

# 2018 CHHSM ANNUAL MEETING

## “SENIOR CARE IN TIMES OF CHANGING NEED”

# ZIEGLER SENIOR LIVING FINANCE PRACTICE



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# ZIEGLER'S NATIONAL EXPERIENCE

## UNITED CHURCH OF CHRIST SENIOR LIVING FINANCINGS

ZIEGLER'S UNITED CHURCH OF CHRIST FINANCINGS			
YEAR	FACILITY	LOCATION	PAR AMOUNT
2017	Benevolent Corporation Cedar Campuses	West Bend, WI	\$38,185,000
	United Church Homes and Services	Newton, NC	\$30,285,000
	Horizon House	Seattle, WA	\$75,000,000
	The Beatitudes Campus	Phoenix, AZ	\$70,210,000
	*United Church Homes and Services	Newton, NC	\$10,820,000
	*United Church Homes and Services	Newton, NC	\$9,835,000
	Retirement Housing Foundation Obligated Group	Long Beach, CA	\$25,620,000
	Retirement Housing Foundation Obligated Group	Long Beach, CA	\$45,685,000
	*Retirement Housing Foundation Obligated Group	Long Beach, CA	\$21,820,000
	2016	*United Church Homes and Services	Newton, NC
2015	*United Church Homes and Services	Newton, NC	\$31,570,000
	Plymouth Place	LaGrange, IL	\$56,260,000
	United Church Homes and Services	Newton, NC	\$23,180,000
2014	Fox Run (Orchard Park CCRC)	Orchard Park, NY	\$44,490,000
	*RHF (Retirement Housing Foundation)	Long Beach, CA	\$110,120,000
2013	*Phoebe-Devitt Homes Obligated Group	Allentown, PA	\$18,249,000
	Peace Village	Palos Park, IL	\$22,495,000
	Appalachian Christian Village	Johnson City, TN	\$19,520,000
	Poway RHF Housing	Poway, CA	\$13,345,000
	*Phoebe-Devitt Homes Obligated Group	Allentown, PA	\$33,285,000
2011	Plymouth Place	LaGrange, IL	\$24,765,000
	*RHF (Retirement Housing Foundation)	Long Beach, CA	\$117,615,000
	*Peace Village	Palos Park, IL	\$8,555,000
2009	15 Craigsides	Honolulu, HI	\$86,020,000
2008	Phoebe-Devitt Homes	Allentown, PA	\$36,825,000
	RHF (Retirement Housing Foundation)	Long Beach, CA	\$116,545,000
2006	Fox Run (Orchard Park CCRC)	Orchard Park, NY	\$77,835,000
2005	The Landing at Plymouth Place	LaGrange, IL	\$146,000,000
2004	Appalachian Christian Village	Johnson City, TN	\$19,355,000
2003	Peace Memorial Village	Palos Park, IL	\$19,565,000
2002	Benevolent Corp.-Cedar Campuses	West Bend, WI	\$28,295,000
1998	Lifelink Corporation	Bensenville, IL	\$18,410,000
1997	Parkside Meadows	St. Charles, MO	\$3,630,000
1996	Peace Memorial Village	Palos Park, IL	\$17,980,000
	Benevolent Corp.-Cedar Campuses	West Bend, WI	\$22,760,000
1995	Lifelink Corporation	Bensenville, IL	\$11,235,000
1994	Courtney Springs Village	Merritt Island, FL	\$20,595,000
	United Church of Christ Homes	Hummelstown, PA	\$28,460,000
1993	Parkside Meadows	St. Charles, MO	\$5,095,000
	Benevolent Corporation Cedar Campuses	West Bend, WI	\$9,860,000
1992	Swanholm Nursing Home	St. Petersburg, FL	\$7,000,000
	Gold Country Health Ctr/Mayflower/Bixby Knolls	Placerville, CA	\$43,400,000
1991	Benevolent Corp.-Cedar Campuses	West Bend, WI	\$12,000,000
	*Other Transactions	TOTAL	\$1,603,729,000

Since January 1991, Ziegler has provided more than \$1.6 billion of financings to 18 United Church of Christ organizations in 42 transactions.

# ZIEGLER'S UNITED CHURCH OF CHRIST EXPERIENCE THE 2014-2017



**RHF**  
Retirement Housing  
Foundation  
Long Beach, California  
**New Money/Refunding  
Fixed-Rate**  
AUGUST 2017

**\$71,305,000**



**RHF**  
Retirement Housing  
Foundation  
Long Beach, California  
**Corporate Taxable Bonds**  
AUGUST 2017

**\$21,820,000**



**UNITED CHURCH  
HOMES AND  
SERVICES**  
United Church Homes and Services  
Newton, North Carolina  
**New Money  
Bank Direct Purchase**  
NOVEMBER 2017

**\$20,655,000**



**UNITED CHURCH  
HOMES AND  
SERVICES**  
United Church Homes and Services  
Newton, North Carolina  
**Refunding  
Fixed-Rate**  
DECEMBER 2017

**\$30,285,000**



**Horizon House**  
Seattle, Washington  
**New Money/Refunding  
Fixed-Rate**  
DECEMBER 2017

**\$75,000,000**



**Beatitudes<sup>™</sup>  
Group**  
The Beatitudes  
Campus  
Phoenix, Arizona  
**New Money/Refunding  
Fixed-Rate**  
DECEMBER 2017

**\$70,210,000**



**cedar  
community**  
Benevolent Corporation  
Cedar Community  
West Bend, Wisconsin  
**New Money/Refunding  
Fixed-Rate**  
DECEMBER 2017

**\$38,185,000**



**UNITED CHURCH  
HOMES AND  
SERVICES**  
United Church Homes and Services  
Newton, North Carolina  
**Refunding  
Bank Direct Purchase**  
OCTOBER 2016

**\$21,955,000**



**UNITED CHURCH  
HOMES AND  
SERVICES**  
United Church Homes and Services  
Newton, North Carolina  
**Refunding  
Fixed-Rate**  
APRIL 2015

**\$23,180,000**



**FOX RUN  
ORCHARD PARK**  
Live your life.  
Fox Run at  
Orchard Park  
Orchard Park, New York  
**New Money/Refunding  
Fixed-Rate**  
SEPTEMBER 2015

**\$44,490,000**



**Plymouth  
Place**  
Senior Living  
Plymouth Place  
La Grange Park, Illinois  
**New Money/Refunding  
Fixed-Rate**  
OCTOBER 2015

**\$56,260,000**



**PHOEBE MINISTRIES**  
Phoebe-Devitt Homes  
Obligated Group  
Allentown, Pennsylvania  
**New Money/Refunding  
Bank Direct Purchase**  
APRIL 2014

**\$18,249,000**



**RHF**  
Retirement Housing  
Foundation  
Long Beach, California  
National and California  
Obligated Groups  
**Refunding  
Bank Direct Purchase**  
JUNE 2014

