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Institutional Investor Christopher Kazantis Discusses the Growing Acceptance of Seniors Housing

Even when seniors housing was a newly emerging asset class in the 1990s, Chris Kazantis didn’t shy away from the sector. In fact, in his role at AEW Capital Management, he was among the early pioneers to bring institutional capital/pension fund money into the industry.

Since then, Kazantis has successfully managed multiple seniors housing investment funds for Boston-based AEW. As a director of AEW and senior portfolio manager for the AEW Senior Housing Investors fund series, Kazantis is dedicated to seniors housing investments. At press time, AEW oversees approximately 5,000 seniors housing units, and AEW and its affiliates manage nearly $54 billion of property and securities in North America, Europe, and Asia. NIC recently spoke with Kazantis about the investment outlook for the seniors housing market.

**NIC: What is the strategy in terms of development versus acquisition for your third fund and how does this compare to the funds in the past? Why have there been changes?**

**Kazantis:** While I can’t speak specifically about the strategy of any AEW fund, generally speaking, we continue to believe seniors housing development offers some of the best risk-adjusted return arbitrage opportunities in the real estate market today. The demographics driving demand are much stronger today than the last major supply response in the late 1990s/early 2000s, as the seniors segment of the population is growing at twice the rate of the general U.S. population, and accelerating. Changing lifestyle trends support both rising acceptance rates and the need for more seniors housing supply. Functional and age-related obsolescence are driving the need for more supply as the average age of existing seniors communities is over 17 years and more than 40% of the seniors housing stock is 25 years and older.

Our investment strategy is relatively simple and straightforward, and it is one that AEW has been executing since we first started investing in the seniors housing sector in the mid-1990s. Through disciplined investing we seek to create a balanced portfolio of assets in partnership with best-in-class operators whose interests are aligned with ours.
NIC: How has the environment for seniors housing changed since your first fund?

Kazantis: We have been investing in seniors housing since the mid-1990s and were one of the early pioneer investors to bring institutional capital/pension fund money into the sector. We have seen the seniors housing sector evolve into one that offers a broad spectrum of alternatives that align much better with what is demanded from perspective residents and their adult children. As a result, the sector has become increasingly accepted as an investment asset class by institutional investors, much like the evolution that occurred in the multifamily sector as an accepted institutional asset class in the 1970s and 1980s. Seniors housing is evolving from an “emerging” component of commercial real estate investment portfolios and we feel it will continue to evolve to eventually find a place as a more core-like component of institutional real estate investments.

NIC: What are your concerns about seniors housing?

Kazantis: The biggest concern I have for seniors housing is finding, and prudently growing and maintaining, best-in-class seniors housing operators. Although operations have become much more professional and sophisticated since we first started investing, there are just not enough really good operators in the industry today. It is an issue that is going to become increasingly pronounced in the future as from an operating standpoint, it is an extremely difficult asset class to effectively scale. Growing and maintaining your culture (and insuring best practices and training) while simultaneously retaining and promoting or hiring top talent is an extremely difficult thing to consistently execute for even the best operators, and is something they constantly wrestle with.

NIC: What markets are you investing in?

Kazantis: While I can’t speak specifically about the strategy of any AEW fund, generally speaking, unlike other real estate sectors, seniors housing investment can be compelling in primary, secondary, or even tertiary markets. Seniors housing investing looks at many of the same drivers that would be similar to community retail centers (grocer and drug anchored). In AEW's experience, total returns on seniors housing investments are less a function of the market (first tier versus tertiary) and more about the underlying income demographics of the seniors and adult children (decision makers) as well as the markets’ supply/demand characteristics and quality and experience of the operating partner.

NIC: How do you choose partners?

