

In this issue:

[2012 Financial Ratios and Trend Analysis Publication](#)

[FAP Member Highlight: Mark Ross](#)

[Connections Orientation Program](#)

[New Aging Services Resource Specialist](#)

[2013 Aging Services Education and Training Calendar](#)

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## 2012 Financial Ratios and Trend Analysis Publication

*Financial Ratios and Trend Analysis of CARF-CCAC Accredited Organizations* is a one-of-a-kind reference, including the most recent twelve years of analyzed information from the audited financial statements of multiple CARF-CCAC-accredited organizations. Ziegler, ParenteBeard LLC, and CARF-CCAC collaborated on this project to define, calculate, and explain the included graphs, tables, and charts for each financial ratio. This publication provides valuable industry benchmarks, allowing readers a unique opportunity to view the financial trends resulting from a number of factors, including provider growth, account challenges, operating challenges, and regulatory challenges.

The publication's ratios are available for CARF-CCAC-accredited organizations to use as points of reference for developing internal targets of financial performance, but only after evaluating their own specific marketing, physical plant, and mission/vision considerations. It is anticipated that others will use these ratios, particularly within the capital markets, to learn about the financial positions of organizations that have been through CARF-CCAC's accreditation process. The ratios can also be used as benchmarks against which to evaluate nonaccredited organizations and gain a deeper understanding about the sector as a whole.

The ratio trends publication is now available for purchase at the CARF bookstore ([bookstore.carf.org](http://bookstore.carf.org)) for \$140. CARF-CCAC-accredited organizations should have received their complimentary copy by mail.

CARF-CCAC values and encourages your feedback as we work to continue to improve this publication. Please take a moment to complete our feedback form located at:

## FAP Member Highlight: Mark Ross

“During the first three quarters of 2012, Mark Ross’ colleagues on the CARF Financial Advisory Panel (FAP) addressed a number of important issues in CARF’s quarterly newsletter, issues that are important to the success of any senior living provider. The effective measurement and use of financial and nonfinancial data; the development of a strategic capital plan that is integrated into an organization’s strategic plan; the constant maintenance, upgrading, and improvement of physical plants; and fully engaging the talent and experience of board members are just a few of the issues that have been addressed.

As a partner and practice leader for ParenteBeard LLC’s Senior Living Services Practice with 23 years of experience in public accounting, Ross believes that there are many other issues that can contribute to the success of a senior living provider. A few of these issues are as follows:

- An organization’s ability to manage and embrace change,
- The development of a customer service culture,
- Succession planning.

### Managing and embracing change

“The rate of change for senior living providers continues to escalate,” Ross said. The impact of the economy, changing government regulations, culture change initiatives, demographics, changing resident expectations, and technology is significant. “Leaders are tasked with monitoring and adapting to changes in both the external and internal environment while continuing to focus on continuous quality improvement and providing consistent, high-quality care and services to residents in a cost-effective manner,” noted Ross. This requires discipline and focus at a board, management, and organizational level.

Change must be managed in a strategic and thoughtful manner that reflects an awareness of the capacity of each organization and individual to absorb change. Senior living executives must analyze and understand the risks involved with large-scale changes such as expansion and renovation projects, implementing new services or technologies, or redesigning care models. As for the redesigning of care models, Ross noted that “leaders sometimes underestimate the investment that will be necessary on the people side of the equation to ensure these initiatives are executed effectively.” The moral of the story is that organizational change is a constant. “The leaders and organizations that can be proactive, not reactive, in how they address and embrace change will survive and thrive in the future,” Ross said.

### Customer service culture

In today’s environment, resident expectations are at an all-time high. Further, senior living organizations are, at times, grappling with managing the expectations of different generations of residents. Developing a flexible customer service culture will facilitate an organization’s ability to meet resident expectations. “I like to say that a *customer service* culture is

synonymous with a *commitment to serving others* culture,” Ross said. Ross believes that every employee in an organization needs to buy in to such a culture in order for an organization to differentiate itself from its competitors. “It is critical for every employee across an organization to understand that they can have an impact, a significant impact, on the service delivery process,” Ross said. Disney and Ritz-Carlton are two great examples of organizationwide buy-in to highly effective service delivery models, models that keep customers coming back. “Differentiating your organization in your marketplace through the provision of exceptional customer service will help an organization to not only grow its business but to sustain it,” noted Ross. A commitment to customer service must start with the tone at the top and filter all the way down through an organization.

