

aging care roundtable

A panel of experts discusses the trends, and the future, of long-term care, independent living and opportunities to serve an aging population.



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message from the publisher

Louisville is home to numerous corporations with operations related to aging care.

This fast-growing industry sector has enormous impact on the Greater Louisville economy. More than 19,000 aging-care professionals work in Louisville for companies with combined revenue of nearly \$50 million. And the segment continues to expand.

Because of its growth potential, aging care is one of the key areas for economic development in the Louisville metropolitan area.

Advances in technology are allowing these companies to offer better customer service while reducing some traditional costs. The services and types of care offered are also continuing to evolve as seniors want quality of life, not just some place to live. Many want and are able to stay in their own homes and take advantage of the services that are now available to them to help make this possible.

However with these changes and opportunities come several major challenges for aging care companies. The industry is one of the most regulated in the country and most of the aging-care companies receive Medicare and Medicaid reimbursements. So their bottom lines can take a serious hit when those reimbursements rates are cut.

We think it's important for Business First readers to understand Louisville's fast-growing, aging-care industry, but also to understand the issues on a more personal level as many of you are working with elderly parents making hard decisions or are beginning to plan for your own retirement options.

In order to help gain some insight, we gathered representatives from five companies involved in some facet of the aging-care care industry. The sponsoring companies paid for the advertising in this section and for a seat on the panel. Retired Business First Publisher Tom Monahan

served as moderator.

What follows is the 60-minute discussion in the Business First offices on November 5th. It has been edited somewhat for space purposes.

I want to thank the sponsoring companies for their support of this project. I'm sure that in your reading, you'll learn much about this important industry and the impact it has on the area's economy and maybe on you personally.

Best regards,

Gary Tyler,
President & Publisher



GARY TYLER



the discussion

MODERATOR: A lot of Business First readers are facing questions of how to care for aging family members or how to make plans for their own care. What should people be doing to get educated so they can make informed decisions about aging care needs down the line?

BUFFORD: You do need to plan ahead. You do need to start researching and networking and reading. Of course, the Internet is a great source of information. I really think the better source is to go out and start visiting. Go out and look at senior care communities, understand what home care is all about, become a knowledgeable consumer. It's very, very important because all of us are facing this in some way, shape, or form. We're kind of the extroverts because we live in it every day, but it's real time issues that everybody's got to go through, and I think you've got to start early. And then if you know friends who have already traveled down that path, I would pick their brains because a lot of times they can be almost mentors for us on their experiences and things that they've found to be very positive or if they had some hurdles to overcome. And then, secondarily, I'm coming at it and communicating as a son who's looking at aging parents. I think we have to engage our parents, and I've found that in my own family situation to be somewhat tentative. They don't want to really embrace it. They understand it when you sit down and talk to them. I said just this past summer, now, we need to think about facility-based care at some point in time. My dad's 85, my mom's 88, and they're going to need that. And I said we would like that selection to be one that you think about and go visit some places, and they haven't visited one place yet. So that's what we have to deal with. Starting ahead is always the right thing to do.

HARDING: When you're in this industry, you'd think it would be easy to get a family member to consider it and trust your opinion and your advice, but they don't. I do find that they trust their friends and church members. They get personal advice from somebody. I find that to be the absolute best resource for someone. I'd say about 60 percent of my referrals come from someone who is within the community, so I find that to be very valuable. And we do a lot of reaching out, encouraging people, just come and have lunch with your friends, just come and spend some time and feel it – no obligation – because you wouldn't go into a neighborhood and buy the very first house. You have to feel it. Is that the right fit for you? Is that the right location? So yeah, there's a lot involved. It takes a lot of research and the earlier, the better. I can't say that enough.

COOPER: Well, it's really ironic because as a society, we plan for everything down to the exact detail. We have college planners, financial advisors, spiritual counselors, life coaches. We meticulously plan every detail of our life, but when it comes to a crisis situation or aging, we have a no-plan plan. We don't talk about it with our parents or with our children. We don't look at it often, if we have one. So what we try to do is educate those who could utilize our services, whether it's parents or their children. Because 15, 20 years down the road, you may need our services. So let's go ahead and get this plan in place, and then let's talk about it in a couple years.

SCHAEFER: I think there's a stigma attached to it, as well, because 10, 15, 20 years ago, it was a nursing home – period. There were no options like memory care and independent living and now assisted living. So that makes the research more critical to find out what's out there because the parents, they think nursing home, and there's that stigma attached to that. It's a harder sell.

COOPER: You're right. Perception is nine-tenths of the reality.

