

Developing & Monitoring Feasibility Assumptions

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The \$1 Million Challenge!

How can you adopt a process to select reasonable, but slightly conservative, assumptions for your feasibility study to avoid substantial unfavorable variances between experience and projections during your startup mode?

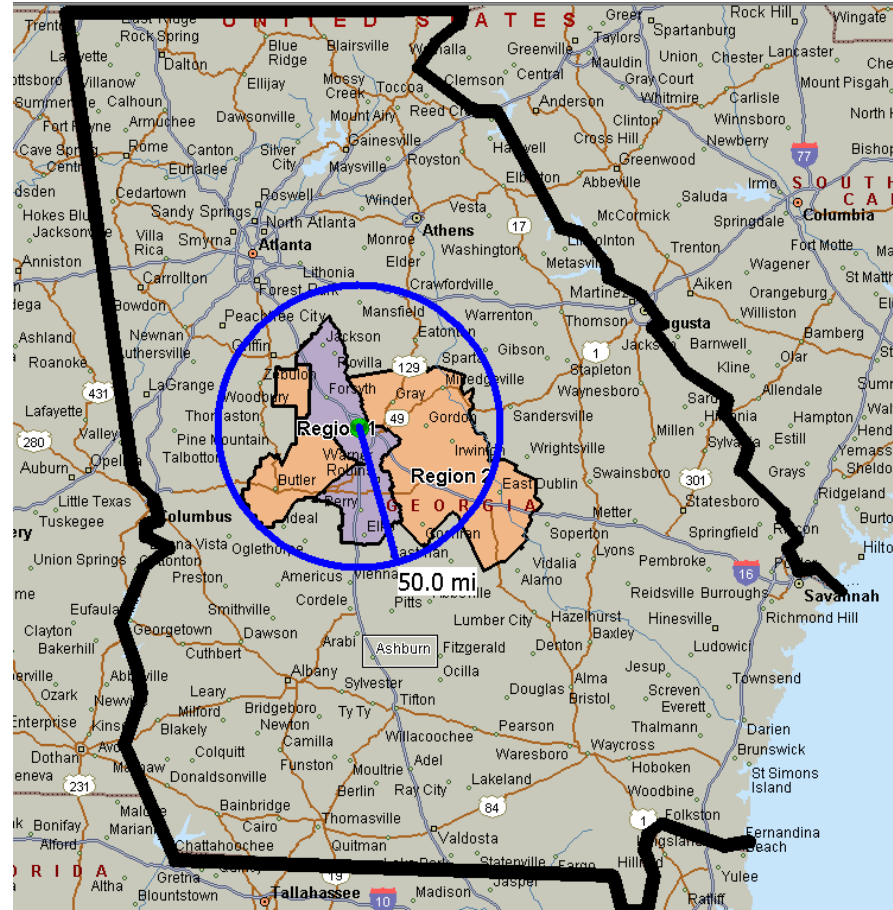
Questions the Board Must Answer:

1. Organizational Structure- New Corp. vs. Department?
2. Availability of start-up funds? (CP- about \$450K in consultants, marketing materials, start-up through year three where anticipate positive net revenues.)
3. Consultative resources.
4. Risk Tolerance?
5. Exit Strategies?

