

# PENUMBRA

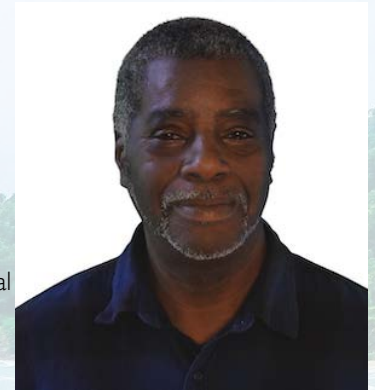
FOR OWNERS OF HOME HEALTH AND HOME CARE AGENCIES,  
ASSISTED LIVING FACILITIES, AND ADULT DAY CARE CENTERS



## Market Watch

### Moss Joins the Crimson Cardinal Team

Mr. Charles Moss joined the Crimson Cardinal Realty team in April 2024. He is Vice President of Business Development and focuses on non-real estate business sales and acquisitions for the firm. He has a background in communications technology specializing in cellular and field services. With over 25 years of experience in communication technology, Mr. Moss brings a unique background to the firm. His previous work with (cont'd)



## Sellers' Secret Sauce

### Best Practices for Selling Senior Care Operations

In 2024, we introduced this new section on best practices used by sellers to get the prices and terms they want and quickly sell their operations. We present helpful information on (i) what successful sellers do before they take their operations to market, (ii) how their deals are priced and structured, (iii) what resources they use during the selling process, and (iv) how they manage (cont'd)

## Financing

### Why Big Banks Do Not Lend to Small Businesses

You have a successful home care agency or assisted living facility. Your client base is growing. You begin employing more careworkers. One would think that your operation would be attractive to a big bank. No necessarily so. Big banks tend shy away from small operations. Many senior care owners apply for Small Business Administration (SBA) - guaranteed loans from (cont'd)

## Regulatory Watch

### CMS Allows States to Add Dental Coverage Under ACA

In April, the US Department of Health and Human Services (HHS)'s Center for Medicare & Medicaid Services (CMS) announced policies to provide states the ability to increase access to routine adult dental services through the Affordable Care Act. HHS Secretary Xavier Becerra stated, "This rule will allow coverage of routine dental benefits for the first time, expand requirements to ensure reliable access to health care providers, and ensure consumers with lower incomes can sign up for coverage when they need it." CMS stated that, "[It] ... has expanded access to dental benefits by finalizing measures to allow states the option to add routine (cont'd)

## et cetera

- In May, the *Washington Post* questioned the trustworthiness of recommendations made by *A Place For Mom* citing that 37.5% of its Best of Senior Living award recipients in 2023 and 2024 were cited by State inspectors for serious violations affecting resident care.
- Home care agency staffing provider *myCNAjobs* released an upgrade to its new recruitment app. The upgrade feature uses a matching algorithm that promises to better match employers with caregivers who are more likely to be retained by the employer. (cont'd)





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## Secret Sauce (cont'd)

the transaction after closing. No one area is more important than another. Successful sellers plan their sale and then work their plans to succeed. In this segment, we discuss the attractiveness of your business to a buyer.

## Is Your Business Salable?

Successful sellers asked themselves, "would I buy my business?" To answer that question, one needs to know what buyers think when buying a business. Buyers want to know at least 3 things about your business. One, will it pay me a decent salary to support my family? Two, can the business repay the bank loan I took out to buy it? And three, will I get a decent return on the down payment I made to buy this business? If your business cannot meet these needs, it may be better for the buyer to just get a job and invest her money in the stock market.

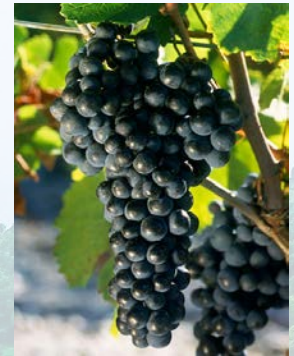
Successful sellers develop a playbook (i.e., an instruction manual on how to profitably and efficiently run the business). The business does not go home with them every night. They are not **the** business. They transfer that knowledge and skill to key employees. They delegate mission critical tasks to trusted employees. They can take a two week vacation and the business would survive in their absence. Start tracking and logging what your business practices are. Edit and annually update them. Discuss them with your employees, spouse, and clients.

## et cetera (cont'd)

- The **MetLife & U. S. Chamber of Commerce** Small Business Index is 62.3 this quarter - up from last quarter's score of 61.3 - reflecting a stable business climate. Many respondents see an improved economy. However, small business owners remain concerned about inflation which remains stubbornly, and consistently, high.
- **NC DHHS** announced it will invest \$22 million in the state's behavioral health crisis response system to expand community crisis centers and peer respite care across NC.

## Market Watch (cont'd)

Sprint PCS, Verizon, and the 3E industry ensures a professional, personable, and futuristic approach to business development. As a United States Army veteran, he has a strong skill set for organizing, executing, and realizing business goals. Mr. Moss is especially skilled at helping sellers determine what next steps in the selling process makes sense. He assesses the owner's readiness to sell and maps that against the market environment. Outside of work, he enjoys bowling, polishing his billiard skills, and attending the cinema to catch the latest films.



## Financing (cont'd)

community banks. The reasons big banks behave this way may surprise you.

**Risk** - As a group, small businesses are usually riskier than established businesses. According to the U. S. Bureau of Labor Statistics, 20% of startups fail in the first two years, 45% fail in five years, and 65% fail within ten years.

**Low Margins** - The profit margins banks earn on loans is quite small. A 1% loss on their loan portfolio due to defaults could cause the bank to fail.

**Highly Regulated** - Banks are highly regulated by the government. If their loan losses rise, the government will require that the bank hold more cash as a reserve to maintain the bank's solvency, hence less loans will be made.

**Service Offerings** - Larger companies tend to need more bank services than smaller businesses. Thus, banks can sell more products to these clients. If a client has an international presence, then the bank can offer its services worldwide for a single client.

**Compensating Balances** - Large companies tend to have larger cash balances than small companies. Thus, the bank can strengthen its deposit base by attracting larger companies.

## Regulatory Watch (cont'd)

adult dental services as an essential health benefit (EHB). For the first time, and starting on January 1, 2027, every state will be able to update their EHB-benchmark plans to include routine non-pediatric dental services, such as cleanings, diagnostic X-rays, and restorative services like fillings and root canals, through the EHB-benchmark application process beginning in 2025." According to the nonprofit CareQuest Institute, in 2023, nearly 69 million U.S. adults did not have dental insurance or access to routine oral health.

