

Building an Engaged Senior Living Workforce

Employee Retention Leads to Quality Care

KEY FINDINGS

- Employee engagement is tied to a range of benefits, including higher quality of care, employee retention, and occupancy rates
- A typical senior living operator can save \$4.4 million or more with a 10 percent reduction in turnover

BUILDING A TALENT PIPELINE IS CRITICAL TO QUALITY CARE

The United States is experiencing a golden period of aging, and the population over 75 years old is the country’s fastest growing age demographic. The senior living industry is well-positioned to offer older Americans a choice of residence with professional, caring staff and a consumer-centric model. As the leading national association exclusively dedicated to supporting companies operating professionally managed, resident-centered senior living communities, Argentum has documented the industry's growth and the challenges posed by increasingly tight labor markets. Argentum projects that 1.2 million workers will need to enter the senior living workforce through 2025.

In 2018, Argentum launched Senior Living Works (at seniorliving.works), a multi-year project to document best practices, raise awareness of senior living careers, foster connections with education and workforce partners nationwide, and gather data on workforce benchmarks and trends.

The Great Place to Work® Institute Senior Living Skills and Workforce Development Study echoes the challenges and opportunities facing the industry. The study of more than 400 senior living executives found:

- » More than 65 percent of senior living communities plan to grow the number of seniors served by at least 5 percent in the next five years.
- » More than 90 percent of senior living operators report a shortage of direct care workers, licensed nurses, and other critical staff.

5 Key Operational Metrics

The Centers for Medicare & Medicaid Services providers who are on the *Fortune* magazine best workplace lists have a **6.4 percent higher customer satisfaction score** as measured by the standard Hospital Consumer Assessment of Healthcare providers and Systems (HCAHPS) survey.

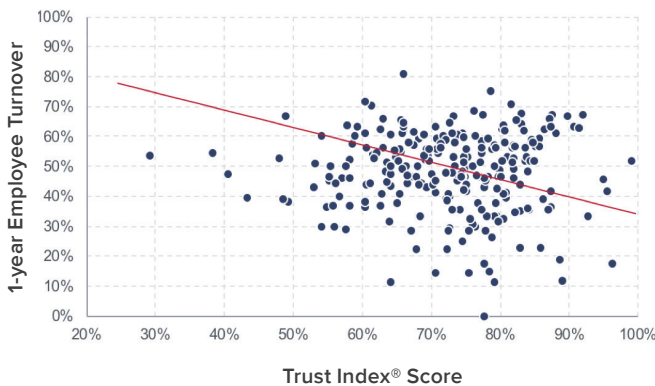
Employee engagement and the worker shortage influences care and operational metrics, including:

1. Quality of Care
2. Overtime Costs
3. Workplace Injuries
4. Employee Turnover
5. Customer Satisfaction

EMPLOYEE ENGAGEMENT IS TIED TO BETTER CARE

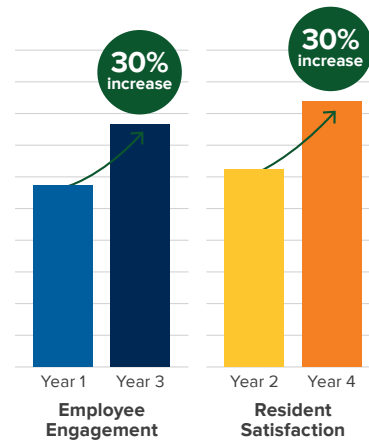
There is a strong correlation between employee engagement, retention, and positive business outcomes. Residents enjoy consistency among staff who work in their communities and care settings. Companies can sustain profitability through workforce development to attract and retain dedicated employees. The research bears this out: In a national sample of over 20,000 employees, senior living communities with higher employee engagement also have lower employee turnover, higher occupancy, and increased resident satisfaction.

Employee Trust Linked to Turnover



Each dot represents a senior living community, representing actual data from nearly 400 senior living communities across 41 U.S. states. The Trust Index developed by Great Place to Work measures employee engagement and organizational culture.

Employee Engagement Correlates with Resident Satisfaction



The example of one senior living provider illustrates how employee engagement is tied to resident satisfaction. The company measured employee engagement and resident satisfaction in alternate years. Although it is difficult to prove causation, many companies see employee engagement and resident satisfaction move in tandem.