SCHAEFER: Exactly.

COOPER: When they were growing up and driving by the place, they would say: "Do not put me there because I know exactly what it's like inside." But they haven't been inside our buildings since then, and they are not the same. The culture's different. The environment's different. Everything is different.

HINTON: Families in a crisis are like all of us. If it is an unexpected crisis the emotional issues can cloud judgement in obtaining needed services. Reading and listening to home care and age-related health articles on an ongoing basis can give a general grasp of what services are available. Once a family member is diagnosed, begin research before a crisis arises to help trigger a response. Knowing there are many great case management functions in the community can help. You don't have to do it all yourself.

MODERATOR: What are some of the services most needed by seniors in this community?

HARDING: There's so many. It's so individual. A trigger that will bring someone to a retirement living community is a lot of times transportation. They're going to lose their transportation abilities. They're lonely, they need socialization. And then also nutrition. They're eating at home. They're alone. They're not eating well, and then that leads to some kind of health issue. If they come into an emergency situation, they end up with us. I tell each person when they come into Treyton Oak Towers that each person is an individual, and let's see what your lifestyle is like and do we suit your lifestyle. Are you the right fit for us, and what could we provide for you that you're missing in your life? Do we provide everything that you need? And in our case, a lot of the draw is the arts.



So if that's what they're having trouble getting to, and that's what they're missing, and they want to be more connected to that, then we can provide that. So you've got to find the niche for each person to find out if your community's the right fit.

BUFFORD: And I think Louisville has done and is continuing to do a very excellent job on what I would call facility-based services for seniors. I think right now there's probably at least five, if not six, new facilities that are either under construction, recently opened, or in planning stages. And a lot of the campuses that are represented around the table here today provide multiple levels of service, so you can one-stop shop, from independent living to memory care all the way up acute skilled nursing. But what I see the lack of is non-medical, home-based services in the community. People could stay at home longer if they had access to somebody coming in to help them with meals. And families are so busy now. Many are two-income families working to pay the bills and that creates a lot of pressure. There's just not the extra family resources that used to be applied in the past. You have tremendous logistics problems in providing extra services in the home. I think that's probably the biggest thing that's coming. That will start to improve, but it's not here yet. We do have very good access to home-based medical care and home-based daily support care, but those other things that Rhonda was mentioning, I think we're a little bit short of in the community.

COOPER: I think Louisville has a lot of options. Obviously, there are a lot of large companies that are headquartered here, but at the same time, speaking for my generation, I feel like we're very ill-prepared for what's coming in the next 10, 15, 20 years. I think the statistic is that 10,000 people are turning 65 every day for the next 20 years, and that is scary because that is a staggering amount of people.

And like Randy was saying, people from my generation are so busy with our lives, two jobs for each person, maybe the

wife or the husband have two or three jobs per person to take care of the family, and then you've got soccer practice, school, plays, all these things that are taking up our time, so who's going to take care of our seniors?

SCHAEFER: I keep hearing in the trade publications that there's that bulge of boomers heading in that direction. I think what's fascinating, too, is that Kentucky has had a moratorium on licensing new beds since 1991. There's not been one new bed licensed. That's huge, and that's very short-sighted, I think.

HINTON: In five years, I foresee a greater need for memory care, not just disease-related memory care, but general loss of focus care. Also I see the need for home assessment ahead of time, professionals that can give a long-range, timed plan to prepare the home for a safe and independent life style.

MODERATOR: Is there a pending crisis from a capacity standpoint?

BUFFORD: I'm not necessarily certain a capacity standpoint because there's so many alternatives other than skilled nursing, which is what Jim's referencing. But on the flip side of that, a lot of the skilled nursing stock is very old because there hasn't been much new construction done in the state over the past few years, and that probably needs to be looked at and fixed. I think the biggest challenge that all the operators around the table here will agree is work force. I think we are getting a more wealthy client coming to us and certainly, we're going to be looking at more and different expectations of service level. But I think having the capacity in the work force is our biggest challenge. It is today, and I don't see that getting better anytime soon. We're all having to become better employers, better growing your own people, rather than relying on people to walk in the door with the right culture, the right skill sets, the right clinical practices. I think we've all figured out that we'd better take care of it ourselves, because right now, there's just not enough labor force out there. I think we've always talked about the shortage of nursing. I think it's going to be the shortage of all of it. And I can't speak for Jim's business, but I can tell you our businesses, we get up every day looking to hire people. We have open positions, we have turnover, those kind of things. I've been doing this 33 years and it's probably the toughest labor environment I've ever operated in.

