

MANAGEMENT REPORT 2018

Allerzorg Beheer B.V.

General identification data

Name of reporting legal entity	Allerzorg Beheer
Address	Kasteel 4
Postal code	3441 BZ
Municipality	Woerden
Telephone number	0348 416834
Email	info@allerzorg.nl
Website address	www.allerzorg.nl
National legal form	Private limited liability company - BV

Allerzorg is a healthcare company that provides innovative and specialized care at home on the basis of the Care Institutions (Accreditation) Act (*Wet Toelating Zorginstellingen, WTZi*). The care is funded

by the Healthcare Insurance Act (*Zorgverzekeringswet, Zvw*), the Social Support Act (*Wet maatschappelijke ondersteuning, Wmo*) and the Youth Act (*Jeugdwet*) or through private reimbursements.

Healthcare Governance Code 2017

Allerzorg provides care according to the Healthcare Governance Code of 2017. This is a guideline for good governance and supervision. Conform with these guidelines, Allerzorg works in the structure of supervision of appointment, dismissal, expertise and independence. Both the articles of association and additional regulations of both the Board of Management and the Supervisory Board do not contain any provisions conflicting with the healthcare Governance Code of 2017.

Mission statement

“Providing care as we would provide it to our family and loved ones.”

Vision

‘Allerzorg is a healthcare company that delivers innovative and specialized care at home, constantly anticipating the client’s demand for care in the changing healthcare landscape.’

Special interaction

Allerzorg works with small, well-organized self-organizing teams. The team members provide care that they themselves would give to their loved ones, in accordance with Allerzorg’s mission.

Healthcare providers and clients know each other, therefore creating good agreements. This special interaction helps the client to maintain as much control as they can over their own life. The core values of Allerzorg – being yourself, putting your heart into work, really seeing & understanding and doing – are the principles of our care provision and personnel policy.

Target groups and working area

Allerzorg teams are active throughout the Netherlands. The monitoring of uniform quality and professionalism of care is organized centrally.

Allerzorg provided the following types of care in 2018:

- (specialized) Community nursing;
- Maternity care and “Natural maternity care” (based on anthroposophy), where Allerzorg Maternity Care (*Kraamzorg*) is certified with the Breastfeeding Certificate;
- Child and Youth care, in which specialized child nurses are deployed. Youth care involves individual counselling (low and highly complex care);
- Specialized guidance for specific target groups such as non-congenital brain injury (NAH), autism, ADHD, other limitations and dementia;
- Specialized wound care and dermatology;
- Palliative terminal care (PTC), where the comfort of the client is central;
- Specialized medical home-based nursing (MSVT): a bridging function between hospital care and home care, including the delivery of highly complex care such as infusion care;
- The new well-being: care provided by Allerzorg to clients in special (small-scale) residential forms of home of home care expert “September” in municipalities Wageningen, Apeldoorn, Velp, Twello, Witmarsum, Zevenaar and Arnhem. In 2018, a new house was opened in Nijverdal by September. Allerzorg and September are partners, thus easing the transition

process of clients who received care at home provided by Allertzorg to a September house and clients of September to specialized care of Allertzorg;

- Since 2017 Allertzorg has been offering household help through partner Zorgassist. Employees of Zorgassist are periodically trained on a number of important topics such as early detection of dementia, unacceptable behaviour and ergonomic cleaning.

Key information	2018	2017
Clients		
Number of extramural care clients (year-end)	4.162	3.933
Production		
Number of hours of extramural production in the reporting year	995.056	990.848
Of which Healthcare Insurance Act	669.578	694.368
Of which Long-term Care Act (<i>Wet Langdurige Zorg, Wlz</i>)	81.263	72.289
Of which Social Support Act / Youth Act	232.184	207.216
Of which Private care or subcontracting	12.031	16.974
Employees		
Number of employees employed (year-end)	820	844
Employees self-employed		
Costs of hired and self-employed staff in the reporting year	€ 18.259.694	€ 17.332.135
Operating income		
Total operating income in the reporting year	€ 52.250.543	€ 52.243.754
Of which Maternity Care	€ 3.659.603	€ 4.329.041

Management

The Board of Directors (BoD) is responsible for the operational management and strategic management and was formed by one person in 2018. The practical management is delegated to care specialists who are responsible for their own care specialization.

Supervision

The Supervisory Board (SB) is independent and formally supervises Allertzorg Beheer BV since mid-2017. The Supervisory Board evaluates its performance at least once a year in the absence of management and informs management of the results. Consultation with management takes place at least five times a year. Moreover, at least one a year, consultations with the Works Council and Central Client Council are held. The Supervisory Board has its own responsibility to require all the information needed from the management and external auditor to properly perform its duties as supervisory body. To this end, the external auditor submits a management letter and attends the meeting at which the financial statements are discussed. The Supervisory Board consists of four people: three men and a woman. The members have distinctive expertise in the areas of care, finance, business economics, management and legal knowledge.

