

Victimized? Not exactly



THE **BIG** PICTURE

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When Senior Care Centers announced it would seek creditor protection, shockwaves quickly shot through the field.

After all, this was no mom-and-pop operator. The Dallas-based firm has more than 100 skilled nursing and senior living facilities in its portfolio.

Disturbing developments like this tend to usher in collective soul searching. Many operators are wondering if the bankruptcy filing might be an omen. Could be. But I'm hardly convinced.

In recent times, Senior Care Centers acquired the unhealthy habit of piling up massive debts that had virtually no chance of being repaid. As so often happens in such scenarios, Chapter 11 became the best choice among lousy options.

A reprieve from creditors while the company restructures means more than 10,000 residents will continue to receive much-needed

care. So is Senior Care Centers a proverbial canary in a coal mine? Or might it be better described as a business that couldn't figure out how to compete profitably? Truth be told, it's a bit of both.

"Regulations are becoming more common. And hiring is a nightmare."

To be sure, payment rates from Medicaid and sometimes Medicare are less than optimal. Some might argue less than reasonable. What can't be debated is that the overall seniors housing and care landscape is getting more competitive. Regulations are becoming more common. And hiring is a nightmare.

We also know that skilled care

occupancy levels slid below the 83% mark in 2018. Any way you slice it, open beds are not good for business. So to be fair, old and new challenges hardly helped here.

And yet, there are some firms that are quietly doing quite well. Fairly convincing numbers from NIC show that top quartile operators are on a real winning streak. Get a long-time banker with a loose tongue in a quiet corner, and you'll hear some amazing success stories.

In the vernacular of Curly Howard, Senior Care Centers might have been a victim of circumstance.

But that is hardly a full assessment. Many of the company's problems might be better described as self-inflicted wounds. ■

Read O'Connor's blog each Monday at www.mcknights.com.

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"I see you caught wind of what happens to our funding under the government's new 'savings' plan."

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