

TABLE OF EXPERTS

# THE BUSINESS OF SENIOR LIVING CARE



## MEET THE EXPERTS



**STEPHANIE HARRIS**

Stephanie Harris is the chief executive officer and principal of Arrow Senior Living Management and Turnaround Solutions. She has developed proven sales, marketing and management methods to transform low-performing communities with 60-70 percent occupancy to 100 percent in a matter of months.

While in her third year of law school, Harris developed her senior housing consulting business and started Turnaround Solutions for Senior Housing LLC. Guided by her consulting experiences, she then created Arrow Senior Living Management in 2009. Under her leadership, Arrow Senior Living has seen unparalleled growth and currently manages 1,192 units with an additional 998 units under development. Arrow operates in Missouri, Ohio, Illinois, Indiana, and Florida, and employs more than 700.



**SCOTT AUMAN**

Scott Auman is a project manager with Stark Wilson Duncan Architects (SWD) in Kansas City, Missouri. He has 27 years of experience in architectural design and planning, serving a diverse set of clients. His professional experience has included projects for military, educational, multi-family housing, corporate and senior living projects. Auman has spent the last five years working almost exclusively in designing, and planning about 750,000 square feet of senior living communities. He is a registered architect and received his bachelor of architecture degree from the University of Kansas. SWD is a full-service firm that serves a wide range of commercial, residential and public sector clients, with an emphasis on senior living, multi-family housing, historic restoration, health care and office design.



**MIKE PERRY**

Mike Perry joined HBD Construction, Inc. as a project manager in 1980 after graduating from the University of Missouri - Rolla with a bachelor of science degree in civil engineering. He was inducted into the Missouri University of Science Technology Academy of Civil Engineers in 2012.

HBD continues a tradition of expert general contracting and construction management services by delivering quality and integrity on every project, from conception to completion.

As president, Perry is committed to the success of HBD and stays personally involved in all HBD's projects. He provides leadership to the company by leading a project manager training course, company coordination meetings, field staff instructional meetings and safety meetings. His vision for the company is a controlled growth which builds on the company's strengths, while continually improving the company's construction delivery process.



**CARMEN FRONCZAK**

As vice president of sales at FV Services Inc., Carmen Fronczak develops and leads strategic revenue and occupancy-building initiatives for FV at Home (home health), the Friendship Villages of St. Louis (life care retirement communities in Chesterfield and Sunset Hills), Fountain View assisted living, and skilled nursing and rehabilitation in the Village Care Centers. Fronczak partners with senior management in the development and launching of new senior services product lines, leading the sales teams and training for all company offerings. She is a registered nurse with a degree in business administration and will graduate from Logan University in the fall with a master of science in health informatics. She has been with the company since 2012. FV Services Inc. is a faith-based senior services company managed by a local board of directors.



# THE BUSINESS OF SENIOR LIVING CARE

## **What are the different types of senior living options available in the St. Louis area?**

**Carmen Fronczak:** I think the first option would be for seniors who want to stay in their homes and use some type of home-based service. And then, as we look to the different senior living communities, there are a variety of financial models. There are rental communities where you're simply paying a monthly rental fee, and there's no health care piece involved with that. There are fee-for-service communities, where, as you need more health care or as your needs change, you would pay as you go with fees increasing as you're accessing more care. And then there's the life care model, which is what FV Services offers at the Friendship Villages of St. Louis. With life care, you pay an entrance fee up front, and that sets a predictable rate of what your future health care is going to cost. So, essentially, it's a senior care plan for all future health care needs.

**Mike Perry:** We see a lot of independent and assisted models being built together, because people are staying in their existing residences longer and transitioning into the skilled facilities as a last resort. Within home care, people are either staying in their independent apartments or opting to go into the assisted facilities. In Missouri, those assisted-living facilities can provide memory care for them as well.