The Supervisory Board of 2018 consists of the following members:

- Mr. H. Moesbergen, director/owner of Archer Advies B.V., other positions: member of the board of Stichting Foundation docdata payments in Utrecht, treasurer of the Foundation Comcare Woerden in Woerden, chairman of the board of the Foundation Groene Zorg in Woerden, member of the Supervisory Board of the Foundation Dutch International Guarantees for Housing in Amsterdam;
- Mr. Ir. P. Tersteeg, director of Kenze Holding BV, other positions: member of Supervisory Board of September Holding, chairman of the Foundation Noble House, member of the board of Foundation Mars & Mercurius Utrecht;
- Mrs. Dr. J. Schermers, part-time teacher Julius Center, University of Utrecht, other positions: member of the Foundation Child and Growth, member of the Ikazia Hospital Supervisory Board, member of ZonMw program committee 'Palliantie Meer dan Zorg';
- Mr. Drs. M. Bijwaard, Manager of Care Group Sint Maarten, other position: member of the Supervisory Board of Marketing Oost.

Name and position in board:

Appointment period runs until:

Mr. H. Moesbergen chairman	01-06-2019
Mr. Ir. P. Tersteeg, vice chairman	01-06-2019
Mr. Drs .M. Bijwaard, member	01-06-2020
Mrs. Dr. J. Schermers, member	01-06-2021

Looking back at 2018

At the end of 2017, preparations were started for the acquisition of Allerzorg by Orpea Groupe. Orpea Groupe is a French healthcare organization, active in 11 countries across Europe with respect to elderly care. With this acquisition, Orpea Groupe owns a majority stake in Allerzorg Beheer BV. Orpea has the objective of allowing Allerzorg to grow further and accelerated by developing new concepts and acquisitions.

At the beginning of 2019, the Dutch Healthcare Authority (NZa) and the Authority for Consumers & Markets (ACM) have approved the transfer of the shares to the Orpea Groupe.

The financial results 2018 decreased significant, compared with 2017 and resulted in a net loss of € 0.8 million. Main reasons for the loss were one off effects due to e.g. the implementation of the new IT system, advisory expenses restructuring and difficult market conditions in maternity care.

Innovations of processes

In line with 2017, in 2018 further investments were made in digitizing the work and care processes. After all, technology in the healthcare sector is developing rapidly and is being used in an increasingly broader area. The focus lied on the further development of the client file (the electronic health record (EHR)), the linker HR file and the administrative packages which were utilized on the 1st of January 2018 after the implementation period in 2017.

Additionally, in 2017 an Information Security Officer has been appointed for the implementation of the security policy, due to the tightened legal requirements with regards to data management.

At the end of 2017, every care worker was provided with a smartphone and/or iPad to support the digitized work and care processes for efficient and effective provision of care to clients. This is part of the HER implementation.

Remote Care – also known as image care offers opportunities for people with dementia and lonely clients. In this way, employees and clients can make contact faster and easier, using iPads. Furthermore, also with caregivers and others, “live” contact can be made more often.

The basics

Good care can only be given if the business processes are functioning properly. Due to this, 2018 was dominated by “accurate processes”. In order to achieve this, the focus lied on harmonizing the teams, letting them work according to the contract hours. Moreover, optimally arranged work routes were provided and a healthy balance between work and private life was found. Working from your heart, being able to develop both professional and personally and going to work with pleasure very day: all this positively contributed to the satisfaction of our employees last year. Besides, there were less termination of contracts and absenteeism decreased. As a result, good care was provided, and clients were satisfied.

Employees

In 2018, the most important objectives of Allerzorg for employee policy were:

- Implement the vision, mission and core values of Allerzorg (e.g. being yourself, put your heart into work, really seeing, understanding and doing) through the employee policy.
- Facilitate managers.
- Be an attractive employer who can offer healthcare employees personal and professional development.
- Continue to develop health policies.

Client satisfaction

In 2018 the client experiences were measured via an internal measurement. The research consisted of 1,225 questionnaires in which Net Promoter Score (NPS), a universal measurement method for determining and comparing client satisfaction, was set at 62 on average. This is higher than the industry average of 44.

A start was made in 2015 to enable clients to review Allerzorg at Zorgkaartnederland.nl. Since then, 400 reviews have been given on Zorgkaart. The findings show a high client satisfaction. In 2018, Allerzorg scored a high average again on all specialisms (including Maternity Care), respectively 8.7.

Protection of personal data

In the spring of 2018, new European privacy laws were introduced. The stricter General Data Protection Regulation (GDPR) caused Allerzorg to make a recalibration of the internal privacy policy, to appoint a Data Protection Officer, to develop awareness within the organization with regard to working with personal data and to map the processing activities.

Financial performance

Allerzorg Beheer BV achieved a negative operating result of -€ 956,000 in 2018 (2017: € 914,000). The result after tax of -€ 774,000 is added to the shareholders equity. Therefore, the shareholders equity decreased to € 0,763 million. The solvency (equity/total assets) of the organization amounts to 5.3% at year-end 2018 (2017: 14.3%).

The operating result of -€ 956,000 amounts to -1.8 % of the total turnover of € 52,251,000.

