COMMENTARY

# 5 Skilled Nursing Providers to Watch in 2023

By **Amy Stulick** | April 10, 2023

Image courtesy LN_Photoart



**With reporting from Tim Mullaney and Zahida Siddiqi**

With the number of nursing home beds in decline across the United States — and providers large and small divesting of facilities, exiting the industry or shutting down completely — some organizations are finding ways to grow.

Expansion is one theme uniting this year's skilled nursing providers to watch. From a recently formed startup that is gaining ground, to an industry giant that is re-entering growth mode, to providers that are expanding their capabilities through acquisitions and partnerships, many of the providers on this list are finding ways to grow in the midst of market turbulence.



But growth alone is not enough to designate a company as "one to watch" — these organizations also are experimenting with innovative ways to meet the moment, finding ways to drive more advanced clinical care, address pain points such as hospital referral bottlenecks, and harness technology in new and useful ways.

Not all these efforts may ultimately prove successful, but they are certainly worth watching and learning from — and some might help to shape the future of the sector.

## Vivage-Beecan

With the skilled nursing industry becoming even more localized, Vivage saw an opportunity to deepen its footprint in one state through a merger with Beecan Health Colorado.



Vivage-Beecan aims to serve both rural and urban communities across the state, with the deal bringing together 42 skilled nursing communities under one integrated network of care. That's nearly 3,600 combined licensed beds across the state.



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"I think the two organizations coming together will have the strength and ability to really provide services and build programs out that are really needed for residents that live in Colorado," said Vivage CEO Jay Moskowitz.

Between Vivage and Beecan, the team covers the entire state in terms of placement, while speciality programs have room to grow in different locations.

Through combined resources, residents will have access to post-acute care, ventilator services, dialysis, long-term care, behavioral health and memory care.

It's a more comprehensive program for a broader population, covering a larger geographic footprint – virtually the entire state of Colorado.

Rebranding is in the works this year, but for now the operators have settled for co-branding across Colorado facilities, all under Moskowitz's leadership as CEO.

"As a united organization, we're bringing in two groups of people that have similar beliefs and have alignment as far as the goals that they want to achieve," said Beecan Health President Chaim Raskin. "I think it's rare in our long term health community to really, as an industry, find organizations that have such similar beliefs and bring them together."

The merger shows careful planning and a close look at what will work in the future, especially given Vivage's decision just months before to divest 11 SNFs in Colorado, Missouri and Wyoming.

Moskowitz points to underfunded government programs and the staffing shortage as reasoning behind the decision to consolidate.

Vivage operates and manages communities in Colorado and Wyoming, while Beecan Health is based in Glendale, Calif. and provides services to skilled nursing facilities, assisted living and other sectors across California, Colorado and New Mexico.

## Luther Manor

The lack of available post-acute beds is a major pain point for hospitals and the overall U.S. health care system in 2023, and a problem that will persist due to ongoing staffing shortages, facility closures and other challenges.

The way in which Luther Manor has taken steps to address this issue, through a partnership with Froedtert Health, makes the Wauwatosa, Wisconsin-based organization a provider to watch.

Luther Manor had been part of a preferred post-acute network with Froedtert for years, but tightened the relationship by opening a Covid-19 wing to alleviate hospital capacity pressure in 2020, Luther Manor CEO Stephanie Chedid told Skilled Nursing News. Then — in early 2021 — the two organizations further deepened their collaboration through the creation of an advanced transitional care program.

In this program, Froedtert reserves a certain number of post-acute beds at Luther Manor for complex patients in need of hospital discharge. Luther Manor gets paid to keep the beds open regardless of whether they are occupied, and works closely with the hospital system to furnish the care and services for a high-needs patient population that otherwise would be at high risk of remaining in the hospital for extended periods of time.

The program is overseen by key executives at the SNF and hospital, with Froedtert sharing expertise and resources with Luther Manor. Weekly interdisciplinary case huddles and weekly financial counseling case huddles take place — with "interdisciplinary" being a core component of the model. That's because the patients being admitted to the advanced transitional care program are not only medically complex but have a variety of social and financial needs.

For example, in a review period that ran between February 2021 and May 2022, the program admitted 65 patients, and 53 of them had medically complex care needs such as wounds, trachs and IV antibiotics, while 32 of them were in need of financial or social services, and 11 of them had substance abuse or mental health concerns, including recent suicide attempts. In addition, 51% of the people admitted were younger than 65 years old.

