News Currents

SNF Rating System Blasted By Industry

Ratings Based On Flawed Data, Critics Claim

Twelve percent of the nation's Medicare- and Medicaid-certified nursing facilities were recently recognized by the federal government as "much above average" under a new initiative that uses survey results, staffing levels, and quality measures to rate a facility's performance.

The program, known as the Five-Star Rating System, was launched publicly by the Centers for Medicare & Medicaid Services (CMS) Dec. 18 on its Nursing Home Compare Web site. The new database links nursing facilities to a series of four different star ratings, each of which may range from a low of one star, for "much below average," to the highest rating of five stars, for "much above average."

Under the new system, the Medilodge of Montrose, Mich., for example, now appears on the Nursing Home Compare Web site with an Overall Rating of five stars. The three additional categories linked to the facility also contain ratings, as follows: Health Inspections—five stars; Nursing Home Staffing—two stars; and Quality Measures—four stars.

A facility's Overall Rating category cannot be greater than five stars or less than one star, although new facilities for which there is insufficient data could receive a rating of "N/A," according to CMS. The database will be updated each month.

The nursing facility industry has denounced the system as premature and problematic. And according to the American Health Care Association (AHCA), among the most troubling aspects of the system is that it is premised upon a flawed survey system.

"It does not measure quality, lacks the inclusion of other important quality elements that help consumers make informed decisions, and includes inaccurate data," says AHCA President and Chief Executive Officer Bruce Yarwood.

"Consumers deserve accurate, consistent, and comparable data when choosing a nursing facility for a loved one."

Among the missing data elements, AHCA says, are specialty services that a nursing facility may offer, such as rehabilitation, wound, ventilator, or dementia care. Former CMS Acting Administrator Kerry Weems has said the agency is considering the inclusion of such information in the future, as well as the addition of patient and family satisfaction scores.

In the two days leading up to the Dec. 18 launch, CMS sent to each facility, via e-mail, a preview of its ratings. According to the agency's spokesperson, Mary Kahn, there were no glitches in transmitting the information to facilities, although "two or three homes claimed to have found errors," she says. "I believe CMS might be working with some homes to clear them up."

Nevertheless, some facilities had not received the e-mail before *USA Today* reporters—who had been given an exclusive preview of the five-star data by CMS prior to its launch date—contacted them seeking responses to their ratings. "The agency was not happy about *USA Today* contacting facilities before they had their ratings," says Kahn, adding "but that's life."

The system's launch generated more than 400 media stories nationwide, most of which stemmed from the *USA Today* story, Kahn notes.

The agency has set up a helpline for providers to call with any questions or ➤

In Brief

Health Care Jobs Rise Overall In 2008

As jobs in major sectors of the U.S. economy disappeared during the last quarter of 2008, the health care industry actually added employment, the federal government has found.

"In contrast to most industries, health care added jobs in November," Bureau of Labor Statistics Commissioner Keith Hall told the Joint Economic Committee in December.

"Employment in the industry rose by 34,000 over the month and has increased by 341,000 so far [in 2008]. The November gain reflected jobs added in nursing and residential care facilities, hospitals, and offices of physicians."

Hall said that non-farm jobs decreased by 533,000 in November, following a 320,000 drop in October and a 403,000 drop in September.

American Health Care Association/National Center for Assisted Living President and Chief Executive Officer Bruce Yarwood said legislative efforts, such as a bill introduced by Sen. Herb Kohl (D-Wis.) to invest in the long term care workforce "are extremely timely and relevant given that health care is one of the few business sectors where employment is increasing during this economic uncertainty."

—Suzanne Struglinski

concerns. "So if there are individual anomalies we will work through that with them," Weems said on a recent press call. CMS has emphasized, however, that the helpline is intended for questions about the system, not for appeals regarding a particular rating.

Weems noted that the providers' section of the Medicare Web site includes a technical users' guide as well as answers to frequently asked questions. "This is not a black box, this is complete transparency," he said. "You can see the data, and you can see the algorithms."

Some providers have responded to the initiative with statements similar to one posted on the Cleveland, Tenn.-based Life Care Centers of America's Web site: "It is worrisome to us that facilities in our organization that

> 'Our customers should ask our residents or their families.'

deliver incredible care to residents and receive excellent state surveys may still find themselves with a one- or two-star ranking in the new system as the result of outdated or faulty data, and it should be worrisome to the public as well," the statement says.

"The most credible source of information about [our company] is the families whose loved ones are receiving care in our facilities. Our customers know us well, and anyone who wants to know should ask our residents or their families."

While 12 percent of nursing facilities scored a five-star overall rating, close to twice as many facilities (22 percent) garnered ratings at the low end with only one star. Two-, three-, and four-star ratings were "distributed fairly evenly" among the remaining facilities, according to CMS.

