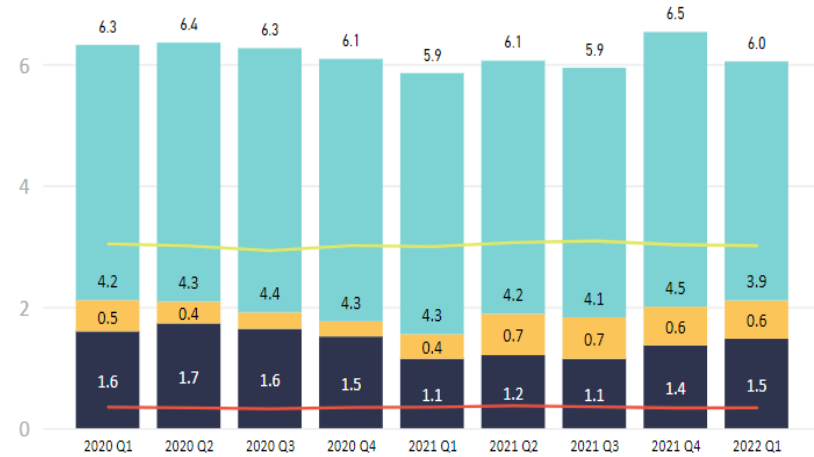
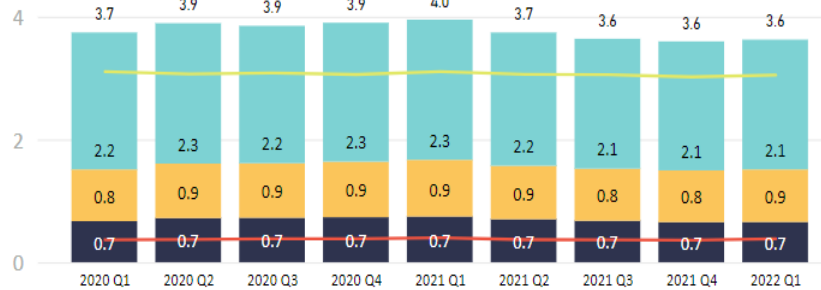
\$382

