THE CONTINUING CARE RETIREMENT COMMUNITY MODEL IN CHINA: RECOMMENDATIONS TO TAIKANG LIFE

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UNIVERSITY OF SOUTHERN CALIFORNIA

JUNE 2015
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Acknowledgements

The authors would like to thank the following people for their generous support to our team and for providing us with this valuable learning opportunity:

Shuqin Liu
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Mike Chen
Dr. Nichol
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I. Executive Summary

Taikang Life Insurance Company Limited (hereafter referred to as Taikang) currently integrates care for the growing elderly population in China in Taikang Community Yan Garden (hereafter referred to as Yan Garden), a continuing care retirement community (CCRC) that draws on CCRC models from countries around the world. To help Taikang reach full resident occupancy, we address three strategic categories: operational management, social integration, and marketing campaigns.

To ensure the effectiveness and quality of Yan Garden’s operations, we recommend the development of a new continuum of care model called Taikang Connect. Taikang Connect is a closed network of professionals within Taikang that uses a “Pay for Performance” payment structure to connect residents to their service providers and minimize costs. Taikang Connect also incentivizes physicians to provide high-quality, patient-centered care through the “Pay for Performance” bonus scale. We recommend that Taikang Connect work with a Health Savings Plan (HSP) model to combine the best possible care and use a savings account to ensure services are paid for in advance through the savings plan. Taikang Connect also includes a case manager to the staff who will coordinate and facilitate consistent service for the residents. Therefore, Taikang Connect allows Yan Garden to directly link physician pay to patient health, keep patients healthy, appropriately reward physicians financially, and minimize costs.

Attracting high-quality medical staff, specifically nursing and nursing assistant staff, will distinguish Yan Garden from other CCRCs. We recommend Taikang offers certified nursing assistant training programs that meet national and/or international standards to increase the quality of its staff. To address long-term health, we recommend that Yan Garden further its preventative health measures through integration of the Staying Healthy Through Education and Prevention (STEP) program, a walking exercise and coaching program that uses an integrated approach to increase lower body strength and prolongs the residents’ ability to perform activities of daily living (ADL).

We recommend that Yan Garden socially integrate seniors into the community by connecting with nearby organizations that can offer key partnerships and programs. Additionally, we recommend creating a resident-led advisory board, giving priority enrollment to residents’ grandchildren in the nearby kindergarten, partnering with universities, and implementing a mentoring program. These initiatives will create the opportunity for residents to form lasting relationships with members of the community and provide residents with a stimulating environment.

Furthermore, we recommend that Yan Garden adjust its current marketing strategy to: 1) highlight the unique social aspects and health management operations of Yan Garden that can appeal to independent living customers; 2) address cost and location concerns through framing; and 3) increase clientele interest through marketing events. These marketing initiatives will promote Yan Garden as a self-sustaining community with attractive amenities and transportation options.
Taikang’s clientele has expressed concerns about the cost of membership and living in Yan Garden. We recommend highlighting that the quality of medical care management that residents receive at Yan Garden compares to that of high-end facilities around the world. We suggest that Taikang incorporate short-term trial experiences aside from the three-month contracted trial period. Additionally, we recommend a one-week trial period for independent living seniors and family members. We also suggest that Yan Garden hosts complimentary dinners for Taikang’s clients as a means to market Yan Garden. Yan Garden should consider hosting professional conferences and one-day health visits to network with possible clients, as well.

In the long-term, we recommend that Yan Garden offers different types of contracts which can attract more potential residents to Yan Garden. Taikang can offer three contracts types that CCRCs in the United States offer: unlimited care, a predetermined amount of care, and fee-for-service payments.

Taikang’s CCRC investment provides an opportunity for Taikang to lead China’s development of a senior care system. A model which includes full services throughout the continuum of care will show government policymakers how to organize the system in a comprehensive and consistent manner to assure optimal outcomes and respect for seniors. Taikang’s additional investments in senior care will reinforce its leadership in this critical area for future social development.

I. 概要

燕园是泰康之家（以下简称“泰康”）为中国持续增长的老年人口打造的一个融合多国养老模式的养老社区，以满足老年人口不同程度的照料需求。为提高燕园入住率，该报告从以下三个层面建言献策：管理运营，社会文化整合，及市场营销。

为保证服务质量和效果，我们建议燕园采用全新的持续照料模式——泰康健康管理网络。在该网络中，医生工资与服务质量及病人满意度直接挂钩，改变了过去以接诊量、处方量为绩效考量的薪酬制度，将以最低的成本显著改善就医效果。为了使燕园从同类养老社区中脱颖而出，尤为重要的一点是吸纳高质量的医护人员，尤其是专业养老护理人员。因而我们建议泰康启动持证护理人员培训项目，通过国家职业资格认证或国际认证来提高员工素质。此外，新增的病例管家职位将合理协调医疗资源，为住户提供便捷高效的医疗服务。同时我们建议，将泰康健康管理网络与健康储蓄计划对接，使得优质的医疗保健资源得以通过健康储蓄账户预先支付。
为促进住户长期健康，我们建议燕园采用STEP（教育、预防结合）项目，进一步提升预防保健的质量。该项目为燕园居民提供针对行走等身体机能的科学训练，增强下肢力量，从而延长居民有能力进行日常生活活动的时间。

为帮助住户融入社区，燕园可与附近的机构组织可以建立密切的合作关系，打造一个活力的社区环境。我们建议组建一个住户理事会与住户委员会、住户子妇优先入园、与周围高校合作、实施导师计划。这些建议可以让社区成员建立持久的良好关系，为住户营造具有活力的环境。

在市场营销方面，我们建议泰康调整现有策略：1）突出泰康良好的社区氛围与健全的医疗管理体系，2）挖掘泰康价格与地段优势，3）通过营销活动调动客户兴趣，使得燕园成为设施丰富、交通便利、自给自足的综合社区。

潜在客户对燕园的定价仍有顾虑。对此我们建议将燕园的医护服务与全球高端养老机构的服务进行比较，突出燕园的优质服务。除三个月的合约试住以外，燕园还可提供短期折扣试住体验。活力老人与半自理老人可以折扣价与家人试住一周。泰康还可通过向目标客户提供体验晚宴、承办专业会议等活动扩大社会影响力。

长远来看，我们建议燕园以医护人员服务质量为考量，建立一个高效的、以病人为中心的激励型薪酬制度。另外，多样化的合同类型能够为燕园吸引更多潜在住户。因此，泰康可以借鉴美国CCRC，提供三种合同形式，包括无限护理、定量护理、按次付费三类计划。

泰康对持续照料中心的投入为其成为中国养老产业的先锋打下了坚实的基础。该养老模式涵盖了各层次持续照料需求，将为政策制定者提供完善养老服务体系的范例。未来泰康进一步的投入将巩固其在该行业的领军地位。
II. Introduction

As graduate students from the University of Southern California’s Sol Price School of Public Policy, we are in Beijing to provide Taikang with short- and long-term strategies regarding social integration, management operations, and marketing for Yan Garden. We represent the following programs: Master in Health Administration, Master in Public Administration, Master in Public Policy, Master in Planning, and International Public Policy and Management.

Due to our wide variety of educational backgrounds, we possess the skills necessary to address the challenges that Yan Garden faces. Over the last six months, we have analyzed case studies and reports about CCRCs from around the world, including Japan, Scandinavia, the United States, and the United Kingdom. We have also researched the social, economic, and political policies that impact China’s senior population and health care. Since we arrived in Beijing, we have been on several site visits to hospitals, nursing homes, and rehabilitation centers to better understand elder care in China. This report includes our findings and recommendations for Yan Garden’s success.
III. Definitions

The following terms will be used throughout this report and are defined as follows:

Activities of Daily Living. Activities of Daily Living (ADL) refers to routine tasks like eating, bathing, dressing, grooming, working, taking care of a household, and relaxing,\(^1\) and indicates how well the elderly and disabled can function and care for themselves.

Assisted living. A residential community with services such as meals, laundry, housekeeping, medication reminders, and assistance with ADL. Assisted living includes medical, memory, or aging issues reduce your ability to safely stay in privacy and autonomy within your own residence. Within the United States, the exact definition of assisted living varies by state.

CCRC. Continuing care retirement communities (CCRCs) are a combination of residential and care options that provide a continuum of care to age in place. The residential and care options stem from independent living, assisted living, and nursing homes.

Independent living. A multi-unit facility that provides supportive services like meals, housekeeping, social activities, and transportation. Independent living facilities often provide meals in a central dining area to encourage socialization. Independent living can also refer to housing with few or no services.

Long-Term care. Chronic health care that requires 24-hour custodial and supervisory care from a licensed staff or caregiver. This type of care is typically rendered in a nursing home.\(^2\)

Nursing home. A facility that provides 24-hour nursing care, room and board, and activities for residents who are recovering from illness to have chronic and/or long-term illnesses.


IV. Purpose and Objectives

Purpose Statement

We aim to provide Taikang with recommendations on how to improve the social reputation, management operations, and marketing strategies of Yan Garden, Taikang’s Continuous Care Retirement Community in Beijing, China. In addition, we will provide background information comparing China’s senior care industry to that of the United States.

These recommendations are meant to increase the resident enrollment within Yan Garden with the aim of improving its profitability. The success of Yan Garden will serve as a model for Taikang’s other CCRCs. Thus, the recommendations made in this report are meant to be financially feasible, culturally appropriate, and in align with the current goals of Tai Kang and Yan Garden.

Objectives

- Provide an introduction to the senior care industry within the United States in comparison to China’s senior care industry, as relevant to Taikang’s CCRCs.
- Improve the social reputation of Yan Garden through the social integration of the residents, family members, and community organizations.
- Increase the efficiency of Taikang’s management operations by addressing staffing resources and residential medical care management.
- Provide marketing strategies to increase interest among Taikang’s clientele, including trial experiences and framing strategies.
V. Comparison of Senior Care Systems in the U.S. and China

Categories of Care

Industry Distribution and Type

The senior care industry has different sectors: family and informal caregivers, home and community-based care, and nursing home care. Approximately 65.7 million informal and family caregivers in the United States provide care to individuals who are ill, disabled, or aged. In fact, 43.5 million caregivers provide care for individuals aged 50 and over and 14.9 million caregivers provide care for individuals who have Alzheimer’s Disease or some form of dementia. Some 80 percent of elderly people receiving assistance, including many with several functional limitations, live in private homes as opposed to institutions. Elderly people with limitations in three or more ADLs who live in the community receive an average of nine hours of assistance per day (including both formal and informal sources of care) and people aged 85 or older with that degree of impairment typically receive about eleven hours of assistance per day.

Institutionalization, however, is much more common at older ages; in 2010, about 1 in 8 people aged 85 or older, or 13 percent, lived in institutions, compared with 1 percent of people ages 65 to 74. In 2012, 1.4 million people in the U.S. lived in nursing homes.