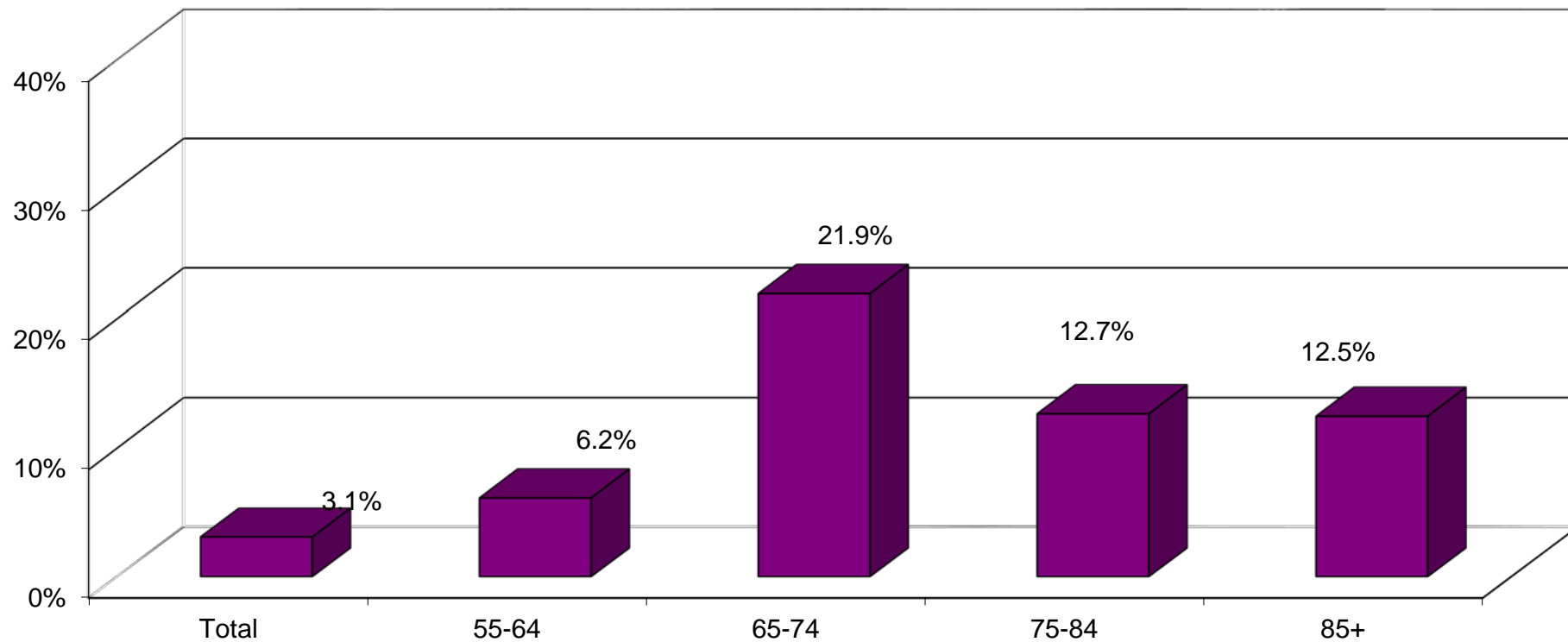
Process

1. Evaluate the Market
2. Determine Corporate structure
3. Begin Discussions with Residents-Obtaining up-front buy-in helpful!
4. Evaluate Consultants
5. Due Diligence
6. Detail Market Studies/Focus Groups.
7. Begin

