Gerosys Adult Day Care Center - Business Plan

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Available at: https://works.bepress.com/vikas_singh/8/
Gero-Sys Adult Daycare Center

Vikas Singh, Katherine Goodnight, Stacy Shriver, Ellis Chris
Gerosys Business Plan

✓ Overview of Gerosys
✓ Environmental Assessment
✓ Market Assessment
✓ Competitor Analysis
✓ Partnering Hospital
✓ The Center
✓ Finances
Overview of Gerosys

✓ Gerosys is a nationwide, for profit entity, providing supportive, social and health services to population age 55+

✓ Started as a family owned enterprise in 1972, in Little Rock, Arkansas, serving starting population of 15 people, currently having average daily census of ~50 people

✓ It now serves elderly at 35 locations in United States

✓ It is looking for opening up new center in areas of growth having population of more than 500,000 people
Overview of Gerosys

- Gerosys contracts with hospitals to provide Adult day care services to its population as well as others in the whole market area and in return uses some services of the hospital.
- It provides whole continuum of services to the elderly, from assistance in ADL’s and IADL’s to social and behavioral support, health services (all levels, by itself and through contracts with providers).
- It is able to bill private pay, Medicare, Medicaid and the state for the services rendered.
Overview of Gerosys

✔ Gerosys emphasizes on effective and efficient “Case Management” of the elderly population with disabilities

Gerosys Adult Day Care Center
(Social, Supportive & Health Services including continuous screening and monitoring for disease or deterioration in health)

Higher level of monitoring and support for ADL’s and IADL’s needed

Assisted Living Arrangements

More intensive level of care, monitoring and support needed

Gerosys Day Hospital
(Gero-psych and Physical)

Higher level of care due to progressive disease and disability or adverse events

Inpatient Services at contracted hospitals
Looking at Tucson, Arizona
Environmental Assessment

- Legislation and Reimbursement
- Population and Demographics
- Health Status
- Economy
- Socio-cultural profile
- Net Migration
Legislation & Reimbursement

- Certificate of Need
- State Licensure
- Medicare and Medicaid Certification
- Regulations regarding patient safety and abuse, OHSA, Emergency, Fire & Safety Procedures
- Staff Training
- Inspection & Monitoring
Legislation & Reimbursement

✔ Medicare + Choice, Medicaid and Private Pay
✔ Arizona Long Term Care Services (ALTCS)
✔ Home and Community Based Services (HCBS)
✔ Non-Medical Home & Community Based Services, Department of Economic Security
### Long-Term Care Financing

<table>
<thead>
<tr>
<th>Medicaid and State Expenditures**</th>
<th>State</th>
<th>Rank</th>
<th>US</th>
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<td>Total Medicaid Spending (in millions), 2003</td>
<td>$4,175</td>
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<td>$259,565</td>
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<td>51</td>
<td>$288</td>
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<td>LTC Spending per Capita</td>
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<td>$154</td>
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<tr>
<td>Nursing Facility Spending per Capita</td>
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<tr>
<td>ICF/MR Spending per Capita</td>
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<td>50</td>
<td>$95</td>
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<tr>
<td>Home &amp; Community Based (HCBS) Spending per Capita</td>
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<td>51</td>
<td>$10</td>
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<tr>
<td>Home Health Spending per Capita</td>
<td>$1</td>
<td>29</td>
<td>$22</td>
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<tr>
<td>Personal Care Spending per Capita</td>
<td>$1</td>
<td>29</td>
<td>$22</td>
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<tr>
<td>HCBS Waiver Spending per Capita</td>
<td>NA</td>
<td>NA</td>
<td>$64</td>
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<tr>
<td>HCBS Waiver Spending for Aged/Disabled per Capita</td>
<td>NA</td>
<td>NA</td>
<td>$15</td>
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<td>Medicaid HCBS Spending (% of Medicaid LTC Spending), 2003</td>
<td>18.7</td>
<td>48</td>
<td>33.1</td>
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<tr>
<td>State-Funded HCBS Program Spending for Older People (in millions), FY 2002</td>
<td>$10.5</td>
<td>19</td>
<td>$1,411.9</td>
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### Public and Private Payment Rates