MODERATOR: That was my next question. How difficult is it to find the kind of folks you need to run your businesses, and what are you doing to try to make sure that you've got the people you need?

COOPER: Well, it's certainly true that the labor pool is too small to fill all the positions that are open in this industry. I think what our staff members are looking for is the whole package. They don't just want a big paycheck or they don't just want great benefits. They want a nice steady income. They want benefits that meet their needs where they are, for their family, and them as individuals. They want a wellness program for themselves because we have to start taking care of our staff in every aspect of their lives if you really want to attract and keep good talent.

HARDING: From our perspective, it takes a special person to work in this industry. And coming from the hospitality industry, there are a lot of similarities, but your compassion level and empathy and things of that nature are completely different, and you're dealing with someone for, we hope, the rest of their life, not a five-night stay. So you've got to have a very special person who can do that and to find that right fit. And a lot of times, you have so much turnover. They get there and find "This is not for me. I can't do it. This is the wrong industry." And they're gone, and you have to find another person to replace them. Again, I take a lot of personal recommendations from staff that have been there for five years and their friend is the right fit. Besides that, it's hard, especially being located downtown. It's really challenging.

HINTON: A steady and trained work force has always and probably will always be a challenge to all industries. When

the panelists



RANDALL J. BUFFORD

Trilogy Health Services, LLC

Randy Bufford has over 30 years of experience in the healthcare industry, mainly in healthcare and hospitality services for the elderly. Mr. Bufford's emphasis on a servant leadership culture is the cornerstone of the Trilogy culture. Randy has a proven track record of growing values-based organizations that achieve peer best results for customers, employees and investors. His success is best illustrated by Trilogy's recent purchase by Griffin-American Healthcare REIT III, Inc. and NorthStar Healthcare Income, Inc. This joint venture has gained national attention due to the fact it is the first of its kind organized under the RIDEA (REIT Investment Diversification and Empowerment Act of 2007) to include a skilled nursing component.



NICK COOPER

Masonic Homes of Kentucky

Nick Cooper is executive director at Masonic Home of Shelbyville. Under Nick's leadership, Masonic Home has achieved recognition by receiving American Health Care Association/National Center for Assisted Living bronze- and silver-level National Quality Awards. Masonic Home also has received a five-star quality rating from Centers for Medicare and Medicaid Services each year under his direction. Nick is a member of Kentucky Association of Health Care Facilities and LeadingAge Kentucky. He recently graduated from LeadingAge's Leadership Academy, a year-long program designed to enhance the core competencies of not-for-profit leaders within the LeadingAge membership. Nick is a graduate of University of Louisville.



RHONDA HARDING

Treyton Oak Towers

With 16 years of experience in Louisville senior care and 17 years in the hospitality industry Rhonda has found her ultimate career. Working for Hilton Corporation in South Florida set the foundation for her dedication to deliver five-star-service; making Treyton Oak Towers the perfect fit. With a blend of timeless elegance and modern convenience T.O.T. is like a fine hotel with a Continuum of Care, allowing Rhonda and the devoted staff to deliver a unique retirement living experience. Recently, she joined the Fund for the Arts as a supporter of "Arts in Healthcare" building upon the strength and legacy of the Louisville arts community, a collaboration that can improve the health and quality of life for T.O.T. and Louisville residents alike.



THERESA HINTON

Capacity Care

Theresa has a BS degree from Indiana University and MBA from University of Louisville. After working as Corporate Management in manufacturing venues, Theresa began her first independent business in 1996. One of Theresa's current companies is Capacity Care, Inc. that began in 2007. Capacity Care, Inc. provides in home non-medical services for elderly and disabled. Capacity Care, Inc. also provides in home services for persons with Acquired Brain Injury. Those services include companion care, Physical Therapy, Occupational Therapy, Speech Therapy, Counseling, Behavior Supports, and an Adult Day Training program. Theresa is the current President of Greater Louisville NAWBO Foundation. This Foundation provides education for entrepreneurs in the region.



F. JAMES (JIM) SCHAEFER

Schaefer General Contracting Services

Jim joined Schaefer, a family owned business in 1976 as a carpenter. Jim quickly learned the construction trade moving into many roles from sales to estimating. In the early 1980's, Jim combined his technical skills and historical renovation expertise to earn the business of companies with work in sensitive environments such as hospitals, nursing homes and assisted living facilities. With four decades at Schaefer, Jim has successfully led his company to grow in size and capacity and is now a leader in all facets of construction projects in over 35 states.



the discussion

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I have the opportunities to speak to educators, I stress the need for logic, accountability, personal finance and an overall education to ready the workforce for our region.

