



HEALTH DIMENSIONS GROUP

CASE STUDY

Atrium Health Entities

Background

On September 7, 2018, following a filing in Wood County District Court of Wisconsin, the New Jersey-based senior care provider Atrium Health Entities was placed into **Chapter 128 receivership**, with Michael Polsky of the law firm Beck, Chaet, Bamberger & Polsky serving as receiver. The portfolio consisted of 24 skilled nursing centers and nine assisted living communities, all located in Wisconsin with the exception of one Michigan center. There were four real estate investment trust (REIT) leased properties and six owned properties, with the balance leased from the previous Wisconsin-based owner/operator. A well-respected national lender held the mortgages, as well as revolving lines of credit on each operating entity.

The receiver engaged Minneapolis-based consulting and management firm Health Dimensions Group (HDG) to assume the role of receiver's agent and management consultant for the portfolio post-filing. As such, HDG was immediately tasked with the responsibility of stabilizing the operations, preserving the value of the assets, and eventually transitioning the properties to new ownership.

The portfolio was in dire operational and financial condition. The most distressing concerns included lapses in employee insurance coverages, which left many staff with catastrophic medical liabilities. There were also severe vendor challenges involving utilities, pharmacy, medical supplies, food, agency staffing, and therapy providers. While many of these vendors had stretched payment terms as long as possible, the receivership filing put these receivable claims in queue with many others. These issues resulted in a lack of leadership stability, very high agency staff dependency, regulatory risk, and extremely low occupancy and premium payor mix.

HDG successfully onboarded all 33 locations within weeks and fully stabilized operations within six months. After just over one year, the assets were ready for permanent leadership and were successfully transferred to new local owners/operators.

Solution

Within days, HDG assembled a team to quickly onboard operations for the 33 communities, including employee and business insurance, payroll, staffing, procurement, regulatory oversight, clinical guidance, financial reporting, accounts receivable, and vendor management. The highly organized and purposeful structure of the approach was of critical importance due to the immense scope of the work required to retain staff and ensure continuation of services to almost 1,500 residents and more than 1,000 staff members.



Immediate Action

- Clear, concise, and transparent communication on all fronts—with staff, residents, families, regulators, and vendor partners.
- Revitalization of contracting and vendor relationships to restore critical vendor services such as food service, utilities, pharmacy, and therapy.
- Reinstatement of lapsed employee health insurance, liability insurance, and workers’ compensation.

Stabilization of Assets

- Restoration of occupancy and payor mix.
- Attainment of substantial regulatory compliance at all locations, as many of the locations were in non-compliant states.
- Stabilization of leadership and workforce.
- Reduction of operating costs where possible.
- Deployment of aggressive cash management strategies.

Strategic Positioning

- Review of market demand and premium mix market share in each service area.
- Plant operations review and planning.
- Evaluation of sustainability of individual operations and closure coordination for operations unable to be sustained.
- Financial and operational performance to allow for sale and transition.

HDG’s full suite of services included operational support, finance and accounting services, clinical support, revenue cycle management, reimbursement services, human resources, staffing, accounts payable and payroll processing services, and insurance management.



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Results

HDG successfully onboarded all 33 locations within weeks and fully stabilized operations within six months. Over the 15-month engagement, HDG achieved rapid regulatory success and produced quantifiable results:



HDG brought all centers into both state of Wisconsin/Michigan and federal regulatory compliance within two weeks of its oversight.



The portfolio performed significantly better than state averages related to the number of citations issued per community, avoiding any days of non-payment for the entire engagement. In the last six months of the receivership, the communities had an average of 4 annual survey citations, compared to a state average of 8.1.



The communities saw a maintenance of historically strong quality measures scores.



Upon HDG's arrival, overall occupancy had plunged to 56 percent, with 7 percent mix of Medicare/managed care. Occupancy stabilized throughout the engagement, and the Medicare/managed care occupancy increased by 128 percent.



Over 100 percent of prior month revenues was consistently collected through streamlined revenue cycle management processes.

In December 2019, HDG assisted in the complex due diligence, coordination of transition, and communication for the seamless and successful transfer of 29 of these communities to new local owners/operators. The assets had been stabilized and were ready for permanent leadership to sustain these critical local health care resources.

About Health Dimensions Group

Minneapolis-based Health Dimensions Group (HDG) is a leading consulting and management firm, providing services to post-acute, long-term care, and senior living providers, as well as hospitals and health systems across the nation. HDG has been serving health care organizations for more than 20 years with a firm commitment to its values of hospitality, stewardship, integrity, respect, and humor.

If you'd like to learn more about our post-acute and senior living turnaround management services, please contact us at info@hdgi1.com or call 763.537.5700.