Opportunities in thousands



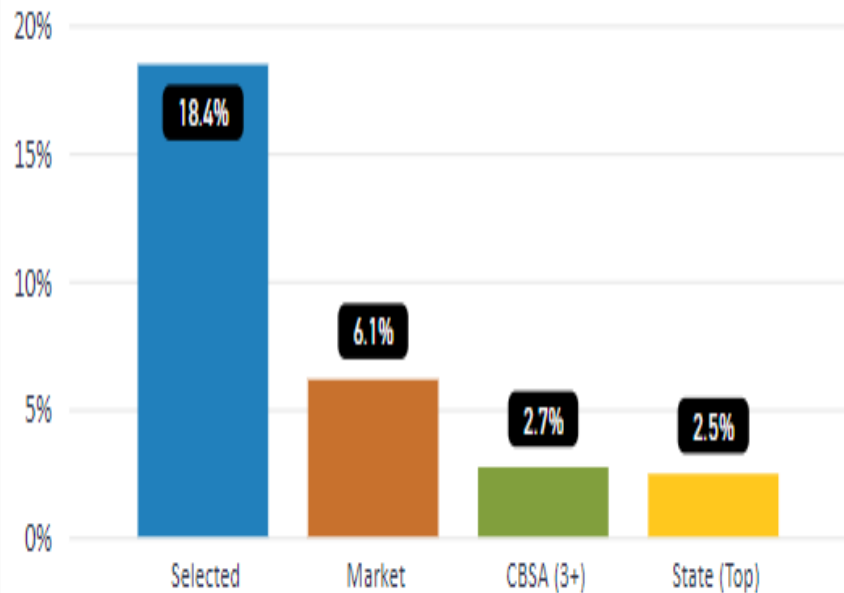
Hours per Resident Days Trend

● RN ● LPN ● Aides ● Exp RN ● Exp Total

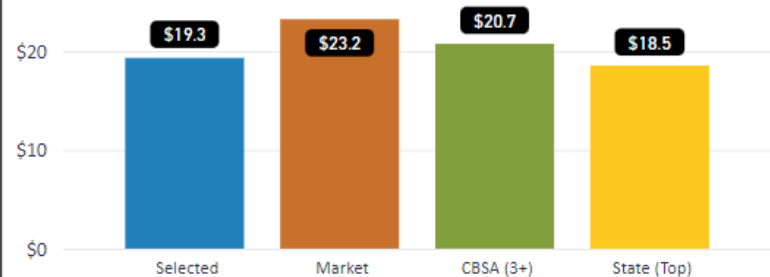


Average Hourly Rates

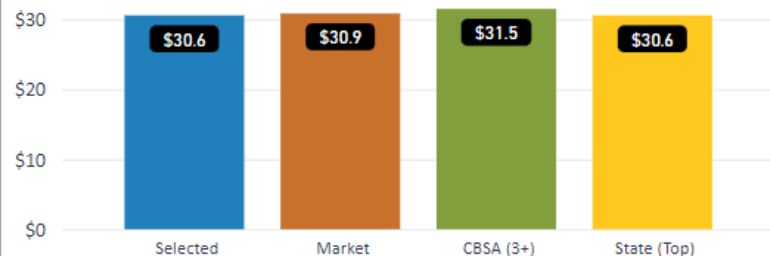
Contract Labor Utilization



Avg. Staff Aide Hourly Wage



Avg. Contract Labor Aide Hourly Wage



Financial Impact

Total →

Potential savings (costs) vs current HRD

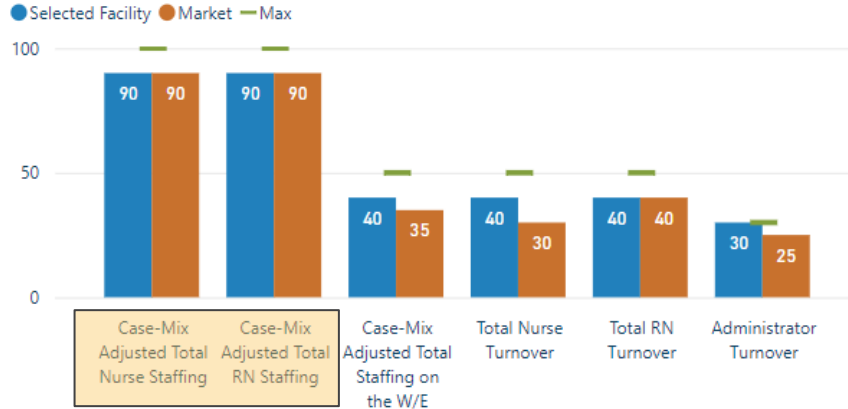
RN	Min HRD	2.747	3.03	3.248	3.445	3.653	3.869	4.105	4.429	4.954
	0.261	\$1,793,993	\$1,557,669	\$1,375,625	\$1,211,126	\$1,037,429	\$857,060	\$659,989	\$389,430	(\$48,964)
	0.352	\$1,759,337	\$1,523,019	\$1,340,981	\$1,176,466	\$1,002,778	\$822,407	\$625,333	\$354,771	(\$83,619)
	0.426	\$1,731,156	\$1,494,842	\$1,312,793	\$1,148,287	\$974,594	\$794,221	\$597,148	\$326,605	(\$111,803)
	0.505	\$1,701,070	\$1,464,750	\$1,282,712	\$1,118,205	\$944,519	\$764,151	\$567,072	\$296,516	(\$141,893)
	0.591	\$1,668,328	\$1,432,004	\$1,249,960	\$1,085,461	\$911,773	\$731,398	\$534,323	\$263,762	(\$174,643)
	0.692	\$1,629,864	\$1,393,546	\$1,211,506	\$1,046,997	\$873,309	\$692,929	\$495,868	\$225,308	(\$213,109)
	0.819	\$1,581,504	\$1,345,177	\$1,163,133	\$998,628	\$824,941	\$644,574	\$447,502	\$176,936	(\$261,461)
	0.992	\$1,515,622	\$1,279,304	\$1,097,257	\$932,758	\$759,059	\$578,686	\$381,613	\$111,058	(\$327,338)
	1.298	\$1,399,089	\$1,162,777	\$980,733	\$816,224	\$642,542	\$462,160	\$265,091	(\$5,469)	(\$443,868)
		2.350	2.613	2.810	2.985	3.174	3.382	3.623	3.896	4.328

