

Turnaround or Shutdown A Small Town Facility Worth Saving

by Chris Mason, Chairman and CEO, Vigilant, Inc.

Many may think that the only option for treating a poorly run assisted living center is to pull the plug.

In the case of Jefferson Manor, a Dallas, Oregon residential care facility, the end was imminent and the State of Oregon was ready to do the deed. In fact, in July of 2002, the State delivered 41 pages of deficiencies and citations after a recent site survey and informed Jefferson it would face mandatory shutdown.

The mandate couldn't have come as a surprise to management. Employee turnover was more than 200%. Direct caregivers lacked training and were unclear about their responsibilities. "Medication management" was an oxymoron. Food service lacked even a basic menu system. The facility's purchasing policy was little more than "going down to the store to buy what was needed." Not surprisingly, Jefferson Manor was losing money on top of being non-compliant.

Dallas is a small community without many choices for assisted living. Although Jefferson Manor had capacity for 70 residents, its census was less than 50 percent. Closing Jefferson would significantly impact the 36 residents and their families.

What happened in the next 60 days would become one of the more remarkable turnaround stories for any type of health care or service business. More importantly, it marked a new beginning for the residents of the facility. What looked like the last chapter in the history of Jefferson actually became the start of its sequel.

The Jefferson Manor story shows how leadership, caregivers and business systems working together can improve quality of care, regulatory compliance and profitability. The turnaround also demonstrates how older facilities -- which comprise the majority of U.S. care facilities -- can be efficiently turned into modern centers of care giving.

One Week Until Shutdown

The State gave Jefferson one week to convince officials that a turnaround was possible.

During the site visit by State officials, Marge Coalman, a health care consultant for the states of California, Oregon and Washington, conducted three 6-hour sessions with Jefferson Manor to assess the situation. Her assessment was simple but demanding: Jefferson Manor needed new management and technology systems to restore the quality of care. But convincing the State that a new system could be deployed in time was the first big hurdle.

Coalman immediately contacted Vigilant, Inc., a provider of assisted living operational management systems. A long history of facility renovation and renewal, coupled with its balanced operational management technology, made Vigilant a perfect partner for a turnaround.

With just days before meeting with State officials, Vigilant took immediate action to outline operational challenges and detail an aggressive plan for addressing the deficiencies defined by the State.

One week later, Vigilant presented their findings to the State.

Vigilant demonstrated how operations could be improved and proposed a partnership in which both the State of Oregon and new Jefferson Manor leadership would work together in order to benefit the residents.

A three-pronged action plan was recommended:

- Implement systems for continuous improvement in quality of care
- Ensure regulatory compliance
- Develop and maintain strong financial controls

Accustomed to past denials by the facility, the State accepted the proposal with a caveat -- these improvements had to be immediate and measurable.

The new Jefferson team was given a short leash. In 60 days, the State would conduct a second site survey. Specific improvements would have to be demonstrated or the shutdown would proceed.

“People-First” Approach

Our first priority was “people.” Nothing happens without the right people. We needed expert management, the best caregivers

possible, and we had to focus on improving care for the residents immediately.

Tactically, we started by hiring Rebekah Gottschalk, a new capable administrator who had previously worked in several management capacities at another residential care facility. Working with State consultant Marge Coalman, Gottschalk focused the required improvements into several areas, many of which would need immediate action to satisfy the State's concerns.

A quick satisfaction survey conducted with both the staff and the residents showed that the most common problem was staff management. Effective staff scheduling and appropriate staff-to-resident ratios didn't exist. Current employees were unclear about their job responsibilities, and there was no mandatory training or orientation for new employees. The result was not only poor quality of care but also an astronomical staff turnover rate of more than 200%.

Gottschalk took immediate action. Every employee was required to "re-apply" for their job.

"Re-application did two important things for staffing," said Gottschalk. "It sent a clear message to employees that the situation at Jefferson Manor was critical and they were expected to treat it seriously. Second, it allowed management to do proper background checks and as a result, we replaced more than one-third of the staff."

Next, Gottschalk made training mandatory. Annual mandatory training went from zero to 40 hours. The staff actually welcomed this. The training sessions immediately raised morale and instilled confidence in staff skills. As a result, we saw the staff become friendlier and more outgoing with the residents. And in turn, the residents responded, creating a true sense of community.

Systems Make a Difference

Now staffed with the right people resources, Gottshalk focused on deploying the right systems to deliver quality care.