SCHAEFER: We find even in the construction industry that it takes a special individual in our company to work in these nursing facility environments, and since the recession started in 2008, a lot of good people stayed away from the construction industry because they didn't look at it as steady employment. So we struggled getting good people, retaining good people that can work in this type of environment. Randy wouldn't want a new homebuilder in his building, I'm sure, who doesn't understand the needs and the rights and the dignity of the residents, so it's an interesting challenge. We have reached out to the Latino community. We've hired a superintendent who is Latino and helps us with that, and that's been a good labor source.

MODERATOR: Has this search caused any financial pressure on you? Are you having to raise your compensation levels in order to compete for the type of workers you need?

BUFFORD: We've been steadily raising what we call our base wage. In some markets we've always been very market competitive, but even in those markets, we looked around and we haven't kept pace with the real cost of living. Even though inflation is relatively low, that's not really the best indicator for the people that we're hiring. And so every year we've been moving our base

wage up, and next year our minimum salary for anybody in the company is going to be \$10 for unlicensed and \$11 for a licensed person. We've been making those investments for four years now. We saw that the minimum wage would be increasing and obviously, we got that here in Louisville. But we also thought some action might be taken nationally and we just didn't want that disruption, financially, to our business. So we've been building that in each and every year. And then I think we're trying to attack it from a more macro basis, both externally and internally. Internally, through investing in our people. We have a very robust foundation that's doing about \$2 million a year now in scholarship aid, in tuition reimbursement support, and we've pledged in five years to double that. And a lot of that money is coming from our employee workforce. We have about 70 percent of our employees who donate at least one dollar per week to our foundation, and they see it being invested back into their facility, that they're investing in better things not only just for themselves, but for their peers, it's a really good cultural thing. And then more on a macro basis, we've been out partnering with whoever will partner with us in whatever community we're in. In Indiana, Ivy Tech is a great partner for us. In most of their towns where they have college units, we run clinicals for the nurses, as well as for the caregivers. And any time we can partner with anybody, we're going to do that, because people have kind of a thought process "I wouldn't want to work in a nursing home." Well, then when you bring them to one of our facilities it's not what they thought it

was. The places are great places. The people are happy. They're clean and great customer service is provided in a culture where people feel cared about. And so I think we're trying to introduce more people into the labor force and letting them know that health care is a career that you can grow in. Our educational system let us down a little bit because they kind of pushed every parent to think that if you don't have a college degree, you're a failure. We can show you how to come work for us and earn your degree while you're progressing and see if you like it, versus a lot of people who aren't ready for college when they're 18 years old and come out of high school. I think changing that paradigm will be very, very important as we move through the coming years because the labor force needs are going to grow exponentially as the aging population does.

COOPER: I agree. There's a lot of people, including myself, that kind of stumbled into the aging services industry. From age 10, they're not saying "I'm going to go be a nurse in long-term care because that's what I want to do." They may say "I want to be a nurse," but typically, nine times out of ten, they go to the hospital or another setting. I went to the University of Louisville, majored in physics, so how I got here is kind of a mystery, but I've loved every minute of it, and I'm never going to leave. There's so many people that would feel the same if they can just be funneled into our communities because that's truly what it is — a community. Everyone is a part of it, and I think a lot of people get a lot of joy and satisfaction out of that.

BUFFORD: It's interesting you said that about a planned career because I think your story is very similar to a lot of us. I was recently at a meeting with the College of Public Health at the University of Kentucky, and they started four years ago offering gerontological classes to undergrads. They have big waiting lists to get in the classes. They've increased the number of students, and there is real interest in the aging process and so forth going on at their campus, so that's what they were coming to see, a group of Louisville providers. We partner with our educational resources in this state to meet the needs that are coming because they see it demographically, just like we do. So I think some good things are going to be happening in the coming years, but I think as providers, and constituents, we can't sit by the sidelines. We have to be active participants in work-force development, working with whatever resources this community can provide. And internally, I think you have to make a big investment yourself or you're going to find yourself always chasing the curve, and it's only going to get more difficult as time goes on.

SCHAEFER: And you're looking at a long term investment there. We've worked in 36 states, and this problem's chronic everywhere, particularly up East. We find providers up there owning buses that they have to go an hour away just to collect their employees and bring them to work.

