

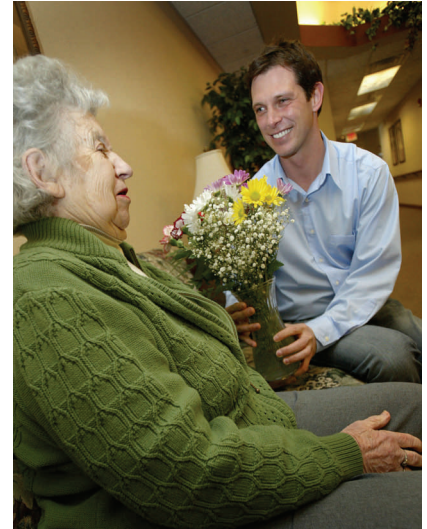
Heartwood Homes Senior Living News

The Post Crescent Newspaper - February 2008

“Taking Care is His Business”

Q It's unusual to find a young guy owning and running an assisted living facility. Typically, corporations own them. How did you get into this?

A I grew up with my mother and grandmother. My grandmother was a (Certified Nursing Assistant) at a nursing home her entire life. Seeing her coming home in her “whites” was normal for me. My mother owned a beauty shop and I went there frequently and spent time with the older ladies. I've had a natural connection with elderly since I was little.



Q You have a nursing background and an administrative background. All of that points to this direction. But what prompted you to say, "I can own one of these places?"

A What really inspired me was working in other long-term care companies. There was always a concern with quality of care. They were always understaffed. There were too many policies and too many forms. There was little time to interact with the residents we were supposed to serve diligently. Spending two years in a nursing home was probably the worst time in my life, but one often learns the most from their worst experiences. Big corporations want more from the staff, and it takes away from the hands-on services we all entered this field in the first place. That's what drove me into doing it on my own. I've (dealt with) 104 residents and 80 staff. Here, I can focus on the detail. I appreciate this now.

Q How did you finance your first facility?

A I purchased a pre-existing operation, my Menasha home. I didn't have the money for the business and the building. I found a guy in the community who purchased the building. I had a five-year lease and a preset purchase price. For the business portion, my mother gave me \$40,000, that same landlord gave me \$25,000 and the prior owners gave me a \$100,000 note. I had nothing but my heart and passion. That's what I sold to all the parties involved. I don't think that would fly nowadays. They've all been paid back. I built this building (in Appleton) in 2005. I had a Wisconsin SBA 504 loan and the city of Appleton gave me \$130,000 worth of TIF funds. That helped me with my equity portion of the loan.

Q Are your buildings full?

A I have one opening in Menasha and I have two vacancies in Appleton.

Q Isn't it tough going? Assisted Living competition is tough.

A Yeah, and it's getting tougher. I'm going into my seventh year, and I see oversaturation in the Fox Valley. It does drive down costs and makes finding good employees more difficult. The profit margin has decreased.

In the News

You have to stay focused on quality service to make it. You have to offer something special. You have to have a good reputation. A lot of people are building CBRF, or assisted living buildings, and it's 10 years too early. The baby boomers aren't going to use my service for 12 to 15 years.

Q But you're building an additional building in Appleton. Isn't that adding to oversaturation?

A I know the highest quality assisted living homes can succeed. It takes more effort. I can succeed with that building. A lot of people have wanted to come to the Appleton building, but it's dementia-specific and always full. That's why the new building is also going to serve people with dementia and Alzheimer's. Memory Care is Heartwood Homes niche. The new Home will be a 20-bed facility and will open in November 2008. Also, I have a contract with the City of Appleton / TIF funds that I have to build so much property value in a certain amount of years. I take pride in honoring my promises. It's also an affordable time to do it.

Q What does an average resident pay?

A \$3,500 to \$4,500 a month. We accept private pay, long-term care insurance, or county COP funding. We also offer a unique cost savings program when the resident has little to pay, and family members pay for the majority of the care. Basically, we have a program to lessen the burden on the family members. It has been very successful for many. Overall, when comparing "our services and program offerings" to others, we are still very competitively priced.

Q You appear to offer more services than some other assisted living facilities. But you're not licensed as a nursing home?

A Correct. Nursing homes are State and Federally licensed. We're just State licensed. There are regulations we have to follow, but we offer very similar services. The similarities (to nursing homes) are 24-hour care and an RN on staff and on call. There is also a Manager at each Home, assuring the needs of residents, staff, and family members are met promptly and efficiently. We can have outpatient therapy come to strengthen a person with weakness, or after an injury or fall. We also have labs, X-rays, and Hospice all come in the building. Everyone is offered this care, regardless of their payer source. Everyone is treated equal.

Q I checked with the state's DHFS and you have a pretty good record.

A I have many Golden State Surveys, year after year; which means during yearly State Surveyor inspections they find that Heartwood Homes meets and exceeds all State Regulations and quality of care practices in nursing care, food, activities, and safety. I pride myself on running a clean, organized company.

Q What's your highest cost?

A Labor and benefits. That goes up 3 to 6 percent a year. Food, building maintenance, and other costs have been averaging another 3 to 6 percent increase a year. I ethically can't pass that down to private payers or the county, and I constantly try to find ways to save costs without sacrificing quality. I have the highest staffing ratio in the Fox Valley. It's one staff to every four to five residents, which is very rare and unheard of in the health care industry.

The Heartwood Homes Difference

Jason J. Schmitz

Title: RN Administrator and on-site owner of Heartwood Homes Senior Living. Jason owns the Assisted Living Facilities with his wife, Lynn. Lynn too, is an active participant in the day-to-day operations.

Addresses: 1407 & 1413 N. Mason St., Appleton
1255 & 1265 DePere St., Menasha

Bought first facility: Jan. 1, 2002

Type of business: Community Based Residential Facility (CBRF) with specialty niches in dementia and memory care.

Schmitz's background: Age 34; originally from Appleton and now living in Neenah. In addition to being a registered nurse, he has a Business Administration Degree Specializing in Health Care from Concordia University. He previously worked in a mental health facility and a nursing home. He also did nursing case management at Humana.

Staff: 45 employees

Residents: 54 total

Web site: HeartwoodSeniorLiving.com

Admissions Information: (920) 955-3131

Innovator Insights

Future need

"CBRF (Community Based Residential Facility) homes are going to have to offer more acute care, more skilled care in the future. They'll need more Registered Nurses on staff. CBRFs are in line to take on that acuity when people don't need a nursing home, but they can't go home." "Heartwood Homes has planned accordingly and has been very successful in satisfying residents with acute care needs, especially people that suffer from dementia / Alzheimer's Disease."

Resident retention

"I've had 100 percent retention rate of all my clients in all my years of business. I've never had anybody move out." "We receive written testimonials from family, friends, and volunteers praising our nursing care and business practices on a monthly basis." A person can read some of Heartwoods Testimonials on their website, listed above.

Written by Maureen Wallenfang, Post Crescent Writer