—Meg LaPorte

Daschle Tapped For Dual Health Care Role

Administration Zeroes In On Health Reform

Tom Daschle's dual role as U.S. Department of Health and Human Services (HHS) secretary and director of the White House Office of Health Reform gives him unprecedented responsibility to shape the government's plan for reforming the health care system.

Senate Photography/Frank Fey

Senate Finance Committee Chairman Max Baucus (D-Mont.), right, and former Sen. Tom Daschle, President Obama's nominee to serve as secretary of Health and Human Services and also to lead White House efforts on health care reform, meet to talk about health care issues.

President Barack Obama's two-part appointment for the former Senate majority leader, coupled with the depressed economy and overall strong bipartisan will to fix health care, have convinced stakeholders—and the nominee himself—that reform has a better chance of taking place now than it did when former President Clinton attempted reform in 1992.

"America cannot afford more of the same when it comes to health care in this country," Daschle said.

During his first Senate confirmation hearing on Jan. 8, Daschle said one of his favorite quotes is from South African President Nelson Mandela, who said, "Some things seem impossible, until they are done."

"He could have been talking about health reform because, for generations now, it has seemed an impossible goal," Daschle told the Senate Health, Education, Labor, and Pensions Committee (HELP). "But this time the cost of failure is simply too high. This time, working together, Democrats and Republicans, it no longer has to be impossible. This time, it can be done."

At his nomination press conference, Obama called Daschle the "lead architect" of his health care plan. Daschle said he sees his role as "not just implementing reform, but helping to generate it." Daschle has met with Senate Finance Committee Chairman Max Baucus (D-Mont.), who will also hold a confirmation hearing before the nomination can move toward a Senate vote. Daschle has promised an "open, transparent process where people will know their voices can be heard" and that "any effort at reform will require close collaboration with Congress."

To lay the groundwork for the debate that lies ahead, Daschle was part of the 11-member Health Care Policy Working Group that focused on the issue

during the administration's transition period. Working with Jeanne Lambrew, who Obama named deputy director of the White House Office of Health Reform, the transition team encouraged people to organize town-hall style discussions on health care, and 8,500 meetings have been scheduled nationwide. Daschle, who attended some of the early meetings in person, will combine the information gathered there and from the transition office Web site, www.change.gov, to learn what Americans want in a new health care policy.

"My goal is to make sure that we have everybody involved—doctors, nurses, patient advocates—that we have businesses, labor, everybody sitting around the table, Republicans and Democrats," Obama said.

"My hope is to convene all the interested parties in Washington sometime early in my administration and make sure that we are moving forward, open-minded to all kinds of good ideas, but insistent that the time is now to solve this problem."

Obama may not have to insist too hard that the time is right to fix health care. With the high cost of health insurance a reason some businesses have had to lay off workers, making the current economic state worse, experts say there is a general understanding that health care needs to be fixed.

"There is a strong stance that we need to get this done this year," said Karen Ignagni, president and chief executive officer of America's Health Insurance Plans. "We can't afford not to do it because of the economic crisis."

Ignagni and other stakeholders at a health care discussion sponsored by the Partnership to Fight Chronic Disease, the Partnership for Prevention, Divided We Fail, and the Institute for Advanced Policy Solutions agreed that health care reform has a better chance now than ever before.

At the conference, *Washington Post* columnist David Broder pointed out that the key players on Capitol Hill "have a very strong personal motivation to make it work this time," and the business community is ready to cooperate.

Sen. Ted Kennedy (D-Mass.), Senate HELP Committee chairman, who is also battling a brain tumor, dropped his slot on the Senate Judiciary Committee to focus on health care. Baucus has issued a white paper outlining what he wants to see in reform, while new House Energy and Commerce Chairman Rep. Henry Waxman, (D-Calif.) and House Ways and Means Chairmen Rep. Charlie Rangel (D-N.Y.) also want to see it move, Broder says.

"Business is in a very different posture," says Broder, who wrote a book examining President Clinton's attempt to reform health care. "They realize they can help with this."

Obama said the starting point for reform is savings, and the health care team will spend time looking at how to streamline and rationalize the current system.

"Now, we are probably going to have to find additional dollars to pay for some investments in the short term, although, my charge to my team is figuring out how do we make sure that it pays for itself over, say, a 10-year period so that we're actually saving money over the long term," Obama said. "I think you can fairly expect that we're going to have some very aggressive initiatives around things like health information technology [and] around things like prevention that reduce costs."

Bill Lebovich/Partnership for Prevention

Stakeholders at a recent health care discussion include (left to right) Todd Stottlemyer, National Federation of Independent Business, Lisa Davis, AARP, John Castellani, Business Roundtable, Karen Ignagni, America's Health Insurance Plans, Jeffrey Kindler, Pfizer, David Broder, *Washington Post*, and Kenneth Thorpe, Partnership to Fight Chronic Disease.