**Stephanie Harris:** We have noticed that people are waiting a lot longer to move into senior living, so they're coming in with a lot more care needs than ever. A lot of the home-care emerging businesses have said, "We're going to

eliminate or really reduce the need for senior services." The difference is that even though some new technology may enable seniors to live at home, their desire to be around other people and to have a sense of community cannot be addressed by technology. That togetherness only happens in congregate living. There's a Harvard study on aging by Edward Hallowell, an education researcher. He found that the quality of connections between individuals is what adds quality years to someone's life. So, somebody can be living at home, but are they thriving? And that's the big difference that we see. Among folks who are staying in their homes, often a form of self-neglect occurs. But when they are part of a community, the scope of services, the larger set of eyes, and the different levels of engagement result in aging at its highest quality level. Even though it may be at the end of their life, the quality of your services really has an impact. It's like they get plugged into a whole new lease on life.

**Scott Auman:** We've offered continuum of care where we have independent living, assisted living and memory care living units. We have started providing another service, a villa-type of home, to give a single-family-type of experience with our projects.

## **Why are we seeing so many new senior facilities going up? And what's the most popular?**

**Stephanie Harris:** A lot of areas across the country are experiencing oversaturation in senior housing. St. Louis has actually done fairly well. We've had a lot of new developments, but we've not had the bottoming out that some of the cities have had where there's just too much

development. That's because of the strong stability of St. Louis. People want to age in place. They want to be a part of this community. We don't have the booms and bust of occupancy or constant movement in and out of the area like certain destination cities. We've been able to experience a very steady performance compared to so much new development that occurred in places like Texas and Florida where competition is fierce. The Midwest is now the new focal point of a stable marketplace. For senior communities that perform, seniors are attracted to live there. Adult children who live in St. Louis want mom and dad to live closer to them. The other thing that I think is really remarkable in senior living is that for every 10 individuals that look at senior housing, or would be qualified to move to senior living, only one of them actually considers senior living. So, our penetration rate is small. Another interesting statistic is that if you were to universally increase market share by 1 percent, every community in this country would fill and have a waiting list. That's how much impact only a 1 percent market share increase would have. Some towns or communities actually have higher penetration rates than we experience in the St. Louis region. Some communities are seeing about 10 to 12 percent. But St. Louis is pretty much middle of the road in performance and penetration rates. I think the more that senior living shifts toward a proactive education model, with providers reaching out to adult children and to seniors directly to make proactive moves, we're going to begin to see that all of these new communities will perform very, very well. Our main competition is people staying at home versus moving.

**Mike Perry:** I think as our standard of living goes up generation after generation, particularly the children of the



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**CARMEN FRONCZAK,**  
 FV Services Inc.

with the sheer numbers of people turning 65.

**Stephanie Harris:** But industrywide, senior living is at its lowest occupancy historically. We’ve dropped 300 basis points in one quarter. As an industry, we’re at 85.7 percent average occupancy in assisted living. So, some of the demographics are really not catching up. You’re right, five years from now, things look great, but right now we’re a little bit in a donut hole where the demand is growing at the same rate as we see five, 10 years from now. The supply is growing and becoming more competitive and creating pressure on existing communities.

**How are the senior living options comparing with seniors’ expectations?**

**Mike Perry:** The newer facilities are better constructed. They’re going to have better insulation, better heating and ventilating systems. These are more conducive for a healthy environment and I think this makes it more attractive to the folks coming into the facilities.

parents are expecting more out of a senior facility. They’re expecting a state-of-the-art facility that has all the latest equipment and amenities for their parents. The newer facilities have this and more, whereas the older facilities are having a hard time keeping up financially to provide the same features. Consequently, you see the latest and greatest facilities going up which people are attracted to. Even if their parents don’t care about the upgraded amenities, the children want them to enjoy the same

amenities that possibly they have at their own home.

**Carmen Fronczak:** Every day, 10,000 seniors turn age 65. So, the need is only increasing. FV Services has begun a \$201 million expansion between both of our communities, and the senior living portion of that is essentially sold out. For these homes, buyers are not going to be making that move until 2020, but they’re planning now. And there is a wait list for those new buildings. So, the need is so great

**Scott Auman:** I agree. The other thing is safety. I think as kids are seeing their parents age, they want a safe environment for their loved ones. And that’s part of it, too, with these facilities, that we want to make sure that we have that safe place for them.