### Succession planning

Finally, Ross believes that effective succession planning is another critical ingredient in the recipe for a successful organization. Effective succession planning refers to the identification and, more importantly the development, of potential leaders for key positions within an organization. Ross recently spoke to a client’s board member who expressed some concern about potential leadership transition issues in the next few years. “Although this organization has developed an informal succession plan related to several key management positions, it is clear that more formal succession plans are necessary to ensure that those charged with governance fully understand and support the plan,” Ross said. The lack of effective succession planning can, at times, result in organizations seeking to partner or affiliate with other organizations to ensure that the organization has an appropriate leadership structure to carry its mission forward. “Organizations need to be willing and able to invest in the development of future leaders,” Ross noted. With the perceived shortage of future leaders for senior living organizations, it is critical for all organizations to reflect on their current succession plans and to take a proactive approach to succession issues.

Ross noted that his role on the FAP and ParenteBeard’s role in the development of the *Financial Ratios and Trend Analysis of CARF-CCAC Accredited Organizations* publication (a joint project of CARF-CCAC, ParenteBeard LLC, and Ziegler) has made a positive impact on his career and, more importantly, has clearly added value to the relationships that ParenteBeard has with its senior living clients. “My participation on the FAP has also enhanced my knowledge of the accreditation process. To put it simply, CARF accreditation is all about the application of best practices and continuous quality improvement,” Ross noted. In addition to his role on the FAP, Ross is also a member of the Health Care Expert Panel of the American Institute of CPAs (AICPA). The FAP and the AICPA’s Health Care Expert Panel have provided Ross with the venues to brainstorm and talk through industry-specific issues with two esteemed groups of professionals.

In addition to leading ParenteBeard’s Senior Living Services Practice, Ross is responsible for the audits of several senior living clients as well as the provision of other professional services, including financial forecasts and feasibility studies. Ross has spoken before several national and state professional and educational groups on various issues affecting senior living providers. Ross graduated from Temple University with a Bachelor of Business Administration in Accounting and is licensed as a certified public accountant in Pennsylvania and New York.

Beyond his career at ParenteBeard, Ross uses his time outside of work to remain active so he can maintain an appropriate level of energy to keep pace with his four children. One of

Ross' primary activities is running. His most rewarding running experience was completing the 2010 ING New York City Marathon. It wasn't just finishing the marathon that made this experience special, but Ross was participating in the marathon to raise money to support Allied Services, one of the premier healthcare organizations in Northeastern Pennsylvania. Overall, the experience is one that Ross will never forget.

[Back to top](#)

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## Connections Orientation Program

Grace Ridge Retirement Community is part of Blue Ridge HealthCare (BRHC). BRHC was created in 1999 by the union of long-time competitors with conflicting cultures from historically rival communities in Morganton and Valdese, North Carolina. The new healthcare system consolidated two community hospitals and their affiliates into a single, nonprofit system that also included two nursing home/short-term rehabilitation centers, a home health company, a freestanding wellness center, and a continuing care retirement community (Grace Ridge Retirement Community), as well as several physician practices. Although efforts had been made since that union to close the competitive and cultural divide between BRHC's various affiliates, it wasn't until 2006, when the Connections Orientation Program was launched, that greater strides were made to close that gap.

Connections is based on the Studer Group's pillars of excellence structure. Using the six pillars of Quality, Service, Physician, People, Growth, and Finance, Connections was developed to provide new employees with an understanding of the basics to BRHC's foundation. Each day of the four-day orientation program is broken down into each one of the pillar areas. The program includes a number of individuals throughout the health system who are experts in the field who come in regularly to present certain topic areas, such as BRHC's attorneys who present information on corporate compliance, representatives from human resources who provide information on benefits, and the Lean director who presents information on the Lean process. The program has about ten to twelve presenters who come in throughout the week and talk about their different specialty areas.

"It's really about putting more than just a policy in front of their face", stated Learning Specialist Carrie Mull. "It's about letting them experience/feel/touch the topics that we cover. Our bottom line is that, when they walk out of the door at the end of orientation, they're not going to know their job or department in detail yet, but they will know Blue Ridge, and so that's the overall view of the program, to really give them a solid foundation of what Blue Ridge expects of them and what they can expect from Blue Ridge."

The program was developed out of an identified need to do orientation differently because of great variance found in patient/resident satisfaction scores in some of the quality measurements as well as turnover. This need drove a team of four individuals responsible for its design to be creative and think outside the box when developing the program. They studied other successful companies such as Disney and Ritz-Carlton and then looked for other models within the healthcare industry but couldn't find any and, therefore, have one of the longest orientations in the industry.