Obama has concerns over the Medicare Advantage program and others that are not "giving us a good bang for the buck."

"The Medicare Advantage program is one that I've already cited where we're spending billions of dollars subsidizing insurance companies for a program that doesn't appreciably improve the health of seniors under Medicare," Obama said.

As HHS secretary, Daschle also will have a role in the new White House Task Force on Working Families, headed by Vice President Joe Biden. The goal is to study the middle class and see what is, or is not, working.

—Suzanne Struglinski

ADA Changes Affect Work Policies

Disability Definition Redefined By New Law

New amendments that went into effect on Jan. 1, 2009, expand the Americans With Disabilities Act (ADA) coverage to more individuals with disabilities, thus exposing long term care provider companies to a wider range of legal claims filed by workers and residents with disabilities.

The ADA Amendments Act of 2008 redefines and broadens the term disability (a physical or mental impairment that substantially limits one or more major life activities) by providing a nonexclusive list of major life activities and by saying that a single impaired major life activity is enough to define an individual as being disabled. The amendments act also includes disabilities that are episodic or in remission and prohibits consideration of mitigating measures (except for ordinary eyeglasses and contact lenses) when determining if an individual is disabled.

As a result of the new legislation, experts anticipate an increase in the number of discrimination lawsuits filed by individuals with disabilities. The amendments act will also require closer scrutiny of employee and resident requests for reasonable accommodations.

Experts recommend that employers of 15 or more people consult with an attorney to review hiring policies and procedures for handling reasonable accommodation requests

Senior Care Advocate Launches New Brand

The Massachusetts Senior Care Association has set its sights on a broader mission as it approaches a future driven by a rapidly aging population and the evolution of long term care services. The organization, which is an affiliate of the American Health Care Association and was formerly the Massachusetts Extended Care Federation, is reshaping its image and brand to match its membership and changes in long term care delivery, says Lyn Keithline, director of community relations.

MASSACHUSETTS SENIOR CARE ASSOCIATION

For example, in response to the growing need for rehabilitative post-acute care and a strong preference for returning home, members are "slowly recreating themselves to provide specialized care in a shorter period of time," Keithline says. Nearly 60 percent of residents cared for in Massachusetts facilities now go home, with 75,000 out of the approximately 130,000 residents admitted in 2007 returning to their homes. This represents a real shift in services over the past decade, while at the same time, assisted living and community-based care are growing.

"We have a very diverse membership," Keithline says, "from small proprietary facilities to complex, multifacility organizations. In renaming our association, we needed to balance the needs of all of our members while focusing on the future to be sure we are helping our membership move forward."

According to Mass Senior Care Chairman Rich Bane, "Our new name, Mass Senior Care, reflects the broad range of innovative services our members provide—subacute care, rehabilitation, adult day health, home care services, specialized nursing care, and end-of-life care—we're not just nursing homes anymore." Bane adds, "Our commitment to four key elements—quality, community, innovation and education—sustains our current initiatives and creates new opportunities to improve the quality of life for all those who need care."

The organization's makeover also reflects a broader role for its foundation. Over the past 20 years, the Massachusetts Senior Care Foundation, formerly the Massachusetts Long Term Care Foundation, has awarded 1,600 scholarships totaling $2 million to develop the long term care workforce.

Under the leadership of Executive Director Alice Bonner, a geriatric nurse practitioner with a PhD in nursing, the foundation is forging new collaborations with academic institutions, government agencies, and other health care organizations, working on research and other projects related to senior care across settings.

Such partnerships affirm that Mass Senior Care is "building credibility across the entire spectrum of health care, enabling us to impact healthy aging for all seniors," Bonner says.

The foundation is also engaged in research on medication reconciliation, care transitions, and fall prevention.

—Lynn Wagner

from employees and that all communities consult with an attorney to review policies and procedures for handling reasonable accommodation requests from residents.

"The act instructs courts to look favorably upon people with disabilities who feel they have sustained discrimination in the workplace," says Barbara Duffy, a Seattle-based attorney with Lane Powell. "Within the employment context, we are advising long term care providers who employ 15 or more people to consult with their attorneys to review their hiring policies and procedures for handling requests for reasonable accommodations while we await new regulations to be issued by the U.S. Equal Employment Opportunity Commission [EEOC], which has been directed to revise its ADA regulations."

EEOC is currently evaluating the impact of the changes on its enforcement guidances and other publications addressing the ADA and has posted a notice on its Web site explaining the changes.

An EEOC official reported that the agency expects to issue a notice of proposed rulemaking sometime after President Obama is in office.