What Gottshalk discovered was a void of functioning systems at Jefferson. Processes and procedures lacked documentation and as a result, levels of care were impossible to track.

From a policies and procedures perspective, there was very little literature outlining the policies, rules and regulations for Jefferson. What literature that did exist was incomplete or out of date. The facility was using the ineffective method of staffing that assigned care giving to staff by area and not by need. This form of management unevenly divides the workload, resulting in over- and under-worked staff

Guidelines explaining how tasks were to be completed and what was expected out of the employees didn't exist. There was almost no training literature to help teach employees the proper ways to serve food, deliver medication or assist in an emergency.

Medication management was a true "black hole." Jefferson Manor received the most state citations for their inability to properly document the monitoring and distribution of medication. There was no system for managing medication delivery, no measurement of efficiency and no resolution plan when problems were identified.

Food service was even more haphazard. There was no systemized process for preparing and delivering nutritional food, no menu system and kitchen staff was under-trained. Of greater concern, no detailed plan existed to ensure sanitation.

Finally, systems for controlling financial costs were either non-existent or inconsistent. The basic concepts of an organized purchasing process were not being practiced and a quick audit of purchasing activity showed that Jefferson was paying 40% more for its supplies than other facilities in the area.

A Systematic Approach to Care Giving

Many of the care-related problems shared a similar deficiency: the lack of a system that ensured quality and consistency. It was one of the most fundamental problems for us to address and would impact our ability to meet nearly every concern identified by the State.

"Meeting standards and performing consistently are critical in residential care," said Gottshalk. "It was essential that we had the tools to manage, monitor and measure daily operations."

Parallel to the staffing turnaround, Jefferson deployed Vigilant's assisted living operational management system – **The Administrator**. This was a critical infrastructure improvement that made it easier to operate and focus on delivering the highest quality of care. The software application organized and

connected the assessment, care plan and staff assignments all the way through billing. **The Administrator** became the central location for all information on resident rooms, employees and their training, the residents and their service needs.

Each day **The Administrator** provided employees with clear and consistent task sheets so they knew exactly what needed to be done and when. Direct caregivers were given instructions on what to do with each resident including proper care techniques, documenting care delivery and what to do if changes in care were required.

Parameters were set and published for preparing and serving food and a kitchen clean-up schedule was issued. Training programs for food service were put into place, scheduled and tracked.

The Administrator developed and issued daily reports on distributing, administering and managing medication for each resident and provided a central medication management documentation trail.

“Defining the role each of us had in each system – including expectations for residents – allowed us to create a community of care giving,” said Gottshalk. “Working together and using the right systems allowed all of us to claim a share in the success that put Jefferson Manor back together again.”

Shutdown Eliminated

In just sixty days the State returned for a comprehensive follow-up site survey. The findings: Jefferson Manor was found to be in “substantial compliance.” We eliminated every deficiency cited in the state’s earlier 41-page report.

By creating systems for consistent high quality care, we rejuvenated employee morale. Employees knew what was expected of them and were empowered to contribute to the facility’s turnaround.

What would happen in the next 4 months was even more remarkable.

From Survival to Excellence How a Facility’s Asset Value Increased by 240% in 6 Months

It’s not often that you can increase the asset value of a residential care facility by 240% in just 6 months.

That was the happy ending of what started out as a likely mandatory shutdown by state health authorities.

In just 60 days, we brought in new management, deployed an assisted living operational management software solution, and put into place a series of business procedures and quality care systems. We not only averted a shutdown; the State's follow-up site survey pronounced Jefferson Manor to be in "substantial compliance" with zero deficiencies.

What happened in the next four months -- which we called Phase II -- was even more remarkable.

Remarkable not in the sense of "pulling a rabbit out of the hat." The positive results came from applying basic bread and butter management practices and effective technology to the service business of residential care.

Where Isn't the Beef?

One of the first Phase II changes we made involved bread and butter – literally.

Good nutrition is probably the most cost-effective way to keep residents healthy.

When the new administrator Rebekah Gottschalk took over, there was no menu system. 80% of the residents were losing weight. While this is ideal for a resort spa, it's not for a residential care facility. In fact, many residents had to drink Ensure every day to maintain their weight.

There was only one meal option at every meal. And 90% of the meals had beef as the only meat.

We created a 7-week menu rotation that included two main choices for each meal.

The simple concept of "more can be better" was added. Residents were offered second helpings, which was not an option with previous management.

Now only two residents needed Ensure as a weight supplement.

