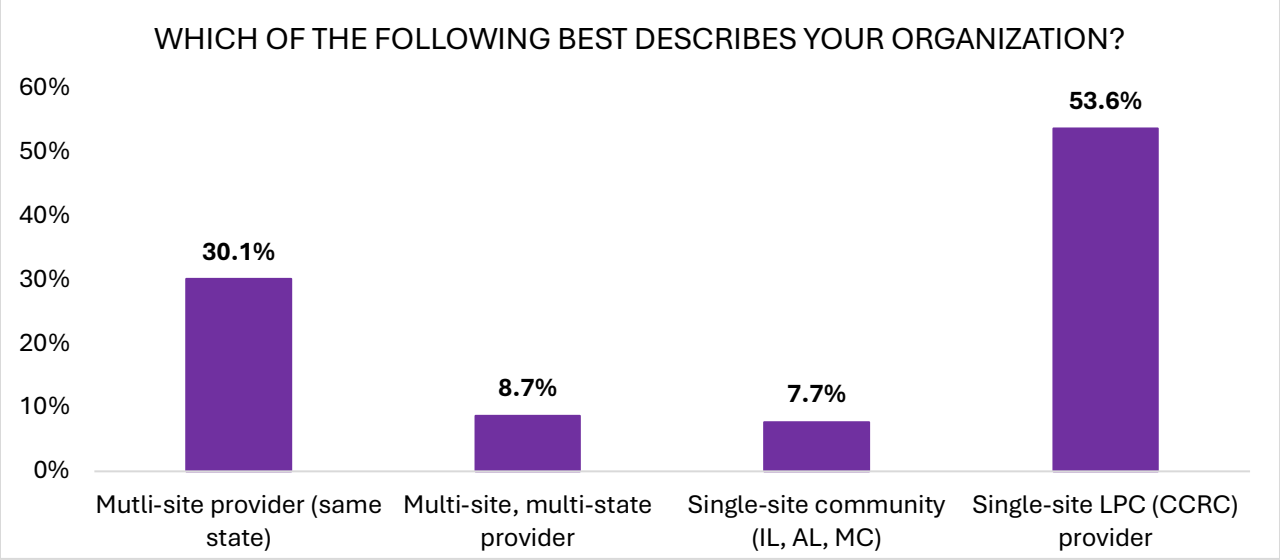
HOME AND COMMUNITY-BASED SERVICES

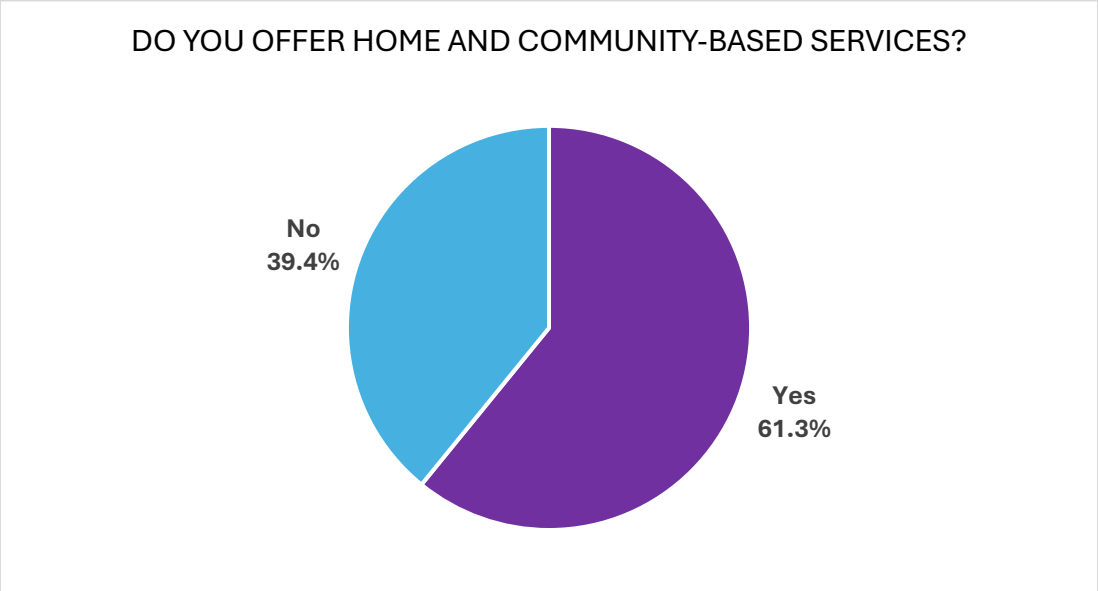
ZIEGLER CFO HOTLINE℠

In November 2024, a Ziegler *CFO Hotline*℠ survey gathered feedback on Home and Community-Based Services (HCBS) among senior living organizations. These services include home health, continuing care at home, and more. This is the first survey on the subject as additional organizations continue to explore and expand service offerings.

