Providence Health Care: Adult Day Care Center Business Plan

by

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Abstract

Providence Health Care, Inc. is a skilled nursing and assisted living facility located in Saint Mary-of-the-Woods, Indiana. This paper is a business plan for an adult day care center to be constructed on campus and run in conjunction with the other service offerings currently being provided by this facility. A review of the recent literature was conducted and care models in foreign countries were explored. Upon completion of a SWOT Analysis, opportunities were presented regarding how Providence could differentiate itself from the current adult day service market. Moreover, this plan includes the benefits of an adult day care setting for elders with cognitive decline and the costs for the initial construction and operation of this type of service.

Keywords: adult day service, cognitive decline, Alzheimer's disease, well-being
Table of Contents

Background ............................................................................................................. 5

History .................................................................................................................... 5

Description of the Organization ........................................................................... 7

Business Overview .............................................................................................. 9

Problem Statement .............................................................................................. 11

Literature Review ................................................................................................. 12

Adult Day Service ............................................................................................... 12

Cognitive Decline ............................................................................................... 13

Costs ..................................................................................................................... 14

Benefits ............................................................................................................... 15

Global Perspective ............................................................................................... 19

Opportunity ......................................................................................................... 23

Alternative Models ............................................................................................... 24

Business Plan ....................................................................................................... 26

SWOT Analysis .................................................................................................... 26

Target Market ...................................................................................................... 28

Barrier Analysis ................................................................................................... 31

Service Description ............................................................................................. 33

Staffing Plan ........................................................................................................ 40

Promotional Strategies ........................................................................................ 41

Financial Analysis ............................................................................................... 43

Conclusion .......................................................................................................... 49
Background

History

Providence Health Care, Inc. was founded in 2002 by the Sisters of Providence and became licensed for state and federal reimbursement in 2012. At that time, the healthcare center was opened to the public where the high standards of excellence in care were offered to those in the surrounding community. The Sisters of Providence of Saint Mary-of-the-Woods, Indiana, are Roman Catholic sisters who minister across seventeen states, the District of Columbia, and Asia. The Congregation was founded by Saint Mother Theodore Guerin in 1840 and continues her legacy today. She states, “Without distinction of persons, do good to all for the love of God” (Sisters of Providence, n.d.). Her message is still evident in the care provided to the population served by both the Sisters and the healthcare facility.

Since the Sisters founded and invested in Providence Health Care, their mission, values, and charisms still influence the way in which the facility operations and the experience the patients have during their stay. The mission statement of the Sisters is as follows, “The Sisters of Providence are a community of Catholic women religious who collaborate with others to create a more just and hope-filled world through prayer, education, service and advocacy” (Sisters of Providence, n.d.). The vision of the Sisters of Providence is, breaking boundaries, creating hope. The Congregation has a philosophy of being God’s Providence in the world by committing to performing works of love, mercy, and justice in service among God’s people.

Similarly to the Sisters of Providence, the mission of Providence Health Care is, *Those who minister in Health Care Services pursue excellence in the care and continuing development*
of the whole person. Motivated by a spirit of hope and witnessing to the Gospel message, they participate in the creative works of God's Providence through acts of love, mercy, and justice.

The vision of the organization is, Healing for Body, Mind, and Spirit. The Strategic Pillars of the organization's ministry are a compassionate presence, quality holistic care, spiritually based culture, and peaceful, homelike environment. The mission, vision, and strategic pillars are laid out in Figure 1 of this report.

Figure 1: Structure of Providence Health Care

Vision:
Healing for Body, Mind, and Spirit

Mission:
Those who minister in Health Care Services pursue excellence in the care and continuing development of the whole person. Motivated by a spirit of hope and witnessing to the Gospel message, they participate in the creative works of God's Providence through acts of love, mercy, and justice.

(Providence Health Care, n.d.)
The four pillars of this figure above each hold a specific meaning to the organization. Compassionate presence means the dignity of individuals is recognized and human kindness is emphasized as a component of care. Quality, holistic Care offers a commitment to continuous improvement and high patient satisfaction. A spiritually-based culture represents an inclusive, hope-filled setting accepts and respects individual' spiritual dimension. Lastly, a peaceful, homelike, environment means that staff build relationships of caring that are patient specific. These four pillars are concise and directly state what is to be accomplished while steering the direction of the business’s strategy. The consumers of the product value compassion, quality of care, spiritual roots, and a homelike setting. This is important because it has an impact on the stakeholders and is felt throughout the organization as the foundation for the care that is being provided.

Description of the Organization

Providence Health Care is a small, independent, not-for-profit, licensed, skilled nursing facility located on the grounds of the Sisters of Providence in Saint Mary-of-the-Woods, Indiana. Currently, the services offered are therapeutic rehabilitation, ventilator weaning, long-term care, and assisted living. Providence has seventy licensed skilled nursing/long-term care beds and thirty-seven licensed residential care beds. There are approximately 100 employees serving the resident population. The types of employees vary from registered and licensed nurses, certified nurse aides, housekeeping, maintenance, and administrative staff.

Providence Health Care is proud to be a Music and Memory Certified Care Organization offering the powerful benefits of personalized music as a part of a continuation of care. Providence believes music helps to reduce depression and anxiety and improve quality of life.
Additionally, Providence is the only facility in the area to offer on-site aquatic therapy, having a specialized therapy pool with lift deck to accommodate even patients with limited mobility (Providence Health Care, 2017). The facility has also placed emphasis on offering high-quality care to patients experiencing cognitive decline by providing Certified Dementia Practitioner (CDP) training to all staff through the National Council of Certified Dementia Practitioner Training (NCCDPT). The website for the NCCDPT states, “As the number of dementia cases continues to increase nationally and worldwide, there is a great necessity to ensure that caregivers...are well trained to provide appropriate, competent, sensitive direct care and support for the dementia patient” (Stimson, 2017). Thus, Providence Health Care has invested in ensuring the staff is well trained and competent in offering high-quality dementia care to the residents and patients served.

The populations that Providence serves encompass any person from the community and surrounding areas in need of rehabilitation, ventilator weaning, long-term care, or assisted living services. The service area around Providence extends from Saint Mary-of-the-Woods to Terre Haute, Indianapolis, Evansville, Mooresville, and Greenwood. This population also varies in religious affiliation, beliefs, and preferences. The facility is reimbursed for services from Medicare/Medicaid, insurance companies, and private payments of the population served. The major stakeholders for this entity would be the residents and families/loved ones of those receiving services as well as the staff who are placing significance on the foundations of this mission through their daily work with the residents.

The staff is an integral part of the customer experience, and their interactions with residents are what make Providence unique ensuring people want to return and share their experience with others. However, high turnover rates are prevalent in this industry and
Providence has experienced this like so many other organizations in the area. Unfortunately, being a small, stand-alone facility on the outskirts of town can sometimes prevent potential employees from wanting to venture into the campus and experience the services that are offered. Consequently, the lack of a competitive pay scale for staff, like those offered by corporate organizations, also hinders people from choosing to work at a non-profit facility such as Providence.

The Sisters are major stakeholders because they invested in the creation of this operation and stand to benefit the most from its profitability; they ultimately retain the final say in strategic goals and future planning decisions. However, the board of directors is the acting governing body for the facility; thus executive level staff and each member of the board are stakeholders for Providence. Additionally, the hospitals, physicians, directors associated with the facility, and contracted providers of services on behalf of the facility are also stakeholders in this business. Each stakeholder has a responsibility to ensure the mission and vision of this ministry are consistently provided to the resident population.

**Business Overview**

Providence is a local leader in the rehabilitation industry boasting many accolades which have recently been received. Providence was awarded U.S. News and World Report Best Nursing Home each year from 2014 to 2018. Recently, Providence was voted best place for rehabilitation in the Wabash Valley by viewers of WTWO news. In 2017, Providence received recognition as a Women’s Choice Award Recipient for Best Extended Care Facility (Women’s Choice Award, 2017). Through the Center for Medicare and Medicaid Services (CMS), the facility is also proud to have an overall 5-star quality rating (Nursing Home Compare, 2017).
Annual revenue for the last fiscal year was more than 8 million from Medicare, Medicaid, managed care, and private payers. Since the facility opened in 2012, the census has increased by 10.3%, now totaling over 23,148 patient days in the last year. The area and people Providence serves is small in size and limited in financial affluence. Most individuals are of meager income with Medicare/Medicaid as their primary payer. Thus revenue flow for Providence is delayed because billing takes a substantial amount of information and time.