The act confirms that the term "disability" means an impairment that substantially limits one or more of an individual's major life activities. The act specifies that general major life activities include, but are not limited to, caring for oneself, performing manual tasks, seeing, hearing, eating, sleeping, walking, standing, lifting, speaking, breathing, learning, reading, concentrating, thinking, communicating, and working. The EEOC notice reported that terms such as bending, communicating, and reading were not previously recognized by the agency as major life activities.

The act further expands the definition of major life activities to include "bodily functions." The list includes—but is not limited to—functions of the immune system; normal cell growth; and digestive, bowel, bladder, neurological, brain, respiratory, circulatory, endocrine, and reproductive functions.

For example, a person with diabetes would qualify as an individual with a disability because diabetes affects the endocrine system.

The amendments also include coverage of impairments that are episodic or in remission that substantially limit a major life activity when active, such as epilepsy or post-traumatic stress disorder.

However, the amendments act doesn't apply to impairments with an actual or expected duration of six months or less, and it does not interfere with eligibility for workers' compensation under state and federal disability benefit programs.

The amendments act also prohibits the use of qualification standards, employment tests, or other selection criteria based on an individual's uncorrected vision unless the standard, test, or other selection criteria, as used by the employer, is shown to be job-related and is consistent with its business purpose.

Providers are advised to check their state laws prohibiting workplace discrimination, which may provide additional protections for employees.

The ADA also covers accommodations in buildings and transportation.

—Lisa Gelhaus

Culture Change Bill Introduced In Senate

Culture change could get a boost from Congress through a bill introduced by Sen. Bob Casey (D-Pa.) to create a low-interest loan fund for person-centered "small houses."

The Promoting Small House Nursing Homes Act introduced at the end of last session aims to encourage building new or renovating existing long term care facilities into those that follow "small house" guidelines, according to Casey's office.

Casey, a member of the Senate Special Committee on Aging, held a hearing last summer examining person-centered care where experts talked about new options for providing long term care, including the small house concept where smaller groups of seniors live together with the staff who provide almost all of their care.

"Our older citizens who have worked hard their whole lives truly deserve to enjoy their later years in homes that offer them comfort, respect, and autonomy," Casey said as he introduced the bill. "I strongly believe the Promoting Small House Nursing Homes Act will make this possible, and I urge my Senate colleagues to join me in supporting this effort in its own right as well as the significant role it can play in the larger issues of comprehensive health care reform and revitalizing our economy."

Casey said the small house concept provides a "dramatically different approach to long term residential care for older citizens than is offered by the traditional nursing home model," by moving away from an institutionalized schedule of eating and sleeping to one that focuses on what residents want to do.

Other provisions in the bill would build program requirements based on existing programs that have successfully implemented substantial culture change and person-centered care.

"It will establish solid criteria for long term residential care that will not only improve the quality of life of older citizens, but save money through cost-effective, comprehensive, and coordinated long term and health care," Casey said.

The bill will need to be introduced again in the 111th Congress, and Casey's office says that they intend to do so.

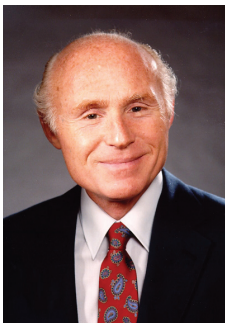
—Suzanne Struglinski

Bill Addresses Workforce Shortage

Law Would Expand Geriatric Education And Training

A new federal bill aims to expand geriatric education opportunities and training programs to fill in the gap of long term care workers as well as require federal studies to further examine the problem.

Sen. Herb Kohl (D-Wis.) introduced the "Retooling the Health Care Workforce for an Aging America Act," citing the "impending and severe shortage of health care workers who are adequately trained and prepared to care for older Americans."



Kohl

"The unfortunate fact of the matter is that while our country is aging rapidly, the number of health care workers devoted to caring for older Americans is experiencing a shortage—one that will only grow more desperate as the need for these caregivers skyrockets," Kohl said on the Senate floor.

Kohl, chairman of the Senate Special Committee on Aging, said improving the health care workforce will be an "integral" part of the upcoming debate on health care reform.

The American Health Care Association and the National Center for Assisted Living (AHCA/NCAL) support the legislation, pointing to their "Nursing Position Vacancy and Turnover Study" released in 2008 that found vacant nursing positions need 110,000 full-time equivalents, including 60,300 certified nurse assistants.

"AHCA/NCAL is gravely concerned about these shortages since the continued success of the long term care profession's quality improvement initiatives is contingent upon a stable supply of well-trained workers and adequate, stable funding levels," AHCA/NCAL President and Chief Executive Officer Bruce Yarwood wrote in a letter to Kohl thanking him for the bill.

"Your thoughtful legislation takes important steps in addressing our nation's health care workforce recruitment and retention challenges."