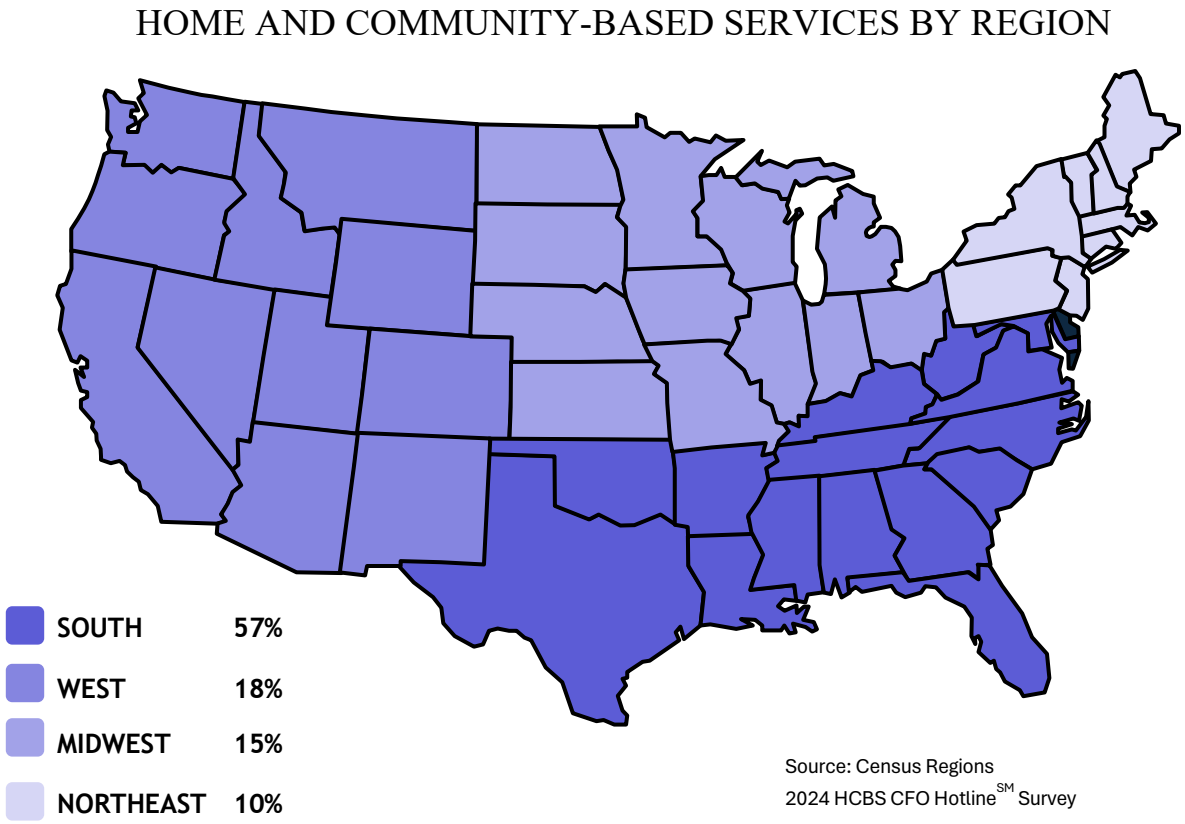
The respondent pool was heavily weighted towards Not-for-Profit Life Plan Community organizations. Nearly 200 organizations participated in the survey, with roughly 120 offering HCBS. More than half of respondents were from single-site Life Plan Communities (LPCs), while roughly 30% were from multi-site, same state providers.