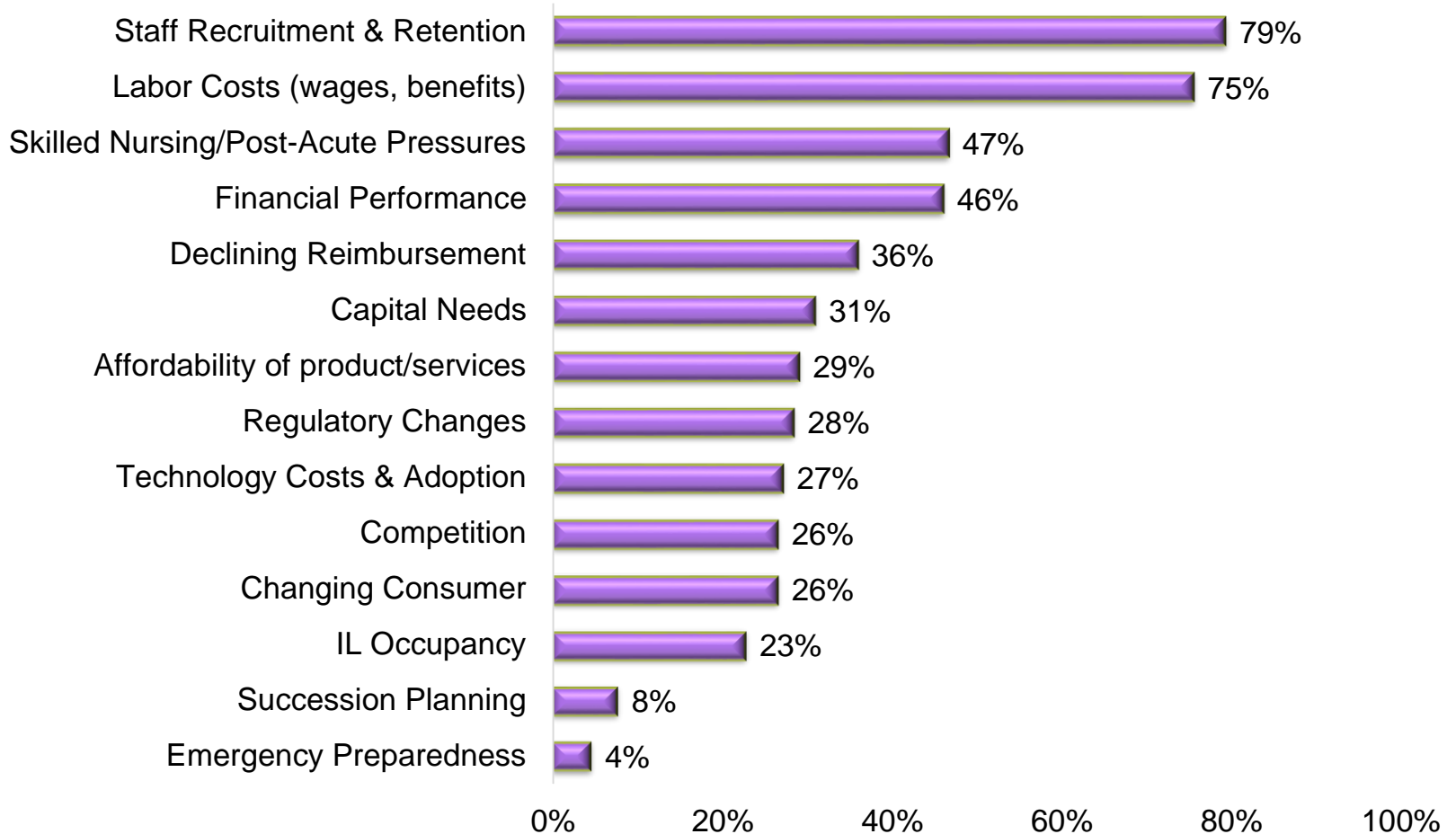
**\$110,120,000**

The background of the slide is a solid purple color. On the left side, there are several overlapping, wavy, ribbon-like shapes in a lighter shade of purple, creating a dynamic, abstract pattern. The text 'HOT TOPICS' is positioned in the lower-left area of the purple field.

HOT TOPICS

# CFO: TOP AREAS OF CONCERN

Top 5 Areas of Concern for 2018

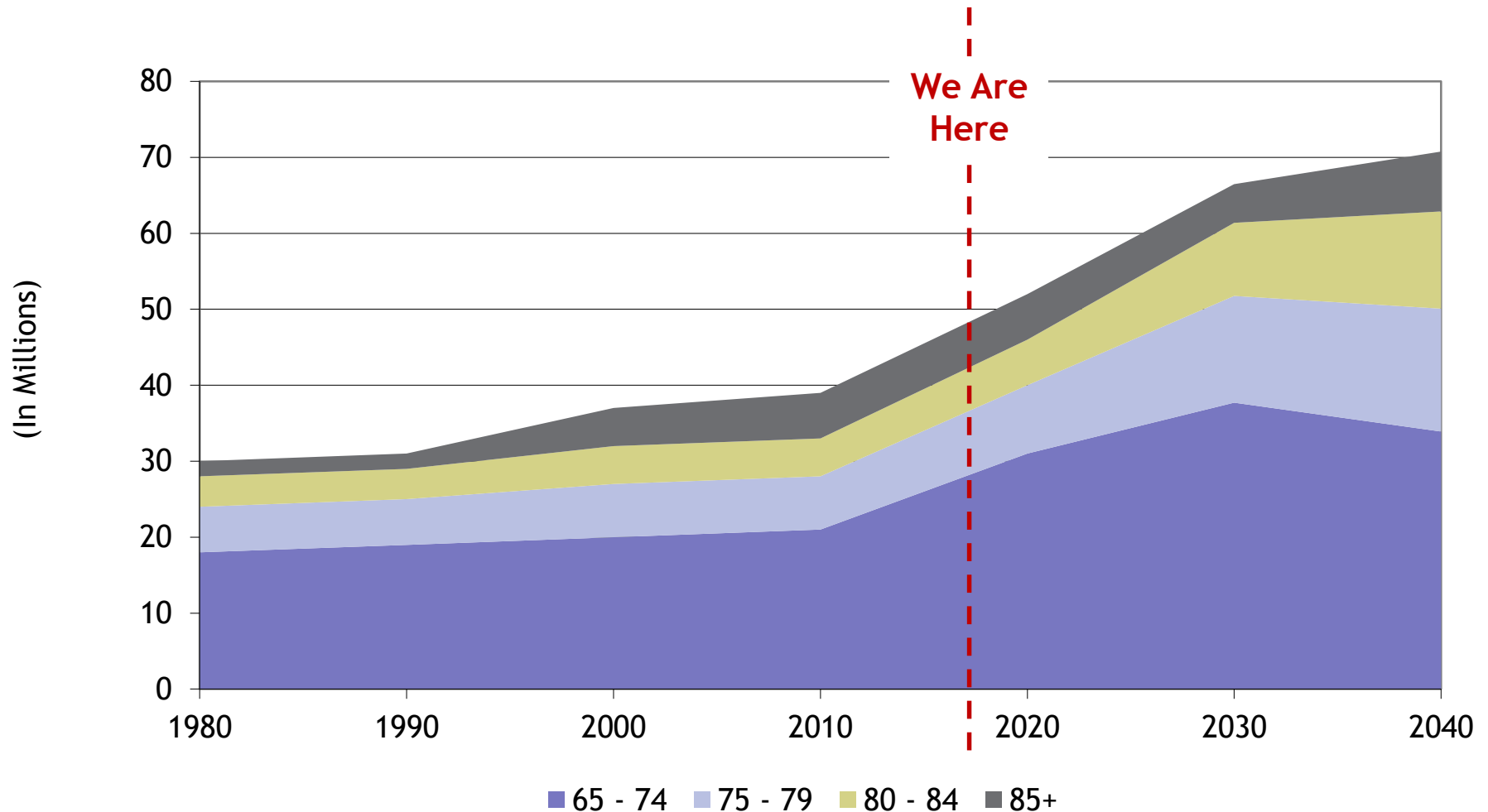


## MOST EXCITED ABOUT IN 2018

Most Excited About in 2018	Number of mentions
Expansion plans	30
Growth in general	13
Strategic Planning	11
Capital Improvements	10
Technology Upgrades	9
Repositioning projects	7
Community Renovations	6
Affiliations/Partnerships	5
HCBS	4