Decreasing Operating Costs

As outlined in last month's issue, Jefferson Manor was paying up to 40% more for supplies than similar facilities. The purchasing policy was basically "run down to the local store and buy it."

Gottschalk developed purchasing policies and monitored them. Bidding and estimates for services and supplies became standard procedure and all vendors were put on a standard purchasing contract. She solicited bids from larger vendors that could give Jefferson better pricing and discounts.

Not surprisingly, monthly operating expenses -- excluding payroll -- decreased by 27%.

Creating a Culture of Excellence

This is a "people serving people" business so another major initiative in Phase II focused on only hiring and employing the best people possible. A simple but systematic first step was to conduct criminal background checks on all employees. As a result, 15% of the employees were immediately replaced.

Aside from upgrading part of the staff, the background checks generated another surprise benefit. Losses from expensive missing items such as linens, food and other supplies decreased immediately.

Having the right people in place set the stage for what came next.

"We needed to develop a culture of excellence," said Gottschalk. "That involves a clear vision of what management expects from staff, the tools for employees to succeed and the daily oversight necessary to ensure that standards are met."

Gottschalk gave each department a service quality checklist called Quest for Excellence. Developed and published by Vigilant, the 30-page Quest for Excellence is a series of checklists that guide each department through a self-inspection and goal-oriented process.

Gottschalk and her department managers used this as a blueprint for building a high quality care ethic at Jefferson.

She integrated more ongoing training into the system. In the first 60 days, Gottschalk made sure that no new staff "touched the floor" without initial training. In Phase II, every employee received care and process training every two weeks. She also instituted

“just-in-time” training. When managers witnessed incorrect performance, training was given on the spot.

“The staff turnover rate was 200% when we took over,” said Gottschalk. “Much of that was due to employees not knowing what they should do and being unsure whether they were doing a good job. Giving employees clear goals and specific responsibilities sets the stage for each person to develop pride in their work.”

Gottschalk also increased staff in strategic areas, adding direct caregivers to prevent employee burnout. A residential Care manager was hired, focusing on training and supervising of employees in the medication room.

The facility’s first community relations person was hired. Her job was to let everyone in the community know that Jefferson Manor was under new management. People started making appointments to visit the facility. Word got out -- there was a “new” Jefferson Manor in operation.

Gottschalk also created a new position — Assistant Administrator — to focus on documentation and tracking. Hiring an assistant might seem like a luxury in a turnaround situation, but Gottschalk says it was critical to making sure that improvements in operations and care giving were maintained long term.

“Documentation is at the center of excellence; in training, care giving, nutrition, medical management and purchasing. We can only deliver excellence if everyone knows what is expected and we can show it is being done – day in and day out.”

Behind the scenes, Gottschalk and her staff used Vigilant’s assisted living operational solution —The Administrator — for nearly every part of the business. “I wouldn’t run a facility without it,” said Gottschalk. “And the State loves it because of the reports it churns out and the reduction in care giving errors. Putting a system into place and making sure it is being followed will lead to excellence every time.”

Building Value & Future Vision

The dramatic improvements made at Jefferson Manor in the first six months of new management-- in operations, financial controls, care giving and new standards – did more than rejuvenate a community

of residents and employees. It also increased the asset value of the business and the future potential of the facility.

Jefferson Manor had been transformed from a business losing \$20,000 a month and facing a shutdown to a profitable institution providing excellent care. After Phase II of the turnaround was completed, the original owner decided to sell Jefferson Manor. A new owner purchased the facility at a price that was 240% higher than Jefferson's valuation just six months earlier.

The purchase price was based not just on bottom line results, but also on the vision that the new management had for the facility.

What they did with that vision would prove to be a huge success.

The Rewards of Dementia Care Using Technology to Simplify the Most Challenging Resident Care

What could possibly be a better ending than increasing the asset value of a residential care facility by 300% in just six months?

Creating a state-of-the-art dementia care facility that tackles one of the most difficult residential treatment challenges today. And in that effort, increasing the facility's value by an additional \$2 million over the course of a year.

About 4.5 million Americans have Alzheimer's disease, the most common cause of dementia. By the year 2050, estimates say there will be at least 14 million Alzheimer residents in the U.S. Despite the projected demand, dedicated residential dementia care facilities are few and far between.

The Jefferson Manor management team decided the facility, originally designed as a traditional residential care center, could become a showcase for how dementia care can be provided humanely and cost effectively.

Our final chapter in the Jefferson Manor story looks at how the facility has evolved from residential care to a state-of-the-art "high tech-high touch" dementia care center.