HARDING: I agree. I stumbled into this industry, had no idea how rewarding it could be, and you have to sell people on

that. I would like to come and teach my orientation classes and give a compassionate speech about what it's like and what you're doing for the senior community. You are here and you're about to experience some of the most wonderful people that you'll ever come in contact with, and many of these people will be gone soon, and we will never hear their stories again and we will never experience what they've experienced, and there's such an appreciation for this generation. I'm very compassionate about it, but I didn't know that until I got in there. I came in as an accounting clerk. I didn't know what I was doing. It was crazy. And I had moved up through the company and just because of how I feel about it, so it's not necessarily your education. It has a lot to do with your personality.

SCHAEFER: Exactly. One thing on the construction side of it is my guys absolutely love what they do because they realize what they do for these folks is probably what they're going to see their last days on earth, and there's a lot of satisfaction in making it a better place for them.

HARDING: I just put some new flooring in on the health care center at Treyton Oak Towers, and the crew that came in there was so extraordinary. I called the owner of the company. I said "Any time we ask for flooring, I want those same guys back." They were so unique. They were so polite and caring and considerate and they'd say, "Oh, your residents are so lovely." That was phenomenal that this one crew had such a different approach. These guys had never been

in a nursing facility, I don't think, before, but they reacted and it was very compassionate and rewarding for everyone.

COOPER: It truly is a privilege that we are able to share and experience life with the people who live in our communities, whether they're independent or if they need skilled nursing care, and the fact that if they need a higher level of care that their children are willing to say "Please take care of my mom and dad." What an honor and privilege that is that they are trusting, that they will put them in our hands. It just speaks volumes to the care that is being provided in this city. It's second to none.

MODERATOR: Every business is affected by government in some way or another. Your business probably more than most. What government regulations keep you up at night?

SCHAEFER: How long have you got?

BUFFORD: Well, I think we've lived with heavy regulations for a long time. It goes with our territory, so we just deal with it. And we find complaining about things you can't change doesn't really help you, and it's kind of negative, and we're very positive. Having said that, I think the entire skilled nursing portion of this sector is very concerned right now. The Center for Medicare and Medicaid Services has just proposed a massive overhaul of our regulations again. By their own account and calculations, it was going to add \$45,000 of cost to every facility in the country, and a lot of our fa-

cilities can't afford that. Some of the larger organizations like ours would be able to lever down that cost by applying it across a large number of units. When the CMS opened the comment period up, their servers crashed because there were so many comments. And there was commonality, and it wasn't that the for-profit companies like Trilogy were concerned that it was adding costs. It was just impractical. It wasn't developed with consensus. We're for-profit, but we're in the Leading Age, which is the nation's not-for-profit group. They were advocating just as strongly about how difficult this new legislation would be, and how poorly crafted it was, without really very little input from the providers. And so those kind of things, when they make changes of a macro nature to your business, and they're doing them a lot, it disrupts what our real mission is: to take care of people. And by taking care of people, that means our residents, their families, the community, and our employees. And if they would just get a set of rules and just leave them alone for a while, we'd all be happier. We try to just deal with it. It is probably the bane of our existence, the governmental involvement. I've been doing this for 33 years, and before they put the regulations in, there were a lot of poor operators without focus on quality, and the business kind of grew up on the wrong side of quality. But I would say we're on the right side of quality and have been for some time. But if they would just kind of smooth these things out, it would be like any governmental effort. It never seems to work that way. And along with that, we are also facing very much concerns on how we

get paid, and again, the Center for Medicare and Medicaid Services is very aggressively moving to alternative payment structures. Right now, you'll hear people say we get paid on fee-for-service, which is typical of any business. You provide a service, you get paid. Now they're really wanting groups to manage that process and pay one person. And bundling, you'll hear that term used, or you'll hear another one, which is an acronym, accountable care organization, ACO. And those projects haven't gone very well. In fact, I read in my morning reading, of all the original accountable care organizations that are out there, less than half are still in existence today, but they're really pushing. The acceleration of those changes is very aggressive. So I'm not really sure where that's going to end up, but we just get up every morning and try to figure it out.

COOPER: We consider ourselves government contractors because we have a contract with CMS, but they're on the reimbursement side. Every year, they ask us to do more and more and more, but they don't give us more money. Typically, it's less money. So here's our expectations, which are increasing constantly, and we're going to take from the other side. And it just makes it very difficult as a provider to be able to meet their expectations and, more importantly, the expectations of those that we serve. I think there's a saying in our industry that we're more regulated than nuclear power.