<table>
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<tr>
<th></th>
<th>State</th>
<th>Rank</th>
<th>US</th>
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<tr>
<td>Medicaid Reimbursement per day for Nursing Facility Care (average), 2002</td>
<td>$114</td>
<td>25</td>
<td>$118</td>
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<tr>
<td>Medicare Reimbursement per day for Nursing Facility Care (average), 2002</td>
<td>$269</td>
<td>18</td>
<td>$265</td>
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<td>Private Pay Rate per day in Nursing Facility (urban average), 2003</td>
<td>$141</td>
<td>30</td>
<td>$158</td>
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<tr>
<td>Medicare Reimbursement per Home Health Visit (average), 2002</td>
<td>$137</td>
<td>12</td>
<td>$124</td>
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<tr>
<td>Private Pay Hourly Rate for Home Health Aide (urban average), 2003</td>
<td>$16.89</td>
<td>36</td>
<td>$18.12</td>
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</table>
Primary & Secondary Service Areas

✔ Primary Service Areas - ZCTA - 85709, 85713, 85743, 85745, 85746, 85701, 85705, 85719, 85714, 85708, 85706, 85716, & 85711.

✔ Secondary Service Areas – ZCTA - 85720, 85710, 85711, 85711, 95712, 85715, 85730, 85704, 85741, 85747, 85750, 85719, & 85740.
Primary & Secondary Service Areas

Legend

Households with Members Age 65 Years or Over (2000) by ZIP Code Tabulation Area (ZCTA) (Number) (All ZCTAs in State)

- Less than 368
- 368 to less than 2,222
- 2,222 to less than 4,076

(Continued in next column)
Population & Demographics

- Population of women age 75+ increased by 37% in the 1990-2000 period
- Significant influx of elderly population due to it being a favored retirement place

The Age Distribution of People in Tucson city, Arizona in 2003

Source: American Community Survey, 2003
~81,700 people in age cohort 55+, ~19% rate of activity limitation due to physical, mental or emotional problems
## Population Projection