While introducing the bill, Kohl said, "Only1 percent of all physicians are certified geriatricians, even as the population of older people is on track to double by 2030, and less than 1 percent of all nurses are certified gerontological nurses.

"Absent any change, by 2020, the supply of nurses in the United States will fall 29 percent below projected requirements, resulting in a severe shortage of nursing expertise relative to the demand for care of frail older adults," Kohl said.

Provisions in the bill would create a Geriatric Career Incentive Award to give financial support for clinical social workers and psychologists with masters degrees to pursue a doctorate. It would also expand the Geriatric Academic Career Awards program to include junior faculty in nursing, social work, clinical psychology, and other areas.

The bill also expands the Nursing Comprehensive Geriatric Education Program to support additional training in geriatrics for nurses and nurse faculty. This includes developing specific geriatric curricula. Long term care nurse assistants, home health aides, licensed practical nurses, and licensed vocational nurses could get tuition stipends.

The bill would also create a National Resource Center on Students, Volunteers, and Seniors to give students interested in social work, nursing, or gerontology opportunities to work with low-income seniors.

Kohl also wants the Government Accountability Office to study the aging services network needs over the next 20 years, look at successful ways to reduce turnover, and track the National Institutes of Health spending on illnesses affecting the elderly.

—Suzanne Struglinski

Education Week Aims To Spread Awareness

The National Council of Certified Dementia Practitioners (NCCDP) has declared Feb. 14 through Feb. 21 Alzheimer's and Dementia Staff Education Week. The group has designed a free tool kit to show the importance of staff educators being trained and certified in dementia care.

"Currently there are no national standards for dementia education," according to NCCDP. "The regulations are different from state to state. NCCDP recommends at minimum an initial eight hours of dementia education to all staff. Throughout the year, additional dementia education should be provided that incorporates new advances, culture change, and innovative ideas."

The tool kit, available at www.nccdp.org, includes free power point presentations, tests and answer keys, and seminar certificates. It also includes 54 ways to recognize Alzheimer's and Dementia Staff Education Week and 20 "reasons why you should provide comprehensive Alzheimer's and dementia training to your staff by a live instructor," according to the Web site.

—Suzanne Struglinski

Survey Looks At LTC Practitioners

Part D Problems, New Prescribing Patterns Revealed

Nursing facility physicians are now prescribing atypical antipsychotic drugs less frequently than in the past, according to a recent survey of long term care health professionals. The results are believed to be a response to recent studies questioning the efficacy and safety of newer antipsychotic agents commonly prescribed for patients with Alzheimer's disease or other forms of dementia.

Prescribing practices are just one of a number of topics covered in the survey, entitled the "2008 Senior Care Digest Interdisciplinary Report: A Survey of Long-Term Care Health Professionals." The report focuses on issues such as the impact of Medicare Part D implementation, changes to the Centers for Medicare & Medicaid Services nursing facility surveyor guidelines, and interactions between the various disciplines.

Medical directors, consultant pharmacists, directors of nursing (DONs), and nurse practitioners (NPs) participated in the survey, which was sent to more than 15,000 individuals, of which a total of 638 responded.

According to the survey, 16 percent of the medical directors polled said they always obtain consults from psychiatrists or psychologists before prescribing atypical antipsychotic agents, while 24 percent indicated that they continue to prescribe the medications, but at lower doses compared to the previous year.

"Management of behaviors associated with dementia through either drug therapy or non-pharmacologic interventions remains a challenge," the authors wrote. "Medical directors and attending physicians must weigh risks and benefits of any intervention used to address these behavioral issues. Until a safe and effective pharmacologic agent or non-drug intervention is developed specifically for that indication, prescribers will continue to face the challenge of finding agents that produce the best possible outcomes with the fewest and least serious side effects."

Some additional highlights include:

■ A growing number of practitioners have an active presence in assisted living facilities. One-third of medical directors, for example, say they serve as a medical director or advisor in this setting, and half of medical directors reported seeing residents in an assisted living facility, while one in four NPs practices in that setting.

■ Practitioners—and their employers—increasingly see specialized certification as an important professional credential. One-third of pharmacists said they have earned the certified geriatric pharmacist credential, while a similar percentage of medical directors have obtained the certified medical director credential.