# DEMOGRAPHICS DEFINE THE MARKET

## FORECASTED U.S. SENIORS POPULATION (1980 TO 2040) (MILLIONS)





# COST OF CARE – INCREASES FROM 2016 - 2017

- Between 2016 and 2017, the cost for...
  - a private skilled nursing room increased by 5.5%
  - Home health aide services increased by 6.2%
- Genworth attributed the dramatic rising rates to...
  - Increased **labor costs**
  - Increased **acuity** of short-stay patients (higher cost of care)

	2017 U.S. Median Monthly Cost
Assisted Living (private room)	\$3,750
Skilled Nursing (private room)	\$8,121
Skilled Nursing (semi-private room)	\$7,148
Home Health Aide	\$4,099
Adult Day	\$1,517



## Cost of In-Home Care Rose From Caregiver Shortage

By Tim Regan | September 26, 2017

# DEMAND FOR LABOR

Occupation	Number of New Jobs (Projected) 2014-2024	2016 Median Pay
Personal Care Aides	458,100	\$21,920
Registered Nurses	439,300	\$68,450
Home health aides	348,400	\$22,600
Combined food prep and serving workers	343,500	\$19,440
Retail salespersons	314,200	\$22,680
Nursing Assistants	262,000	\$26,590

*In a number of markets, staff earned income is insufficient to secure quality housing in a reasonable proximity to the community.*

# WORKFORCE STATISTICS

Figure 5

## Industries with Largest Number of Workers Covered by Medicaid, 2016

Industry	Number of Adult Workers with Medicaid
Restaurant and food services	1,486,000
Construction	974,000
Elementary and secondary schools	461,000
Grocery stores	396,000
Hospitals	354,000
Department stores and discount stores	328,000
Home health care services	311,000
Services to buildings and dwellings	294,000
Nursing care facilities	275,000
Child day care services	<u>274,000</u>
Total for Listed Industries (38% of adult Medicaid enrollees who are workers)	5,153,000

NOTE: Includes nonelderly adults who do not receive Supplemental Security Income (SSI).  
SOURCE: Kaiser Family Foundation analysis of March 2017 Current Population Survey.



- 74% of CNAs leave for jobs outside of the health care sector
  - Manufacturing
  - Retail
- Pressures being felt outside of healthcare positions as well

Source: 2017 Survey by Indiana Health Care Association/  
Indiana Center for Assisted Living

## NOT-FOR-PROFIT SENIOR LIVING GROWTH

- Type of growth in the not-for-profit sector has changed post-recession
- For-profit competition and growth is impacting supply and demand characteristics
  - Residential Options for Seniors
  - Home & Community-Based Services

## GROWTH AMONG NFPS DEFINED

- 
- Repositionings
  - Expansions
  - Affiliations
  - Satellite Campuses
  - HCBS
  - Alliances & Partnerships
  - Joint Ventures

- 
- New full-service community locations

# TODAY'S RETIREMENT OPTIONS

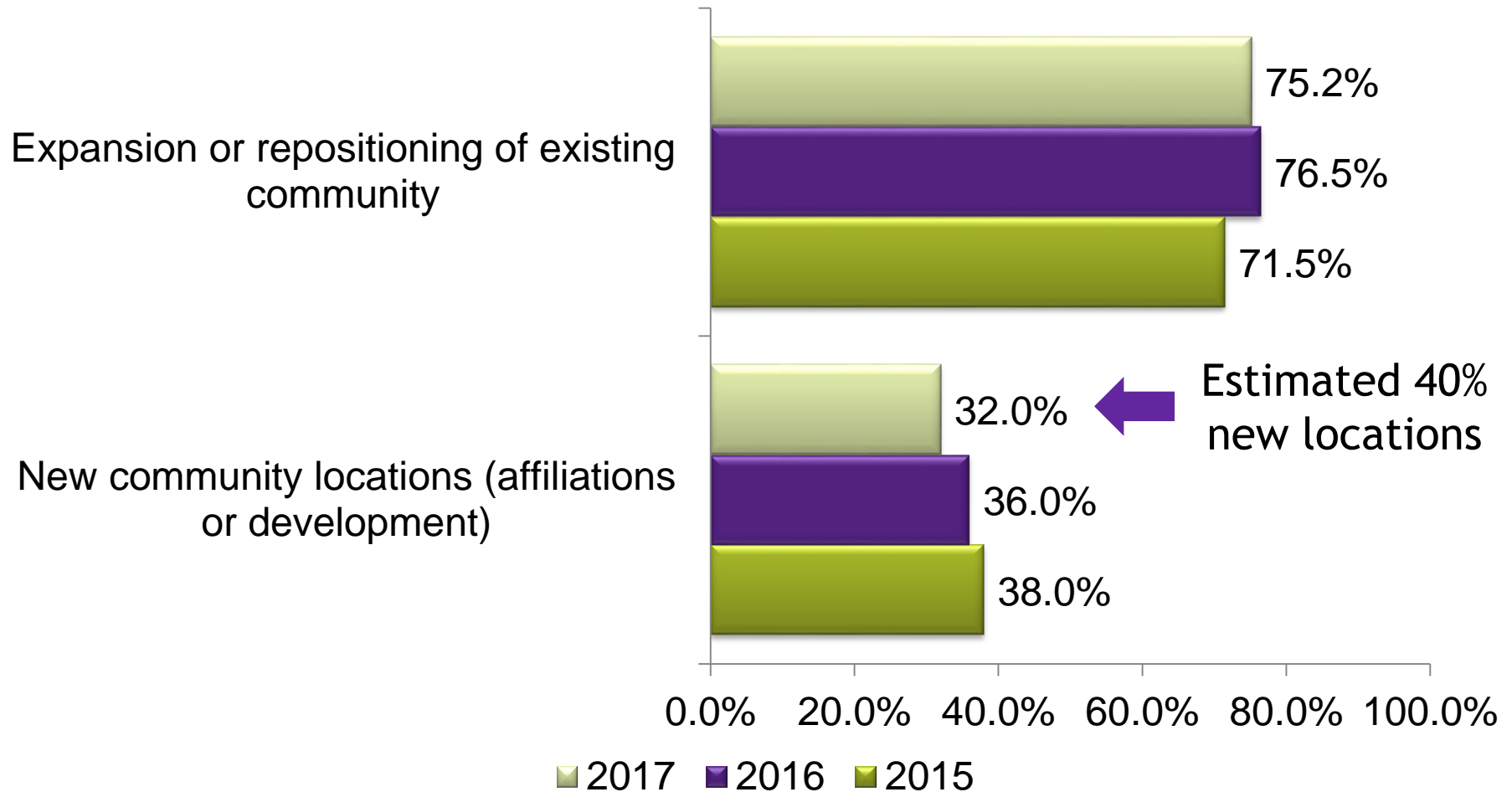
## A LOOK AT SENIORS HOUSING & SERVICES SUPPLY % NFP



Sources: Ziegler National CCRC Listing & Profile, LeadingAge, NIC MAP® Data and Analysis Service, The National Center for Health Statistics, Centers for Medicare and Medicaid Services, Ziegler population estimates