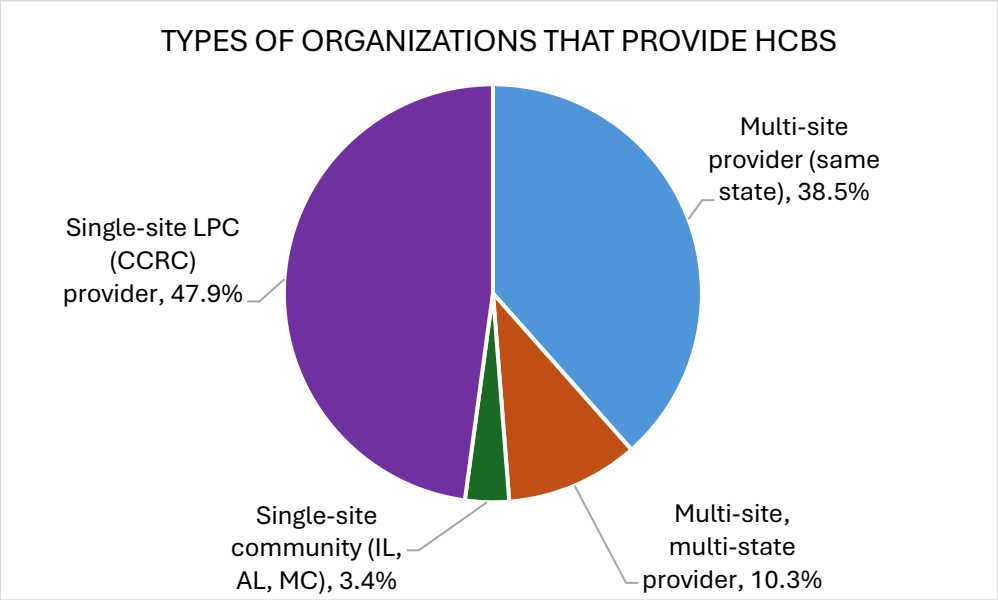
Participants were asked if their organization offered Home and Community-Based Services. Over 60% said that they offer these services.



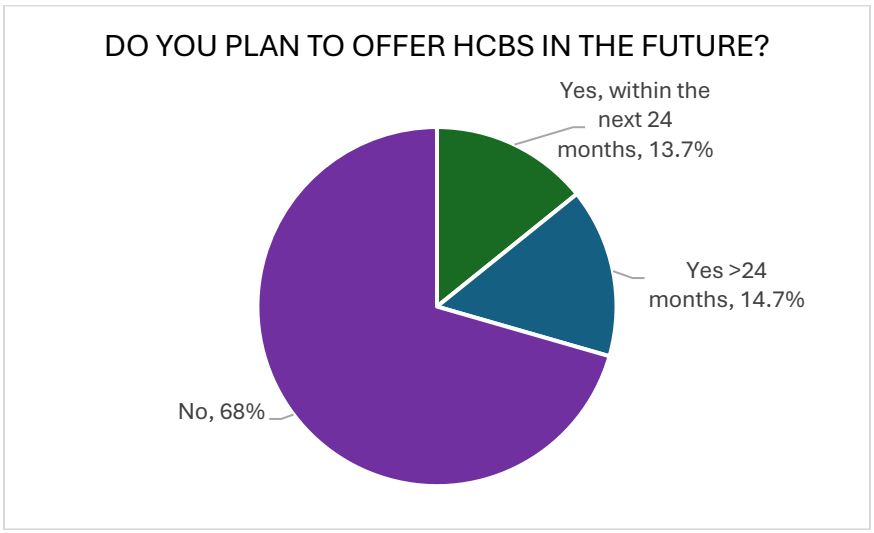
The largest number of respondents offering home and community-based services were from the Southern region of the United States, followed by the Midwest, but the state with the most participants was Pennsylvania.



