

# Assisted Living Closure Presentation



High Quality, Compassionate Healthcare.



WHO WE ARE, WHAT WE DO

# Our Mission

To provide high quality, compassionate healthcare, close to home.

WHAT WE ASPIRE TO BE

# Our Vision

We Inspire Change and Make a Healthy Difference in People's Lives

HOW WE GET THERE

# Our Values

## Together

We build personal relationships, know one another, and understand where we are coming from.

We are kind to one another as we communicate expectations and goals with context and clarity.

We work to understand how we can help make every day, a successful day.

## Kindness

We listen to understand, and we assume positive intent..

We serve one another to create a loving, welcoming, a safe space.

We interact in grace, humility, and hope.

## Trust

We believe we have the right people on our team.

We provide one another autonomy with defined expectations and the structure to succeed.

We believe everyone has equal importance.

We give our best every day.

# Agenda

- Our Commitment
- Why We Reviewed Assisted Living
- What We Learned
  - Community Need
  - Occupancy Trends
  - Financial Performance
  - Facility Limitations
- Options We Considered
- Review of the Final Decision
- Resident & Employee Transition Plan
- What Comes Next
- Questions



# Our Commitment

- Treat every resident with dignity and respect.
- Support every employee through the transition.
- Be transparent and communicate often.
- Strengthen healthcare for the future of our community.



# Why We Reviewed Assisted Living

- Periodic Service Line Reviews
- Community need
- Occupancy
- Financial sustainability
- Strategic direction
- Due to the above, we have been reviewing with the Board since April

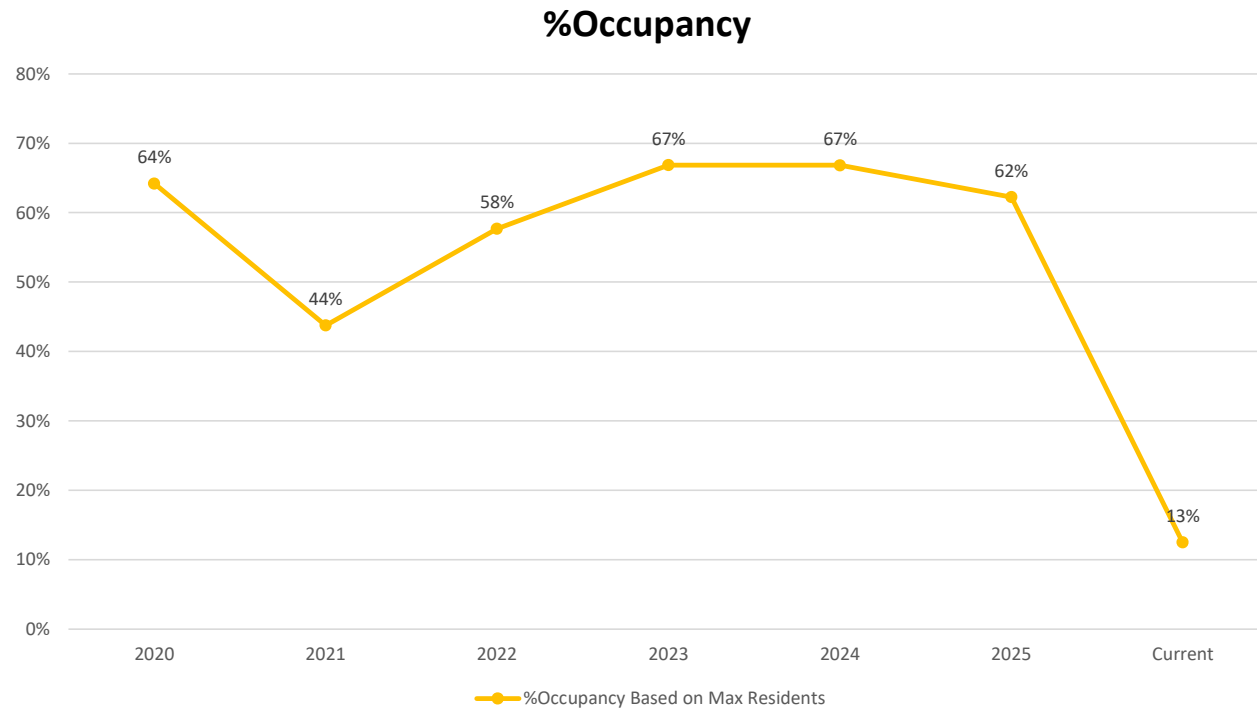


# Occupancy Concerns

- Occupancy of JMAL continues to decline
- Current occupancy: 2 of 16 licensed beds (13%)
- Average occupancy since 2020 is 9
- Reason for low capacity is mainly due to size of rooms and amenities
- Rooms are small and no kitchen in rooms
- In the last year, we have had more than 20 inquires, about half declined due to the size of the rooms. Frequently hear the term “dorm room”
- “Aging at Home” is a concept continuing being talked about



# Occupancy Concerns



# Financial Concerns

- Continued losses
- Rising costs
- Consistent low occupancy, rising operating costs, and structural limitations within the current model create a persistent financial imbalance

| Financial Metric    | 2020       | 2021        | 2022        | 2023        | 2024       | 2025        | 2026 YTD    | 2026 Annualized |
|---------------------|------------|-------------|-------------|-------------|------------|-------------|-------------|-----------------|
| Net Income / (Loss) | \$(48,273) | \$(227,934) | \$(194,130) | \$(123,446) | \$(80,105) | \$(284,675) | \$(235,129) | \$(313,505)     |



# Financial Concerns

- Cost Report implications
- In addition to direct operating performance, the analysis highlights important organizational financial considerations.
- JMAL is currently classified as a non-reimbursable cost center, meaning it does not contribute to Medicare cost report reimbursement.
- If the space were repurposed for hospital-related services, there is potential to capture an estimated \$400,000+ in additional cost report allocations, which could materially impact overall organizational financial performance.