The full range of services available to seniors is vast and complex, ranging from in-home care to continuing care, which covers all aspects of long-term care. The graphic below illustrates and defines the different available senior living options and services, how they overlap, and their

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6 Ibid.
relative costs and levels of care and supervision.⁷

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**Stakeholders**

Senior healthcare in the U.S. includes several stakeholders, including the U.S. government, hospital administrators, non-governmental agencies, financial institutions and investors, patients and their families, and the surrounding community. The U.S. government plays two roles as a stakeholder: reimbursing Medicare and Medicaid payments and setting industry standards and regulations to ensure quality of care and patient safety. Hospital

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administrators remain a stakeholder as they are responsible for the implementation of the set government regulations and standards.

Non-governmental agencies such as the Joint Commission provide accreditation services to hospitals and agencies to ensure they operate under specific parameters. Additionally, financial institutions and investors remain stakeholders in CCRCs and senior care facilities because investors’ success depend on the success of the senior care facility. Patients, their families, and the surrounding communities are additional stakeholders to the U.S. senior healthcare industry. Many families participate in the healthcare of their elderly family members and building a social community environment remains a key element of the senior health care system in the U.S.

Target Population

Each year in the United States, over 8 million people receive support from five main long-term care services, including: home health agencies, nursing homes, hospices, residential care communities, and adult day service centers. Of these, most but not all people in need of long-term care are elderly. In 2012, approximately 63 percent (6.3 million) who need long-term care are aged 65 and older. By 2050, the number of individuals using paid long-term care services in any setting (i.e., at home, residential care such as assisted living, or skilled nursing facilities) will likely double from the 13 million in 2000 to 27 million people due to the large increase in the population of older people in need of care.8

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Additionally, about 68 percent of individuals in nursing homes and 72 percent in residential care communities are female. The most common illnesses of those who use long-term care services include Alzheimer’s, other dementias, and depression. Bathing, dressing, toileting, and eating are the most needed types of assistance related to physical functioning. The chart below further details the number and percentage of people who use long-term care services.⁹

### Table 4. Number and percentage of users of long-term care services, by selected characteristics and provider type: United States, 2012

<table>
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<th>Characteristic</th>
<th>Adult day services center</th>
<th>Standard error</th>
<th>Home health agency</th>
<th>Standard error</th>
<th>Hospice</th>
<th>Standard error</th>
<th>Nursing home</th>
<th>Standard error</th>
<th>Residential care community</th>
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<td>1,364,900</td>
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<td>1,383,700</td>
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<td>1,103,475</td>
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<td>6.7</td>
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<td>Hispanic</td>
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<td>3.0</td>
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<td>30.1</td>
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<td>44.3</td>
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<td>Eating</td>
<td>28.3</td>
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<td>51.2</td>
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<td>59.0</td>
<td>0.23</td>
<td>17.7</td>
<td>0.47</td>
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</tbody>
</table>

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² Data not available.
³ Participants in adult day services centers and residents in nursing homes and residential care communities are current users on any given day in 2012. Home health patients are patients who received and ended care anytime in 2011. Hospice patients are patients who received care anytime in 2011.

Industry Output

The United States currently spends approximately 5.3 percent of its gross domestic product (GDP) only on health care for the elderly. By contrast, China spent a total of 5.6 percent

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of total GDP for its entire healthcare system in 2013. By 2030, this percentage will more than double and nearly triple by 2050. The share of total national health expenditures dedicated to the over-65 population will increase from 32 percent today to 44 percent by 2080. On average, seniors in the U.S. now dedicate 17.2 percent of their own cash income to health care spending. By 2030, this percentage will increase to 23.5 percent and reach 31.4 percent by 2050.

Genworth Financial’s Cost of Care survey (2015) reveals that the median cost of living in a private room in an assisted living community in the United States is $43,200 and is $91,250 for a private room in a nursing home. In 2012, total spending for long-term care (including public, out-of-pocket, and other private spending) was $219.9 billion, or 9.3 percent of all U.S. personal health care spending. This figure is projected to increase to $346 billion by 2040.

Industry Performance

The Residential Senior Care Franchises industry has significantly expanded over the last five years. This industry, which provides residential and personal care services to elderly individuals who cannot fully care for themselves, has boomed due to the increasing aging population in the U.S. and the growing need for dementia care for seniors. IBISWorld expects industry revenue to rise at an annualized rate of 4.1 percent to $1.9 billion over the next five

<http://data.worldbank.org/indicator/SH.XPD.TOTL.ZS>
<http://www.ncpa.org/pub/st297#sthash.yjj1E9eW.dpuf>
years\(^\text{14}\) because of the improving economic climate and continued aging of the population, which will expand the industry's markets. However, regulatory challenges are expected to continue to pressure profitability as healthcare reform incentivizes the transition to at-home managed care and Medicare and Medicaid reimbursement rates decline over the next five years. The nursing home segment continues to comprise the largest portion of total long-term care revenues, at $136.0 billion in 2015 or 38.5 percent.\(^\text{15}\)

![chart](image)

### U.S. Regulatory System

Federal-level regulation of CCRCs does not currently exist in the United States. Instead, individual states often regulate CCRCs and thus the type and extent of regulation varies by state. Most states aim to provide sufficient oversight of CCRCs while avoiding high administrative costs. Moreover, several states’ regulatory agencies are located in the Department of Insurance because the majority of CCRCs are classified as insurance models. Regulations include requirements for licensing and operating permits. In order to ensure CCRCs comply with the regulations, the CCRCs disclose information about their finances, fees, refund provisions, and

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charges for additional services in annual reports.\textsuperscript{16} Several states also require operating reserve amounts, escrow of resident deposits, and minimum refunds in the cases of early withdrawal of a resident. Much of the current regulatory legislation has been enacted in the last five to ten years, prompted by issues of financial risk and bankruptcy amongst CCRCs.

**Accreditation Process**

In the State of California specifically, CCRCs must obtain a Certificate of Authority and a Residential Care Facility for the Elderly (RCFE) license to meet regulatory standards. CCRCs that offer skilled nursing services must also obtain a Skilled Nursing Facility License from the California Department of Health Services.\textsuperscript{17}

The Certificate of Authority verifies that a business has passed the California Department of Insurance’s thorough legal and financial review. The review evaluates the business based on the following criteria:\textsuperscript{18}

- Capital and surplus
- Lawfulness and quality of investments
- Financial stability
- Reinsurance arrangements
- Competency, character, and integrity of management
- Ownership and control of issued and outstanding shares (for a capital stock insurer)
- Prompt compliance with law and policies concerned with fair and fully paid adjusted claim
- Fair and honest business conduct
- Method by which the applicant was promoted and if any of its promoters remain as stockholders or in management
- Hazard to policyholders or others


Based on the above categories, the Department of Insurance will conduct two stages of operational and financial reviews: pre-qualification and final qualification review. Each stage involves additional reviews of financial information, mandated memberships, legal requirements, and other corporate information to conduct insurance business in California. The entire certification process can be completed within 90 to 180 days.

A Certificate of Authority entitles an insurance business to enter into continuing care contracts. Once contracts are secured, audited financial statements and reserve reports must be submitted to the California Department of Social Services (CDSS) on an annual basis. In order to ensure providers can continually meet their financial obligations, financial reserve requirements are also mandated. Calculated annually, these reserve reports are submitted to CDSS with their annual audited financial statement.

CDSS has the authority to require a provider to take corrective actions if the financial audit indicates the provider is in poor financial condition. If the provider fails to meet established requirements, they may be susceptible to administrative fines, file liens on property, a court-appointed administrator who will take over operation of an ailing community, or disciplinary actions. Moreover, active contracts must first be reviewed for compliance by CDSS, but may vary from community to community.19

In addition to mandated regulations, organizations may choose to comply with additional performance measurement standards and become accredited with domestic or international governing bodies such as Commission on the Accreditation of Rehabilitation Facilities

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Continuing Care Accreditation Commission (CARF-CCAC). CARF-CCAC provides accreditation to ensure that CCRCs in the U.S. meets specific standards in “residential life, health and wellness, financial resources and disclosure, and governance and administration.” In order to receive accreditation, a CCRC must also submit a Quality Improvement Plan (QIP) to indicate how it is tackling any issues that it faces as well as develop an annual report that details how the CCRC has improved throughout the year.

**Oversight Provided by California Department of Social Services**

CDSS monitors and regulates providers and the Community Care Licensing Division, which falls under this department, consists of two branches that regulate: The Senior Care Program and the Continuing Care Contracts Branch. The Senior Care Program ensures continuing care providers comply with the Community Care licensing laws and regulations related to buildings and grounds, accommodations, care and management of residents, and service quality. The Continuing Care Contracts Branch evaluates provider applications to determine the financial viability of proposed communities and monitors how projects develop. Thereafter, the performance and financial condition of each provider are continuously assessed to make sure they fulfill contractual obligations to residents.

In addition, Local Community Care Licensing District Offices monitor CCRCs on an ongoing basis. These local offices ensure that CCRCs comply with California’s Community Care

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Licensing Laws in regards to accommodations, physical plant, care and supervision, and quality of service. Furthermore, the Continuing Care Advisory Committee gives advice on continuing care. The Governor and Legislature of California appoint members of this committee, who have experience in the continuing care industry, to assist the Continuing Care Contracts Branch.  

**Other Regulations**

In California, all CCRCs that contain 16 or more residents require on-duty night staff. CCRCs with fewer than 16 residents are required to have at least one night staff only when there dementia residents live there. In addition, administrators and staff of CCRCs in California need to meet the certification and training requirements of the state. Administrators are required to have a Nursing Home Administrator License or accomplish a 40-hour Certification Training Program through qualified training vendors. Staff must complete on-the-job training or have a certain level of experience related to their specific duties. Certification and initial training requirements vary among positions.

**Comparison of the U.S. and China Senior Care Industry**

**Development History of Senior Care Industries**

The public and private sectors largely support the development of the senior care industry in the United States. Public-funded senior care, which developed during the mid-1960s, and Medicare reimbursement provide residential and personal-care services for elderly individuals

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24 Ibid.
26 Ibid.
who need care. Within the private sector, modern for-profit nursing homes emerged in the 1930s and boomed in the 1950s. Then, focus shifted to public sector-funded community care.27

China’s senior care market developed from a need to provide care to the growing elder population due to a shift in the family structure and demographics. Before the 1980s, the Chinese government promoted a senior care system which focused on informal care for elders with supplementary assistance from publicly-funded and institutional care. The economic reform and one-child policy, however, led to the collapse of traditional patterns of family caregiving, and the Chinese government now offers incentives to private entities to develop residential senior care facilities.28

China’s exploration of residential senior care started in 1982 in a public form and social capital gradually entered the industry in the 1990s. However, informal care were the mainstream services provided.29 Since 2000, more private elements have entered the senior care industry as the Chinese government announced that the “socialized” senior care will be “a crucial alternative” to the informal care and public-funded community care. This was the government’s first encouragement of the emerging of private-owned senior care facilities.26

U.S. CCRC Example

Sun City, Arizona is an example of a CCRC in the United States, which opened its first five model homes in 1960 as part of a master-planned retirement community built for active

adults. This was an original concept at the time and it was expected to fail, much in the same way that CCRCs are currently a new and unique concept to the Chinese population. Sun City, however, was a huge success contradicting everything that was expected and in actuality set the standard for a quality retirement lifestyle.\(^{30}\) Sun City, Arizona was and continues to be marketed as a community with a high quality of life at a low cost. Word of mouth played a key role in the success of the retirement community. Another selling point for the community has been its top-quality hospitals, clinics, physicians, and pharmacists close to the community. Furthermore, Sun City, Arizona is known for having a close-knit, neighborly lifestyle and people who share the same goals and interests.\(^{31}\)

**Current Development Stages**

With a long history of development, the senior care industry in the United States has already influenced where American seniors choose to live. In 2013, 1.3 million Americans lived in nursing homes and there is a 25 percent chance that an American aged above 65 will live in a skilled-care facility.\(^{32}\) However, the senior care industry in China is in an early stage of development. According to the 12th Five-Year Plan (2011-2015), only 3 percent of Chinese seniors will eventually live in skilled-care facilities.\(^{33}\) Therefore, the senior care industry in China is capable of extraordinary growth.

