2019 NIC Spring Conference Highlights Investing in Seniors Housing and Healthcare Collaboration

Key Takeaways:
- The industry is on the cusp of a decade of disruptive innovation. Operators, investors, providers, and developers should position themselves to be on the side of disruption, not the disrupted.
- The role of healthcare in seniors housing is growing quickly, along with opportunities to collaborate with providers.
- Risk-sharing health payment models offer profit opportunities.
- Seniors housing supply still outpaces demand, but new construction appears to be slowing amid an uptick in absorption.
- Labor is a big challenge, calling for new approaches to attract and retain talent.

Focused on transformational change and increased collaboration, the 2019 NIC Spring Conference brought together more than 1,700 seniors housing and care executives in San Diego, February 20-22. The event featured three days of productive conversation, networking, and 18 educational sessions.

The conference theme, “Investing in Seniors Housing & Healthcare Collaboration,” addressed the reality that the sector faces a period of change wherein partnerships with a variety of service and healthcare providers will be key to business success.

The educational sessions also explored the availability of capital, current market conditions, local market variations and how operators of skilled nursing properties can succeed under the new PDPM payment model.

At the opening general session, NIC president & CEO Brian Jurutka outlined the three forces driving the push for more collaboration. “These drivers will lead to transformational change,” he said.

First, baby boomers may not want today’s seniors housing product. Boomers have different needs and preferences than the generation now living at our properties. What do boomers want? “The Boomer Hackathon” addressed the issue during a lively brainstorming session during which teams proposed new housing models to appeal to boomers.

The second force driving collaboration is the change in healthcare delivery pathways and payments reform. The ultimate goal: lower the rate of healthcare cost increases. The industry plays an important role since it houses the population with high healthcare costs due to chronic conditions and functional liabilities. A number of sessions took a deep dive into how innovations in healthcare delivery and risk sharing models present new opportunities to boost net operating income.

The third force is technology which will change where and how healthcare is delivered to seniors. A number of conference panelists discussed how technology is changing their operations—for the better. “Healthcare will come to seniors rather than seniors coming to healthcare,” said Jurutka.
During the well-attended general sessions, two high-profile keynote speakers offered a macro view of factors shaping the industry.

**Former Speaker of the U.S. House of Representatives, Paul Ryan**, gave an encouraging perspective on the state of the U.S. economy and reminded the audience of the enduring strength of the American system of government and the American dream. He discussed healthcare policy in a follow-up fireside chat with John J. Kelliher, a consultant and policy expert.

They discussed entitlement reform, specifically the looming funding crisis for Medicare, Medicaid and Social Security as well as the growing role of Medicare Advantage programs. Ryan thinks most seniors will opt for Medicare Advantage plans because they offer comprehensive coverage. He expects private sector innovation to improve those plans over time.

Amid the industry’s widespread labor challenges, they also addressed immigration. Ryan’s idea is to move from a family-based immigration system to one that is employment based. Visas would be granted based on the needs of the economy, say for CNAs, RNs, and other skilled workers.

“Immigration is going to get done because it has to get done,” he said, adding there is widespread agreement in Congress about how to handle the issue. But Ryan doesn’t expect immigration or entitlement reform to get done in the next two years because of the current political climate.

Kelliher moderated a follow-up conversation featuring two experts, representing the Republican and Democratic perspectives on healthcare policy.

**Luncheon keynote speaker Ian Morrison**, a healthcare futurist, identified the problems with the American healthcare system (too expensive) and then suggested some fixes. Technology will play a big role. Data analysis will allow providers to focus on the 5% of patients who account for 50% of the spending, e.g., the residents of seniors housing and nursing care communities. Morrison also emphasized the importance of the social determinants of health, such as where one lives. Payors will increasingly cover non-traditional services, such as housing, to keep seniors out of the hospital. Morrison answered questions in a follow-up interactive session.

The conference theme was covered in depth during the breakout sessions. What follows are highlights of the daily program. For more coverage, visit the Spring Conference YouTube channel.

**Day 1**

“Underwriting Healthcare in Private Pay Seniors Housing” showed investors how changes in the broader healthcare system impact the NOI of their properties. The panel discussed the case study of 86-year-old Mary and her daughter Sue. Using two scenarios, one from today and one from 2025, the panel illustrated how coordination of care will make a difference for Mary and Sue, and also drive new revenue streams and improve NOI.
A video of the session was replayed on Day 2 along with a discussion facilitated by NIC founder and strategic advisor Bob Kramer.

“Equity in Senior Care: Understanding the Players” was presented in a lively “Dating Game” format, using the show’s theme music and dating references. In two different games, two very different capital seekers asked tough questions of three potential financial partners to find the perfect match.