### Population by Age and Sex

<table>
<thead>
<tr>
<th>Age &amp; Sex</th>
<th>55-59</th>
<th>60-64</th>
<th>65-69</th>
<th>70-74</th>
<th>75-79</th>
<th>80-84</th>
<th>85-89</th>
<th>90-94</th>
<th>95+</th>
<th>Total</th>
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<tr>
<td>2006</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Male</td>
<td>28,590</td>
<td>21,614</td>
<td>17,381</td>
<td>15,467</td>
<td>12,971</td>
<td>9,514</td>
<td>5,137</td>
<td>1,943</td>
<td>565</td>
<td>480,156</td>
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<td>Female</td>
<td>30,897</td>
<td>24,783</td>
<td>20,352</td>
<td>17,810</td>
<td>16,329</td>
<td>13,477</td>
<td>8,057</td>
<td>3,980</td>
<td>1,696</td>
<td>500,821</td>
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<tr>
<td>Total</td>
<td>59,487</td>
<td>46,397</td>
<td>37,733</td>
<td>33,277</td>
<td>30,390</td>
<td>22,991</td>
<td>13,194</td>
<td>5,923</td>
<td>2,261</td>
<td>980,977</td>
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<tr>
<td>2007</td>
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<tr>
<td>Male</td>
<td>29,263</td>
<td>23,630</td>
<td>18,132</td>
<td>15,876</td>
<td>13,188</td>
<td>9,632</td>
<td>5,531</td>
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<td>622</td>
<td>491,451</td>
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<td>26,723</td>
<td>21,408</td>
<td>18,213</td>
<td>16,394</td>
<td>13,711</td>
<td>8,541</td>
<td>4,223</td>
<td>1,852</td>
<td>512,467</td>
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<tr>
<td>Total</td>
<td>61,104</td>
<td>50,353</td>
<td>39,540</td>
<td>34,089</td>
<td>29,582</td>
<td>23,343</td>
<td>14,072</td>
<td>6,328</td>
<td>2,474</td>
<td>1,003,918</td>
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<tr>
<td>2008</td>
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<td></td>
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<td></td>
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<tr>
<td>Male</td>
<td>30,136</td>
<td>25,219</td>
<td>19,367</td>
<td>16,152</td>
<td>13,487</td>
<td>9,849</td>
<td>5,774</td>
<td>2,285</td>
<td>692</td>
<td>502,565</td>
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<tr>
<td>Female</td>
<td>32,937</td>
<td>28,384</td>
<td>22,858</td>
<td>18,626</td>
<td>16,482</td>
<td>13,869</td>
<td>8,937</td>
<td>4,492</td>
<td>2,016</td>
<td>523,941</td>
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<tr>
<td>Total</td>
<td>63,073</td>
<td>53,603</td>
<td>42,225</td>
<td>34,778</td>
<td>29,969</td>
<td>23,718</td>
<td>14,711</td>
<td>6,777</td>
<td>2,708</td>
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<tr>
<td>2009</td>
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<td>Male</td>
<td>31,143</td>
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<td>20,477</td>
<td>16,588</td>
<td>13,635</td>
<td>10,001</td>
<td>6,010</td>
<td>2,456</td>
<td>770</td>
<td>513,511</td>
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<td>34,199</td>
<td>30,033</td>
<td>24,175</td>
<td>19,247</td>
<td>16,598</td>
<td>13,874</td>
<td>9,329</td>
<td>4,728</td>
<td>2,200</td>
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<tr>
<td>Total</td>
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<td>56,934</td>
<td>44,652</td>
<td>35,835</td>
<td>30,233</td>
<td>23,875</td>
<td>15,339</td>
<td>7,184</td>
<td>2,970</td>
<td>1,048,796</td>
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<tr>
<td>Male</td>
<td>32,089</td>
<td>28,639</td>
<td>21,612</td>
<td>17,023</td>
<td>13,833</td>
<td>10,262</td>
<td>6,229</td>
<td>2,616</td>
<td>856</td>
<td>524,269</td>
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<tr>
<td>Female</td>
<td>35,310</td>
<td>31,946</td>
<td>25,300</td>
<td>20,006</td>
<td>16,673</td>
<td>13,977</td>
<td>9,704</td>
<td>4,948</td>
<td>2,355</td>
<td>546,454</td>
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<tr>
<td>Total</td>
<td>67,399</td>
<td>60,585</td>
<td>46,912</td>
<td>37,029</td>
<td>30,506</td>
<td>24,239</td>
<td>15,933</td>
<td>7,564</td>
<td>3,211</td>
<td>1,070,723</td>
</tr>
</tbody>
</table>

Source: Arizona Department of economic Security, Research Administration, Population Statistics Unit.
Population Health Status

Behavioral Risk factors

SMART BRFSS
(Selected Metropolitan/Micropolitan Area* Risk Trends from the Behavioral Risk Factor Surveillance System)
Tucson, AZ Metropolitan Statistical Area


Survey Definitions
Health Status - Percentage of adults reporting general health as fair or poor
Exercise - Percentage of adults reporting doing no leisure time exercise or physical activity in the past 30 days
Diabetes - Percentage of adults told by doctor they have diabetes
Flu Vaccination - Percentage of adults aged 05 or older reporting not having had a flu shot within the past 12 months
Current Smoking - Percentage of adults reporting having smoked at least 100 cigarettes in their lifetime and currently smoke
Binge Drinking - Percentage of adults reporting having five or more drinks on an occasion, one or more times in the past month
Obesity - Percentage of adults reporting Body Mass Index greater than or equal to 30.0

* Metropolitan statistical area - Group of counties that contain at least one urbanized area of 50,000 or more inhabitants. Metropolitan statistical area - Group of counties that contain at least one urban cluster of at least 10,000 but less than 50,000 inhabitants. Metropolitan Division - Smaller group of counties within a metropolitan statistical area which contains 2.5 million or more inhabitants. (Source: U.S. Office of Management and Budget)
Elderly people in Pima County have one of the highest disease burden from Alzheimer's and other forms of dementia, Cardiovascular disease, respiratory tract disease and cancer.