It is important to consider the population health of the surrounding community in order to better understand the potential market size for Yan Garden. The average life expectancy of elders

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\(^{32}\) Linda Breysprnaak, Center on Aging Studies, University of Missouri-Kansas City.

in China is 74 years old and the average healthy life expectancy is 66 years old. The percentage of elderly 65 years old and older is 64.5 percent. The percentage of elders with full cognitive function below the age of 80 is 90 percent, between 80-89 years old is 71 percent, and 90-99 years old is 46 percent. The total number of seniors over 60 in Beijing is 2.92 million, among which 320,000 need assistance or long-term care. This indicates that some 2.6 million, or 89 percent of the senior population in Beijing are independent. The percentage of seniors in China who need rehabilitation is 36.5 percent. However, only 16.6 percent of dysfunctional elderly are willing to move into senior care institutions.

Financial and Reimbursement Models

In the United States, Medicare is the federal health insurance plan for people aged 65 years or older and is composed of four different parts - A, B, C, and D - each of which covers a different aspect of elder healthcare, such as inpatient and outpatient hospital care, prescription drugs, preventive services and medical supplies. Enrollment is free if certain requirements are met and the rate of coverage is based on the type of services provided and items or tests used. Examples of services covered by Medicare include

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cardiovascular disease screenings, diabetes screenings, glaucoma tests and osteoporosis drugs. Also, out-of-pocket expenses for Medicare enrollees depend on the facility used and how much the provider charges. Additionally, elders with Medicare can remain enrolled in their commercial insurance plan while paying a premium, which could also increase or decrease the coverage and out-of-pocket expenses of the elder. Although elder care is funded by a variety of sources, Medicare is the largest payer for insurance for the elderly and composes a large percentage of the federal budget.

**Medicare Is the Dominant Payer for the Elderly, Private Insurance for Those Under 65**

As previously mentioned, elders can choose from a broad range of services to meet their needs as they become more frail have functional limitations. According to a report from the CDC, in the United States in 2012, 4,800 adult day services centers, 12,200 home health agencies, 3,700 hospices, 15,700 nursing homes, and 22,200 assisted living and similar

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residential care communities provided long-term care services.\textsuperscript{39} Residential Care Facilities in the United States, which predominantly offer assisted living but may also offer more intensive care, totaled 31,100 in 2010, with 971,900 beds.\textsuperscript{40} In 2007, the number of independent living beds available in senior housing was estimated to be around 450,500.\textsuperscript{41}

China has yet to address the issue of reimbursement for senior care. Family members pay for the vast majority of care for elders as out-of-pocket expenses. The most recent health reforms did not address senior care specifically and China does not have a program equivalent to Medicare.

\textbf{Reputation}

In the United States, the main forms of long-term care for elders occur in nursing homes and residential assisted living organizations. The accreditation nursing homes and residential assisted living organizations receive from health organizations such as the Commission on Rehabilitation Counselor Certification (CRCC), the Joint Commission (JCAHO), and Accreditation Commission for Home Care, Inc. (ACHC) affect the reputation of many of these organizations. These organizations help develop standards of care and can improve the image of an institution in the eyes of the public. Additionally, the majority of nursing homes in the United States are certified for Medicaid or Medicare, which means that there is federal oversight of

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facilities providing care to seniors and that regulation is more consistent. Other forms of care, such as assisted living organization, are regulated at the state level and standards vary by state.
VI. Short-Term Recommendations

Culture

Sociocultural Integration and Community Involvement

Cultural Barriers

Several cultural barriers add uncertainty to the prospect of the Chinese senior care industry, including the One Child Policy, perception of filial piety, and values for property rights.

One Child Policy

China has experienced significant demographic and socioeconomic shifts due to the one-child policy, including a change in family structure that complicates senior care. As of 2007, over 10 percent of China’s 1.3 billion citizens were over 60 years old. The United Nations considers an aging society one in which at least 7 percent of the population is 65 years old or older; China reached 7.6 percent in September 2005. The “4:2:1 Paradigm,” which describes the future family structure in China, i.e. four grandparents, two children, and one grandchild, significantly affects long-term elderly care. It is unclear if the adult children, if married and born in the 1980s without siblings, can care for both of their parents when they themselves turn 50 in the 2030s.

The effects of the one-child policy on the elderly population in China will be seen in the 2030s. As a result, the traditional “aging in home” approach is no longer a viable solution for senior care; instead, people may turn to nursing facilities for help. However, there are twenty

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43 Ibid, 1296.
facility beds per one thousand seniors in China, which is only one fourth of that in OECD countries, thus indicating the huge market in the senior care industry.

Perception of Filial Piety

Due to the Confucian philosophy rooted in Chinese culture, the virtue of filial piety serves as the cornerstone of the Chinese social structure. Confucius believed that there was no greater crime than failing to practice filial piety, or caring for one’s parents and elderly family members. Traditionally, the oldest son and his spouse share the responsibility of caring for parents therefore many Chinese seniors are reluctant to spend their late years in facilities. Specifically, research shows that millions of seniors feel disgraced to relocate to a nursing home because it may be perceived as neglect from their families. In fact, myriad seniors would rather live in their homes even though they are not elder-friendly. At the government level, aging in place is still the norm. Chinese government now advocates an aging pattern of “9073”: 90 percent of the seniors live at home, 7 percent receive community service, and 3 percent stay in institutions providing professional nursing care.

Value of Property Rights

Taking care of children is central to the lives of the majority of Chinese elderly, even if their children are married. Therefore, they would rather spend their money on property for their children instead of on themselves. According to China Household Finance Survey (2012), the

homeownership rate in China reached 89.96 percent, far exceeding the average level of 60 percent globally and underscoring the importance of property rights within the country. Although CCRCs provide amenities, entertainment, professional medical care and other comprehensive services, Chinese are still more interested in buying and owning property as opposed to renting property without housing property rights or living in a CCRC.

**Needs of the Target Population**

Yan Garden targets middle or high social status elderly, many of whom were once faculty members of universities or leaders in private companies, the government, and the military. These elders have four main needs: physiological, social, self-identity, and self-development. Physiological needs include basic living needs, health, and the living environment. Although one may assume that Yan Garden’s target population does not need to worry about these basic needs because their relative wealth and high social status suggests that they live comfortably, research shows that elders with higher levels of education and social status are more worried about their health condition. Consequently, they are more likely to exercise, learn about health, and pursue high quality medical care.

Access to extensive health services is incredibly valuable to Yan Garden’s target population. One of the largest benefits of living in a CCRC is full prepayment for the entire spectrum of care that resident will require as they age. CCRCs can coordinate residents’ movement from one level of care to another. Additionally, CCRCs can provide preventative

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health plans for the residents, which reduce hospitalizations and better health in the long-run. Moving to a CCRC will therefore enable residents to age with fewer medical issues.

Elders’ social needs must be taken into account since they may feel lonely when they leave their home. Hence, they would benefit from increased interaction with their families and others both within Yan Garden and in the community at-large. Although they live in a CCRC, elders want their families to visit and keep in-touch so they feel loved. Moreover, since Yan Garden is a community of elders, residents should form relationships and find mutual interests to enhance their experience there. Elders should also connect with people outside of Yan Garden in order to remain integrated in society instead of isolated within the CCRC.

Research indicates that the need for self-identity is directly proportional to one’s level of education and social status. In other words, the more educated and/or prominent a person is in society, the more she requires self-identity. Since many of the elders within Yan Garden previously held highly regarded, prominent positions within companies and society prior to their retirement, they may potentially feel depressed or unfulfilled in a CCRC because they are not intellectually challenged in the same way they were during their careers. Thus, elders must identify their value, increase their self-esteem, and strengthen their self-identity, particularly by interacting with the community outside Yan Garden.

Lastly, elders want to continue to learn and develop. Since Yan Garden targets elderly who were the elites in their fields, its residents often still have intellectual curiosity and hold

regular intellectual stimulation in high regard. Additionally, these elders want to add value to society instead of feeling as if society is now progressing without them. Yan Garden should consider the elders’ needs for self-development because self-development will allow them to learn which will result in their increased happiness.

**Community Involvement**

Some of the concerns of American residents interested in moving to a CCRC include detachment from relationships in their existing community and their impression of a CCRC as a community of ailing elderly people.\(^{50}\) To address these issues, many CCRCs ensure that residents will have flexibility and freedom, lead a purposeful life, and create social connections as well as provide the necessary care services. In fact, life at a CCRC is potentially more stimulating than life alone at home because residents spend most of their time socializing and learning.\(^{51}\) Additionally, several CCRCs offer guest apartments for residents to try out the facility’s services or visiting family and friends.

In the United States, some residents are very involved in the CCRC itself and sit on its board. For instance, residents make up 20 percent of the Board of Trustees at RiverWoods Retirement Community in Exeter, New Hampshire.\(^{52}\) Residents also work together on books and blogs, and share stories about their families, events, and life lessons. With these activities, residents can feel as if they are members of a strong community.


\(^{51}\) Ibid.

Community Involvement Outside CCRCs

CCRCs allow the elderly to get all of their needs met in a single location; that is, the elderly can receive medical care, eat, live, and socialize all within a single building or a campus-like setting. Although this set-up is convenient and fosters a sense of community among the residents, living in a CCRC can potentially make the elderly feel disconnected from the people outside of their CCRCs. This isolation, in turn, may make them depressed and eager for interaction with the surrounding community. Consequently, allowing the elderly living in CCRCs to get involved in their communities would offer them the chance to feel included in a social network beyond the CCRC, increase their self-esteem and social identity, fulfill their need for social interaction, and create a shared emotional connection with new people.

