McKnight's

Dealmaker's 2017 Handbook

Your essential guide to capital

NIC is making no small plans for the future

CEO Brian Jurutka takes the reins

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INSIDE

Way to grow! NIC will focus on key issues

New top exec Jurutka lays out plans

By Lois A. Bowers

Look for the National Investment Center for Seniors Housing & Care to expand its data and educational offerings as well as ties to organizations outside of the real estate arena now that founder Robert G. Kramer has become a full-time strategic adviser to the organization and Brian Jurutka has succeeded him as CEO.

The leadership change was effective July 17 but had been planned since late fall 2016, according to the Annapolis, MD-based organization. Jurutka had succeeded Kramer in the position of president two years ago, joining NIC with the expectation that he would be CEO one day. He has worked with Kramer since that time to better understand NIC's vision and mission, the two said.

Kramer was at the helm of the organization for 27 years.

"I've really come to understand and see firsthand the strong brand that NIC has built and that Bob has helped lead and grow over the past 25-plus years," Jurutka says. "We have an opportunity as an organization … to have an impact on millions of elders, and I'm really excited about that."

NIC will continue to hold its Fall Conference and Spring Investment Forum, with Kramer saying he'll be involved in content-planning for the events at least through mid-2018. Also continuing is the NIC MAP Data Service, which offers more than 10 years of historical data on key performance metrics — occupancy, rent growth, absorption, inventory growth and construction versus inventory — collected from seniors housing and care providers throughout the country.

Under Jurutka's leadership, however, NIC plans to diversify data analytics and research projects, expand the scope of conferences and deliver educational content in additional ways.

"While our core mission won't change, as the landscape shifts, we'll evolve to ensure we meet changing needs," Jurutka says.

Changes brought about by baby boomers will be one influence on the organization's efforts going forward, he adds.

"As we take a look at the first boomers turning 80 in 2026, NIC has been a key player in helping to provide transparency and helping to have this platform to connect the capital seekers and the capital providers," Jurutka says. "And over the course of the next nine years, the opportunity is as large or larger than it has been in the past for NIC to continue to provide that platform."

In the future, Kramer predicts, the industry will be challenged to provide even more transparency through data. "I think the boomer consumer is going to demand that — more transparency and, with that, more ability to document and demonstrate the quality that we provide," he notes.

Jurutka, a U.S. Naval Academy graduate and former nuclear submarine officer, has more than two decades of experience in

Photo: NIC

"We'll evolve to ensure we meet changing needs."
Brian Jurutka, NIC

MARKET INSIGHT

Photo: Karen Stysley

NIC plans to build on existing strengths while improving market data.

"The opportunity is as large or larger than it has been in the past."

Brian Jurutka, NIC

data analytics, operations and business development that will serve NIC well, Kramer says.

Other big issues that NIC will be keeping an eye on, Jurutka says, are the industry's use of technology to address the labor needs of caring for the growing aging population, changes in healthcare payment delivery models and "opportunities for value to be created by helping the residents in seniors housing and care facilities participate in the full continuum of care."

As strategic adviser, Kramer will continue his work related to the organization's study assessing the demand for middle-market seniors housing. This past spring, NIC awarded a $125,000 grant to independent social research organization NORC at the University of Chicago to conduct the research. A larger amount has been committed to fund the dissemination of the results in the fall of 2018, he says.

Kramer also will be working on NIC's seniors housing benchmarking project. That initiative, announced in February 2016, is tracking and reporting aggregated data on seniors housing actual rents using a standard file format with standard field definitions. The effort is designed to provide information that operators and investors can use for their strategic planning efforts and day-to-day business operations. Healthcare real estate investment trusts, lenders and senior living operators are supplying data.

But Kramer says he's most excited about the "outward-facing" opportunities his new role will afford him, now that he no longer will need to concentrate on the day-to-day decision-making that comes with leading an organization.

"It's developing relationships with the people and discovering the ideas and the organizations and even the industries and sectors that are going to be influential, not to say disruptive, to our own industry as we seek to meet the housing and care and lifestyle objectives and desires of the boomer generation," he says.

Those organizations, industries and sectors could relate to healthcare, wellness, lifestyle, predictive analytics and the broader aging services field, Kramer adds.

"We are increasingly positioning to not just attract real estate-based investors but also non-real estate-based private equity, venture capital and so forth, as well as debt," he says. "That means interacting more with non-real estate-based providers of care and services — for instance, care management organizations, insurance plans, other risk-takers, technology-driven home care and enhanced primary care delivery at home," he adds, with "home" including seniors housing and care settings. ■

A TUESDAY START FOR 2017 SHOW

Don't arrive at the NIC Fall Conference on Wednesday this year, or you'll be late. The 2017 event in Chicago will run Tuesday through Thursday (Sept. 19-21).

This year's gathering will help operators and lenders deal with new market challenges such as more competition, new construction, labor woes, regulations and policy shifts, according to organizers.

In addition, dedicated sessions will help operators and investors keep an eye on the sector's future.

Registration is limited. For more information, call (410) 267-0504.

Photo: John O'Connor

Founder Robert G. Kramer will continue to play an active role in NIC.

MARKET INSIGHT

New realities for the art of the deal

As lenders become more concerned about returns, many operators face greater scrutiny

Photo: Dan Dalton/ Caiaimage/Getty Images Plus

By Kimberly Marselas

After several years of strong growth, the seniors housing industry isn't exactly crumbling.