Figure 1
Alzheimer’s Disease Among the Leading Causes of Death, Arizona, 2000

The number of deaths from Alzheimer’s disease in Arizona in 2000 made Alzheimer’s disease the 7th leading cause of deaths for all ages. (Figure 1). More Arizonans died in 2000 from Alzheimer’s disease than they did from other chronic diseases, such as diabetes, chronic liver disease and cirrhosis, or nephritis (kidney disease).
Disability

Overall, ~46% of people age 65+ have some form of disability in Tucson City of varying degree of severity, which translates to around 28,000 people in Tucson MSA.
**Number of Persons with Disability by Age and Type of Disability For The Civilian Noninstitutionalized Population 5 Years and Over**

**Census 2000 Summary File 3 Data**

<table>
<thead>
<tr>
<th>Geography</th>
<th>Total Ages 65+</th>
<th>Number With Disability</th>
<th>Percent With Disability</th>
<th>With One Type of Disability</th>
<th>Sensory Disability</th>
<th>Physical Disability</th>
<th>Mental Disability</th>
<th>Self-Care Disability</th>
<th>Go-Outside-Home Disability</th>
<th>With Two or More Types of Disability</th>
<th>Includes Self-Care Disability</th>
<th>Does Not Include Self-Care Disability</th>
<th>No Disability</th>
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<tr>
<td>Top-of-the-World CDP</td>
<td>78</td>
<td>30</td>
<td>39.0%</td>
<td>12</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>78</td>
</tr>
<tr>
<td>Tortola CDP</td>
<td>231</td>
<td>125</td>
<td>54.1%</td>
<td>24</td>
<td>17</td>
<td>7</td>
<td>1</td>
<td>0</td>
<td>16</td>
<td>100</td>
<td>59</td>
<td>46</td>
<td>0</td>
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<tr>
<td>Tulua CDP</td>
<td>202</td>
<td>134</td>
<td>66.2%</td>
<td>22</td>
<td>17</td>
<td>7</td>
<td>1</td>
<td>0</td>
<td>16</td>
<td>100</td>
<td>84</td>
<td>56</td>
<td>0</td>
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<tr>
<td>Tubac CDP</td>
<td>322</td>
<td>134</td>
<td>41.5%</td>
<td>22</td>
<td>17</td>
<td>7</td>
<td>1</td>
<td>0</td>
<td>16</td>
<td>100</td>
<td>84</td>
<td>56</td>
<td>0</td>
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<tr>
<td>Tubac Town CDP</td>
<td>224</td>
<td>149</td>
<td>66.1%</td>
<td>21</td>
<td>15</td>
<td>7</td>
<td>1</td>
<td>0</td>
<td>16</td>
<td>100</td>
<td>84</td>
<td>56</td>
<td>0</td>
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<tr>
<td>Tucson City</td>
<td>57,192</td>
<td>20,754</td>
<td>36.5%</td>
<td>26</td>
<td>17</td>
<td>7</td>
<td>1</td>
<td>0</td>
<td>16</td>
<td>100</td>
<td>84</td>
<td>56</td>
<td>0</td>
</tr>
<tr>
<td>Tucson Estates</td>
<td>2,157</td>
<td>783</td>
<td>35.9%</td>
<td>20</td>
<td>17</td>
<td>7</td>
<td>1</td>
<td>0</td>
<td>16</td>
<td>100</td>
<td>84</td>
<td>56</td>
<td>0</td>
</tr>
<tr>
<td>Pima County Zip Code</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,777</td>
</tr>
</tbody>
</table>

**Source:** Arizona Department of Health and Department of Economic Security.
Economy

✓ Tucson is the fastest growing area in southern Arizona
✓ Median income is ~$32,300
✓ Top 5% of all communities in high tech manufacturing output, with companies like IBM, Texas Instruments, Raytheon missile system, etc
✓ Low unionization, workers compensation and unemployment
✓ Net migration of 20,000 people per year for jobs and retirement
Changes to Critical Infrastructure