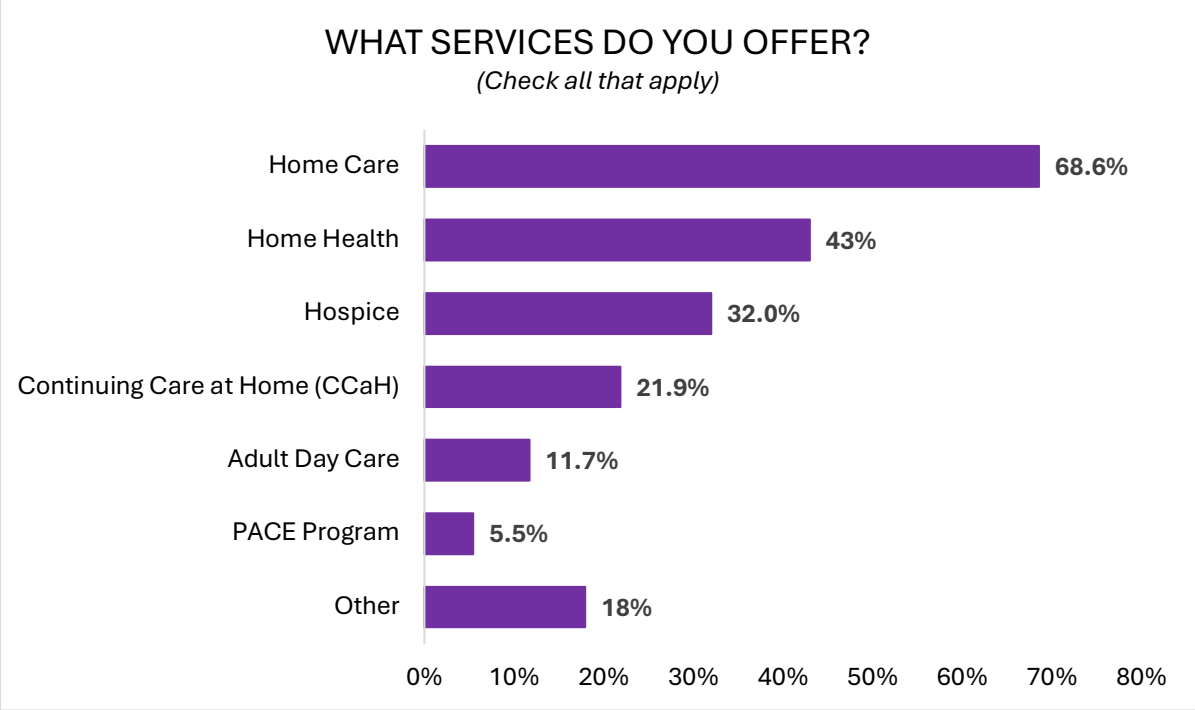
Single-site providers made up almost half of those that currently offer HCBS, while multi-site (same state) organizations made up about 40%.



For respondents that indicated they do not currently offer HCBS, the survey asked if they plan to in the future. Roughly 70% said they do not have plans to do so. Of the 30% that said they do plan to offer services; roughly half said they will do so within the next 24 months.