But it is getting harder to come by capital for some projects, and the types of creative deals that were once commonplace may fall by the wayside as developers grow weary of risk and unanswered questions about healthcare revenue.

Deals, just like housing trends, are evolving.

Lenders and prospective partners want to know more about how well organizations are run, how valuable real estate actually is — and whether the people and companies behind senior housing projects can ensure census and profit for years to come.

Meanwhile, traditional options such as direct financing, sales leasebacks, RIDEA set-ups and others are being scrutinized more closely.

Jeff Davis, chairman and CEO of Cambridge Realty Capital, says there have been several significant changes over the last 18 to 24 months.

"One of the biggest ones is sort of less interest in turnaround type deals and more interest in in-place or achievable income," he says. "Twenty-four months ago, there was a much bigger appetite to accept new owners' projections."

While a loan might once have been secured partly based on planned capital improvements or cuts in operating expenses, Davis says lenders aren't as likely to view those as reasonable incentives now.

Regardless, if developers want cash to renovate or build new, they're being asked to prove themselves in new ways, whether by providing numbers on market penetration and local occupancy rates or the résumés of potential administrators.

"What's key to our sector now is the quality of the operator," says Chris Taylor, managing director of Capital One Healthcare. "Do they have a proven track record of developing and filling up buildings?"

But after five years of growth, there's also some industry concern about an inevitable slowdown.

"I think we've been in a very good cycle for the last seven or eight years at this point," Taylor says. "But real estate tends to be cyclical."

Bill Kauffman, senior principal at the National Investment Center for Seniors Housing & Care, warned in July that sales volume was down significantly in the second quarter of 2017.

He cited a decrease in institutional buyers — at least, compared to the first quarter when Blackstone bought out properties from HCP and Welltower for $1.9 billion.

Dealmakers must adjust to new conditions, experts say.

But transaction totals were also down 45% compared to the second quarter of 2016.

And between 2015 and 2016, public buyer volume — including REITs — decreased 71%.

That doesn't mean money's unavailable, says Brad Razook, the president of NIC's Board of Directors.

"Property valuations and access to capital have remained fairly constant over the course of the last year in the seniors housing and care sectors," he says. "What has changed somewhat over this period are the sources of capital. While REIT financing of these assets has decreased, other institutional investors such as private equity funds, pension funds, sovereign funds and endowments have substantially increased their participation in the sector."

MARKET INSIGHT

Questions linger

Questions about busted deals, increased competition and revenue are leading to tighter lending policies.

Uncertainty around the future of Medicaid and Medicare—especially the shift toward value-based payments—has some would-be investors nervous.

HUD continues to take on redevelopment projects even in settings with high Medicare and Medicaid rolls, Davis says.

"They're basically underwriting historic cash flows," he says. "They have a way of working with better operators."

The TARP Accountability Act poured extra money into state Medicaid coffers during the 2007-08 financial crisis. But since its end, there's been constant questions about how the feds will address Medicaid coverage and the Medicare payment system.

With ongoing changes in federal payment models and threats to the Affordable Healthcare Act, it's hard to imagine there won't be some added pressure on profits.

Nimble private investors used to crafting deals that brought in rental and management revenues are becoming more cautious.

"One of the big themes is the fallout from stress placed on both operators and landlords from sale-leaseback transactions done at high prices, with low coverage and high escalators, where property level performance has not outpaced rising lease payments," Razook says. "This dynamic has resulted in tenants endeavoring to repurchase leased assets utilizing institutional equity capital and in many cases secured debt."

Some players are getting out of the market, or at least are protecting their other assets from

Photo: BernardaSv/ iStock / Getty Images Plus

As lending practices tighten, operations are getting more scrutiny.

Photo: AlexRaths/ iStock / Getty Images Plus

Memory care is one of the hottest services in the market.

potential problems.

Last October, HCP spun off its HCR ManorCare skilled nursing and assisted living business into a REIT to "maximize value." The U.S. Department of Justice had sued ManorCare the previous year over its billing practices.

In announcing the spin-off, HCP President and CEO Lauralee Martin said it would allow HCP to focus on its "stable, private-pay" portfolio of senior housing, life science and medical properties that aren't as dependent on government reimbursements as skilled nursing assets.

Promise remains

Even with the uncertainty, Taylor doesn't think traditional SNFs are dead. Home care is a tough model, and one he doesn't see cutting into census anytime soon. If operators can show they keep beds filled through referral and partner networks, pay-for-performance might actually prove to be a financial boon to some.

But construction financing for new skilled nursing facilities — or even renovations and additions that seek to capitalize on a rehab emphasis — is extremely limited for now, he says.

That specter doesn't loom over purpose-built memory care, for which Davis still sees strong interest because those homes are filled by high-income, private payers.

"There's nothing really not to like about it," he says. "Despite all the money that's been thrown at Alzheimer's and all the research that's been done, we're not even close to coming up with a solution. I think the demand is somewhat underrated."

At press time, that demand was helping him work out a deal involving an assisted living facility with a memory care unit. HUD carefully scrutinized the management type and the length of the management contract, a digging down that should be expected in an area of better and expanded diligence.