People in this area need services and their financial capabilities are impacted by the economy. Service area, population served, and economic instability has the potential to negatively impact Providence as a threat to the execution of its mission. Government reimbursement is subject to change with different political representation and their respective agendas. Also, by having no corporate oversight structure, Providence is isolated and has no shield against the volatile industry market or financial drought. Other organizations may fare better given the deeper pockets and marginal cushion that comes with multiple buildings in various geographical areas.

The robust and expansive marketing strategies of our competing other skilled nursing facilities (SNFs) in the area are a barrier to the success for Providence because of their limited resources to market as effectively as is needed. Consequently, the limited marketing strategy also hinders people even knowing that this facility exists. Additionally, there is a societal need for the consumers to be treated like customers with their individual preferences and desires being emphasized. Consumers now expect that skilled nursing and long-term care facilities function more like that of a luxury hotel, and competitors are focusing on the amenities they offer. This means Providence needs to focus on creating and marketing the services available while also exploring other revenue-generating service offerings to their customer population.
Additionally, adding to the scope or specialty of services offered could increase the population of patients that can be served by the facility. This would help generate alternative revenue streams not yet being tapped. In order to provide such additional services and ensure the highest level of quality, the facility needs to invest in staff development through excellent education programs and training focused on the unique culture and history of the facility. These investments will empower staff’s confidence in their work, make employees feel invested in the mission, and improve employee retention resulting in superior patient care.

**Problem Statement**

Providence Health Care, Inc. is seeking alternative revenue streams to supplement their net income. They are exploring various forms of health care delivery that could be incorporated into their operations while at the same time proving to be profitable for their organization. One area of focus is on an adult day care service that would specialize in working with older adults who have dementia or other types of cognitive decline. In order for this to be a viable investment for the facility, there must be a level of care offered that is unlike any other in the surrounding community. New trends in the delivery of healthcare have a focus on patient-centered care that requires delivery to be customized for the patient. Marketing this service could serve as a gateway to allow the community to become aware of the other types of services offered by Providence Health Care.

The goal of this report is to develop a business plan for Providence Health Care to implement an adult day care facility as another branch in their operational service offerings. The research questions being asked are, (1) Would an adult day care be a viable business option for Providence Health Care?, (2) What are the benefits of an adult day care setting for both the client and the caregiver?, and (3) Would the market be willing to pay for this service?
Providence is seeking to offer an excellent level of memory care in an adult day setting that focuses on person-directed care to meet the clients’ specific needs and preferences. The following plan will detail how that could be done should the facility choose to invest in an adult day care service offering.

**Literature Review**

**Adult Day Service**

Adult day service is a community-based resource for disabled or older persons. Adult day centers can help maintain or improve a client’s health and delay placement into a long-term care facility. The alternative to the long-term care facility could be adult day care services which, “provide socialization opportunities, supervision, and scheduled recreational activities for seniors and Alzheimer’s or dementia patients. Personalized healthcare, med management, transportation services, outings, bathroom help, meals, and rehabilitative therapies may also be offered at some facilities” (Adult Day Care, 2018). With the baby boomer generation aging, “Community based options are in demand and boomers are readily choosing aging in place alternatives for themselves and their aging parents” (Oliver & Foster, 2013, p. 229). If given the choice, many older persons would choose to live in their home environment for as long as possible and adult day services can assist in allowing that to be possible for older persons and their responsible caregivers.

The National Adult Day Services Association (NASDA) has identified 5,685-day programs operating in the United States in 2014. Services offered at adult day centers include social activities, transportation, meals, personal care, and therapeutic activities. These programs allow caregivers to remain working during the day while continuing to provide care and support for their elderly relatives. Typically, “there is one direct care worker for every six participants,
facilitating individualized, person-centered care and enabling staff to care for increasingly complex needs” (National Adult Day Services Association [NASDA], n.d.).

There are three general types of adult day centers: social, medical, and combined/specialized. According to NASDA, most centers provided caregiver support programs, including educational programs (70%), caregiver support groups (58%), and individual counseling (40%). Additionally, “Nearly 80% of adult day services centers have a nursing professional on staff, nearly 50% have a social work professional on staff, and approximately 60% offer care management services” (NASDA, n.d.). Clients come from the community once either the caregiver or the client themselves decide adult day service care is needed. Interestingly, “The top referral sources reported by adult day centers were Agencies on Aging, family and friends, and self-referral” (Oliver & Foster, 2013, p. 229).

Clients who chose to use adult day services often do so because of their increased need for assistance, or because of the external responsibilities of the caregiver. In order to quantify these needs, one study showed, “Levels of informal assistance, primarily from family caregivers, were substantial for older adults receiving help in the community (164 hours/month) and living in supportive care settings (50 hours/month)” (Freedman & Spillman, 2014). Thus, adult day services are designed to provide social and some health services to adults who need supervised care in a safe place outside the home during the day. They also afford caregivers respite from the demanding responsibilities of caregiving as, “Family members of aging and disabled relatives want to use adult day care centers to help them meet their obligations like, working a full-time job, enjoying respite, meeting other financial obligations, and caring for self” (Marak, n.d.). Adult day service can be a great option for individuals who live with a caregiver and who are facing cognitive challenges.
Cognitive Decline

People can often become confused about the differences between Alzheimer’s disease, dementia, and the natural symptom of cognitive decline that is common among the aging population. To clarify, “Dementia is not a single disease, but describes a collection of symptoms which are progressive and incurable, including memory loss, disorientation, wandering, problems with reasoning and communication skills, a reduced ability to carry out daily activities and also depression, anxiety or loss of personhood” (Weir & Fouche, 2017, p. 298). As stated from the Alzheimer’s Association (2017), Alzheimer’s disease is the most common form of dementia, in which 5.5 million people in the United States possess the disease and it is the sixth leading cause of death. Specifically, between the years 2000 and 2014, deaths from Alzheimer's disease as recorded on death certificates increased 89 percent.

According to the Center for Disease Control (CDC), in 2014, of the 282,200 participants using adult day center services, 29.9% had Alzheimer’s disease (Center for Disease Control, 2016). However, that percentage could be expected to increase because, by the year 2050, the number of people living with the disease could be as high as 16 million. Even more shockingly, “every 66 seconds a person develops the disease” (Alzheimer’s Association, 2017).

Costs

The facts regarding the financial implications of cognitive decline are staggering. The costs of health care and long-term care for individuals with Alzheimer's or other dementias are substantial, and these health care costs will increase with the presence of dementia. The average per-person out-of-pocket costs for Alzheimer's and other dementias are almost five times higher than average per-person payments for seniors without these
conditions (Alzheimer’s Association, 2017). There is no denying that dementia is one of the costliest conditions to society:

The total payments in 2017 for all individuals with Alzheimer’s or other dementias are estimated at $259 billion and expected to rise to more than $1.1 trillion in 2050. People with Alzheimer’s or other dementias have twice as many hospital stays per year as other older people. Medicare and Medicaid are expected to cover $175 billion, or 67 percent, of the total health care and long-term care payments for people with Alzheimer’s or other dementias. Out-of-pocket spending is expected to be $56 billion. (Alzheimer’s Association, 2017)

Unfortunately for American society, there is no relief from the exorbitant health care costs in sight as more individuals develop and manage dementia. One study reports, “Between 2010 and 2015, the average worldwide cost per person...increased from US $15,122 to 17,483 per year (an increase of 15.6% per year)” (Wimo et. al, 2017). The Alzheimer’s Association has devoted years of research to discover facts about the costs of this dreadful disease.

**Benefits**

The benefits of placing an elder in an adult day care setting can be numerous and impactful. These benefits include, but are certainly not limited to, social engagements, mental/physical/cognitive stimulations, symptom management/health monitoring, and respite for the caregiver. Adult day care could be an opportunity to meet this community need because it can give families a break from providing care, by offering nutritious meals, medication management, and companionship in a safe, loving, and life-giving environment. Adult day care service has the potential to fill an ever prevalent need in many communities, because, “As the population ages, living into their 80s and 90s, more people require custodial care, supervision,
and assistance performing activities of daily living” (Mitzkun, 2016). It is important for persons, specifically older persons, to maintain a sense of purpose and feelings of connectedness.