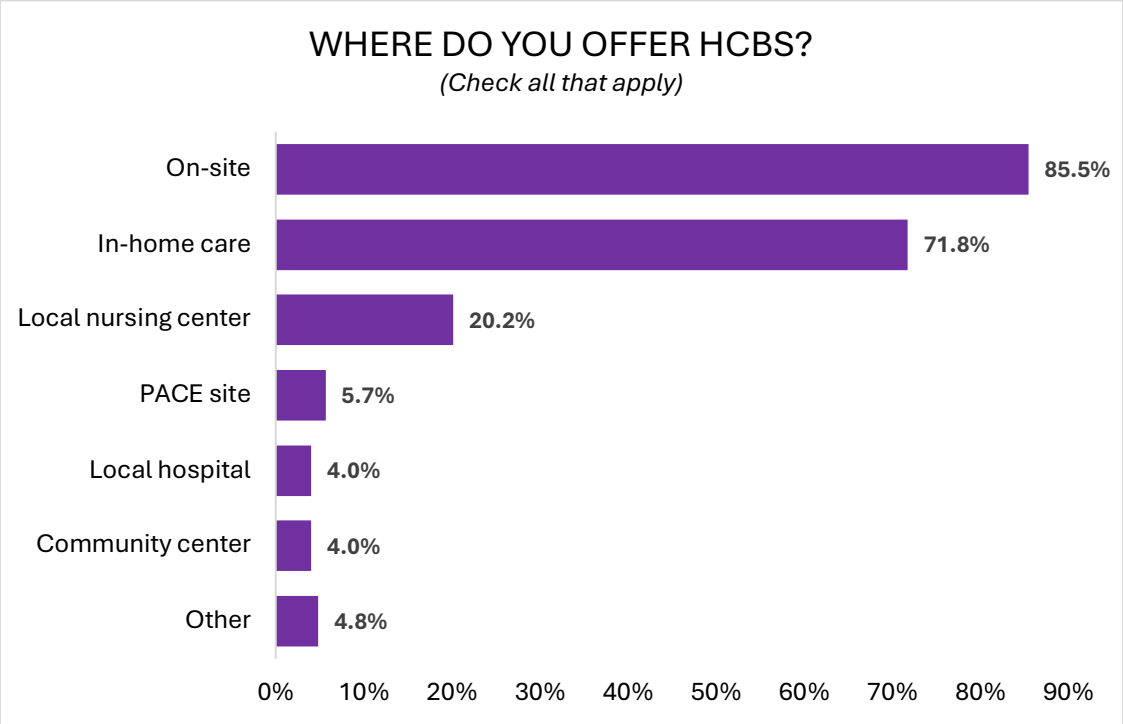


Participants were then asked which HCBS they offer (they were asked to check all that apply). Out of 128 total respondents, roughly 70% offer Home Care, while 5.5% offer the PACE program. Some offered other types of services labeled "Other" in the chart below. Examples of those are HCBS in their Assisted Living, Outpatient Rehabilitation, Senior Centers, a Medical Clinic, Palliative Care, Companion Services and an Integrated Memory Enhancement Program.

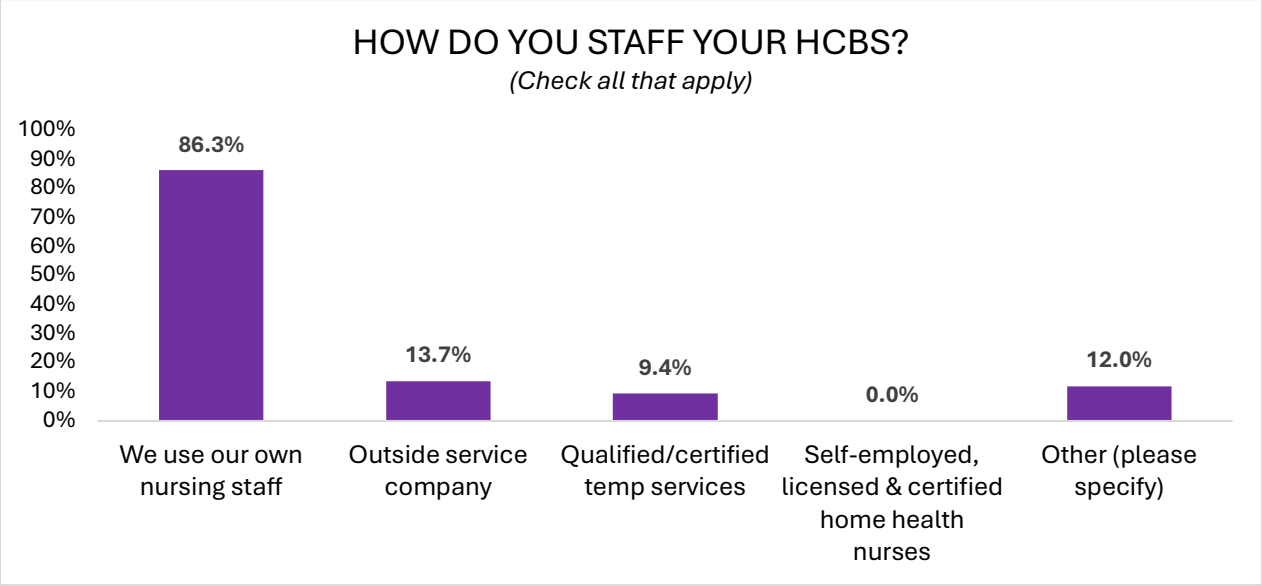


Respondents were then asked how many years they have offered HCBS. The largest number of organizations have been offering these services for more than 15 years. Close to half have been offering them for less than 10 years.

The largest number of respondents indicated that they offer HCBS on-site, while 72% also said they offer these series in homes. Less than 10% offered services in local hospitals, community centers, or PACE sites. About 20% said they offer these services at a local nursing facility. Other locations included in the surrounding community, in assisted living, and at a church.