- Lies near confluence of major highways, I-10, I-19, I-8, and state highways
- St Mary’s accessible on all sides by roads
- 20 Miles from Airport
- Within driving distance of major businesses and growth areas
- Excellent link with all parts of the city, with roads being substantially less cluttered at all times
Changes to Critical Infrastructure
City of Tucson Growth Areas
Educational Attainment

Educational Attainment
City of Tucson, 1990-2000

<table>
<thead>
<tr>
<th>Educational Level</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 9th Grade</td>
<td>1.8</td>
</tr>
<tr>
<td>9th-12th Grade, No Diploma</td>
<td>18.2</td>
</tr>
<tr>
<td>High School Graduate</td>
<td>16.5</td>
</tr>
<tr>
<td>Some College, No Degree</td>
<td>25.6</td>
</tr>
<tr>
<td>Associate Degree</td>
<td>14.4</td>
</tr>
<tr>
<td>Bachelor's Degree</td>
<td>31.9</td>
</tr>
<tr>
<td>Graduate/Prof. Degree</td>
<td>37.6</td>
</tr>
</tbody>
</table>

Percent Change, 1990-2000

Tucson Planning

Sources: 1990 Census and Census 2000
Households

City of Tucson
Household Type by Percent: 1990-2000

- Family Households: 60.0% in 1990, 58.3% in 2000
  - Married Couple With Children: 20.4% in 1990, 17.9% in 2000
  - Married Couple With No Children: 24.1% in 1990, 21.8% in 2000
  - Male, No Wife, With Children: 1.9% in 1990, 2.6% in 2000
  - Male, No Wife, No Children: 1.8% in 1990, 2.2% in 2000
  - Female, No Husband, With Children: 7.3% in 1990, 8.5% in 2000
  - Female, No Husband, No Children: 4.5% in 1990, 5.3% in 2000

- Non-Family Households: 40.0% in 1990, 41.7% in 2000

Sources: 1990 Census and Census 2000

Tucson Planning
Households

<table>
<thead>
<tr>
<th>Household Characteristics</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total households</td>
<td>192,891</td>
<td>100.00%</td>
</tr>
<tr>
<td>Family households (families)</td>
<td>112,515</td>
<td>58.30%</td>
</tr>
<tr>
<td>With own children under 18 years</td>
<td>55,970</td>
<td>29.00%</td>
</tr>
<tr>
<td>Married couple family</td>
<td>76,546</td>
<td>39.70%</td>
</tr>
<tr>
<td>With own children under 18 years</td>
<td>34,519</td>
<td>17.90%</td>
</tr>
<tr>
<td>Female householder, no husband present</td>
<td>26,678</td>
<td>13.80%</td>
</tr>
<tr>
<td>With own children under 18 years</td>
<td>16,373</td>
<td>8.50%</td>
</tr>
<tr>
<td>Nonfamily households</td>
<td>80,376</td>
<td>41.70%</td>
</tr>
<tr>
<td>Householder living alone</td>
<td>62,287</td>
<td>32.30%</td>
</tr>
<tr>
<td><strong>Householder 65 years and over</strong></td>
<td>17,963</td>
<td>9.30%</td>
</tr>
<tr>
<td>Households with individuals under 18 years</td>
<td>62,636</td>
<td>32.50%</td>
</tr>
<tr>
<td><strong>Households with individuals 65 years and over</strong></td>
<td>42,170</td>
<td>21.90%</td>
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<tr>
<td>Average household size</td>
<td>2.42</td>
<td>(X)</td>
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<tr>
<td>Average family size</td>
<td>3.12</td>
<td>(X)</td>
</tr>
</tbody>
</table>
The dependency ratio in Pima County is among the highest in United States. It was 79.3 for Arizona in 1995 and is expected to be 94.5 in 2025.