The program has expanded from 12 to 18 beds and has proven successful across several metrics, including opening up acute care beds and in transitioning patients to more stable and permanent settings. Nearly 40% of patients were discharged to assisted living or a group home, 30% went to hospice or end-of-life care, 25% went home (typically with home health), and only 7% were readmitted to the hospital without a return to Luther Manor.

The program could be a glimpse into the future for skilled nursing, in which SNFs care for increasingly acute patients — a trend that already is well underway.

“The skill and ability of the skilled nursing team that we have here is wildly, dramatically [higher] than it was eight years ago, when I started,” Chedid said.

Now, those skills and abilities have been further enhanced through the creation of the advanced transitional care unit, which has led to benefits across Luther Manor’s entire 99-bed SNF, which encompasses both long-term and short-term care.

That said, the creation of the advanced transitional care unit also has highlighted challenges that stand in the way of scaling these types of programs. The high-needs profile of the patients means that efficiencies of scale are somewhat limited — more patients will demand more staff and other resources. Still, there have been some efficiencies gained as the program has expanded, such as being able to have a dedicated rather than part-time social worker.

And the program is financially “fragile,” Chedid said, but she sees the expansion of value-based care as supporting these types of advanced transitional care units, given that they lower overall costs to the health care system to move high-cost patients into the SNF and ultimately into a longer-term setting.

And government officials in Wisconsin have taken note of the success that Froedtert and Luther Manor have already achieved and are exploring ways to build on it across the state, Chedid said. Luther Manor is advocating to have $15 million allocated to support pilot projects across Wisconsin, involving hospital and senior care partnerships.

So despite all the challenges and uncertainties involved, Chedid is bullish on what Froedtert and Luther Manor have already achieved and the potential to build on their success.

“We’ve seen remarkable outcomes for patients and their families … [the advanced transitional care unit] works, it is improving lives and saving money,” she said.

## EF Senior Care

Eisenstein Flaherty Senior Care came on the scene as an operator in November 2021 with a unique business model and room to grow – the team saw a 20% increase in its consulting business between 2021 and 2022, Founder and President Patrick Flaherty told Skilled Nursing News.

EF's three-pronged business model adds a software platform and facility ownership, along with consulting.

Coupled with an increased demand on the consulting end, Flaherty said the team has had to grow on the clinical and operational side as well, back office services that look to ensure revenue, especially with the Minimum Data Set (MDS) process.

"We've just been very heartened by our ability to continue to add key people to our team, particularly to build out the clinical reimbursement side," said CEO Mike Nickolaus. "We're getting some of the real experts in the Massachusetts environment."

Collecting reimbursement specialists is especially crucial in the state, he said, as Massachusetts undergoes its own transition from Management Minutes Questionnaire (MMQ) to MDS.

Another area of growth – EF signed its first management agreement, and is under contract to purchase a second facility in Massachusetts this year, Flaherty said. The EF team knows Massachusetts, Nickolaus said, but owners want to make sure they're getting what they feel the building is worth in a transaction.

"We feel good enough about our understanding of [state regulation and reimbursement], our relationships, our network and our reputation. We're not scared off from looking at new buildings," said Nickolaus.

EF will have more information on the second building once the transaction closes this year.

The team's first purchase was a labor of love, with a "pretty sizable construction and renovation project" at $4 million to bring infrastructure up to date, added Flaherty.

"That's another great milestone we're happy for," said Flaherty.

EF's tech platform, EF Ally, launched nationally last year and has gotten the attention of administrators and portfolio owners. This year is all about accelerating the promotion of the product, Nickolaus said.

The app acts like a contract book, a document library where an administrator would have all of the paperwork they need while walking the floor with a surveyor. Assigned tasks from the administrator, a record of a department accountable for responding to claims, reporting receivables are all items that can be found on EF Ally.

## Creative Solutions in Healthcare

Facing deepening financial and operational challenges over the last several years, many skilled nursing operators have shrunk their footprints or even exited the sector altogether. But other organizations have seized opportunities to expand, and Creative Solutions in Healthcare is a prime example.

Texas-based Creative Solutions has forged ahead with multiple acquisitions in a state that is being watched for rebasing of Medicaid rates, sector growth and innovation for workforce programs.

Creative Solutions has a robust portfolio of skilled nursing assets that is only expected to grow even as the organization added 20 skilled facilities to its portfolio last year and 10 more in early 2023.

Its latest acquisitions – all in Texas – include two SNFs from Southwest LTC, another regional player, as well as communities bought from Tennessee-based Diversicare Healthcare Services.

Creative Solutions CEO Gary Blake told Skilled Nursing News in an earlier interview that his company intends to deepen its presence in Texas, and all its recent deals for facilities in Texas reflect the company's intention.