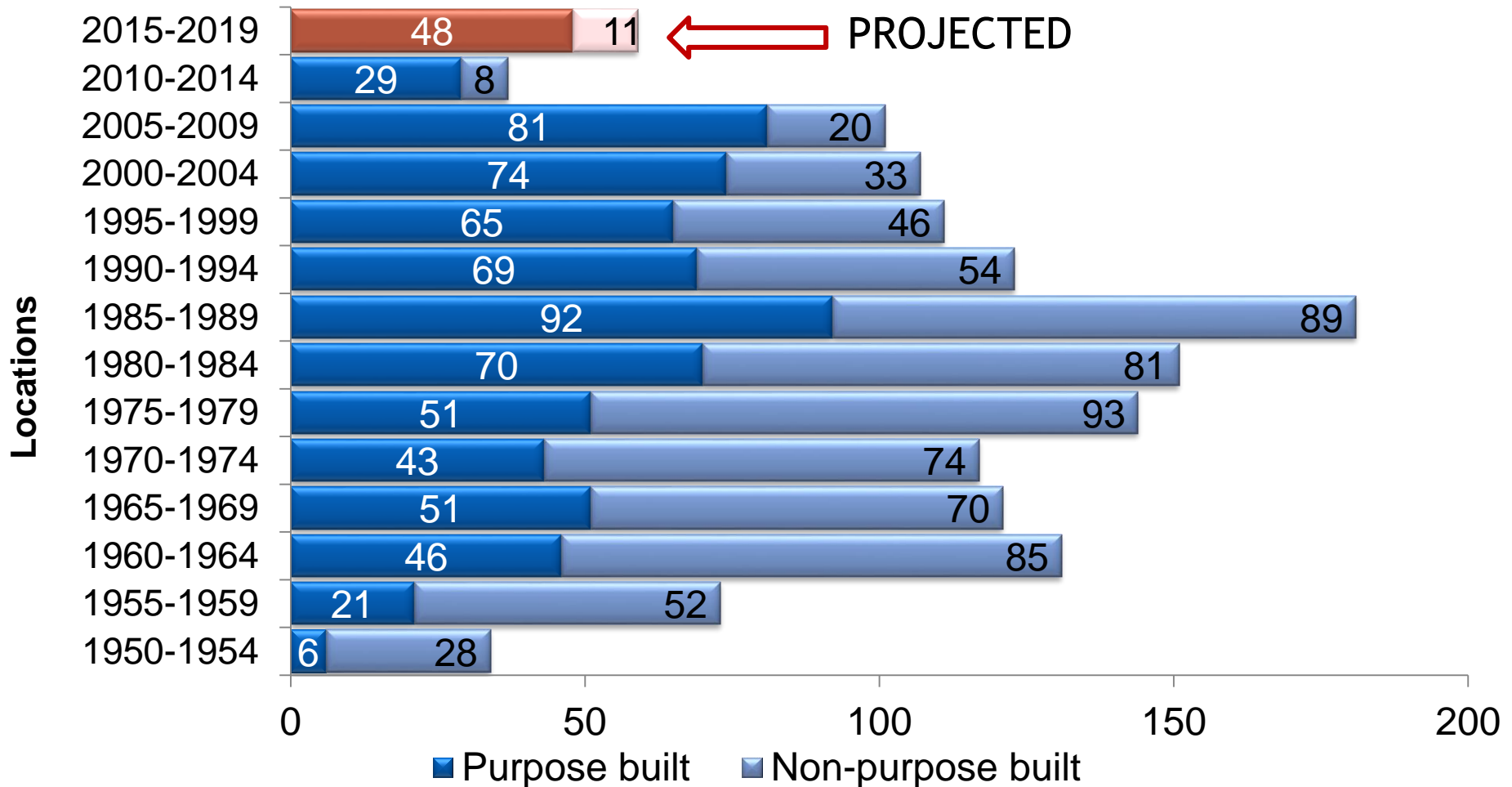
# GROWTH PLANS OVER THE NEXT TWO YEARS

## Percentage of LZ 150 who plan to grow through...



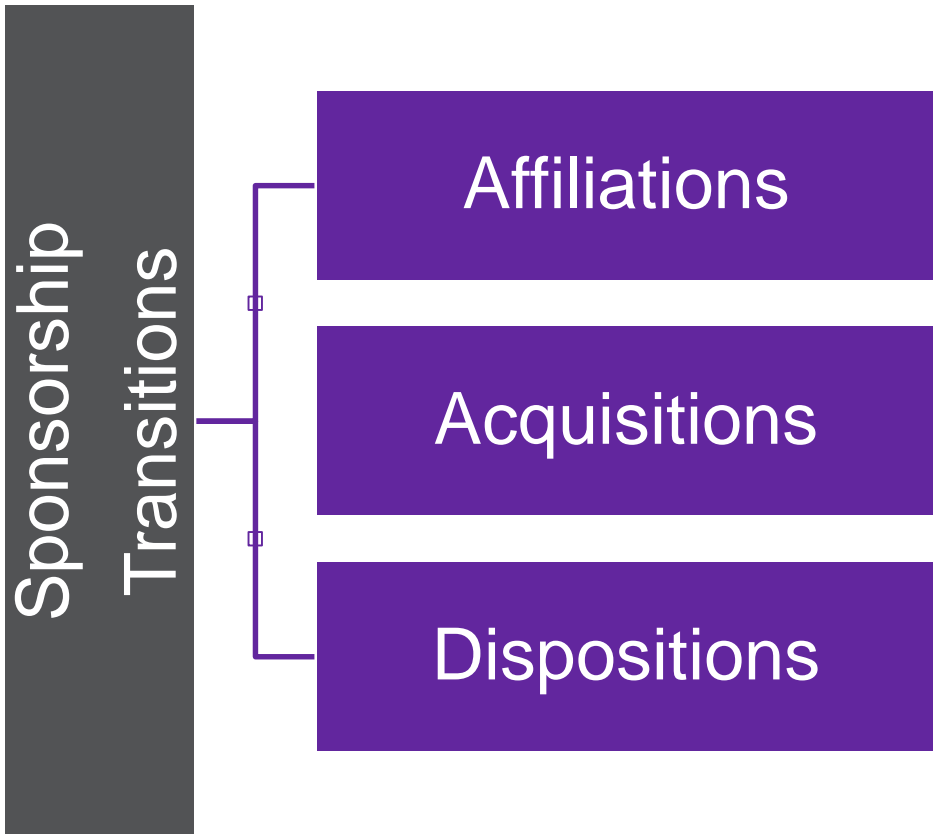
# LIFE PLAN GROWTH BY TYPE (1950 TO PRESENT)