Maslow’s Hierarchy of Needs supports the idea that elderly in CCRCs would benefit from increased community involvement. Humanist psychologist Abraham Maslow suggested in 1943 that people’s actions are motivated to realize various needs and people need to fulfill basic needs in order to satisfy more advanced needs. There are five levels of needs: physiological needs, security needs, social needs, esteem needs, and self-actualizing needs, respectively. Social needs, the third level of needs, refer to the necessity of love, acceptance, and belonging. Friendships, romantic attachments, family, social groups, community groups, and religious organizations and affiliations all satisfy this need. Therefore, community involvement is important to the overall well-being of elderly people in CCRCs because it helps them feel more accepted, thus they can better prevent issues like depression, loneliness, and anxiety. Fulfilling
these social needs then allows the elderly in CCRCs to move on to satisfying their esteem needs and self-actualizing needs.53

**Recommendations**

- **Create a Resident-Led Advisory Board to Yan Garden’s Management**

  The sense of community within Yan Garden itself must also be strengthened in order for the residents to fulfill their social needs. One recommendation to foster a strong community within Yan Garden is to create an advisory board to Yan Garden’s management comprised of residents. This advisory board would allow residents to voice their concerns and suggest how to improve the quality of life at Yan Garden. Coming together to talk about their experiences at Yan Garden would give the residents the opportunity to form bonds and create unity with other residents. Additionally, the advisory board would give the residents responsibility within their community as well as offer them another way to spend their free time.

- **Priority Enrollment for Residents’ Grandchildren in Yan Garden’s Kindergarten**

  A recommendation to strengthen the relationship between the elderly at Yan Garden and the outside community is for Taikang to give priority enrollment in Yan Garden’s kindergarten to the grandchildren of residents in the CCRC. This approach would allow the elderly residents to more frequently see their families and accordingly feel more connected to the community at-large as well as help satisfy their social needs.

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• **Partner with Universities to Create Courses and Seminars Involving Residents**

Yan Garden’s proximity to different universities can help the elderly get more involved in the surrounding community. The universities could create courses or seminars that would include students interacting with the elderly at Yan Garden. At the Cun Cao Chun Hui Home, for example, undergraduate and graduate students request to come do check-ups on the elderly residents. This opportunity is mutually beneficial because the students learn by working with the residents while the residents form a connection to people outside of Yan Garden. Furthermore, as part of this partnership, residents could also have the opportunity to audit classes. Since Yan Garden’s targets intellectuals, residents may find auditing classes appealing and give them a chance to keep their minds sharp.

• **Develop a Mentoring Program with University Students**

We recommend that Yan Garden develops a mentoring program with university students which would act as a formalized, guaranteed connection to the community for residents. Student volunteers would be matched in a one-on-one relationship with the residents and would come to Yan Garden to spend time with their mentees. Since Yan Garden is marketed towards highly intellectual individuals who have previously held prominent positions in academia, students could present on a topic related to their university studies on which they would like help in order to match students and residents within the program. Then, the resident could provide tutoring or offer expertise on the subject matter. Tutoring would intellectually stimulate the residents, which would help them improve their mental health and feel needed while simultaneously involving themselves in a community beyond Yan Garden. Students could also perform different forms of
entertainment, such as singing, dancing, or plays, or they could talk to the residents to find shared interests and connect. This program would let the residents of Yan Garden create new bonds and benefit from the students’ lively energy. The students, on the other hand, would earn volunteer hours for spending time with the residents and receive help with their studies.

- **Implement the STEP Program**

Preventative health and multidisciplinary care will create a better life for the residents in Yan Garden. Yan Garden can integrate health into all aspects of the retirement community including dining, socialization, and activities. One of the programs that helps with residents’ exercise care is the Staying Healthy Through Education and Prevention (STEP) program, an evidence-based walking and strength training program implemented in CCRCs in the United States. STEP uses coaching for guidance and focuses on strengthening the lower extremities. The program uses an integrated approach in which everyone in the care community supports the residents’ health, specifically:

- General staff checks daily well-being and housekeeping and dining staff observe resident behaviors.
- Routine health checks are performed for general health, dental, and pharmacy.
- The professionals needed for completing the care continuum include a physical therapist and dietician as well as social workers, counselors, and barbers.\(^5^4\)

A strong preventative health environment will entice potential residents to join Yan Garden and allow them to stay healthy. In fact, a STEP study shows that the more time residents of CCRCs

spend exercising, especially aerobic and physical activities such as walking, the better their physical functioning.\(^{55}\)

- **Add Round Tables to the Dining Hall**

Yan Garden’s model dining hall consisted of only square tables, but a staff member at Golden Heights, a senior living center in Beijing, mentioned that families dine at round tables as part of Chinese tradition. Therefore, Yan Garden should add round tables to its dining hall to encourage residents’ families to join the residents for meals. This design change would potentially increase the number of visitors to Yan Garden, thus helping the residents maintain relationships with their families and create new connections to the community at-large.

**Management Operations**

Management operations must be addressed to ensure that residents’ needs are being met and daily activities are carried out efficiently and effectively; the leadership structure and staffing model are particularly important. Currently, Taikang operates Yan Garden as a stand-alone business, separate from its other hospitals and health facilities. As Taikang manages more CCRCs, it will face higher administrative costs as well as redundant or overlapping job functions among the staff managing its CCRCs.

\(^{55}\) Ibid.
Service Model

Within Yan Garden, Taikang follows the continuum of care service model which provides all aspects and levels of care for residents. The services and care offered would progress as follows: preventative care, diagnosis/rehabilitation, independent living, assisted living, and skilled nursing and ancillary services. These services will need to be closely coordinated to ensure that there are not any gaps in the care provided to residents. Since effective lines of communication must be established between residents, staff, health care professionals, and leadership, the Continuum of Care model should be strictly followed.

Staffing Shortages

As discussed at our team’s meeting with Taikang representatives, Yan Garden is experiencing staffing shortages, particularly among specialized medical staff such as gerontologists, dermatologists, podiatrists, and certified nursing and nursing assistant staff. Specialized medical staff are often attracted to jobs in public hospitals which typically compensate them better than nursing or retirement homes. Moreover, researchers estimate that 2.2 million nursing staff are needed to meet the demand of nursing care for the aging population in China, however there are only 1 million nursing staff available.56 The aging population, in fact, is increasing while the ratio of nursing staff to total population is decreasing.57

The staffing shortages at Yan Garden are also influenced by the fact that most nursing assistants in long-term care facilities are from rural area of China and not well-educated. Some 83 percent of these nursing assistants only have a middle school or primary school education and 15.6 percent do not have any formal professional degree. In addition, existing college nursing programs in China do not provide specific training or education on senior care, so nursing staff are rarely qualified to address the specific medical needs of the elderly.

**Recommendations**

- **Operating Structure: Taikang Connect**

In keeping with with Taikang’s intention to acquire more hospitals and healthcare facilities, Taikang would benefit from creating a closed network of professionals that can share the risks, costs, and revenues for providing care to Yan Garden’s fixed population that we call **Taikang Connect**. Taikang Connect would allow Yan Garden to follow a continuum of care model ensuring residents’ needs are met at all levels of care. Medical professionals are incentivised to join the network because they are compensated based on level of care and receive bonuses based on quality performance measures, rather than the public hospital base pay. Therefore, Taikang Connect gives physicians greater financial incentives to improve patient care and health instead of unnecessarily driving costs and service utilization. Residents, on the other hand, benefit from Taikang Connect because their costs decrease as unnecessary or repeated services are avoided.

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Additionally, residents reserve the right to choose their physician from within *Taikang Connect* or outside the network for additional costs.

In the short term, we recommend that Taikang create the *Taikang Connect* network of doctors and medical facilities to offer the residents of Yan Garden health services they may require in their continuum of care. Taikang should seek cooperative partnerships with the hospitals and health professionals that provide services to Yan Garden residents through an expanded dual referral system in order to create *Taikang Connect*. Costs for Yan Garden are much lower in this cooperative network because Yan Garden will not have the volume to necessitate an on-site, full-time, salaried physician. Given the current fee-for-service system, as well as recent changes in Chinese policy that allow physicians to work privately outside their public employer, the medical professional would also benefit from the added business.

- **Service Model: Case Manager Position**

To help ensure the continuity of care at Yan Garden, we recommend that Taikang establish a case manager position. The responsibilities of the case manager include:

- Creating a clinical pathway plan for each resident as their specific needs arise
- Evaluating the condition of each resident to ensure proper care
- Establishing communication between different providers regarding their condition

The case manager would also schedule appointments on behalf of patients and promote healthy practices. Having case managers to assist residents will help Yan Garden offer personalized medical services to its residents throughout the continuum of care and encourage residents to support their own health through exercise, nutrition, and other proactive behaviors. Each resident
will transition throughout the continuum of care according to their health status, i.e. independent living, assisted living, specialized nursing care, or mental health needs.

Case managers can provide both a short-term and long-term health plans for residents in Yan Garden. As part of the short-term plan, case managers offer treatment options and physicians for residents with illnesses. Case managers provide the continuing care plans to preserve residents’ health as part of the long-term plan. Residents can therefore take advantage of a proactive health service to stay healthy longer in the future and improve their quality of life.

Since seniors’ care needs are more likely to be chronic and complex, case managers help them navigate a variety of options and services. Case managers also aid residents in understanding their own health status and what they can do about it. Case managers will educate residents, make resources available, and provide lines of communication between the seniors, their families, and physicians.60

- **Staffing: Addressing Shortages**

While Yan Garden will only need to have a few doctors and specialists on staff, Yan Garden will need many more nurses and nursing assistant staff to provide care. Below we recommend how Taikang can recruit and retain skilled, high-quality medical and nursing staff.

- **Training and Certification**

There is currently a shortage of certified nursing assistant staff in China and few certification programs exist. In fact, the average certification rate of nursing assistants in Chinese long-term care facilities is only 5.71 percent.61 To address these shortages and develop high-quality staff at low costs, Taikang can require staff to complete a certified nursing assistant training program

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that meets national and/or international standards. This requirement will help Taikang ensure that it maintains a reputation for having highly-skilled and professional staff who are specifically trained to care for seniors. Staffing certified nursing assistants would also allow Taikang to distinguish Yan Garden from its competitors which might hire uncertified health support staff with limited training.

The table below shows the requirements to obtain each level of certification to be a nursing assistant.\(^\text{62}\)

<table>
<thead>
<tr>
<th>Level of nursing assistants</th>
<th>Certification requirements</th>
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| Junior level                | · Junior high school degree
|                             | · 2 years of probation or 180 hours of training |
| Secondary level             | · Junior high school degree
|                             | · Junior nursing assistant certification
|                             | · 5 years of professional experience or 3 years of professional experience and 150 hours of training |
| Senior level                | · Junior high school degree
|                             | · Secondary nursing assistant certification
|                             | · 6 years of professional experience or 4 years of professional experience and 120 hours of training |
| Technician level            | · Junior high school degree |

We recommend that Taikang requires staff to obtain the secondary level of certification. Taikang may opt to bring in a trainer to train a group of staff or pay for staff to attend training sessions at an outside facility. If Taikang chooses to hire a trainer, it could do so on a semi-annual basis and bring in cohorts of approximately 30 new staff. Training multiple staff members at once would ensure that all nursing assistant staff obtain certification at minimal cost.