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As our standard of living goes up generation after generation, particularly the children of the parents are expecting more out of the facility. They’re expecting a state-of-the-art facility that has all of the latest exercise equipment and amenities for their parents.”

**MIKE PERRY,**  
HBD Construction

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**Carmen Fronczak:** Today’s consumers are savvy, and their expectations are increasing. Our largest apartment is 1,700 square feet. Our largest villa is 1,900 square feet with a basement. These are huge residences. Their expectations are multiple dining venues and wellness options. One thing I’m passionate about is care navigation, and that’s an expectation as well — having a nurse to help them navigate their health care needs and stay independent as long as possible. Additionally, we have onsite physician clinics in partnership with St. Luke’s and Mercy, addressing residents’ health care needs at their home and with their trusted provider.

**How do you balance the needs and wants of seniors and the desires of decision-influencers? I think you mean adult children.**

**Stephanie Harris:** Yes. We call them influencers, and we’re aware a lot of people call them the decision makers. And I think that’s not accurate. Although the decision often is prompted by a senior who is experiencing some kind of a crisis, it’s usually the adult children who speak up. Unfortunately, I think in our industry we too often communicate through the adult child and don’t recognize that the senior himself or herself still holds the power to veto the decision. Actually, a lot of the things that delay the final decision to move is an emotional disconnect to the logical reason why they should be making the move. As a result, they say, “no;” “no” to even looking, “no” to their adult child who found a community that they thought was great. They won’t even begin to entertain the idea, based on their preconceived fears and assumptions that it really is still a nursing home, or they believe that “I’m too young for this.” As we age, the gap between our real age and how we feel gets wider. Experts say that an average 85-year-old has a 13-year age gap from their perception of who they believe they are to who they really are today. That denial is a major reason why we don’t see a much higher penetration rate in our industry. But if we can shift our marketing thinking toward intervention at a much earlier stage, we may be able to help seniors think about the advantages of making a proactive decision. It is better for them to make a decision when they have a scare versus after a hemorrhaging crisis that forces them to make the move. That way, they will have a much more valuable experience. It’s also better for the senior living community. For example, Arrow Senior Living has installed sensor technology that’s actually doing 2D imaging to monitor what’s called a “tug score.” It watches how the resident is walking. Are they shuffling? Do

they look like they have tendencies that might cause a fall? It’s monitoring their vitals; all of these things that help prevent falls. It also can be used for monitoring heart disease and other conditions. Fifty-eight percent of all 911 calls are due to falls and heart disease. Arrow Senior Living actually creates better outcomes for our communities at large just by the systems and technologies that we’re automatically including in the construction phase as a standard priority in every new development. It’s very difficult and expensive for existing communities to be able to compete at that level.

**Mike Perry:** I’ve seen through personal experience a lot of seniors go one of two directions. Some love the idea of living in a community, while others want to stay in their own home as long as possible. Independent living is the next-best thing to that. Some think they can’t afford any other option than staying at home.

**Scott Auman:** I think that’s the advantage of the villas. You can still have an independent lifestyle that you were

used to at your house, but still have these conveniences and these services that are provided as part of the overall community.

**Carmen Fronczak:** And I think as far as balancing the desires of the prospects and the influencers themselves, we often give the influencer some advice, such as narrowing down the number of communities that you’re looking at to find the one or two or three that are going to appeal to your mom, or whoever it is. Try the food. Talk to the residents. Schedule a short-term stay; maybe a week-long stay or a month stay, before they move there permanently. All of those things usually help close that gap between what the adult child or influencer is wanting and what the resident or potential resident wants.