What makes Connections different from other orientation programs starts with BRHC's investment of time, talent, and resources into welcoming and onboarding each individual

hired. BRHC promotes Connections as “Making you successful in your transitions.” This is evident through the interactive four-day program, which starts with an explanation of BRHC’s history, mission, vision, and values. Hull shared that, “New employees not only leave orientation knowing what the policies and procedures are, they leave with an understanding of what Blue Ridge stands for and what kind of people we want working here.” The program continues with topics such as innovation, teamwork, and diversity as well as understanding change and how it affects the patients/residents that BRHC employees serve.

The length of the orientation program is only one of the major differences that set it apart. True to its name, Connections starts with a breakfast that includes the leader or individual who interviewed the new employee so that the employee is able to sit down with someone he or she already knows to help ease a little of the employee’s anxiety. This is deliberately done with new employees not only to put them at ease but to help them connect so they don’t come into a room full of strangers. “The welcome that they receive is so big that it makes them feel they are special and that they’ve come to some place special,” shared Scottie Rector, manager of Learning.

A lot of creativity was used when developing the plan to help keep individuals engaged. “We try to put emphasis into some of the more important things,” states Hull. “We do this by not only having people present information but by showing videos, playing interactive games, and activities to try to make it better for the learner.” Some of the fun activities and games include “benefits baseball” and talking about diversity by using Mr. Potato Head® dolls in which people are creating unique potato heads while discussing the various aspects of diversity. Connections is not the typical orientation of just lecture. It’s very interactive and dynamic. The program ends on the fourth day with a game based on the television game show *The Weakest Link* to review what the employees learned to ensure that they leave with certain concepts without putting anyone on the spot.

BRHC has identified a number of outcomes and advantages as a result of the Connections implementation, such as decreased turnover across the health system, greater investment in the peer team through peer interviewing, consistent improvement in HCAP scores in acute care, and higher satisfaction results through the employment engagement surveys. Through leadership behaviors and employee responsibility, changes have been made for the better. “The rent-to-own mentality has really changed,” shared Rector.

Although Connections is only four days in length, the learning and connecting doesn’t stop there. On Friday, the first day after the orientation program, a different program takes place at the new employees’ specific location within the health system to learn individualized information for the program, department, and their position. This additional orientation will take a new employee through what BRHC considers two hours of Facility Connections and two days of Direct Care Provider Connections. After the implementation of Connections, BRHC went beyond its original vision to provide a condensed, two-day “Reconnections” orientation for all current staff members, so that everyone would start fresh with the same information. It also provides a one-year Leader Connections program for new managers, which includes classes throughout the year to help establish more satisfied and effective leaders within the BRHC health system.

BRHC’s Connections program has been recognized as a best practice in healthcare, and BRHC has received requests from many organizations around the country to attend its orientation program. BRHC has had between 30 and 40 individuals from other organizations

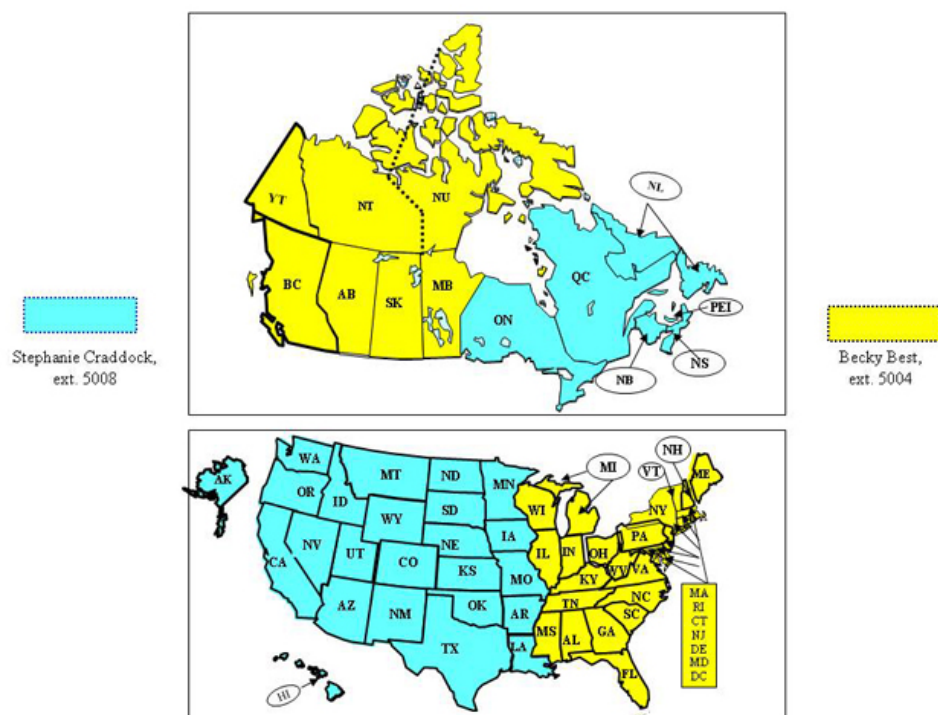
attend the program so that it can share as much information as possible to help other organizations grow their own orientation programs.