Adult day care can be a valuable resource for social interaction among elders who often spend the majority of their time alone. Caregivers have to trust that, through activities, “the social interaction that will be provided is meaningful and enjoyable for the care-recipient when using adult day services for respite” (Sterling, Dawn, & McKenzie, 2014). Unfortunately, many older and dependent adults suffer from loneliness and lack of social contact, which can result in increased depression and dependency on their caregivers. Adult day services can help minimize these feeling by keeping older persons with dementia stimulated in individual or group activities that are specific to their needs.

Also, in this type of setting, many activities are offered with the purpose of providing life-enriching skills to help promote independence and well-being. This type of service “provides varied and vibrant activities that encourage and motivate seniors to stay connected to their peers, maintain their independence, and bring meaning and enjoyment to their days” (Parker Memorial Home Inc., 2017). Various programs are offered that help stimulate the older person mentally, physically, and cognitively. This is especially important because “Structured and pleasant activities can often reduce agitation and improve mood. Planning activities for a person with dementia work best when you continually explore, experiment and adjust” (Alzheimer’s Association, 2017). The therapeutic offerings of, physical, occupational, speech, or massage therapies can also be provided depending on the needs of the client and the capabilities of the adult day care facility.
While their loved one is attending adult day service, caregivers can have peace of mind knowing their loved one’s health and well-being is being monitored by qualified nursing staff. This continued oversight can make a difference as, “Daily assessment and observation help promote early detection of urinary tract infections, dietary and nutritional problems and diabetic related concerns. Even small changes are communicated to caregivers at arrival and pick-up times in an effort to encourage prompt medical intervention through their primary care physicians” (Oliver & Foster, 2013, p. 228). Nutrition is another important component of health status for older persons living with dementia as weight loss can be a common problem. One report found that, “Reduced appetite, taste changes, challenging behaviors at mealtimes, restricted food intake and weight loss are common among individuals living with dementia” (Ball et. al, 2015). Caregivers in the adult day can monitor the nutritional status and encourage sufficient food intake for the older persons attending adult day service. Similarly for any medical concerns, “Highly trained staff will watch for changes in health status and alert the caregiver for needed medical interventions or evaluations. They can also assist with care-planning, referrals, caregiver education, and support” (Mitzkun, 2016). This can provide peace of mind for a caregiver who needs to work and/or care for their home and family.

In some adult day settings, children are incorporated into the daily activities for the clients. Children offer many benefits for the elderly population from the engagement opportunities they provide. One study reports, “Intergenerational programs are an authentic way to engage elders in meaningful activity and report benefits to both elders and youth” (Baker, Webster, Lynn, Rogers, & Belcher, 2017). Specifically, the benefits for elders include a higher level of positive engagement when interacting with children, and the elders feel purpose when teaching the children things. For example, “Intergenerational programming allows adults with
dementia to be able to teach children things, such as how to fold a towel, how to dust handrails or how to categorize things such as by seasons or colors" (Heerema, 2017). This teaching serves as a meaningful activity and can even improve the quality of life for older adults living with dementia.

Another interesting benefit is that older adults without dementia have been shown to demonstrate a higher frequency of smiling and conversation when interacting with preschool age children. Morita and Kobayashi (2013) showed, “Intergenerational programs with preschool children brought smiles and conversation to older adults. The intergenerational programs provide opportunities to fulfill basic human needs and reintegrate older adults into society” (Morita & Kobayashi, 2013). This interaction can even be beneficial for the children since they have been shown to have fewer behavioral challenges and improved social development (Heerema, 2017). The relationships formed between elder and child can have lasting and profound impacts on both generations.

Another benefit of adult day service is that it offers support for caregivers and, “...the break in caregiving also is vital in helping to prevent exhaustion of the caregiver” (United Way, 2016). This type of respite service allows caregivers to cope with the many stressors that arise from caring for an elder dealing with cognitive decline. The demands are difficult and can cause health problems for the caregiver. This challenge can be further complicated if the caregiver has other obligations such as a job or meeting the demands of their own children.

The importance of caregivers cannot be understated as the financial savings to the community are enormous. Many persons with dementia are being cared for by relatives, “In 2016, 15.9 million family and friends provided 18.2 billion hours of unpaid assistance to those with Alzheimer's and other dementias, a contribution to the nation valued at $230.1 billion”
(Alzheimer’s Association, 2017). Even the Healthy People 2020 initiative prioritizes the need to reduce the portion of unpaid caregivers by collecting and finding ways to reduce the number of, “older adults who report an unmet need for caregiver support services” (Healthy People 2020, 2017). In fact, “What is striking is that, in spite of their apparent usefulness, ADCs [Adult Day Centers] are not more widely used by caregivers” (Nogales-González, Losada-Baltar, Marquez-Gonzalez, & Zarit, 2014, p. 494). There is significant value to caregivers who choose to utilize adult day services.

Caregivers can easily become burned out and may lose sight of their own health care needs. Especially when caring for a person with any form of cognitive decline, it has been shown that, “Alzheimer’s takes a devastating toll on caregivers. Compared with caregivers of people without dementia, twice as many caregivers of those with dementia indicate substantial emotional, financial and physical difficulties” (Alzheimer’s Association, 2017). Often, “caregivers report sleep as a common problem when caring for individuals with dementia” (Leggett, Liu, Klein & Zarit, 2016, p. 465). Another study also reported that, “…spousal dementia caregivers are more likely to experience declines in physical and/or cognitive health over time compared to nondementia caregivers” (Dassel, Carr, & Vitaliano, 2015, p. 326). This means that caregivers often need periods of respite to maintain their own medical and emotional needs. Respite service for the caregiver is one of the most used benefits of adult day service.

Global Perspective

There are other models for adult day services that still encompass all the benefits previously described as being used throughout the world. Some of the country’s leading the initiative to change the typical adult day service healthcare delivery model include New Zealand, the Netherlands, and the Philippines. Studies coming from each of these countries offer new
ideas for how adult day services can be provided to the customer while at the same time enhancing the types of services and benefits offered.

In the Philippines, one study by Cuevas (2015), reported that having “meaningful, focused, and structured activities for nurses in adult day care provided meaning-based nursing care for the older persons being served” (p. 635). The primary premise of this care model is that the nurses treat the older persons as holistic beings, which in turn, aids in the delivery of meaning-based nursing care. The training offered with this model promoted the nursing staff to “create meaningful interactions with the older person’s mind, body, and spirit in adult day care” (Cuevas, 2015, p. 637). This model is being explored in a way which utilizes the nurse as a facilitator, teacher, and advocate for the older person. The nurses exhibit an investment in the older person’s care through their patience and the caring relationships. The older person develops a feeling of security that allows the staff to discover what needs the older person wants to express. Because people with cognitive decline can have difficulty expressing their needs, thoughts, and feelings, this model offers a holistic approach that gives the person with cognitive decline dignity and hope for care that is individual and person-centered.

In New Zealand, researchers Weir and Fouche (2017), explored the beneficial outcomes that result from community-based dementia day programs. In these programs, “Social and physical activities were widely regarded as an effective intervention to improve social skills and social inclusion, raising self-confidence and self-esteem, and minimizing the risk of depression” (Weir & Fouche, 2017, p. 306). They also state that an effective day program must improve client functioning, provide benefits to the caregiver, have competent and capable staff, and be culturally responsive. If the adult day center does these things, then the clients and caregivers
will benefit from decreased healthcare costs through measurable outcomes that show improvements in their health status.

Researchers in the Netherlands have conducted many studies about the benefits of Green Care Farms which uses local farms as the setting for adult day care services. Similarly to regular daycare facilities, “green care farms aim to provide an adequate day structure and a meaningful day program to frail community-dwelling elderly people to prevent social isolation and offer respite care to informal caregivers at home” (De Bruin et al., 2009, p. 369). This study, though somewhat outdated, has laid a foundation for future studies which also aimed to look at the beneficial aspects of green care farms as it relates to dementia care.