**Stephanie Harris:** I want to add one more layer to that. There are a lot of fabulous communities in the St. Louis area that offer this exclusive lifestyle. I think the challenge we have is that not everyone in the St. Louis area has the financial means to enjoy those types of exclusive communities. And we’ve been finding that as you implement technology, you can create efficiencies that can drive down operating costs and keep communities more affordable for residents. At Arrow, we look at some of the things that we can do that are an ancillary

to our direct services that create the value within the community while lowering our costs. For example, how can we implement and use technology to create more efficiencies? Can we help our residents enjoy a healthier life because we’re able to identify changes in care needs at an earlier stage, which can create a longer stay? If we’re turning fewer apartments, we’re able to put that much more into the services that we offer. I think the paradigm shift we’re going to see is that we need to serve the fattest part of the bell curve of seniors with resources, and that’s middle market. Interestingly, many of them may be able to afford a more exclusive community because they’ve saved very well, but they’re not used to investing in themselves. Whereas our future residents of baby boomers are used to investing in themselves, their parents aren’t. And that’s who we’re serving today. So, it’s a delicate balance of bringing in new resources and services but, at the same time, not overselling the value of what seniors today want in exchange for what they’re willing to pay.

**Scott Auman:** Carrying on with that thought, we’re starting to look at how to help the operator reduce operations

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Arrow Senior Living Management



cost by combining services that are being offered. This could include placement of commercial kitchens, salons and spa rooms. Placement of these functions between the independent living and assisted living areas, these functions can be shared leading to reduction of cost. During the programming phase, we look for opportunities where we can utilize these combined services.

**Mike Perry:** We're always looking for alternative materials that can still give a wow factor but not be as expensive as some of the higher-end materials while also creating energy efficiencies. For example, we're putting in more energy-efficient lighting, such as LED lighting, more efficient mechanical systems that reduce the cost for the operator. This helps because costs are going up on one end, and reimbursements, as we all know, are going down. It's a perfect storm for operators that I see these days.

**What does the future of senior living look like?**

**Stephanie Harris:** So, just to put texture to this, there's actually a \$500 gap in the average senior income at the age of 85. If you compare 80-year-olds today to 85-year-olds five years from now, they're going to have \$500 less in resources. Mike talked about how construction costs are driving up the type of debt we're putting on these projects. Labor costs are also rising. We've had 16 percent wage growth just in two years. And most of that's been in the last year. We're more competitive not just to hire the top talent, but also to retain workers and keep all the jobs filled. It's just a new reality that we're in, given the health care worker shortage that we're experiencing nationwide, and particularly here in the St. Louis area. I think that that's where the technology piece also comes into play. The life-care sector tends to attract seniors at a little younger age than we do in the stand-alone market-rate rental senior living model. Although we have independent living, assisted living and memory care, which encompasses progressive care, our seniors are those who waited a little

longer. They want to pay rent month-to-month versus a buy-in. We are experiencing much shorter lengths of stay. And in the 18 years I've been in this business, it's gone to 50 percent of what the length of stay was when I first started. That means about a year is the average length of stay. We must invest in ways to encourage folks to move in sooner, including using proactive sales and marketing tools and having the patience to work with those who are delaying their decision or who have that disconnect between emotion and reality. In addition, when you complement that with some of the technology that creates efficiencies, it helps us to drive down our costs. For example, if you took \$500 a month off of the rent that our residents are paying today against our current cost structures, we'd be in business just to pay our debt service. And, certainly, our investors are not going to find that to be an attractive business, unless we change how we operate. And we can't just keep raising rent, so it has to be in how we're operating as a whole and what we're doing to increase length of stay.

**Mike Perry:** Again, technology is amazing. We'll talk about that in a minute. What we're putting in the facilities compared with just a few years ago is quite different and improved. But it's all in an effort to help with convenience and compliance, to show when there is an incident, how it happened, as well as making operations more efficient.

**Carmen Fronczak:** Another trend that we will start to see is the "life care model without walls," or life care without traditional brick and mortar. A resident will be able to stay in their home and still have that assurance that they can receive health care when they need it and know where they will receive it. You will see organizations, like ours and others, entering into agreements with residents staying in their homes, and bringing care coordination to them — possibly meal delivery, supportive services such as medication management, focusing on wellness — to keep them there as long as we can. And if and when they need more care, they have that relationship and know

where they're going to go. It's an innovative way that we see senior living changing. And there are other areas of the country already providing this model — providing wellness while a senior stays at home. And then, the provider becomes the community that the senior lives in. Especially if and when they need skilled nursing or memory care.

