

Long Term Care: Staying Profitable and Compliant

Article by Robert Dale Ph.D.

Our traditional way of doing business is dead.

May the bad ole days never return. Like the sextant, slide rule, and punch card, the 'do everything manually' mentality is becoming a relic of the past as our industry moves towards better, faster, and awesomer.

Ok, so profit in long term care is sometimes uncomfortable to talk about, but stick with me; over 75% of long term care is provided by for-profit companies, so it is clear that profit provides needed motivation to provide quality elder care.

Even for non-profits, quality of care eventually suffers with inadequate income.

We have plenty of challenges. Occupancy rates are under pressure in our industry and have shown a downward trend since 1990 and currently stand at about 87%. This keeps rates down while the recession seeks to finish us off by families deciding to keep their loved ones home to save costs.

With our perpetually limited budget, we usually can't afford a top notch labor pool. It is difficult to recruit and retain good workers and turnover of qualified aides is so high, it's hard to retain any experienced people at all. After all, why would anyone pay for a 6 week CNA course, then hire on for \$9.00 an hour with no benefits, in order to empty bed pans, change diapers and lift patients.

Then there is the nationwide shortage of nurses. Nursing homes are willing to pay the salary to attract nurses but in many areas there aren't enough to meet demand. Nurses are overloaded with too many patients and in some cases, less qualified workers are substituting for nurses.

Then we get the privilege of watching 25% of their day devoted to filling out Federal and state paperwork. Some nurses claim they

are neglecting their patients in order to get the paperwork done. But, without these reports, we cannot receive our funding. *sigh*

There is a bright spot though (for lawyers), 36 states have passed "patients' bill of rights" legislation which have no requirement to show negligence, so something as routine as a change in how constraints are used might lead to a violation of rights and a subsequent lawsuit.

Overall, the numbers of nursing home lawsuits are rising but in Florida and Texas, they are in crisis. In Florida, nursing homes can pay uncontained attorney's fees and unlimited punitive damages with a liberal statute of limitations. In 2002, Florida's nursing homes collectively faced \$1 billion in lawsuits forcing some to file for bankruptcy protection.

Liability insurance costs are going into orbit, and in Florida and Texas, only 1 insurance carrier is even willing to underwrite the risk. Rates have increased in some cases 1000% and might cost as much as \$6,000 per bed per year. Medicare and Medicaid reimbursement will not keep pace with these costs so we can look forward to new cost restraints on top of everything else.

Usually, if a home does make a profit, there's not margin enough for improving infrastructure or hiring more or better qualified staff to improve quality of care.

So, how to make our business more viable... Generally, there are two ways to increase profit; increase revenue (take on more residents) or reduce expenditures.

Increasing Profit:

Reduce deficiencies!

Studies have shown that homes with low deficiencies are as much as 40% more profitable than average while higher

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deficiencies can send you into a tailspin. Consumers can find deficiency information easily and they avoid these facilities. Deficiency rates have not changed significantly over the past 3 years. More than 91 percent of nursing homes surveyed were cited for deficiencies. [DHS Report](#).

Medication errors are one of the most significant safety issues in health care, occupies a significant amount of nurses' time, and is fraught with error potential. One-third of all medication errors that cause patient harm arise from medication administration errors.

So, just hire better people, right?

ahem, no, human error will always get us in the end. The human element must be taken out and automation introduced where it makes sense. While a full blown Electronic Medical Record (EMR) is overkill and cost (and overhead) prohibitive, there are low cost alternatives to automating the med pass. Products like [ChartMeds](#) and [QuickMar](#) are designed to eliminate dispensing errors and make sure documentation is always in order.

With a good automation strategy, families will feel secure and staff will be happier doing patient care instead of paperwork and FTE hours will be reduced.

Reducing errors reduces lawsuit exposure. One lawsuit can drag out for years and suck up an enormous amount of resources.

We can't survive without attracting more residents. It is a long term effort but will create a sustainable and reliable business long into the future. Since many residents' families are involved in the decision, it makes sense to ensure they have no concerns about safety and welfare of their loved ones.

One way is to publish a policy to defeat the 'three demons of nursing home

care': loneliness, helplessness and boredom. Using "[The Eden Alternative](#)" in New York, as a model, birds, cats, dogs, plants, a child care center, a garden and a regular schoolchildren visiting program, you can create an environment that allows residents to care for animals, plants, children and even each other.

When residents have dignity and purpose, they show a marked improvement in their need for care (less nursing hours). The need for restraints will decline, fewer drugs dispensed (again, less hours), death rates and incidence of illness will decline (higher occupancy) and formerly stoic patients will begin to communicate.

Giving workers the freedom to set their own schedules and to specialize in other activities such as caring for pets will make employee morale soar and work ethic will improve.

Incorporating these changes in an existing home is not that costly. The challenge is changing entrenched mindsets and getting a firm commitment from owners, administrators and staff.

Reduce Expenditures:

I won't insult you by preaching "buy off brands in bulk" and other obvious dribble; instead, I will just embarrass myself by repeating: Automate.

LTC is no different than most other industries; it can benefit from automation. We waste far too much time preparing for a med pass, hanging on the phone with the pharmacy clarifying scripts, etc.. This must be reduced or eliminated.

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