Kazantis: Having been an early investor in the seniors housing industry has allowed us to build up relationships with the top operators in the industry. AEW’s name is well known in the seniors housing space and operators know that we try to have capital to deploy in the sector through all
economic cycles. In addition, operators know that we understand the industry and their business and can act as a true partner with them, providing a platform of capital markets and asset management expertise as well as best-in-class practices across all our operator relationships. This has resulted in AEW being able to establish long relationships and do a tremendous amount of repeat business and programmatic-type investments with operators we know and trust.

**NIC: How do you manage your partners in terms of asset management—hands on or fairly independent? How do you track how well your partners are managing their properties?**

**Kazantis:** AEW’s senior housing team meets monthly as a group to discuss various initiatives, reporting deadlines, general information sharing, etc. The asset management team and accounting team assigned to a property conduct routine calls to discuss leasing activity, financial results, capital improvements, operational activity, such as staffing, marketing plans, etc.

**NIC: What are some lessons learned that you can share with our readership?**

**Kazantis:** There are a number of risk factors and other considerations that should be taken into account when making the decision to invest in seniors housing. As you have gathered from my other answers, seniors housing is an operating business—choosing, incentivizing, and managing the joint venture partner/operator is critical to the success of the investment. There is a broad spectrum of product offerings, so having the right operator who can manage the community’s senior leadership team (executive director/marketing director/food service director) for that particular asset and market is the most important variable for success.

AEW research has been following this sector for close to 20 years, and understanding the demographics, depth of demand, and competitive market fundamentals are critical to ensure that the property attributes are suitable for the resident profile. We know how difficult and emotional a move to seniors housing can be for residents and family members so we find it optimal to invest in communities that have as much of a continuum of care as possible so that residents can age in place and not be forced to move as their needs increase.
Thoughts from NIC’s Chief Economist

Second-Quarter NIC MAP® Results Both Reassure and Suggest Caution

The average occupancy rate for seniors housing properties slipped 30 basis points from the first quarter of the year to 89.7% in the second quarter. The rate was unchanged from year-earlier levels, however, underscoring the up and down movement of occupancy over the past few years. Its three-year average is 89.8%.

Of the past 12 quarters, there have been eight quarters in which demand exceeded additions to supply and four in which incremental supply exceeded demand. In aggregate since the second quarter of 2013, 33,000 units have been added to the stock of seniors housing in the primary markets, while 34,000 units have been leased on a net basis (move-ins less move-outs). As a result, the fluctuation of the occupancy numbers can at least be partially explained by the inexact timing of the leasing and absorption of new units relative to the delivery of new units.

Nevertheless, the pace of absorption has slowed in the past six months from 4,200 units in the fourth quarter to 1,200 in the second quarter. This slowing was evident for both assisted living and independent living properties, but most sharply for independent living. Some of the decline may have been seasonal in nature, since the flu season was particularly late and the CDC reported higher than normal disease incidence through early May. Even so, the increase in occupied units of only 1,200 units was surprising, because the housing market remains on an upward trajectory in terms of the velocity of sales, home prices, and low mortgage interest rates. These factors provide a supportive backdrop for prospective seniors housing residents as they try to sell their homes. Additionally, consumer confidence levels are reasonably strong and the economy continues to churn out jobs at a relatively fast clip. Since reaching its pre-recession job peak in May 2014, nearly six million new jobs have been generated, making this the third longest post-war expansion (after the early 1990s and the early 2000s). Looking ahead, third-quarter absorption should get a nice bounce back because of these factors as well as the fact that, due to seasonality, the summer months often see higher move-in rates and fewer move-outs.
Brexit and Seniors Housing

On June 23, the majority of U.K. voters voted to exit the European Union. The initial reaction in the global stock exchanges was sharp and deep, but now, several weeks later, the U.S. stock markets have fully recovered. In early July, the S&P 500 surpassed its prior records. When the “Brexit” vote first occurred, it was unclear what lasting effect it would have on financial markets. Brexit could have potentially hurt consumer confidence and market psychology in the same vein as China’s devaluation earlier this year, but now it appears that this has not happened. At this point, it seems that the direct impact of Brexit on the U.S. economy will likely be modest. An estimate by Moody’s Analytics projects U.S. economic growth of 2.8% in 2017, only 10 basis points less than the 2.9% forecast prior to June 23.