**Stephanie Harris:** Sadly, there's a little bit of regulatory control as to how much you can allow somebody to age in place. I think that states are certainly going to have to be more flexible in how they think of licensed care. Currently, seniors have to move to the care instead of the care coming to them if they live in a licensed setting. Those living at home can have a variety of levels of services but as soon as they move to a licensed assisted living or licensed skilled nursing community, the services only can be provided in a single building, so you must move to that location. And that's a real challenge — what the regulations say versus what the public is going to demand, as well as what future generations will demand that services should look like.

**How is technology changing the way senior living looks and works? And are seniors using this technology?**

**Mike Perry:** I believe that they are. I've heard that over 90 percent of seniors coming in now have used some type of mobile device to communicate, either through email, possibly photo-sharing, Facebook or Skype. So, really everything we're involved with has a state-of-the-art infrastructure, Wi-Fi and wired. Having a robust Wi-Fi system in place is almost mandatory now for what we're building.

**Scott Auman:** I think technology, along with the resident-monitoring systems that are in place, applies to

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construction techniques as well. Mike, you touched on this earlier, that we're making buildings tighter, more efficient; the mechanical, electrical systems. Just trying to increase those efficiencies, along with panelization of walls, so we can get these buildings up quickly. There have been recent studies regarding construction techniques that utilize compartmentalization of building units that plug into the structure.

**Mike Perry:** So, if you combine all the technology residents want with what the operations staff need in the way of electronic records combined with our building systems, such as energy-management systems, lighting management, the complexity and the cost of our low-voltage wiring in a facility continues to increase. Now that being said, a lot of devices are now going wireless. Still the technology piece itself is becoming a major cost component, where it used to be a footnote. We used to have just a fire alarm system, telephones and maybe cable TV.

**Carmen Fronczak:** With the implementation of electronic health records and other systems, we have access to so much data that we didn't have before. We can take that data and use it to drive quality care in our community. We are a member of the advisory board, compiling data on skilled-nursing residents about quality and outcome. With that, on a quarterly basis, we can review and ask ourselves, "Where are we doing well? Where can we improve and make course-direction changes?" We also see technology being used in the form of wearables, medication management, tele-health visits and more. We are partnering with a local health system to start offering tele-health visits to our residents, so they can stay in independent living longer. By bringing that quality care into their home, residents avoid rehospitalizations.

**Stephanie Harris:** About five years ago, we acquired a community that was owned and operated by the largest

senior housing operator in the country and not every director even had a computer to use. So, what I really enjoy about our company is that we are a magnet for technology because we're a little quirky and a little counter-culture. Our whole purpose is to make senior living cool. We have the advantage of being able to look back at what other industries have already done in implementing technology that would be cutting-edge for us. We look at how we can deliver more and engage residents with the use of the technology. In our new communities, we're building media rooms — similar to a university library — and we're building a sampling room, where the residents can trial-test different types of technologies and services. These are interesting, flexible spaces that we can modify or adapt over a period of time as we consider future possibilities. Another interesting consideration is how Amazon may become a threat to our industry as it has engaged a pioneer in thought leadership on skilled-care services and the greenhouse model who's working on a home-based robotic health care project. There's not a lot of information yet, but with Amazon chomping at the bit, who knows what effect the availability of technology will have for seniors in their homes. I'm curious to see how much more exposure to technology resources seniors will have that will enable them to remain in their own homes that much longer.

**Mike Perry:** We've had to increase the areas in our senior facilities to receive deliveries because everybody is ordering everything online today.

**Carmen Fronczak:** As part of an expansion project in 2015, we had plans to build a library. Then we stopped midterm and said, "Wait, this needs to be a media lounge, not a library."

**Scott Auman:** I really enjoy walking through the spaces after they're completed and occupied and experiencing the interaction of the residents. One staff member put it in perspective: It's a cruise ship on land.

