



A New Social Contract in Long- Term Care

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WEBINAR PRESENTED BY
IRVING STACKPOLE

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What We'll Talk About

- The Current Situation
- Recovery
- Structures
- Programs
- Tech. & Info.
- Means of Production
- Culture
- Outcomes
- Economics

The American Nursing Home Is a Design Failure

By Justin Davidson





A Social Contract:

Social contracts are agreements (overt or unspoken) between and among the members of society (individuals and organizations like corporations), and the government.



The Current Situation: Crisis

An event with an adverse impact on the organization, its customers, consumers, employees and its **BRAND**.
Saving / salvaging the sector!

Recovery – market recovery *(won't it?)*

- What are the “durable” segments
- SNF
 - Those who have no choice
 - Poor / very sick
 - Neurological / neuromuscular disease
 - Memory loss (Alzheimer's & CIND)
- ALR
- Home Care

Recovery - Post COVID-19

- Likely Recovery Model(s)
 - Factors – Depth, Length and Shape
 - Two Scenarios – Different Markets
 - Scenario 1. Rebuilt & Recharged
 - Scenario 2. Ravaged & Relegated

Recovery Options

The American Nursing Home Is a Design Failure

By Justin Davidson



November 16, 2020

'Big, big changes' coming to nursing home regulation thanks to pandemic's destruction, Grabowski says



Lisa Berker



David Grabowski, Ph.D.

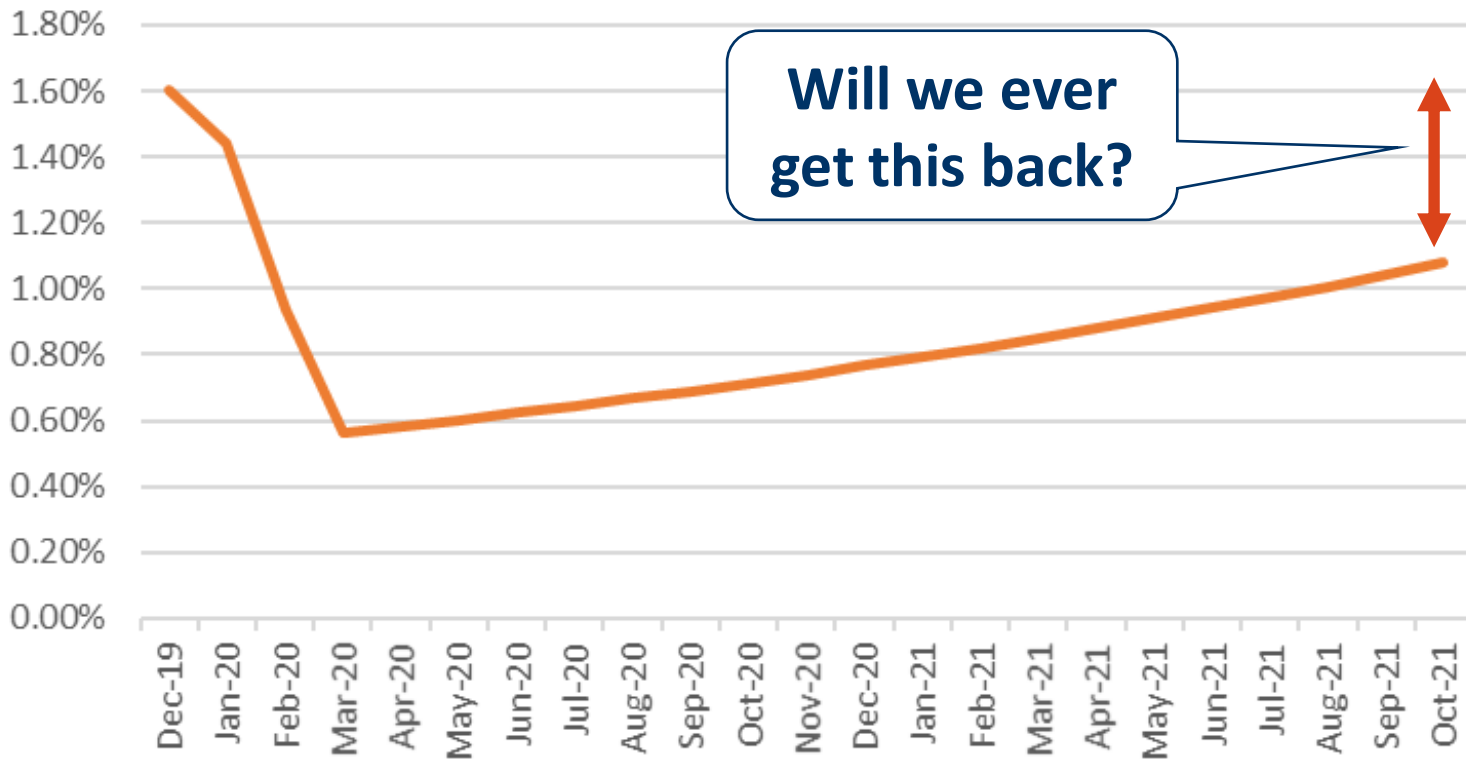
Because of the devastation COVID-19 has wrought on nursing homes, regulatory changes likely are coming, according to a highly respected long-term care researcher.