Brexit has the potential to directly affect the U.S. economy through four channels:

» A weaker British pound sterling and a stronger U.S. dollar, which will increase the price of U.S. exports and potentially hurt U.S. sales of goods and services.

» A weaker British pound that will put downward pressure on prices of U.K. imports flowing into the U.S. which in turn will put downward pressure on inflation while increasing competition for U.S. manufacturers.

» A weaker U.K. economy, which may slip into recession, may hamper demand for U.S. goods and services.

» An impact on interest rates.

In my view, it is the interest rate effect that potentially could have the most significant impact on seniors housing, although the drop in interest rates appears, at this point, to be fleeting. On July 8th, the ten-year Treasury yield fell to an all-time record low of 1.36%. This unprecedented low rate was the result of several factors. Foremost was the fact that U.S. Treasuries have been acting as a safe haven for global investors. Given all the uncertainty in the world economy, most recently exacerbated by Brexit, investors have been flocking to U.S. Treasuries. Greater demand for Treasuries has in turn pushed up prices. Bond yields move inversely to prices, so yields have moved lower. Additionally, central bank policies across the globe are extraordinarily accommodative, and yields for many government securities are actually negative. Such is the case for roughly one-third of all government bonds globally. This made even the meager yield of 1.36% look attractive, further boosting demand and putting additional downward pressure on yields.

Since early July, the markets have returned to less heady times, with the 10-year Treasury rising again to pre-Brexit levels. It is possible that the initial reaction was just that—initial—and since then, the markets have been reassured that Brexit will not unleash Armageddon.
vote, a new U.K. prime minister has been appointed, U.S. economic statistics such as retail sales and industrial production reports have suggested greater strength in the U.S. economy, and fears of a significant slowdown in the Chinese economy have languished a bit.

For seniors housing investors and operators, it is likely that while rates may not return to the record low levels of less than 1.4%, the broad factors driving investors into U.S. securities—namely, negative government yields overseas and the U.S. role as a safe haven—will not go away. The result of these factors is that the consensus view of U.S. interest rates has changed since the beginning of the year, when many analysts projected a path of higher interest rates for 2016 and 2017. It is now likely that the yield on the 10-year Treasury will stay lower than these projections.

A lower interest rate environment can affect seniors housing in several ways. For residents, it affects the returns and earnings they can realize on their savings and investments. It affects pension funds and the returns they can generate to fulfill their financial obligations to retirees. Furthermore, it affects mortgage interest rates and helps seniors sell their homes. (The 30-year fixed rate mortgage averaged 3.41% for the week ending July 7, down from 4.04% a year ago according to Freddie Mac.) It also has the potential to keep downward pressure on cap rates and upper pressure on valuations. And it very well could support the investment transactions market, since the cost of capital and the cost of debt will be less than had been anticipated earlier in the year.

NIC/NREI Survey Results Are In

Between June 2 and June 13, the third annual NIC/NREI Investor Sentiment Survey was conducted. This online survey was comprised of polling results from 140 respondents. Highlights from the survey include:

» The respondents remain generally optimistic on seniors housing’s outlook for steady performance.

» Most respondents anticipate stable or improving market fundamentals in the coming 12 months.

» Of respondents polled, 47% think pace of construction will rise over the next 12 months. This compares with 69% in 2015 and 72% in 2014. Despite this, the vast majority of respondents (79%) remain confident that the new construction will not lead to overbuilding. This may reflect the fact that development is concentrated in certain markets.

» Of respondents polled, 56% expect a slight uptick in occupancy rates.

» Most respondents have a rent growth expectation of 150 basis point increase (76% of respondents expect higher rents).