The company's latest acquisitions build on its purchases in 2022, including nine skilled nursing facilities bought from the Arboretum Group for roughly $90 million, Blake said, along with 11 SNFs from SavaSeniorCare.

Creative Solutions' location in Texas is also important to note as nursing home operators are closely watching whether the legislature will approve a Medicaid rate increase. Several states across the country have extended or made permanent pandemic-era Medicaid rate increases. Many operators have shown interest in how Medicaid rebasing will play out in Texas. The state session is expected to close between June and July.

And Blake said that federal reforms and chronic underfunding in Texas have been a disadvantage as operators look to grow regionally.

That said, watching and shaping policy decisions alongside other local operators has helped forge relationships and that has led to dealmaking in the past, he noted.

Many providers, among them Cascade, Eduro, and Ensign (Nasdaq: ENSG), have also sought to increase their regional portfolios for skilled nursing, with 2022 being a big year for transactions in Texas.

Texas-based Cascade told Skilled Nursing News, however, that permanent Medicaid increases should be enacted as facilities in Texas will need far more financial support from all government entities to meet the headwinds facing the sector.

Despite this, Utah-based Eduro Healthcare added 14 more SNFs in the Waco, San Antonio and Austin metropolitan areas between August and September 2022, after first entering the state in spring 2021 through the acquisition of a four-property portfolio consisting of 418 beds.

Ensign is also eyeing Texas, where it already has assets and has learned many lessons from its past acquisitions of Legend Healthcare Texas back in 2016.

Meanwhile, LTC Properties (NYSE: LTC) continues to have the Lone Star State in its sights after purchasing four newly built Texas facilities in the second quarter of 2022 for $52 million, operated by Ignite Medical Resorts.

Texas is also being perceived as an innovation center after Maryland-based Dwyer Workforce Development (DWD) announced the $590 million acquisition of a 50-property skilled nursing facility portfolio managed by Regency Integrated Health Services towards the last quarter of 2022. DWD then went ahead at the end of 2022 with plans to bolster the skilled nursing workforce through its unique workforce development program.

DWD created major resources, such as housing, transportation and child care, and plans to buy multi-income housing so that employees trained in its program have safe and secure housing.

## Genesis HealthCare

As a skilled nursing giant going through hard times, all eyes have been on Kennett Square, Pennsylvania-based Genesis for years. But Genesis remains an important provider to watch in 2023, as the industry heavyweight emerges from its turbulent restructuring period and attempts to enter a new era of stability and growth despite all the challenges still facing the sector.

Early signs are promising, insofar as Genesis has reentered growth mode. In January 2023, the company announced it would take over management of 34 nursing homes in Pennsylvania and four in Colorado. This marked a shift after years of dramatic divestment; the company shrank from more than 400 facilities in 2018 to about 240 to close 2021.

The portfolio contraction was just one part of a much larger reset that Genesis needed to undergo in order to attain more solid financial and operational footing. Other steps involved changing corporate leadership and going private while obtaining new backing, including through a capital infusion from ReGen Healthcare and a credit facility from White Oak Healthcare Finance.

An operational overhaul also was undertaken, helmed by COO Melissa Powell. When Powell first joined Genesis in November 2021, the company had more than 5,000 open positions and only 14 recruiters on staff. By June 2022, the company was netting about 1,100 hires per month, she told SNN at the time.

Genesis also was making progress on shifting toward a “market model,” she said, meaning that more control was being placed at the building level.

“We talked about the strategy of letting the buildings lead and going away from this very ‘Matrix’ model where the top was leading, and we kind of turned it upside down,” Powell said during a panel discussion at the LTC 100 conference.

Other large senior care providers also have pursued operational models that empower local leaders, to greater and lesser success. Ensign is often cited as having a successful model, while companies like Brookdale Senior Living have been striving to implement similar approaches.

This year could provide evidence of how effective Genesis has been in creating a less hierarchical structure — an endeavor that so far has been pursued without a CEO. Harry Wilson stepped down as CEO in November 2021, just seven months after starting in the role.

The appointment of a new chief executive could be the final important piece of the puzzle in the Genesis reset, and provide further longer-term strategic vision for the now-reconfigured company.

**Companies featured in this article:**

Beecan Health, Creative Solutions in Healthcare, EF Senior Care, Ensign Group, Froedtert Health System, Genesis HealthCare, Luther Manor, ReGen Healthcare, Vivage Senior Living, White Oak Healthcare Finance


**Amy Stulick**

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