



Image Source: <https://www.baamboozle.com/study/1153049>

**HEALTHCARE MORTGAGEE ADVISORY COUNCIL**  
Financing Seniors Housing for America

# It's Your STAR RATINGS, Marty! Something's Gotta Be Done About Your STAR RATINGS!

*A Refresher on Quality of Care and Risk Management*

# The Cast

HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America



WALKER &  
DUNLOP

Moderator:

**Kelly Cush**  
*Senior VP and Chief  
Underwriter*



Panelist:

**Spencer Blackman**  
*Product Development  
Specialist*



Panelist:

**Brad Granger**  
*Director and Senior  
Care Advisory Team  
Lead/Underwriter*



Panelist:

**Ally Hugin**  
*Supervisory Account  
Executive*

**ACCESS  
DENIED**



Panelist:

**Kelly Vitiritti**  
*Healthcare Safety  
Consultant*

## The Crew

A very special thanks to our team of expert Advisors:

**Amy Carta**, *Vice President (Marsh McLennan)*

**Clay Hart**, *Business Growth & Development Specialist (StarPro)*

**Colleen Muncy**, *Founder (StarPro)*

## AGENDA

- Quality of Care Overview
- HUD Risk Management Plans
- Identifying the Risk:
  - For Nursing Facilities
  - For All Other Asset Types
- Mitigating the Risk
  - HUD RM Decision Tree
  - Required Mitigation
- Q & A

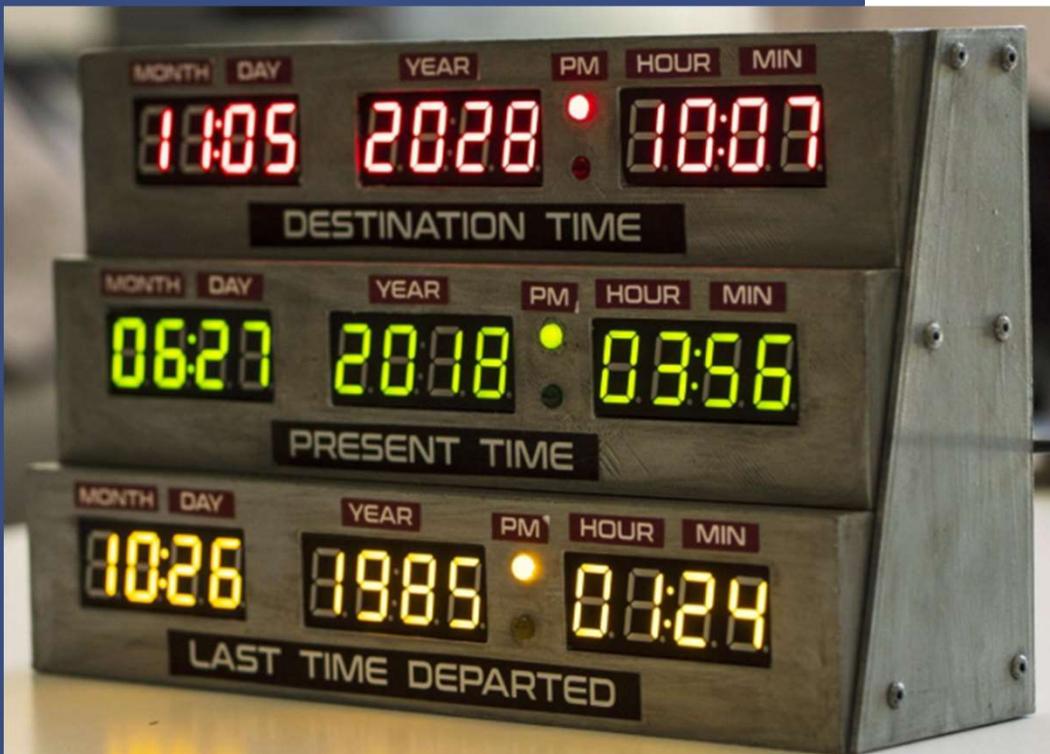


Image Source: <https://www.instructables.com/Futuristic-Clock/>

# Quality of Care – Why Does it Matter?

## REPUTATIONAL RISKS:

- Information is publicly available - families can make informed decisions on the placement of loved ones
- Poor resident satisfaction – “word of mouth”
- Higher occurrence of re-hospitalizations can lead to fewer referrals or facility’s participation in “preferred networks”
- Difficulty attracting and/or retaining qualified staff can lead to staffing shortages

**HEALTHCARE MORTGAGEE ADVISORY COUNCIL**  
Financing Seniors Housing for America



# SLACKER!

Image credit: <https://www.redbubble.com/people/grmclure/shop>

## FINANCIAL RISKS:

- Detrimental impact on occupancy and census mix
- Achieve lower reimbursement rates or below-market rents
- Monetary penalties and/or payment denials
- Possible licensure revocation or termination from participation in Medicaid/Medicare programs
- Increased reliance on costly agency staffing



Image source: <https://www.joblo.com/back-to-the-future-clock-tower/>

# Risk Management Programs

Required for ALL 232 HUD-Insured Properties

**HEALTHCARE MORTGAGEE ADVISORY COUNCIL**

Financing Seniors Housing for America

# Risk Management Program Requirements

## Lean Handbook, Section II – Ch. 2.2.HH-1: *If Administered In-House, Must Include the Following:*

Real-time incident reporting and tracking

Demonstrated experience of staff tasked with overseeing facility's risk management program

Demonstrated experience in training of staff

Continuous improvement – monitoring results for improvement of care and training effectiveness

## Lean Handbook, Section II – Ch. 2.2.HH-2: *If Administered by a Third-Party Service Provider, Must Include the Following:*

Access to facility's real-time incident reporting and tracking system

Demonstrated experience of firm's experience in management

Clinical specialists to assist in training facility staff and develop/ implement risk prevention initiatives

Clinical specialists to monitor results for improvement of care and training effectiveness; assist facility in developing/ implementing effective training

# Identifying the Risk



Evaluating Quality of Care for Federally-Regulated Nursing Facilities (Nursing Homes)



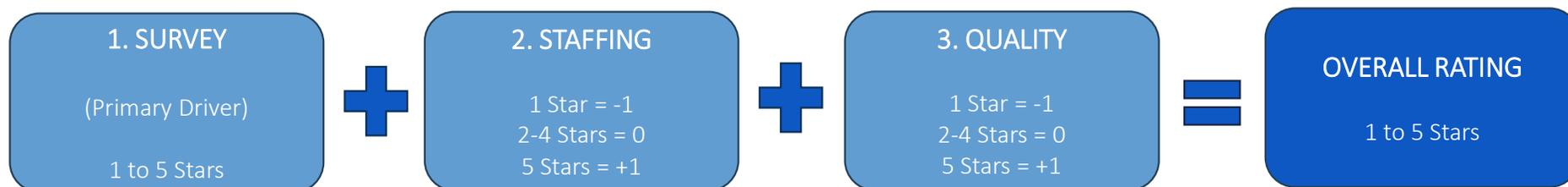
Image Source: <https://rockymountainsunshine.com/wp-content/uploads/2018/06/marty.jpg>

**HEALTHCARE MORTGAGEE ADVISORY COUNCIL**

Financing Seniors Housing for America

# Centers for Medicare and Medicaid Services (CMS) Five-Star Quality Rating System

- Applies only to nursing facilities certified by CMS to participate in Medicare and/or Medicaid
- Overall star rating is derived from three domains:



- If the Health Inspections rating is 1 star, the overall rating cannot be higher than 2 stars
- Facilities carrying the “red hand” designation for abuse/neglect cannot be rated higher than 2 stars
- Special Focus Facilities (SFFs) and newly opened facilities are not assigned a star rating

# Survey Domain - Calculation

- Also called Health Inspections, this domain is based on two cycles containing:
  - Points from the two most recent Annual Surveys (down from three!)
  - Points from any Complaint or Infection Control Surveys in the past 3 years

Survey Cycle 1 <span>Codes &amp; Points</span>				Survey Cycle 2 <span>Codes &amp; Points</span>							
Mar 5, 2025				Dec, 4, 2024							
No Fine or Payment Denial There are no Fines or Payment Denials associated with this Survey Cycle				<b>Fine / Payment Denial Incurred</b> • Fine - Dec 4, 2024: <b>\$16,801</b>							
	Surveys	Deficiencies	Points		Surveys	Deficiencies	Points				
☑ Standard	1	6	48	☑ Standard	1	2	24				
🗨 Complaint	1	2	12	🗨 Complaint	3	8	80				
🦠 Infection	0	0	0	🦠 Infection	1	0	0				
<b>Total ⓘ</b>	<b>2</b>	<b>8</b>	<b>60</b>	<b>Total ⓘ</b>	<b>5</b>	<b>10</b>	<b>104</b>				
		<i>Revisit Points:</i>	<b>0</b>			<i>Revisit Points:</i>	<b>0</b>				
		<b>Total Cycle Points:</b>	<b>60</b>			<b>Total Cycle Points:</b>	<b>104</b>				
Type	Category	F-Tag	Freq ⓘ	Code	Pts ⓘ	Type	Category	F-Tag	Freq ⓘ	Code	Pts ⓘ
☑	Resident Rights	F.594		E	8	🗨	Resident Assessment and Care...	F.656		G	20
☑	Nutrition and Dietary	F.812		E	8	🗨	Quality of Life and Care	F.689		G	20

# Survey Domain - Calculation

- Points are added, weighted and compared against cutpoints to determine the star rating
- Cutpoints are state-based, change each month, and vary widely across the nation

**Current Survey Rating & Stats** ⓘ

★★

**Current Rating**

**Survey Stats**

**Score Calculation**  
*Based on CMS methodology*

Survey Cycle	Date	Total Points	Weighting Factor	Weighted Score
1	2024-09-19	60	x 0.75	= 45
2	2023-10-19	104	x 0.25	= 26

**Weighted Survey Score: 71**

This Facility  
**71**

∞

125.5

61

28

6

0

☆

★★

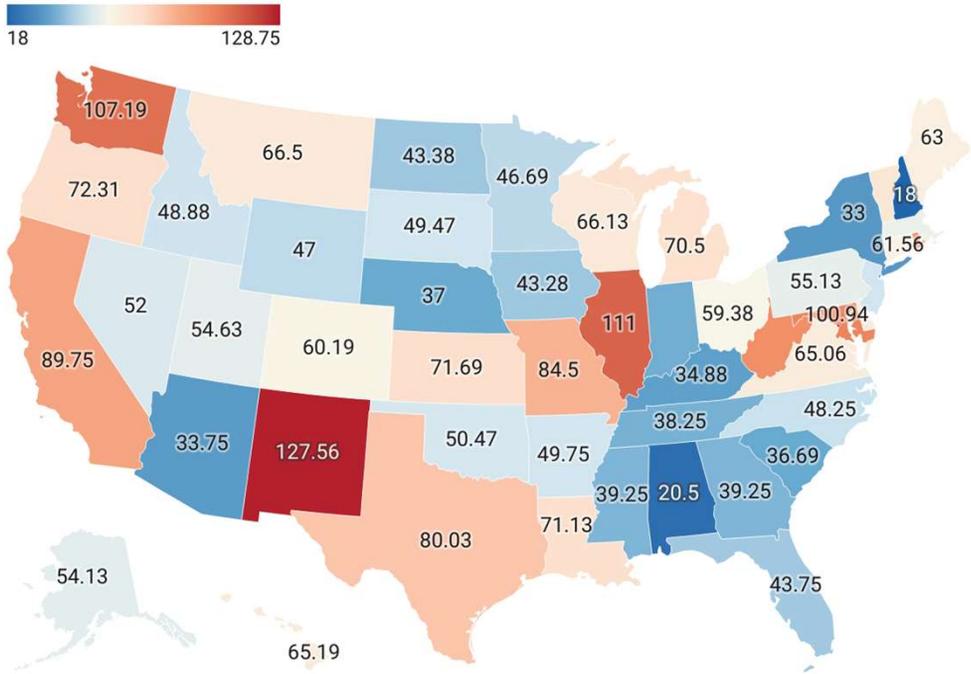
☆☆☆

☆☆☆

☆☆☆

Survey cutpoint date: 2025-07-01 ⓘ

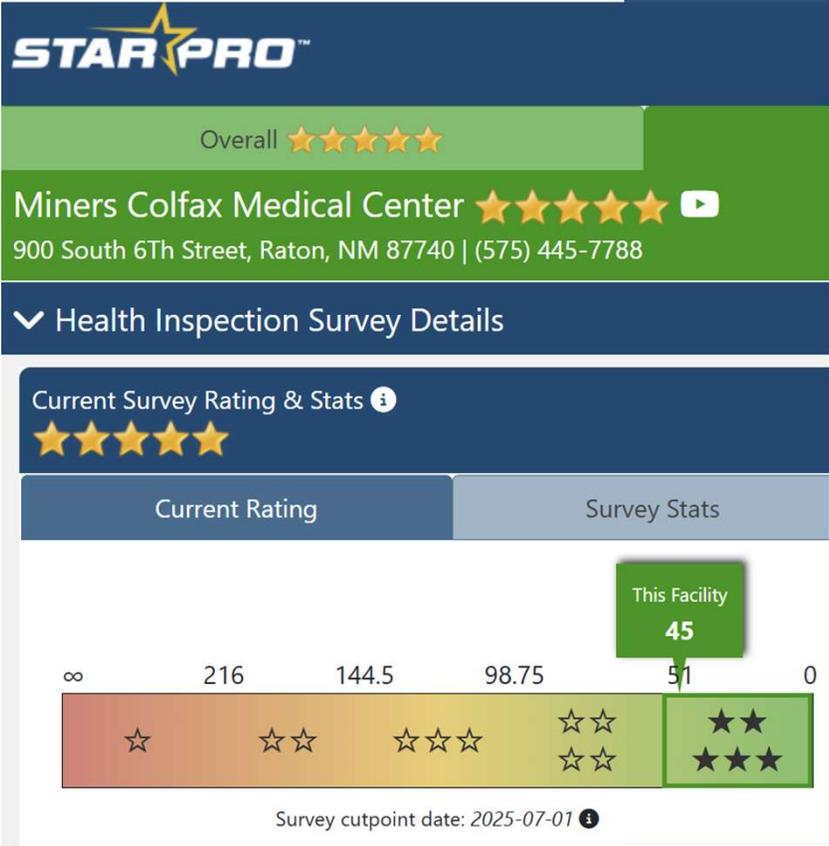
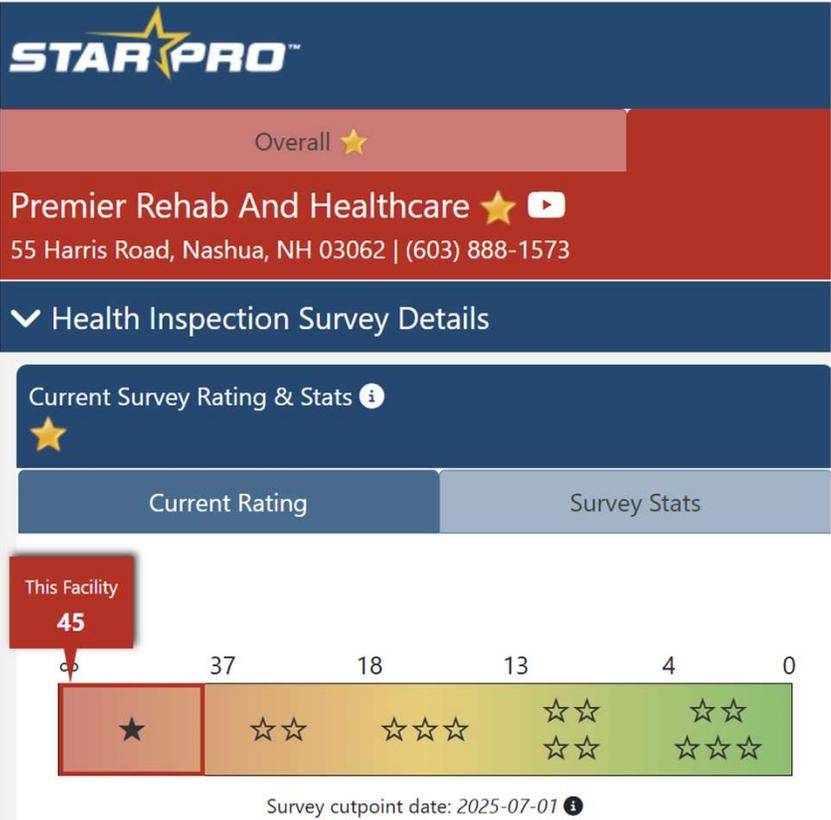
## Average State Cutpoint



As of 9/1/2025  
Map: Built by StarPRO • Source: CMS • Created with Datawrapper

# Survey Domain - Calculation

- A weighted survey score of 45 equals 5 stars in New Mexico, but only 1 star in New Hampshire!



# Survey Domain – What's New

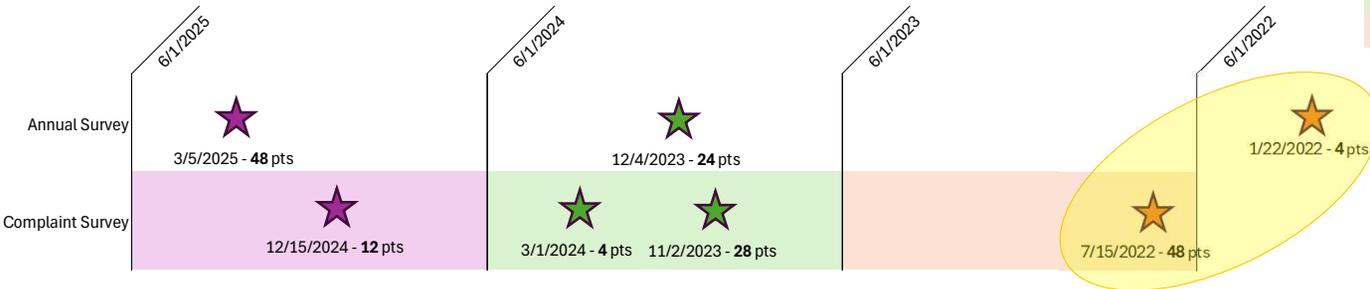
- July 2025: Survey Cycle 3 Dropped!
  - Only the two most recent Annual Surveys count now
  - Impact on deals – new Annual Surveys are more impactful
  - Impact on deals – old Annual Surveys fall off faster
  - Complaint Surveys? Unchanged. 3 years of history still included



Image source: <https://content.api.news/v3/images/bin/10ef5ab1da5b624f2555453056c582a6?width=1024>

# Survey Domain – What’s New

June 2025: Before the Survey Change



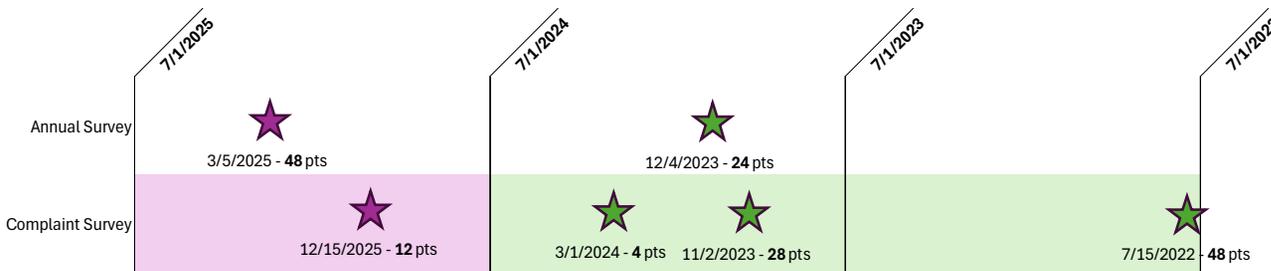
Before – 3 Stars

Survey Cycle	Annual Points		Complaint Points		Total Points		Weighting Factor		Weighted Score
1	48	+	12	=	60	x	0.5	=	30
2	24	+	32	=	56	x	0.3333	=	18.67
3	4	+	48	=	52	x	0.1667	=	8.67

Weighted Survey Score: **57.34**



July 2025: After the Survey Change



After – 2 Stars

Survey Cycle	Annual Points		Complaint Points		Total Points		Weighting Factor		Weighted Score
1	48	+	12	=	60	x	0.75	=	45
2	24	+	80	=	104	x	0.25	=	26

Weighted Survey Score: **71**



Key: Cycle 1 Cycle 2 Cycle 3

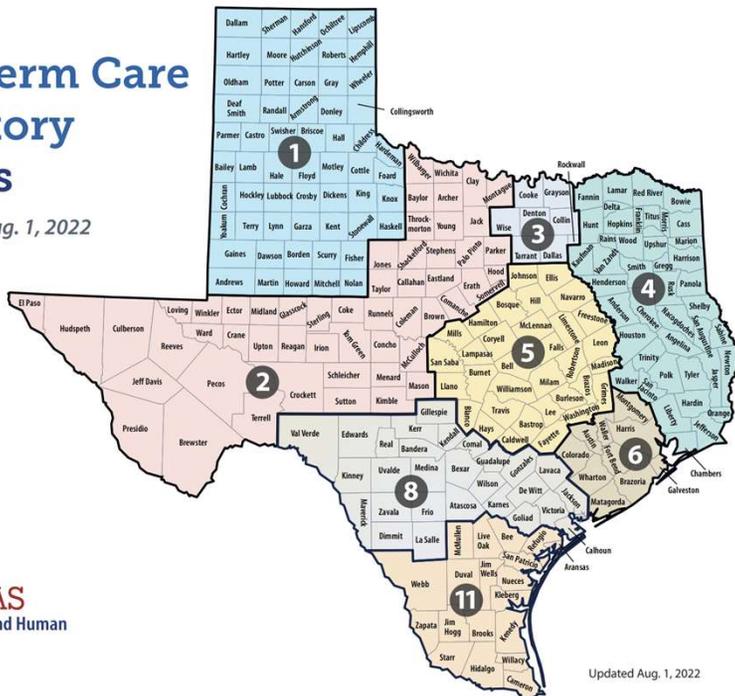
- ★ Annual on 1/22/2022 - dropped
- ★ Complaint on 7/15/2022 – rolled into Cycle 2
- Result: lost a star

# Pitfalls of the Health Inspections Rating

- Surveys differ widely across states, but also within them. Surveyors in different Survey Regions interpret and apply rules inconsistently
- The result is wide variance in the number and severity of citations
- Is your project in a bad region? Did they just have a new or nasty surveyor?

## Long-Term Care Regulatory Regions

Effective Date: Aug. 1, 2022

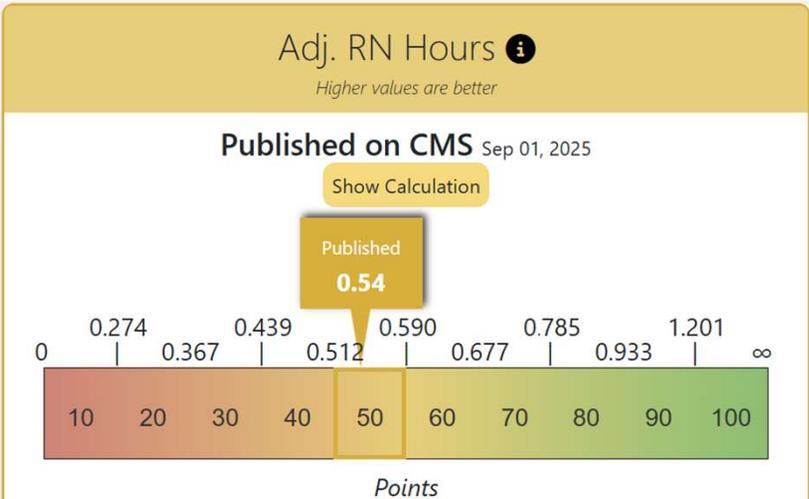


Region	# of Homes	Avg # Citations per Home	Avg Points per Citation	Avg Weighted Survey Score
1	81	21.12	10.21	105.01
2	127	26.24	9.13	137.90
3	218	26.25	11.30	150.38
4	185	28.57	11.87	170.46
5	184	23.02	12.78	151.07
6	162	20.24	14.33	149.19
8	153	29.16	8.89	123.76
11	62	15.48	8.96	69.56
<b>Total</b>	<b>1172</b>	<b>24.73</b>	<b>11.20</b>	<b>104.57</b>

Image source: <https://www.hhs.texas.gov/sites/default/files/documents/about-hhs/hhs-ltcr-regional-map.pdf>  
The table reflects data from data.cms.gov as of Sept 1, 2025.

# Staffing Domain

- Based on data from PBJ submissions, updated quarterly
- Performance in 6 measures translated to points



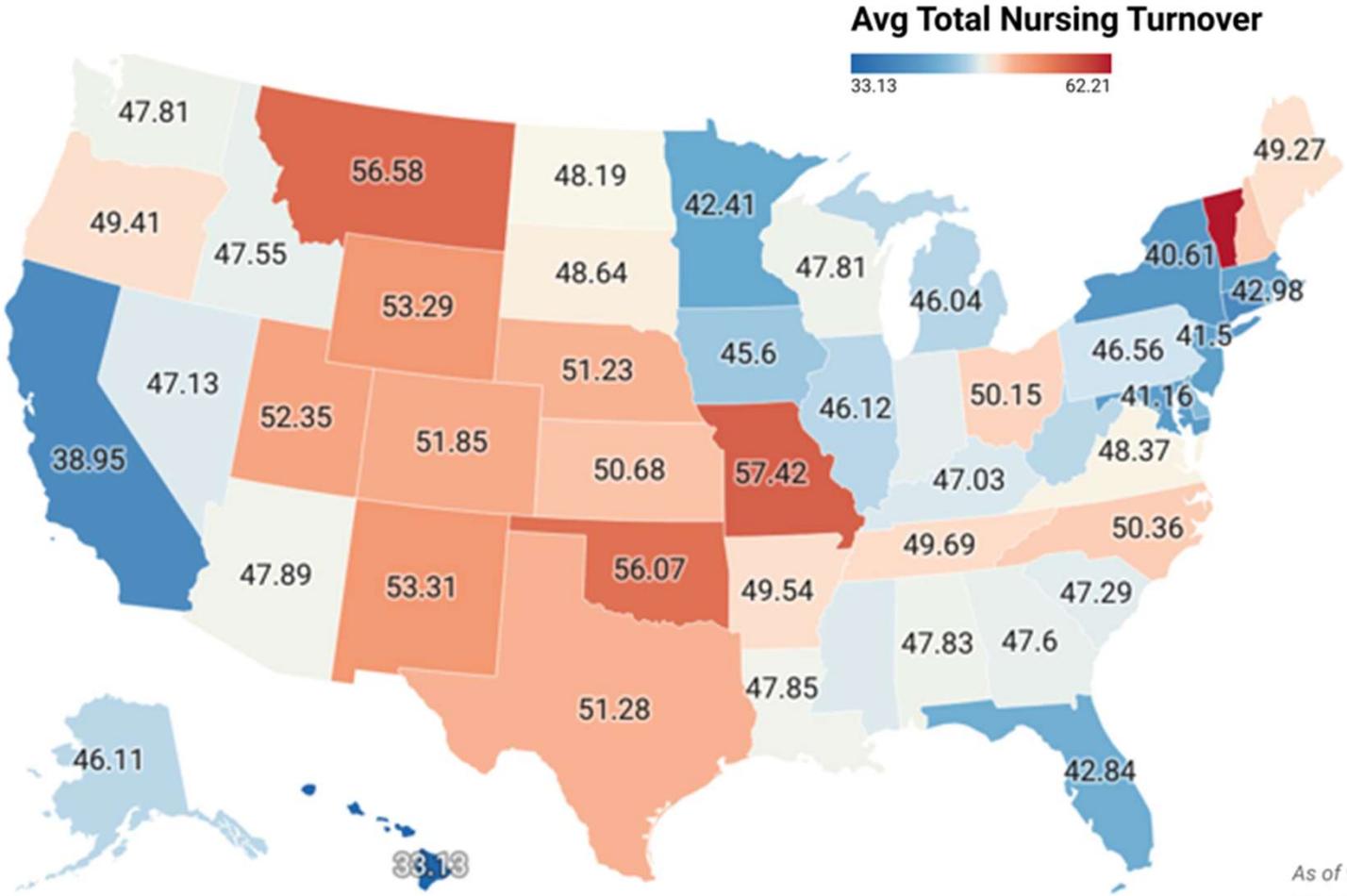
### Staffing Rating Calculation

Measure	Points
Adj. RN Hours	50 / 100
Adj. Total Nursing Hours	50 / 100
Adj. Total Nursing Weekend Hours	30 / 50
RN Turnover	45 / 50
Total Nursing Turnover	45 / 50
Administrator Turnover	30 / 30
<b>Total</b>	<b>250 / 380</b>

- Total points compared against national cutpoints to determine star rating



# Staff Turnover Rates By State:



Turnover varies widely by state

As of 9/1/2025  
Map: Built by StarPRO • Source: CMS • Created with Datawrapper

# High Staff Turnover Potentially Compromises:

## 1. Continuity of Care

- Residents thrive on familiarity and routine
- Frequent staff changes = residents constantly adjusting to new caregivers, which can lead to missed symptoms, medication errors, and emotional distress

## 2. Quality of Care

- Studies have shown that facilities with high turnover rate have more health inspection citations, higher rates of abuse/neglect, and more substantiated complaints

## 3. Workforce Morale

- Constant turnover creates a cycle of burnout, as remaining staff face heavier workloads; new hires often receive inadequate training; team cohesion suffers and leads to lower job satisfaction

## 4. Resident Safety

- Inconsistent staffing increases the risk of falls, pressure ulcers, delayed response to emergencies, poor infection control, etc.

## 5. Financial Performance

- Recruiting/training new staff is expensive
- High turnover often leads to increased reliance on agency/contract staffing, which is more costly, and they have less familiarity with facility protocols

# Quality Domain

- Based on data from MDS and claims, increasing overlap with QRP
- 15 total Quality Measures split into Short and Long Stay
  - Short and Long Stay also have their own “sub” star ratings
- Points for each measure totaled and compared to national cutpoints

Overall QM Rating: ★★★★★ (↑★ +44 points | ↓★ -146 points)  
1412 of a possible 2300 points

Short Stay QM Rating: ★★★★★ (↑★ +41 points | ↓★ -47 points)  
485 adjusted to 697 of a possible 1150 points

*The maximum total points for Short Stay Measures is 900. This is adjusted upwards in order to match the Long Stay Measures, wh*

Measure	Stars	Points
ED Visit (Short Stay)	★★	45 (65) / 150
Hospital Readmissions (Short Stay)	★★	60 (86) / 150
Pressure Ulcers/Injury (QRP)	★★★★	60 (86) / 100
Discharge Function Score (QRP)	★★★★★	105 (151) / 150
Antipsychotic Medication (Short Stay)	★★★★★	80 (115) / 100
Successful Community Discharge (QRP)	★★★★★	135 (194) / 150

Long Stay QM Rating: ★★★★★ (↑★ +21 points | ↓★ -75 points)  
715 of a possible 1150 points

Measure	Stars	Points
ADL Decline (Long Stay)	★★	45 / 150
Mobility Decline (Long Stay)	★★	60 / 150
Injurious Falls (Long Stay)	★★	40 / 100
Pressure Ulcers (Long Stay)	★★★★	60 / 100
Hospitalizations Per 1000 (Long Stay)	★★★★★	105 / 150
ED Visits Per 1000 (Long Stay)	★★★★★	105 / 150
Antipsychotic Medication (Long Stay)	★★★★★	120 / 150
Urinary Tract Infection (Long Stay)	★★★★★	80 / 100
Catheter Inserted & Left In (Long Stay)	★★★★★	100 / 100

## Overall QM Rating Cutpoints

1412 of a possible 2300 points

Stars	From	To	Overall Score(+/-)
5	1456	2300	44
4	1267	1455	0
3	1092	1266	-146
2	905	1091	-321
1	299	904	-508

# Why Do Star Ratings Matter?

- Star Ratings alone are considered in underwriting and for Express Lane
- Survey drives G+ “harm” and IJ (immediate jeopardy) F-Tags
- Survey drives SFF and SFF Candidate statuses
- Survey drives the “Red Hand” Abuse flag
- Survey drives Fines/Civil Monetary Penalties
- Survey drives Payment Denials/DPNAs/Bans on Admission
- Staffing receives extra scrutiny
- Low Quality ratings are leading indicators of Survey issues
- Trends matter – declines in star rating can trigger extra scrutiny

HEALTHCARE MORTGAGE ADVISORY COUNCIL  
Financing Seniors Housing for America

STAR PRO™

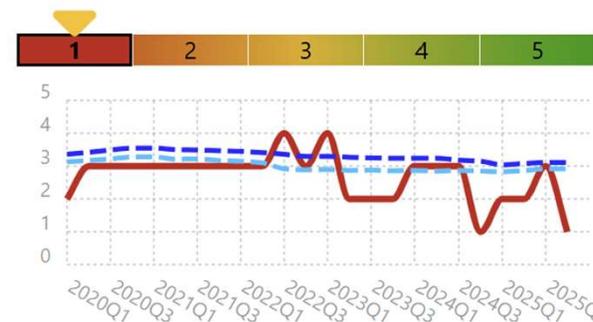


Overall i

Trend since Jul 01, 2025:



Published on CMS Sep 01, 2025 🔗



# “Red-Hand” Abuse Designation



*REMINDER: Facilities having the “red hand” designation for abuse/neglect cannot be rated higher than 2 stars in the Survey domain.*

## What Triggers the “Red Hand”?

### Facilities With Either:

- A harm-level (G or higher) citation on the most recent survey cycle
- Repeat abuse citations (D or higher) on each of the last two survey cycles

## Which F-Tags Count as Abuse?

### 5 Types of Abuse Deficiencies :

F-600	F-223*
F-602	F-224*
F-603	

\* Retired F-Tags

## How Long Does it Last?

### New Surveys or Time

- Abuse citations on Annual Surveys require a new one to cycle out the old
- Citations on Complaint Surveys age out over time

## Why Is This Important?

### Abuse Citations are a Critical Risk Indicator. Repeat offenses can:

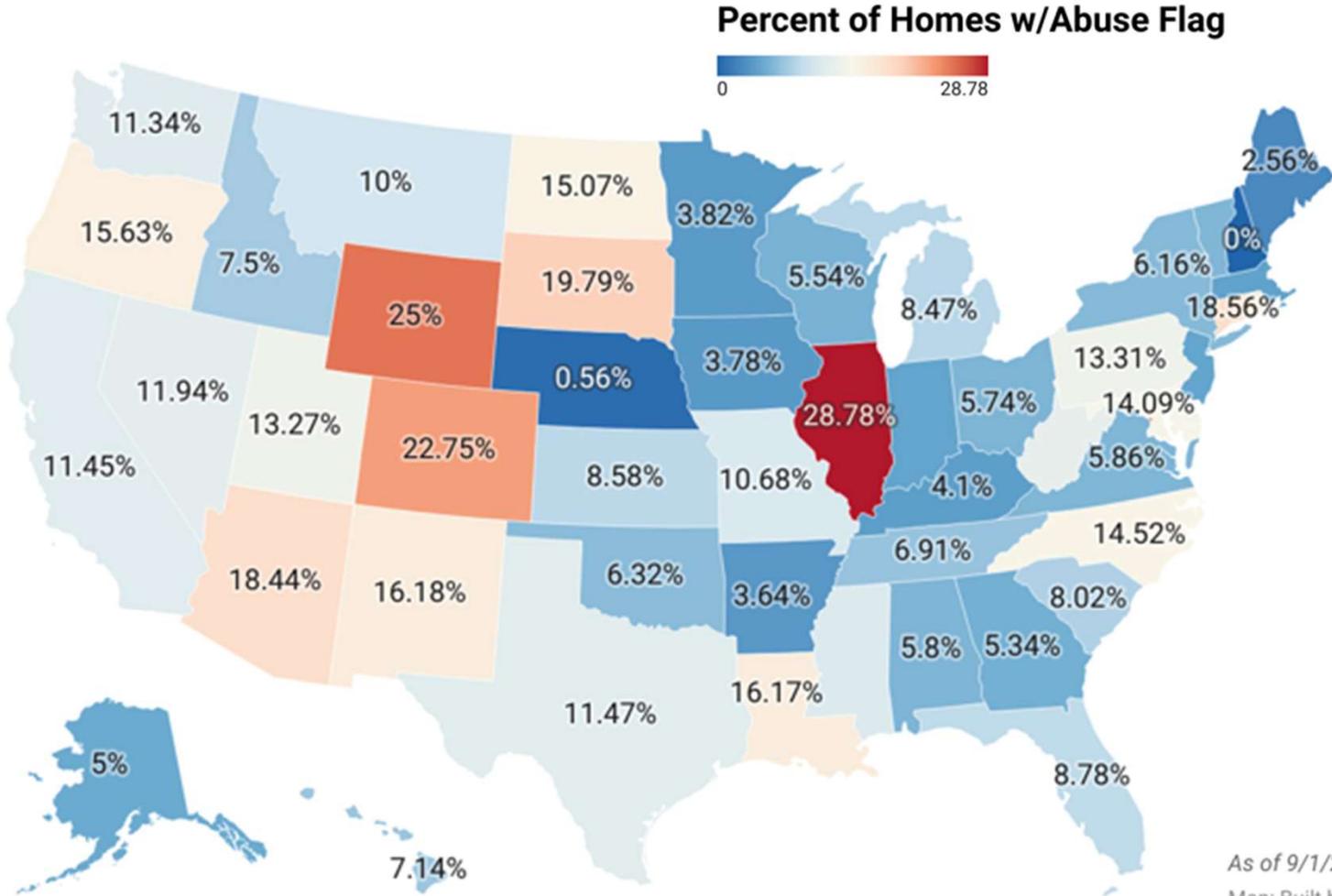
- Lower a facility’s star rating
- Put its CMS certification at risk
- Damage its reputation and financial standing

**HEALTHCARE MORTGAGEE ADVISORY COUNCIL**

Financing Seniors Housing for America

# “Red-Hand” Abuse Designation

HEALTHCARE MORTGAGE ADVISORY COUNCIL  
Financing Seniors Housing for America



As of 9/1/2025  
Map: Built by StarPRO • Source: CMS • Created with Datawrapper

# Penalties – Fines & Payment Denials



## Fines / Civil Monetary Penalties (CMPs):

- Financial penalties that CMS may impose on nursing homes when they fail to comply with federal health/safety regulations.
- Types of CMPs:
  - Per Day: charged for **each day** the facility remains out of compliance
  - Per Instance: charged for a **single occurrence** of non-compliance
- Factors that Influence CMP amounts:
  - Scope/severity of the deficiency
  - Facility's compliance history
  - Efforts to correct the deficient practice
  - If self-reported (can reduce the penalty by up to 50%)

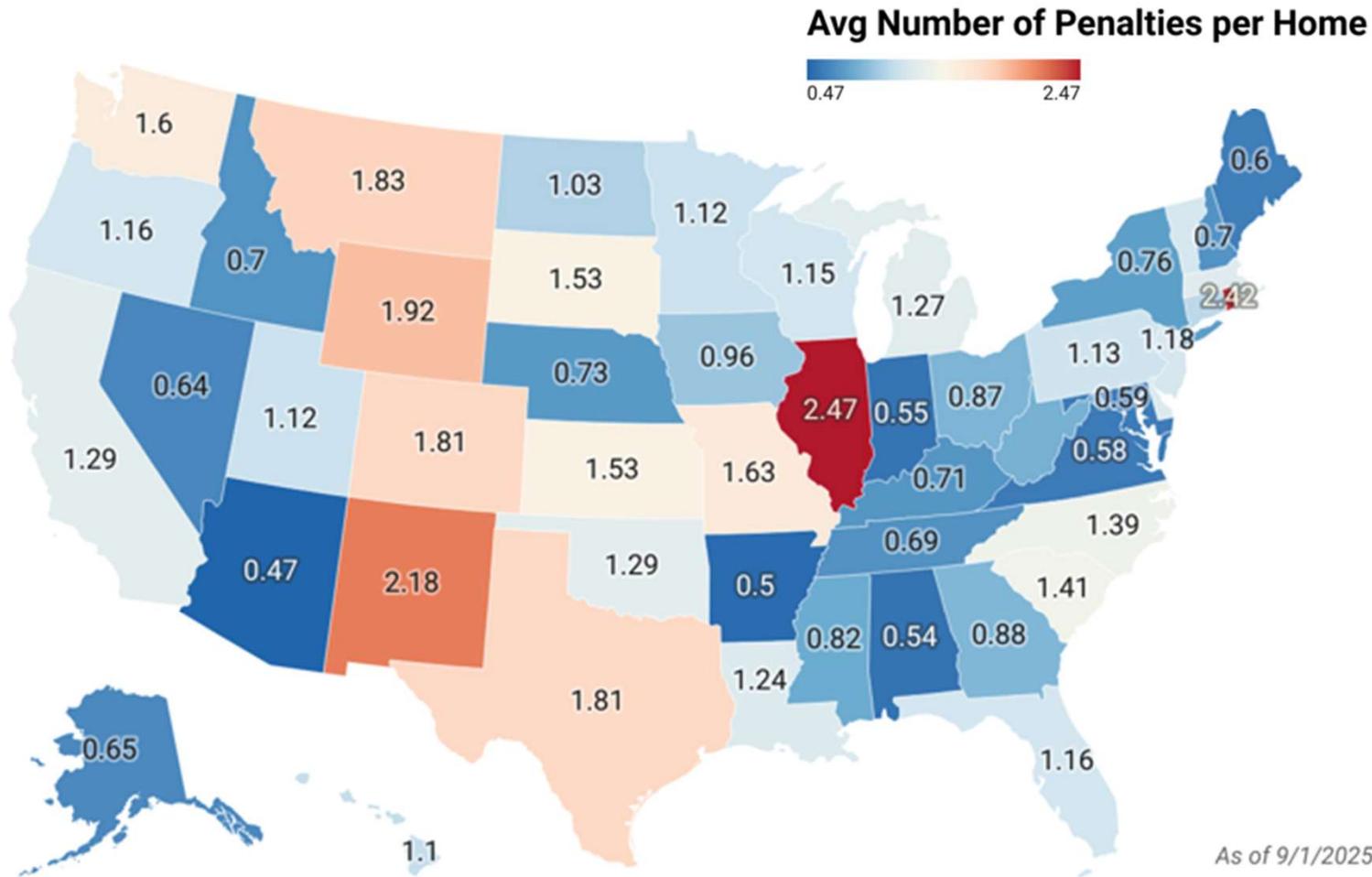


## Payment Denials for New Admissions (DPNAs):

- Enforcement actions taken by CMS when nursing homes fail to comply with federal participation requirements.
- Designed to pressure facilities into correcting deficiencies
- Key Details:
  - For new admissions only
  - Medicare and Medicaid: Denials can apply to either or both programs
  - Resuming Payments: A DPNA is lifted when the facility achieves substantial compliance

# Penalties – Fines & Payment Denials

HEALTHCARE MORTGAGEE ADVISORY COUNCIL  
Financing Seniors Housing for America



As of 9/1/2025:

- The national average number of CMPs totaled 1.20 fines per home
- Average CMP: \$71,842
- Median CMP: \$32,442
- The national average of payment denials totaled 0.21 per home
- Average duration: 29.8 days
- Median duration: 20 days

As of 9/1/2025

Map: Built by StarPRO • Source: CMS • Created with Datawrapper

# Special Focus Facilities (SFF)

Special Focus Facilities are identified by CMS as having a history of serious quality issues and persistent poor performance on health inspections. These facilities are considered among the worst-performing in the country. Once designated as a SFF, the facility:

- Receives 2 inspections a year
- Is subject to more rigorous enforcement actions
- Must show significant and sustained improvement in order to “graduate”
- Risks termination from participating in Medicare/Medicaid programs if it fails to improve

SFF candidates are nursing facilities that qualify to be selected as a SFF.

- Each state has a specific number of SFF slots. For each state SFF slot, there are five candidates, with a minimum pool of 5 nursing homes and a maximum of 30 per state
- Example: Illinois has 4 SFF slots, therefore it can have up to 20 SFF candidates.
- Homes in each state are ranked by weighted survey score – the *highest* become Candidates and SFFs are selected from the Candidates.



***HUD does not accept applications for projects that are designated as SFFs or are on the SFF Candidate list.***

# Special Focus Facilities (SFF)

- Ongoing analysis of SFFs and SFF Candidates can help track homes going onto and off the lists

SFF Watchlist for MD: of the 226 facilities in this state, there are 1 SFFs and 5 SFF Candidates.



Special Focus Facilities									
Facility	Survey History	Months Since Last Published Survey	Weighted Survey Score (WSS)	WSS if the next Survey scores 0 points	Status Since	Status Detail			
Carroll Park Healthcare Baltimore, MD	580 831 12/11/19 11/20/23	23	768.25	295.17	5/2025	Not Met → Not Met			

SFF Candidates									
Facility	Survey History	Months Since Last Published Survey	Weighted Survey Score (WSS)	WSS if the next Survey scores 0 points	Status Since	Status Detail	Is it possible to get out of Candidate status with a new Survey?	Staffing Star Rating	
Pines Nursing And Rehab Easton, MD	224 1267 10/25/18 09/28/22	37	1006.25	285.67	4/2023	#1 of 5 → #1 of 5	Yes	★	
Creekside Center For Rehabilitation And Nursing Hagerstown, MD	329 771 07/25/19 08/05/24	14	660.5	234.33	12/2024	#2 of 5 → #2 of 5	Yes	★	
Autumn Lake Healthcare At Pikesville Pikesville, MD	84 725 12/21/18 08/11/22	38	564.75	175	12/2022	#3 of 5 → #3 of 5	Yes	★★★★	
Clinton Healthcare Center Clinton, MD	135 659 03/14/19 05/16/23	29	528	205.33	6/2025	#4 of 5 → #4 of 5	Yes	★★★★	
Julia Manor Nursing And Rehabilitation Center Hagerstown, MD	56 656 06/14/19 08/14/23	26	506	155	7/2025	#5 of 5 → #5 of 5	Yes	★★★★	

# Evaluating for Express Lane Eligibility

## HUD 232 Quality of Care

### Express Lane Program Eligibility ⓘ

#### ⚠️ Not Eligible for Express Lane

This facility has more than 1 risk factor. See below for detail.

⚠️ **Overall Rating is 1**

⚠️ **Survey Rating is 1**

✓ Not cited for Abuse

⚠️ **More than 1 deficiency of G+ severity in the past 12 months**

The Express Lane program also has these additional requirements:

- Maximum of 70% loan to value
- A minimum debt service coverage ratio of 2.0x
- No history of FHA insurance claims or defaults
- Not more than 20% of the facility's revenue can be attributed to a special use.
- The Operator must have been in place at the facility for two or more years prior to the application submission

For more information on Express Lane program, click [here](#).

## Key Indicators

### Risk Assessment ⓘ

👍 Low Risk

This facility has no risk factors. See below for detail.

- ✓ Not an SFF or SFF Candidate
- ✓ Fewer than 2 "Immediate Jeopardy" deficiencies
- ✓ Not cited for Abuse
- ✓ Total Nursing Turnover below National Average
- ✓ One fine or less
- ✓ No payment denials
- ✓ QM Rating above 1 star

### 👋 Abuse Flag ⓘ

👍 This facility has not had any Abuse citations that count towards the "Red Hand" designation.

And let's keep it that way!

### Other Attributes

⚠️ Survey Issue(s) - Harm Tags

This home has had at least one harm-level (G+ level) deficiency on one of its last two Survey cycles. ⓘ

# Star Rating Sensitivity

**STAR PRO** Main SNF Search Quick Search... Go Spencer Blackman ⚙️

Facility ^

**Allenbrook Nursing And Rehabilitation Center** ★★★★★ Overall Rating ◆ ★★★★★ Survey Rating ◆ ★★ Staffing Rating ◆ ★★★★★ Quality Rating ◆

3933 Allenbrooke Cove  
Memphis, TN 38118

- What does it take to “gain” a star? Don’t we also need to ask how close we are to losing one?
- Since all domains are point-based, it’s possible to plan your path forward

### Overall Rating Sensitivity Analysis

#### Opportunities

How to raise the Overall Rating

If...			...Then
Survey	Staffing	Quality	Overall
		↑ ★ +130 points	↑ ★
↑ ★ Score <22 on next Survey			↑ ★
↑ ★ Score <22 on next Survey		↑ ★ +130 points	↑ ★★

SHOW MORE

#### Risks

Prevent a drop in the Overall Rating

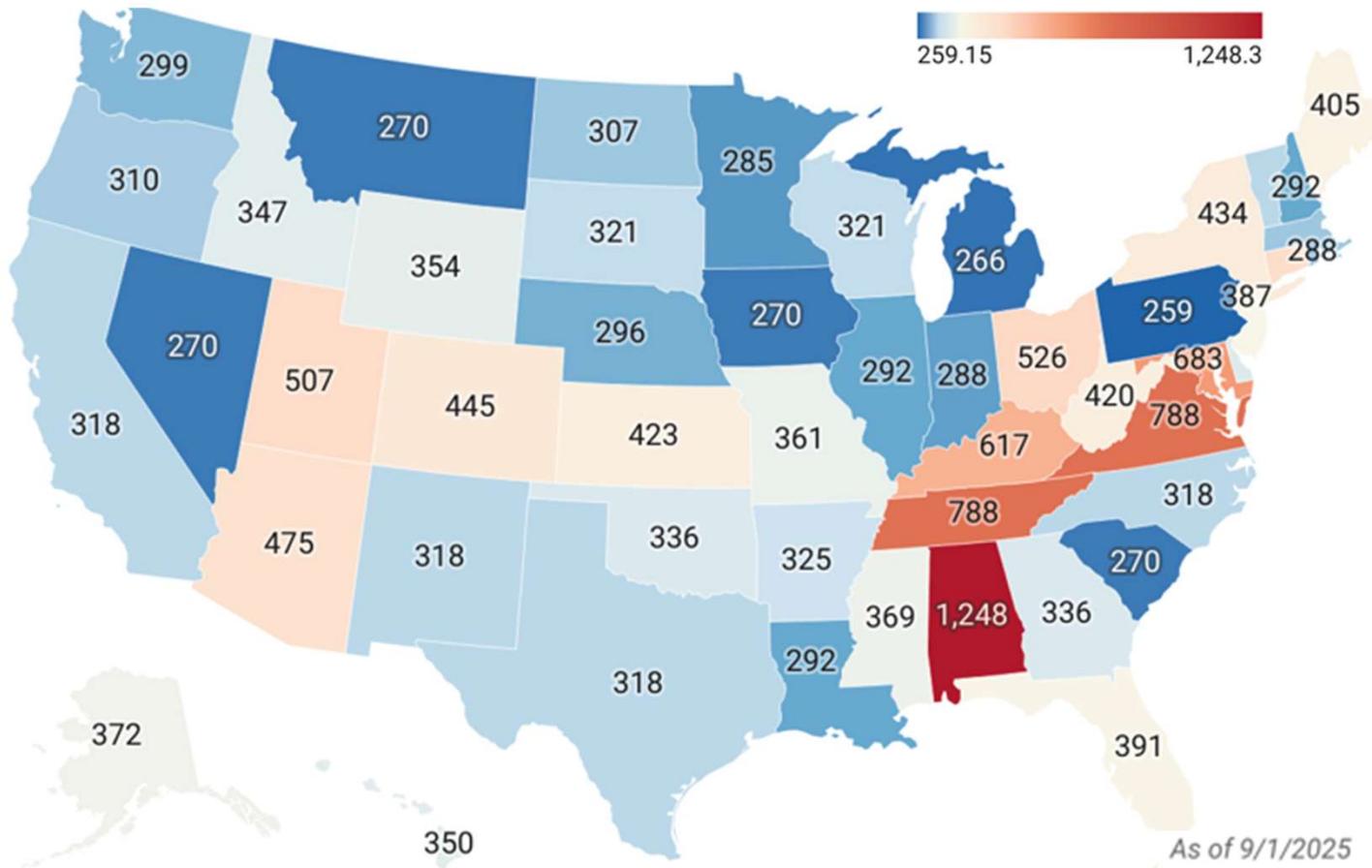
If...			...Then
Survey	Staffing	Quality	Overall
	↓ ★ -46 points		↓ ★
↓ ★ Score 148 - 55 on next Survey			↓ ★
↓ ★ Score 148 - 55 on next Survey	↓ ★ -46 points		↓ ★★★

SHOW MORE

# Avg. # of Days Since Last Annual Survey

HEALTHCARE MORTGAGEE ADVISORY COUNCIL  
Financing Seniors Housing for America

### Survey Lag in Days



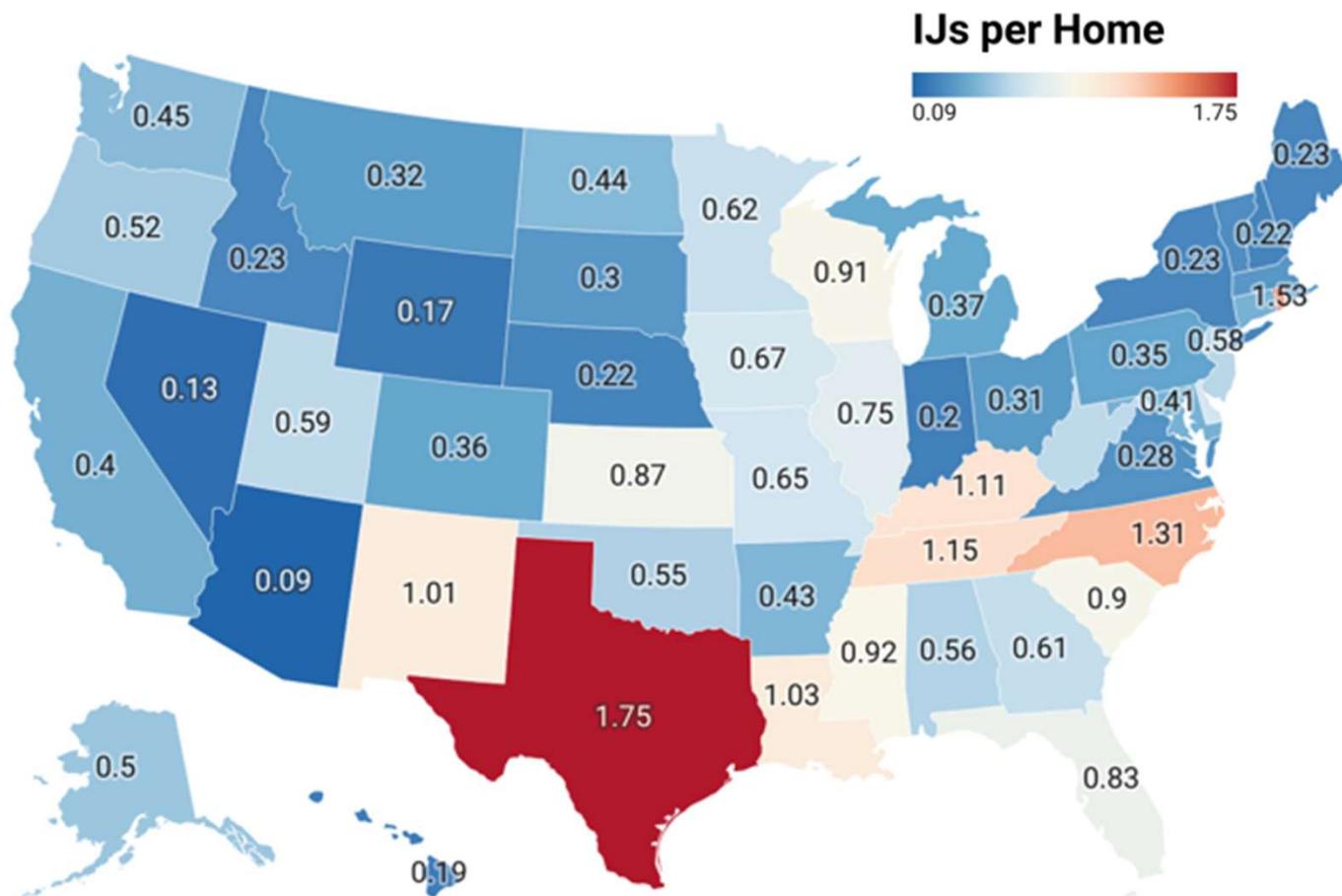
As of 9/1/2025

Map: Built by StarPRO • Source: CMS • Created with Datawrapper

As of 9/1/2025,  
the national  
average of  
number of days  
since the last  
annual survey is  
388 days

# Avg. # of IJ-Tags (SS=J,K,L) by State

HEALTHCARE MORTGAGE ADVISORY COUNCIL  
Financing Seniors Housing for America



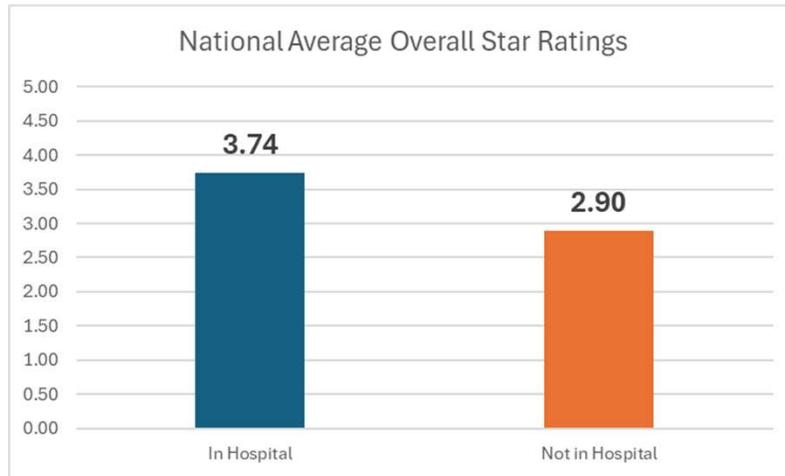
As of 9/1/2025, the national average of Immediate Jeopardy tags is 0.65 per nursing home.

As of 9/1/2025

Map: Built by StarPRO • Source: CMS • Created with Datawrapper

# Star Rating Program Concerns

- Star Ratings were always intended for use by consumers – not outside stakeholders
- The “nationalization” of star ratings ignore differences in urban vs. rural homes, large vs small, etc. Hospital-based “TCUs” also skew ratings upwards



- CMS’s OIG (Office of the Inspector General) has highlighted issues with reporting accuracy, especially related to falls<sup>1</sup> and antipsychotics<sup>2</sup>
- Star Rating inflation in Quality is real. CMS said there’d be more frequent cutpoint revisions<sup>3</sup>, but few have materialized so far



<sup>1</sup> <https://oig.hhs.gov/reports/all/2025/nursing-homes-failed-to-report-43-percent-of-falls-with-major-injury-and-hospitalization-among-their-medicare-enrolled-residents/>

<sup>2</sup> <https://oig.hhs.gov/reports/all/2021/cms-could-improve-the-data-it-uses-to-monitor-antipsychotic-drugs-in-nursing-homes/>

<sup>3</sup> <https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/SurveyCertificationGenInfo/Downloads/QSO19-08-NH.pdf>

Both charts take data from data.cms.gov as of Sept 1, 2025 and exclude any ratings of 0.

# Identifying the Risk



Photo source: <https://www.imdb.com/title/tt0088763/characters/nm0000670/>

## Evaluating Quality of Care for State-Regulated Facilities

*(Assisted Living, Board & Care, Supportive Living, etc.)*

**HEALTHCARE MORTGAGEE ADVISORY COUNCIL**

Financing Seniors Housing for America

# Evaluating Facilities Not Regulated by CMS:

- Would include state-regulated facilities such as assisted living, memory care, intermediate care, supportive living, and other Board & Care-type projects
- As they are state-regulated and not federally regulated, information is available on a state-by-state basis. These facilities are not “rated”.
- Review of inspection reports
  - Reports are a matter of public record and generally can be pulled from the regulating agency’s website (i.e., State Department of Health), however not every state publishes this information online:
    - ❖ Paper or electronic copies can be requested from the regulating state agency
    - ❖ Often faster and easier to request directly from the facility.
    - ❖ Evaluate volume and/or frequency of citations
    - ❖ Evaluate scope and severity of citations
- Review of state-imposed fines or enforcement actions
- Review the project’s history of professional liability claims

HEALTHCARE MORTGAGEE ADVISORY COUNCIL  
Financing Seniors Housing for America



# Mitigating the Risk



Photograph: Rex Features

When Is Additional  
Risk Mitigation  
Required?

**HEALTHCARE MORTGAGEE ADVISORY COUNCIL**

Financing Seniors Housing for America

# Characteristics of Low and Elevated Risk Facilities:

## Tier 1 Facilities (Low Risk):

- Has received no more than one serious deficiency (SS=G or higher, or found to cause actual harm/put residents in immediate jeopardy) in the past three years
- A HUD-compliant risk management program can be administered in-house
- No additional mitigation required:
  - No additional risk assessments needed
  - No required escrows



Image source: Adobe stock, File #397738748

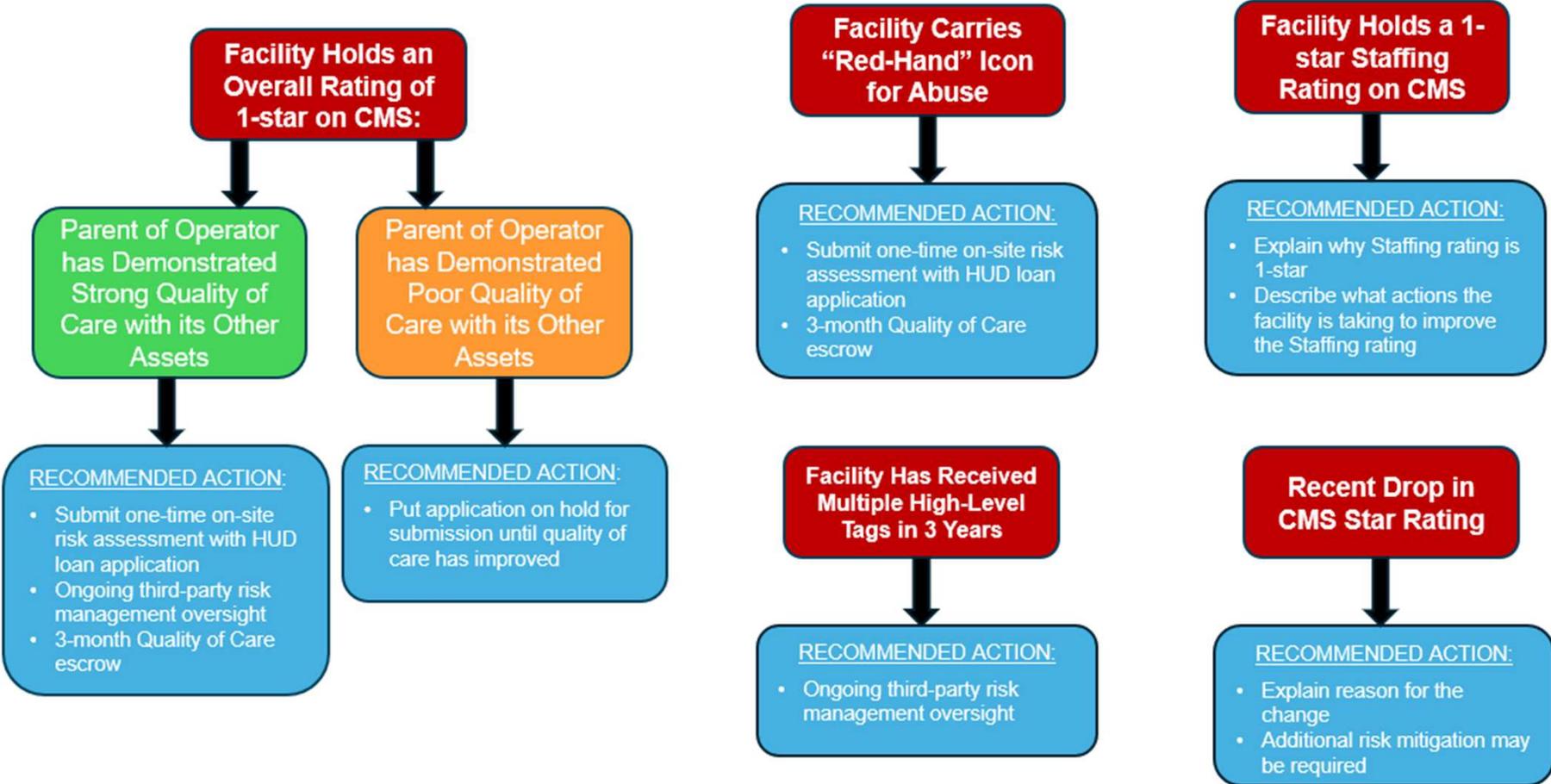
## Tier 2 Facilities (Elevated Risk):

- Has received 2 or more serious deficiencies (SS=G or higher, or caused actual harm/put residents in immediate jeopardy) within the past three years
- Overall CMS star rating is 2 or below
- CMS Health Inspections rating is 2 or below
- CMS Staffing rating is 1-star
- Active Abuse Icon
- Additional mitigation required (HUD Decision Tree)

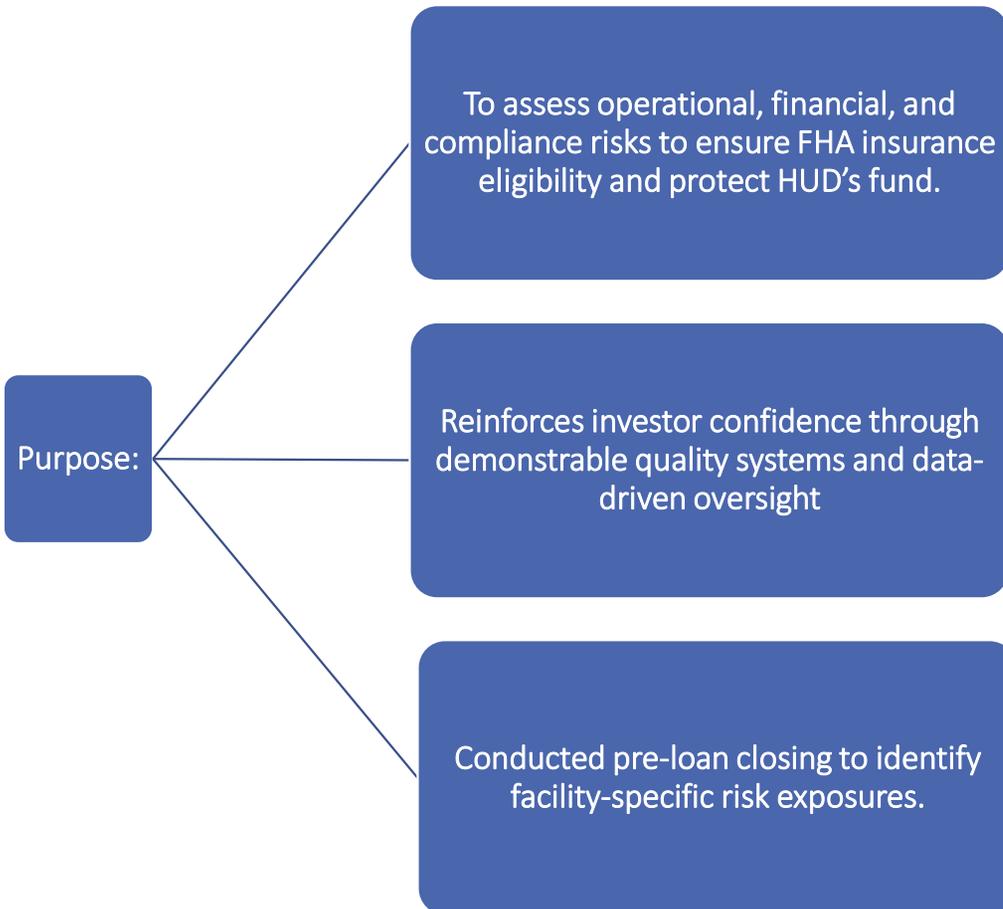


Image source: <https://imagesbyregina.wordpress.com/2012/01/07/proceed-with-caution/>

# HUD Decision Tree for Risk Mitigation:



# One-Time Risk Assessment



## Required components

- Review of both operational and clinical processes
- Review of physical and environmental safety
- Identification of risk exposures and opportunities for improvement
- Provide best practice recommendations for improvement based on findings
- Development of a strategy to support action plan implementation

# One-Time Risk Assessment Timeline

Phase	Key Activities
Oct 2025	<ul style="list-style-type: none"><li>• Producer team engages HUD servicer</li><li>• Service Contract presented &amp; signed</li><li>• Healthcare Safety Consultant assigned &amp; schedules onsite assessment</li></ul>
Nov 2025	<ul style="list-style-type: none"><li>• Pre-assessment research &amp; data analytics</li><li>• Onsite visit</li><li>• Initial training</li></ul>
Dec 2025 – Oct 2026	<ul style="list-style-type: none"><li>• Ongoing consultant support if included in service contract:<ul style="list-style-type: none"><li>• In-person, virtual, and telephonic</li><li>• Training and education</li><li>• Program development</li></ul></li><li>• Progress tracking via internal data &amp; public surveys</li><li>• Communication of provided services to designated stakeholders</li></ul>
Nov 2026	<ul style="list-style-type: none"><li>• (Optional) renewal contract for continued services</li></ul>

# One-Time Risk Assessment



Marsh McLennan Agency

Your future is limitless.™

---

**Professional Liability Evaluation and Risk Management Report**

Client name: Twin Pines Nursing and Rehab Care Center
Client address: 1640 Riverside Drive, Hill Valley, CA
Date of on-site evaluation: November 5 <sup>th</sup> , 2025
Evaluation completed by: Emmett Brown, MMA Healthcare Safety Consultant

---

**Introduction**

Marsh McLennan Agency (MMA) Safety Consulting is pleased to offer this professional liability risk management evaluation and risk management report in an effort to assist our client in identifying organizational strengths and best practices in addition to enhancing resident (patient) safety initiatives by developing specific goals and risk management strategies related to actual or potential professional liability exposures. Utilizing the professional liability evaluation tool, the review process consisted of the following:

- Leadership and employee interviews with a focus on current safety initiatives and risk management activities related to professional liability exposures.
- Review of historical professional liability claims/loss runs, regulatory compliance history/survey outcomes, and as applicable, publicly reported data.
- Facility tour.
- Review (as available) clinical, operational, and resident (patient) safety practices, policies and procedures, meeting minutes, and incident reports with a focus on the following areas of potential risk exposure:
  - Employee Hiring, Onboarding, Orientation, and Education
  - Environment of Care, Hazard Surveillance
  - Emergency Preparedness and Response
  - Workplace Violence Prevention
  - Admission Process
  - Customer Service
  - Incident Management
  - Quality Assurance, Performance Improvement
  - Safe Resident Handling (SRH) and Non-Emergency Resident Transportation
  - Falls Prevention and Management
  - Restraint Use
  - Skin Care, Wound Prevention and Management
  - Elopement
  - Infection Prevention and Control
  - Medication Management
  - Medical Records and Documentation Practices

This report begins with a loss summary review, followed by recommendations (key focus areas) and the proposed safety service plan. The remainder of the report provides the detailed information obtained during the evaluation process. The evaluation places focus clinical programs and operational practices considered to be loss drivers

---

Marsh & McLennan Agency LLC    This report prepared for the ongoing analysis of quality assessment/assurance and peer review    MarshMMA.com

- Data gathered from interviews with facility leadership and staff
- Strong focus on actual execution of programming as well as official policy
- Most effective when:
  - All leaders are involved
  - A relationship of trust is established to accurately gauge risk and opportunities
  - Goal-setting is collaborative

**HEALTHCARE MORTGAGEE ADVISORY COUNCIL**  
Financing Seniors Housing for America

# One-Time Risk Assessment – Recommendations

## Recommendations

The following recommendations were identified during the evaluation process as key focus areas and consist of risk management strategies intended to assist the client in enhancing resident (patient) safety practices and to reduce professional liability risk exposures.

Recommendations – Key Focus Areas	
1.	<p><b>Reinforce Abuse Prevention and Reporting Policy and Practices</b></p> <ul style="list-style-type: none"> <li>- Timely reporting of abuse</li> <li>- Recognizing escalating behaviors</li> <li>- Formalize abuse investigation, tracking and trending</li> </ul>
2.	<p><b>Enhance Quality Assurance Program/Committee</b></p> <ul style="list-style-type: none"> <li>- Formalize practices for monitoring performance and compliance indicators</li> <li>- Track and trend data over a rolling 12-month timeframe</li> <li>- Enhance performance initiatives to include specific action plans, responsible parties, and target dates</li> </ul>
3.	<p><b>Elopement Education and Training</b></p> <ul style="list-style-type: none"> <li>- Standardize Elopement Drills</li> <li>- Formal template to document drills and actual elopements</li> <li>- Analysis of outcomes of drills and events</li> </ul>
4.	<p><b>Infection Prevention and Control Program: Respiratory Protection Program</b></p> <ul style="list-style-type: none"> <li>- Establish written program to ensure OSHA requirements for a RPP are in place for 100% of employees</li> <li>- Formally track adherence to OSHA requirements for fit testing and protection compliance</li> </ul>

## Safety Service Plan

Based on the professional liability evaluation and review of loss trending information, we agreed to the following safety service plan.

Safety Service Plan – scope of services effective 11/01/2025-11/01/2026			
Item #	Service Item	Primary Audience	Target Delivery Date
1.	Abuse Prevention and De-escalation	11/5/25: Facility Leadership Team 12/16/25: All staff, all departments	Quarter 4, 2025
2.	Quality Assurance Program/Committee	QAPI Team	Quarter 1, 2026
3.	Elopement Education and Training	All staff	Quarter 2, 2026
4.	Respiratory Protection Program	Facility Infection Preventionist	Quarter 3, 2026

- Recommendations clearly flow from data gathered during the assessment
- Steps to each goal are actionable and achievable
- Recommendations include:
  - What specifically is being addressed
  - Who is the target of the training
  - When implementation will occur

# Risk Management Action Plans:

## Frequent recommendations

- Customer Service Initiatives
- Staff: Recruitment, Orientation, Training, and Retention
- Documentation and Incident Management
- Abuse and Neglect Prevention/Reporting
- Falls and Pressure Injury Prevention
- QAPI

## Action steps must be facility-specific:

- Arise from Root Cause Analysis
- WHY are falls occurring? Lack of training? Staffing? Rigid activities offerings? High rates of UTIs? Facility layout?
- HOW can we best implement change based on facility/organizational characteristics?

# One-Time Risk Assessment – Action Plan

## HUD Assessment Action Plan: Twin Pines Nursing and Rehab Care Center

October 30<sup>th</sup>, 2025

Prepared by Emmett Brown, MMA Healthcare Safety Consultant

OBJECTIVE & GOAL: To improve quality ratings and clinical outcomes			
INITIATIVE: To improve quality of care and overall reputation of the campus			
Action Steps	Responsible Person(s)	Target Date:	Status:
Enhance Abuse Prevention Protocols and Practices <ul style="list-style-type: none"> <li>- Timely reporting of abuse</li> <li>- Recognizing escalating behaviors</li> <li>- Formalize abuse investigation, tracking and trending</li> </ul>	Emmett Brown (MMA) and Facility Leadership	Ongoing	11/5/25: Provided in-servicing to departmental leadership and recommendations for ongoing staff training. 12/16/25: Training scheduled for all staff in abuse prevention and behavior de-escalation.
Enhance Quality Assurance Program/Committee <ul style="list-style-type: none"> <li>- Formalize practices for monitoring performance and compliance indicators</li> <li>- Track and trend data over a rolling 12-month timeframe</li> <li>- Enhance QA minutes with performance initiatives to include specific action plans, responsible parties, and target dates</li> </ul>	Emmett Brown (MMA) and Facility Leadership	Q1 2026	QAPI Program Development Meeting scheduled for January 21 <sup>st</sup> , 2026 (facility leadership and MMA Consultant) MMA Consultant to attend QAPI meeting in February 2026 (date TBD)
Elopement Education and Training <ul style="list-style-type: none"> <li>- Standardize Elopement Drills</li> <li>- Formal template to document drills and actual elopements</li> <li>- Analysis of outcomes of drills and events</li> </ul>	Emmett Brown (MMA) and Facility Leadership (Social Services Director, Activity Director, Administrator, and Maintenance Director)	Q2 2026	11/5/2025: Provided template for drills to facility team. Q4 2025-Q2 2026: Facility to hold quarterly elopement drills and conduct analysis of response. June 2026: MMA Consultant and facility team to meet to review results and adjust action plan as needed if goals not met.
Enhance Infection Prevention and Control Program <ul style="list-style-type: none"> <li>- Establish a written program to ensure OSHA requirements for a Respiratory Protection Program are in place</li> <li>- Formally track adherence to OSHA requirements for fit testing and protection compliance</li> </ul>	Corporate and Facility Leadership (Infection Preventionists)	Q3 2026	Q3 2026: MMA Consultant to meet with facility Infection Preventionist via Zoom to audit Respiratory Protection Program compliance over all staff.

- Restates recommendations
- Outlines responsibilities of both facility and consultant
- Ensures follow-up measures are planned
- Allows for adjustments as needed based on progress
- Provides stakeholders a timeline for assessing progress and accountability

**HEALTHCARE MORTGAGEE ADVISORY COUNCIL**

Financing Seniors Housing for America

# Risk Management Action Plans:

HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

## Securing Success

- Appoint facility champions
- Hold facility leadership accountable
- Continually assess progress and need for adjustments
- Identify constructive feedback vs. dismissive negativity
- Realistic and flexible delivery options

## Capturing measurable outcomes

- Capture baseline data to accurately assess progress
- Be proactive in measuring outcomes- set dates to “check in” and consistently review the same metrics
- Keep steps small so that immediate “wins” are achieved and recognized

# Promoting Success During/Following Assessment

- Accountability is the backbone of successful process change.
- Each individual must understand their role, own their actions, and deliver measurable outcomes
- Adherence to accountability drives real results, turning strategic shifts into sustainable improvement

---

Establish a collaborative atmosphere from c-suite to direct care staff

---

Pose open-ended questions that invite discussion and build trust

---

Highlight and build on previous achievements of the team

---

Determine the best points of contact for scheduling and execution

---

Encourage facility to “lead the charge” while supporting their efforts

---

Applaud input from frontline staff and moderate difficult discussions

---

Focus on systems and processes rather than individual performance

## RM Action Plans from an Underwriter Perspective:

- HUD 232 Handbook – Section II – Chapter 2 (2.5 HH)
- One-Time Risk Assessment: In the following situations, the application should include a one-time on-site risk Assessment for the proposed project
  - There is a 1 Star or 2 Star CMS rating for overall or health inspections
  - There have been “G” or Higher survey tags in the past 2 years
  - There have been instances of abuse or neglect in the past 2 years, or
  - There have been other care related issues.

## RM Action Plans from an Underwriter Perspective:

- HUD application and lender narrative – Tell their story
- Site visit timing and focus areas
- Understand the 5 Star drivers and data periods
- Understand performance trends
- Close the loop with a facility driven plan of correction (POC) and updates
- EMR - Real-time incident tracking
- Follow up at underwriter site visit

# Quality of Care Escrow

- Short-term
  - Varies between 3 - 6 months
  - 6-month is less common (i.e. High level of clinical issues and/or loss history)
- Typical release provisions
  - 3-star overall star rating

# Best Practices for Risk Management and Risk Prevention

- **Stable Clinical Leadership & Staffing** - Maintain consistent leadership and adequate staffing to ensure continuity of care.
- **Comprehensive Staff Training** - Provide regular training on safety protocols, infection control, emergency procedures, and recognizing signs of abuse or neglect to deliver high-quality, compliant care.
- **Data-Driven Management** - Understand your 5-Star metrics and clinical leverage points to guide performance improvement.
- **Regular Audits & Transparent Reporting (QAPI)** - Conduct internal audits and promote “real-time incident tracking” and near-misses to identify trends and implement timely corrective actions.
  - Third-Party Reviews & Mock Surveys

# Questions?



Image Source: Universal Pictures

**HEALTHCARE MORTGAGEE ADVISORY COUNCIL**

Financing Seniors Housing for America