"I think we're going to see some big, big changes going forward," said David Grabowski, Ph.D., a professor of healthcare policy at Harvard Medical School. He was the opening day keynote speaker Friday for the virtual conference of the National Association for the Support of Long Term Care (NASL).

The plethora of pandemic-related problems — among them, the exorbitant number of resident and staff deaths, resident loneliness due to shutdowns, and low occupancy rates and hospital admission

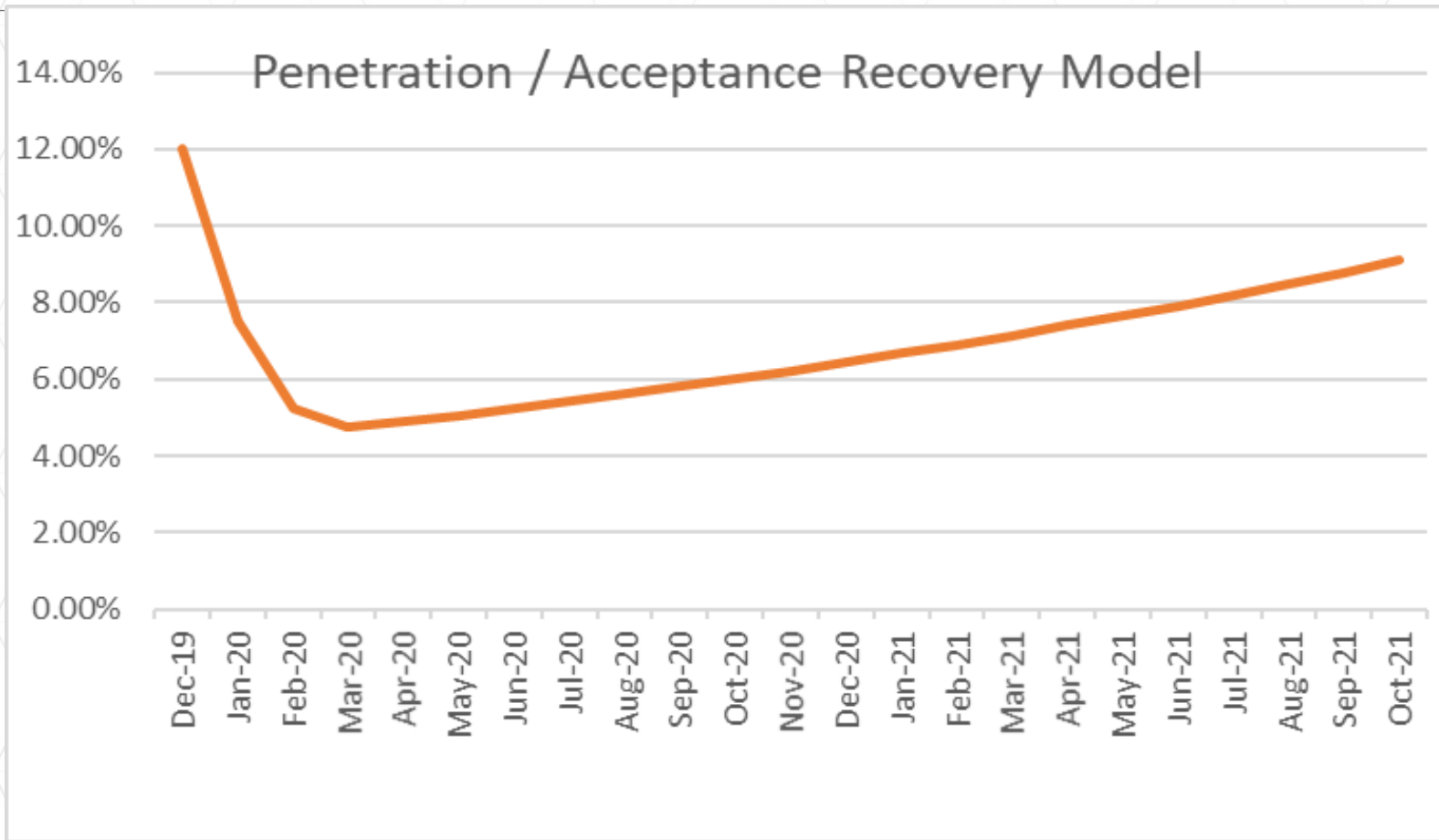
Recovery - SNF

Penetration / Acceptance Recovery Model



Will we ever get this back?

Recovery - ALR



The domains

- Structures
- Programs
- Technology & Information
- Means of Production
- Culture
- Outcomes
- Economics

Structure

- Property Plant & Equipment (The original PPE)
- Most NH in USA built between '60 – '75
 - Modelled on Hospitals
 - Assisted living
- Since then
 - Little of no re-investment
 - Capitalization has been extractive
 - The federal government has withdrawn fiscal support
- The result?
 - Yuck – would you stay at a Hilton that hadn't been renovated for 40 – 50 years?

Structures: What do we need?

- A wide array
 - Large like (newer) college dormitories with attractive common spaces
 - Medium-size – like AL's
 - Small – like McMansions for small groups of related / unrelated (NORCS) Think “Golden Girls”
- Supply studies have been “benchmarking” not qual / quant analysis
 - What can the investors extract, v. contribute
 - The REAL ESTATE undergirds the sector
- Telecommunications & information infrastructure
- Access to capital

Why don't we get what we need

- Access to capital
 - A new federal “Hill-Burton” act
- Too busy eating each other's lunch
- Focus on profit, not the future
- It pays to confuse the consumer

AND

- Providers don't bargain TOGETHER

AND

- Do we need OpCo / PropCo - REITs?

Programs

- LOCATION v. NEED
- Community
- Home based
- Congregate
- Nursing
- How did it get this complicated?
- And if they don't know what they want or need, why aren't WE teaching them?



Programs: What do we need?



Screening / triage

Objective, evidence-based criteria



Fit the person to the program, not the payment

Fit the person to the program she wants
Remove perverse incentives



CLEAR choices

Credit-default swaps are simpler than LTC choices
("The Big Short" for LTC?)