Razook says an operator's access to capital is dictated by many factors, including the quality of care, consistency of performance and well-maintained assets in locations with compelling demographics. ■

MATROS IS READY FOR 'FUN' AS BOARDS APPROVE SABRA DEAL

BY LOIS A. BOWERS

Sabra Health Care CEO and Chairman Richard Matros

Sabra Health Care REIT will continue efforts to diversify its asset base now that its merger with skilled nursing-focused Care Capital Properties has been approved by the boards of both companies, the real estate investment trust's CEO and chairman, Richard Matros, told *McKnight's*.

The deal merging the companies, which will have an anticipated pro forma total market capitalization of approximately $7.4 billion and an equity market capitalization of approximately $4.3 billion, was expected to be finalized at press time.

"We'll get it closed, and then we'll execute, and execution is actually the fun part, not all this other stuff," Matros said.

The "other stuff" included opposition from some shareholders. Perhaps most vocal among them was Hudson Bay Capital, which owned approximately 3.9% of Sabra common stock and with which proxy advisory firm Institutional Shareholder Services agreed.

At the time of the merger announcement, the companies said they planned to optimize the portfolio by selling skilled nursing facilities and investing selectively in assisted living, memory care and independent living communities. That plan is still in place, Matros said.

"There were so many attributes to this deal that, even though it was going to increase our exposure to skilled nursing, the benefits of the deal were worth it," he said. "But in terms of focusing on a diversified asset base, that's always what we've executed on, and we'll continue to do that. As Sabra grows, we will continue to buy assisted living, memory care and independent living properties as well as develop."

Sabra's top five tenants as of June 30 were Genesis Healthcare (33%), Holiday Retirement (16%), NMS Healthcare (12%), Cadia (4%) and Meridian (3%). Its portfolio was 57% skilled nursing, 37% senior housing, 2% acute care hospitals and 4% managed properties. The portfolio was almost evenly split between private pay and public.

CCP's top five tenants as of the first quarter were Senior Care Centers (18%), Signature Healthcare (15%), Avamere Family of Companies (12%), Wingate Healthcare (6%) and Magnolia Health Systems (5%).

The new company will have a portfolio of 564 facilities in 43 states and Canada.

The new company, which will continue to use the Sabra name, will be headquartered in Irvine, CA.

MARKET TRENDS

Why are SNF prices rising so fast?

The dollar value of skilled care transactions continues to rise — despite lower demand

By John Andrews

The data tells a compelling story: Long-term care facility transaction dollar value jumped 300%, even as the absolute number declined during the second quarter of 2017. A key catalyst for that spike appears to be an escalation of mergers and acquisitions during the period.

Not only does the transaction total of nearly $10 billion in the second quarter show a substantial uptick over the same quarter in 2016, it also represents a staggering 574% increase over the first quarter of 2017, data from Irving Levin Associates shows.

To Steve Monroe, partner and managing editor at Irving Levin, the increase illustrates a continued commitment to the skilled nursing sector, despite strong "headwinds" from managed care, Medicare and Medicaid.

At the heart of the numbers are a number of major mergers and acquisitions during the quarter, most notably Sabra Health Care REIT and Care Capital Properties, which are forming a $7.4 billion company.

While a single deal is helping to move the needle upward, additional mergers and acquisitions in the skilled nursing sector also are driving the trend, market analysts say.

"Consolidation in the skilled nursing sector is likely to continue as many operators and owners of properties look for opportunities to capitalize on the challenging environment by capturing market share, while others might look to sell out completely," says Bill Kauffman, senior principal for the National Investment Center for Seniors Housing & Care.

In the short term, the sector continues to be pressured with various challenges, Kauffman says, including patients going directly home from the hospital and bypassing skilled nursing properties.

Photo: John Merkle @ Elmhurst Park Place

Skilled nursing facility occupancy is going down while prices are going up.

"In addition, the growing enrollment of seniors in managed Medicare is also a contributing factor to occupancy challenges as these plans have pressured length-of-stay," he notes.

To be sure, "there is some uncertainty to what government reimbursement is going to look like in the future, which is driving out some of the smaller operators," agrees Matthew D. Alley, managing director of Senior Living Investment Brokerage. "Policy changes, such as managed care taking over Medicaid in some states, is making payments more sophisticated and many smaller operators don't have the infrastructure to keep up. That's leading to a consolidation wave in the industry."

Perception of SNFs

If external forces are creating "headwinds" for SNFs, what makes them attractive to investors? And are they viewed as purely real estate or as viable healthcare entities?

It depends on whom you ask, Kauffman says.

"If you are strictly a real estate investor and only collecting rent as your cash flow, then most would still consider this a real estate play, but certainly healthcare real estate," he says. "In stating that, today many real estate investors are taking a closer look at the operations due to the challenging environment as value-based payment models continue to take hold."

Alley maintains that investors are "looking at these properties as healthcare operations … even the REITs are paying closer attention to the operations of the facility to give extra caution to whether the operators will be successful."

Handling the regulatory and reimbursement challenges requires experience and methodical financial acumen on the operator's part, so a community's track record is a vital component of any acquisition as well as the continued viability of the sector.

"Investors are looking for operators to continue to market to the higher per patient/per day residents — Medicare, private pay and higher acuity Medicaid in states with strong reimbursement," Alley says. "This has led to operators spending more resources on the physical plant and private rooms, as well as marketing to area physicians and hospitals. All of this aligns more with larger operators."