W/E →



CMS Star Ratings

Current Staffing Measure Scores



Selected Facility Staffing Measures

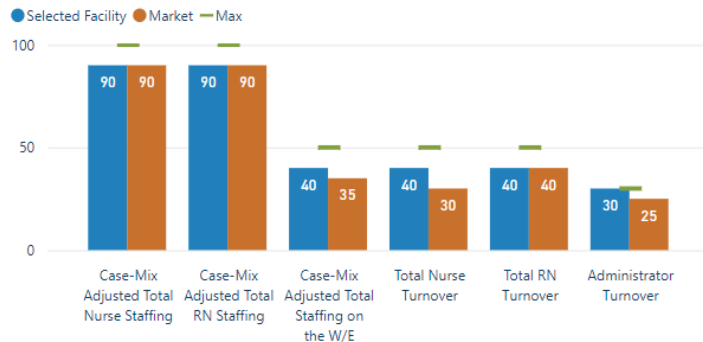
Total Points	Staffing Rating	Overall Rating
330	5	2

Point Floor: 320 (-10pts.)	Point Ceiling: 380 (+50pts.)
-------------------------------	---------------------------------



Staffing Rating

Current Staffing Measure Scores



Selected Facility Staffing Measures

Total Points

330

Staffing Rating

5

Overall Rating

2

Point Floor:
320 (-10pts.)

Point Ceiling:
380 (+50pts.)

Total Nurse Staffing

70th - 80th Percentile

.44 Decrease in HRD

RN Staffing

Current

.29 Decrease in RN HRD

W/E Nurse Staffing

Current

.01 Decrease in W/E HRD

Total Nurse Turnover

Current

3.8% Decrease in Turnover

RN Turnover

Current

.2% Decrease in RN Turnover

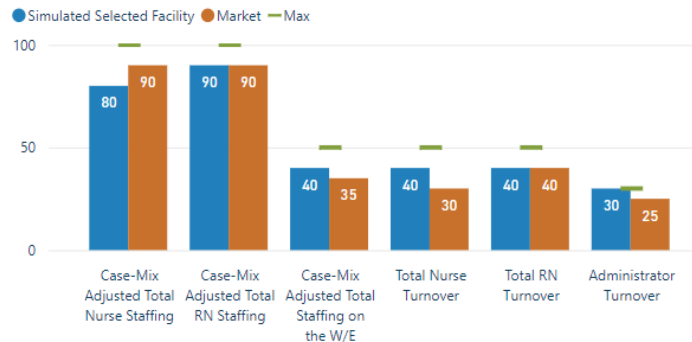
Admin Turnover

Current

Estimated Savings (Cost)

\$382K

Simulated Staffing Measure Scores



Simulated Staffing Measures

Total Points

320

Staffing Rating

5

Overall Rating

2

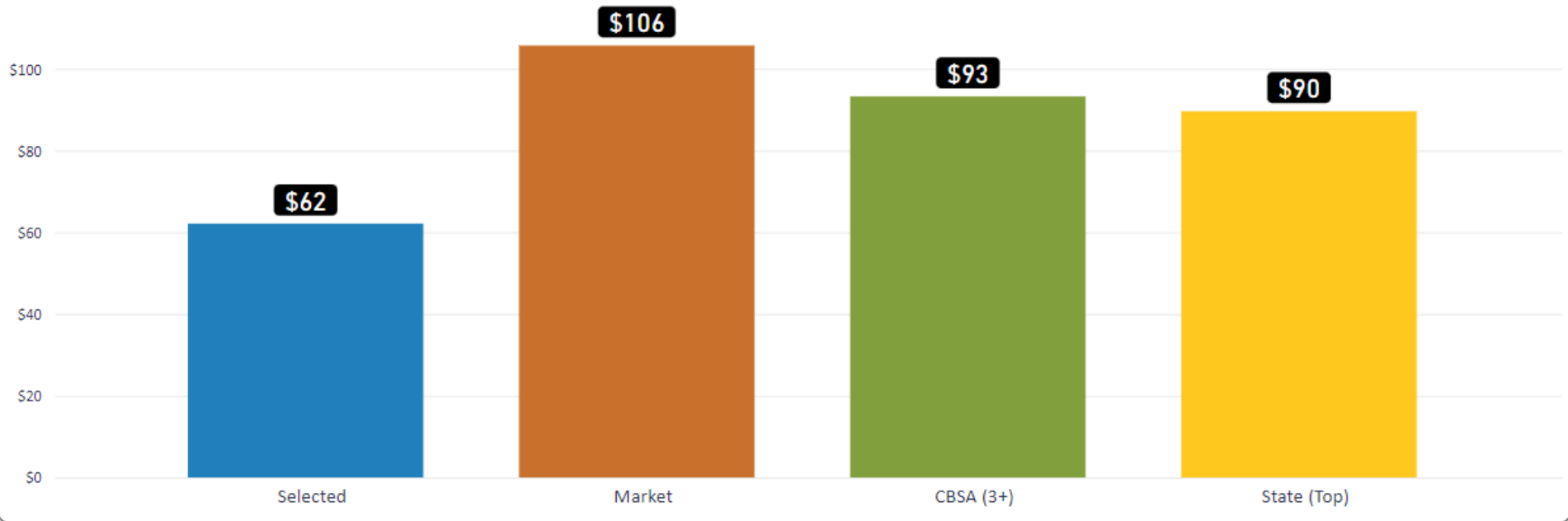
Point Floor:
320 (-0pts.)