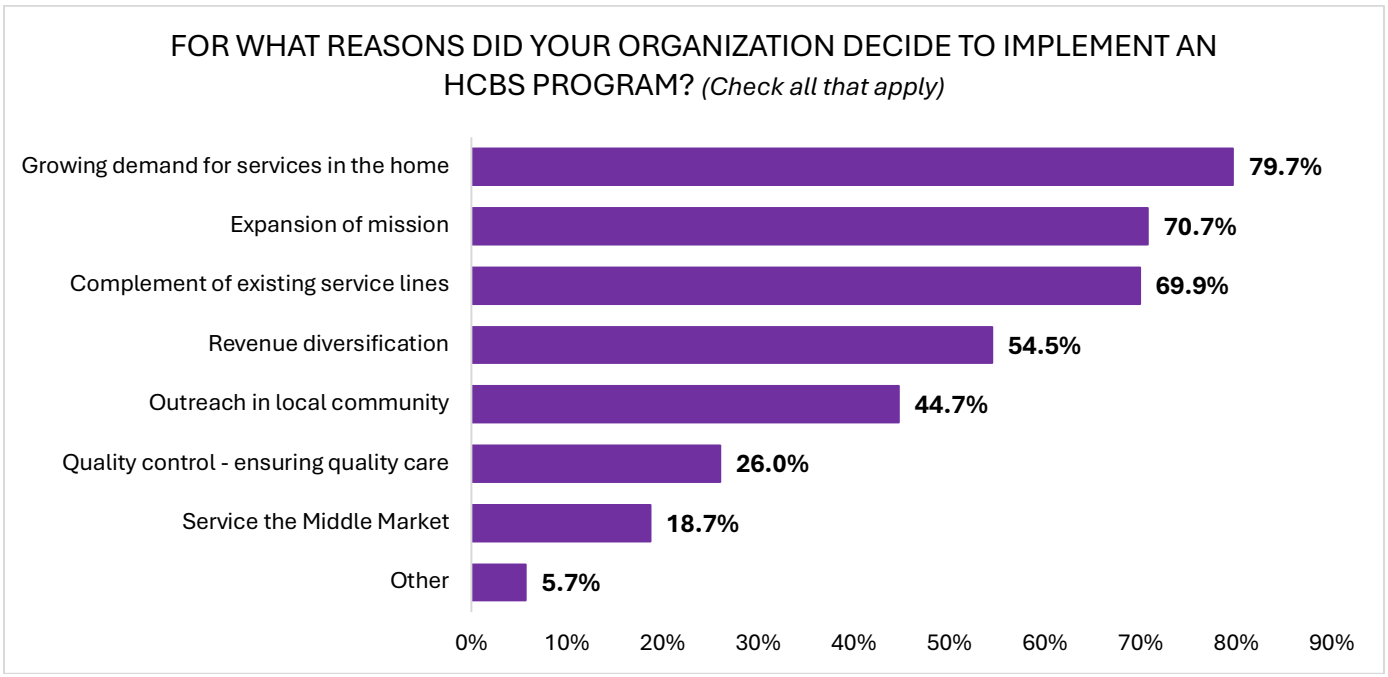


When asked how organizations staff their HCBS, most said they use their own nursing staff, but a small percentage use outside staffing services, or listed as 'Other' in the chart below, are options such as a joint venture partnership with another provider, part ownership with another HCBS servicing company, and/or using agency staff at times.