» Respondents anticipate a cap rate expansion of 15 basis points.
They expect the transaction pace in 2016 to remain the same as in 2015, but equity and debt market conditions may be tighter than in the past.

REITs are considered less of a source of capital than in years past (falling from 46% in 2014 and 2015 to 28% today), while local regional banks are considered more so (from 17% in 2015 to 31% today).

Two-thirds of respondents cite new competing properties as the key factor affecting seniors housing occupancy in past six months.

As always, I welcome your feedback, thoughts, and comments.

**Skilled Nursing Operators Can Succeed in New Value-Based Environment**

**Practical Strategies to Be Highlighted at 2016 NIC Fall Conference**

The unprecedented changes under way in the health care system should serve as a wake-up call for skilled nursing owners and operators. Payors are shifting from fee-for-service to value-based reimbursements, presenting a challenge to the industry to create successful management strategies for a new post-acute environment.

“Operators need to get their heads out of the sand,” Ray Thivierge, chief strategy officer at Genesis HealthCare, said in remarks previewing a panel discussion he’ll moderate at the NIC Fall Conference, Sept. 14-16, Washington, D.C. “Concrete strategies are essential to deal with the changes.”

NIC spoke in advance with Thivierge, and three other panelists, to highlight what Conference attendees can expect to learn at the session titled, “The Ever-Changing World of Skilled Nursing: The Impact of CMS Initiatives.”

The session will emphasize the importance of embracing the new reality of value-based reimbursements. Innovative approaches will also be detailed to help operators navigate the emerging environment that focuses on better care, at a lower cost.

“We are moving quickly to a system with payments tied directly to quality outcomes,” said panelist David Stordy, chief operating officer, Mainstreet, a developer and operator of rehabilitation facilities. The fallout will be dramatic as payors seek to reduce the length of stay in skilled nursing and post-acute settings, or skip that step altogether and send patients directly home. Payors are also looking to control the rehospitalization of patients.
As a result, skilled nursing providers need to manage the length of post-acute stays and decrease hospital readmission rates in order to get referrals, commented panelist Jason Feuerman, senior vice president-strategic development and managed care at Genesis HealthCare. “We must embrace that.”

Transitions of care will continue to play a pivotal role as providers are held responsible for patient outcomes after discharge. “There’s a big focus on cost,” said panelist David Gifford, senior vice president for quality and regulatory affairs at the American Health Care Association.

**How to Move Forward**

With this new environment in mind, the NIC panelists will explore advantageous operating strategies. Here are a few examples.

» On a basic level, operators may have to weigh whether to focus on only short-stay rehabilitation or long-term care. Panelists predict that the skilled nursing sector may bifurcate into two separate businesses. Some operators are already choosing to focus only on short-stay care. Other operators are slicing their portfolios into short-stay and long-term care segments.

» Segmentation will be important in other ways. More specialized care is expected as operators concentrate on how to gain market share. Examples include top-notch memory care units, or orthopedic centers targeted at younger patients. “This will require a high level of sophistication,” said panelist Gifford.

» Operators will need to capitalize on narrowed referral networks. “You have to know referral partners,” said panelist Feuerman. The Five-Star Quality Rating System developed by CMS will continue to play a pivotal role in referrals, he added, noting that it will be an important factor in determining which facilities can participate in narrowed payor networks. “Operators must focus on that, or be left out,” Feuerman said.

» A facility can benefit under the new payment structure by positioning itself to participate in Medicare Shared Savings programs which aim to reduce unnecessary costs. Operators should be prepared to demonstrate that they can manage an episode of care appropriately.

» Big data will be critical. Operators need a data strategy to track outcomes, by diagnosis. Providers must be able to manage information to demonstrate value to payors and networks.

