

# Business Case for Evidence Based Assessment System

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The Business Case for COLLAGE will revolve around the relationship of 3 factors:

**Money, Marketing,  
and Mission**

# Business Case for Evidence Based Assessment System

When making a case for implementation of COLLAGE there is normally a codependent relationship between Money, Marketing, and Mission. The decision to implement COLLAGE is normally made after considering all 3 factors and:

- Their relationship with each other
- Their relationship with competitive pressures
- Their relationship with strategic plans

# Evaluating the 3 Factors

- It is rare that any initiative can be a “home run” in each category.
- Typically an initiative will be attractive for one or two of the categories but be weak or unattractive for the other categories.
- COLLAGE certainly does not differ from these general rules.

# Evaluating the 3 Factors

It is also extremely rare that either Money, Marketing, or Mission will be so compelling as to allow a decision based just on one factor.



Don't expect any one factor to ever be an 11.

# Evaluating the 3 Factors – Decision Levers

The decision levers to find the best mix of results between Money, Marketing, and Mission to support the business case of any initiative.



# Evaluating the 3 Factors – Decision Levers

- Moving the levers to support a business case for COLLAGE can be difficult.
- The problem is often how each factor is evaluated:
  - Money is typically an objective measure
  - Marketing is typically a subjective measure
  - Mission is typically a subjective measure

No one factor typically determines the business case; however, each requires a different approach to evaluate.

# Evaluating the 3 Factors – Marketing

Discussion about Marketing benefits will typically involve:

- Does the COLLAGE assessment tool offer a competitive advantage (demonstrate higher quality offerings, better outcomes, etc.) that can be used to gain market share?
- Does COLLAGE help to better manage level of care transfers allowing lower charges, less turnover, etc. which that can be used to gain market share?



# Evaluating the 3 Factors – Mission

Discussion about Mission benefits will typically involve:

- Is COLLAGE the right thing to do for current and future residents?
- Do the advantage realized through COLLAGE resonate with the charitable mission and reason for being.
- Does COLLAGE help with Community Benefit obligations (generally and per the IRS)?

# Evaluating the 3 Factors – Money

- The following slides will focus on building the business case for COLLAGE based on the Money factor.
- The strength of the Money business case for COLLAGE (how far to the good the lever is moved) will depend greatly on the type of organization.
- A life-care CCRC will have a great Money case whereas a Government Subsidized IL community in a deep demand marketplace will likely have a very weak Money case.

# Evaluating the 3 Factors – Money

Think of the Money benefit based on organization type as a hill – the higher up the hill you are the better the Money case for COLLAGE.

If you're at the bottom of the hill, COLLAGE may still be an attractive business case; however, the Market and Mission levers will need to be a bit higher than if you were at the top of the hill.



# Evaluating the 3 Factors – Money

Weak Marketplace

Life Care CCRC

Continuing Care CCRC

Stand Alone IL

Stand Alone AL

At Home Programs

Gov't Subsidized

Stand Alone SNF



# Evaluating the 3 Factors – Money

- The greatest benefit of COLLAGE related to the Money factor is using the evidence based assessment results to ***Keep Residents in the Least Intensive Setting.***
- Said another way – **to Keep Residents in the Least Expensive Cost of Care.**
- This is the primary Money benefit. For CCRCs (particularly Life Cares) there are also others.

# Evaluating the 3 Factors – Money

- Quantifying the Money factor can often be tricky. At the end of the day the Money evaluation is often somewhere between an objective and subjective exercise.
- The \$64,000 question (probably more) is how many residents will the information from COLLAGE allow to remain in a lower level of care each year?
- As COLLAGE is used over a period of years, the number of residents may be easier to estimate; however, the value will differ based on many factors.

# Evaluating the 3 Factors – Money

The Money factor is largely determined by keeping residents in lower (cheaper) levels of care. Determining that value can be difficult. For example:

*The cost of a transition of an IL resident to AL for an IL rental community is wholly different than that of a CCRC. For an IL rental community, the cost is a lost resident. For a CCRC it is the cost/margin differential between levels of care.*

# Evaluating the 3 Factors – Money

Marketplace demand has a tremendous impact on the Money factor.

*For example – a community with 60 AL and 50 SNF beds in a marketplace with strong demand for AL beds but not for SNF beds. In this case a transfer from AL to SNF may be desirable even if avoidable.*

For a standalone AL community in a weak marketplace a transfer to SNF (away from the community) may have a very material impact.



# Evaluating the 3 Factors – Money

- Capacity and Profit Margin by level of care also have a large impact on the Money factor.
- It will often be advantageous (or not) to transfer a resident if the transfer (or not) results in a higher profit margin.
- Managing occupancy in different levels of care can also help to maintain margin and profitability.

# Evaluating the 3 Factors – Money

- The COLLAGE tool helps to provide objective data to assist in either keeping residents in a lower cost level of care or in making more informed transfer decisions (or both).
- There are many, many factors that will inform how far up the Money lever can be pushed. The more objective data collected, the more accurate that lever push is likely to be.

# Conclusion

## Business Case for Evidence Based Assessment System