If Taikang would like to have staff certified to meet international standards, we recommend that Taikang hires a trainer who follows the Red Cross Certified Nursing Assistant methodology. 63 This program includes a 180-hour course to train students to provide quality care to nursing homes residents. While this program would be more expensive, it would demonstrate to residents that Yan Garden staff are trained to meet international standards of quality care.

- **Tuition Reimbursement**

We recommend offering a tuition reimbursement program to attract recent nursing graduates. As part of the tuition reimbursement program, Taikang would pay the school expenses of nurses who agree to work for Taikang for a certain number of years upon graduation. Thus, the program would attract nurses who might otherwise be more interested in working at hospitals or other facilities that traditionally offer higher salaries without increasing Taikang’s labor costs. Tuition

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reimbursement programs, in fact, are common in the United States. For example, the National Health Service Corps (NHSC) Students to Service Loan Repayment Program, a tuition reimbursement program run by the U.S. Government, offers a medical student up to $120,000 reimbursement in exchange for a three-year commitment to work at a qualified medical facility.

Tuition at public medical schools ranges from 4,800-6,500 RMB per year for nursing, and averages 5,700 RMB per year. Taikang could reimburse 15,000 RMB in exchange for a three-year work commitment. Applicants for the tuition reimbursement program would be selected based on specific selection criteria, including GPA, essays, and test scores.

- **Salary Incentives**

Offering competitive salaries can help Yan Garden hire and retain medical specialists who can provide the best care. According to a report that surveyed more than 20,000 physicians across China, the average annual income of a Chinese physician is 67,516 RMB.\(^6^\) The income of a physician depends on four factors: the location of the hospital where the physician works (hospitals in big cities offer higher salaries), the level of the hospital, the physician’s medical specialization, and the physician’s experience and title.

The average annual income of a physician is 180,000 RMB in Beijing; 139,500 RMB in Shanghai; and 190,000 RMB Guangzhou.\(^5\) The national average annual income is 49,284 RMB for general practitioners; 62,907 RMB for dermatologists; and 73,657 RMB for gerontologists.\(^6^\)

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Based on these figures, we recommend that Taikang matches or exceeds these salaries to attract the best medical staff to Yan Garden.

- **Co-staffing Model**

We recognize that the recommendation of offering medical staff competitive salaries comes at a higher financial cost to Taikang. In order to make this recommendation actionable without having a large impact on the bottom line, we recommend that Taikang consider a co-staffing arrangement with the co-located hospital. With a co-staffing model in place, medical staff from the hospital would split their working hours within Yan Garden’s facilities and the co-located hospital. This model would allow Taikang to share the cost of medical staff labor with the hospital, thereby reducing total labor costs. A co-staffing model would also help ensure that these medical staff achieve better utilization rates, since staff would only be onsite at Taikang as much as they are needed. Discussions for implementing this model could begin immediately because the hospital is currently preparing to open.

Furthermore, this model would help improve the continuity of care because residents could see the same medical staff at Yan Garden and the hospital, which can help doctors develop a more personal relationship with their patients, better understand changes in their long-term health, help improve the clinical oversight of Yan Garden residents, and ensure that all of their health needs are being met.

- **Other Incentives**
Given the current shortage of certified nursing assistants in China, we recommend that Taikang offer additional incentives like subsidized housing, travel bonuses, and preferential hiring to its nursing staff to help attract and retain certified staff. While subsidized housing or travel bonuses add to Taikang’s costs, we believe that these costs are nominal given their potential to attract the necessary staff and discourage them from leaving Yan Garden once they have obtained their certification.

Since Yan Garden is located on the edge of the city, offering staff free or subsidized housing nearby may encourage staff to apply to work there who may not have otherwise due to disinterest in working far from the city center. In addition, offering a housing incentive may help Yan Garden attract staff from other areas in China where there is a larger supply of nursing staff. Yan Garden can also encourage applicants from other regions of China by offering to pay for staff members’ flights home during the holidays based on good performance. Free flights could especially incentivize nursing and nursing assistant staff who cannot afford to buy flights home and instead have to take long, crowded trains. Additionally, this incentive would encourage high-quality performance.

We recommend offering staff the opportunity to transfer between different locations within Taikang’s CCRC and hospital network. For example, if the Taikang CCRC in Hainan were looking to hire nursing staff, nurses from other Taikang locations would be given preference for these jobs. This approach would give staff the opportunity to work where they desire while also encouraging them to remain within the Taikang network.
**Marketing**

Yan Garden aims to be a senior residential community that respects the culture and personal needs of Chinese seniors. However, Yan Garden’s current marketing strategy is limited. The three-month trial period before signing a three-year contract has not significantly interested the potential clients. Yan Garden’s marketing strategy should therefore focus on emphasizing the social kinship and health management in the community and widely publicizing these benefits to potential residents. Building a community within Yan Garden will make the residents feel at home, which will ease the transition from home-based senior care to CCRC. The greater the resemblance between the seniors’ previous residence and new home, the more likely they are to adapt to the CCRC. Yan Garden’s operations and marketing should explicitly reflect these values because potential residents value comfort and security.

The personal health management system offered at Yan Garden takes an innovative approach compared to the current Chinese healthcare system. The personalized managed care approach, adopted from best practices within the United States, will ensure that residents receive appropriate and timely medical services. While the available medical service network compares to top-quality facilities in China, Yan Garden alleviates the burden of seeking the appropriate services on residents and their families. The effort to improve the experience both inside and outside the doctor’s office makes Yan Garden a pioneer in China’s senior care industry.
Recommendations

- Framing of Cost and Location

Some of Yan Garden’s largest marketing challenges revolve around its price and location. We recommend re-framing price and location as advantages.

Cost

Currently, there are two payment models for residents in Yan Garden. The first payment model includes a refundable entrance fee of 200,000 RMB and a monthly fee of at least 10,400 RMB for living in the community. The residents have the option to pay another refundable deposit of 600,000 RMB to reduce the monthly fee to at least 6,800 RMB. The second payment model, which will be the main payment model for applicants after 2017, allows applicants to gain the eligibility to live in Yan Garden through purchasing an eldercare insurance of 2 million RMB. By doing so, Taikang will also waive the entrance fee.  

The high cost of living in Yan Garden has become one of the major concerns of seniors in Beijing. Rental prices for other institutions providing eldercare, such as Cun Cao Chun Hui Home for the Aged, range from 2,300-2,800 RMB per month. Even in hospitals focusing on professional assisted senior care like Intech Rehabilitation Center, the average monthly rent ranges from 8,000 to 10,000 RMB. The monthly fee of Yan Garden exceeds the highest amount offered among its competitors, while the amenities Yan Garden provides compare to other institutions with lower costs.

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We recommend that Taikang widely promote its concept of “rich and enjoyable living” through online advertising and offline activities to change Chinese elders’ attitudes toward high-end senior communities. Furthermore, we recommend that Yan Garden adjust its cost to comparable high-end senior communities within China and abroad. For example, Gonghe Yuan, a CCRC in downtown Beijing, operates on a monthly bed fee of 11,000 RMB, which is more expensive than the monthly fee Taikang offers and with fewer amenities. These comparisons will stress the economic benefits of living in Yan Garden and suggest the superior quality of service that residents will receive of Taikang.

**Location**

Yan Garden is located in Changping district, a district in the north of Beijing and distant from the city center. Yan Garden is accessible to downtown Beijing by public rail transit on the Changping Line. Six hospitals are within a 30-minute drive from Yan Garden and three of those are “third-level hospitals” (i.e. hospitals on the highest level in China).

However, the location of Yan Garden has resulted in many concerns from potential residents, mainly regarding access and convenience to family, friends, medical resources, and amenities. Well established nursing homes such as Cun Cao Chun Hui and Gonghe Yuan are located in the city center or the CBD of Beijing to provide residents with more options of public transportation means and medical resources. Cun Cao Chun Hui is within a five minute drive to four “third-level hospitals” in Beijing. Gonghe Yuan provides free emergency ride to three

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“third-level hospitals” nearby, and has established a dual referral system with Chaoyang Emergency Rescue Center. The distance from resources, specifically medical resources, is the major disadvantage of Yan Garden’s location.

To tackle this problem, Taikang should take advantage of the better environment of Beijing suburbs and frame Yan Garden as a “health resort” close to home. The healthier air quality and close proximity to the national natural park should be emphasized in the marketing of Yan Garden as an alternative to the heavy pollution and busier lifestyle in downtown Beijing. Natural hot springs in Beijing, which are located close to Yan Garden, could be another selling point of Yan Garden’s location. To raise elders’ awareness of the health benefits of living in Yan Garden, Taikang could include this information in promotional materials.

At the same time, the easy access to resources in downtown should also be addressed when marketing the location of Yan Garden. Yan Garden’s proximity to the Changping subway line should be mentioned as an advantage. The proximity to public transportation may help ease potential residents concerns about a lack of visitors or lack of community involvement once they move to Yan Garden.

One of the most important aspects for Taikang to emphasize in promotions is the image of Yan Garden as a self-sustaining community that can satisfy residents’ every need. The background information of the community hospital, theatres and cinemas across the community for entertainment, supermarket for necessities, kindergarten for the education of residents’ grandchildren, and activity areas that are used for elder residents’ sports and social life should be
highlighted throughout the marketing of Yan Garden. Yan Garden should be shaped as a community that offers every service but places no constraint on elder residents’ freedom.

- **Discounted Trial Visit**

One of the biggest obstacles at the beginning stage will be that there are no current long-term residents to share experiences and reviews of Yan Garden. Seniors are currently uncertain about whether the service in Yan Garden is up their standards and expectations. Individuals have expressed the desire to wait until the reputation of Yan Garden has been well established and they have had the opportunity to hear from current residents.

The most effective way of dispelling these concerns is to provide potential customers with trial living periods. Currently Taikang provides an option of a three-month trial period at the original price, but this is mainly for individuals who have already committed to living at Yan Garden. It is difficult for potential residents that are hesitant to accept a trial period for such a long time. To address this concern, it is recommended that Yan Garden provide an additional shorter term trial option for one week. The fee should be discounted in order to attract people, and should be determined by Yan Garden leadership based on their operating budget. In the trial period, family members of the seniors would also be welcome to stay. In China, the decision of moving into CCRC is not only made by the elderly, but also the whole family. It is very important that family members also be able to experience the facility and services so that they can feel comfortable sending their parents to Yan Garden.

It is also important that the opportunity to do a trial period stay be limited even if there are plenty of empty rooms. By limiting the supply of rooms, Yan Garden can create the
impression of great demand. The value of these trial experiences increases when supply is limited, and demand increases. This might even attract more potential customers to wait for the opportunity because the rarer the opportunity is, the more eagerly customers will want to get it.

Some real estate companies in China have already used this trial period strategy for marketing. Hesheng Mo’er Mansion in Beijing provides a free trial period for up to 180 days. A CCRC developed by Wanke called Suiyuan Jiashu provides a trial period for one month with 50 percent discount and the quota is limited to 100 people. ⑦ The opportunities for the trial period are very popular among customers.