If the current healthcare payment system continues in the U.S., Kauffman believes it will cause budgetary constraints "that are not sustainable and will create winners and losers in the provider world." ■

Taking stock of assisted living supply

As AL occupancy levels continue tapering off, new construction is getting a closer look

By John Andrews

Nearly two decades after the economic meltdown of 1999-2000, the lessons learned by the seniors housing and care industry have prevented the catastrophe from repeating itself. Even the Wall Street collapse of 2008 didn't cause much damage by comparison.

But a look at assisted living market data might give some pause about where the sector is headed, as the elements of inventory, occupancy and absorption are shifting the market away from the stable performance rates it has shown for so long.

Second quarter data from the National Investment Center for Seniors Housing & Care's MAP Data Service indicate inventory growth drove occupancy levels down to their lowest rate in eight years, a sign of a growing imbalance within the development equation. Assisted living occupancy averaged 86.5% during the second quarter, down 0.7 percentage points from the first quarter and 1.4 percentage points from year-earlier levels. The level equalled the low point reached in the data series in the second quarter of 2009. It follows a first-quarter 2017 assisted living occupancy level that was reportedly at its lowest level since early 2010.

Those numbers may raise some red flags among those on the lookout for signs of the over-exuberance that led to the market's downfall 17 years ago. But how real is the threat?

It bears watching, market analysts say, though the sample size is small and other factors — such as lag time between new construction arrivals and occupancy growth — can be misleading.

Since mid-2012, when inventory growth for the majority of assisted living properties began to ramp up, the occupancy rate for those properties fell by 160 basis points to 86.5% as of second quarter 2017, notes Lana Peck, senior principal for NIC. The downward pressure on the occupancy rate is the result of inventory growth having outpaced absorption during this period, she says.

"Even though absorption has been strong, inventory growth overall has outpaced absorption," Peck says. "Our expectation is that downward pressure on the occupancy rate for assisted living will continue through mid-year 2018 due to relatively robust inventory growth reflected in starts activity from six to eight quarters ago. Our forecast projects occupancy being pushed downward by another 60 basis points toward 86% through second quarter 2018."

Even so, "there does not appear to be a pervasive 'if you build it, they will come' mentality influencing the increase in assisted living development," Peck says.

Photo: Cate Gillon / Staff / Getty Images News

Analysts are paying close attention to the spike in assisted living construction.

Over the course of time, market patterns undulate and the current situation with assisted living supply is following that up-and-down trajectory, says Steve Blazejewski, managing director at PGIM Real Estate.

"It is not a trend, nor is it a blip," he says. "We are seeing a drop in starts even though deliveries are peaking now. There is a lag time, which is a misunderstood part of the business. You may see a start, but it will be up to a year and a half before that unit is actually delivered. Starts are down now and that is a sign of supply growth moderation to come."

A sign of health in the market is positive rental rate growth, Blazejewski says.

"If both rate growth and occupancy were dropping, I'd be more concerned," he explains. "There's a trade-off with the declining occupancy rates, so I don't see it as a significant problem." ■

MARKET TRENDS

(Re)balancing act underway for REITs

Real estate investment trusts are adjusting their portfolios. Here are some reasons why.

By John Andrews

Photo: BernardaSv/ iStock / Getty Images Plus

Known for their fiscal stability, real estate investment trusts have been a stalwart of seniors housing investment since the beginning. Due to their unique position as lenders and landlords, REITs have forged a reputation for bringing a rock-solid sensibility to the industry's capital climate.

Their transactions make headlines because they are often involved in mega-deals that move the needle in seniors housing. They have long worked from a successful playbook that has helped grow the industry to a lofty position in the healthcare spectrum.

Yet market forces are emerging that are currently changing how REITs view the seniors housing landscape. Among the challenges they face:

- Falling occupancy levels – On the seniors housing side, inventory growth is outpacing absorption in some markets, causing occupancy pressures.
- Medicare stress – On the skilled nursing side, there continues to be pressure on Medicare patient days resulting in pressure on occupancy, which in turn is causing a decrease in rent coverage for REITs.
- Rising interest rates – There is an inverse relationship between interest rates and public REIT stock prices. Interest rate increases could cause REIT price declines as the cost of capital climbs and earnings decline, making it harder to finance new acquisitions.
- Investment capital shortages – Among private REITs, new regulations that require upfront disclosure of fees have created a stumbling block for raising funds from retail sources.
- Strong market competition – With private equity groups actively pursuing the same properties, asset prices have remained high. In addition, competition is fierce for hiring talent, especially executive directors.

"Because of current challenges and higher prices, some REITs have become net sellers and continue to have more of a cautious strategy," says Bill Kauffman, senior principal for the National Investment Center for Seniors Housing and Care.

Now in its ninth year, the REIT Investment Diversification and Empowerment Act of 2008 gives REITs the ability to share in the operating income generated by their owned properties. Over that time, RIDEA deals have reportedly grown to approximately 60% of the seniors housing portfolios of the "big three" REITs – Ventas, Welltower and HCP.

For REITs, numerous challenging market forces are driving change.

Changing view

The REITs have helped grow seniors housing and as the market matures, the dynamics are fluctuating. Does that mean the REITs' view of the environment has changed?