## LPC Incremental Growth, By LPC Type 1950 to Present



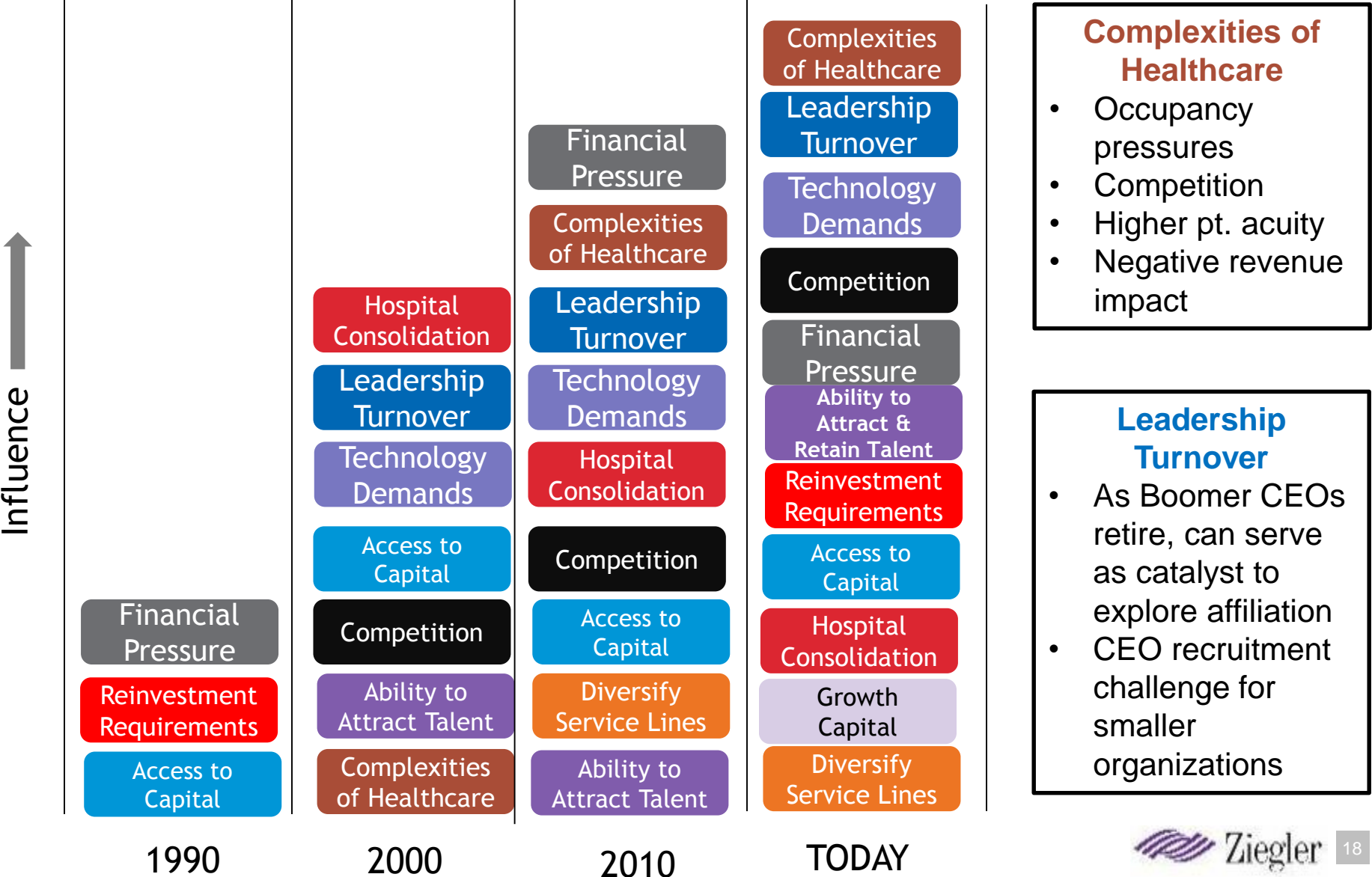


# GROWTH THROUGH SPONSORSHIP TRANSITION



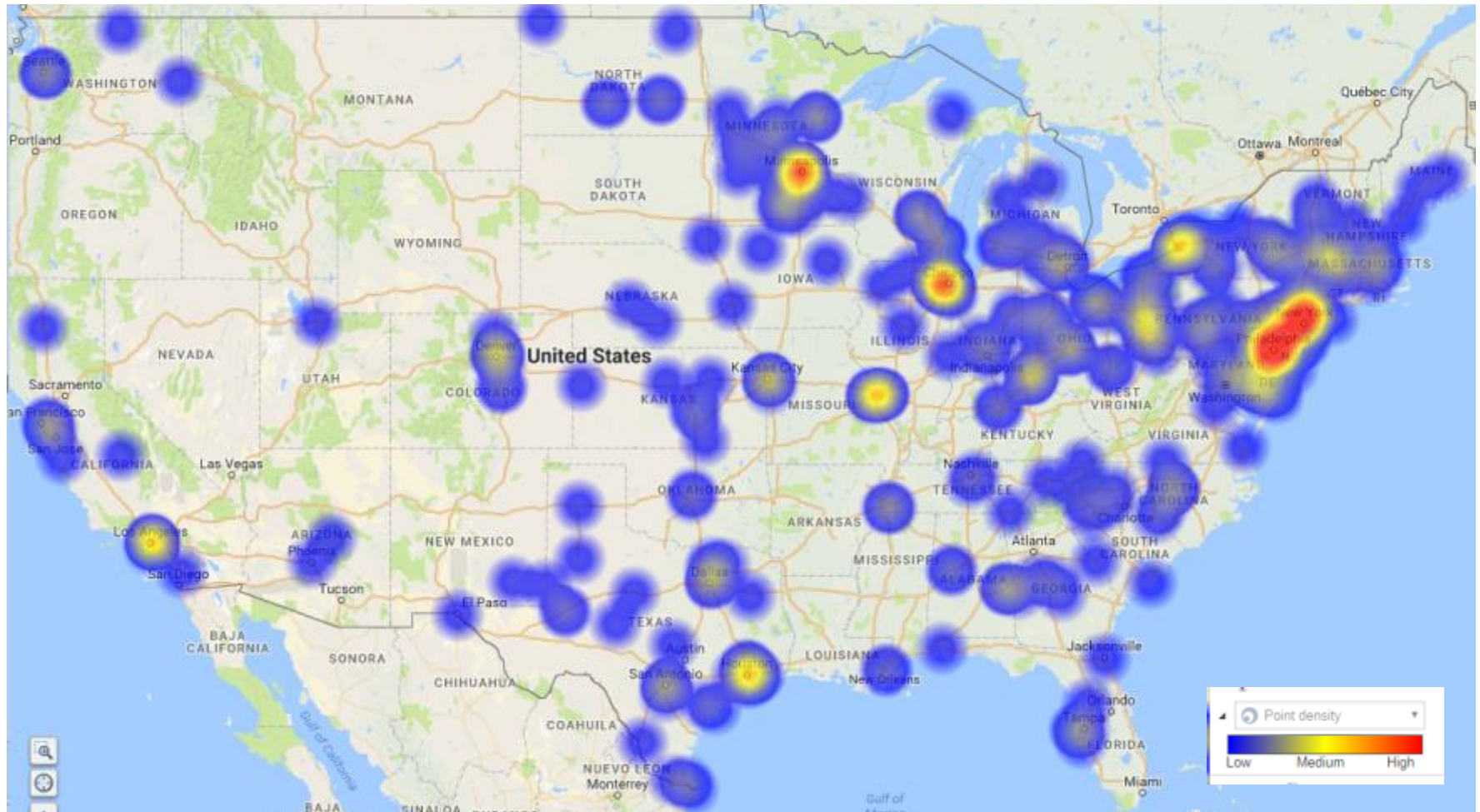
- Currently the primary mode of growth for residential settings among not-for-profit senior living providers
  - Systems coming together
  - Two smaller organizations joining to form larger
  - Single-sites joining a system