[Back to top](#)

## New Anging Services Resource Specialist

CARF-CCAC and Aging Services is pleased to welcome a new resource specialist named Stephanie Craddock to our team. Stephanie brings significant expertise to this position as she is a Licensed Clinical Social Worker with a background in case management, behavioral health and aging services. In her most recent position, she served as the director of Resident Services at a retirement residence in Washington, DC. Stephanie joins Becky Best, who continues to also serve as a CARF resource specialist for aging services organizations.

Each organization that is currently accredited or actively seeking accreditation is assigned a resource specialist (often referred to as a staff coach) at CARF whose role is to provide guidance and technical assistance regarding the accreditation process and standards. Your resource specialist is available to answer questions in preparation for a survey and throughout the tenure of accreditation.



Revised 10/4/12

Many organizations find it helpful to schedule a conference call with the resource specialist to discuss helpful tips for preparing for a survey, what to expect of the on-site survey process, or interpretation of standards. Other organizations prefer to rely on periodic emails or informal calls when specific questions arise.

Your resource specialist is also the individual responsible for reviewing documentation related to your accreditation such as the quality improvement plan (QIP), annual conformance to quality report (ACQR), and ongoing communication items. You may receive calls or emails

from your resource specialist reminding you of deadlines, seeking additional information, or offering resources.

The map below can be used to help identify which resource specialist your organization has been assigned. Organizations with multiple sites across the United States and Canada have a resource specialist assigned by the location of the corporate/main office. If you have questions about who your resource specialist is, please contact us at [as@carf.org](mailto:as@carf.org).

[Back to top](#)

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## 2013 Aging Services and CARF-CCAC Educational Opportunities

### Webinars

March 5: 1-2:00 PM EST Aging Services and Continuing Care Accreditation Commission Webinar: [Changes to CARF's Aging Services and CARF-CCAC Standards](#).

This session will provide a high-level overview of any changes to the ASPIRE to Excellence standards, which are the business practices that include areas in leadership, governance, strategic planning, input from persons served, legal requirements, financial planning and management, risk management, health and safety, human resources, technology, rights of persons served, accessibility, information measurement, and performance improvement. Managers of aging services organizations that are seeking accreditation for the first time or preparing for resurvey are encouraged to participate.

May 7: 1-2:30 PM EDT Aging Services and Continuing Care Accreditation Commission Webinar: Introduction to Financials.

This webinar will be co-presented by Financial Advisory Panel members Michael Flynn, Vice President and Chief Financial Officer at Friendship Village of Schaumburg; Andrew Nesi, Senior Vice President at Herbert J. Sims & Co., Inc., and CARF staff. As a participant, you will learn what a financial statement, audit, financial review, and compilation look like and the distinguishing features of each. In addition, we will discuss the elements of interim financials, statements of operations, and statements of cash flows. Learn definitions of key financial terminology, receive insight from financial professionals, and obtain an introduction to financial indicators. Aging services providers who are looking for basic understanding of financial statements and how to use financial information for effective management are encouraged to participate.

May 23: 1-2:30 PM EST Aging Services and Continuing Care Accreditation Commission Webinar: Cultural Competency and Diversity Planning.

Co-presented by CARF surveyors Jed Johnson, Director, National Veteran Caregiver Training Program at Easter Seals; Lorena Smith, Executive Director at Seniors Life Enhancement Centres; and CARF staff, this session will provide a high-level overview of the practical application of CARF's standard regarding cultural competency and diversity planning. During this webinar, you will learn about the key elements that need to be considered when conducting an assessment of an organization's internal and external

community. Emphasis is placed on sharing examples of ways an organization can demonstrate an awareness of, respect for, and attention to the diversity of the people with whom it interacts. Suggestions will be offered regarding how providers can respond to the diversity of its stakeholders to help reduce disparities in service delivery. Other CARF standards that relate to cultural competency and diversity will be identified. Managers of aging services organizations that are seeking accreditation for the first time or preparing for resurvey are encouraged to participate.

July 11: 1-2:30 PM EST Aging Services and Continuing Care Accreditation Commission Webinar: Changes to CARF's ASPIRE to Excellence® Standards.