The benefits of trial living extend beyond providing a taste of the resident experience and dispelling concerns about the quality of life at the community; it also serves as a market research opportunity. Taikang is the first company in China to have built such a large scale CCRC according to U. S. standards, so it is uncertain whether the facilities and services provided will be accepted by seniors in China. Customers who experience the trial period opportunity should fill out a questionnaire before leaving. This survey will provide qualitative and quantitative data regarding demographics, experiences, and recommendations for Yan Garden to improve. This considerable amount of data will be valuable in the beginning stage of operation and provide Yan Garden with valuable information regarding their marketing and operating strategy.

The trial period could also improve the likelihood of the elderly to move in because of the so called the foot in the door (FITD) effect. The FITD technique is “a compliance tactic that involves getting a person to agree to a large request by first setting them up by having that person

agree to a modest request.”

It is difficult to ask the visitors to buy into an expensive senior care residential community because this is a big investment. However, individuals may be more likely to accept the opportunity to have a trial period at a discounted rate. After the trial period, visitors will feel obligated to go along with larger requests from Taikang, which means they are much more likely to buy the membership and move into Yan Garden. It is suggested that the sales team inquire about the residency intention within several days the trial period completion because research shows this is when the FITD effect is most effect.

Even if they do not decide immediately that they are going to move in, it does not mean that this method failed to persuade potential customers. Trial period could make a much deeper impression on the visitors compared to other marketing methods. This means that when the seniors decide to move to a CCRC later in life, they can recall the experience from the visit to Yan Garden and may consider residency. If the visitors have conversations with other elderly over the topic of senior care, they may also mention their experience in Yan Garden, which is a free advertisement.

- **Dinner Experiences**

In addition to trial visits, there are other methods to incorporate the experience of Yan Garden with existing Taikang marketing strategies. One of these suggestions is to invite potential residents to Yan Garden to have a free dinner experience, attend health lectures, or watch performances they are interested in. Taikang could invite current residents to participate in these

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events so that they could have communication with potential customers. The cost of developing new clients under this approach is low, while the interaction between the guests and Yan Garden is deeper than other less personal interactions. It provides potential residents an opportunity to experience the high-quality services and communicate with people (both residents and staff) in Yan Garden. The positive environment and good relationship developed while visiting can facilitate the decision of moving to Yan Garden, in addition to the cognitive information they receive from the advertisement.

Moreover, implicit marketing by letting customers judge for themselves creates much less resistance to promotional marketing. Even if they choose not to live in Yan Garden in the future, the word-of-mouth marketing can help build reputation effectively. Especially for those seniors who are unable to engage with various forms of media, the face-to-face communication will be a strong promotional tool.

- **Promotional Video about Life at Yan Garden**

One concern for potential customers is the fact that there are no current residents that have lived in Yan Garden to speak about their experiences. It is valuable for customers to know that the services marketed by Yan Garden can come to fruition. Word-of-mouth and storytelling are powerful advertising tools that can be used to promote Taikang’s CCRC model. It is recommended that Yan Garden record interviews with current residents after they have lived in Yan Garden for a few months in order to reach potential customers that are still skeptical of the model. These interviews will specifically address concerns about pricing, social life, medical care, and location. In order for this strategy to be effective and to grow the number of residents,
those sharing their experiences must have had a positive experience, familiarity with the quality of the services received, and a personal experience with staff and the services in Yan Garden.

- **Use of Social Media**

Wechat and Weibo are very popular social media websites and applications in China. Taikang already has its own accounts on these two platforms. However, the total number of followers is not very high and there is a lack of useful interaction between followers. The strategy of operating these two platforms should be modified. The most effective way to gain followers is to hold online activities. For example, if followers forward a certain news story, they are automatically entered into a raffle and have the chance to win a prize. As mentioned in the previous section, free meals and trips to the surrounding area are good strategies for marketing. Tickets for these events could be the prize for online activities. In this way, different promotion methods are combined with each other to increase impact.
VII. Long-Term Recommendations

Management Operations

In the long term, Taikang should observe the changing healthcare policies and create a proactive strategy. Chiefly, Taikang would benefit from anticipating the change of focus from the current payment system centered around volume of services provided to a performance-focused model centered on the patient’s satisfaction and treatment outcome. Lessons learned from other countries in the midst of this transition would help institutions in China prepare for and navigate upcoming policy changes. In Europe and the United States, for example, healthcare consumers are now directed to outpatient clinics whenever feasible instead of to relatively costly hospitals. Taikang should strive to become a leader in geriatric care and Yan Garden should network among medical specialties to provide a wide-range of services focused on patient outcome to ensure quality and efficient resource management to control costs.

- Payment Structure: Pay for Performance

The current hospital-based reimbursement system established by the government pays physicians at a base salary rate. The only opportunities to make additional revenue, such as bonuses, are based on hospital performance rather than individual performance. This salary system does not provide physicians with any incentive to develop a rapport with patients and provide quality care services. Instead, physicians resort to increased procedural code reimbursement (CPT Code), rather than focusing on a quality care Diagnosis Related Groups (DRG) method of service. Furthermore, the physicians also use pharmaceutical prescribing to compensate for low salaries.
To create more effective incentives for physicians, it is recommended that Taikang follow a Pay for Performance payment structure within Taikang Connect. Pay for Performance is a payment structure that places the focus of physicians’ time on patient satisfaction and quality of services. Instead of the current system, where a physician's salary depends on hospital revenues, a Pay for Performance system gives doctors the opportunity to receive bonuses based on patient feedback about their satisfaction with the services they received. By shifting the focus of a patient’s visit to the patient’s welfare, rather than the performance of the hospital in terms of procedure rates or pharmaceutical prescriptions, the network is able to promote better quality of care. Medical professionals within Taikang Connect thus gain a shared interest in providing the best quality-driven, patient-centered care.

Shifting physicians’ payment from revenue based to performance driven has been proven to motivate doctors to focus on improving service quality and to reduce costs. This focus reduces patient care costs resulting from preventative care and proactive utilization of services. Rather than turning to nonregulated payment methods to compensate for low salary basic pay, Taikang Connect could offer monthly performance based bonuses determined from quality indicators and annual bonuses based on yearly benchmark attainment.
Pay for Performance payment categories for salaried physicians

- Pay for Performance is based on quality standards of care.
- Basic pay (Salary) is based on current hospital salaries.\(^7^4\)
- Performance Pay is based on the number of patients the physician sees in their panel monthly\(^7^5\) (monthly avg 10,000 RMB bonus).
- Annual Pay is based on seeing 100% of patient panel (100% panel workplan).\(^7^6\)

- **Health Savings Model**

To build on Taikang’s asset management model and assist patients with the uncovered benefit of their healthcare costs, a Health Savings Plan (HSP) model is proposed. This model works in conjunction with *Taikang Connect* services and a capitation model. The model combines a VIP quality care and a savings account approach toward ensuring the services are paid in advance through the savings plan. The resident does not need to concern themselves with out-of-pocket expenses for additional services based on the amount in their savings account. Within this HSP, residents pay a monthly premium into an asset account managed by Taikang. Members of this plan receive privileged care.

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\(^7^4\) Ibid
\(^7^5\) Ibid.
\(^7^6\) Ibid.
Health Savings Plan: VIP Service & Preventative Care

In the long term, Taikang should take advantage of healthcare reform and actively plans for increased sophisticated health information technology, data capture, and performance improvement capabilities of the future and plan to move towards controlling the overall health of their insured population to better control cost drivers. One suggestion is for Taikang to use this controlled population and enroll its residents in a capitation model. In order to benefit from this model, Yan Garden’s population will need to greatly exceed its projected 3,000 residents in order to realistically secure investment risk associated with providing health insurance to a population. Capitation, however, should be a goal as Taikang expands its CCRC sites and populations due to the financial and control advantages. Benefits of this model include better financial planning and budget forecasting for Taikang and Yan Garden. Additionally, Taikang controls costs of providing a network of healthcare healthcare professions to members that provide preventative care in hopes of decreasing occurrences of more costly, serious conditions. Enrollees benefit from having access to routine medical care at no additional costs.
• **Entrance Contract Options**

Under the current contract options, a resident can choose to pay an entrance fee, approximately 220,000 RMB, and then a standard monthly fee that can range between approximately 5,000 RMB to 7,000 RMB. The second contract offers the option to pay a higher entrance fee, an additional approximate 250,000 RMB and then a lesser monthly rate to live at Yan Garden.

CCRCs in the United States usually offer three contract options: contract A, B, and C. Contract A is a Life Care or Extended Care contract and is the most expensive. Benefits include unlimited assisted living, medical treatment, and skilled nursing care at no additional charge.

Contract B is a Modified Contract that includes a determined amount and duration of services that are liable to charges once the time duration expires. Contact C is a fee-for-service contract and has the least expensive entrance fee, but holds the resident responsible for all assisted living and skilled nursing care charges. We recommend a similar contract structure for Yan Garden because it will offer more options to attract prospective residents in the long-term.

**Marketing**

• **Franchise Marketing Approach**

Residential senior care franchises strongly dominate the senior care industry in the United States primarily because of the ease of reputation building. The franchise model provides consumers with familiarity regarding the quality of services. In addition, the overhead cost of marketing and brand establishment is shared among several entities.

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Currently, there is no regulatory authority or rating standard for CCRCs in China. It is hard for Taikang to convince people of the quality of its good services and facilities since there is no official certification available to Taikang. Instead, the franchise model is recommended for building reputation. It is especially suitable for CCRCs which aim towards middle or upper class because the standardized facilities and services are trustworthy for the elderly. If the seniors want to move from one city to another, they will also choose to stay in franchised CCRCs because it takes less time for them to adapt to the new environment. If Yan Garden is successful and builds a good reputation, it could act as a brand for Taikang CCRCs. The franchise chain should replicate Yan Garden’s operation model and facilities. In this way, customers are more easily to be convinced and the cost for promoting CCRCs in other cities could be significantly lower.

- **Hosting Professional Conferences**

Another recommendation is to sponsor professional conferences. Since a large portion of Yan Garden’s target population are professionals, the conferences sponsorship accurately delivers the concepts and services of Taikang CCRC to them. Title sponsorship can increase the exposure of Yan Garden to the target customers. If it is possible, holding the conferences at Yan Garden or adjacent facility directly show them the services of Taikang CCRC. This strategy mainly focuses on developing a long-term reputation. After the retirement of those professionals, they may choose Taikang CCRC based on familiarity from these previous conference experiences. It also provides an option to the parents of current young professionals, who may require senior care services. The professional associations can be high-class intellectual groups, such as All China

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Lawyers Association, or experts related to senior health care, such as the Chinese Nutrition Society. However, this marketing strategy should be limited in both scale and frequency in order to ensure the quality of services to residents. Therefore, medium to large scale of trial experiences are only recommended after the construction of Phase II.
VIII. Conclusion

This report is meant to provide exploratory and informative information to Taikang as it expands its Continuing Care Retirement Community model across China. Specifically, this report is meant to aid Taikang in developing its social reputation, management operations, and marketing strategies for Yan Garden and Taikang’s future CCRCs. The recommendations are meant to increase the resident enrollment and profitability of Yan Garden. Thus, the recommendations made in this paper and presentation are meant to be financially feasible, culturally appropriate, and aligned with the current mission and goals of Yan Garden and Taikang.