# DRIVERS FOR NFP SENIOR LIVING CONSOLIDATION



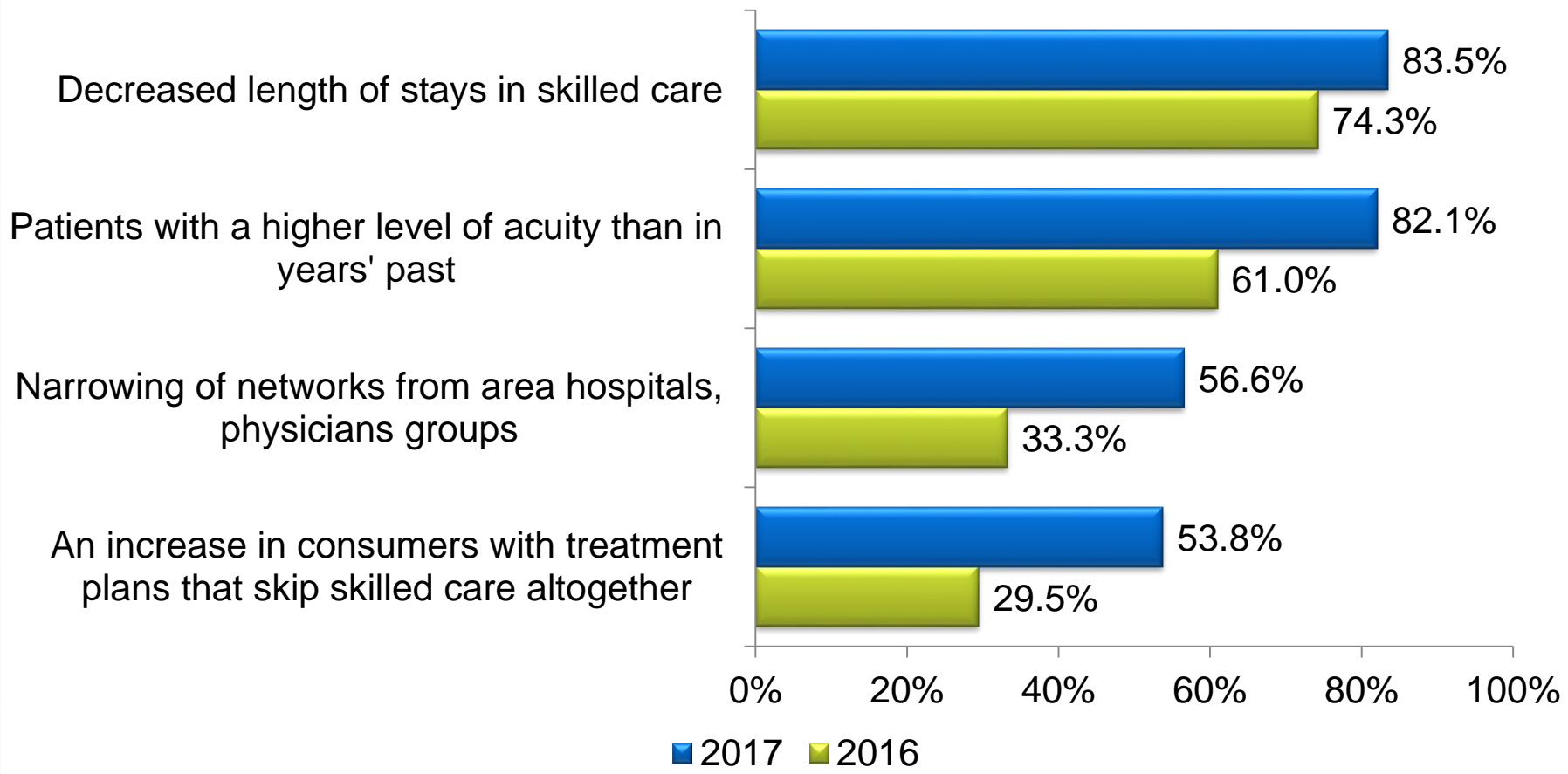
# NFP SPONSORSHIP TRANSITIONS

Approximately 380 Not-for-Profit communities changed sponsor/owner between 2010 and Mid 2017



# ZIEGLER CFO HOTLINE: POST-ACUTE ACTIVITIES

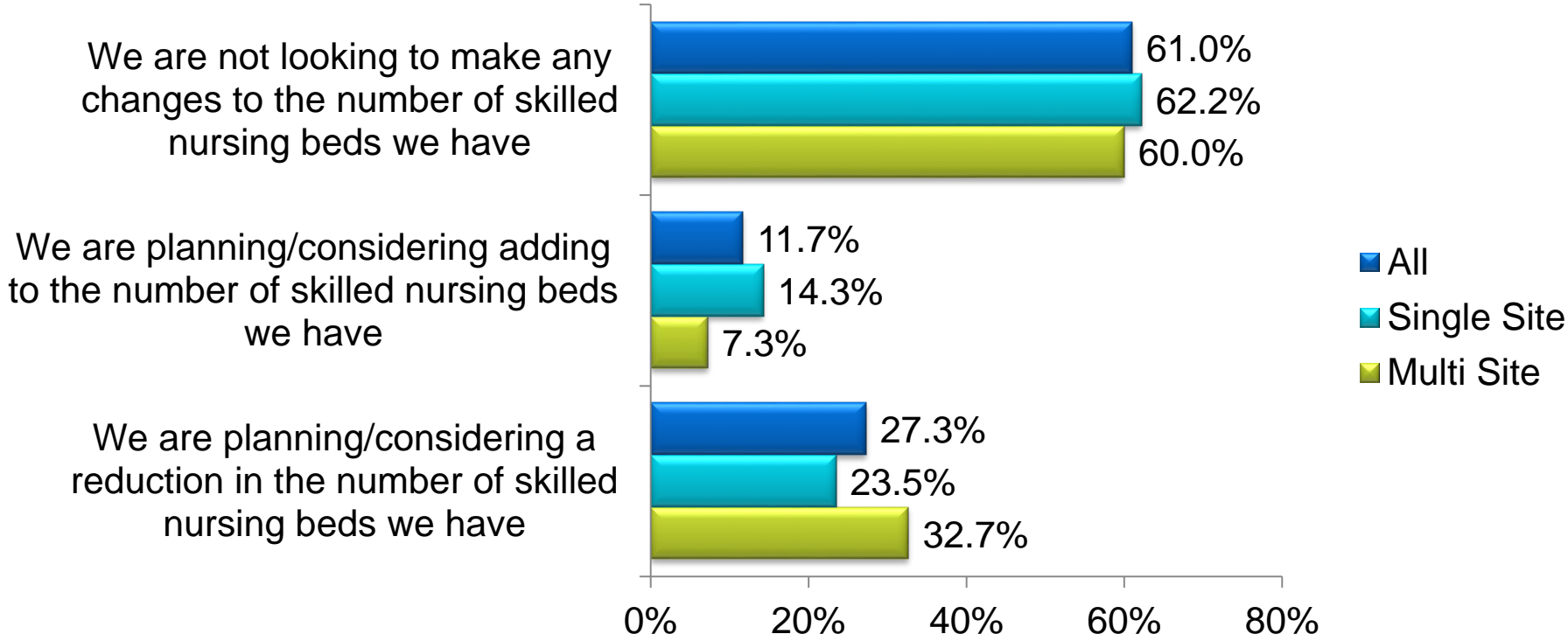
**Is your organization experiencing any of the following regarding your healthcare setting?**