This model is different than others because, “The farm context and content provide a relaxing, inclusive, and largely non-hierarchical space within which people develop a new skill and contribute productively to create shared and multifaceted value” (Leck, Upton, & Evans, 2015, p. 758). The unique aspects of the green care farms are that the majority of the activities are facilitated outdoors and the older person performs chores similar to those that would be done on an actual operating farm. Examples of these activities include gardening, taking care of animals, household chores, and other types of activities that are incorporated into normal daily life” (De Boer, Hamers, Zwakhalen, Tan, & Verbeek, 2017, p. 2). While these types of activities may seem strenuous or taxing, they can be modified for the function level of the older person.

These researchers state that, “previous research indicates that people with dementia at green care farms were more engaged in activities and had more social interaction than people with dementia at regular care facilities, both in day-care and in nursing home care” (De Boer, Hamers, Zwakhalen, Tan, & Verbeek, 2017, p. 7). The reason for this is likely because these
activities offer a sense of purpose and can be more enriching for the older person as it adds to their quality of life.

Green care farms focus on offering activities that provide purposeful and customized to what the client is capable of performing. For example, "...residents who are still mobile are asked to help with milking the cows and residents who are still able to cook are able to help with preparing dinner" (De Boer, Hamers, Zwakhalen, Tan, & Verbeek, 2017, p. 7). Even another study from the United Kingdom found "...care farms provided an environment within which people dealing with a range of issues and facing multiple challenges can thrive and prosper" (Leck, Upton, & Evans, 2015, p. 756). Therefore, the findings of these researchers show that green care farms may have more health benefits for elderly people with dementia than regular adult day care facilities. The image below illustrates the symbiotic relationship between the various components of a care farm; it also shows how those components, when combined effectively, can allow the client to progress toward a state of improved health and wellbeing.

Figure 2: Care Farms
The connecting theme of all the models discussed from a global perspective is the holistic approach to care. The mission of Providence Health Care is already focused on caring for the whole person through quality holistic care, as it is one of its strategic pillars. Also, the landscape Saint Mary-of-the-Woods provides an expansive opportunity for outdoor and farm-like activities to be created and facilitated by the staff working there. Thus, incorporating some key aspects of these models could enrich the service offerings of Providence while at the same time allowing it to be a distinct industry leader in the adult day service market.

Opportunity

Numerous researchers have discussed the new approaches to care delivery stating, “Many countries are introducing smaller, more home-like care facilities that represent a radically new approach to nursing home care for people with dementia” (De Boer, Hamers, Zwakhalen, Tan, & Verbeek, 2017, p. 1). Even though this study focuses on nursing home care, the associated
principles could be applied to the adult day setting and used pervasively throughout the
Providence campus of care offerings. More broadly stated, “The care farms were valued for
providing opportunities to interact socially and become part of something that was inclusive and
supportive; they were presented as operating as functional and therapeutic communities” (Leck,
Upton, & Evans, 2015, p. 752). This is the fundamental principle Providence will seek to
achieve in the adult day service offering.

The campus that surrounds Providence is teeming with farm-related activities that could
provide a similar type of offering as that of a care farm. This would be a distinctive service
opportunity because no other nursing home or adult day care center in the area is situated in a
rural, farm-like setting. Partnerships with the other organizations on the campus could also allow
for green care farm activities to be provided. For example, Saint Mary-of-the-Woods College
offers equestrian studies would allow for interaction with the horses. Additionally, the White
Violet Center for Eco-justice offers an array of potential opportunities to participate in farm
projects. As stated on the official Sisters of Providence webpage, “At White Violet Center,
you’ll find a farm store, alpacas, chickens, bees, USDA certified organic gardens with two high
tunnels and two greenhouses, an orchard, a berry patch, and a classified forest” (Sisters of
Providence, n.d.). These opportunities could differentiate Providence from other local providers
and would allow for an unmatched level of care delivery. Furthermore, such opportunities would
be designed to provide meaning and purpose for people experiencing cognitive declines and the
daily care challenges that accompany such diagnoses.

Alternative Models

Due to the evident changes in the industry’s landscape, Providence Health Care should
research alternatives to the standard adult day care service currently being conducted in the
United States. This exploration could be done by looking at other opportunities that are not being predominantly practiced in the local area of Providence. This is important as there are various new methods that are making waves in the realm of dementia care. Many of these alternative approaches are not yet being used in mainstream care delivery; however, a couple models are gaining popularity quickly in the long-term care industry.

Two of the most notable of these alternative philosophies are the Green House Model and the Eden Alternative. One report from the Australian Journal of Dementia Care (2015) stated, "The past two decades have seen the emergence of two parallel tracks of thought revolving around aging issues. The first, usually credited to the late Tom Kitwood, is a movement to approach dementia from a more holistic viewpoint that centers on maintaining personhood throughout one’s life. The second is a worldwide movement to transform care homes from sterile institutions to life-affirming communities" (Australian Journal of Dementia Care [AJDC], 2015). Both of the methods mentioned here have the potential to enhance the care delivery offered at Providence.

The Eden Alternative approach defines seven domains required to achieve well-being for the person living with dementia or any other form of cognitive decline. These domains are identity, connectedness, security, autonomy, meaning, growth, and joy (Eden Alternative, 2016). These domains are laid out in a pyramid diagram as shown in Figure 3. This approach looks at each person holistically so as to achieve the maximum level of well-being for each individual. The figure below represents a hierarchy of needs for persons with dementia as arranged by G. Allen Powers.

Figure 3: Hierarchy of needs
Similar, yet divergent in some minor aspects, is the Green House Model. This model looks at the structure of the facility to make the environment less institutional and more welcoming for the people living there. The primary focus of these life-affirming communities is intimacy, autonomy, warmth, smart technology, and green living. There are one hundred Green House Project Homes in 32 states (Larson, 2016). Even though the focus of these principles is on the residential/nursing home living setting, the underlying concepts could be applied to the construct and operation of an adult day service. Providence Health Care is also exploring how to incorporate these ideas into its long-term care and assisted living service offerings.

G. Allen Powers is a pioneer in instating the practices of care philosophies which has allowed them to become more pervasive thought the healthcare industry; he states, “The fact is that changing our approach can produce more well-being for people living with dementia than any other pill that is available today, or is likely to be available in the foreseeable future” (Powers, 2014, p. 19). The shift from less chemical intervention provided by medications too
more direct interaction and personalized care is a complex and underutilized approach to offering specialized dementia care.

The mission of Providence is already focused on holistic care for the individual, so the principles of the Eden Alternative and Green House model approaches would only enhance that idea and all the strategic pillars in the mission statement. Because Providence is seeking to open an attractive and holistically focused adult day center on the campus of Saint-Mary-of-the-Woods, incorporating these concepts could be helpful in creating a distinction between the competition in the area. This is not only important for adult day care but also the other services offerings provided by Providence.

Business Plan

SWOT Analysis

Providence has a respectable reputation in the community for offering exceptional patient care. This reputation could be applied to the new adult day center, thus, attracting people to purchase the service. One area of strength for an adult day service is the lack of competition in the area, specifically one that specializes in dementia care. Also, another area of strength for Providence is that all employees working in the adult day setting will be trained as Certified Dementia Practitioners (CDPs). This distinctive certification, in addition to all other license requirements, will ensure that high-quality dementia-focused care is offered to every participant.

The perceived weakness of this business is that the location of the facility is outside of the Terre Haute metropolitan area. This distance could deter caregivers from driving the client to the facility. Furthermore, the only other adult day care service provided in the area is located only six miles from the campus. Unfortunately, Providence has a limited marketing budget and insufficient advertising strategies to appeal to clients that may reside outside of the immediate
locality. Additionally, as an independent, non-profit organization, there is no corporate backing or major investing potential to create, operate, or fund this endeavor.

One area of opportunity is that the land and property of the Sisters of Providence could have significant potential to offer activities and engagement opportunities for the clients. Another area of opportunity is the potential for more staff development. The staff could be further educated on new care models to ensure consistency in offering person-centered care. Special licensing certifications could be acquired to expand the population of people that could be serviced (i.e. Medicaid or Veterans Affairs). This certification would also allow for alternative revenue streams outside of private pay reimbursements.