**Talk about how operators are keeping up with trends,**

**given the increasing costs for both new and rehab projects.**

**Mike Perry:** We've done quite a bit of renovation in recent years, and it is very difficult. It is almost at a hospital-level type of renovation. Safety is first, and the residents' safety is so critical. We must do things differently, for example, temporary hard walls are replacing what might be normally just safety tape. Larger, easier-to-read signs are replacing just our everyday signs. The air quality is another very important thing. Many residents either might have a hearing problem, an eyesight problem or trouble walking. So, the trip-and-falls, which can be prevalent anyway, but are increased when you are changing their surroundings. Most operators want us to be invisible, as much as possible, while we're doing the renovation. So that becomes a real trick with the noise that we make, because you have residents that sleep during the day, so there's never a good time to perform a renovation of their hallway. It's a real challenge, and it really requires close contact between contractor and facility operator to coordinate that safely. And the other fear, of course, during renovation is a decrease in census. So, the more invasive and the longer those renovations go on, the greater the likelihood that the operators are going to lose residents, which obviously hurts the bottom line. So, the faster we can get done and the less impact we have, the better the result for an overall renovation.

**Stephanie Harris:** There are so many more things you have to think about. This is someone's home. It's not like a hotel renovation. So, I really advocate that the community stay on top of it as a less intrusive process where every couple of years you're addressing different areas. For us, it's an ongoing priority to keep all of our communities relevant and fresh. By continually staging renovations a floor at a time or an area here and there, you can eliminate massive upgrades. Unless it's your actual infrastructure that needs to change, I think that an ongoing approach produces a far better outcome for seniors who make their home in one of our communities.

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**Scott Auman:** It starts with communication between all parties: the contractor, the operator, the owner and the design team. To make sure that it's a safe, working environment, and work can progress.

**Carmen Fronczak:** There are existing building renovations happening in both of our communities right now, in addition to the large multi-building expansions. And one of the things that we find helpful is our on-site project manager. Every week, she holds a meeting with the residents in both communities, tells them exactly what's happening and shares photos. If it's something on the exterior, using a drone to really show them what's happening is helpful. And the more that we can educate them, the more comfortable they feel. Our original buildings were built 40 years ago, so we're adding things such as laundry areas in the apartments, crown molding, granite — all the things that our new residences offer. Hallways are renovated to be lighter and brighter, to look and feel like the newer buildings.

**Mike Perry:** We've done the same, trying to work with the operators to engage the residents. We'll do hard hat tours and try to engage them in the construction process.

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**SCOTT AUMAN,**  
 Stark Wilson Duncan Architects



**How do operations and site selection impact a senior living community and its design?**

**Scott Auman:** The senior living communities are an interesting building type. They combine aspects of institution, multi-family and hospitality, all wrapped into one building type. The goal is to get somewhere in the middle of those three areas. The key is to create a home environment. When we're looking at a site initially, we have to look at a broad spectrum of the community at large. What's our proximity to shopping, retail, grocery, hospitals, medical? We start there with the operator, with the owner, and look

at these proximities before we even start laying out the site. The site constraints impact the site layout, affecting the flow of staff and residents through the community.

**Mike Perry:** I would say the more grade change there is on the site, the harder it is to deal with because, obviously, with seniors, you would like a pancake-flat site. And there aren't too many of those type sites. So that ends up adding cost to the project if we must level the site with retaining walls and things like that. Finding that ideal site today is a real challenge.

**Scott Auman:** Absolutely. Sites are becoming very challenging. Ultimately, we want to provide the residents a sense of home and community.

**Is it difficult to find sites?**

**Stephanie Harris:** We just built in the city of St. Charles and it was the last major acreage grab in that city to build our community. It's an area that's experiencing a lot of

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continuous growth, but it's tougher and tougher to find the amount of land you need to offer the amenities that a modern community requires. There's lots of redevelopment opportunities. I think that will be our next, biggest move. And we've seen a lot of that already in West County and other areas of St. Louis.