The development of the result is as follows:

RESULT DEVELOPMENT (€)	2018	2017	difference (%)
x € 1,000			
REVENUES:			
Total turnover	52.251	52.244	0%
OPERATING EXPENSES:			
Employee costs	47,817	47,256	1%
Depreciations	948	577	64%
Other operating expenses	4,442	3,497	27%
Total operating expenses	53,207	51,330	4%
OPERATING RESULT	-956	914	-204%
Financial income and expenditure	-54	-42	-29%
Result before tax	-1,010	871	-216%
Taxation	236	-224	+204%
Result after tax	-774	647	-219%

Financial instruments

Allerzorg has used the usual financial instruments, such as agreements with health insurers. Given the nature of the activities, the price risk is very limited. The credit risk is also very limited, considering the view of the counterparties. The liquidity and cash flow risk increased further in 2018 as a result of the increased turnover. The liquidity risk increased in 2018 due to a changed policy of the Dutch Pension Fund (PFZW) regarding the invoicing of pension premiums for irregular hours, which were previously settled annually in arrears, but are charged per 2018 immediately after the end of the period.

Risks and measures

Allerzorg operates in the healthcare sector as a private limited company as legal structure. In view of the very poor margins and the direct client interest, the healthcare sector requires a conservative risk profile. Allerzorg constantly innovates in order to realize process and quality improvements. The projects have a higher risk profile. Risks are carefully weighed, without impeding the entrepreneurial nature of Allerzorg.

The dialogue with employees is being intensified in order to identify risks more quickly and to be able to take improvement measures. Board members and management work alongside executive employees more than once a year to keep in touch with daily care practice.

The biggest risks facing Allerzorg are:

Strategic risks:

Also, in 2018 there is a risk of misinterpretation by care financiers of the distinctive specialty strategy of Allerzorg. The different product mix compared to the regular home care activities requires clear communication. Allerzorg focuses on “value-based healthcare” instead of “cost-based healthcare”. Hospital-relocated care, which Allerzorg increasingly delivers, is of great added value for the client and at simultaneously results in a lower cost for the care financier. Limitations in the financing systems act as a brake on the blurring of the distinction between “cure” and “care”. A good example in which the limitations have been removed is the cooperation of Allerzorg with the Emma Thuis team of the Academic Medical Center (AMC) in close coordination with insurer Achmea. The Intensive Childcare team at Allerzorg forms the bridge between the hospital and home for seriously ill children.

Operational risks:

- Non-reimbursed production: production that is necessary for the care of the health care product and that exceeds the contractual agreement with the health insurer and/or care office that is not reimbursed or only partially reimbursed. A production monitor is reported per month with the deviations between budget and realization. Besides, an extrapolation is carried out on an annual basis. The developments are shared with care providers early on.
- The wide variety of IT systems in municipalities (Social Support Act) hinders timely payment of invoices, which in turn leads to pressure on cash.

Human Resources risks:

- Risk of insufficiently capable staff in relation to the contracted care demand. Allerzorg, in line with the strategy, increasingly needs specialized nurses. The specific competencies are scarce. Allerzorg offers nurses extremely good development opportunities. Another development is exchange with hospital staff.
- The tax regime of self-employed employees in the healthcare. The development of this is closely monitored by Allerzorg.

Financial risks:

- Allerzorg now invoices twice a month. Allerzorg would like to invoice more often, but the necessary return message from the insurer, before it can be re-claimed-, often takes too long.
- Allerzorg identifies dissuasive behaviour by health care providers between the Social Support Act, Healthcare Insurance Act and the Long-term Care Act. Care recipients are sent from

pillar to post. Healthcare providers are often informed too late about, for example, a withdrawn indication. As a result, Allerzorg does not get the healthcare paid. In the meantime, this has led to an adjustment of the delivery conditions so that the duty to provide information has been placed with the care recipient.

Allerzorg carries out a risk and opportunity analysis every quarter in all areas of its business operations in order to be able to make adjustments quickly if deemed necessary. Financial risks are part of this. These focus primarily on sustainability of liquidity and profitability of the activities.

Outlook 2019

The healthcare landscape is changing, and our organization is growing. This requires us to have accurate processes where the right people are put in the right place, there are enough professionals available to deliver the care, teams will perform well, employees work with pleasure and good and specialized care will be provided to our clients.

In addition, we must optimize processes and systems through adequate IT support, such as the optimization of the electronic health record (EHR). Finally, we must be financially “in control” with have a good budgeting process and clear KPIs (Key Performance Indicator). We must analyse the return per specialism and take measures to reverse this trend in case of loss-making sectors.

Allerzorg will specialize further: become even better at what we are already doing by entering into closer cooperation with hospitals and thus using one-and-a-half-line care. Considering the needs of clients, extra comfort and convenience can be offered, for example with heart failure or dementia clients.

In this way, we will meet the needs of our clients and with other sources of income we become less dependent of the purchasing policy of insurers.

Financial outlook 2019 shows a significant improvement compared with 2018. We expect a positive net result in 2019. Investments are expected in IT in order to increase efficiency and also to improve the quality of registration. Further growth is expected in direct staff.

Roy Rempe

Board of Directors Allerzorg