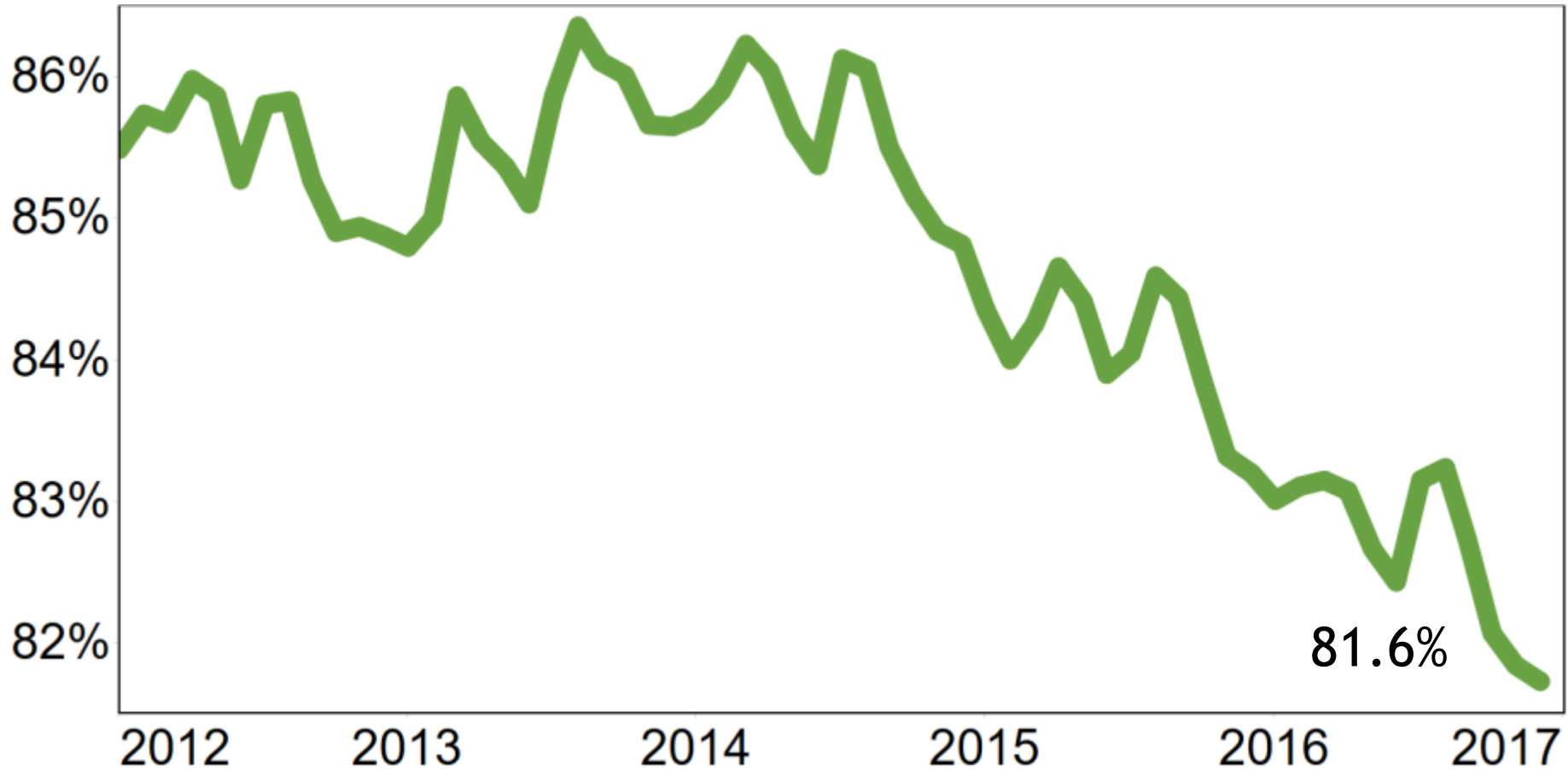
Source: Ziegler CFO Hotline, August 2016 & August 2017

# SKILLED NURSING BEDS- FUTURE PLANS

**Regarding the number of skilled nursing beds throughout your community/system, which of the following best applies:**



# SKILLED NURSING OCCUPANCY CONTINUING TO SET RECORD LOWS



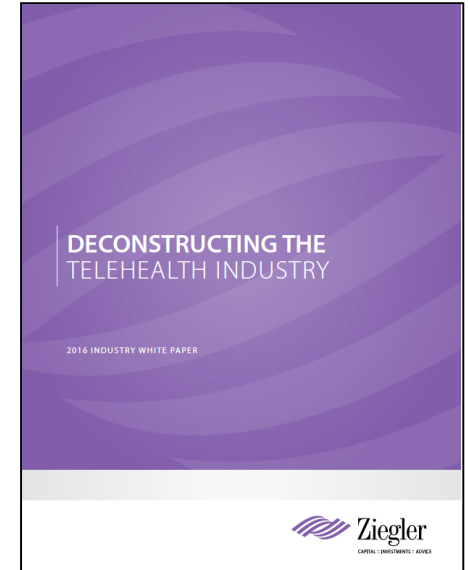
# THE CHANGING FACE OF SENIOR CARE TECHNOLOGY

## This Seattle start-up is building an Amazon Alexa for health care

- SayKara aims to be a virtual scribe for doctors.
- Doctors are spending half of their time on busywork, including filling out fields on the electronic medical record.
- The Seattle-based start-up is launching this week with \$2.5 million in funding.

Christina Farr | @chrissyfarr

Published 21 Hours Ago | Updated 19 Hours Ago



Ziegler white paper



## Senior Living Sees Slow But Steady Robot Revolution

September 15, 2017 by [Tim Regan](#)



# ZIEGLER LINK•AGE FUND (ZLF)

Aging in Place

Coordination of Care

Chronic Disease Management

Reduction of Hospitalizations and Readmissions

Prevention and Wellness Strategies

Government Funded Programs / Public Health Related Matters

## Representative Business Models

### Healthcare Services

- Behavioral Change Management
- Capitated Physician Models
- Concierge Medicine
- Homecare 2.0
- Hospice and Palliative Care

### Healthcare IT

- Clinical Decision Support
- Medication Management
- Population Analytics
- Remote Monitoring
- Telehealth

### Other

- Institutional Pharmacy
- Medicare Advantage / Dual Eligible Plans
- Post-acute Care Diagnostics and Therapeutics

## ZLF Fund

**Breezie**



**CIVICHEALTH**



(RECENTLY ACQUIRED BY AFAM)

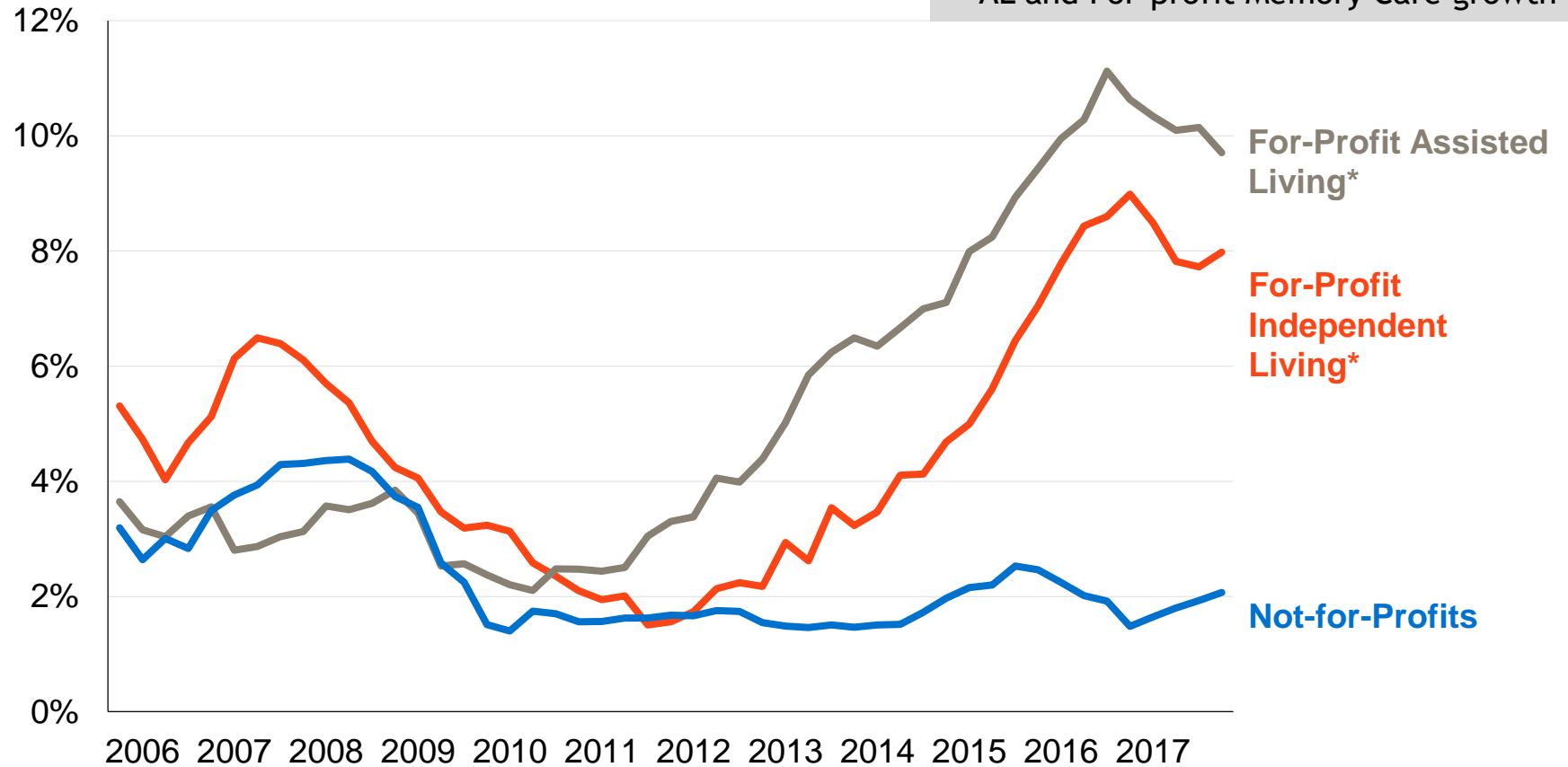




# NOT-FOR-PROFIT CONSTRUCTION COMPARATIVELY FLAT

## Construction vs. Inventory; MAP31 Seniors Housing | 4Q05 – 4Q17

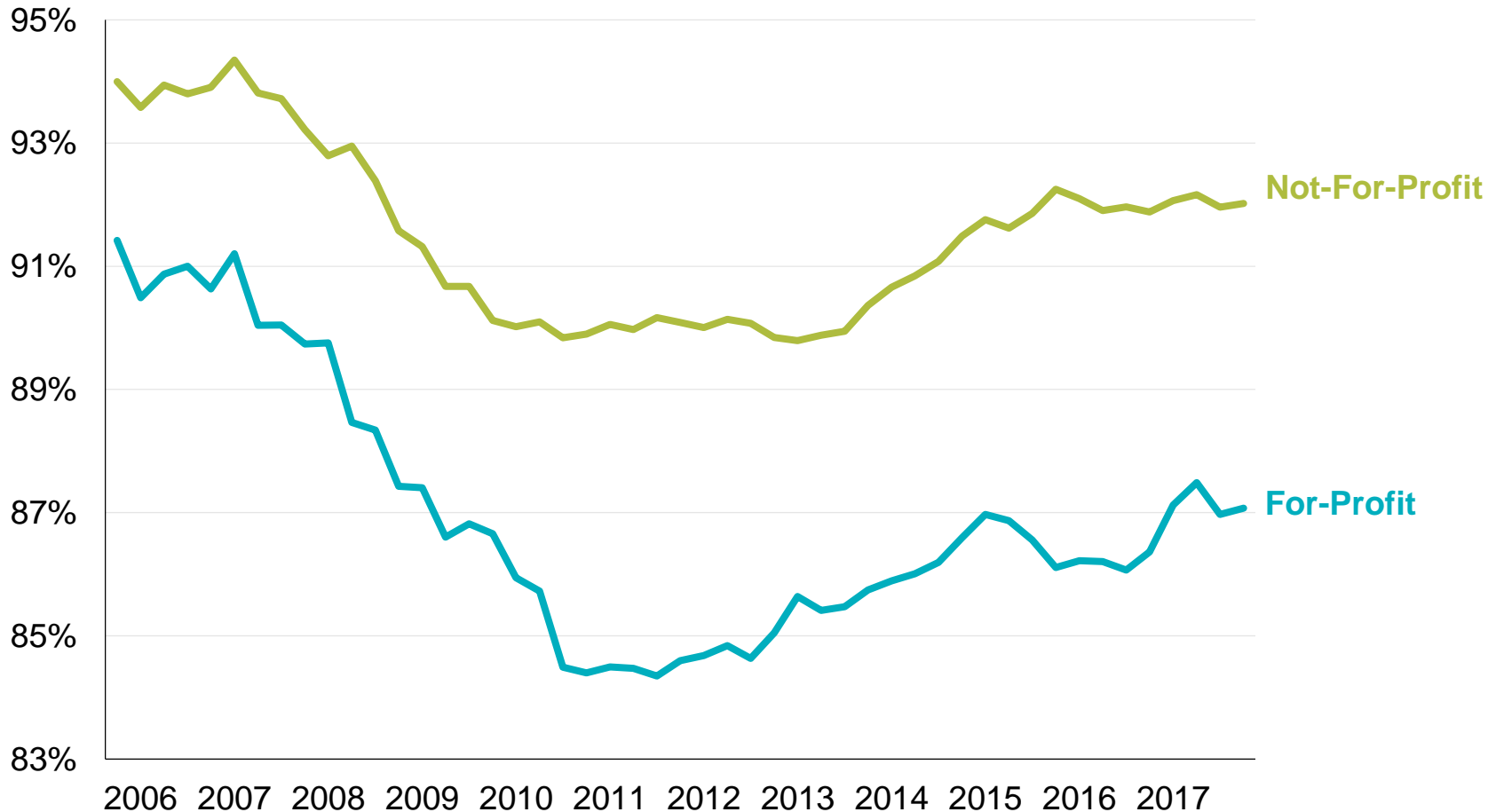
Of the overall growth in seniors housing since 2005, **49%** is attributed to For-profit AL and For-profit Memory Care growth



\* Excludes CCRCs

# NOT-FOR-PROFIT CCRCS MAINTAIN HIGHER OCCUPANCY

**CCRC Occupancy by Profit Status; MAP31  
4Q05 – 4Q17**



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- Ziegler is a privately-held investment bank, capital markets, wealth management and proprietary investments firm
- A registered broker dealer with SIPC & FINRA
- Ziegler provides its clients with capital raising, strategic advisory services, equity & fixed-income trading, wealth management and research
- Founded in 1902, Ziegler specializes in the healthcare, senior living, educational and religious sectors as well as general municipal finance

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