The prevalence of in-home care companies could be a threat to the success of this endeavor. When the choice is provided, people most often prefer to remain in their home and receive care services in a familiar environment. Additionally, specializing the service offered to patients with cognitive decline could be limiting for other populations that could be potentially served; such a specialization could thereby decrease the potential revenue. The federal and state rates of reimbursement are low, thus, covering the initial costs of facility construction, overhead and setup will take time. Lastly, any economic instability could threaten Providence’s success, and other entrepreneurs with more cash availability could see the potential for another adult day service in the target market. The following table summarizes the components of the SWOT Analysis.

Table 1: SWOT Analysis

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Respectable reputation in the community</td>
<td>- Rural location outside the main thoroughfare</td>
<td>- Access to the surrounding campus for</td>
<td>- Competition from in-home care organizations</td>
</tr>
<tr>
<td><strong>• Limited competition from other adult day services in the area</strong></td>
<td><strong>• Limited funding for advertisements and marketing endeavors</strong></td>
<td><strong>• Staff development on “person-centered” care delivery from alternative models</strong></td>
<td><strong>• Specializing in dementia care services could limit the target population</strong></td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>• Staff trained as Certified Dementia Practitioners (CDPs)</strong></td>
<td><strong>• No corporate support for funding, risk management, or competitive salaries</strong></td>
<td><strong>• Acquiring special licensure to offer services to individuals with select funding resources</strong></td>
<td><strong>• Economic instability and lucrative investors seeing a potential investment opportunity</strong></td>
</tr>
</tbody>
</table>

**Target Market**

The target market for this specialized adult day care center is older people, aged 65 and older, who are experiencing a cognitive decline or have been diagnosed with some form of dementia. This new service would be provided to the local area, primarily in Terre Haute, Indiana and the surrounding communities. The United States Census Bureau estimates the population of Terre Haute to be 60,852 as of July 2016, with 12.6% being over the age of 65 as of April 2010 (United States Census Bureau, n.d.). More broadly, Vigo County has a population 107,931, with 16,807 being ages 65 and older as of 2016 (STATS Indiana, n.d.).

Since Providence Health Care is located only a few miles from Indiana’s westernmost border, even communities in Illinois in close proximity could utilize this service. Both Edgar County and Clark County in Illinois neighbor Vigo County to the west; as of July 2016, the population of Edgar County was 17,566, and the population of Clark County was 15,938. Each of these counties has 18% of the population aged 65 and older (United States Census Bureau, n.d.). These demographic statistics indicate that the Illinois counties may provide a great opportunity for Providence to market adult day services.

The location of Providence is outside the Terre Haute city limits, so some working caregivers may be deterred from driving out of their way to drop off their loved one. However,
this location is well suited for working adults driving from Illinois into the city of Terre Haute. For those individuals, this adult day center location would be on the path of their commute to and from work. When assessing the market need, one source stated, “To establish an Adult Day Center, there should be approximately 10,000 older adults that are at least 60 years of age living within a set driving radius” (Gomez, 2017). When considering the combined need for Vigo County, Indiana as well as Edgar and Clark Counties in Illinois, there are over 22,000 adults aged 65 and older.

The intention would be to offer services to caregivers who are working or who need respite to handle family matters while outside of the home. Most often the type of audience Providence will need to reach out to spouses caring for a partner still together or a child caring for a parent in their home. Different approaches may be needed when targeting wife vs. daughter caregivers, especially when designing adult day programs. A study by Tretteteig, Vatne, and Rokstad (2016) showed that, “…wives seemed to wait longer to place their husband in a DCC [Day Care Center], they were more depressed before the PWD [Person With Dementia] attended the DCC, and they had less stress reduction due to the DCC placement compared with daughters” (Tretteteig, Vatne, & Rokstad, 2016, pp. 459-460). Spousal caregivers, more than children caregivers, of persons with dementia, may need more emotional support when it comes to placing their loved one in an adult day care setting.

A community survey could be developed to inquire with potential customers as to what their care needs and wishes would be. A more formal market study would be beneficial to Providence’s strategic plan for the future. This assessment of the market could be done by asking targeting questions; collecting this data could be specific to a certain geographical area or a population demographic. An example of a survey that could be used for this local area is
provided. The following is some sample survey questions for assessing adult day service needs within the target market:

- Do you have a general idea of the type of services offered at Providence Health Care at Saint Mary-of-the-Woods?
- Are you or do you know someone who is a caregiver for a person living with dementia or other types of cognitive decline?
  - If yes, do they live in the local area? What is their relationship to the person with dementia?
- Do you perceive a need for an adult day care service in this area?
- Are you aware that adult day care service offers medication administration, assistance with daily needs, and therapeutic activities?
- Would you refer your clients/family members/friends to this service?
- What would you want the service to look like if your family needed it?
- What would make the service more accessible to your clients/family/friends?

(Hartle & Jensen, n.d., p. 3)

While Providence seeks to specialize in caring for elderly individuals with cognitive challenges, this should not be the only population that is considered for services. As noted in an article from the NASDA-AAHSA Whitepaper, “The problem in targeting one or two specific diagnostic groups is filling the roster to attain maximum financial viability” (Hartle & Jensen, n.d., pp. 4-5). Ideally, once clients use the adult day services and have positive experiences at Providence, they will consider Providence for residential or skilled nursing services already being offered on the campus. The intention is that Providence will be an industry leader in caring for persons with dementia across all levels of services offered.
Barrier Analysis

One barrier for Providence Health Care would be acquiring a Medicaid Waiver licensure. This specific license allows the adult day service to be utilized by a population of clientele who received financial assistance from Medicaid for some healthcare services. Having this license offers another revenue stream that could be utilized in addition to private pay. However, managing the regulations that come with this licensure is another barrier. Given the economic status of much of the local area, it may be difficult to fill facility vacancies open spots with solely privately paying clients. Even with a full census at the adult day center, it will take time to see positive financial gains given the significant upfront and overhead costs that will be required. Also, “the time needed to regain the return on investment is likely to take at least two years” (Hartle & Jensen, n.d., p. 9). This substantial length of time required to see financial returns on the initial investment could be a deterrent for Providence to invest the initial funding.

The biggest barrier for Providence will be gathering the funding needed to design and construct a free-standing facility on the campus. The process for the facility construction will require approval for zoning and permit requirements as well as bidding for quotes from architectural and construction companies. The management of a project this large may require the use of an outside firm, which is an additional fee on top of the other aforementioned costs. These fees make up the initial investment that would be needed to build a location suitable under the state and federal regulations for an adult day service. Acquiring donations to help fund this project will be challenging and time-consuming. However, the Sisters of Providence employs fundraising and business development specialists that are willing to help solicit donations for this initiative and locate individuals willing to fund the project.
Another barrier to the success of this project is that caregivers may be using other means to achieve the benefits which have been described. The most likely alternative for caregivers is to hire privately direct care staff to come to their home to assist with needed activities of daily living. This could include medication administration, preparing meals, bathing, dressing, and grooming. These services could be provided by unlicensed workers for a cheaper cost than adult day care. In-home care is a popular option because people would likely choose to remain in their own home. However, Providence will seek to combat this barrier by promoting that their staff is trained as Certified Dementia Practitioners, there will be social interaction with other elders, and numerous therapeutic activities will be offered that provide meaning and purpose.

Other considerations should be the additional forms in which adult day care is offered. There are skilled nursing home facilities in both Terre Haute, Indiana and Paris, Illinois that which offer limited adult day care services for respite. However, these services are incorporated into the long-term care activities. Also, there is a distinction between the adult day services offered through Child Adult Resource Services (C.A.R.S.) and what Providence is seeking to provide. C.A.R.S. offers educational programs to intellectually disabled adults who need assistance in learning how to function more independently in society (Child Adult Resource Service, 2017). Providence will still have to compete with these facilities, but the comparison of care offered will be significantly different.

Service Description

Special Design

The adult day center will be set up to look and feel like a home for the clients seeking services. This will be an inviting space offering a comfortable and home-like atmosphere. An open-concept kitchen, living room, and dining room will be present. A hearth will also be a
central feature of this “home” where clients will be able to enjoy activities and relaxation. The Villas of Guerin Woods in Georgetown, Indiana, is a part of Providence Self Sufficient Ministries (PSSM). This organization has ties to the Sister of Providence, and their construction serves as an example for the type of home-like model Providence will seek to construct. Images from their villas are provided in Figure 5.