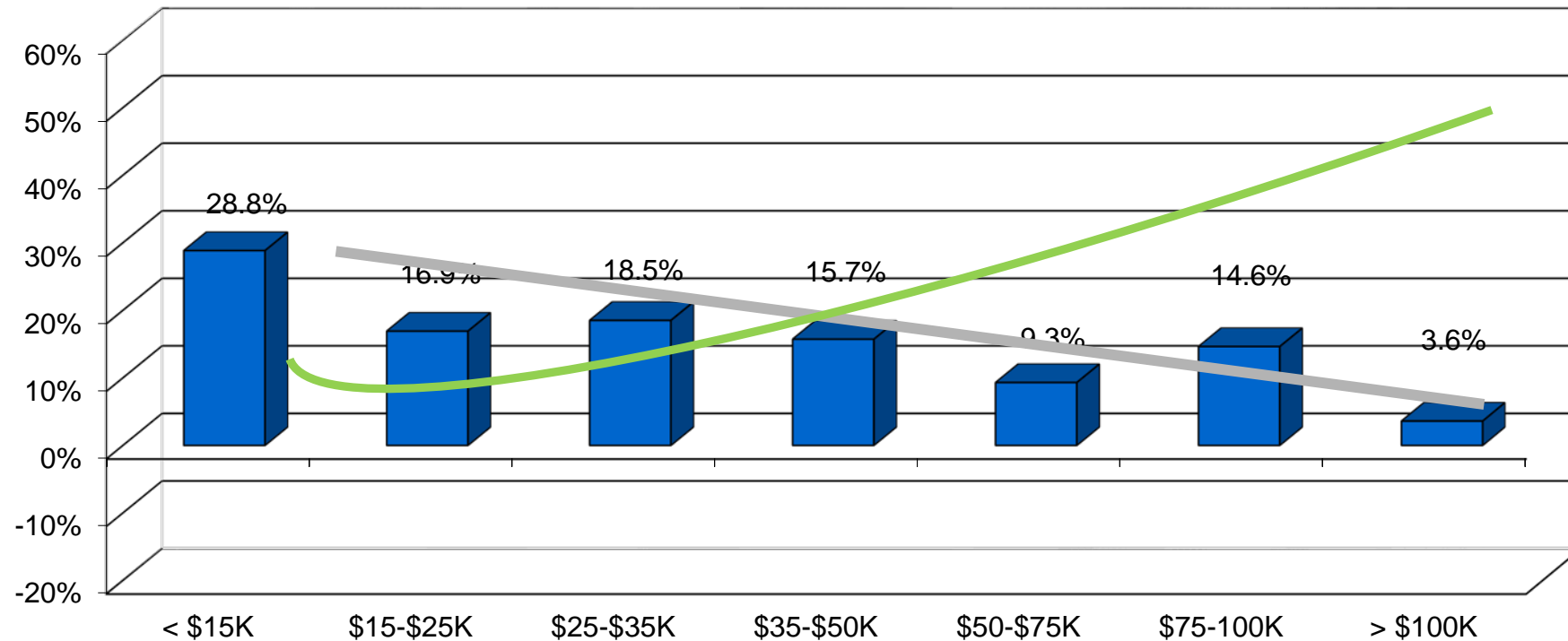
Market Area Position within Georgia



Population Growth in the Primary Market Area 2014-2019



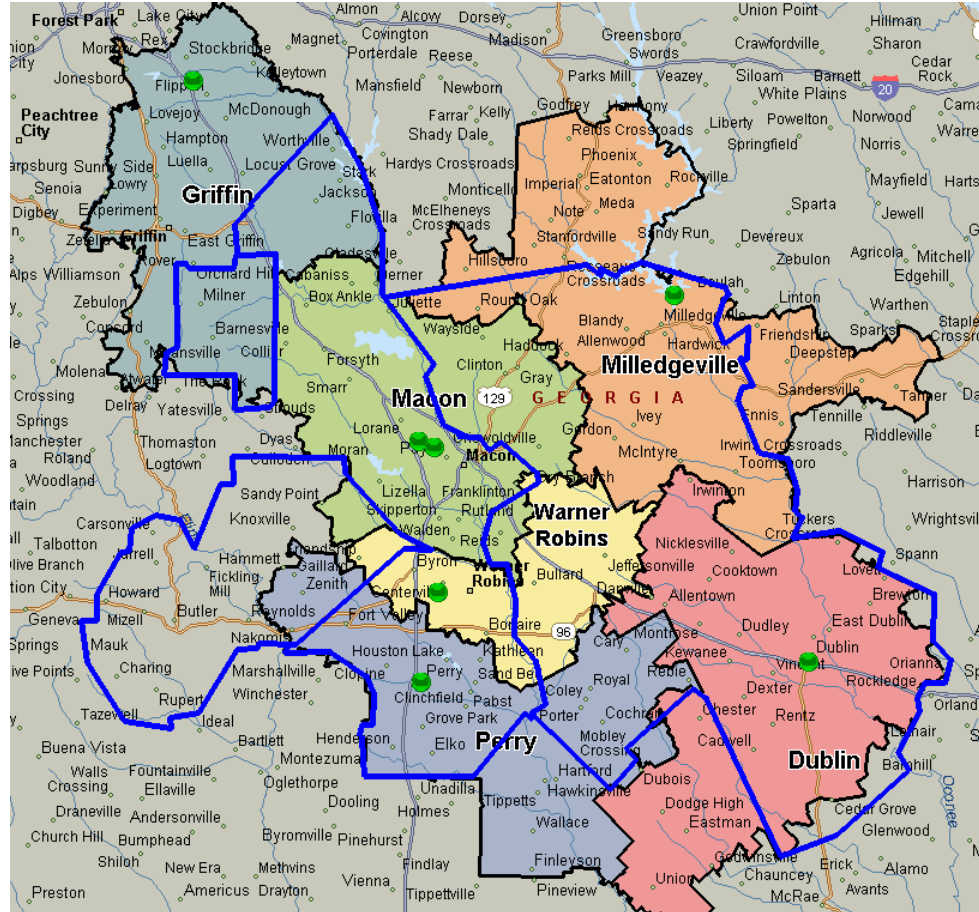
Change in Percentage of Households (Age 65+) by Annual Income Level (2014-2019)



Forecasting Potential Membership

1. Future age and income qualified households:
 - 19k at \$50k income
 - 9k at \$75k income
2. 100 – 150 members among consumers 65+/\$50k+
3. 50 – 70 members 65+/\$75k+

Focus Group Locations



Takeaways

1. CLA scoring of telephone survey results among age and income qualified individuals within the market area: Carlyle Place ranks in the 65th percentile of surveys conducted
2. Overall responses to telephone survey and focus group inquiries – generally at median or better comparatively
3. Higher than median name recognition
4. Consumers responded positively to use of Carlyle within the at home product name.

