



High Upside Here for Communities Who Do it Right

By Susan Saldibar

It's always interesting to talk with early adopters, like Phil Fogg, Jr., President & CEO of Marquis Companies, a leading provider of senior housing and care communities. Innovators like Phil are always ahead of the curve and aren't afraid to speak their minds about the industry, technology and what the future holds. And they always have great insight.

What Phil has done, in addition to building a network of premier senior care communities and services, is to develop a highly successful ancillary model. It supports providers in attaining their pay-for-performance objectives with both their post-acute care and long term living populations. Their offerings are in the areas of pharmacy, rehab, and data analytics. Marquis partners with [PointClickCare](#) (a Senior Housing Forum partner) to handle their electronic health records (EHR) infrastructure.

Ancillary services are a topic of considerable interest these days, so I caught up with Phil to ask if he could share some of his wisdom with those communities interested in developing their own ancillary service capability – basically cover the “why’s” “what’s” and “how’s”.

First, the “why” part.

Phil described two primary reasons why communities build their own ancillary services capability:

1. **As a profit center:** Margins begin to deteriorate and operators are looking for other ways to create value and revenue. Adding ancillary services creates another revenue generator.
2. **As an integrated population health management strategy:** More control is possible over costs in areas that affect their ability to get results in pay-for-performance areas (i.e. Five-Star ratings, emergency admissions, hospital re-admissions).

In either case, those who choose to bring ancillary services in-house do so primarily because they don't feel they are able to attain value or pay-for-performance results with existing external ancillary providers. They are willing to make the investment for long term value creation opportunities, even if they are not immediately profitable.

Building an ancillary services capability isn't for everyone.

I've often wondered how a senior living community operator even begins to tackle something like ancillary services. So many are already overtaxed as they attempt to do more with fewer people and struggle with infrastructure challenges. Phil explains that it's not for everyone. You need to start by determining whether you will be able to get the critical mass you'll need to push it forward. That means answering some challenging questions:

- Can you generate enough revenues or scale to make it a viable business?
- Can you achieve the scale needed to create enough gross profit margin to support the capabilities you need to differentiate from competitors?
- Can you compete with others? Not trivial, as Phil explains, using his own experience with pharmaceuticals. "It's one thing to do it, and another to compete with all the pharmacies out there," he says.
- Do you have the intellectual capital inside to make it work?
- Do you have the relationships outside of your organization to make it work?

You can't get there without the infrastructure.

No matter what your reasons are for migrating into ancillary business sectors, Phil makes it clear that you can't do it without a strong technology platform. "You can't do all this without EHR," Phil tells me. "A good EHR sitting beneath your service platform will enable you to connect to almost all your databases and applications," he adds. They currently use PointClickCare as the hub at the center of the ancillary services operations. The PointClickCare EHR has made it easy for them to integrate with other key applications. It has also enabled them to go completely paperless in their facilities.

But the biggest challenge is people.

While organization, technology and infrastructure are key to designing a successful ancillary services capability, having the right people on board can make or break it.

I asked Phil what a community should do if they don't have the right skill sets in-house? Should they consider hiring on new talent to direct and lead an ancillary service effort? Phil warns that the risks may outweigh the advantages. "You have to ask yourself, are potential outside leaders culturally aligned? Will their choices be the right ones," he tells me. "And often there is this assumption that 'we do this well, so we can do that well.' You need to really understand your capabilities and your market. Post-acute care, as an example, has a high level of complexity. It's not for everyone."

A huge upside awaits those who can do this right.

For those who get it right, however, the upside can be dramatic. "If you can get a network of business units providing services that provide value, run by a great team of people, they will work together towards common goals and objectives. Do that well and you will move the bar and see results more quickly," Phil explains.

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