Specifically, the main attraction of the adult day center will be a café style area for activities and engagement for both clients and their caregivers. This will be a foyer area separate from the living spaces, yet still connected to the rest of the facility. Caregivers would be welcome to enjoy refreshments and do work if needed, while still being close to their loved one. The intention is to have the adult day center be non-institutional allowing for individual preferences and separate spaces for activities and community building.

Figure 4: Example front entrance

![Image](image_url)

(Steffes, 2016)

Figure 5: Example home-like model
Added Features

A spa-like bathing area will be available for grooming and shower needs. On site will be a library with publications appropriate to what older persons would enjoy reading. A beauty salon will also be located in the adult day center to service the clients and allow for caregivers to schedule and pay for services by a licensed beautician. A separate area will be available, similar to that of a gym, with equipment and space for speech, occupational, and physical therapy services to be offered if ordered by the client's physician. The reimbursement from this service will be separate from their daily care rate. These added features, which would be unique to Providence, will provide ease to the caregiver as a one-stop-shop regarding the needs of their
loved ones. These service offerings will further delineate Providence as a premier provider of adult day service in the local area. The figure below is an example floor plan that could be used for construction.

Figure 6: Example floor plan

Location

The site for the adult day facility would be on the campus of Saint Mary-of-the-Woods as part of the Motherhouse of the Sisters of Providence. The facility would be constructed separately from the healthcare facility and independent living center already located on the
grounds. This separate building/facility would meet all regulation and safety requirements as outlined by the Indiana State Department of Health, American’s with Disabilities Act, and the Indiana State Fire Marshal. However, if the Sisters of Providence are willing to offer their current activity space for this service, then this area could be modified to meet all required regulations.

Regardless of whether new construction or modified renovations is the chosen method for development, there would be a separate entrance developed with easy access to drop off and pick-up of elders. There will be a hallway corridor that connects the newly constructed facility to the existing health care facility. This connection will not be intended for public use but should offer convenient access for staff members and allow for easy transportation of supplies and equipment.

Operation

Service at Providence Health Care will be provided on a regular weekly schedule and will be closed in observance of most major holidays. Days and hours of operation will be Monday-Friday; 6:30 a.m. – 6:00 p.m., and Saturday; 9:00 a.m. – 12:00 p.m. The only other operating adult day center is the area is open from 7:00 a.m. to 5:30 p.m. with no available weekend hours (McMillian, personal communication, December 13, 2017). The intention is that by opening the facility one-half hour earlier and by closing one-half hour later, caregivers will have more flexibility to drop off their loved ones and get to their place of employment or other obligations with more time.

It should be noted that the other local adult day service has no open hours on Saturdays, which can be unfortunate for caregivers who need to do weekend errands. By remaining open on Saturdays, Providence can further differentiate itself from the competition that already exists in
the area. Moreover, the Saint Mary-of-the-Woods campus already offers 24-hour security to monitor and ensures the safety of the campus. This service will also be available to the clients of the adult day center. This unique feature should give caregiver peace of mind when leaving their loved one at the center. The newly built facility will have sprinkler systems as required by the regulatory body.

Cost of Care

The cost for the adult day services will be set as an hourly reimbursement rate of $12.24 per hour of service. This price is the same as the competition in the area (Area Agency on Aging, personal communication, January 16, 2018). The availability of added services and the specialized training for dementia care is likely to attract clients and discern Providence from the competition. This perception could be further investigated through a specific community survey to assess the market need and feasibility.

Another revenue opportunity could be achieved by offering services to clients who receive the Indiana Medicaid Waiver benefit. This is a program that allows Indiana Medicaid funding to pay for services that are provided in a community-based setting like adult day services. Similar programs are offered in every state; “As of May 2017, all 50 states offer assistance for adult day care in one form or another through their Medicaid programs (Paying for Senior Care, 2017). However, one limiting factor is that people who reside in Illinois cannot use there Illinois Medicaid Waiver for services provided in Indiana. Thus, all Illinois clients utilizing services will have to pay privately.

Persons must qualify for institutional care in order to be eligible for home and community-based services (Family and Social Services Administration, 2017). The reimbursement rate under the Medicaid Waiver is dependent on the geographical location of the
facility and is based on a cost of living computation set by the Centers for Medicare and Medicaid Services (CMS). This rate is not available until the application for licensure is approved; however, this rate is expected to be the same as the other adult day service in Terre Haute.

Meals

Providence already offers a balanced diet menu to the residents in the healthcare facility. Similarly, the menu for the adult day service will be developed by the healthcare dietary manager and approved by the contracted, registered dietitian. The healthcare dietary department will purchase the necessary food items which will then be transported and stored in the adult day facility’s kitchen. All meals will be prepared by a dietary cook in the adult day center so the aromas will, hopefully, elicit the appetites of the clients. Breakfast, lunch, and dinner will be provided during the week at regular eating times, and snacks will be offered in the morning and afternoon with availability upon request throughout the day. A snack will also be provided on Saturday.

Transportation

Transportation will be provided in a wheelchair van to appointments based on the availability of the driver working at the healthcare facility. Family members must serve as the care companion during the appointment. This is an added service for the caregiver who can meet the facility van at the doctor’s office and call to have the van pick up the client once the appointment is finished. Such transportation services could be a great asset for working caregivers who have limited time to be away from their work or other obligations. Also, the director and the CNAs/activity aides will be training to drive the van in the event that an outing is planned as an activity for a group.
At this time Providence will not be offering transportation to and from the client's home, but this feature could be added in the future if necessity dictates. It is expected that caregivers will drop off and pick-up their loved ones. Once the complete market analysis is conducted, the question of whether this service would be utilized could be researched.

Nursing Care

Medications can be administered by the on-site nurse if provided in the original packaging. All medication will be safely secured in a locked location, and will only be accessible to the nurse authorized and licensed to administer them. The on-site nurse will also serve in a management capacity over the operations of the adult day center. Additionally, the nurse will provide documentation pertaining to the clients' plan of care so as to ensure the direct care staff is focused on meeting the clients' specific care preferences.

More specifically, the care plan will consist of a formal description of goals, objectives, and strategies. The care plan also has to state the desired goals of the client and who is responsible for implementing them. As such, “The nurse will assess the appropriateness of an individual's goals at least once every ninety (90) days per the Indiana state requirement” (Family and Social Services Administration, 2017, p. 27). The objective is to enhance or maintain as much independence as possible while striving for the most optimal health that well-being of each client.

Certified Nursing Assistants (CNAs) will be present at a ratio of 6-to-1. The CNAs will provide needed assistance with Activities of Daily Living (ADLs). This includes toileting, transferring, grooming, and feeding assistance. All staff members working in the adult day center will also be trained as Certified Dementia Practitioners (CDPs), which is a special training requirement, focused on offering high quality, person-centered, dementia care.
Therapeutic Activities

Activity staff will offer a wide array of comprehensive programs aimed at offering mental, physical, and cognitive stimulation; this will include social engagement with staff and other clients. The activity director from healthcare will oversee the programs and document participation as a guide for understanding which activities are best suited and most desired by the individual client. Interviews will also be conducted with the clients’ family and loved ones which will help in the development of person-centered activities specific to meet the preferences of each individual.

Therapeutic activities would include art therapy, music therapy, massage therapy, animal therapy, aromatherapy, horticulture, and Montessori based functional activities. Many volunteers from Saint Mary-of-the-Woods College and the surrounding community already assist with facilitating many of these types of activities in the healthcare facility. Their services could also be utilized at the adult day center under the supervision of the activities department. An example of an adult day care activity calendar is provided in the appendix of this report.

Staffing Plan

The staffing plan is based on the projected and budgeted census for the adult day center. The regulations require a ratio of one direct care staff member to every eight (8) clients who have needs requiring a Level 1, one to six (6) at a Level II, and one to four (4) at a Level III (Family and Social Services Administration, 2017). Many factors make up the classification requirement for each level of service. However, Providence will be equipped to meet the needs of all care levels and will offer the necessary services. Clients will be assessed for care needs upon admission and every ninety (90) days thereafter. The staffing levels may be adjusted depending on the assessed acuity of the client population.
Providence will employ one full-time licensed nurse to serve as a care manager. A director will function as an onsite manager and serve as the social worker. The adult day center will be staffed with four CNAs who will provide direct care for any needed activities of daily living that the clients may have. These CNAs will also work as activity aides to facilitate continual and comprehensive activities throughout the hours of operations. The therapists, beautician, and van driver will be available when required by the clients. Maintenance staff from healthcare will perform preventative maintenance functions and will be on call in the event that repairs are needed. One cook will prepare and serve the three meals internally.