■ A majority of respondents from each discipline believe that culture change would improve resident and ➤

Stock Check

PROVIDERS	Symbol	Where Traded	% Current Price 12/31/08	Adjusted P/E Ratio	% Change From 1/1/08	52-Week Range High	52-Week Range Low
Skilled Nursing							
Advocat	AVCA	NASDAQ	$2.95	7.5	-73%	$12.54	$1.55
Ensign Group	ENSG	NASDAQ	$16.74	6.9	16%	$19.25	$7.50
Kindred Healthcare	KND	NYSE	$13.02	9.0	-48%	$33.25	$8.12
National Healthcare	NHC	AMEX	$50.64	7.2	-2%	$53.95	$34.10
Skilled Healthcare Group	SKH	NASDAQ	$8.44	7.9	-42%	$17.17	$7.83
Sun Healthare	SUNH	NASDAQ	$8.85	7.7	-48%	$18.78	$7.98
Assisted/Independent Living							
Assisted LIving Concepts	ALC	NYSE	$4.15	8.9	-45%	$7.95	$3.00
Brookdale Senior Living	BKD	NYSE	$5.58	10.6	-80%	$28.29	$3.03
Captial Senior Living	CSU	NYSE	$2.98	8.5	-70%	$9.97	$1.94
Emeritus Assisted Living	ESC	AMEX	$10.03	12.2	-60%	$27.00	$5.00
Five Star Quality Care	FVE	AMEX	$1.53	9.5	-82%	$8.40	$0.73
Sunrise Senior Living	SRZ	NYSE	$1.68	NA	-95%	$30.65	$0.27

Quote courtesy of www.seniorcareinvestor.com, Norwalk, CT (203) 846-6800
(1) Adjusted P/E=(marke cap + total debt + capitalized leases = cash)/annualized EBITDAR based on the most recent quarter.

PROVIDERS	Symbol	Where Traded	% Current Price 12/31/08	Adjusted P/E Ratio	% Change From 1/1/08	52-Week Range High	52-Week Range Low
REITs							
Care Investment Trust	CRE	NYSE	$7.79	8.7	-27%	$12.74	$6.42
Health Care Property Investors	HCP	NYSE	$27.77	6.6	-20%	$42.16	$14.26
Health Care REIT	HCN	NYSE	$42.20	6.4	-6%	$53.98	$30.14
Healthcare Realty Trust	HR	NYSE	$23.48	6.6	-8%	$32.00	$14.29
LTC Properties	LTC	NYSE	$20.28	7.7	-19%	$31.17	$14.70
National Health Investors	NHI	NYSE	$27.43	8.0	-2%	$34.82	$17.01
Nationwide Health Properties	NHP	NYSE	$28.72	6.1	-8%	$39.99	$18.13
Omega Healthcare Investors	OHI	NYSE	$15.97	7.5	0%	$19.75	$9.30
Senior Housing Properties Trust	SNH	NYSE	$17.92	7.8	-21%	$25.21	$9.82
Universal Health Realty	UHT	NYSE	$32.91	7.1	-7%	$39.30	$20.98
Ventas	VTR	NYSE	$33.57	6.1	-26%	$52.00	$17.31

The rate used to capitalize the leases has been changed from 12.5% to 10.0% effective 1/31/06 to better market conditions

staff satisfaction, quality of care, and quality of life. To date, many long term care practitioners have been involved in some sort of culture change—predominantly the development of policies and procedures focused on quality. However, they are commonly concerned that nursing facility surveyors don't always understand these changes, possibly resulting in citations.

■ Practitioners continue to express concern about Medicare Part D. Respondents from all disciplines indicated strong feelings that Part D has resulted in increased medication-related problems and worsened resident outcomes. They also indicated that prior authorization criteria for medications are difficult to meet and add to the challenges of ensuring quality medication therapy in a timely manner.

■ Medication therapy management services, required by the same legislation that created Part D to better manage medications in high-risk patients, are slowly receiving formal attention. Approximately one-third of respondents said they have a formal policy and procedure for medication therapy management in their facilities or practices.

■ Respondents from all four disciplines agreed resoundingly that Tag F329—revised surveyor guidelines on unnecessary drugs—has encouraged recognition and appropriate modification of drug regimens that adversely affect residents' conditions.

■ Respondents from all disciplines said they have regular communication with residents' families. In fact, three-quarters of DONs and nearly one-half of NPs said they have daily contact with family members. Smaller percentages of medical directors and pharmacists said they speak with families daily.

"It is both enlightening and inspiring to see how long term care practitioners approach the numerous challenges they face with dedication, creativity, and enthusiasm," said William Simonson, PharmD, *Senior Care Digest* executive editor. "This care setting is evolving—evidenced by the growth of assisted living and culture change initiatives—as the aging population increases and more baby boomers enter their 60s."

—Meg LaPorte

Sunwest Reorganizes Amid Credit Market Turmoil

Beleaguered by considerable financial debt and looming legal action, Jon Harder, founder and chief executive officer of Salem, Ore.-based Sunwest Management, an independent, assisted living, and memory care provider, filed a personal voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code on Dec. 31. According to company officials, the filing was prompted in part by the garnishment of Harder's accounts issued pursuant to a judgment obtained against him and by more judgments that may soon follow.