In order to support social integration and promote community involvement within Yan Garden, we recommend several programs and solutions. We suggest creating a resident-led advisory board for Yan Garden's management and allowing priority enrollment for residents' grandchildren in Yan Garden's kindergarten. Partnering with universities to create courses and seminars involving residents and developing a mentoring program with university students will also help better integrate seniors into the surrounding community. Implementing the STEP program will help further Yan Garden's preventative measures and finally, adding round tables to the dining hall is a small change which will encourage family members and friends to visit and help residents maintain and create relationships.

To ensure that residents' needs are met and daily operations are carried out effectively and efficiently, we recommend implementing various strategies in the realm of management operations. Establishing Taikang Connect, a closed network of professionals, at Yan Garden will ensure that residents' needs are met at all levels of care, falling in line with the continuum of
care model (CCM). We also recommend that Yan Garden incorporate a case manager to the staff as a dedicated manager position, to coordinate and facilitate a consistent service for the residents. Furthermore, to address the issue of staffing shortages, we recommend salary incentives, a co-staffing model, training and certification programs, and tuition reimbursement for nurses. In the long term, we recommend a pay for performance payment structure, a health savings plan for residents, and the franchise model to help build Yan Garden's reputation.

The marketing recommendations address the major concerns expressed by individuals that visited Yan Garden but were resistant to joining. The recommended strategies are meant to increase interest among Taikang’s clientele by focusing on the unique social aspects and health management operations at Yan Garden. We recommend framing the cost and location of Yan Garden as an advantageous feature rather than a disadvantage, for example by comparing the cost of Yan Garden to similar high-end facilities in China and abroad. To address the concern of location from the city center, we recommend marketing Yan Garden as a healthy escape with access to parks and healthier air quality. Finally, to increase clientele interest we recommend a series of marketing events to share the Yan Garden experience.
IX. Answers to Questions

During the consulting team’s presentation on June 5, 2015, Taikang representatives asked the team several questions related to preventative health, the CCRC accreditation process in the United States, and ways to use the internet and online platforms to promote and improve senior care. Detailed responses to these questions are below.

**Overview of Preventative Health in the United States**

Increasing the focus on prevention will help improve a population’s health and quality of life. Preventative health includes any measures taken before one is sick to stay healthy, as opposed to treatment, which comes after the patient becomes sick. Preventative health includes anything that avoids disease and promotes good health such as physical activity, a healthy diet, sleeping well, having the presence of family and friends and regular health check-ups. The type of preventative health that the government reimburses for are the regular health checkups and screenings. Seven out of 10 deaths among Americans each year are from chronic diseases (such as cancer and heart disease), and almost one out of every two adults has at least one chronic illness, many of which are preventable. Children are also becoming increasingly vulnerable to chronic disease; almost one in every three children in the United States is overweight or obese, predisposing them to chronic disease. Focusing on preventing disease and illness before they occur will create healthier homes, workplaces, schools and communities so that people can live long and productive lives and reduce their healthcare costs. Better health positively impacts our communities and our economy.
Methods of preventative health in everyday living for the elderly

Investments in prevention across a person’s lifespan complement and support treatment and care. With better health, seniors can keep their independence and helps promote and maintain positive mental and emotional health. Stroke, chronic lower respiratory diseases, Alzheimer’s disease, and diabetes are more prevalent among individuals 65 and older. Influenza and pneumonia also continue to contribute to deaths among senior populations, despite the availability of effective vaccines. The cost of providing health care for one person aged 65 or older is three to five times higher than the cost for someone younger than 65. While the risk of developing chronic diseases increases as a person ages, the causes of many of these diseases often begin early in life. Practicing healthy behaviors from an early age and getting recommended screenings can reduce a person’s risk of developing chronic diseases and associated disabilities. Research has shown that people who do not use tobacco, who get regular physical activity, and who eat a healthy diet significantly decrease their risk of developing heart disease, cancer, diabetes, and other chronic conditions.  

Most common preventable diseases for elderly people and methods of prevention in the United States

Mental Distress

Mental distress has been associated with unhealthy behaviors than can interfere with self-management and inhibit recovery from an illness. Older adults without frequent mental

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distress are more likely than those with frequent mental distress to be nonsmokers, to eat at least five fruits or vegetables daily, and to participate in moderate-to vigorous physical activity during the average week. Healthcare providers and other service providers who have contact with older adults can help identify those with mental distress by regularly asking them if they have any stress, depression, or problems with their emotions. Health care providers can also help older adults recognize unusual increases in stress or sadness and help them understand that these symptoms.

*Oral Health*

Poor oral health may limit food choices and diminish the pleasure of eating, impair chewing efficiency, limit social contacts and intimacy, affect speech, cause pain, and detract from physical appearance. All of these problems can negatively affect a person’s health and wellbeing. Oral health can easily be addressed by ensuring that residents brush their teeth regularly and promoting other good habits (such as flossing) as well as encouraging regular dental check ups.

*Physical Activity*

Regular physical activity is one of the most important things senior can do for to improve their health. Older adults need to do two types of physical activity each week to improve health: aerobic and muscle-strengthening. Strong evidence shows that regular physical activity is safe and reduces the risk of falls among older adults. Older adults at risk of falling should do

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exercises that maintain or improve their balance. For best results, they should do these exercises at least 3 days a week from a program shown to reduce falls.

Nutrition

As one ages, calorie intake has been shown to decrease due to a reduction in the senses of smell and taste and other problems that may occur that reduce appetite. This results in low body mass index (BMI), significant weight loss, and protein energy undernutrition, all factors which are linked to higher mortality and morbidity. If a loss of more than 10 pounds or 10% of a person’s body weight occurs, he or she should be evaluated. A healthy diet is linked to increased physical activity as it increases a person’s appetite.

Health Checkups

Health checkups and screenings are provided by a doctor in order to avoid or detect problems during early stages. They can include vaccinations, screening tests, or health advice. In elderly adults, the risk for health problems has increased due to age and it is important that they prevent or detect health problems as early as possible to live a longer and healthier life.

Provision of Preventative Health by CCRCs or other senior living programs in the US

Within CCRCs in the United States, preventative health programs are typically included in the packages purchased by residents when they enter the community. CCRCs are interested in creating an environment where all its residents are healthy, because the healthiest residents are associated with the lowest costs. Since preventative health programs do not involve treatment,
they are usually cost-effective for CCRCs to operate. Physical activity, proper nutrition, and a lively environment are all preventative health measures that are standards parts of living in a CCRC. One aspect of preventative health that may not always be included in a CCRC package is regular health checkups such as breast cancer screenings and the diabetes screenings. The cost of these screenings vary from provider to provider and how much the government subsidizes for that particular program. However, these checkups should be and usually are a part of a resident’s life at a CCRC so that any diseases can be detected early on. These services can also be extended to the general public, such as through open clinic events, if the CCRC wants to become involved with the health of the community. Preventative health programs in the United States have received tremendous support from the government and many services and programs related to preventative health are funded by the government, who recognizes that preventative health measures are nearly always cost effective in the long term.

**Preventative health in U.S. government policy**

The National Prevention Council, which is composed of the heads of 17 Federal agencies and chaired by the Surgeon General, was created as a result of the Affordable Care Act (ACA) enacted in 2010. The National Prevention Strategy was developed by the Council with the goal of increasing the number of Americans who are healthy at every stage of life, recognizing that good health comes not just from receiving quality medical care but from stopping disease before it starts. The ACA includes actions that public and private partners can take to help Americans stay healthy. The ACA helped move the United States away from a health care system focused on sickness and disease to one focused on wellness and prevention. Under the coordination of the
National Prevention Council and the advice of the Advisory Group, Federal agencies and private and public partners are working together to help implement this strategy at the national, state, tribal, and local levels, recognizing the importance of a comprehensive and proactive approach to addressing the health and well-being of communities.

**CARF-CCAC Accreditation**

The Commission on Accreditation of Rehabilitation Facilities (CARF) is an independent, nonprofit organization that was founded in 1966. CARF provides accreditation in the areas of health and human services, including aging services, behavioral health, and business and services management networks. CARF has accredited 6,800 service providers with over 50,000 programs and services.

CARF’s Continuing Care Accreditation Commission (CARF-CCAC) is the nationally-recognized standard that provides accreditation for aging services, including CCRCs, adult day services, aging services network, assisted living, person-centered long-term care communities, home and community services, case management, independent senior living, dementia care specialty programs, and stroke specialty programs. Currently, 221 CCRCs in the United States are accredited by CARF-CCAC. 81 According to the 2014 LeadingAge Ziegler 150 list, 37 organizations operate 186 CCRCs that have CARF-CCAC accreditation. 82

For an organization seeking accreditation for the first time, it takes approximately nine to twelve months to prepare. 83 The accreditation process according to the 2015 CARF-CCAC

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Standards Manual is described below. First, six months prior to the site survey, the organization must demonstrate the organizational and service standards and the provision of services. Next, the organization consults with a designated CARF-CCAC staff coach, CARF staff conduct an onsite survey, and finally the organization submits required materials. The accreditation decision is valid for five years, and annual reports from the organization are required to maintain accreditation during the five-year period.

In order to get the CARF-CCAC accreditation for a CCRC program, the organization must meet all CARF-CCAC standards in Section 1, Section 2.A, Section 2.B, and Section 3.H. Section 1 sets guidelines on the organizational level in the framework of ASPIRE to Excellence®, which ensures the management is efficient and effective. Section 2 assesses the care services of the organization. Section 2.A addresses an organized service structure, and ensures that the communication between service delivery team and persons served is sufficient. Section 2.B applies to congregate residential programs, which includes CCRCs. It considers additional services such as dining, housekeeping, and social interaction. Section 3.H applies only to CCRCs. This section emphasizes extra requirements brought up by the services of continuum of care.

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Information Technology in the Senior Care Industry

The rise of the Internet, big data, and intelligence has changed people's consumption behavior and service mode. Currently, people can use the Internet for automatic ambulatory monitoring, locating, and intelligent behavior analysis for the elderly. As a high-end CCRC attracting wide social attention, Yan Garden should take advantage of this Internet technology to build a comprehensive and intelligent community.

An example of a successful application of Internet technology is an online system called iCare, which Xingbao CCRC in Shanghai now uses. Through the iCare application on their smartphones, customers can connect to their families, caregivers, and case managers. Customers can also check their personalized care plans, nursing care schedules, caregivers’ information (i.e. the transparency of caregivers’ qualifications and rating), account balances, and medical records at any time. Additionally, family members can log on to iCare to view records, regular assessment, and pictures of daily care.

The network service center for the elderly in Luoyang also employs Internet technology. The network system consists of three major functions: emergency subsystem, life support subsystem, and proactive care subsystem. When an emergency occurs, the elderly can press a SOS button on their phones and then the emergency subsystem will start so that they can receive timely first-aid. The life support subsystem includes health counseling, water and meal delivery, ticketing, medical service reservation, and legal counseling. The proactive care subsystem, on the other hand, sends information including weather conditions, health care knowledge, disease prevention knowledge, and the government's initiatives for the senior population to the elderly through text message or phone call.
Future Development of the Internet within the Senior Care Industry

Xingbao CCRC’s and the network service center for the elderly in Luoyang’s use of Internet technology illustrate that the internet provides an “online to offline model” which connects service staff to the demand end. With a click on the website or use of the applications on the mobile terminal, seniors can request medical care, social workers, and other services. The Internet is advantageous because seniors can skip the queue in the hospital to make appointments with doctors or even have doctors come to their homes. That is, the Internet makes registration much more efficient. The Internet can also automatically pick service staff who are available and service providers according to the special needs of the customer (e.g. dialect speaker).

In the future, the “online to offline model” will most likely include a rating system for customers to evaluate the service provider’s performance. The service providers’ salaries will also be based on ratings and comments. If their services make seniors healthier and happier, service providers can earn a larger reward. This reward-based system has recently become a trend in the service industry because it gives service providers incentive to provide high-quality service. Seniors can order meals, medicine, and other groceries via the Internet and then the professional logistics company would deliver the products. Medicine could even be delivered regularly based on the prescription so that seniors do not have to go to a pharmacy every month.

Additionally, all of residents’ health data (e.g. heart rate, blood pressure) and preferences (e.g. diet, hobbies) can be stored on the cloud via the Internet. With analysis through software, it is easy to identify abnormal body changes. In that situation, the Internet could suggest when seniors need to get a physical examination or even call the emergency service directly. The Internet could also recommend suitable activities and exercise for seniors. Lastly, the Internet
could act as a smart manager for general health care and automatically give daily reminders to
the elderly.

The Internet will have a large impact on the senior care industry because seniors who live
on their own will have more access to the services they need and the Internet could act as
seniors’ health managers. Seniors’ need to move into senior care facilities will consequently
decrease greatly, especially for independent seniors. Therefore, the development of the Internet
forms both challenges and opportunities for CCRCs in China. Taikang should think about how to
incorporate the Internet as a tool to better serve its seniors while simultaneously expanding and
serving the community. Taikang could then gain market share, build its reputation among
seniors, and maintain a leading position in health industry.

Recommendations

● Online Taikang Community and “My TK”

The virtual community can effectively allocate resources and deliver goods and services directly
to seniors within its service area. The virtual community consists of three modules: Easy Life,
Taikang Connect, and Happy Self-Actualization. The first module, Easy Life, includes services
that cover elders’ needs for basic living such as housekeeping, catering services, and online
shopping. The second module, Taikang Connect, provides elders with a continuum of care and
covers all of their health needs. The third module, Happy Self-Actualization, is an online version
of Letai College. Through this module, elders can browse information about and register for the
courses and activities available in the CCRC. In addition, we suggest that each user at Taikang
creates an account to join the Taikang Community on a portal named “My TK” where each user
can browse his or her personal schedule, health profile and balance due, and more. The details of the online Taikang Community are shown in the table below.

<table>
<thead>
<tr>
<th>Parent Menu: Modules</th>
<th>Submenu: Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Easy Life</strong></td>
<td></td>
</tr>
<tr>
<td>1) Home Delivery Helper: The system lists the availability of each helper. Users can request the services and helpers they want online. Both the user and the helper can rate each other.</td>
<td></td>
</tr>
<tr>
<td>2) Catering Services</td>
<td></td>
</tr>
<tr>
<td>a) Open the restaurant to the whole community: To regulate the dining environment, only seniors holding a TKCard are allowed to enjoy the service.</td>
<td></td>
</tr>
<tr>
<td>b) Home Delivery: Through the application, users can view the menu, order, and pay online.</td>
<td></td>
</tr>
<tr>
<td>3) Grocery Shopping: Via the online system, users can get the goods they need without going out.</td>
<td></td>
</tr>
<tr>
<td><strong>Taikang Connect</strong></td>
<td></td>
</tr>
<tr>
<td>All the health profiles and activities are managed by case managers. To help this process be the most effective, users can import the customized services and activities they want into an electronic system. The system will be the best appointment reminder.</td>
<td></td>
</tr>
<tr>
<td>1) Automatically enroll users into STEP Program.</td>
<td></td>
</tr>
<tr>
<td>2) Regular Body Check: Arranged and reminded by case managers.</td>
<td></td>
</tr>
<tr>
<td>3) Monitoring Vital Signs: With supportive terminals, the data center can monitor and record vital signs. Seniors and their families have access to the data.</td>
<td></td>
</tr>
<tr>
<td>4) Chronic Condition Management: Case managers remind and/or arrange regular return visits. If repeat prescription is the case, the drug can be delivered regularly. The system also reminds seniors when to take their medicine.</td>
<td></td>
</tr>
<tr>
<td>5) Outpatient Appointment and Drop-in Visit: Arranged by case managers.</td>
<td></td>
</tr>
<tr>
<td>6) Rehabilitation: Either arranged by case manager or requested by the users themselves. Traditional Chinese Medicine can be included as well, such as manual manipulation, acupuncture, and moxibustion.</td>
<td></td>
</tr>
<tr>
<td>7) Professional Care</td>
<td></td>
</tr>
<tr>
<td>a) Inside the CCRC</td>
<td></td>
</tr>
<tr>
<td>b) Outside the CCRC: Drop-in caregivers that are similar to home delivery helpers.</td>
<td></td>
</tr>
<tr>
<td><strong>Happy Self-Actualization</strong></td>
<td></td>
</tr>
<tr>
<td>1) STEP Program: Providing information about activities.</td>
<td></td>
</tr>
<tr>
<td>2) Clubs and Organizations: Information feed.</td>
<td></td>
</tr>
<tr>
<td>3) Senior College: The system posts a schedule of classes and serves as an online portal where users can register courses.</td>
<td></td>
</tr>
<tr>
<td>4) Others (lectures, volunteer services, and performances): Information feed and reservation.</td>
<td></td>
</tr>
</tbody>
</table>
In addition to better serving the residents in Yan Garden, these value-added services might help increase the users of Taikang’s senior care services, cultivate its reputation in the industry, and thus facilitate seniors’ decisions to move into Taikang Community when their health deteriorates.
X. Appendices

Appendix 1: Site Visit Findings

<table>
<thead>
<tr>
<th>PEKING UNIVERSITY INTERNATIONAL HOSPITAL</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PUBLIC/PRIVATE</td>
<td>Public-Private Partnership, Opened in 2014</td>
</tr>
<tr>
<td>LOCATION</td>
<td>Changping District, 30 min drive from Yan Garden</td>
</tr>
<tr>
<td>SIZE</td>
<td>440,000 sqm (120,000 sqm under construction)</td>
</tr>
<tr>
<td>COST</td>
<td>24 RMB per bed/per night-regular room, 12,000 RMB per bed/per night-VIP room</td>
</tr>
<tr>
<td># OF BEDS</td>
<td>1800</td>
</tr>
</tbody>
</table>
| MISCELLANEOUS INFO.                      | -Funded by a company called Founders  
                                         -Contained an electronic pharmacy; automated prescription dispensing |

<table>
<thead>
<tr>
<th>HUICHEN SENIOR CLUB</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PUBLIC/PRIVATE</td>
<td>Public-Private Partnership, Opened in 2007</td>
</tr>
<tr>
<td>LOCATION</td>
<td>Changping District, Beijing</td>
</tr>
<tr>
<td>SIZE</td>
<td>500,000 sqm</td>
</tr>
<tr>
<td>COST</td>
<td>5,000-7,000 RMB per bed per month</td>
</tr>
<tr>
<td># OF BEDS</td>
<td>712</td>
</tr>
</tbody>
</table>
| MISCELLANEOUS INFO.                      | -2 people per room or 4 people per room  
                                         -cooperated with Wangfu Hospital  
                                         -includes a small supermarket and a hot spring  
                                         -100% occupancy rate with a waiting list exceeding 400 people |

<table>
<thead>
<tr>
<th>CUN CAO CHUN HUI HOME FOR THE AGED</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PUBLIC/PRIVATE</td>
<td>Public, Opened in 2011</td>
</tr>
<tr>
<td>LOCATION</td>
<td>Central Beijing</td>
</tr>
</tbody>
</table>
### INTECH REHABILITATION CENTER

<table>
<thead>
<tr>
<th>PUBLIC/PRIVATE</th>
<th>90% covered by public insurance, Opened in 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOCATION</td>
<td>Chaoyang District, Beijing</td>
</tr>
<tr>
<td>SIZE</td>
<td>2,500 sqm</td>
</tr>
<tr>
<td>COST</td>
<td>15,000 RMB to move in, 7,000 RMB per month thereafter</td>
</tr>
<tr>
<td># OF BEDS</td>
<td>37, 100 waitlisted</td>
</tr>
<tr>
<td>MISCELLANEOUS INFO.</td>
<td>-Utilizes Swedish design and rehabilitation techniques</td>
</tr>
<tr>
<td></td>
<td>-Top floor of facility is converted into a nursing facility, couples can share a room</td>
</tr>
<tr>
<td></td>
<td>-Facility accepts disabled patients</td>
</tr>
<tr>
<td></td>
<td>-Patients can go home and return the following day, they do not have to spend the night</td>
</tr>
</tbody>
</table>

### GOLDEN HEIGHTS

<table>
<thead>
<tr>
<th>PUBLIC/PRIVATE</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOCATION</td>
<td>Shuangjing, Beijing</td>
</tr>
<tr>
<td>SIZE</td>
<td>25,000 sqm</td>
</tr>
<tr>
<td>COST</td>
<td>12,000 RMB-Couple per month; 11,000 RMB-Single per month</td>
</tr>
<tr>
<td># OF BEDS</td>
<td>approximately 300</td>
</tr>
</tbody>
</table>
### MISCELLANEOUS INFO.
- Occupancy rate 50%
- Includes a community hospital with ER, traditional Chinese Medicine, and Rehabilitation
- Accepts independent living, assisted living, and Alzheimer seniors
- Amenities including cafe, barber shop, theater, table tennis, dancing room, chess & card room, painting room, and handcraft room
- Two branches in Haikou (seasonal) and Cixi

### BEIJING UNITED FAMILY REHAB HOSPITAL

<table>
<thead>
<tr>
<th>PUBLIC/PRIVATE</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOCATION</td>
<td>Chaoyang District, Beijing</td>
</tr>
<tr>
<td>SIZE</td>
<td>16,000 sqm</td>
</tr>
<tr>
<td>COST</td>
<td>3,600 RMB per bed/per night- regular room; 7,200 RMB per bed/per night- VIP room</td>
</tr>
<tr>
<td># OF BEDS</td>
<td>100</td>
</tr>
</tbody>
</table>

| MISCELLANEOUS INFO. | - Invested by U.S. Medical Instrument Company  
|                     | - Physicians have overseas certification  
|                     | - 30% of the Physical Therapists are international professionals  
|                     | - Patient-Case Manager-Physician structure  
|                     | - Patients can use international medical insurance  
|                     | - TCM baths and hydrotherapy offered |
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