

DIALOG

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Diakon refocuses retirement services

With many of its health-care and assisted living centers facing significant need for capital investment—and Diakon having limited resources to upgrade all its centers—the organization has announced the sale of facilities at nine of its service locations in Pennsylvania and Maryland to Tandem Health Care, based in Florida.

The sale was announced March 16, with closing to take effect within approximately 45 days. Tandem will continue to operate the centers' various services, as well as to employ the

Diakon staff in those facilities. The change, however, will result in the elimination of approximately 50 staff positions in such support services as human resources, materials management, and financial services as Diakon reduces overhead costs.

Diakon sought Tandem agreement on a provision under which Diakon will provide benevolent care funding, as needed, for those assisted and residential living residents in the facilities as of the date of transaction who exhaust their financial resources, even in the future (*more information on this provision is found in the president's column, beginning on the inside front cover, and on Diakon's Web site*).

Proceeds from the sale will be used toward renovation and expansion of Diakon's remaining retirement communities, nearly all of which provide or have the potential to provide a broad continuum of services for older adults.

The first step in such expansion is beginning at Luther Crest Retirement Community in Allentown, where renovation of existing apartments is under way and plans to build new residential accommodations have been announced.

"With the majority of our facilities more than 20 years old and needing extensive renovation to meet current and future consumer expectations, Diakon

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Volunteers: A lifeline

Beginning on Page 3, our newsletter content focuses on your geographic area. The section you receive—called **Diakconnection**—depends on your address or interest in a specific program or facility.

In this issue we focus on volunteers, those committed individuals and groups who give of themselves in diverse, caring, and compassionate ways to make life better for others. And whether that volunteer assists a Hospice Saint John patient, begins a quilting club for other retirement-community residents, or simply greets visitors, as does Ravenwood Lutheran Village's favorite four-legged volunteer, their contributions to the ministry and mission of Diakon are invaluable.

If you are interested in receiving an insert different from the one in this issue, please contact Mary Seip at 1-877-342-5667, ext. 1215. All editions can be viewed on our Web site, www.diakon.org.

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The following campuses will transition to Tandem Health Care as part of the recently announced sale:

- Frostburg Village, Frostburg, Md., *not* including Frostburg Heights
- Locust Grove Retirement Village, Mifflin, Pa.
- Luther Ridge Assisted Living, Pottsville, Pa.
- The Lutheran Village at Harbor Pointe, Salisbury, Md.
- Pennknoll Village, Everett, Pa., *not* including Spring House Estates
- Penn Lutheran Village, Selinsgrove, Pa.
- Perry Village, New Bloomfield, Pa.
- Saint Luke Village, Hazleton, Pa.
- Susquehanna Lutheran Village, Millersburg, Pa.

Reflections on major change

We sometimes forget the history of this organization is one filled with change—the creation of homes for orphaned children and the eventual closing of those homes, the building of personal care centers for older adults and the gradual evolution of those services into skilled nursing care centers and then into comprehensive residential communities for older adults.

These changes have been so momentous that some have been marked by official church services, such as when the Tressler Orphans Home closed. The changes we recently announced are no less momentous. As noted on the cover story, Diakon has sold facilities at nine of its service locations in Pennsylvania and Maryland to Tandem Health Care.

While our announcement may have seemed sudden, our decision was no more precipitous than any other the organization has made in its 135-year history. The decision came after more than two years of careful and prayerful study, the creation of an ethics committee—whose membership included board representation—and a process designed to select a buyer who shared our philosophy of care and who valued our facilities' Diakon employees and agreed to offer them continued employment, including competitive wages and benefits.

Why did we make this decision? Essentially, Diakon does not have the human and financial resources to be “great” in operating both continuum-of-care retirement communities and free-standing facilities. By “great,” I mean the continuing ability to offer top-quality services and secure, comfortable, and leading-edge accommodations that focus on residents' physical, social, emotional, and spiritual needs.

While we have certainly worked hard to provide such services in all of our communities, we have reached a crossroads in our history. Many of our retirement communities are in the 20- to 30-year-old range. To continue to meet the needs of today's—and especially tomorrow's—retirees, we need to invest many, many millions of dollars in these communities. Unfortunately, we don't have the funds necessary for such investments in more than 20 communities.

Rather than see many of our retirement and health care centers deteriorate over the next decade, we opted to sell a group of them to Tandem Health Care.

The result, we believe, is a win-win situation for everyone.

Tandem has historically invested significant capital in the facilities it acquires. In fact, as part of our due-diligence process, a number of Diakon staff members traveled to Ohio to see Tandem facilities there, including ones recently acquired by the Florida-based company. To a person, the Diakon staff members were very impressed with the quality of care provided and the outstanding condition of the facilities.

Having fewer facilities in which to invest, Diakon will then be able to make necessary upgrades to the communities we will continue to own, which provide or have the potential to provide the full range of retirement-related services.

And so by taking this step, we have assured optimum accommodations and services for *all* of the freestanding facilities and retirement communities.