Market Assessment: Carlyle at Home

Key Market Findings

1. Potential Population at initial Market Study CLA (Clifton Larsen Allen) is 125.
2. Growth Forecast for the product would be approximately five-six years to reach target population of 125-150.
3. Focus Group feedback demonstrates continued interest in the program. Market tested ranks high in comparison to other CLA projects. (June 2015)

Organization Assessment: Carlyle at Home

Key Organization Findings

1. Carlyle at Home will be an asset to the financial stability of the community.
2. With a demonstrated utilization of the facility ranging from 4-8% of the overall membership, there is a lower future service obligation with this model than the traditional campus setting.
3. Estimated annual revenue stream of the program at maturity is \$900,000 per year.
4. Current campus resident population continues to embrace the concept- a challenge faced by some start-up programs.
5. As a “department” of the existing corporation there are reduced start-up costs associated with the program (absorbed by overall organization).

Gap Analysis: Carlyle at Home

Operations/ Systems of Care	Workforce
<ol style="list-style-type: none"> 1. New product to the Georgia Market in an environment where the CCRC opportunities themselves are generally misunderstood. (17 CCRC's in Georgia). 2. Growth of the product will be slow paced so staff up requirements are moderate and can be absorbed in annual budget planning without significant impact upon the campus community or NavicentHealth System. 	<ol style="list-style-type: none"> 1. Workforce of sales and case management for initial population are available "in-house". 2. Training of staff will be required with much of that taking place out of state requiring travel. 3. Carlyle Place NavicentHealth will have obtained licensure to provide "sitter service" labeled Enhanced Support Services (ESS) at the campus. These services would be available to the members of CP at H . 4. Staff will need training of the mechanics of admission screening process and case management of this product.
Technology	Clinical Competence
<ol style="list-style-type: none"> 1. Need to evaluate software resources. 2. Monitoring devices utilized by our Home Health partners will be necessary. 3. Conversations regarding use of Simple C and pharmaceutical technologies have been held and will continue to develop opportunities for members of CP at H. 	<ol style="list-style-type: none"> 1. The product is an extension of existing services for "in home" members. 2. Navicent partners will provide several key components of the product (Home Health, Hospice, Palliative Care, DME). 3. Service standards will need to be developed for contracted partners and tools designed to ensure clinical competence and quality are provided at partnered facilities (AL and SNF).

Competitive Analysis: Carlyle at Home

		Positive	Negative
		Strengths	Weaknesses
Internal	Internal	<ol style="list-style-type: none"> 1. Exceptional Carlyle Place brand recognition in marketplace. 2. Reputation for quality services rendered on campus. 3. Ready made network of NavicentHealth System providers with quality reputation – Home Health, Hospice, Palliative Care, Rehab Hospital, MCNH. 	<ol style="list-style-type: none"> 1. Brand new product to the state of Georgia 2. Need for consumer education. 3. Internal communication process and prioritization of product advertising.
	Externals	<ol style="list-style-type: none"> 1. New product that can quickly glean pent up market opportunity once understood. 2. First provider to offer the product in the state of Georgia. 3. Partnership opportunities with other LTC providers may also open doors for Navicent System relationships (Skilled Nursing). 	<ol style="list-style-type: none"> 1. Educational process to overcome comparison to a standard LTC insurance policy or home companion program.
		Opportunities	Threats

Carlyle Place

Carlyle Campus Place



60 Garden Homes



Currently home to
334 Residents



166 Apartments

95 Healthcare Units



Logical Campus Resident Questions?

1. Why are we doing this?
2. How will the program impact me?
3. Will this add to our campus census?
4. What amenities will the program members be eligible to participate in on our campus?
5. Who has priority to care?

Why are We Doing This?

1. An opportunity to expand our market.
2. Healthcare trending toward home based services.
3. Added financial stability for the CCRC.
4. Resources in place make process easier to implement.

How Will the Program Impact Me?

1. Adds to the financial well being of the CCRC.
2. Increased revenues to our program = lower future rate increases.
3. May see additional people in Wellness area, at activities, in the dining room/Bistro.
4. The Question for the Board and Management:
 - there is capacity!*
 - or*
 - there may be capacity?*

Will This Add to Our Campus Census?