"That is a tough one because every REIT has a different view and a specific strategy," Kauffman says. "As in many sectors of the economy, the real estate sector goes through cycles, and seniors housing and care is not immune to the vicissitudes of cycles."

In general, the disposition activity across the REIT sector seems to be more focused on skilled nursing properties rather than senior housing properties, observes Casey Moore, managing director of agency finance for Lancaster Pollard.

"Much of this appears to be driven by the desire to keep their portfolios diversified across the various healthcare sectors," he says. "That said, several of the smaller REITs have consistently been net buyers of both senior housing and skilled nursing properties." ■

MARKET TRENDS

Photo: RiverNorthPhotography/ iStock Unreleased

Many CCRCs are changing by expanding service options.

What's next for CCRCs?

Continuing care retirement communities are at a crossroads

By John Andrews

When the continuing care retirement community model took off more than 20 years ago, it presented seniors housing with an innovative new concept for care — even if the idea itself was centuries-old. The senior care model of locating all appropriate services on a single campus for residents as they aged offers peace of mind for those seeking admission.

Due to growing acceptance from seniors and their families, the CCRC model gained traction in the 1990s. By 2001, there were nearly 2,000 continuing care communities throughout the U.S., with the highest concentrations in Pennsylvania, California, Florida and Virginia.

Then the Great Recession hit in 2008. While need-based seniors housing communities weathered the storm relatively unscathed, the CCRCs dependent on new residents selling their family homes to move into independent living saw an abrupt downturn in admissions. Even as the economy and real estate markets have slowly recovered, CCRCs have continued to feel the pinch, from high barriers to entry to restrictive lending and high construction costs.

But even though new construction growth has slowed, the model is still a viable one for a certain segment of the senior population, says Lana Peck, senior principal for the National Investment Center for Seniors Housing & Care.

"Although the industry has seen a slow-down in CCRC/Life Plan Community construction since the recession for a variety of reasons, the product will continue to appeal to a subset of seniors who are planners and can afford to live there," Peck says. "It will remain viable while evolving as a result of cost constraints, affordability challenges, changing consumer demands and attitudes, and mainstream adoption of assistive and supportive technology."

Younger, active base

Casey Moore, managing director of agency finance for Lancaster Pollard, agrees that CCRCs still have a solid foundation and that they attract a desirable population of seniors.

"They typically cater to a younger clientele than rental seniors housing, although 'younger' is a relative term," he says. "The sector also attracts more active and affluent residents than rental seniors housing."

An important metric for the success of CCRCs requires the sales prices of the units or life care contracts to be in sync with average home sales prices for the given market area, Moore says.

Evolutionary ideas

Keeping in mind a burgeoning boomer population that is financially savvy and more particular about their living environment, CCRCs need to look at how they can expand to satisfy this demanding clientele.

Examples include widening the continuum of care to include short-term rehab, more flexible housing models such as larger units and reaching beyond the campus into the community.

Continuing Care at Home is one model of bringing CCRC services into the community. Members enroll when they are healthy and well, and they pay an entrance fee in exchange for a promise of future care in their homes.

"The business model will no doubt continue to evolve," says Carol A. Barbour, president of Friends LifeCare System. "Several states have approved changes to the definition of CCRC to exclude the requirement to provide lodging; other states are considering changes." ■

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Website: www.healthtech.net
Sales/Marketing contact: Katie Wilson
Title: Marketing Communications Mgr-Post Acute
Phone: (800) 489-2648
E-mail: Kholt@healthtech.net
Address: 574 Highland Colony Pkwy, Suite 200, Ridgeland, MS 39157

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FastFacts

Website: www.guardianpharmacy.net
Sales/Marketing contact: Rich Eakins
Title: Vice President, Sales
Phone: (888) 535-4779
E-mail: answers@guardianpharmacy.net
Address: 171 17th Street, Suite 1400, Atlanta, GA 30309

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Our pharmacies regularly meet with community staff through on-site visits, and host continuing education and training courses to help lower the risk of medication error and enhance the level of resident care.

Simplified Billing

Medication billing can be challenging for any long-term care provider, but it doesn't have to be. All billing, dispensing, consulting and customer service are handled by the local pharmacy, not from a remote hub — no frustrating 800 numbers.

We educate residents and families on Medicare Part D plans that best fit their needs and help reduce costs. From pre-authorizations and noncovered medications to the "donut hole," our local experts take the extra steps and make the extra time to ensure there are no billing issues or questions.

Seamless Pharmacy Transition

Guardian offers hands-on support to new customers making a pharmacy switch. We work hard to ease the transition process by coordinating timelines that reduce burden on the community and save staff time.

Lancaster Pollard

Company Profile

Formed in 1988, Lancaster Pollard has maintained a 29-year focus on the seniors housing and long-term care sector. Lancaster Pollard helps healthcare, senior living and housing providers expand and improve their services by delivering a full range of investment banking, mortgage banking, private equity, balance sheet financing and M&A advisory services. The firm consists of four affiliated companies: Lancaster Pollard & Co. LLC provides debt underwriting, debt placement and syndication and M&A advisory services. Lancaster Pollard Mortgage Company LLC provides mortgage insurance and loans through government agencies and is a Fannie Mae/GNMA/HUD-FHA/USDA-approved lender. Lancaster Pollard Finance Co. LLC provides balance sheet financing. The Propero™ Seniors Housing Equity Fund LLC provides equity financing for the new development and acquisition of seniors housing and care properties. The firm's home office is in Columbus, OH, with regional banking offices in Atlanta; Austin, TX; Bozeman, MT; Chicago; Denver; Kansas City, KS; Minneapolis; Newport Beach, CA; and Philadelphia.