HARDING: It feels like it. We have two different programs at Treyton Oak. An

the discussion

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the discussion

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independent resident can come in or even a personal care resident can come in and either lease month to month or they can buy into an endowment program. So they can buy into an endowment, which gives them what we call a life-care contract. So should they go through all of their funds, we guarantee them a bed and care or care in the appropriate level of care for the rest of their life. So this past two years or even year-and-a-half has been phenomenal. My endowments have gone up exponentially. That's making the administration happy, so I guess it's a good thing. It gives the residents a great sense of security and the family, too, so that's worked well for us.

COOPER: Our Louisville campus has a life care community, which is a great thing for those that qualify and can afford it. We have to figure out what's the future model going to look like. We need sustainable, affordable housing that many people can afford because the life care contracts are not inexpensive. It is a great option.

HINTON: With so much information in the headlines and discussions in the media, comparing costs and knowing there are many regulatory hoops have developed a better educated aging population, but also created greater expectations. With the change in political office on a local, state and federal level there will be many more changes in the aging care industry. Reimbursements will change the quantity and quality of care for the aging care industry.

MODERATOR: There's been an effort in

the last several General Assemblies to try to establish some kind of medical review board so when there are complaints about your facilities, that there's a process that doesn't ultimately keep it out of the court system, but at least there's an arbitration process to try to determine what claims have merit and what don't. Are you optimistic such an effort will finally be successful?

SCHAEFER: I think that with the current administration change, it would be very positive. If they can get the House on board, I think we can see some change in this industry.

BUFFORD: The Senate has passed it the last few years but Speaker Stumbo has been very much in opposition to any kind of hurdles to litigation. He has questioned the constitutionality of a medical panel as it relates to our legal system. Indiana has had tort reform for some time with a medical review panel with doctors, and it works wonderfully up there. Our view of the world is that if we have done something wrong and there's been a damage, we should pay. I think we all know that because of the way the system works, sometimes people are rewarded just for bringing a claim when there may not have been an actual damage. I think that's what we're trying to advocate with the panel is just to sort out the wheat from the chaff, if you will, and also save everybody money. Just yesterday, I read in the paper where Baptist Health here in town is under potential downgrade in their bond rating, and one of the items cited was increased litigation costs. Now, they haven't

gotten worse in terms of how they're taking care of people over at Baptist Health. In fact, I'm saying that their statistics would say they've gotten better. Yet, they're paying more out in legal costs because of the way our system works here in Kentucky and that's unfortunate. So I think the best chance for this to be solved would be for it not to be viewed as a seniors issue, just as a health care issue, and getting the hospitals and the other providers on board, and then just seeing if we can reach some type of agreement. And like any good argument, there's points to be made on both sides. I think it is hurting economic development in this state, and I think it has in the other states. In the other states that we have experience in — Ohio, Indiana, Michigan — that have tort reform, they have very fair systems and they work the way they should. So we obviously would be for it in Kentucky, but I still don't know if the house Democrats would come along.

COOPER: Yeah. I agree completely. I think the rate that providers have to pay for things like insurance because of the amount of frivolous litigation that occurs in this state is taking money from where it needs to be, and that's for our residents. For me, that's the biggest issue, and I think that we do need a change.

SCHAEFER: We've had several operators leave the state for that very reason.

MODERATOR: Let's talk about innovations at your facilities. How have your facilities changed over the years? What are you

putting in facilities now to make life better for your residents?

SCHAEFER: It's interesting. We've worked for a number of providers, and everybody's got their idea of what the best product is, and so we've been able to see a lot of different innovations. We just recently completed construction on the first greenhouse facility, here in Midway, Kentucky. That's where we had residents living in clusters of 12 to 16 beds. It's a new concept where people live in a neighborhood. They have their own kitchen. They have their own eating area. They're just a small group pod, if you will, in a major facility. I think they're going a long way in that. Certainly in the technology field; everybody's on Wi-Fi now. A lot of seniors are having their iPads and their computers and their access to the world. We're seeing smart screens in rooms to where a resident, particularly those with Alzheimer's, will have a screen on the opposite wall of their bed to where they are actually awakened in the morning by a family member on the screen. "Mom, it's time to get up." "Mom, it's time to take your meds." Their favorite music's plugged into them. It's tailored to their lifestyle. So we're seeing a lot of innovations in that way.

