

About This Report

Harborside Healthcare is very proud to present this, our Third Annual Report on Quality. This report, which grew out of our commitment to the public

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disclosure component of the Quality First Pledge, is the primary vehicle through which we are honoring that commitment.

We believe that public disclosure increases the profession's level of accountability, which will drive us all to compete in terms of quality. Through this report, the public can assess our product and our progress toward quality. This is not a marketing document—it is about accountability and market-driven quality. To that end, as you will see, we report on both our successes and our opportunities for improvement.

Currently, our profession is working toward establishing reporting standards we all can use. Until that is accomplished, measures may vary between companies, making comparisons difficult. However, we at Harborside Healthcare did not want to wait for common reporting standards and formats to be

formalized before fulfilling our pledge to release our results. We invite our peer companies to do the same.

For more information on Harborside's quality performance, including the detailed data tables supporting this report, please visit our Web site:

www.HarborsideHealthcare.com. The Web site also gives you access to prior years' reports.

Executive Summary

Harborside Healthcare is a founding member of the Alliance for Quality Nursing Home Care, a consortium of approximately 15 of the largest and most influential long-term care companies in the United States. In July 2002, Harborside committed to the Quality First Pledge and Code of Conduct, both as a member of the Alliance and of the American Health Care Association.

Among many other requirements, the Quality First Pledge obligates each participating organization to make available to the public a report on its quality goals and performance. The Summer 2003 edition of *Harborside Healthcare Today*, our company newsletter, served as our first annual quality report. *Harborside Healthcare Today* is available at www.HarborsideHealthcare.com.

Harborside Healthcare¹ measures quality in several domains, based on the needs of our diverse customer groups. This report will detail Harborside's approaches to maintaining and enhancing the quality of our product and addressing the needs of our primary internal and external customers—including our residents and patients, their families, and our staff, as well as the physicians and other practitioners who practice in our facilities. Our approach to the measurement of quality is to reflect all primary customer groups and their most important needs. Quality measurement is not just about one aspect of performance (e.g., clinical outcomes); it's a comprehensive analysis of customer needs.

There were improvements in several key areas of quality during 2005, including regulatory survey performance, clinical outcomes, customer satisfaction, and workforce stability. These are the primary quality metrics that will be addressed in this report.

Regulatory Survey Performance

Regulatory survey performance has improved steadily over the last several years:

- The number of deficiencies² per annual survey has been reduced from a high of 7.6 in 2000 to 5.5 in 2005.
- The number of deficiencies that we experienced at the “G” level or higher has dropped from 80 in 2000 to just 20 in 2004 and 39 in 2005.
- Seven facilities received deficiency-free surveys in 2005.



Clinical Outcome Results

Through our continued and consistent efforts in the reduction of falls, unplanned weight loss, and in-house acquired pressure ulcers, we have seen positive results over time:

- **Fall Reduction**—The percentage of our residents who experience a fall was 16.8%, remaining below our 2005 threshold of 18%. We lowered the threshold to 16% for 2006 as a means to ensure that we continue to make progress at the facility level.

The use of physical restraints (always with consent and physician orders) as a safety measure to prevent falls is sometimes necessary, but should be minimized wherever possible. Since 2001, we have cut the use of physical restraints from a high of 11% to just 6.7% in 2005.

- **In-House Acquired Pressure Ulcers**—Prevention of skin breakdown is one of our most important priorities. Our rate of in-house acquired pressure ulcers for 2005 was 4.9%, which is below our 2005 threshold level of 5.0%. The rate of acquired pressure ulcers had reached a high of 5.4% in 2001. We continue to maintain focused efforts on improving systems and monitoring implementation of skin care processes to make even greater improvement in this area. Toward this end, we have reduced the 2006 threshold for this measure to 4.0%.
- **Unplanned Weight Loss**—The most significant gain is in the prevention of unplanned weight loss. We set a threshold of 5.0%, and we have seen steady improvement since 2002. At that time, the company average for this metric was 5.5%. For 2005, it has been cut by more than half to 2.7%, not including the new Kentucky facilities. These facilities have just begun using our metric for unplanned weight loss. Their data will be included in next year's report.

Independent Analysis of Our Performance

In 2005, an analysis commissioned by the Alliance to review the performance of its member companies—conducted by a highly respected consulting firm—corroborated our own estimation of our performance in a variety of regulatory compliance and clinical outcome areas.

Family and Resident Satisfaction

After declining in the early 2000s, customer satisfaction increased dramatically between 2002 (68.9%) and 2003 (76.6%). In 2004, we improved even further, achieving a 79.2% satisfaction rate—the highest since the survey began.