**Carmen Fronczak:** We find that seniors want to stay in their neighborhood. So even though they're moving to a community, they want to shop where they've shopped, go to the same grocery store, and so on. Ninety percent of our residents come from within a 5-mile radius of the community they live in. So that's really staying in their neighborhood, and that makes site selection even harder when you're looking for a new development.

**Stephanie Harris:** One of the other complexities mentioned was about being near health care services. There's actually a disadvantage, in some ways, if you're next to a hospital. It's really about your proximity to an ambulance district, because you still require medical transport. And you can find that even when some of the best locations are near a hospital, the ambulance district is still 10-plus minutes away. That's a critical factor in an urgent situation. You have to look at all those variables. Not only is the situation ever-changing, it's also extremely localized. And I would absolutely agree that even in some of the suburban areas where we develop, we're still experiencing more than 80 percent of the seniors coming straight from that 3- to 5-mile band that is their current neighborhood.

**Looking as far out as you possibly can, what do you see as the future of senior living that's just a concept now?**

**Stephanie Harris:** I think it's a data-driven process for improvement. We've seen a lot of concepts for Lean

Thinking and Six Sigma approaches that have driven quite a bit of efficiencies in manufacturing that now are being applied to the health care or hospitality businesses. And we're just at the beginning of seeing how you can aggregate all that data. We did a count a few years ago with nine different systems of information, but none of them were talking to each other the way that we needed it to produce one cohesive solution. We figured out that we can't integrate all of our vendors to provide one comprehensive solution, and that's probably not even the best service to offer our business or our residents. But, we asked ourselves, can we create that in one tool and one device, or can it all go to an iPad that integrates everything together to improve our services? We did a consulting project in L.A. for a cinema company that crossed-over into senior living and used data services in the community they acquired. They used earpieces that could feed information about the last visit to a particular resident's apartment, about a resident's individual needs over the past 24 hours, or based on the last point services that had been provided. And I think that's the kind of information we're going to see. We're going to rely less on what we read or write and more on what we're hearing and seeing in that single touchpoint or single delivery of service. It will be much more customized and we'll be much better informed because we'll have all information channels flowing constantly and processing this information for us. If you're the caregiver, you'll be hearing the information you need as you're approaching the resident's apartment versus needing to spend time reading a chart to catch up, or failing to read the latest relevant information. The information will be provided as you're walking from Point A to Point B. Another thing we're already testing is how to use data metrics of critical quality indicators to determine how long it is taking to respond to a resident's need for care and what factors are driving both cost and outcome. Once again, we can look at industries that are already ahead of us in doing that and borrow those processes. One of the best learning experiences I had was with that provider trying to learn the business. They chose Arrow Senior Living as the best,

practiced senior living provider who could say: "Well, here's how operations does it" or "Here's the starting point that's considered best-in-class." And "What are you going to bring over from HR management and hospitality management to integrate into this delivery of service?" I think more and more of that will come as information technology drives the process versus people needing to manually input data about what just happened or what they just did. Information technology will be driving what we need to do.

**Mike Perry:** I think also making the units more customizable. We're seeing more and more of that. Somebody might want their countertops at a different height, so we're putting in adjustable-type countertops, adjustable bath accessories, things like that, because people want the layout to be just like they had at home. More choices in the food are expected. More choice, in what they call a "third place" where it's not just where they eat and sleep, but a library or an ice cream parlor or those sort of things, so people can have other choices of things to do while they're staying at that facility.

**Carmen Fronczak:** Three words come to mind for me. The first one would be "upward." We're going to continue to see these seniors having rising expectations — bigger residences, more technology being used, easier access to health care. "Outward." All businesses and brands are looking to expand their product offering. We're seeing many different markets combining. And then, of course, "inward." Home-based services or supportive services being used to help seniors stay healthier longer. We know that Medicare Advantage plans starting in 2019 are going to start reimbursing those non-skilled services. That is huge — not only for seniors living in their homes, but also for seniors living in retirement communities. They'll be able to get reimbursement for medication management or other gentle needs — we're really excited about that. And I agree, data is where we're headed. Everything is and will be data-driven.