Technology & Information

- Status of Technology
- Focused on reporting, recording and regulation fulfillment
- Staff efficiency?
- Subsidies?
 - Who can afford this stuff?
- Kroger's has more / better tech than you do



Technology: What do we need

- Tomatoes v. Granny
- Personal Emergency Response Systems
 - Legacy - Hospital-based
- We need an “IoLTC”
- Electronic Health Records
- Interoperability
- Ambient assisted living – can the technology help grandma?
 - Congregate Care Activity Tracker USTPO

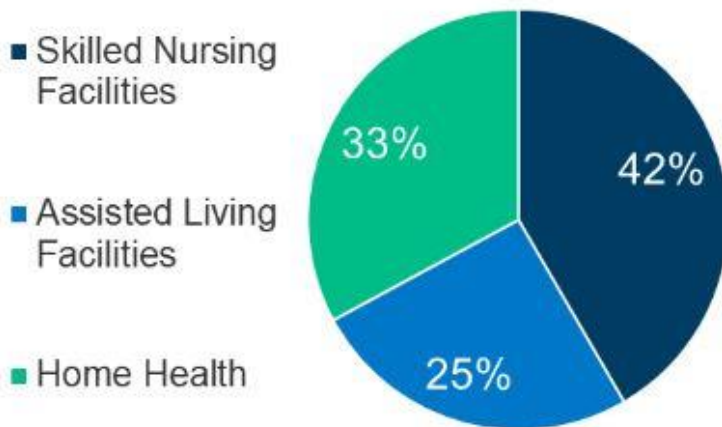
People: The Means of Production

- Who cares?
 - Non-paid
 - Paid
- Who *wants* to work in LTC?
 - Research into effect of the sector
- Source(s) today
- Source(s) tomorrow

The Staff = Means of Production

Of the Nation's 4.5 Million Long-Term Care Workers, Two-Thirds Work in Facility Settings and Half are Aides and Personal Care Workers

Type of Long-Term Care Setting



Type of Long-Term Care Worker



Long-Term Care Workforce in 2018 = 4.5 million

SOURCE: KFF analysis of American Community Survey, 2018.



People: What's possible?

- *Who wants to work in LTC?*
 - There really are those who want to
 - Generation(s) to remove stigma
- We need a federal “LTC Jobs Act”
 - Retrain unemployed – screen for “loyalty”
 - Use existing training centers (?)
 - Subsidize salaries – retention incentives

Culture



Outcomes

- Clinical Results – only part of the story
- QUALITY –
 - The degree to which service is free of defects (Deming)
 - QRP – has only half the equation
- Consumer Satisfaction
- Is this what consumers want?
- Is this what they need?
- Is this what their families want?
- And if they don't know what they want, why aren't WE teaching them?

Economics

- Direct and indirect costs
 - Systems been short-changed for 30 years
- Medicaid cannot afford LTC
- Medicare backed out 30+ years ago
- Many think “the government will pay for it”
- Almost \$500 billion value on non-paid care
- Waste in mal-distribution, lack of collaboration and fragmentation