COOPER: There's certainly no shortage of new technologies coming out. Leading Age is a very big proponent of technology and technology-based services that can meet the residents, not only where they are, but also as an educational purpose because when you move into one of our communities, you never stop growing, you never

stop learning. There's a program called It's Never Too Late. It's an interactive display, a touch screen computer, that a lot of our residents with dementia and other types of cognitive disorders, they continue to learn and interact with the world, not just solitary on a computer screen. They're Skyping with their loved ones across the nation. And there's also a lot of things that we continue to provide that aren't just a piece of hardware. It is truly a culture, person-centered care. "When do you want to get up? When do you want to eat?" Not just lunch is at noon. It's "I want to eat at 1:30." Maybe "I was a third shift worker, so I'm used to staying up late at night, so I want to go to bed at 6 a.m. because that's what I'm used to."

BUFFORD: I think the big message is resident choice, independence as much as possible. You are living in an institution, yet we've really gone a long way to de-institutionalize our facilities, and that is not just in physical plant. It's also an approach. And he's exactly right. My mother-in-law lives in one of our facilities. She stays up until about 4 in the morning. Her first meal is going to be lunch, so they set the cycle around what she wants to do. A lot of our residents get up for breakfast, and we're going to clean their rooms in the morning. They're not going to clean her room until late in the afternoon. And so everything's individualized and customized, and I think technology also allows you to do a lot of that. And we developed a product we call Life Share, which is an in-room technology. We worked with a group in Shelbyville. One of the founders of that company had a loved one in one of our facil-

ities, and he didn't feel like he was connected. This is a very user-friendly technology that ties into everybody's texts, everybody's Facebook. All that stuff comes into a regular TV for all the residents to see and then they have the ability to respond. And if they don't want to respond through the computer, they can actually call a number and they can leave a voice mail, and it goes right to the person who left them the message and says "Hey, I saw your pictures of your grand kid, bring him on by so I can see him." It's really senior friendly and allows people to get connected. I think because of those kinds of technologies, along with the medical technologies that are being brought to bear, it's an exciting time. With consumer-driven health care, I think we're at the forefront of doing a lot of that, and because our coming consumers are going to want who knows what, we have to be responsive and reflective. And the way we look at it, when they ask for something, we do it and that's a big change from the past.

HARDING: It is. What we do for our residents is heavily run by the resident council. We have a very active resident council. The vast majority of Treyton Oak Towers is independent, so you've got a community that's very involved in what we do, so for me, technology's not been a big thing for them. They've wanted Wi-Fi throughout their building. That's about the only techno thing they've wanted. They're starting to do variety shows again at Treyton Oak Towers. They want a huge wellness program. My wellness center sees so many people during the day. Those are the type of things that

they're wanting, more access, more transportation, basically. They want to get out of the building and go downtown and go do something at night because they're not driving at night anymore. So they want to make those types of things more available. The technology has not been a big focus. They'll do it on an individual basis. If they want that in their room, we make sure they get whatever they need, but other than that, it's more of a community atmosphere and they want to engage more with one another.

COOPER: I agree. You're making a path for them to pave the way. We've had residents chair or spearhead projects. In our assisted living community, they made no-sew blankets that they were able to ship to Eastern Kentucky, Africa, and other parts of the world. These are residents that are taking this forward, not our staff. It's just amazing what they want to do.

HARDING: With Louisville being such a compassionate city that we are, there is a compassionate city group at Treyton Oak Towers. Every month, they have some great thing that they're doing, like the no-sew blankets, so it's really cool. Those are things they want to do.

BUFFORD: The really good news is our campuses are places to live and thrive, not to go to die, and that's a huge change from when I got in the business. And that's awesome. That's what gets me up in the morning and gets me excited about what we're doing. We have changed so much from when I first got in the industry 33 years ago, in terms of

our approach with our residents, their families, and how we interact with the community. We actually have very vibrant groups in all of our communities that are from outside the communities that come in to do things within our place and are very interactive. We have reached outside the four walls and I think those are all really good things and we're excited about what the future bears. I can tell you by the time I'm getting there, it's no telling what I'm going to want out of our facilities. I'm going to be high maintenance. I guarantee you that.

MODERATOR: How important is outpatient rehab to your business? Are all of you involved in outpatient rehab?

BUFFORD: We are, in a big way. We sent 30,000 people home last year through our post-acute business. And a good number of those people actually come back to see us. Maybe they had knee surgery and they get therapy and they go home. Well, they may need some extended therapy. They create relationships with our therapists, and they would rather continue that point of care, so they do come back. And it is a way we've been able to extend out into the community a little bit further outside the campus spaces to keep them coming back in. So I think it's a very important part. All the campuses represented here have different levels of service, so even outpatient therapy could be as simple as an assisted living resident coming to see us in the therapy department. That's outpatient to them. So having that service so that they can transition back into their apartment as soon as possible and

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as seamlessly as possible is very important to us. It's a big part of our business model.