IMPACT OF WORKER SHORTAGES

Data collected from senior living communities show that the inability to fill roles can negatively impact quality of care and community performance for senior living operators. Companies in this study report three key areas of negative impact from the workforce shortage:



Cost of employee turnover

- » Inconsistency in quality of care
- » Separation, search, and replacement costs
- » Training time and productivity



Occupancy impact

- » Lower resident engagement to refer friends for move-ins
- » Lower occupancy
- » Higher rate of move-outs



Avoidable risks

- » Litigation
- » Negative health or medication outcomes
- » State fines

PROJECTED IMPACT FOR A SAMPLE SENIOR LIVING OPERATOR

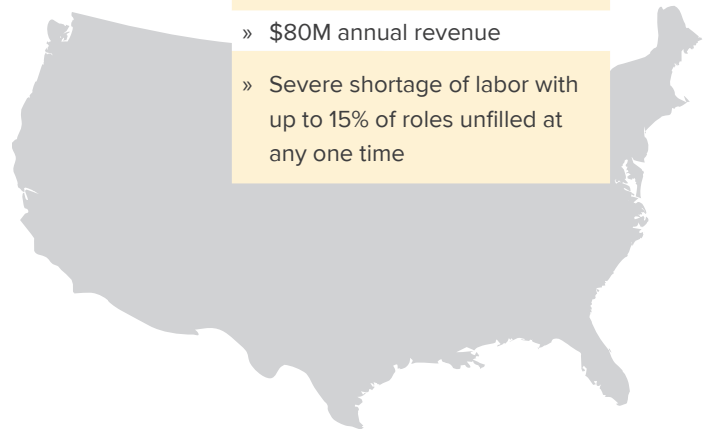
To better understand how staffing shortages affect senior living operators, researchers considered a hypothetical company based on the average company in the GPTW database: a 1,500-employee senior living operator with 20 communities and \$80 million in annual operating revenue.

This business would likely care for more than 1,800 seniors, possibly more in lower-acuity care settings. Occupancy is estimated at 90 percent, and monthly fees are estimated to be the average rent level plus typical services such as laundry and medication reminders, as defined by the National Investment Center for Seniors Housing and Care.

The company has a severe labor shortage with 30 to 50 percent of roles open in any one year, and 5 to 15 percent of roles unfilled for more than a month at a time.

A company of this size that increased employee retention by 10 percent would see a 2 percent rise in occupancy, according to an analysis of data provided by nearly 100 senior living communities. In addition, risk expense would fall by approximately 10 percent, according to data from related industries that was validated by senior living workers' compensation insurance experts.

- » Regional operator with 20 communities
- » 1,500 employees on average
- » Total payroll of over \$35M annually
- » \$80M annual revenue
- » Severe shortage of labor with up to 15% of roles unfilled at any one time



Millions in Potential Savings



10%

Increase in employee retention

\$1M in incremental turnover savings per year



2%

Increase in occupancy

\$1.4M annual revenue



10%

Reduction in risk

\$2M in annual risk reduction



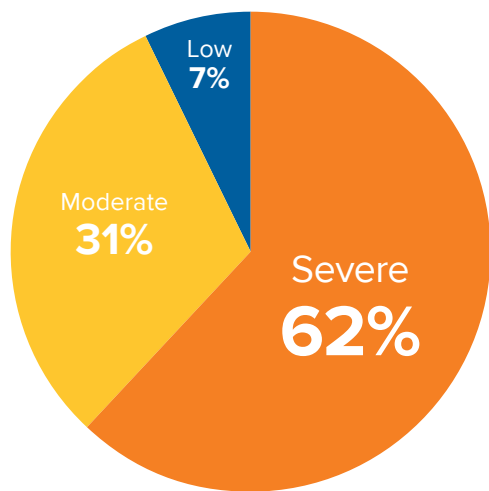
5.5%

or \$4.4M in total annual savings + revenue

EXECUTIVES CONFIRM THEY ARE HAVING DIFFICULTY FILLING KEY ROLES

The 2018 Great Place to Work study of more than 400 executives reveals that more than 90 percent of operators report a moderate to severe shortage of qualified applicants.

Shortage Severity of Qualified Applicants



MOST-NEEDED ROLES IN ASSISTED LIVING

Direct Care Workers

Many of these roles require over 70 hours of training followed by formal certification.

Licensed Nurses

LPNs require a minimum of 2 years of academic and clinical training. RNs require more.

Support Positions

Many roles require special licenses or custom training. Examples include chefs, drivers, and maintenance managers.

Solutions to Meet the Challenge of Finding and Retaining the Optimum Senior Living Worker

Organizations in senior living that are successful are addressing the labor shortage with an aggressive three-pronged strategy: **Attraction, Hiring and Onboarding, and Retention.**

Visit seniorliving.works for best practices and updates.