Economics – Ideas to get what we need

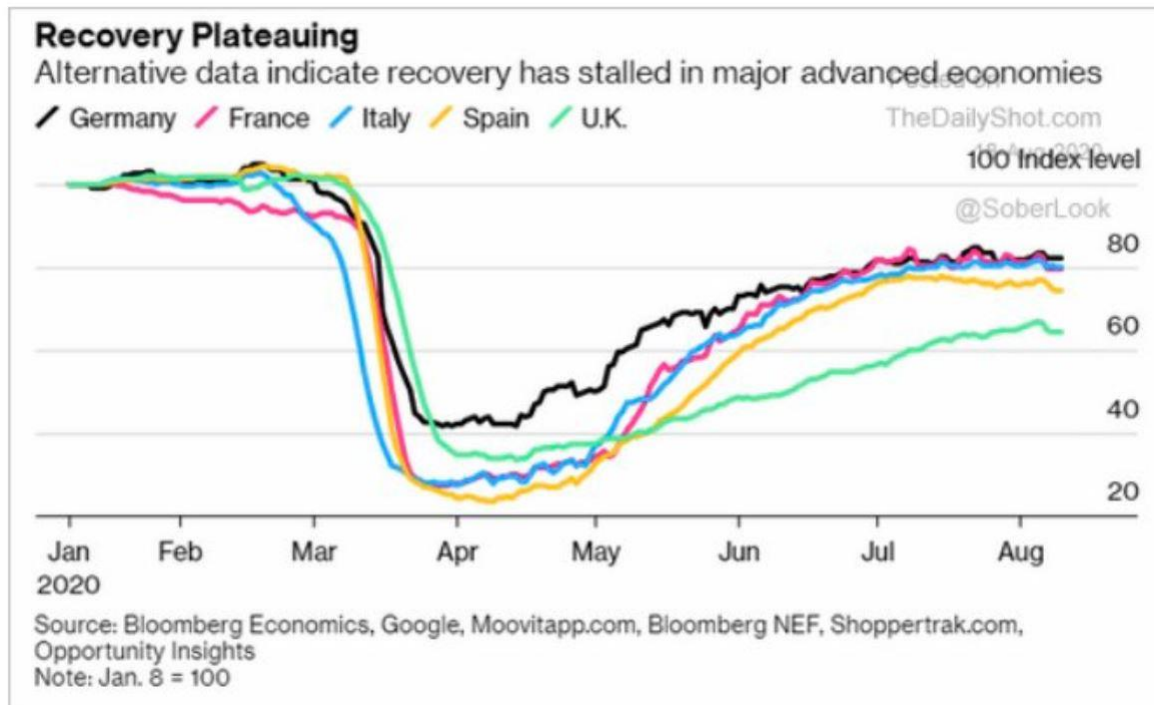
- Federal insurance for long term care
 - Always the bridesmaid, never the bride
- Funding –
 - Small increase in Medicare payroll deduction AND
 - Small premium (w/ means test) on Part A, C & D
 - Don't worry, they can afford it – *really*
- Private LTC insurance fully deductible and
- Create LTC risk pool in each state
- **REQUIRE** participating LTC HIP's to spend 0.5% of premiums on education / communications



A New Social Contract



Economic Recovery & Market Recovery



Healthcare: Impact on Capacity

- Supply diverted to COVID-19
- Few elective, non-urgent procedures
- “Turning the faucet back on”
- Some % will not come back
 - Adapting / Opportunities



1. Federal Government

- Long term care insurance
 - Progressive, means tested premium subsidy
 - Progressive end to IRS spend-down tolerance
- A “Jobs Act” for LTC employees
- A ‘Hill-Burton’ type loan program
- Tort Reform
 - End punitive legal actions / damages against providers
 - Sunset blanket liability protections
- Means tested tax on Part C & D
- IRS tax incentives on defined-benefit pensions

2. Insurance Providers

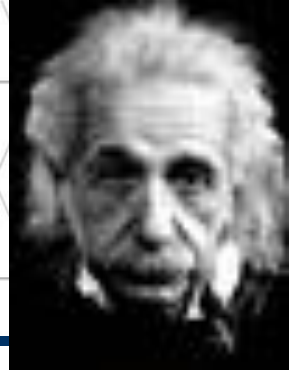
- State-based risk-pools participation
- Guarantee of 5-year marketplace participation
 - Subsidized losses in selected markets
- Private long term care insurance
- Guarantee enrollment education / marketing

3. Care Providers

- Participation in LTC Hill-Burton requires 5-year buyback of REIT ownership
 - Fewer REIT owned buildings
 - Gradual market exit = stable equity & bond markets
- Triage among institutional & HCBS
 - Care managers have codes for CMS billing

4. The Public

- Later / flexible retirement age
- More savings
 - Tax incentives
 - Public education (LTC insurance providers)



Conclusion

“The world as we have created it is a process of our thinking. It cannot be changed without changing our thinking.”

— **Albert Einstein**



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Resources

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- Jan 28, 2015 - **Long-term care** (LTC) facilities (as defined by the ARRA) are facility types **excluded** from the incentives including: skilled nursing homes, assisted ... also a source of statistical interference when '**meaningful use**' is assessed.
- Coronavirus Commission on Safety and Quality in Nursing Homes. September 2020. See: <https://sites.mitre.org/nhccovidcomm/wp-content/uploads/sites/14/2020/09/FINAL-REPORT-of-NH-Commission-Public-Release-Case-20-2378.pdf>