Harder and other Sunwest principals own controlling interests in most of the company's 250 communities and currently owe approximately $2 billion in debt secured by real estate. In addition, several Sunwest communities are in receiverships and foreclosure actions, while others have sought protection under Chapter 11.

Harder's filing is part of a larger effort to address Sunwest's severe financial challenges "in the wake of national turmoil in the housing and credit markets," company officials said in a statement.

"Mr. Harder has voluntarily turned over to the company his right to proceeds from all of his assets to help work out a comprehensive plan for the best interests of all," Sunwest's new Chief Restructuring Officer Clyde Hamstreet said. "With the garnishment, we were looking at a situation where funds needed to execute that plan were in danger of going to individual creditors instead of to the global cause. We need to preserve those resources to fund operations and restructure debt so Sunwest can rebuild value for the benefit of all."

Although Harder's filing is not expected to impact normal business operations, the company appointed Hamstreet, a so-called turnaround specialist, for the purpose of implementing an "overall strategy to deal with Sunwest's financial issues in an orderly way that will maintain the stable provision of care to residents."

In a statement, officials said the company would continue to provide employee wages, health care coverage, vacation leave, and similar benefits "without interruption [and] maintain an equitable and open approach with creditors, investors, and partners."

"Meeting my financial obligations is very important to me, and I have committed everything I have to achieve that goal," said Harder. "The bankruptcy process is the best chance to see that everyone who is owed money is treated fairly."

Sunwest's Chief Operating Officer Darryl Fisher emphasized that the filing would not impact the operation of it communities, which remain open. "Our top priority will be continuing normal operations throughout the reorganization," Fisher said. "Residents and their families can be confident this focus will not change as we work our way through the company reorganization process."

In an effort to become more streamlined and efficient, the company is taking measures to sell some properties, reduce land holdings, improve asset management, and lower corporate overhead costs.

Despite its efforts, however, "persistent and unprecedented turmoil in credit markets along with company debt burdens have outpaced these management changes."

Nonetheless, the company has expressed optimism about its future. "If Sunwest can work its way through this challenging time, it has the ability to recover its position as one of the top senior living management companies in the country," Hamstreet said.

—Meg LaPorte

MedPAC Rejects SNF Update

Loss Of Funds Would Threaten Jobs, Industry Leader Say

The Medicare Payment Advisory Commission (MedPAC) agreed in January to recommend that Congress should eliminate the update to payment rates for skilled nursing facilities (SNFs) in fiscal year 2010.

MedPAC Chairman Glenn Hackbarth included the recommendation, which was the same recommendation for 2009, in a draft presented at a MedPAC public meeting in December. The commissioners approved the recommendation unanimously Jan. 8 at another public meeting.

The recommendation stems from the belief that it would lower program spending by $250 million to $750 million in fiscal year 2010 and by $1 billion to $5 billion over the next five years.

"It is not expected to impact beneficiaries or providers' willingness or ability to care for Medicare beneficiaries," MedPAC analyst Carol Carter said at the December meeting.

The American Health Care Association (AHCA) and the Alliance for Quality Nursing Home Care opposed the recommendation and agreed that if followed, the lack of adequate Medicare funds could threaten seniors' access to quality care, particularly because of the overall national recession and state budget problems.

"While we recognize that all Americans will be called upon to sacrifice and support our national priorities, we must be careful not to jeopardize a sector that cares for many low- and moderate-income seniors and is a source of job creation, given the current 100,000 employee vacancies in the long term care sector—especially in direct caregiving positions," said Bruce Yarwood, president and chief executive officer of AHCA.

Yarwood said analyses have shown that every dollar invested in long term care facilities supports roughly five dollars in additional economic activity.

"The long term care sector contributes significantly to the nation's gross domestic product and plays a vital role in America's economic health," Yarwood said. "Stable financing, through the Medicare and Medicaid programs, is critical to sustain seniors' access to quality nursing home care—and will have a direct, positive impact on the economy by ensuring job growth, new hires, and retention of staff in nursing facilities nationwide."

> 'Stable financing is critical to quality nursing home care.'

At the December meeting, Hackbarth said he disagrees that MedPAC should look at both Medicaid and Medicare rates.