The long-term ratio of in-migration to out-migration varies from 4:3 TO 3:2. From 2000 to 2001, there was immigration of 15,133 people (50,433-35,300).
More than 1200 hi-tech companies, employing more than 50,000 people. Partners St Mary’s Hospital, leader in Tucson City for implementing latest innovation in Healthcare field

Plethora of healthcare professional training institutes with ample supply of professionals

Only catastrophic events likely to occur are Flash Floods and occasional tornadoes
Competitive Analysis

✔ Handmaker Jewish Services for the Elderly
  – Guided by Jewish values and traditions, Handmaker takes a leadership role in providing a continuum of care and services designed to enhance the physical, spiritual, emotional, social and intellectual quality of life for the aging, without regard to race, color or creed
  – 2221 North Rosemont Boulevard

✔ Day Break Adult Day Care
  – Showing kindness, doing justice, and serving those in need
  – 5360 East Pima Street
Location, Location, Location

✓ They are less than 1 mile from each other
Handmaker

- Assisted Living Apartments and Studios
- Housekeeping, Safety Call System, assurance checks, monthly health monitoring and transportation for shopping trips
- Available Adult Day Care
- Chair exercises, pet therapy, religious services and a music program
Day Break Adult Day Care

✔ Part of Lutheran Social Ministry of the Southwest
✔ Main Service for homeless, jobless, disabled, lonely, isolated and depressed
✔ Offer Adult Day Care Mon – Fri, 7:30 am – 5:30 p.m.
✔ Offer fishing, baseball, golf, bowling, spelling bees and word searches
✔ Two Days a week Brain Rehabilitation
✔ $8/hr Mon, Wed, Fri; $10/hr Tues, Thurs
Mission Statement

✓ Gero-Sys Adult Day Care Center is a dynamic provider of accessible and affordable high quality life-care for older members of the Tucson community. We constantly work to maintain and improve the functioning of our clients using superior care in illness and wellness that ensures respect for each individual and the future viability of our facility.
Mission Philosophy

Gero-Sys Adult Daycare Center’s employees and medical staff are dedicated to offering care for the elderly members of our community with the highest quality of care.

This facility acknowledges the dignity and worth of all individuals including those who serve as well as those who are being served, without regard to race, color, religion, or stature.
Target Audience

- Those over 65 as primary clients
- Those over 55 as secondary clients
- Those between 40 and 55 as future clients and current caregivers
- Those 20-40 as current caregivers
Segmentation Strategy

- St. Mary’s Physicians
- Outside Physicians
- Website
- Newspapers
- Use brochure and referral pads
SWOT Analysis

✓ Strengths

– Established practices through existing centers
– Management experienced in industry
– Experience establishing centers in other areas
– Strong financial position
SWOT Analysis

✔️ Weaknesses
  - Lack of experience in Arizona
  - No name recognition in Tucson
  - No history with providers in the area
SWOT Analysis

✔ Opportunities
  – Tucson is a strong economic area
  – Growing older population
  – High incidence rates of Alzheimer’s & dementia
  – Over 46% of 65+ population has some form of disability
  – Low number of existing licensed centers
  – Interest from potential hospital partner
SWOT Analysis

✔ Threats
  – Lack of facilities could attract other competitors
  – Possible expansion of existing centers
  – LTC facilities or hospitals branching into this service
  – Presence of substitute services
Services Offered

- Adult Supervision
- Formal low-impact exercise
- Dance activities
- Horticulture therapy
- Pet therapy
- Art and music therapy
- Cooking skills
- Manicures and hair care
- Health monitoring
- Medication management
- Specialized diets
- Transportation
- Community referrals
- Physical, Occupational, and Speech therapy
Hospital Partner Selection

✓ Analyzed all 6 local hospitals
  – Location
  – Size
  – Services
  – Mission/Vision/Values
  – Recent Updates

✓ Concentration in Hospital Market
  – Four Firm Ratio – 0.8019
  – Herfindhal-Hirschman Index - 1966
Hospital Partner Selection