Point Ceiling:
380 (+60pts.)



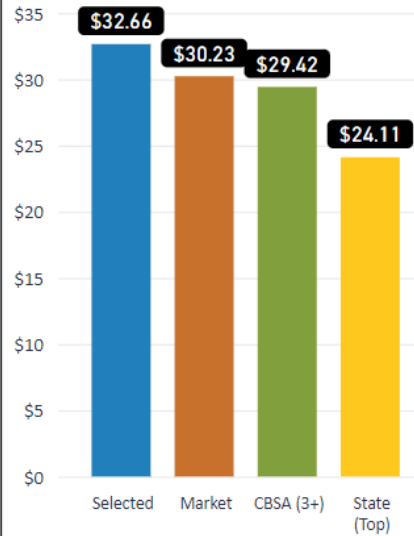
Therapy Expense

Direct Ancillaries Expenses Per Patient Day

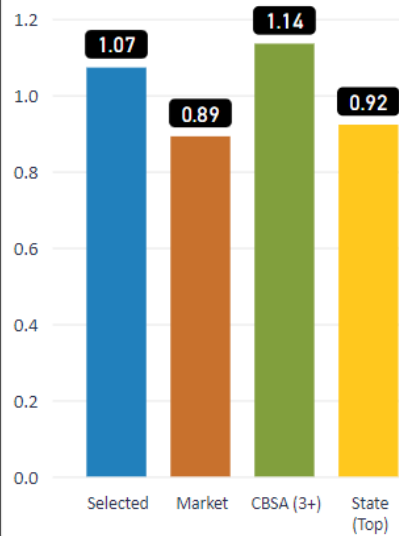


Dietary Expense

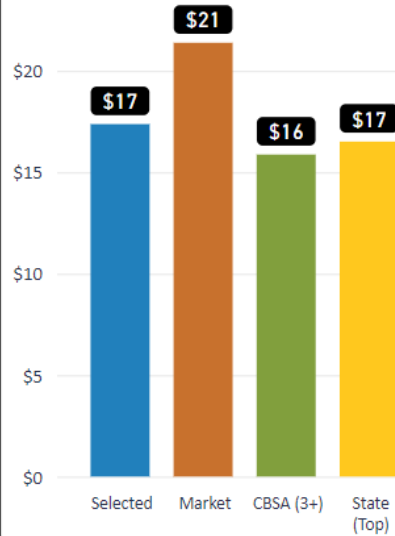
Total Average Costs Per Day



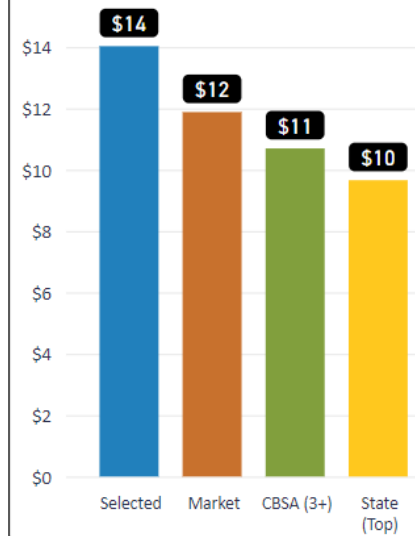
Paid Hours PPD



Avg. Salaries per Hour



Other Costs PPD



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