# Strategic Options Considered

- Option 1 – Status Quo
- Option 2 – Renovate
- Option 3 – Close and Repurpose the Space to Hospital Space



# Option 1 – Status Quo

- **Advantages**

- Maintains continuity of service for the community
- Avoids major capital investment
- Minimal disruption to residents and staff

- **Challenges**

- Historical financial data suggests continued operating losses are likely
  - Facility design limitations may continue to impact competitiveness
  - Census improvements alone may not be sufficient to offset rising operating costs
  - Would need to increase rates significantly which most likely would price ourselves out of the market for private pay residents
- *This option represents the lowest level of organizational disruption but also carries the highest risk of continued financial losses.*



# Option 2 – Renovate

- **Renovation Concepts**
  - Expanding unit sizes
    - Cost estimates to merge two single rooms into one “double” room are \$21k to 30k
  - Reconfiguring rooms
- **Advantages**
  - Could improve market competitiveness
  - May increase occupancy levels and resident demand
  - Allows JMHS to maintain assisted living services locally
- **Challenges**
  - Requires significant capital investment
  - Structural limitations of the existing building may limit renovation options
  - Taking two rooms and combining them into one larger room does not help the overall census, as total capacity will go down
- *This option represents a reinvestment strategy aimed at increasing the size of the units while reducing overall capacity, but it requires careful evaluation of return on investment and long-term demand.*

# Option 3 – Close and Repurpose the Space to Hospital Space

- **Advantages**
  - Potential to improve financial sustainability
  - Allows alignment with broader JMHS service line strategy
  - May create opportunities for new reimbursable healthcare services
- **Challenges**
  - Eliminates the assisted living housing option within Dawson
  - Will require some renovation. Costs are unknown at this time.
  - Community perception and access considerations would need to be addressed
- *This option represents the largest strategic shift but may also present the strongest long-term financial opportunity depending on the services implemented.*



# SWOT Analysis

- *A SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) provides a structured way to synthesize both internal and external factors affecting the Assisted Living program. This framework helps identify the program's core advantages and limitations while also highlighting potential opportunities for improvement or growth, as well as external risks that may affect future sustainability.*



# Strengths

- Local community presence and trust
- Integration with the JMHS healthcare system
- Experienced staff and organizational support
- Existing licensed senior housing capacity in the community



# Weaknesses

- Declining census and underutilized capacity
- Persistent operating losses
- Facility design limitations
- High fixed operating costs relative to census
- Limited flexibility within the existing operational model



# Opportunities

- Facility renovation
- Repurposing the space for healthcare services
- Community partnership opportunities



# Threats

- Increasing competition from newer senior housing facilities
- Changing senior housing preferences
- Workforce availability and staffing costs
- Rising operating costs
- Regulatory and reimbursement changes



# Why the Decision of Closure

- **Occupancy**
  - 2 of 16 beds occupied today (13%)
- **Financial Performance**
  - Projected 2026 operating loss of over \$313,000. 2025 was a loss of \$285,000.
- **Facility**
  - Rooms no longer meet many residents' expectations
- **Future Opportunity**
  - Repurposing the space strengthens JMHS's ability to invest in healthcare services
- No single factor drove this recommendation. It was the combination of all four.
- Leadership and the Board determined that repurposing the space for future healthcare services was the most responsible path for the long-term future of JMHS.



# Resident Notification & Transition

- **Our Promise to Residents**
  - Individualized plans
  - Resident choice
  - No resident moves without planning
  - Dignity & Respect
- **Support for Families**
  - Tours
  - Record Transfers
  - Transportation



# Staff Notification

- JMAL staff were notified via an all-staff meeting
- Individual meetings were held to review questions and discuss future employment
- Whenever operationally feasible, JMHS will make every reasonable effort to retain Assisted Living employees through placement into vacant positions elsewhere within the organization.



# Community Notification

- Following JMHS staff notification, a press release will be put in the Dawson Sentinel
- Frequently Asked Questions (FAQs)
- Facebook
- Website
- Town Hall Meeting



# Space Repurpose

- Once the closure is complete, discussion will be more in depth of hospital space conversion
- Support future healthcare services
- Cost report benefits
- Specific future use not yet determined



WHO WE ARE, WHAT WE DO

# Our Mission

To provide high quality, compassionate healthcare, close to home.

WHAT WE ASPIRE TO BE

# Our Vision

We Inspire Change and Make a Healthy Difference in People's Lives

HOW WE GET THERE

# Our Values

## Together

We build personal relationships, know one another, and understand where we are coming from.

We are kind to one another as we communicate expectations and goals with context and clarity.

We work to understand how we can help make every day, a successful day.

## Kindness

We listen to understand, and we assume positive intent..

We serve one another to create a loving, welcoming, a safe space.

We interact in grace, humility, and hope.

## Trust

We believe we have the right people on our team.

We provide one another autonomy with defined expectations and the structure to succeed.

We believe everyone has equal importance.

We give our best every day.