HINTON: It's extremely important to Capacity Care. We provide in home PT, OT, speech and counseling, along with non-medical in home care.

HARDING: It's a very big part of marketing the continuum of care within Treyton Oak Towers. Most of them have already gone through some type of therapy, and they've been at home, and they have to get to therapy or a therapist has to come to their house. To be able to sell that convenience on the same campus is very important. And then they get to know the therapist as they depend heavily on them. And in our situation, our wellness center is there and we feed them from outpatient therapy into wellness and encourage that independent living.

BUFFORD: I was going to take off on what you said about wellness. Our therapy teams are much more interacting with the non-post-acute side of our business in terms of wellness. And of course, our therapists, just by virtue of their upbringing, are some of the most fit, well people you can be around. So they're interested in helping residents who want to eat right and do those kind of things, and they actually engage very much more so than just the medical care that would be provided.

SCHAEFER: And it's helped us in the construction industry because we've built many therapy gyms and resident wings specifically for the post-acute care in the

last maybe just five or ten years.

COOPER: I agree with everything. They kind of said it all. There's really not much more to say.

MODERATOR: Let's wrap this up by looking to the future. Look into your crystal ball and tell me what will your companies look like 10 or 20 years from now. How will the overall industry evolve?

COOPER: It's difficult to look at one year, let alone five, 10, 20 years into the future as far as this industry goes. I think what we're going to see is a much more collaborative network of providers. Whether it's Masonic Homes and Trilogy partnering together for a better purpose or a hospital and a home health agency getting together for the benefit of those that we serve. I think we're going to see a lot more walls broken down between us to become truly one large community network of providers that serve the aging industry. With 10,000 people turning 65 every day, we're going to be shoulder to shoulder, and I think that's the only way it's going to work.

BUFFORD: I don't think we can look out 10 years. That's a little scary. But we have looked out five years, and we have our 20/20 plan, probably around 150 campus communities. And we're changing the mix of our business just a little bit over time, and it's steady, but it will be continuing, moving, pushing towards more private pay. I would say probably about 10 years ago, about 50 percent of our revenues were from private

resources. Today it's 72 percent. And it will continue to grow that way. The first level of service that Baby Boomers need is independent living. Where we have campuses, we typically acquire extra real estate, and we don't always do it right out of the gate, but we're putting in independent living patio homes and these would be 30 to 40 units of duplexes, 1,200 to 1,400 square feet, granite countertops, really nice places where we take care of everything. So if you want to be fully independent, we'll just take care of your real estate for you. But if you want us to be over there with housekeeping or food, we've got packages for that. That's the first group, so we're trying to react to that.

HARDING: You touched on the granite countertops and amenities. We're a 31-year-old community, and over the last two years, the client has changed so much. They are wanting much more customization. They're wanting granite countertops and stainless steel appliances. They don't want popcorn ceilings. It's a challenge. We're doing a lot of remodeling and redecorating. They want larger spaces. Eight hundred square feet for a two bedroom is no longer acceptable for most of my clients. They're wanting 1,500, 1,600 square feet. We're knocking out walls, putting apartments together, really customizing units for each individual. A lot are couples now, so you really need the continuum of care in a community because one might need more than the other. So if you can keep them together on the same campus, that's very valuable.

COOPER: There's a lot of people, particu-

larly on the independent living side, who as soon as they move in say "I wish I would have done this sooner." So what we're seeing in these new built communities, it's no longer the 70, 75, 80-year-olds that are moving in. It's the 65, 60, 55, 50-year-olds that are making that choice to move into this community now to prepare for the future. So we're building our communities to meet the needs of those people and their demands and what they want to experience through life, growth, education, everything else. It's going to be real interesting, but it's going to be fun.

HINTON: What will the aging care industry look like? My company will have consolidation of services across the board. We will offer a variety of assessments and therapies to all age groups. Industry wide there should be greater quality assessments from governing agencies.

SCHAEFER: I think the future will be better because of all the things these folks said here at the table. This continuum of care concept is becoming more and more popular and people are having to adapt to that to survive. Of course, that means new construction, tearing out walls. We've built numerous additions to relieve a building of having all semi-private rooms. Most folks don't want to go and live with somebody they don't know. You can't license more beds, but you can certainly split them up and put them in a new wing, so we're seeing a lot of that with this rapid rehab. So we're excited. This has always been a good business for us, and I think it will get better as the future goes on.

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