1. In other programs there have been 4-6% move from the “at home model” to the campus setting residential living. (3-7 out of 150)
2. Intent is not to use this model as a “feeder” for the campus.
3. Presently we accept “direct admissions” to the assisted living level of care. The Carlyle at Home members will become these residents.

Permanent Health Care Utilization

1. Health Care Ratio =

(Perm AL Residents + Perm SN Residents)

(At Home Members + Perm AL + Perm SN)

- At Home Programs: 6-9%
- CCRCs: 18-21%

2. Average age for need of permanent healthcare

- At Home Programs: 89
- CCRCs: 87

* Clifton Larsen Allen data.



Who Has Priority To Care?

1. Health services are rendered as needed to any resident of Carlyle Place.
2. Not all C@H members will desire to come to Macon.
3. “First” anticipated C@H member to Health care= > 5 years out.
4. The objective of the program is to keep members independent for a long period of time.
 - ✓ Utilization of Health Care is forecast 5-10%
 - ✓ 150 members = 7-15 members over time and the service area.
5. Direct Admissions in past 3 years to Carlyle Place Personal Care/ Assisted Living areas average 8 per year.

Program to Date

1. Growth: (Fiscal year October 1 -September 30)
 - Year 1: 15 new members & 1 Care Coordination Agreement
 - Year 2: 12 new members –Cumulative membership: 27 + 1
 - Year 3: 9 new members & 1 Care Coordination- Cumulative members 36 + 2
2. Average Age: 74.3 (65 – 88)
3. Monthly Service Fee collected: \$18,098
4. Total Entrance Fees collected: \$1,820,699

2019 Financial Forecast

Forecast FY 2019													Average
Occupancy	43	44	46	47	49	50	51	52	55	57	58	60	51
CP at H REVENUE SUMMARY													
Forecasted Revenue:	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>	TOTAL
Total:	21,991	22,501	24,471	24,981	26,126	26,619	27,129	27,639	29,219	30,205	30,715	32,685	324,281
CP at H EXPENSE SUMMARY													
WAGES, TAXES, BENEFITS	16,050	16,050	16,050	16,050	16,050	16,335	16,335	16,335	16,335	16,335	16,335	16,335	194,595
ADVERTISING	7,729	7,729	7,729	7,729	7,729	7,729	7,729	7,729	7,729	7,729	7,729	7,729	92,750
OTHER EXPENSES	2,285	2,285	2,285	2,285	2,285	2,285	2,285	2,285	2,285	2,285	2,285	2,285	27,425
Total:	26,065	26,065	26,065	26,065	26,065	26,350	26,350	26,350	26,350	26,350	26,350	26,350	314,770
Net Income (loss):	(4,074)	(3,564)	(1,594)	(1,084)	61	269	779	1,289	2,869	3,855	4,365	6,335	9,511
New EF Income:	-	110,000	55,000	55,000	110,000	55,000	110,000	55,000	55,000	55,000	165,000	110,000	935,000
Net Cash Inflow:	(4,074)	106,436	53,406	53,916	110,061	55,269	110,779	56,289	57,869	58,855	169,365	116,335	944,511

Issues That Have Arisen

1. Market Confusion
2. Overlap of marketing efforts
3. Many members will come to campus program (+ -).
4. There is continued board support

Changes We Are Making

1. Name Change.
2. Breaking down the separation of marketing.
3. Moving to Sherpa as our CRM product setting separate organization.
4. Found some tools in MatrixCare (Formerly AOD) to use as clinical software.
5. Deeper allocation of expenses to begin in 2020.

About Thomas Rockenbach, Jr.



Tom serves as VP and Chief Administrative Officer of Carlyle Place, Navicent Health. Tom brings more than 30 years of experience serving seniors managing and developing CCRCs. Originally from Philadelphia, Pennsylvania, Tom began his career after receiving a Bachelor's degree in Finance and Certificate in Gerontology from Brigham Young University. Tom is a Certified Six Sigma Black Belt and received his MBA in Health Administration in May 2018 from Western Governor's University. He has enjoyed many rewarding experiences and worked to establish the first Life Plan at Home program in Georgia.

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NavicentHealth at Home

About Cathy Schweiger



Cathy Schweiger brings over 25 years of diverse management and management consulting experience in the healthcare and hospitality industries. At CliftonLarsonAllen LLP, Ms. Schweiger provides outsourced financial management and specializes in continuing care at home, market and consumer research, strategic planning, and program development for senior living and aging services clients.