Our Philosophy

We work hard to thoroughly understand our clients' needs and risk tolerance, and we perform the most comprehensive qualitative and quantitative assessment in the business. We simplify complicated processes so you can understand every option and make the most informed decision on a capital financing strategy that best serves your needs. Lancaster Pollard's associates:

- Are knowledgeable and highly experienced in the broadest platform of funding solutions, resulting in delivery of unbiased and comprehensive information to foster well-informed client funding decisions
- Maintain state-specific geographic coverage to foster awareness of local market activities and regulatory, licensure and reimbursement matters
- Are active contributors on the Committee on Healthcare Financing and the Mortgage Bankers Association's Section 232 Working Group

What We Offer

Lancaster Pollard & Co. is an independent firm and is not pressured to push a particular financial instrument or outcome. We provide unbiased recommendations to help you select the most appropriate course of action to help you meet your financial and business objectives.

Our independence allows us to consider every viable option. Clients have significantly altered their courses of action after we have had a thorough discussion about all of their financial options, which include:

- Acquisition financing & equity recapitalization
- Sale-leaseback financing
- Mergers & acquisitions
- Agency financing
- Loan syndications and placements
- Public bond offerings

Lancaster Pollard's knowledgeable associates:

- Are supported by one of the largest groups of underwriters and analysts to achieve successful and timely outcomes while minimizing the "burden" on our client's executive leadership
- Offer more options, flexibility and streamlined processes because our investment banking and mortgage banking services are under one roof
- Diligently negotiate the best and most flexible terms possible in the current marketplace

FastFacts

Website: www.lancasterpollard.com
Sales/Marketing contact: Nick Gesue
Title: CEO
Phone: (866) 611-6555
E-mail: ngesue@lancasterpollard.com
Fax: (614) 224-8805
Address: 65 East State Street, 16th Floor, Columbus, OH 43215

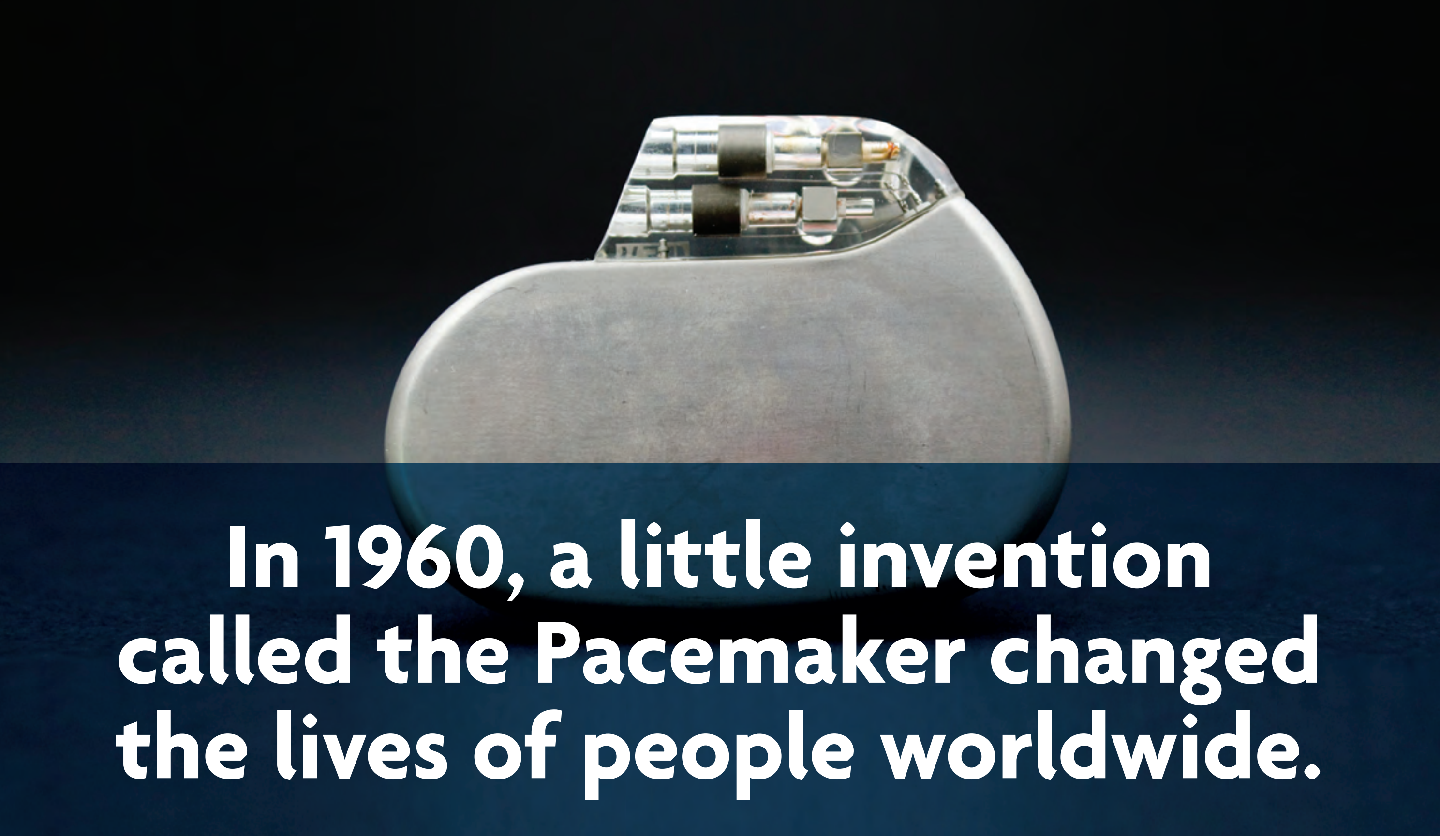
Eligible properties: ■ CCRC ■ Skilled nursing ■ Assisted living ■ Retirement communities ■ Congregate care ■ Hospital ■ Rehab hospital ■ Medical office

Options: ■ Construction ■ Substantial rehab ■ Acquisition ■ Refinance ■ Exit

Product base: ■ Bridge Loans ■ Fannie Mae ■ FHA ■ HUD ■ Term loans

A Successful Partnership

Lancaster Pollard bridges the gap between capital and our clients to help them achieve their goals. We do this by leveraging our collaborative culture to provide exceptional customer service, innovative financial solutions and meaningful long-term partnerships.



In 1960, a little invention called the Pacemaker changed the lives of people worldwide.

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- Conveners

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MatrixCare provides full-spectrum EHR solutions that meet the unique requirements of Skilled Nursing, Senior Living, Life Plan Communities and Home Care organizations.

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MatrixCare

Company Profile

MatrixCare solutions have powered long-term care for over 30 years. Today MatrixCare is the largest U.S. based LTPAC technology provider and the first to offer a true full-spectrum solution that is used in more than 13,000 facility-based care settings and 2,500 home care and home health agencies. Ranked Best in KLAS for Long-Term Care Software, MatrixCare's solutions are designed specifically to help skilled nursing and senior living providers, life plan communities, and home health and hospice organizations prosper as we migrate to a fee-for-value healthcare system. Through our CareCommunity care coordination and population health management platform, we are also able to offer the industry's first solution for helping diversified LTPAC operators deliver superior care and better outcomes across the full spectrum of care.

Our Philosophy

MatrixCare's philosophy is to deliver solutions that will help our clients be the most valuable provider in the healthcare networks strategic to their success. In the rapidly changing healthcare landscape, high-growth provider organizations require HIT solutions that not only meet their needs today, but position them to meet the regulatory, interoperability and scalability requirements of tomorrow.

What We Offer

The MatrixCare architecture for long-term care includes product suites to help providers deliver person-centered care while maintaining high occupancy rates, maximizing revenues, reducing readmissions, and integrating with partners and physicians across the entire spectrum of care. MatrixCare delivers the elements necessary to successfully provide value-based care: enterprise-wide clinical decision support, interoperability, sophisticated data analytics, enterprise business intelligence and highly scalable technology to service thousands of facilities with a low total cost of ownership. Built on the Microsoft Azure hypercloud, MatrixCare solutions provide the tools necessary to compete and thrive in the LTPAC market. MatrixCare delivers superior service to its clients resulting in better business outcomes for their organizations.

FastFacts

Website: www.MatrixCare.com
Sales/Marketing contact: Edward D. Scott
Title: Sr. Vice President of Enterprise Solutions
Phone: (847) 920-8876
E-mail: Ed.Scott@MatrixCare.com
Fax: (952) 995-9735
Address: 10900 Hampshire Avenue S, Bloomington, MN 55438

Eligible properties: ■ CCRC ■ Skilled nursing ■ Assisted living ■ Retirement communities ■ Congregate care

MatrixCare is the only true full-spectrum solution that provides:

- Integrated, real-time analytics for an organization-wide view of outcomes and the cost of care
- Embedded Clinical Decision Support driven by evidence-based best practices and industry-accepted protocols
- CareCommunity™ - Innovative care coordination tools to drive care team engagement and produce better outcomes across the entire spectrum of care

A Successful Partnership

Ranked Best in KLAS for Long-Term Care Software by our customers, MatrixCare values our client partnerships and actively engages with them to ensure we continue to be their technology provider of choice. We strive to actively listen to our clients and serve as a trusted partner and advisor.

Count on Cost Savings from Omnicare

Saving money is a top priority for your community. We'll work with you to ensure delivery of lowest net cost while improving the health of your residents. To help contain costs, your Omnicare team will identify trends and provide reports on medication utilization and savings.

You can count on us to save costs in a variety of ways:

- Consultant pharmacist recommendations
- Proprietary formulary management tool
- Superior medication management and generic conversion
- Clinical Intervention Center (CIC) working for your community
- Advanced technology solutions

To learn more about our offerings, visit omnicare.com or call 1-888-545-6664.

888-545-OMNI
results@omnicare.com
omnicare.com

Omnicare®
a CVSHealth company

Omnicare, a CVS Health company

Company Profile

Omnicare, a CVS Health company, is an industry-leading long-term care pharmacy services provider focused on supporting community residents and staff throughout the continuum of care. You value the health of your residents and patients. And we value it, too. With us, you can expect customized expertise and benefits, superior medication availability, comprehensive infusion therapy for acute care patients, advanced digital tools and guidance through state and federal regulations to keep your community compliant — all while helping control costs. No matter the need, you can rely on us to deliver specialized, quality services so you can devote your time to providing excellent care.

Our Mission

We are a pharmacy innovation company with a simple and clear purpose: Helping people on their path to better health.

Our Philosophy

As your partner, we'll work to provide value, resolve issues and cover the details so you can focus on giving the best care to your residents. Just like you, they want to feel in control of their care, and that's why we're here for you and your residents whenever you need us. You can take comfort in knowing whenever questions or concerns arise, we're always accessible. Let us show you how our personal touch sets us apart.

What We Offer

Pharmacy Solutions delivered with care. Omnicare is a national provider of long term care pharmacy services delivering more than 100 million prescriptions a year to post-acute and senior living customers nationwide. We're committed to building strong, consultative partnerships with you, so that together we can successfully support each member of your community.

Our pharmacy solutions include:

- 24/7/365 access
- Suite of cost containment programs
- Consultant pharmacists
- Comprehensive Infusion Therapy program
- Advanced digital tools
- Daily delivery
- Medication reviews
- Specialized packaging
- Compliance management
- Medicare Part D plan finder tools

FastFacts

Website: www.omnicare.com
Sales/Marketing contact: Joe Montano
Title: Manager, Sales and Marketing
Phone: (888) 545-6664
E-mail: results@omnicare.com
Address: 201 East 4th Street, 900 Omnicare Center, Cincinnati, OH 45202

Eligible properties: ▪ CCRC ▪ Skilled nursing ▪ Assisted living

Geriatric Experts

Recognizing that seniors have unique medication needs and requirements, Omnicare pharmacists specialize in geriatric pharmacy. Our specially trained pharmacists provide medication therapy reviews in order to identify potential drug interactions and provide alternative drug recommendations.

Pharmacy Automation

Our in-pharmacy automation selects and seals medications in specialized packaging, ensuring accuracy and safety in administration at the facility. This state-of-the-art system offers another level of resident safety by dispensing medications more accurately and reducing time spent on correcting errors, helping your community avoid risk and keeping your community's resident's safer.

A Successful Partnership

We're ready to partner with your facility today. Visit *omnicare.com* or call 1-888-545-6664 to learn more.

PharMerica

Company Profile

Your Long-Term Care Pharmacy Experts

At PharMerica, we have served the pharmacy needs of nursing facilities for more than 30 years, operating over 95 pharmacy locations that fulfill the daily medication requirements of hundreds of thousands of nursing facility residents throughout the country. We are a publicly traded Fortune 1000 company servicing the pharmaceutical needs of seniors in long-term care nursing facilities, assisted living facilities, hospitals, home, and other specialty centers nationwide.

Our Philosophy

At PharMerica, we continuously strive to bring value-added pharmacy service to skilled nursing and long-term care facilities, assisted living facilities, hospitals and other institutional care settings. We have a singular focus on customer service, collaborating with our clients to develop products and services that help them provide quality care, control costs, and remain compliant with ever-changing regulations.

Changes in payment models, the ever growing importance of quality scores, and the increasing need to compete for patient referrals mean that the future success of your business will rely more and more on having the right partner.

Special Solutions We Offer

PharMerica's pharmacy services help our customers differentiate their own performance in the ever-competitive long-term care industry:

- **Medication Availability**
  PharMerica ensures medications are ready when our customers need them through integrated operational approaches, including multiple daily deliveries, STAT deliveries, back-up pharmacy service and 24/7 toll-free customer service. We even offer the most advanced on-site dispensing solution, RxNow, for immediate emergency and first-dose dispensing.
- **Cost Containment**
  PharMerica's cost containment tools are designed to optimize medication spending. Our multi-faceted approach drives lower cost through generic drug dispensing, therapeutic substitution to preferred formulary medications, consultant pharmacist recommendations and best-in-class methods to eliminate non-covered charges. Each of PharMerica's cost-containment programs is supported by savings reports, which are reviewed with customers during every quarterly business review.
- **Compliance and Education**
  PharMerica's account managers, expert consultant pharmacists and field service technicians all help keep our customers compliant with ever-changing regulations. Our services are specifically designed to avoid F-Tags, and include med-pass observations, med room inspections, staff training and education, and even a full mock audit service to prepare a facility for survey. We also offer numerous educational opportunities, from nationally accredited IV therapy training to accredited educational symposia, on topics essential to both nursing staff and administrators.

FastFacts

Website: www.pharmerica.com
Phone: (800) 564-1640
E-mail: info@pharmerica.com
Address: 1901 Campus Place
Louisville, KY 40299

Headquartered in Louisville, Kentucky, PharMerica delivers over 40 million prescriptions a year to nursing facility customers nationwide, operates approximately 120 institutional and specialty infusion pharmacies in 45 states that serve over 300,000 licensed beds, and has approximately 6,000 employees nationwide.

A Successful Partnership

Long-term care organizations must continually adapt to thrive in an environment defined by ever-changing regulations, care initiatives and payment models. With over 30 years experience in long-term care pharmacy, PharMerica has consistently evolved our own services to help our clients meet these challenges. **Contact us today to learn how adding PharMerica to your team can help you succeed.**

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