Balancing Resources for Quality Care & Profit

The primary challenge for any facility providing dementia care is consistently ensuring that you have the right amount of the right staff to deliver the type of care at the time it is needed. If you are under-staffed or have the incorrect balance of staff skills, you have a treatment problem. If you are over-staffed, you have a financial stability problem.

Walking this load-balancing tightrope isn't easy. How do you remember that on February 17, a specific resident needs a vitamin B-1 shot? Or that the resident in Room 103 will only respond to staff positively if you talk about gardening. More than any other residential care facility, a dementia care center needs to be managed at several levels. It needs to organize its resources to be day-specific, shift-specific, resident-specific, and finally task-specific.

We approached the transformation from a technology perspective. Jefferson Manor had already become a solid facility with excellent staff and management. What we needed was a system that automates care-related factors such as treatment needs, medication and social activities so our staff could focus on direct resident care.

The technology approach was multi-pronged. Number one, we had to assess individual resident needs to determine and assign the appropriate staff to match those needs. We deployed resident assessment and operational software from Vigilant to manage this process. The operational software simplified the staff-per-resident assignments and ensured that care was delivered when and where it was needed.

We also deployed Vigilant's Marketing Manager software to help identify prospective residents in the community. Who is treating dementia residents? Which residents are at a stage where they need a dementia care facility? This helped us build a referral network within our geographic market.

More recently, we deployed a new Vigilant product called The Analyzer. This is a real-time "command and control" solution that provides a view of the always-changing key operating variables, such as acuity, census, resident mix, staff training status, rules compliance and resident assessments. With secure web capabilities, the software lets managers view this information from an Internet browser, remotely.

Because we are caring for dementia residents, many of whom are very mobile, Jefferson Manor deployed EliteCare's tracking system that integrates infrared and RF (radio waves) technology to ensure quality care and resident safety. A manager is now able to monitor the location of every resident, staff member, and visitor in the building at any time.

The system allows staff to track residents to see if they are getting a good night's sleep and to understand how much time they are spending socializing with others versus spending time alone. This extra monitoring allows the staff to really understand how a resident is living in a way they just could not do by direct observation alone. And when there are changes that might be subtle to the eye, the computer shows us trends so we can anticipate problems.

This solution also provides appropriate access to family members. Using a secure and password-based website, family members can closely monitor their loved ones. They can look at activity levels, sleep patterns, and even provide input to care givers. For example, if they see that there's a calendar activity for residents around the topic of World War II, the family member can send an email notifying staff that the resident was an Army veteran that served in the war. This helps staff generate some memory cueing, a strategy commonly used to assist resident with dementia. Though it's hard to quantify with concrete numbers, this system gives family members a tremendous peace-of-mind benefit.

The final piece of the technology approach, now being implemented, is a medical management system that tracks and controls medication management. Medications often have to be approved through a state formulary, particularly when the resident receives Medicaid. If the prescribed drug is a name brand, it often has to go back to the prescribing physician for a generic alternative. Tracking this bureaucratic trail can be frustrating for caregivers and rarely meets the immediate needs of the resident. _

To keep the medication process from falling into a bureaucratic "black hole," we use Daverci Technologies' TOCCARÉ system, an electronic medication management system that automates medication ordering and tracking to save time and remove a key source of medication errors. This system works directly with a facility's institutional pharmacy -- in our case Payless Drugs.

We now know where every single medication order is at any point in time. It also helps us manage the re-ordering process by triggering reminders for reorder consideration. In addition, we are using a bar-coding system and resident photographs to make sure the right resident gets the right medication at the time of dosing.

The technology systems we have deployed have turned Jefferson Manor into one of the most advanced dementia care centers in the U.S. It has greatly improved the quality of care, the quality of the work environment for staff, and serves the needs of the families of our residents. From a financial perspective, these systems have enabled us to be more efficient in controlling costs while delivering high levels of care.

Of course, these kinds of technology solutions can help any long-term care operation, not just a dementia care center. Smarter systems allow staff to do what they do best – provide direct care.

Today Jefferson Manor is financially stable and serves as a model for quality care. In less than the year the facility has made a dramatic transition from potential state-mandated shutdown to a state-of-the-art dementia care center.

It shows that it's good business to provide quality care.

Chris Mason, Chairman and CEO of Vigilant, Inc., is a founding member of the Oregon Assisted Living Facilities Association and served on the faculty of the first national training program for Assisted Living.