» Clinical operations must be analyzed, and improved. “There is pressure to deal with the post-acute population more competently,” said panel moderator Thivierge. The goal is shorter stays and more attention to detail. Operators will need methods to manage transitions of care, specifically discharges and admissions, and changes in care levels during an episode of treatment. “We have to make sure the patient doesn’t bounce back to the hospital,” said Thivierge.

» Organizational systems should emphasize care practices and empower the staff to
solve problems. Providers with high employee turnover and weak management will not succeed, said panelist Gifford.

The panel will also address the ramifications for investors of the health care system changes. Historical data on rents and occupancies have been used to determine the future value of a building or enterprise, said panel moderator Thivierge. But, he added, “Those valuation processes are breaking down.” Thivierge predicts that investors will face some near term uncertainty as new valuation models emerge. “Providers cannot yet provide the level of transparency needed to evaluate an enterprise five years from now,” he said.

Site-Neutral Payments ConsiderPatient Characteristics, Not Provider Type

MedPAC, the organization that advises the Centers for Medicare and Medicaid (CMS) and Congress on Medicare issues, recommended that CMS move post-acute care to a prospective payment system (PPS) based on a patient’s medical characteristics, rather than the setting of care delivery. For post-acute care (PAC), the Medicare reimbursement amount would be the same, regardless of the type of provider that delivers care to the patient. The industry refers to this model as “site-neutral payments,” and for the skilled nursing industry, the model offers opportunities and challenges.

Site-neutral payments provide one possible alternative payment model to the traditional fee-for-service reimbursement model and could be a positive for skilled nursing if higher-acuity patients are driven to skilled nursing properties. The reimbursement rate for high-acuity patients will be higher. The flip side is that this payment model also threatens to decrease the per diem rate for lower-acuity Medicare patients in skilled nursing. A site-neutral payment policy is not likely to be implemented anytime soon, and CMS could move away from embracing that payment model altogether. The skilled nursing industry has an opportunity now to collect and analyze data that will be important in the near future when site-neutral is potentially a pending reality.

Site-Neutral Proposed to Address Some Shortcomings in Existing Payment Models

MedPAC’s report is the result of the IMPACT Act, which requires MedPAC to develop a prototype
for a PPS that spans the post-acute care settings. In the report to Congress, MedPAC states that “a truly reformed PAC payment system will ultimately need to embrace episode-based payments.” MedPAC writes in the recommendation that a site-neutral payment model could help address some existing drawbacks in the PAC payment paradigm as it currently exists. One aspect of the current system, a flaw according to MedPAC, is the degree to which PAC services can be similar despite a wide variation in price based on care setting. MedPAC’s report outlines how a site-neutral PPS would address that challenge through episodic payments.

Episode-based (or episodic) payments, also referred to as bundled payments, value-based purchasing, and alternative payment models, are the opposite of traditional fee-for-service. Rather than charging for each service rendered as a part of a patient’s care, the payor source (Medicare, in this instance) pays the provider (or providers, in the case of bundled payments) a single amount intended to cover all of the costs of care for the patient for this single diagnosis. How the amount is determined varies based on the payment model.

In site-neutral, the amount is based on the patient’s diagnosis and co-morbidities, among other factors. In other words, higher-acuity or higher-risk patients would generate a larger reimbursement from Medicare. That amount does not change if the patient gets post-acute care in an inpatient rehab facility, in a skilled nursing facility, or through home health.

Holding the payment amount stable regardless of care setting creates certain incentives, with the ultimate goal of ensuring that all patients get care in the most appropriate setting. The model aims to position the most medically complex patients to receive care in the settings better equipped to handle high-acuity patients, while low-need patients would receive PAC in a lower-acuity setting. For example, the least medically complex patients could be discharged from the hospital home with a prescription for home health visits. Indeed, the American Hospital Association crafted a letter to CMS acting director Andy Slavitt in support of the site-neutral payment model recommended by MedPAC. Hospital-based skilled nursing properties already admit the highest share of high-acuity post-acute patients; under a site-neutral model, those properties could stand to benefit through higher reimbursement amounts.