Tucson Hospital Market Share

Fraction of Market
St. Mary’s Hospital
St. Mary’s Hospital

- Recent multi-million dollar renovation & construction campaign
- Addition of new technology
- Mission, Vision, & Values in line with Gero-Sys
- Excellent performance outcomes according to both JCAHO and HealthGrades.com
Benefits of St. Mary’s

- Location
- Technology
- Facilities
- Space
- Network

- Services
- Quality
- Creativity
- Holisitic
- Partnership Interest
Goals and Objectives

✔ People Oriented
  - 3 dinners within the first year for employees
  - Throw party for client that impacts the center the most within the first year
  - Evaluate the center at the end of the year by a survey to see how we are doing

✔ Client Centered
  - By the end of two months, survey the clients on what services they like
  - Add two new services by the end of the first year based on the survey results

✔ Community Care
  - Attend 2 community meetings within the first year
  - Give seminars to community centers on how to care for the elderly with in six months
Timeline

- 7/1/06 – Apply for State License
- 1/2/07 – Negotiate partnership
- 1/2/07 – Plan marketing campaign
- 2/5/07 – Locate space
- 2/12/07 – Plan and make any necessary adjustments to space
- 2/12/07 – Order equipment
- 2/12/07 – Begin employee recruitment
- 2/19/07 – Implement marketing campaign
- 3/5/07 – Install equipment
- 3/12/07 – Open for business
- 4/2/07 – Grand Opening
- 4/2/08 – Evaluate Start-up and Performance
Personnel

Adult Daycare Center Director
Receptionist / Secretary
Medical Biller / Financial Counselor
Social Worker
Nurse Practitioner
Medical Assistant (2)
Certified Nurse’s Aide (10)
Activity Specialist
Exercise Specialist
Bus Driver
Organizational Structure

Administrative & Clinical
✓ Director
  – Receptionist
  – Biller
✓ Nurse Practitioner
  – Medical Assistants
  – Nurse’s Aides
  – Social Worker

Hospital Partner
✓ Director
  – Therapists
  – Dietitian
  – Dietary Team
Fees and Payment

- **Basic Adult Care** - (no specialized diet or care (i.e. — toileting, eating, bathing, etc necessary). Fees for an eight day per week, five days per week for basic adult care are $300 weekly ($60 per eight hour day / $7.50 per hour)

- **Specialized Adult Care** - (specialized diet and/or care necessary). Fees for an eight day per week, five days per week for basic adult care are $350 weekly ($70 per eight hour day / $8.75 per hour)

- Early drop-off or late pick-up is available with prior notice. There is a one hour maximum early drop-off and one hour maximum for late pick-up. The charge is $15.00 per hour
# Financial Estimations

## Projected Monthly Expenses

<table>
<thead>
<tr>
<th>Expense</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>585,000</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>135,000</td>
</tr>
<tr>
<td>Lost Revenue</td>
<td>12,000</td>
</tr>
<tr>
<td>Rent/Lease Expense</td>
<td>42,000</td>
</tr>
<tr>
<td>Loan/Interest Expense</td>
<td>8,000</td>
</tr>
<tr>
<td>Utilities</td>
<td>24,000</td>
</tr>
<tr>
<td>Medical Supplies</td>
<td>3,600</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>2,400</td>
</tr>
<tr>
<td>Dietary Supplies</td>
<td>120,000</td>
</tr>
<tr>
<td>Transportation Expense</td>
<td>20,000</td>
</tr>
<tr>
<td>Marketing Expense</td>
<td>3,600</td>
</tr>
<tr>
<td>Other Misc Expenses</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>956,600</strong></td>
</tr>
</tbody>
</table>
Financial Estimations

Income

Estimated Yearly Income 1,098,500
Estimated Yearly Expenses 956,600
Yearly Revenue 141,900

Yearly revenue equals 10% of yearly income.
## Financial Estimations

### Revenue

<table>
<thead>
<tr>
<th>Capacity: 100</th>
<th>WEEKLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charge (low)</td>
<td>Charge (high)</td>
</tr>
<tr>
<td>300</td>
<td>350</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Full Capacity (100)</th>
<th>WEEKLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>300</td>
<td>350</td>
</tr>
</tbody>
</table>

| ESTIMATED YEAR TOTAL | 1,560,000 | 1,820,000 |

<table>
<thead>
<tr>
<th>Estimated Capacity (65)</th>
<th>WEEKLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>19500</td>
<td>22750</td>
</tr>
</tbody>
</table>

| ESTIMATED YEAR TOTAL | 1,014,000 | 1,183,000 |

| ESTIMATED YEAR INCOME | 1,098,500 |
## Financial Estimations

### Break Even Analysis

<table>
<thead>
<tr>
<th>Expense</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>48,750</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>11,250</td>
</tr>
<tr>
<td>Lost Revenue</td>
<td>1,000</td>
</tr>
<tr>
<td>Rent/Lease Expense</td>
<td>3,500</td>
</tr>
<tr>
<td>Utilities</td>
<td>2,000</td>
</tr>
<tr>
<td>Loan/Interest</td>
<td>2,917</td>
</tr>
<tr>
<td><strong>Monthly Total</strong></td>
<td>69,417</td>
</tr>
<tr>
<td><strong>Daily Total</strong></td>
<td>3,155</td>
</tr>
</tbody>
</table>
Financial Estimations
Break Even Analysis

Variable Unit Cost

(based on maximum occupancy of 100 clients per day)

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dietary Supplies (average)</td>
<td>4.62</td>
</tr>
<tr>
<td>Transportation</td>
<td>0.77</td>
</tr>
<tr>
<td>Marketing Expense</td>
<td>0.14</td>
</tr>
<tr>
<td>Medical Supplies</td>
<td>0.14</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>0.09</td>
</tr>
<tr>
<td>Misc Supplies</td>
<td>0.04</td>
</tr>
</tbody>
</table>

| Total Variable Unit Cost per client per day | 5.79  |
| Total Variable Unit Cost per client per Year | 1,506.00 |
Break Even = Fixed costs / (Unit Price – Variable Cost

Break Even = 3155 / (60-5.79)

Break Even = 3155 / 54.21

Break Even = 58 Clients Per Day
Financial Estimations
Synthetic Estimates

✔ Based on:
  – Of every 10,000 age 65+ an average of 125 need care
  – National average of 38 clients per daycare center (maximum capacity of 50 clients)

<table>
<thead>
<tr>
<th>Population</th>
<th>Need</th>
<th>Sample</th>
<th>Those in Need</th>
<th>Facilities Needed</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>125,129</td>
<td>125</td>
<td>10,000</td>
<td>1,564</td>
<td>41</td>
<td>County</td>
</tr>
<tr>
<td>58,215</td>
<td>125</td>
<td>10,000</td>
<td>728</td>
<td>19</td>
<td>City</td>
</tr>
</tbody>
</table>
Financial Estimations
Success

- The synthetic estimate illustrates the need for at least seven adult daycare facilities in the area.
- There are two operational facilities, Gero-Sys will be the third.
- There is an average usage of adult daycare facilities of 38 clients per 50 capacity.
Financial Estimations
Success

✔ Competition has total of 150 capacity

✔ Based on estimate, 114 use the service
  – \((150/50)*38 = 114\)

✔ Based on synthetic estimate, 266 will use adult daycare services
  – \(7*38 = 266\)
Financial Estimations
Synthetic Estimates

✔ Based on:
- Of every 10,000 age 65+ an average of 125 need care
- A national average of 25% of households care for an elderly individual

<table>
<thead>
<tr>
<th>Population</th>
<th>Need</th>
<th>Sample</th>
<th>Those in Need</th>
<th>Facilities Needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>164,925</td>
<td>125</td>
<td>10,000</td>
<td>515</td>
<td>14</td>
</tr>
<tr>
<td>80,557</td>
<td>125</td>
<td>10,000</td>
<td>252</td>
<td>7</td>
</tr>
</tbody>
</table>

County
City
Conclusion:

- Background of elderly care and Gero-Sys
- Market Assessment of Tucson
- Competitor Assessment
- Partnering Hospital
- The Center
- Finances
Questions?