



CLEARING UP THE DIFFERENCES BETWEEN

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# **NON-PROFIT & FOR-PROFIT** SENIOR LIVING ORGANIZATIONS

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PRESBYTERIAN  
SENIOR LIVING



Few decisions affect an individual's quality of life more than choosing a senior living community. The multiple factors involved in the choice — including location, cost, amenities and levels of care offered — can be daunting to understand and process. In many cases, people evaluating communities for themselves or a loved one may overlook an important aspect of senior living: whether a community is non-profit or for-profit.

At first glance, the differences may not be apparent, especially to younger people who are not as familiar with senior living options. Both non-profit and for-profit communities can provide enriching programs, medical care, a variety of services, and lovely residences and campuses. Indeed, both types of communities have their own pros and cons.

However, a number of significant differences exist between non-profit and for-profit senior living communities. Research by [senior advocacy groups](#) found that sponsorship and ownership of a senior living community can affect its quality of care, including quantifiable differences such as hospitalization rates. In addition, non-profit communities are differentiated by their missions, commitment to serving residents and the public, types of stakeholders and other aspects.







**DIFFERENCE IN CARE**







## ..... DIFFERENCE IN CARE

Medical care is a complex topic, and the differences between for-profit and non-profit senior care providers often are misunderstood.

### **Non-profit communities offer many specific advantages that are documented by extensive research, including:**

- ✔ Fewer total deficiencies — problems noted by a regulatory agency
- ✔ Lower rates of hospitalization
- ✔ Higher staffing ratios and higher numbers of registered nurses

In addition, non-profit communities more often rely on [acuity-based staffing models](#), which tailors staffing to the intensity of care needed by patients rather than staffing for total number of patients alone. Under acuity-based staffing, the number of nurses on a shift can change depending on current patient needs, which may range from a minimum level of care to a need for constant medical attention.



**SEE HOW WE DO IT**

*[See How We Care for Residents with Different Needs »](#)*



## Independent Advocacy Groups and Government Investigators Found a Clear Difference in Mission

### The Top 10 Largest For-Profit Nursing Home Providers had:

- ✓ The lowest levels of staffing
- ✓ The highest number of deficiencies resulting in “harm or jeopardy” to residents
- ✓ The highest number of deficiencies that regulatory agencies identified

Source: [Center for Medicare Advocacy](#)

### Nursing facilities that were acquired by the top 10 private equity firms between 2004 and 2007 had:

- ✓ Lower ratios of total nurse staffing
- ✓ Showed more deficiencies than non-profits
- ✓ Demonstrated higher profit margins than other types of senior care facilities

Source: [Government Accountability Office](#)



*A 2007 investigative report by The New York Times indicates that nursing facilities owned by private equity firms showed profitability more than 40-percent higher than other types of nursing homes.*

One facility slashed its registered nurse staffing by half and reduced spending on medical supplies and resident activities in the year after its acquisition by a private equity firm; the cuts led to a decrease in resident care.

According to a review of 82 studies that compared quality of care in non-profit and for-profit senior care facilities, non-profits nearly universally showed higher quality, higher staffing levels and lower presence of pressure sores among patients. The meta-analysis authors projected that if every senior care facility in the country operated as a non-profit, some 7,000 residents suffering from pressure sores would not have the condition and residents would receive an additional 500,000 hours of nursing care daily.







## DIFFERENCE IN MISSION





## ..... DIFFERENCE IN MISSION

Why do most non-profit communities provide higher staffing and better care for residents? Much of the difference has its roots in the mission-driven aspects of non-profit senior living communities. For most non-profit communities, the vision of the founders included a commitment to the best interests of residents, [touching as many lives as possible](#) and making a positive impact on the greater community.



### SEE HOW WE DO IT

[See How We Care for Residents with Different Needs »](#)



Non-profit, charitable and tax-exempt organizations such as Presbyterian Senior Living — the nation's 11th-largest multi-site, non-profit senior living organization — have long histories of working to uphold a clear mission. Most non-profit senior living communities operate under the guidance of a mission statement that lays out a meaningful purpose for the organization.

Non-profit senior living organizations typically focus on providing a high quality of life for seniors and are committed to serving their residents with dignity, respect and compassion. While for-profit communities also may treat residents respectfully and provide them with a favorable quality of life, economic pressures often result in [different organizational values](#) that place a lower priority on care and more on profit.



### SEE HOW WE DO IT

*[See How Presbyterian Senior Living is Creating Meaningful Moments in the Lives of Residents »](#)*

What does non-profit senior living communities' commitment to mission mean on a daily basis for residents and staff? For residents, it means that they needn't worry about eviction from a non-profit community should their financial situation deteriorate. Most non-profit communities maintain benevolent care funds to help residents if their financial resources run out through no fault of their own. In a for-profit community, an individual who runs out of money must find another place to live.