The same governing body for Providence Health Care's other services will still provide strategic planning, policies and procedures, and executive oversight for operational compliance. The daily management and decision making responsibilities will be monitored by the Director of Nursing and Administrator of the healthcare facility. The Activity Director from the healthcare facility will monitor and oversee the planning and coordination of the activities and any volunteers who may wish to participate. The human resource functions will be handled by the Human Resources Director of the healthcare facility. Compensation for all positions will be in line with the salaries currently being paid to each employee category at the healthcare facility.

**Promotional Strategies**

Because the facility is located in a small community outside of the main traffic for the city of Terre Haute, marketing for the new adult day service will require thoroughness and diligence to reach the appropriate parties. This can be done cost-effectively by utilizing Providence's website and by establishing a social media presence through their Facebook page. Facebook advertisements are an inexpensive way to promote a service offering and entice consumers to click for more information. There are customizable features available to the
business which can target specific demographics of online users. The specific benefit that Facebook will offer is “the ability to reach people early on in the buying process, before they are aware of their need, whilst capturing those who are aware of the need in a subtle way” (James, 2015). Providence has seen success with this type of promotional strategy in the past and could anticipate the same results in the future.

Another online approach could be through Google AdWords. While this is a more costly approach than Facebook advertisements, it specifically targets any person searching for adult day services on the Google search engine. The most relevant and applicable use of Google AdWords for Providence would be achieved by “targeting those who already have an interest and, therefore, are more likely to convert into sales” (James, 2015). While there are pros and cons to each of these online advertising options, the potential benefits certainly outweigh the cost constraints.

In addition to the aforementioned online strategies, newspaper, magazine, television, and radio ads currently being used to advertise other services within Providence could be altered to include and promote the new adult day service program. Billboards are another possible approach for disseminating information about a center; however, these can be costly and are only available for a limited amount of time. Open houses for the new structure should also be offered to the community with an education component to attract people who may not know the benefits of an adult day care service. Other specialized promotional events could be used to help attract public attention; such events could include a wellness clinic, a senior exposition, a craft fair, or a fundraising dinner to name just a few. Caregiver support groups could be offered on a monthly basis and advertised to the public. Best practices and new ideas can be shared in a supportive environment with other caregivers who may have encountered similar experiences.
The city of Terre Haute Chamber of Commerce also offers a ribbon cutting for new business which can be used for press release purposes. Posting of promotional information at local hospitals will be another way to inform the public about the newly constructed facility and the adult day services that it would offer. Providing the information to church congregations could also be helpful in reaching the working demographic for someone caring for a parent or spouse with some form of dementia. Given the faith-based, Catholic connection the Sisters of Providence have to this adult day center, reaching out to religious communities could be particularly beneficial for referral sources. Advertisements in church bulletins are relatively inexpensive and can be seen on a weekly basis.

Financial Analysis

Projected Revenues

Data provided in the financial projection is based on information relating to the operations of Providence Health Care. The budgeted average daily census is set at 24 clients, which would be at 95% occupancy for the adult day center. The percentage of the occupancy rate was selected because Providence’s operating budget for its healthcare facility is based on the same occupancy rate of 95%. These projected figures, as provided below in Table 4, are expected to be incurred after the initial cost of building the facility.

The cost of approval to build, design, and construct to completion would be approximately one million dollars. This amount is based on the cost of similarly constructed facilities in the geographical region and from a conversation with an architectural design firm out of Indianapolis, Indiana (personal communication, November 10, 2017). Should the decision be made to renovate existing space, the initial cost is expected to be approximately three hundred thousand dollars (personal communication, January 18, 2018).
Genworth Financial (2015), conducted a study to determine the cost of adult day care service in every state. As reflected in this table, the median cost of adult day care service in the Terre Haute area is $103 per day. For the purposes of this research study, the Terre Haute area includes Clay, Vigo, Vermillion, and Sullivan counties. The median rate for this area is indicated by the red box, with the daily rate valuing $103. This data supports Providence’s projection by setting an hourly reimbursement rate of $12.24 for an average of eight (8) hours per day, totaling $97.92 hours per day. The following table shows adult day rates for regions across Indiana.

Table 2: Indiana Adult day rates

<table>
<thead>
<tr>
<th>Region</th>
<th>Minimum</th>
<th>Rate Range</th>
<th>Maximum</th>
<th>Median Annual Rate</th>
<th>Five-Year Annual Growth</th>
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</thead>
<tbody>
<tr>
<td>USA</td>
<td>$10</td>
<td>$69</td>
<td>$242</td>
<td>$17,904</td>
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</tr>
<tr>
<td>Indiana - Whole State</td>
<td>$30</td>
<td>$80</td>
<td>$120</td>
<td>$20,800</td>
<td>5%</td>
</tr>
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<td>$85</td>
<td>$22,100</td>
<td>12%</td>
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<td>$85</td>
<td>$85</td>
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<td>$96</td>
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<td>$85</td>
<td>$85</td>
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<td>$85</td>
<td>$85</td>
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<td>$84</td>
<td>$85</td>
<td>$21,840</td>
<td>3%</td>
</tr>
</tbody>
</table>

(Genworth Financial, 2015)

After a conversation with the Area 7 Agency on Aging, it was recommended to charge the same rate for reimbursement for Medicaid Waiver recipients to the privately paying clientele (Area Agency on Aging, personal communication, January 16, 2018). Determining the average
The number of hours a client will use services in a given week is dependent on each individual and their families' specific needs. However, given the facility will be open and able to operate for sixty and one half (60.5) hours per week (excluding holidays), it is expected that clients will have an average attendance of forty (40) hours per week. The revenue calculation is based on fifty (50) weeks per year given the facility will be closed in observation of ten (10) holidays.

Thus the calculation formula is 24 clients multiplied by 40 hours of service per week multiplied by 50 weeks per year multiplied by the reimbursed rate of $12.24 per hour which equals the total projected revenues for one year of operation to be $616,896. There is potential for additional revenue options such as fundraising, promotional events, and grant opportunities. Potential areas for grants include the Wabash Valley Community Foundation, The United Way, and the Older American’s Act.

**Expected Expenses**

The expenses are calculated based on many of the existing expenses at the healthcare facility. Wages and benefits are made up of a salary for a director who will also function as a social worker, a full-time licensed nurse, and four CNAs who also function as activity aides. These wages are set at the same rate as in the healthcare facility and benefits are a set percentage of that cost. The staffing level may fluctuate depending on census and acuity level, however, for budgeting purposes, 95% occupancy is being considered. The costs for employee benefits are calculated as the total wage times .0765 plus 23% for health insurance and retirement benefits.

Food and labor costs are based on a per client daily rate. Since the same meals will be offered in the adult day as are offered in healthcare, the same contracted rate of $12.54 is being used to encompass the three meals, nutritional supplements, and snacks. Even though this
building will be a newly constructed facility, the organization will pay $5,000 per month to the Sister of Providence for allowing the use of their land.

Building costs consist of the housekeeping and laundry needs of the building, and the percentage of time that maintenance will be needed, and the estimated utilities that will be used. Utility costs are a percentage of expected usage based on the census as it relates to the healthcare facility. The designated maintenance functions will be used for repairs, preventative maintenance functions, and to maintain the grounds, such as raking leaves or shoveling sidewalks depending on the season. Marketing and promotional expenses are budgeted at 2% of the projected revenue.

Additional wages that need to be considered are the portion of time that will be utilized by human resources for hiring and payroll functions. Also important is the allocation of time needed from the Director of Nursing and the Administrator for oversight in the operations and to ensure regulatory compliance is being maintained. Commercial insurance coverage expense is considered as a percentage of increase in the general liability and worker’s compensation insurance purchased from the same vendor used by the healthcare facility. This calculation is based on the added client and additional staff needed to operate this type of service.