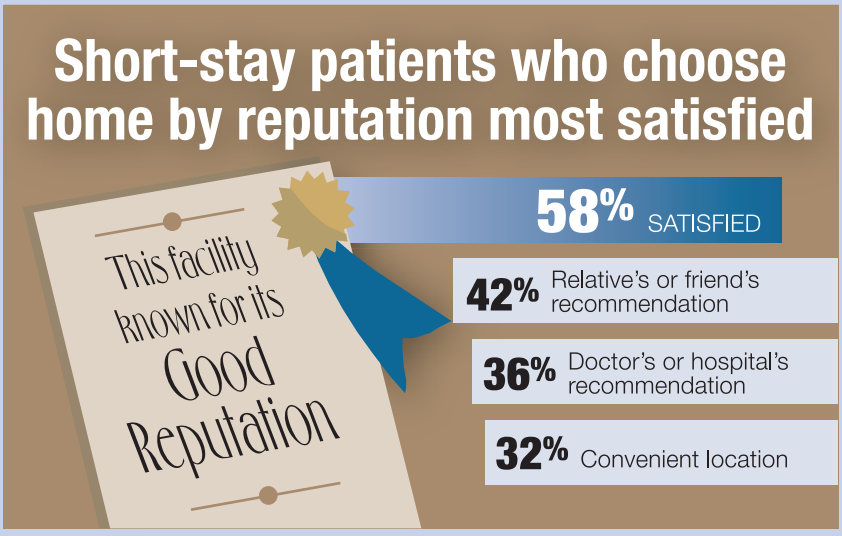
"I don't want to see increasing Medicare payment rates as a proper solution for low Medicaid rates, even if we stipulate that they're too low, and not everybody would agree with that stipulation," Hackbarth said.

Hackbarth added that if you increased Medicare rates to offset Medicaid underpayment, institutions that have the most Medicare patients versus Medicaid patients would get the additional money.

"The money is not going to be targeted to the people who have the biggest Medicaid problem," Hackbarth said. "It's going to go most to the institutions that are caring for the most Medicare patients."

—Suzanne Struglinski

By the Numbers



Categorized by "Reason for choosing this facility," percent of patients with responses of "Excellent" to the question "How would you rate your overall satisfaction with this facility?" These patients typically leave the nursing facility within a year.

Source: Skilled Nursing Former Patient Satisfaction Surveys conducted in 2007 by My InnerView Inc.

Quality Alliance Takes First Step

Former CMS Administrator Takes Lead On New Venture

Interested stakeholders discussed what a new Long Term Care Quality Alliance should focus on, how it would be financed, and even what it should be called during a meeting at the Brookings Institution in December.

Building on a conversation started last year by the Engelberg Center for Health Care Reform, the New School, and the Center for Health Transformation, stakeholders agreed to form an alliance that would look at efforts to improve quality in long term care, but exact details on how the alliance will work are still being sorted out.

At the December meeting, Mark McClellan, director of the Engelberg Center for Health Care Reform at the Brookings Institution in Washington, D.C., made public a draft six-month plan for the alliance. Brookings will continue to take the lead on getting the alliance going but will eventually move to an equal participant position in the discussion once an organization is in place McClellan said.

The initial focus areas include preventable or discretionary re-hospitalizations, person-focused experience with care, and care coordination and transitions, according to the draft plan. Staffing ratios and turnover rates also may be examined.

At the meeting, McClellan, a former administrator of the Centers for Medicare & Medicaid Services, said the alliance has the potential to be "a sustainable entity that could make a real difference in long term care" and that stakeholders' opinions on its direction were valuable.

Courtesy of the Brookings Institution.

Mark McClellan (at podium), director of the Engelberg Center for Health Care Reform at the Brookings Institution in Washington, D.C., listens to Nancy Thaler, executive director of the National Association of State Directors of Developmental Disabilities Services, as she offers opinions on organization of the Long Term Care Quality Alliance. Engelberg Center research director Aaron McKethan and deputy director Larry Kocot were also on hand to hear what stakeholders want in the new alliance (seated).

As outlined in the draft plan, the intent is to create a steering committee for the alliance, which would in turn establish workgroups to focus on technical areas such as creating demonstration projects in specialized areas.

The group intends to identify the structure of its steering committee, working group, and supporting staff; secure funding from either a foundation or a membership structure "that can ensure the financial sustainability of the initiative while also ensuring broad participation from a range of organizations;" and determine specific areas it should focus on to improve the quality of long term care by May 2009.

Stakeholders will meet again in the spring, but a date has not been set.

The draft plan emphasizes that the new alliance should seek to avoid duplication of other efforts looking at long term care but instead build on the efforts that already exist. It would be a broad-based "umbrella organization" that would seek to support and exchange information with others.

The alliance "might promote the exchange of ideas and best practices among existing pilots and programs, identify efficient ways to increase the consistency and comprehensiveness of measures used, and develop a shared path toward providing and using person-centered quality information," according to the draft plan.

McClellan also wanted suggestions on what to call the alliance. Some ideas included the Quality of Life Alliance, Care Transitions Quality Alliance, and Long-Term Services Quality Alliance. It will continue to be called the Long Term Care Quality Alliance until more organizational decisions are made.

—Suzanne Struglinski