*"We not only fit the legal definition but the public expectation of what it means to be a non-profit organization," notes Steve Proctor, Chief Executive Officer of Presbyterian Senior Living.*

[Mission-driven staff](#) listen to their residents and work to meet their needs on a continual basis. For instance, Presbyterian Senior Living staff consistently asks residents for their preferences in hobbies, activities and programs to be added, in addition to their likes and dislikes regarding the physical living environment.



## ..... DIFFERENCE IN MISSION

Senior living organizations that are non-profit also make efforts to [reach out to the greater community](#), including partnering with churches, local schools, senior centers and community organizations.



### SEE HOW WE DO IT

*[See How Residents Are Shaping Their Activities »](#)*







## DIFFERENCE IN STAKEHOLDERS



## ..... DIFFERENCE IN STAKEHOLDERS



### SEE HOW WE DO IT

*See our Stakeholders »*



Another significant difference between for-profit and non-profit communities is their obligation to stakeholders. In for-profit senior living communities — as in any traditional for-profit business — the duty is to owners and shareholders. And as in traditional businesses, owners and shareholders are invested in earning a profit.

Non-profit senior living communities, on the other hand, do not have shareholders. Instead, they have boards of volunteer trustees — men and women, including residents, who believe in the mission and purpose of the non-profit community. Board members include a diverse array of individuals representing academia, the clergy, medicine and the community at large and of different ages, races, genders and economic and educational backgrounds.

On non-profit boards of directors, members represent the public that they serve. So board members for a non-profit senior living community look out for the interests of residents rather than representing their own financial best interests or those of shareholders. Non-profit boards operate under a mandate to [provide benefit to the greater community](#) by caring for seniors in their geographic region.



### SEE HOW WE DO IT

*Our Board of Trustees leads an organization-wide volunteer initiative - last year more than 137,000 volunteer hours were worked throughout our network of care. »*





## THE NON-PROFIT DIFFERENCE





## THE NON-PROFIT DIFFERENCE

For-profit and non-profit senior living organizations have significant differences. One major differentiating factor is accountability. Non-profits ensure accountability and transparency to residents, their family members and the public at large by making financials available for public viewing — for most communities, comprehensive financial statements may be downloaded online.



### SEE HOW WE DO IT

*[See how Presbyterian Senior Living Enhances Quality of Life with Masterpiece Living »](#)*

In addition, non-profit communities are committed to open communications between members of the finance committee and residents living on campus. Committee members hear — and respond to — residents' concerns about how the community's funds are used. Everyone in the community has a voice, and every opinion is taken into account in financial decisions.



**SEE HOW WE DO IT | [View Presbyterian Senior Living's Financials »](#)**



## ..... THE NON-PROFIT DIFFERENCE

Non-profit senior living organizations add value to the greater community through giving back and forging partnerships. They create [intergenerational programming](#) that benefits seniors through the opportunity to interact with younger people. Many intergenerational interactions center on volunteer opportunities that provide seniors with the satisfaction and fulfillment of helping others while young people gain caring, reliable and committed mentors. Such partnerships also create community stewardship and a culture of giving back.



### SEE HOW WE DO IT

*[See how Presbyterian Senior Living is Improving Nearby Communities »](#)*







## WHAT ARE THE HALLMARKS OF A NON-PROFIT ORGANIZATION?

By every measure, Presbyterian Senior Living meets the definitions and purposes of a non-profit senior living organization. As Proctor notes, "Presbyterian Senior Living's focus on serving persons with limited incomes (Medicaid recipients in nursing, affordable housing and subsidy of personal care) meets the more traditional expectations of non-profit organizations." In addition, the organization pays local property taxes, which are sometimes discounted based on where charity is provided.

It has a clear mission that provides a public benefit. The income and assets of the organization are irrevocably dedicated to the charitable, educational, literary, scientific or religious purposes of the organization

Its ownership is not by an individual but is by a corporation, under the oversight of a board of trustees or directors charged with ensuring that the organization fulfills its mission

Its income is not distributed to individuals as with dividends or stock options. Individuals accepting money from a non-profit organization for personal gain is prohibited

Its board members volunteer their services

## ..... Clearing up the Differences

While ownership and sponsorship type may not be among the factors most people consider when evaluating senior living communities, they clearly are important. From the well-documented evidence that non-profit organizations have fewer deficiencies and lower hospitalization rates to the differences in mission, stakeholders and accountability, non-profit senior living communities offer significant advantages to residents, their loved ones, staff members and the community at large.





## FINDING YOUR BEST LIFE

As you search for a community for your loved one or for yourself, consider the differences between non-profit and for-profit organizations. To get an accurate, comprehensive picture of different communities, do your research, visit a location near you — meet staff members, tour the campus, talk to residents and enjoy a meal — and trust your instincts. If you are looking for senior living options that offer a socially responsible, ethical model of care, you'll want to consider non-profit organizations such as Presbyterian Senior Living.

**Learn More About How Over 6,000 Older Adults at Presbyterian Senior Living are Already Experiencing the Benefits of the Non-Profit Difference**

**FIND A COMMUNITY NEAR YOU**



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