“I-SNPs: Why Providers are Becoming Payors in a Value-Based World” addressed the strategy of creating a Medicare Advantage plan. A panel of experts, already involved in the process, discussed I-SNPs, or Institutional Special Needs Plans. “The process is complicated,” noted panelist Steve Fogg, CFO at Marquis Companies. Other panelists noted the key to success is finding a good insurance company partner.

**Day 2**

In addition to the keynote addresses and boomer hackathon, the second day of the conference included breakout sessions on forging partnerships, taking on risk, workforce issues, and underwriting healthcare.

“Medicaid Managed Care in Seniors Housing and Skilled Nursing: Opportunity or Threat?” Panelists provided a roadmap of Medicaid managed care. How it works and the opportunities it represents.

“Valuation Methodology Revisited: The Impact of Change” covered current factors impacting property values: inventory, labor pressures, investor interest in the sector, and the availability of capital. The biggest risk going forward according to a poll of the audience is competition— for labor and from other providers.

“Beyond the I-SNP: Future Opportunities for Participation in Value-Based Care” explored how seniors housing providers can profit by assuming some of the healthcare risk for their residents. Panelists noted the need to prove value through data and outcomes in order to participate in risk sharing.

“Recruit, Retain and Profit with a Top of License Workforce.” The panelists discussed their proven methods to recruit and retain good workers in a tight labor market. Scheduling flexibility, rewards, recognition, and a career path were mentioned as retention tools. Referrals are the best source of qualified new workers. Attendees broke into small groups to share best practices.

“Real Estate Secured and Cash Flow Lending: Navigating Financing Options to Meet Your Business Needs” mapped out financing options. Debt financing is readily available from traditional sources such as Fannie Mae and Freddie Mac. Panelist Adam Sherman of Live Oak Bank highlighted loan programs that get overlooked from the SBA and USDA.

“It’s Not Room Service, It’s Healthcare... Or Is It? Forging Partnerships in a Value-Based World.” New technology and new building designs are morphing hospitality and healthcare into a new seniors housing model. Panelists discussed how their properties blend hospitality and healthcare into a “perfect marriage.”
“Path to Healthcare Risk: Do You Have a Decent Roadmap and Proper Footwear?” Owner and operator Lynne Katzmann and consultant Anne Tumlinson gave a brief presentation about the core issues facing operators considering the formation of an I-SNP. Attendees broke into small groups to address key questions, sharing their observations on how an I-SNP may be an opportunity for a property to differentiate itself from the competition.

**Day 3**

“Implications of PDPM for Skilled Nursing.” Steven Littlehale of PointRight addressed an engaged audience of investors and operators eager to understand the ramifications of the new Medicare reimbursement system. The Patient Driven Payment Model (PDPM) represents an opportunity for best-in-class skilled nursing operators to thrive along the path to full risk sharing. Bottom line: Lenders and capital partners should be meeting with operators to determine their readiness for the changes which will require improved patient assessments, coding accuracy and better data capture.

“A Post-Acute Survival Guide: Real Strategies and Real Results for Increased Occupancy.” Strategic up- and down-stream networks are critical for survival for post-acute providers. Payors and hospital systems use data to select those they invite into their network. Panelists noted that operators must “lean in” and engage with them for continuous improvement.

“Location Matters: Winners and Losers in Local Markets.” NIC chief economist Beth Mace highlighted the latest NIC MAP® data and key findings, including which markets performed well and which ones did not meet expectations. Attendees learned which markets offer the most promising opportunities. NIC senior principal Lana Peck introduced the new rate tier report and walkability score data, now on NIC MAP, along with a deep dive on local markets.

“Current Market Conditions Impacting Seniors Housing & Care.” NIC chief economist Beth Mace presented an analysis of macro economic conditions. Concerns about the economy have recently been tempered by a halt in the rise of interest rates. Seniors housing new supply is still outpacing demand, but she noted a significant uptick in demand. Occupancy rates are expected to increase with a slowdown in construction. Referring to an apparent pull back by developers, she said, “The message got out there.”

**Mark Your Calendar**

2019 NIC Seniors Housing Bootcamp, Wednesday April 10, Charlotte, NC

2019 NIC Fall Conference, September 11-13, Chicago, IL
Seniors Housing & Care Industry Calendar

March 2019

3/13-14  AHIP National Health Policy Conference  Washington, DC
3/14-15  2019 PREA Spring Conference  Dallas, TX
3/17-20  LeadingAge PEAK Leadership Summit & Great Minds Gala  Washington, DC
3/18-20  Nineteenth Population Health Colloquium  Philadelphia, PA
3/27-28  Health Datapalooza  Washington, DC
3/28  McKnight’s Expo Webinar

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