Those we serve were not the only people we considered in making our decision. If the potential buyer had not met all the criteria our ethics committee established, we would not have continued with the sale. Fortunately, Tandem met those conditions, which included:

- Hiring the facilities' Diakon staff members.
- Continuing, for a period of at least two years, the types of services offered in those facilities.
- Agreeing to a Diakon stipulation that Diakon subsidize the care of any of the residents in those facilities at the time of the transaction should they exhaust their own financial resources, even in the future (*you may read more about the provisions of this agreement on*



The Rev. Daun E. McKee,
Ph.D., President/CEO

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Taking part in the ribbon-cutting ceremony for the new gymnasium/classroom building at Diakon's TresslerCare Wilderness Center were, left to right, Jason Brode and Douglas Provard of the center; Mark Pile, Diakon's chief operating officer; Fred Rice and John Rhodes, co-chairs of the capital campaign; the Rev. Daun E. McKee, Ph.D., Diakon's president/CEO; donor Ruth Evinger; Richard Barger, Diakon's chief financial officer; Linda Ciampi, senior vice president for Diakon's Congregation, Children, & Family Services; David Fralick, Diakon's facility management executive; Craig Smith, TresslerCare executive director; and the Rev. Dr. Kenneth Feinour, Diakon's senior vice president for advancement.

Wilderness Center dedicated

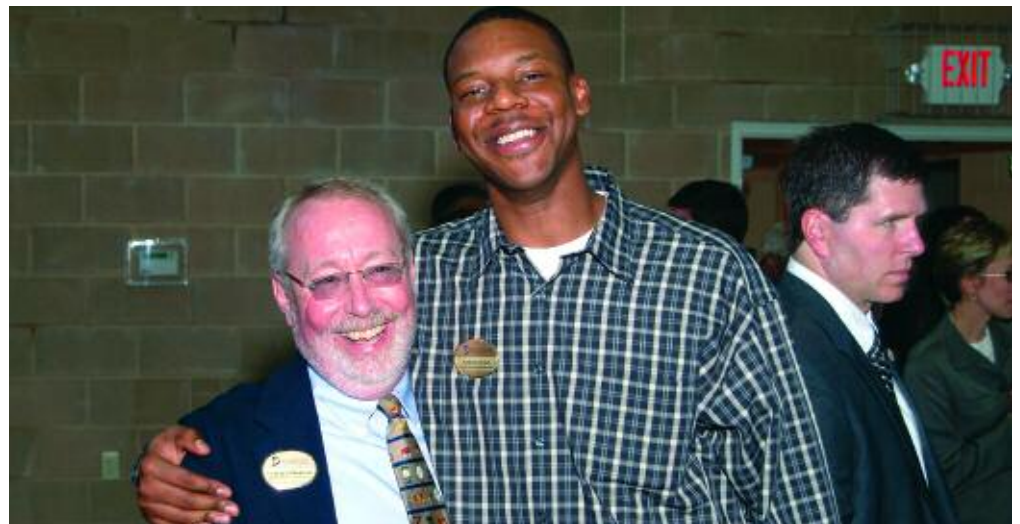
Diakon's *TresslerCare Wilderness Center* is "official." The expanded center, which serves at-risk youths from across Pennsylvania, was dedicated Nov. 13 by donors, staff, clergy, congregational members, and others.

The dedication celebrated a successful, multi-year capital campaign to raise more than \$2 million to fund expansion of the Boiling Springs, Pa., center. The project included expansion and renovation of a dormitory, construction of a gymnasium/multi-purpose building, and development of a state-of-the-art greenhouse.

The expansion was necessary to meet new state regulations as well as to begin Wilderness School residential services for females and such innovative treatment programs as horticultural therapy. In fact, the engineering firm that developed the zero-discharge wastewater-treatment system that serves the center and provides irrigation for the greenhouse won a statewide award for the system's design.

"These renovations have been a desire of the agency for the last 15 years," says Craig Smith, TresslerCare's executive director. "We are grateful to everyone who helped to make it a reality."

The center's four outdoor-based services aided more than 1,000 youths last year.



Sharing a happy moment at the dedication are George Eckenrode, left, TresslerCare's director of marketing and former Wilderness Center director, and Anthony Stukes, featured speaker. A Temple University graduate and assistant director of the center's Weekend Alternative Program, Stukes is a former Wilderness School student.



Participants in the Wilderness Center dedication included Fred Rice, left, and John Rhodes, right, who served as co-chairs of the project's capital campaign, and Ruth Evinger, center, a generous supporter.

Address Service Requested

Reflections on our major change

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our Web site, found at www.diakon.org).

The stipulation focuses on residents in assisted or residential living because Medicaid reimbursements cover those in long-term care who deplete their financial resources.

This agreement means that we are keeping our promise to residents that no one will be denied service even if they no longer have the funds to pay for care.

While Tandem will continue to employ the Diakon staff members in the facilities it is purchasing, the change is not without a negative impact.

Because we will have fewer facilities, we have had to take steps to reduce overhead costs. Those steps will result in the elimination of approximately 50 positions in support operations at our Mechanicsburg and Allentown support

centers as well as some facility-based support-service staff.

We deeply regret the necessity of taking this action and realize the impact these reductions will have on the lives of dedicated people who have worked diligently to make Diakon the successful organization it is today.

As in past changes that have affected jobs, we are offering severance packages, outplacement assistance, and additional employee assistance services. Nevertheless, this remains a difficult transition and I invite you to join with us in thoughts and prayers for all the staff members affected by the sale.

This is certainly not the first change Diakon and its predecessor agencies have undergone. Each of the changes—while challenging—has set the stage for reinvigorated mission and ministry. We believe this most recent change sets the

stage for another chapter in our continuing ministry of service to those in need in the name of Jesus Christ.



The Rev. Daun E. McKee, Ph.D.
President/CEO

Refocus ...

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faced the prospect of having insufficient financial and human resources to upgrade all of them to the condition tomorrow's consumers, as well as our mission, demand," said the Rev. Daun E. McKee, Ph.D., Diakon president/CEO.

"To continue to operate the facilities as is—allowing them eventually to deteriorate—is not in the best interest of staff or residents, nor is it good stewardship."