Equipment/Supplies include an extensive list of the needed elements for the successful operation of an adult day care service. Small equipment purchases and capital equipment needs are estimated based on recent purchases made at the healthcare facility. The supplies expenses are calculated at $600 per month for activities needs. This number is based on the census and is comparable to the types of similar activities that are offered in healthcare. The total supplies cost also consists of the medical supplies that would be offered to clients depending on their needs. These types of supplies include incontinence, bandages, and respiratory supplies. The
transportation cost is based on the limited use of the healthcare facility van driver for transportation to the clients’ appointments when needed. The following table shows a detailed list of equipment needs for the adult day facility.

Table 3: Equipment budget

<table>
<thead>
<tr>
<th>Parts</th>
<th>ADS</th>
<th>Number</th>
<th>ADS Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Cart Delivery System (includes chargers)</td>
<td>$4,500.00</td>
<td>1</td>
<td>$4,500.00</td>
</tr>
<tr>
<td>Tables and Chairs (1 table w/ 4 chairs)</td>
<td>$2,342.00</td>
<td>6</td>
<td>$14,052.00</td>
</tr>
<tr>
<td>Activity Items</td>
<td>$3,000.00</td>
<td>1</td>
<td>$3,000.00</td>
</tr>
<tr>
<td>Misc. facility needs (ie) curtains, rugs, wall hangings, etc</td>
<td>$5,000.00</td>
<td>1</td>
<td>$5,000.00</td>
</tr>
<tr>
<td>Beverage Glass (3 cs of 36 12oz Beverage Glass)</td>
<td>$95.00</td>
<td>1</td>
<td>$95.00</td>
</tr>
<tr>
<td>Computer Items</td>
<td>$2,500.00</td>
<td>1</td>
<td>$2,500.00</td>
</tr>
<tr>
<td>Lift Chair</td>
<td>$870.00</td>
<td>6</td>
<td>$5,220.00</td>
</tr>
<tr>
<td>Lazy-Boy Style sitting chairs</td>
<td>$500.00</td>
<td>18</td>
<td>$9,000.00</td>
</tr>
<tr>
<td>Microwave - Countertop</td>
<td>$75.00</td>
<td>1</td>
<td>$75.00</td>
</tr>
<tr>
<td>Mini Fridge - Lourdes</td>
<td>$400.00</td>
<td>1</td>
<td>$400.00</td>
</tr>
<tr>
<td>Plastic Pitcher (1/2 Gallon Plastic Pitcher w/ ice core)</td>
<td>$20.00</td>
<td>1</td>
<td>$20.00</td>
</tr>
<tr>
<td>Plate-Ivory (3 cs of 12 -Meridian Plate Swirl Rim American)</td>
<td>$95.00</td>
<td>3</td>
<td>$285.00</td>
</tr>
<tr>
<td>Saucer - Ivory (3 cs of 36 Meridian Saucer Swirl Rim American)</td>
<td>$40.00</td>
<td>1</td>
<td>$40.00</td>
</tr>
<tr>
<td>Short Cup - Ivory (3 cs of 36 Swirl Rim American)</td>
<td>$50.00</td>
<td>1</td>
<td>$50.00</td>
</tr>
<tr>
<td>Television</td>
<td>$170.00</td>
<td>1</td>
<td>$170.00</td>
</tr>
<tr>
<td>Utility Cart</td>
<td>$400.00</td>
<td>2</td>
<td>$800.00</td>
</tr>
<tr>
<td>Washing Machine</td>
<td>$524.98</td>
<td>1</td>
<td>$524.98</td>
</tr>
<tr>
<td>Weather Alert Radios</td>
<td>$35.00</td>
<td>2</td>
<td>$70.00</td>
</tr>
<tr>
<td>Wheelchair - various</td>
<td>$225.00</td>
<td>4</td>
<td>$900.00</td>
</tr>
<tr>
<td><strong>Total Parts</strong></td>
<td></td>
<td></td>
<td><strong>$46,871.98</strong></td>
</tr>
</tbody>
</table>

Considerations for the projected statement of operations are the availability of grant opportunities. This area could be further explored to determine exactly what grants are feasible to receive. Fundraising is an estimated amount of resources that could be raised once the organization becomes better known in the community. It may also be reasonable for Providence not to provide medical supplies to the clients and to have them bring their own. Another option for Providence would be to raise the daily rate. Since the other competing adult day facility in the area charges the same rate for care as was projected here, it may seem feasible to charge a higher hourly care rate. Specifically, the other adult day centers do not offer licensed caregivers
or specialized dementia care. Table 4 shows the Projected Statement of Operations for one year of operations at Providence.

Table 4: Statement of operations

<table>
<thead>
<tr>
<th>Providence Health Care, Inc.</th>
<th>Adult Day Service Center</th>
<th>Projected Statement of Operations</th>
<th>Budgeted Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Revenue From Services</td>
<td></td>
<td></td>
<td>587,520.00</td>
</tr>
<tr>
<td>Revenue From Grants</td>
<td></td>
<td></td>
<td>15,000.00</td>
</tr>
<tr>
<td>Total Revenues</td>
<td></td>
<td></td>
<td><strong>$ 602,520</strong></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td></td>
<td></td>
<td>173,240.00</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td></td>
<td></td>
<td>53,099.00</td>
</tr>
<tr>
<td>Food Services</td>
<td></td>
<td></td>
<td>106,841.00</td>
</tr>
<tr>
<td>Lease Payment</td>
<td></td>
<td></td>
<td>60,000.00</td>
</tr>
<tr>
<td>Building Costs</td>
<td></td>
<td></td>
<td>70,280.00</td>
</tr>
<tr>
<td>Marketing/Promotion</td>
<td></td>
<td></td>
<td>12,251.00</td>
</tr>
<tr>
<td>Administrative Functions</td>
<td></td>
<td></td>
<td>40,330.00</td>
</tr>
<tr>
<td>Commercial Insurance</td>
<td></td>
<td></td>
<td>4,578.00</td>
</tr>
<tr>
<td>Equipment/Supplies</td>
<td></td>
<td></td>
<td>58,093.00</td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td></td>
<td>5,964.00</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td></td>
<td></td>
<td><strong>$ 584,676</strong></td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td></td>
<td></td>
<td><strong>$ 17,844</strong></td>
</tr>
</tbody>
</table>

Non-Operating Revenues Fundraising 10,000.00
Non-Operating Expenses Community Involvement 2,500.00

Net Income (Loss) **$ 25,344**

Conclusion
Providence Health Care, Inc. is actively exploring the opportunity of adding an adult day service to their operations. This endeavor will require a large initial investment for the construction of a free-standing building on the campus of Saint Mary-of-the-Woods. The additional research supports the concept of having an adult day center focused on providing specialized dementia care in a home-like setting. Based on the market analysis, this unique business structure is distinctive to Terre Haute, Indiana and its surrounding communities.

This business plan outlines the organizational needs and describes the details required to operate an adult day care service. The financial projections for this service show a positive net income. However, Providence must sustain an average daily census of twenty-four clients. It is recommended that Providence Health Care continue with the expansion plans to provide an exceptional service for an adult day center of the campus of Saint Mary-of-the-Woods, Indiana. The addition of this service offering could help increase utilization of the other care services already offered by Providence. Overall, this service could provide a positive impact on the community and benefit the health outcomes for clients receiving care.

Limitations

One limitation of this business plan is the extensive timeframe necessary to conduct a thorough market analysis complete with a community survey. This added information involves primary research of the community to properly assess the feasibility of the project. A formal market analysis should be conducted by a professional company/firm to ensure the market need for this type of service in the geographical area. This analysis would provide a deeper understanding of the community needs. Another limitation is the lack of specific knowledge regarding the type of grants available to be accessed for adult day care service. More time and
research would need to be provided to understand what grants are available and whether Providence can meet the associated eligibility requirements.

**Future Research**

The recommendations for future research involve conducting a thorough market analysis of the target service area and researching available grant opportunities. A survey similar to the one provided in this plan could be used for the market assessment of adult day care service. Recently, a new, already constructed space has become available for Providence Health Care to operate for this new service endeavor. Future research will be needed to determine if this space can be converted and practically utilized to provide adult day services to the target population.
References


Area Agency on Aging for Area 7. (January 16, 2018) Telephone interview.


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