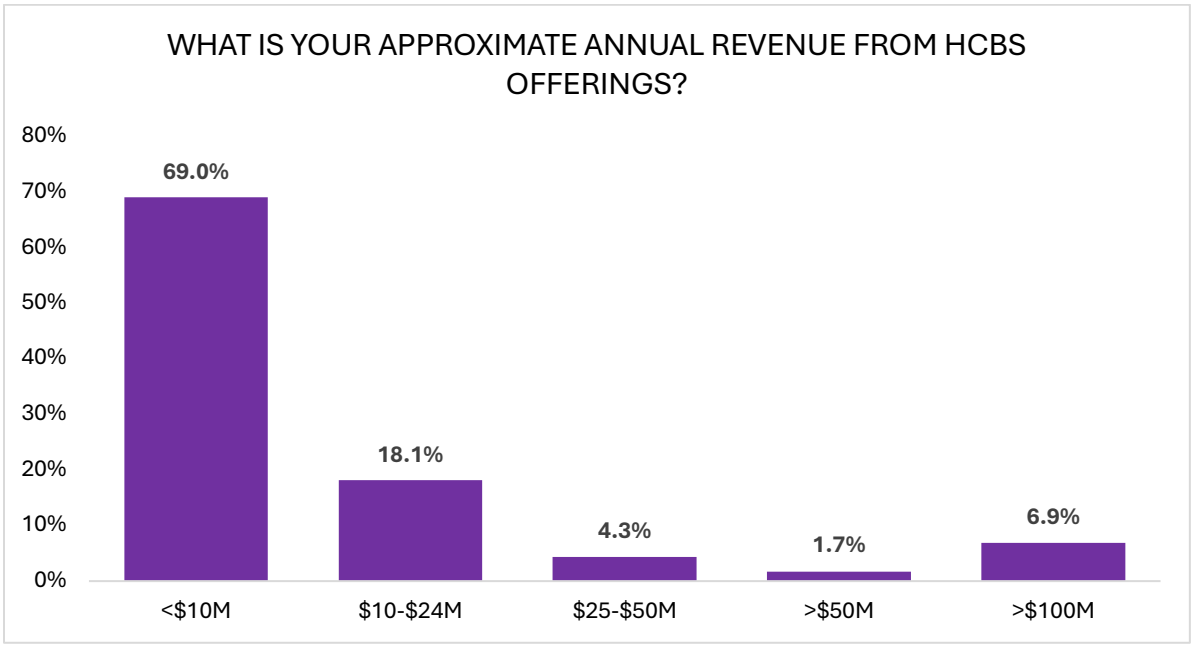


When questioned why each organization decided to implement HCBS, most respondents pointed to the growing demand for services at home, while others viewed it as an expansion of their mission or a way to compliment existing service lines. Outreach in the local community and revenue diversification were also among the top reasons for implementing services. A few offered other reasons such as using HCBS as a way of

accommodating existing residents in Assisted Living who had exhausted their resources and long-term care was not an option, or that it offers an extra layer of security on campus when residents use existing staff for services.



Participants were then asked what each organization's approximate revenue from HCBS is. A significant number of respondents said it was less than $10 million. Roughly 20% indicated they saw revenues of $10-$20 million.



Organizations were asked about the advantages of implementing HCBS. Answers were grouped into similar categories. Among them, largest number pointed to expanding or complimenting their mission. Providing better continuity and quality of care, along with serving the current resident population while offering insights into their potentially changing needs were also mentioned often.

ADVANTAGES	NUMBER OF MENTIONS
Expands/Compliments Mission	16
Continuity of care	11
Quality of care	11
Servicing current residents while offering insights into their care needs	11
Aging in place	5
Security/Keeping services on campus	2

Some specific comments on advantages included:

"Ability to significantly impact more lives + support for core support services through management fees & scale"

"Able to transition resident to facility easier because of trust built between staff and family"

"Better insight into the ongoing conditions and needs of certain segments of our IL resident population. Provides a way to gauge when it is time to move to the next level of care."

"Great service for our on-campus residents, allows us to serve others outside of our CCRC, helps control the private duty worker population on our campus"

"Provides an avenue to reach more clients and residents within and outside of our continuum"

"Expands our mission to a broader base of customers"

When asked about the disadvantages of offering HCBS, a strong majority indicated that staffing was the primary challenge. Finding staff, keeping staff, and paying staff (including increases in mileage and wages) being the key issues providers are facing. Financial difficulties were also mentioned often, including tight margins due to high costs and low third-party reimbursement, revenue cycle management, and finding private pay clients.

DISADVANTAGES	NUMBER OF MENTIONS
Staffing	37
Financial burden/tight margins/low reimbursement	17
Complexities of start-up and operations	8
Slower transitions to higher levels of care (incoming entrance fees)	2

Some comments on disadvantages included:

"Poor reimbursement levels and do not pay timely"

"Lack of staffing has impacted the volume of services we are able to provide."

"Managing resident expectation for services on demand vs. a routine schedule"

"Complexity of volume of different service lines & different funding/reimbursement structures"

"Aging in place longer, slowing down IL unit turnover and receipt of entrance fees"

"…Pressure to increase mileage rates or lose clinical staff. Skyrocketing auto insurance coverage for fleet vehicles. Pressure to use expensive software promoting hope of minimized compliance documentation issues…"