How Site-Neutral Payments Are Determined Could Affect Patients

The experience could be different for low-acuity patients. For example, consider this scenario: a diabetic patient in his mid-70s, who lives alone in a two-story house, undergoes knee replacement surgery. If his surgery is successful and prognosis for recovery is good, his prospective payment amount for PAC would reflect his low acuity and take into consideration his diabetes co-morbidity. When the patient seeks out a PAC provider, the prospective payment assigned to him may not
be high enough for all providers in his area. A skilled nursing property or higher-acuity setting might not be incentivized to admit him because the cost of care could exceed his total prospective payment. Depending on the structure of the PPS, the patient may not have any choice but to return home with periodic home health care visits.

The potential danger in this scenario is in the prospective payment design. If the prospective payment amount does not take into consideration a patient’s non-medical needs and existing supports, then the prospective payment could be flawed. The patient may have difficulty managing the stairs in his home or leaving the house to purchase diabetes medication. Because of his non-medical characteristics, should he be treated as a higher-acuity patient? Which provider would be responsible in the event that our patient ended up back in the hospital—the skilled nursing property that would not admit the patient in the first place, or the home health care agency that has only received a reimbursement amount for a low-acuity patient with presumably low risk of rehospitalization? Would Medicare absorb the cost of the rehospitalization?

MedPAC is charged with answering these questions in the PPS pilot it develops, although the official report from the Secretary of Health and Human Services is not due until 2022. One argument being made is that patients should have some degree of choice in their PAC setting. Depending on the design of the PPS, if admissions decisions are left solely to the PAC providers, then providers could be incentivized only to take on higher-acuity patients, leaving low-acuity patients in the lurch. The impact of site-neutral payments on traditional, standalone skilled nursing properties is not clear and may depend largely on how the prospective payment calculations are determined.

**Site-Neutral May Affect Skilled Nursing, But Not Right Away**

The skilled nursing sector will need to be collecting and analyzing data on the cost of episodic care by diagnostic-related group (DRG), which is used to classify all of the services rendered for a specific diagnosis during a single inpatient stay. When CMS puts forth proposals for site-neutral models, the skilled nursing industry will need that ammunition to argue either for or against those models, or to provide constructive commentary on those regulatory changes. Furthermore, if site-neutral is adopted, then skilled nursing properties will need to have a good understanding of their episodic care costs by DRG to make educated decisions about admissions.

The site-neutral model is not carved in stone. CMS has so far seen positive results related to some of its bundled payment models. For example, the Center for Medicare and Medicaid Innovation (CMMI) implemented a pilot project in select cities called the Bundled Payments for Care Improvement Initiative (BPCI). The models in this pilot were so successful that CMS offered an extension of the program to current participants. If bundled payments such as the BPCI pilots or the Comprehensive...
Care for Joint Replacement (CJR) model expand into other DRGs, then that payment model could become ubiquitous, rendering a transition to a site-neutral payment model a nonissue.

Skilled nursing properties could stand to gain volume and reimbursement from site-neutral payments to the extent that they can serve higher acuity patients. However, some lower-acuity patients might lose out if they can’t find services that match their needs.

Liz Liberman, NIC Healthcare Analyst

Tackling Big Ideas and Challenges: An Update on FLC’s Idea Lab Top Initiatives

Benjamin Franklin once said, “Without continual growth and progress, such words as improvement, achievement and success have no meaning.” It is in this spirit of continual growth and progress that NIC’s Future Leaders Council (FLC) Idea Lab team was created to propose targeted initiatives focusing on elements of NIC’s mission.

During the course of the year, the FLC and members of NIC’s individual initiative committees work together to generate materials necessary to achieve that particular initiative’s goals—whether it is an informational session at upcoming conferences, published articles, a white paper, or other materials. This year’s ideas are focused on the following topics.