This session will provide an overview of any changes to the ASPIRE to Excellence standards, which are the business practices that include areas in leadership, governance, strategic planning, input from persons served, legal requirements, financial planning and management, risk management, health and safety, human resources, technology, rights of persons served, accessibility, information measurement, and performance improvement. Managers of aging services organizations that are seeking accreditation for the first time or preparing for resurvey are encouraged to participate.

September 19: 1-2:30 PM EDT Aging Services and Continuing Care Accreditation Commission Webinar: Financial Ratios and Trend Analysis

This webinar will be co-presented by members of the Financial Advisory Panel members Michael Kelly, Managing Director at Ziegler Capital Markets – Southeast; Mark Ross, Partner and Practice Leader at ParenteBeard LLC; and CARF staff to offer the first look at the findings in the *2013 Financial Ratio and Trends Analysis* publication. Through this webinar, you will:

- Study key financial ratios and learn how they help CCRC managers assess organizational effectiveness.
- Understand why ratios should be an integral part of any continuous performance improvement system, strategic planning effort, and resource allocation process.
- Recognize how financial ratios can be used as scorecards to communicate management successes to CCRC leadership, personnel, and persons served.

November 5: 1–2:30 PM EST Aging Services and Continuing Care Accreditation Commission Webinar: Facilitating Smooth Transitions and Preventing Avoidable Hospitalizations.

This session will provide insights regarding strategic management considerations, performance measures, and care delivery approaches to improve the quality of transitions and reduce avoidable hospitalizations in multiple types of U.S. care and service settings. Emphasis will be placed on opportunities and threats to improving care transitions for older adults receiving long-term services and supports. Understand how a growing emphasis on examining adverse events and hospital admissions data may impact future payment systems. This webinar will be co-presented by Financial Advisory Panel member and CARF surveyor Michael Flynn, Vice President and Chief Financial Officer at Friendship Village of Schaumburg; Financial Advisory Panel member Amy Hayman, Managing Director at Cain Brothers & Company; CARF surveyor Deborah Youngquist, Director, Quality Management



and Rehabilitation Services at Maryland General Hospital; and CARF staff. Managers of aging services organizations that are seeking accreditation for the first time or preparing for resurvey are encouraged to participate.

## Onsite Events

January 31 – February 2, Tucson, AZ

### [2013 Transforming outcomes data into management information](#)

This three-day training institute takes you through the steps required to plan and conduct a program of outcomes management and quality improvement, including outcomes system design and data collection, data analysis, interpretation, and management reporting and identification of areas for quality improvement activities based on findings. Workshop faculty includes CARF staff and surveyors, representatives from Boston University, and other invited speakers.

March 18 & 19, Phoenix, AZ

### [AS/CCAC 101: Preparing for Successful Accreditation in Aging Services](#)

September 23 & 24, Baltimore, MD

### AS/CCAC 101: Preparing for Successful Accreditation in Aging Services

This engaging two-day session provides a solid foundation for organizations seeking CARF accreditation. Participants will gain valuable insight into the accreditation process as well as helpful information in preparing for the survey and how to avoid the pitfalls some organizations may experience on their survey.

This comprehensive and interactive training session provides the perfect forum to assimilate the ASPIRE to Excellence® quality framework. In addition, we will highlight practical examples of demonstrating conformance to the standards as well as effective business management and service delivery practice. All areas in the *2012 Aging Services and CARF–CCAC standards manuals* will be covered.

Participants will be given the opportunity to discuss and receive “hands-on” support from training faculty regarding the development and implementation of plans, policies, and procedures needed to demonstrate organizational conformance to the standards. Additional emphasis will be placed on areas where organizations or personnel new to CARF most often need guidance. A link will be provided to those attending the training to access valuable examples, aids, and resources to use in preparing for a survey.

Session topics include:

- The CARF accreditation process and what happens during a survey.
- Helpful tips in preparing for your CARF survey.
- A review of the 2012 standards, including the ASPIRE to Excellence quality framework, designed to provide a logical, action-oriented approach to quality improvement.
- A review of program standards for aging services programs.
- Frequently cited standards.

This session is highly recommended for any first-time organization preparing for the accreditation survey process, organizational contacts new to the CARF accreditation process, or those who need a quick update and refresher course.

[Back to top](#)

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If you have suggestions for content to be included in a future issue of Continuing Communication, please email the editor, Rebecca Best, at [rbest@carf.org](mailto:rbest@carf.org).

Please include the @carf.org domain on your safe-senders list to ensure Continuing Communication and other important emails from CARF-CCAC are not blocked by spam filters.

[www.carf.org/aging](http://www.carf.org/aging)

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