The Future of Affordability

One of the primary initiatives is the ongoing question of seniors housing affordability, including even its definition. Rather than confining the discussion to what is traditionally considered “affordable” housing, often involving tax credits, income limitations, and a limited market segment, the FLC is delving into the issue of mid-market affordability.

With an eye to the growing mid-market demographic, the team is reviewing the operational pressures that cause hurdles to meeting this expanding demand as well as those providers that are pioneering this market segment. Four key operational areas are under review: wages, universal worker, a la carte options/outsourcing, and technology. Wage discussions revolved around areas where minimum wage increases are stressing margins and how wage increases will impact the delivery of care services, possibly driving operators to more independent-type, a la carte, and senior apartment models.
In terms of the universal worker, topics discussed included cross training employee models, restructuring management staff onsite to be more efficient, and the reduction of onsite office staff. A la carte service options, outsourcing services, and new technology options also were debated.

**Workforce Engagement**

To inspire and engage the next generation of leadership of senior care professionals, the Idea Lab team has created a workforce video initiative to complement NIC’s mission of on-going leadership development. In addition to NIC’s current internship and scholarship programs, the initiative looks to increase awareness of seniors housing and care career opportunities via potential peer-to-peer videos focusing on the passion and commitment of those in the seniors housing and care field. Each self-film will be 30 seconds to 2 minutes long and later will be compiled and edited into a summary video that ties collective viewpoints together. The summary video, as well as individual videos, ultimately will be posted online.

**Keeping in Step with Technology**

How to remain viable in an ever-changing environment is a question for the ages—and one the Idea Lab team explored from the perspective of trends in technology. From capturing revenue models in seniors housing (base rent vs. care, structure and frequency for change) to consumerism to tracking outcomes, the team is reviewing the potential viability of new trends to highlight in upcoming technology panels, seminar presentations or even NIC Talks topics.

**Complexities of Care Coordination & Collaboration**

Coordination, reporting, and data sharing among healthcare and senior care providers have long been topics of discussion. Not only are they operationally key to the continuum of care and seniors’ health and longevity, they also could be an important and strategic step towards lowering costs for health systems.

But, aside from the obvious interest in quality senior care, what is motivating hospitals to collaborate with senior living providers? This is a topic the FLC has proposed discussing in an upcoming series of interviews and articles with key players throughout the sector. By focusing on the motivating factors within the industry at large (including the impact and expansion of payment penalties and alternative payment models) as well as the specific user groups, the team is looking to develop an overview of key components of this vital care coordination effort.
Is Long-Term Care Insurance a Necessary Expense?

Does long-term care insurance potentially provide alternatives to mid-market affordability issues? While Medicaid does cover some of the cost of long-term care, it has strict financial eligibility requirements. Plus, HMOs, Medicare, and Medigap do not pay for most long-term care expenses. As such, long-term care insurance may be a viable way to afford needed care, but relatively few people have taken advantage of this financial tool and many insurers have left the market.

As an industry, should we consider strategies that may encourage improved product design and greater consumer awareness? The Idea Lab team is reviewing product viability, usage, and associated costs with the intent of publishing a focused article discussing these and other issues.

All five of these Idea Lab team initiatives are in beginning stages. Watch for updates on our work on these initiatives as the Future Leaders Council continues to brainstorm ways to advance NIC’s mission.
Seniors Housing & Care Industry Calendar

**September 2016:**
14-16  2016 NIC Fall Conference, Washington, DC

**October - November 2016**
16-19  AHCA/NCAL Convention & Exposition, Nashville, TN
24-26  ULI 2016 ULI Fall Meeting, Dallas, TX
30 -2  LeadingAge: 2016 Annual Meeting and EXPO, Indianapolis, IN
15-17  REITWorld: NAREIT’s Annual Convention, Phoenix, AZ

NIC Partners

We gratefully acknowledge our following partners: