

A Work Project, presented as part of the requirements for the Award of a Master's degree in Finance
from the Nova School of Business and Economics.

What is the nature and target economics of *Casa do Alecrim's*
expansion and how to increase *Associação Alzheimer*
Portugal's social impact? – *AAP* context and nursing home
market

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Work project carried out under the supervision of:

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Abstract

For a proper analysis on how to increase *Associação Alzheimer Portugal* social impact, a detailed explanation was conducted on what is dementia, how it can affect the elderly, and why dementia patients' treatment requires specialized attention from professional caretakers. Thirty years ago, the Association was found to address this issue, providing several services across the country. *Casa do Alecrim*, located in *Cascais*, provides nursing home, day center and home support services, playing a major role inside the Association. However, looking into the future evolution of dementia across the country, *Associação Alzheimer Portugal* should follow important routes to tackle this problem.

Keywords

Alzheimer

Associação Alzheimer Portugal

Casa do Alecrim

Business Analysis

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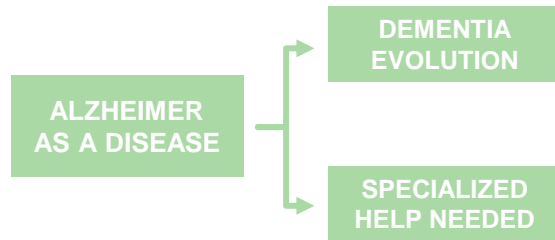
How have *Associação Alzheimer Portugal (AAP)* and *Casa do Alecrim (CdA)* been helping dementia patients and what opportunities lie ahead?

1

Context

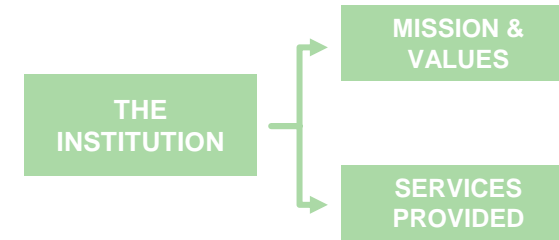
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What is Alzheimer and why is it relevant among society?



2

What is *Associação Alzheimer Portugal* and what is its mission?



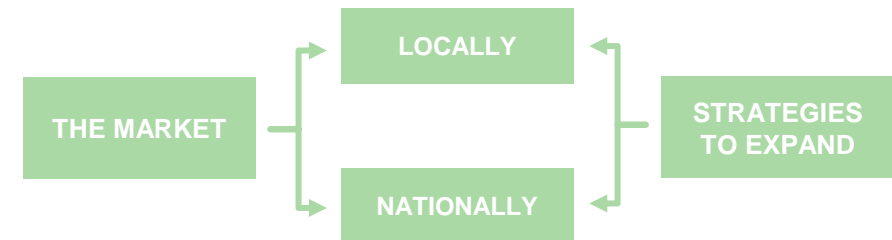
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What is *Casa do Alecrim* and what is its relevance inside *AAP*?



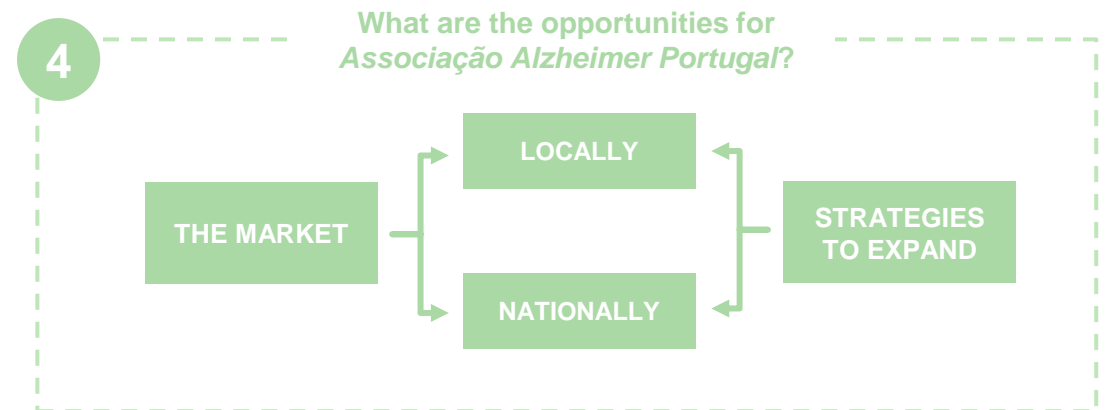
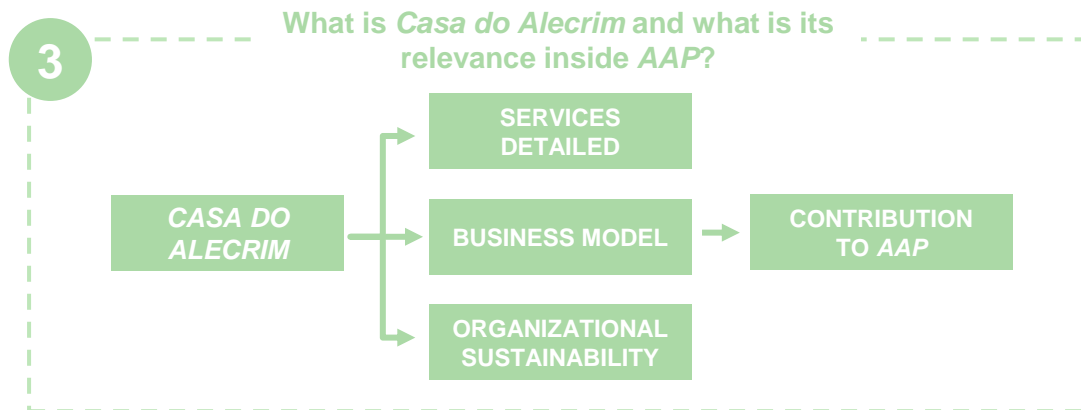
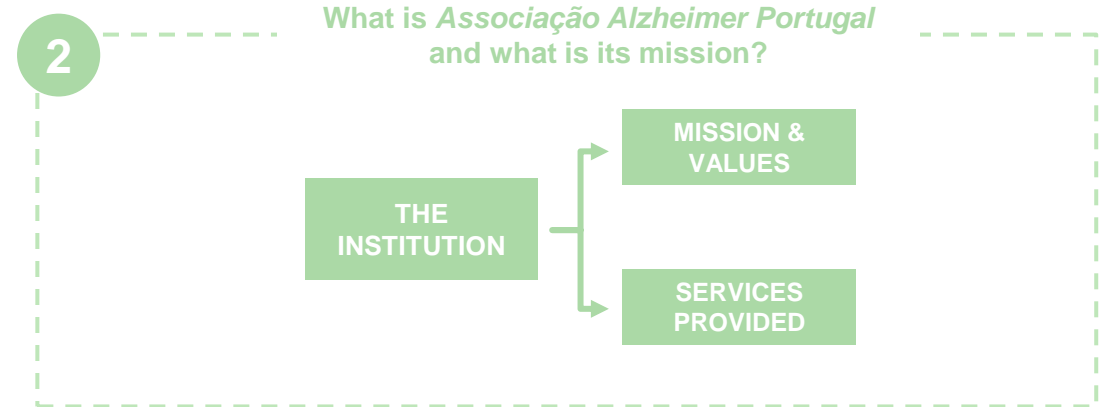
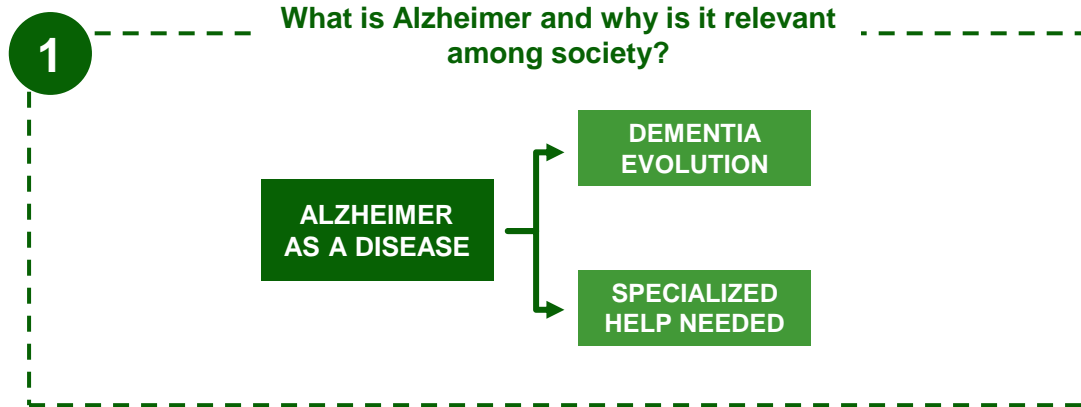
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What are the opportunities for *Associação Alzheimer Portugal*?



To properly address a project for *Associação Alzheimer Portugal*, understanding Alzheimer's disease and the help it requires was needed

Our first approach was to get to know more about Alzheimer and what it entails. To do so, a research was conducted, not only to understand its **current state** but also to understand the expectations regarding its **evolution** in the upcoming years.



Alzheimer is a progressive disease where memory, thinking, and behavior capabilities get worsen over time, developing through 3 different phases



Alzheimer's Theoretical Explanation

- Our brain has 1 billion nerve cells, which we call neurons. They form communication networks between each other and are responsible for our **learning, remembering, and thinking**
- Although this is not an **exact assumption**, scientists believe Alzheimer results from an **agglomeration of protein plaques** and tangles that **interfere** with the brain nerves cells communication and **disrupt processes** that cells need to survive
- This process leads to the **continuous deterioration** of the brain, meaning people start having **mental problems**, and end up with no **motor skills**.
- This deterioration process may vary from case to case. It can be fast, occurring in a **few months**, or it can last for **multiple years**

3 Phases of the Disease

Initial

- The dementia **gradually** starts to appear. The symptoms are commonly **wrongly associated** with oldness or too much workload

Moderate

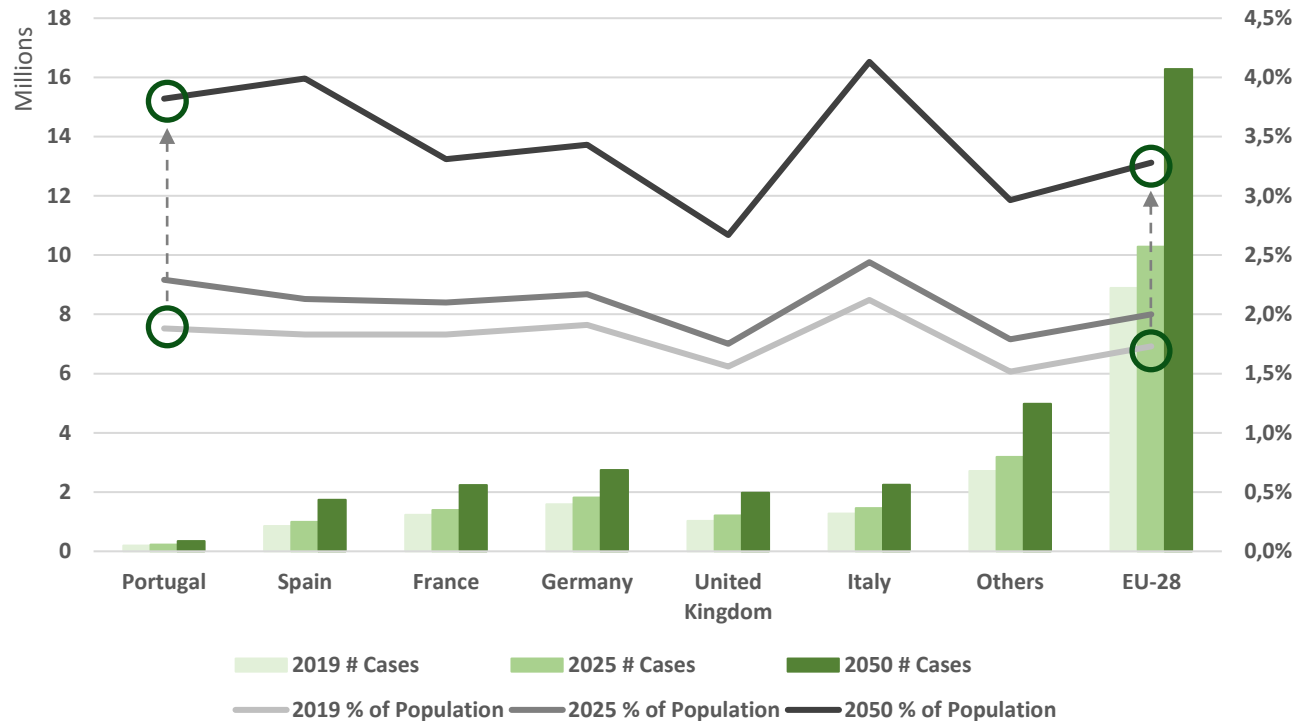
- Patients do not know what to do when they wake up. They lose their organization skills and start losing motor skills

Terminal

- People get **severely disabled and totally lose their expression**, requiring total care

The prevalence of dementia in Portugal is expected to double until 2050, rising at a higher pace than the aggregate of the EU countries

Prevalence of Dementia for the next 3 decades



EU-28

- Both the number and the prevalence of **people with dementia are expected to increase** for all the EU-28 countries during the period in scope
- The **prevalence of dementia in Portugal** is expected to be **higher than for the aggregate of the EU-28** for every period considered
- The prevalence in Portugal is expected to rise from 1,9%, in 2019, to 3,8% in 2050, whereas the aggregate of EU-28 is only expected to rise from 1,7% to 3,3%

Worldwide

- **Portugal is the 4th country** with the most cases of dementia per inhabitant among OECD* countries
- Worldwide, there are **50 million people with dementia**
- It is estimated that **5-8% of people worldwide aged 60+ will have dementia at a certain time**

(1) OECD - Organization for Economic Co-operation and Development

The expectations for the increase in the number of people with dementia in EU-28 is mostly driven by the **continuous increases in life expectancy**, which ultimately rises the likelihood of **more people developing this condition**.

Although there is no cure for Alzheimer, there are some ways to delay its progression, requiring professional help



Why external help?

- Alzheimer **requires special attention** since the very initial phase: controlling **aggressiveness, meals or money**, among other precautions, is needed
- The majority of people with Alzheimer are **elderly (+65)**, without much physical abilities to perform daily tasks
- **This calls for help.** However, **close relatives** with their **day-to-day jobs** cannot help as much as this dementia requires



How? Specialized help

- Delaying the progression of Alzheimer is not an easy task. It can be achieved through a lot of efforts, such as **stimulating sensations, giving a sense of existence**, and valuing people's capacity of executing daily tasks
- Specialized work is required such as **physiotherapy, occupational and song therapy**, and **snoezelen activities**
- A normal family does not have the **means** nor the **time** to provide such help

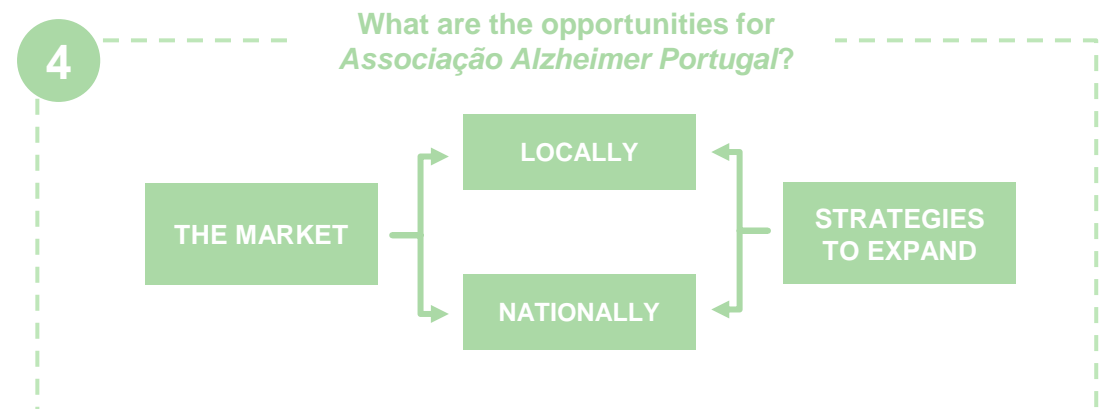
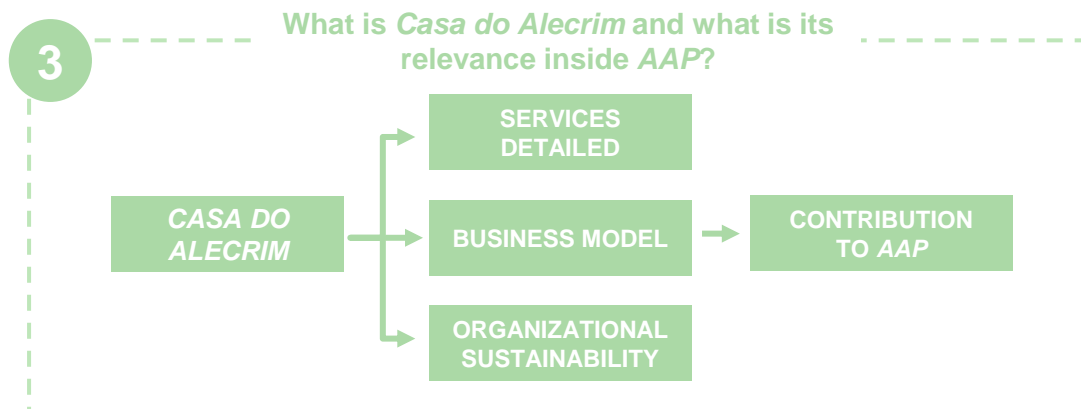
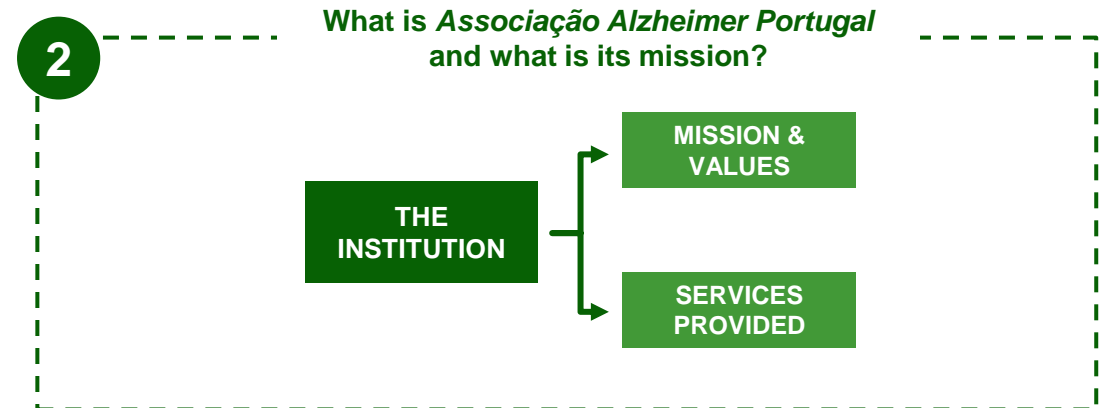
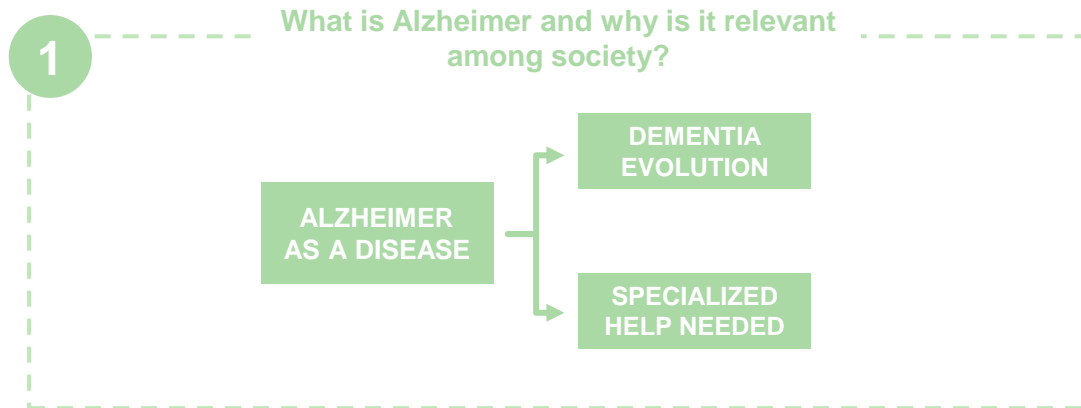
Associação Alzheimer Portugal



All of these turn out to be **increasingly demanding for the family**, being the only plausible option to look for **external help**.
Associação Alzheimer Portugal provides **qualified support** to deal with dementia.

AAP focuses on dementia patients, but deep diving into the institution allowed for better understanding of its impact

After researching about Alzheimer and developing a greater knowledge about this dementia, it was also important to get to know more about **Associação Alzheimer Portugal**, namely its **mission** and **values**, and lastly how they propose to **generate social impact**.



Associação Alzheimer Portugal is the only Portuguese organization specialized in improving the quality of life of people with dementia

Associação Alzheimer Portugal is an *IPSS (Instituição Particular de Solidariedade Social)* founded in 1988 and specifically built to promote the quality of life of both people with dementia and their caregivers.



Mission

Improve the quality of life of people with dementia and their caregivers, in **absolute respect for fundamental rights** to freedom and auto determination, promoting their autonomy and social involvement



Vision

A society which **integrates people with dementia** and their caregivers, recognizing their rights



Partners

Associação Alzheimer Portugal is a **member of Alzheimer Europe**. It has established **partnerships** with many institutions, such as Social Security, Cascais municipality, *Fundação Montepio*, among others



Locations

Headquarters in Lisbon; 5 delegations and 26 local offices across the country

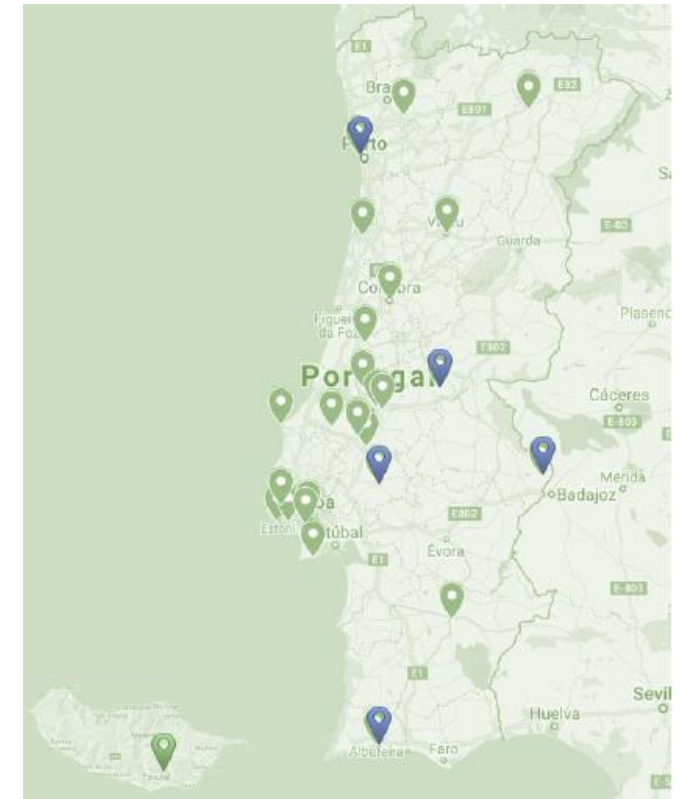
Current positioning in Portugal



Local office



Delegation



Through its different services, AAP provides direct support to dementia patients, but it also promotes health literacy in the area

THE CURRENT STRATEGY RELIES ON 2 MAIN GOALS

Specific answers and support to people with dementia and their caregivers

- **1 Nursing Home (*Casa do Alecrim*)**, also including **Day Center and Home Support**
- **3 more Day Centers**, one of them including **Home Support**
- **Home services**, as physiotherapy, cognitive stimulation or occupational therapy
- **2 centers for assistance and social rehabilitation** of people with disabilities
- **Clinical services** for patients with dementia and their caregivers (e.g. psychological support)
- Support programs, support groups and mutual aid groups
- *Café Memória*
- National Helpline
- Local offices for dementia support

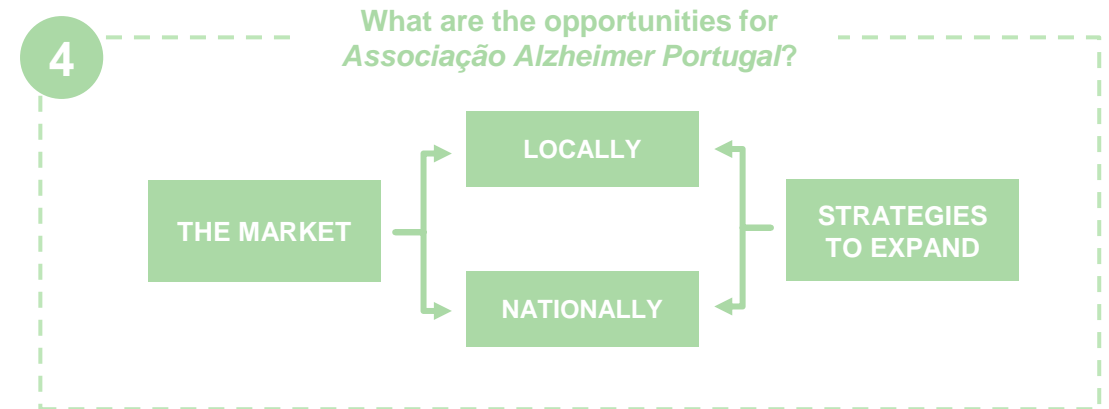
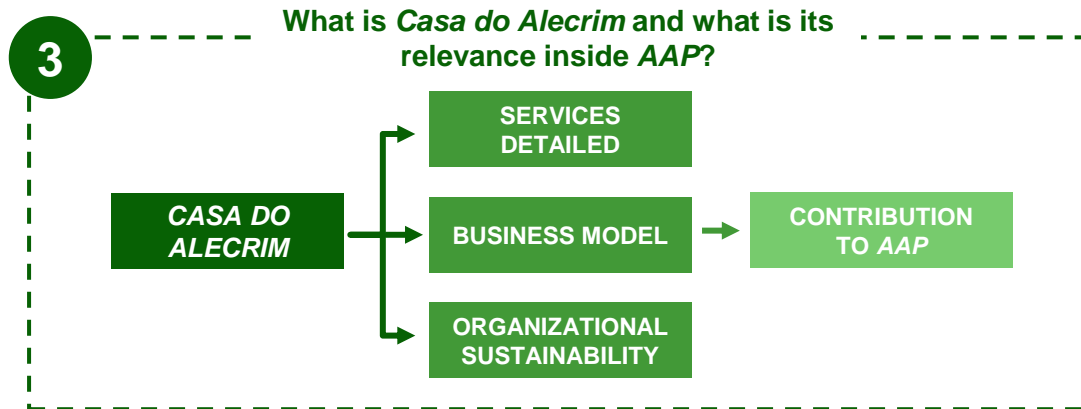
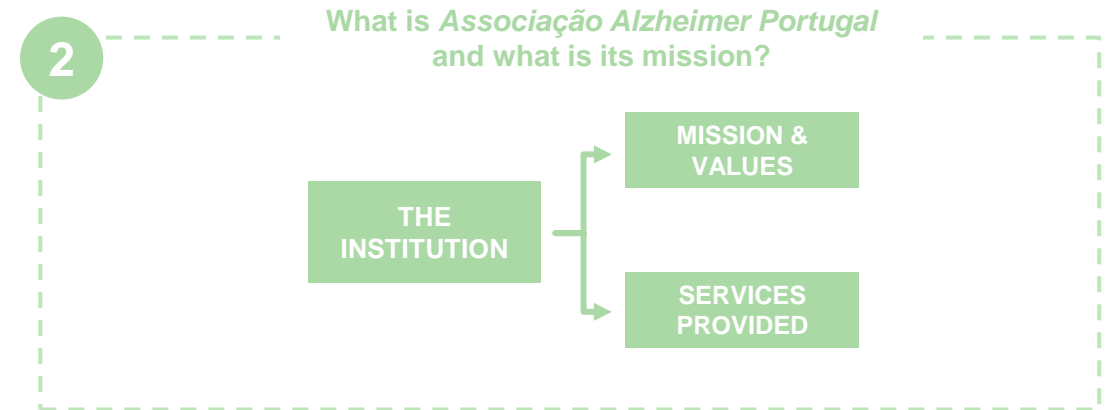
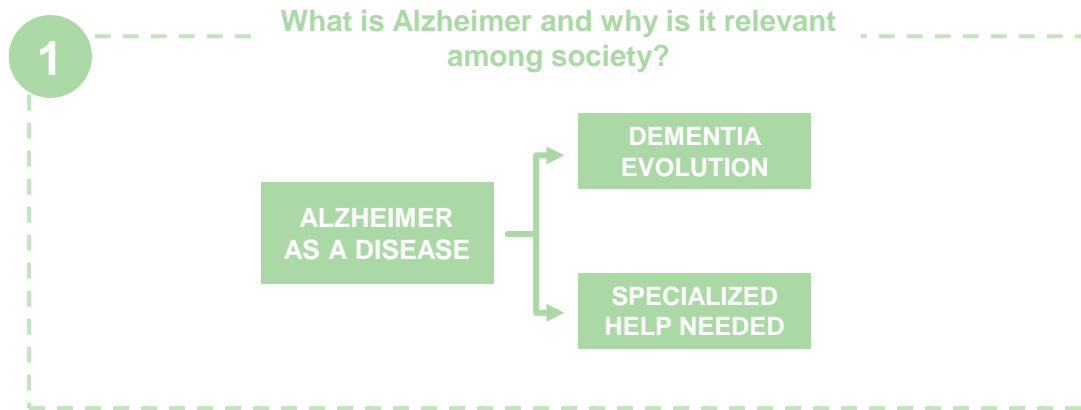
Awareness and Advocacy

- Inform and raise awareness about Dementia, through social networks, events or campaigns, but also participating on the definition of public policies

*Associação
Alzheimer
Portugal* also
provides
**Certified
Training and
Collaborates
with Scientific
Investigation**

To develop a business plan for *Casa do Alecrim* expansion, its operations and financials were analyzed. Also, its role inside *AAP* was perceived

In order to have a better understanding of **CdA business model** and how they contribute to *AAP*, its services were identified and meticulously detailed, its business model was described and properly integrated along *AAP* universe.





Casa do Alecrim has been working at its full capacity, offering three main services: Nursing Home, Day Center and Home Support

Casa do Alecrim	Services Provided			
	Nursing Home	Day Center	Home Support	
<ul style="list-style-type: none"> • Located in <i>Alapraia, Cascais</i> • Managed by Dr^a Fernanda Carrapatoso • Has 101 patients divided by the three services • <i>Casa do Alecrim</i> managed to establish a cooperation agreement with Social Security (SS), allowing the institution to receive a defined monthly amount for each user – the amount is dependent on the type of service and it is limited to a specified number of patients • It has 2 main goals - prevention and providing the best treatment possible. The first is achieved by tackling the disease in its early stages, whereas the latter relies on treating its patients with the maximum respect and according to their level of dementia 	Dementia Stage	Moderate/Severe	Initial/Moderate	All stages
	Number of Patients	36	15	50
	Patients: Under SS Private	30 6	15 0	50 0
	Working Period	24 hours / 365 days	8:30 to 19:00 (weekdays)	8:00 to 18:00 (weekdays)
	Costs (per patient, 2019)	€ 1.800	€ 950	€ 400
	SS co-payment (per patient)	€ 970	€ 660	€ 320

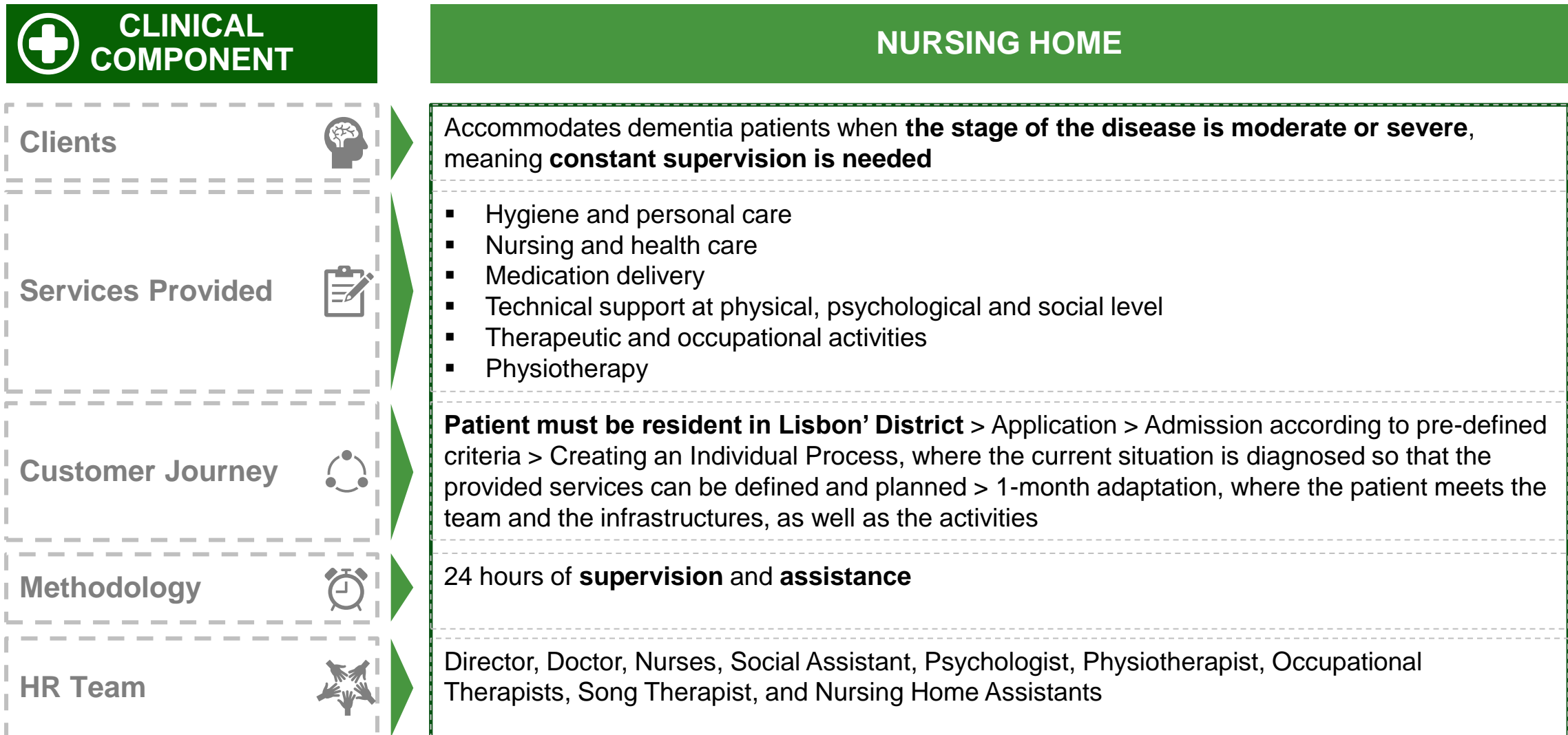
Patients under *Casa do Alecrim* clinical services do not follow any specific path across the 3 lines of services provided. However, the different dementia stages, typically, require distinct levels of assistance.

An analysis of each one of the three services offered by Casa do Alecrim was performed, detailing both their clinical and hospitality components

CASA DO ALECRIM

	NURSING HOME	DAY CENTER	HOME SUPPORT																																				
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Patients at the Nursing Home are supervised 24 hours a day, receiving health and hygiene care but also participating in stimulating activities



Day Center patients arrive at *Casa do Alecrim* during the day to practice different activities and to interact with other patients


CLINICAL COMPONENT


DAY CENTER

- 

Clients
- 

Services Provided
- 

Customer Journey
- 

Methodology
- 

HR Team

Patients who are diagnosed with dementia, when **the disease is initial or moderate**, and people can **still respond to the activity plan of this service**

- Supervising and guaranteeing patient's comfort while at the center
- Medication delivery
- Supervision of health conditions
- Hygiene care, when needed
- Cognitive and sensorial stimulation activities
- Recreation and socio-cultural activities

- Therapeutic program of physical stimulation
- Family support
- Transportation

Additionally, with extra costs:

- Total hygiene and image care

Patient must be resident in **Cascais Municipality** (unless their relatives can take them to the center) and able to keep up with the Day Center activities > Application > Admission according to pre-defined criteria > Creating an Individual Process > Host period, agreeing on frequency days






Working days, **from 8.30 a.m. to 7 p.m.** – program includes **socio-cultural** and **recreational activities, motor skills** and **non-pharmacological therapies**, adjusted to individual needs

Director, Social Assistant, Psychologist, Physiotherapist, Occupational Therapists, Song Therapist, and Day Center Assistants

In Home Support, the team meets the patient at his home to help with daily activities and provide the needed clinical support

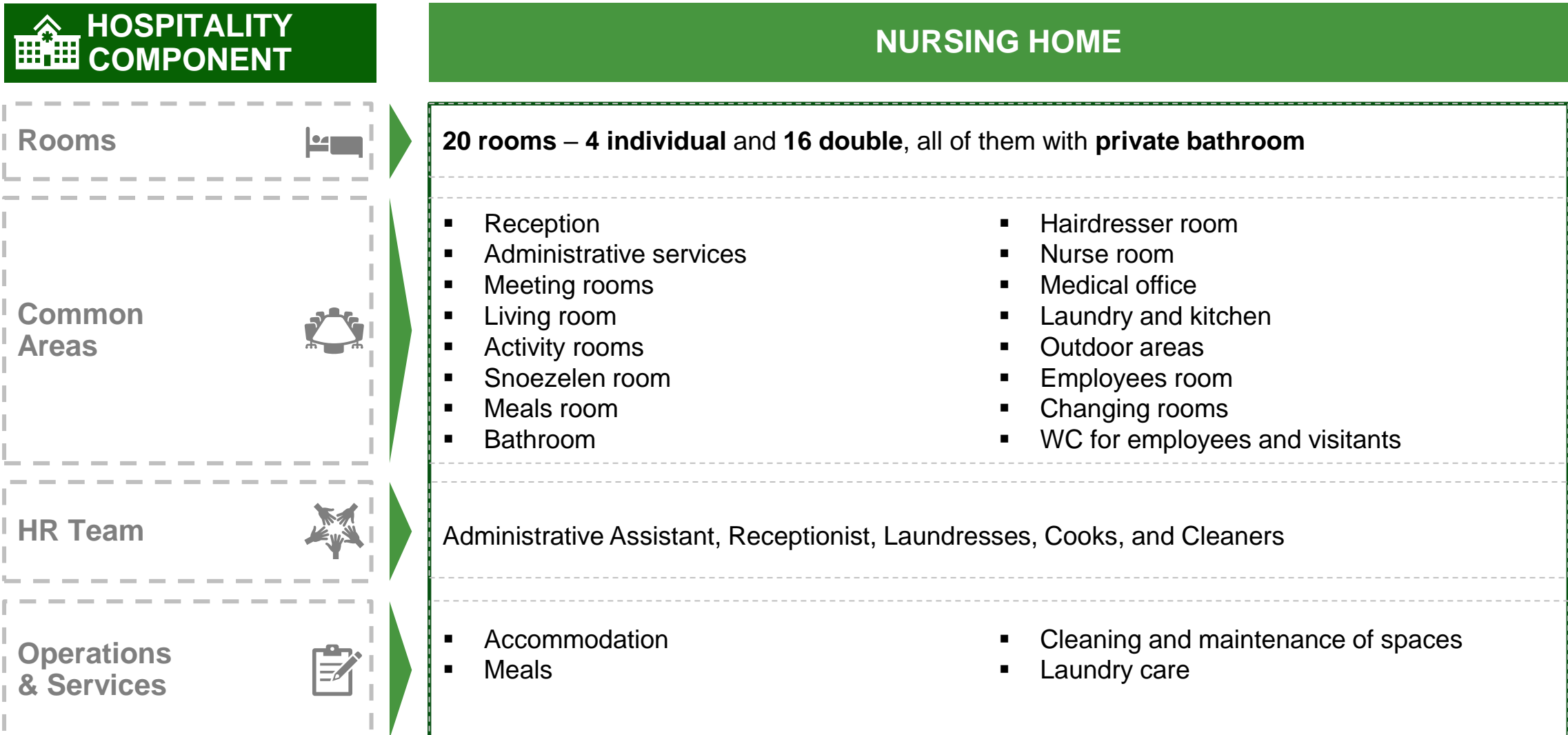
CLINICAL COMPONENT

HOME SUPPORT

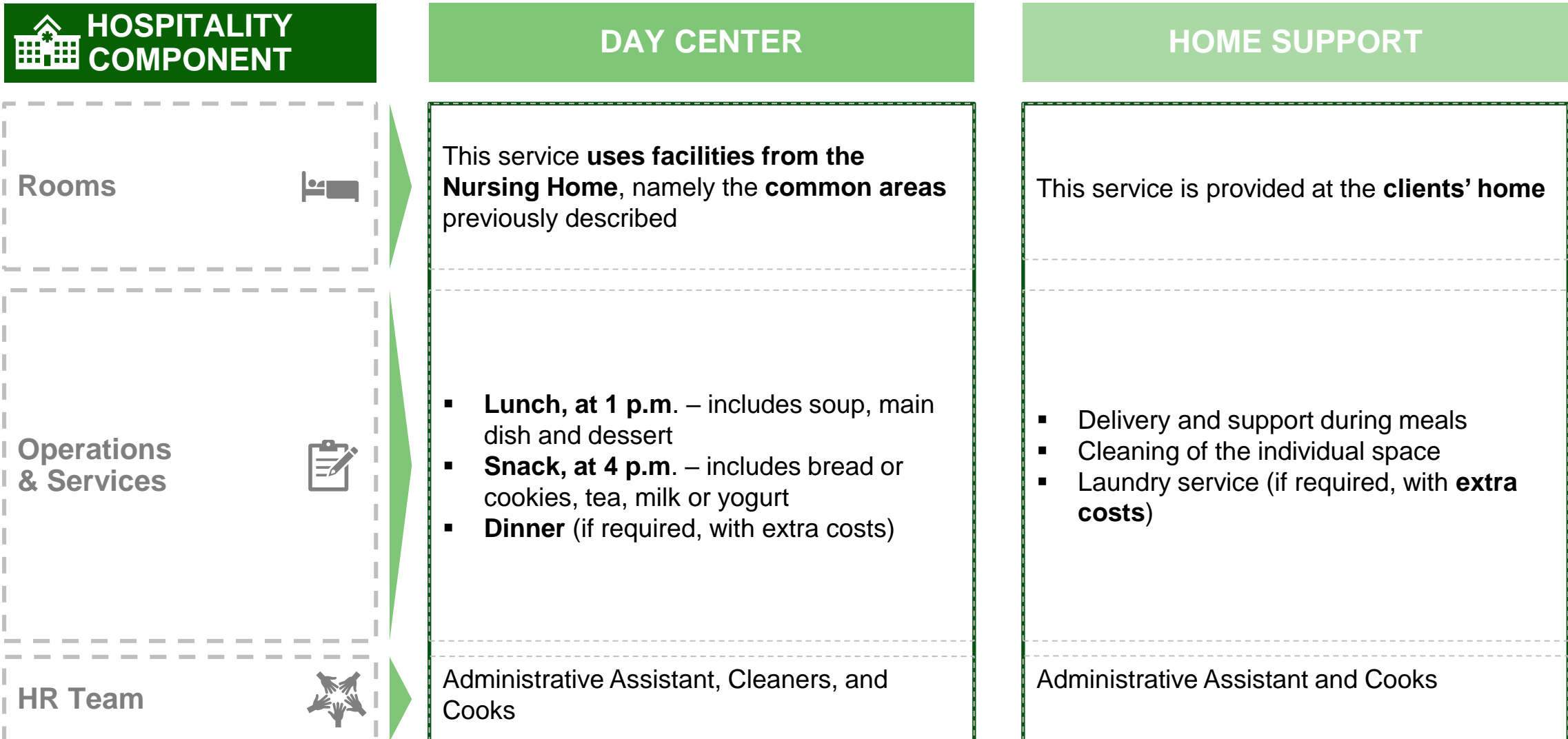
Clients	
Services Provided	
Customer Journey	
Methodology	
HR Team	

<p>Patients who are physically or psychically dependent, especially those who suffer from dementia, when their families cannot secure their basic needs and vital daily activities</p>
<ul style="list-style-type: none">▪ Hygiene and personal care▪ Medication delivery▪ Company▪ Helping to walk outside▪ Transportation to activities at CdA▪ Therapeutic activities in groups▪ Psychological and social support▪ Occupational therapy and physiotherapy
<p>Patient must be resident in Cascais Municipality > Application > Admission according to pre-defined criteria > Integration, defining the services needed and presenting the responsible team</p>
<p>Working days, from 8 a.m. to 6 p.m. – services provided according to what is agreed with each client</p>
<p>Director, Social Assistant, Psychologist, Physiotherapist, Occupational Therapists, and Home Support Assistants</p>

At the Nursing Home, patients live there, meaning they are provided with accommodation, food & beverage, cleaning and laundry services



Both Day Center and Home Support clients are provided with meals, according to a weekly menu but always respecting medical requirements



Historically, *Casa do Alecrim's* business model has been designed to match revenues and expenses

Business Model

As part of an NGO, *Casa do Alecrim* does not intend to generate profit but rather to support its costs

1st Step

Determine the **cost** per patient according to its previous year metrics

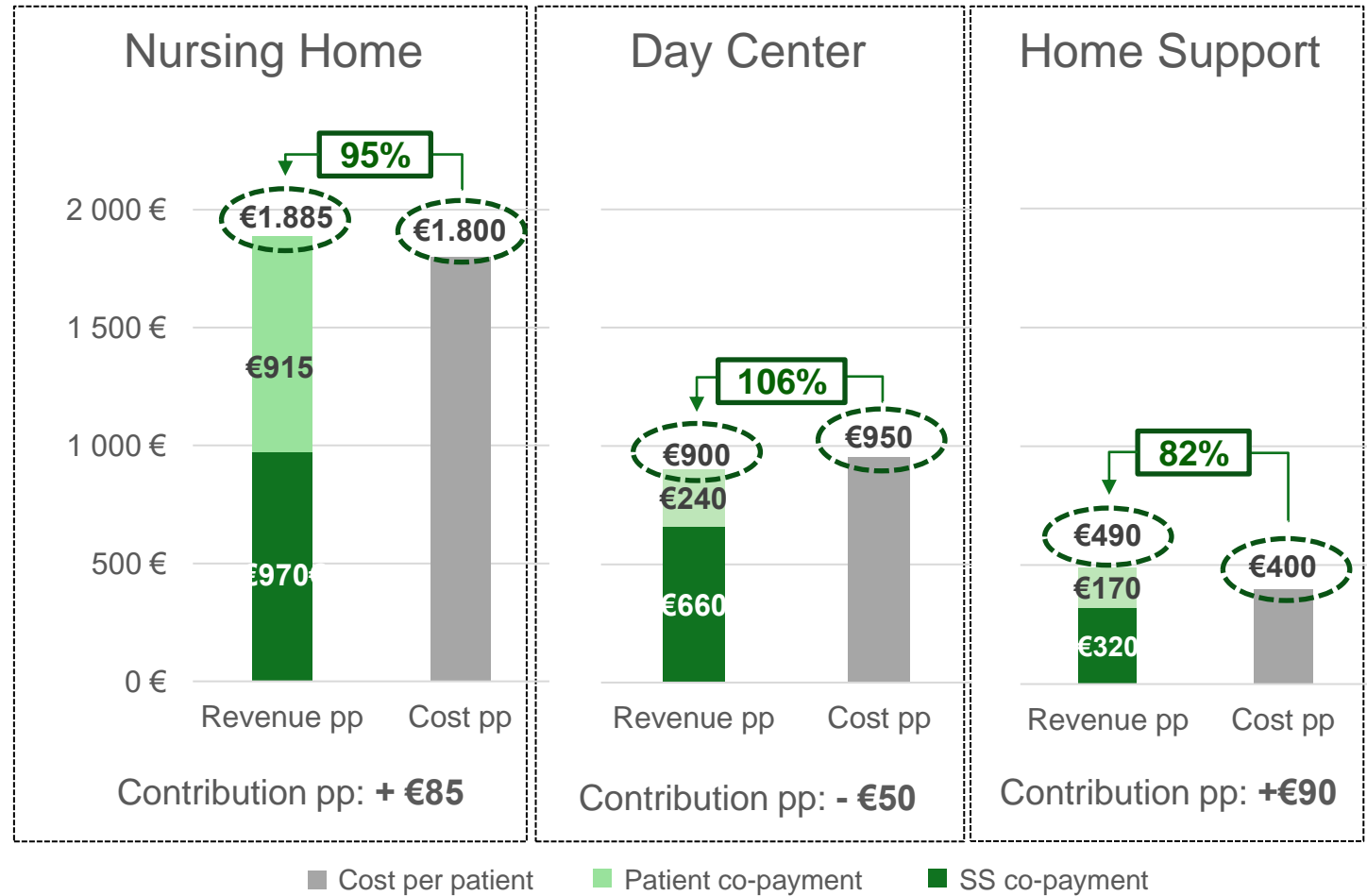
2nd Step

From the obtained cost per patient, *Casa do Alecrim* subtracts the **monthly payment per patient received from Social Security**

3rd Step

From that difference, it is understood what is the **needed average value per patient** – which, adding to the SS contribution, should equal incurred costs

The business goal of *CdA* is to match Revenues and Costs

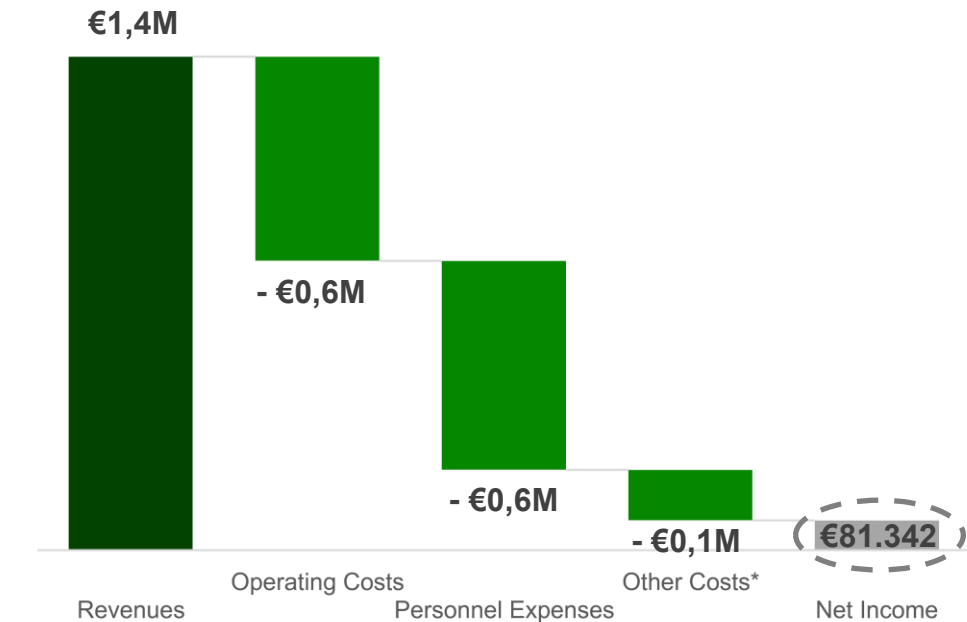


Source: *Casa do Alecrim* 2019 Results

Despite its business model, not only was CdA able to manage its expenses over the last year as its revenues represented ~50% of AAP's

Casa do Alecrim

Over the last year, CdA was able to manage its expenses and generate €81.342 as Net Income



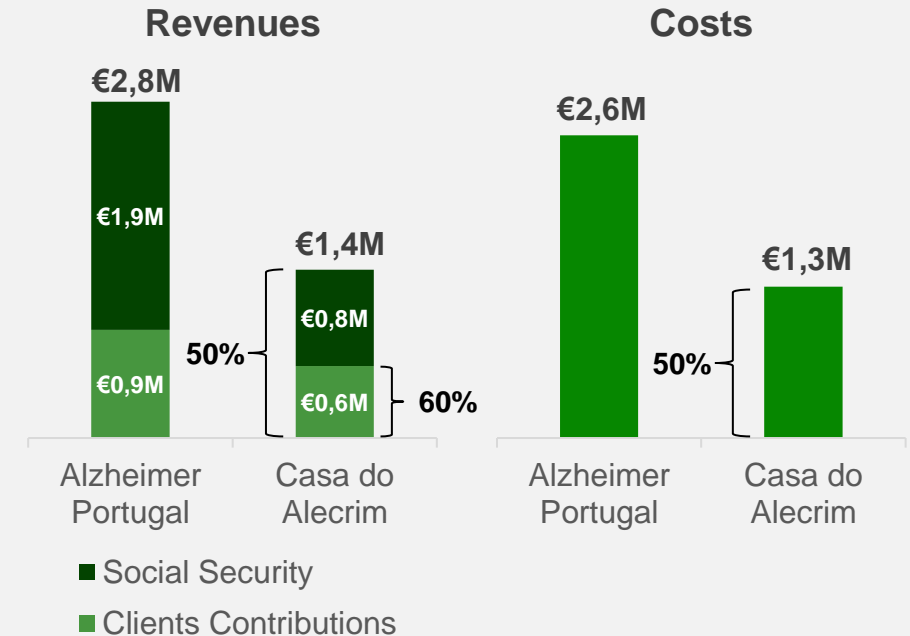
Source: Associação Alzheimer Portugal 2019 Results

Social Security Subsidies represent more than 50% of Casa do Alecrim revenues, which may be perceived as lack of financial independency

*Other Costs: Other costs; Depreciations; Interests

Casa do Alecrim inside Associação Alzheimer Portugal

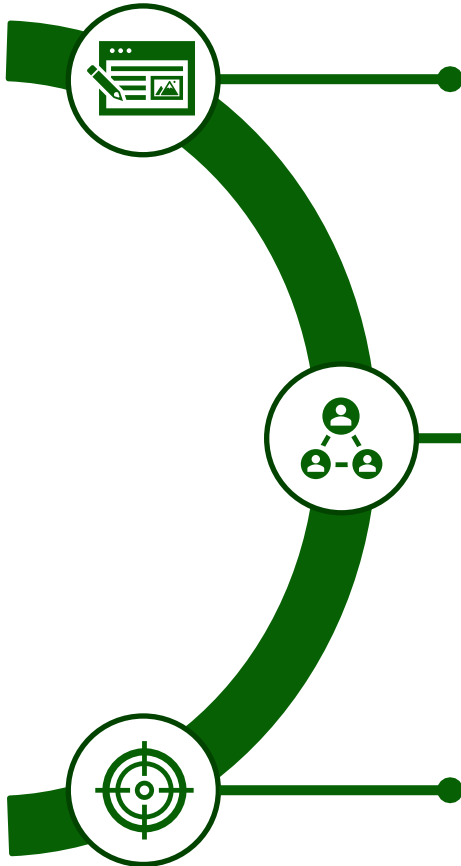
Last year, CdA's revenues represented half of AAP's total revenues



Source: Associação Alzheimer Portugal 2019 Results

Looking deeper into AAP revenue sources it is possible to infer that Casa do Alecrim generates slightly more than 60% of all revenue coming from clients' contributions

Regarding organizational sustainability, CdA day-to-day operations are well defined, but it struggles to find the right people and lacks strategic vision



Services & Programs

- Services at *Casa do Alecrim* are **well designed** and **carefully thought**
- Their dementia specialized services are of **major quality**, but the institution's **perceived quality is lower** when compared to its competitors – **regarding facilities and infrastructures**, CdA guarantees everything for its patients' comfort, **but no unnecessary luxury**

Human Resources

Casa do Alecrim employees are divided in two categories:

- Those **who are hired**
- Those **who are outsourced** and therefore, more frequently substituted

Collaborative and **supportive environment**, where everyone is part of the same team. However, **lack of career opportunities** and **minimum wages** makes the recruitment harder

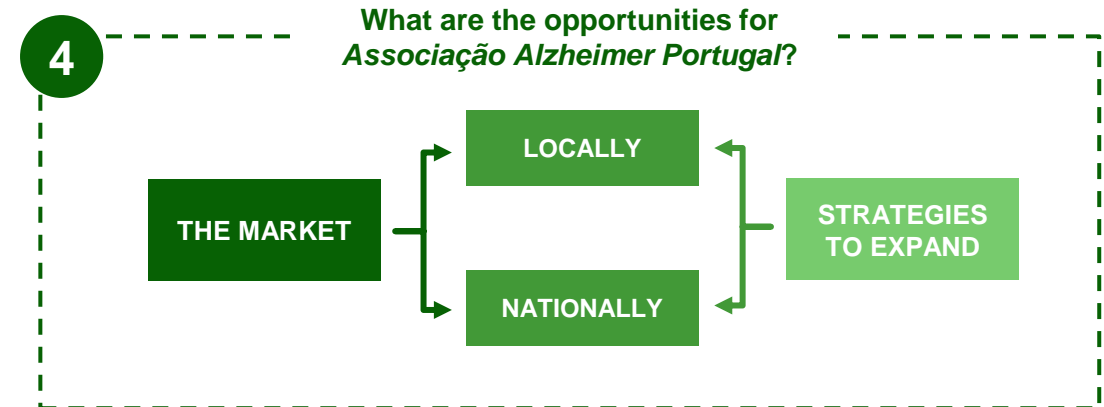
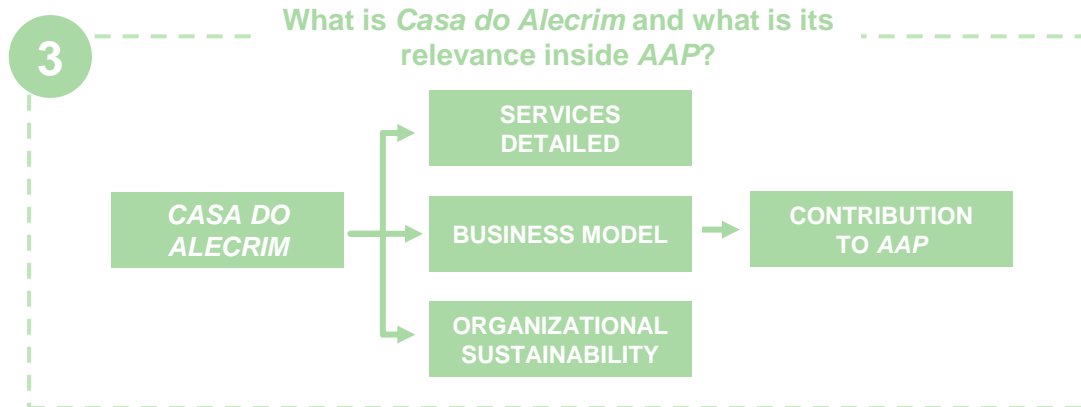
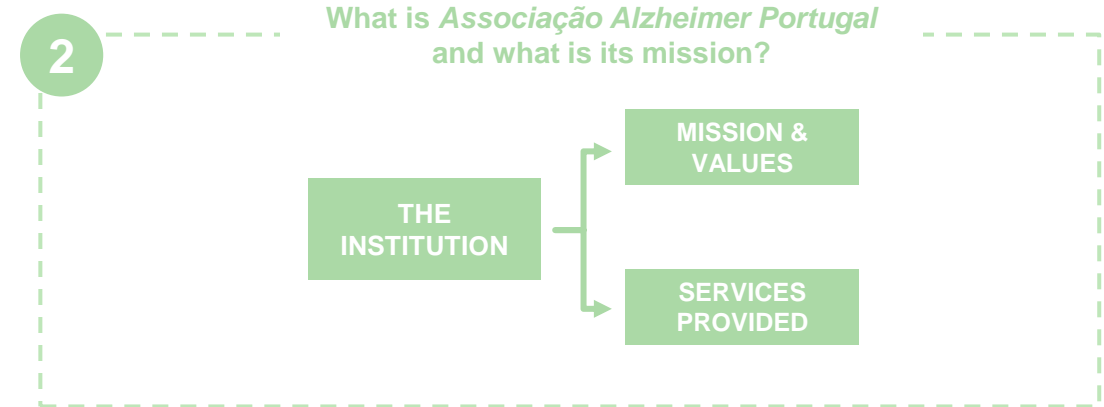
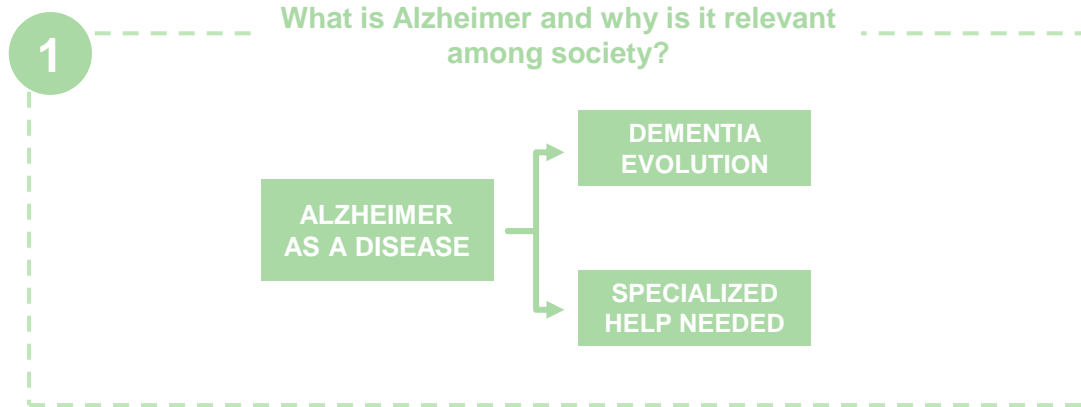
During the recruitment process, it is **no easy task** to recognize people who share the **same values as the institution**

Strategy

AAP should adjust their vision and strategic plan for *Casa do Alecrim*, and could try to **take more advantage** of the market in order to **reach to more people** who suffer from dementia

Finally, the Nursing Home market potential was studied, to have a sense of the existing opportunities both in Lisbon and throughout Portugal

Bearing in mind AAP's efforts during the last decades to help patients and its caregivers, a **market analysis** was performed regarding **expansion prospects** not only in **Lisbon** (*Casa do Alecrim*) but also **across the country**.



Within this context, if AAP wants to raise money to finance different activities, expanding *Casa do Alecrim* could be a plausible option



AAP has a glaring need...



... resources available



Expanding *Casa do Alecrim*

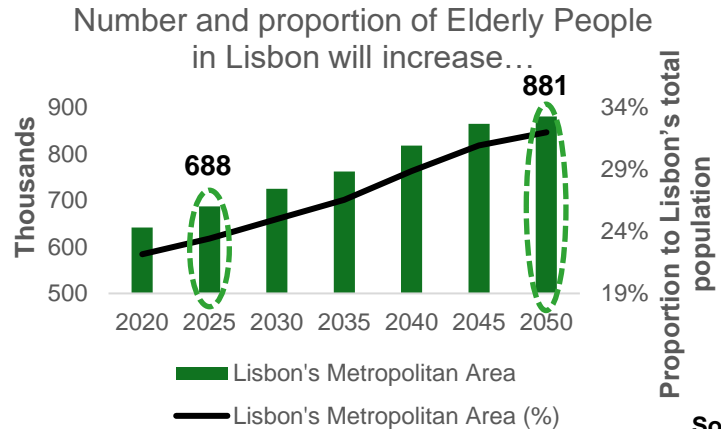
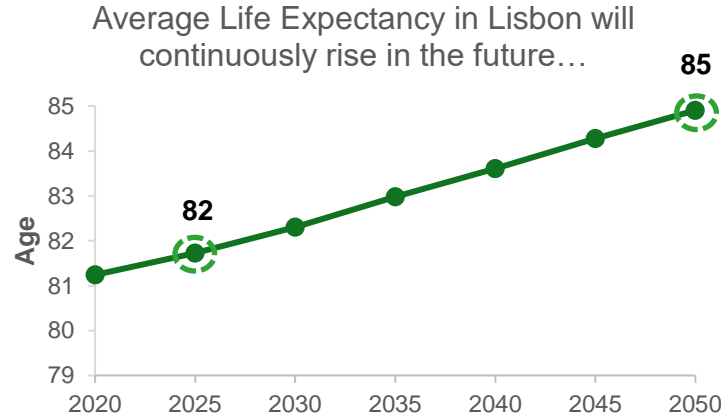
- As an *IPSS*, AAP does not seek profit as other private organizations. Its goal is to reach **breakeven in every unit** they hold
- Nonetheless, AAP offers services that **do not generate revenue** but still bear personnel costs, rent and other maintenance costs (e.g., Helpline center)
- To **cover these losses and keep providing these services**, there is a need to extract more funds from services capable of generating significant revenues

- Next to *Casa do Alecrim*, there is a **land with approximately 1.100 m²** (however, the area is not entirely available for construction)
- This land was donated to AAP by Cascais Municipality in 2011, under a **renewable 50 years contract**
- Although it is currently being used as a community garden, there is **no legal constraint to construct a building for further exploitation**

- The waiting list is expected to increase, alongside with the increase number of dementia cases in Portugal
- **Nursing Home waiting list has over 400 requests** (including more than 100 for private answer)
- **Home Support waiting list includes 38 requests**
- **Day Center waiting list is 52 requests**
- Generates **50% of AAP's revenues**, being the best revenue generating unit

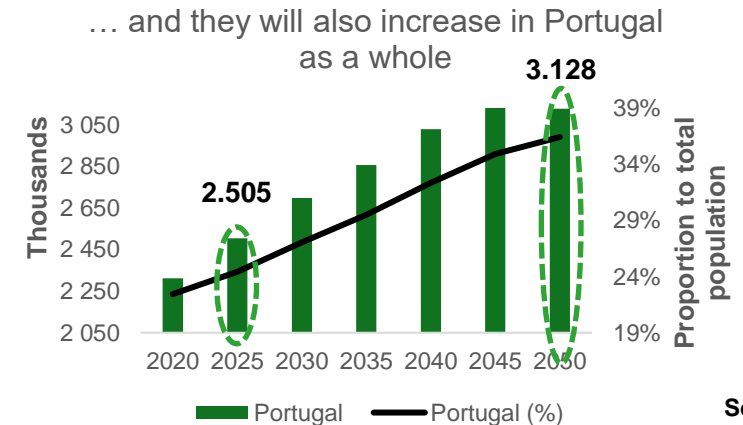
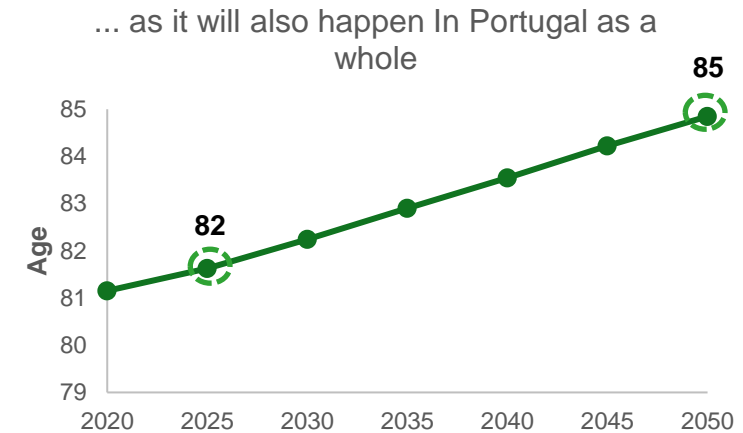
There is yet another opportunity, as not only Lisbon but also Portugal is experiencing demographic ageing, and the trend will continue

Prospects for LISBON



Source: INE

Prospects for PORTUGAL



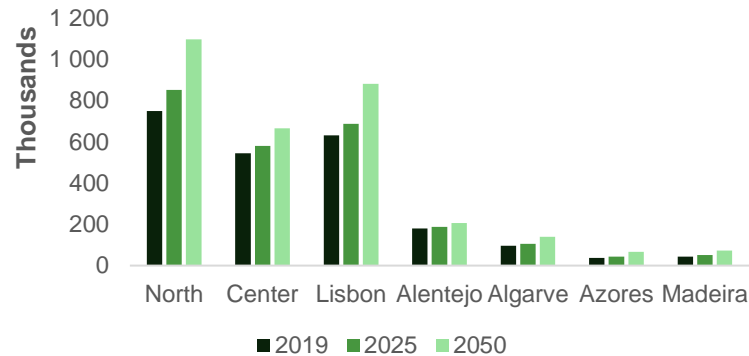
Source: INE

There is evidence of the demographic ageing not only in Lisbon but throughout Portugal. As age is the primary risk factor for dementia, there is the probability of more people developing the disease and, therefore, looking for services as those provided by *Casa do Alecrim*.

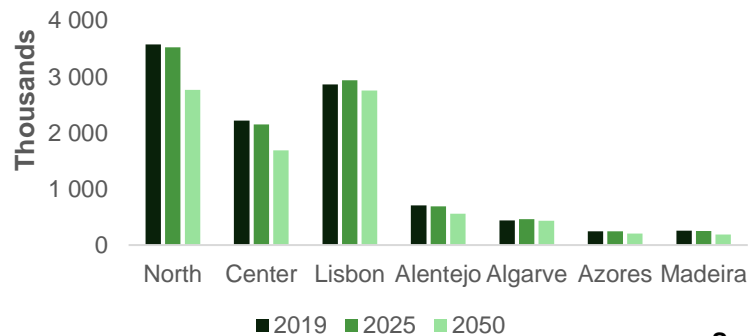
When disaggregating per region, North and Center of Portugal also have high numbers of elderly people, as well as potential dementia patients

Elderly Distribution per region

North and Center of Portugal also have significant numbers of elderly people (65+)



Considering the distribution of total Portuguese population...



Source: INE

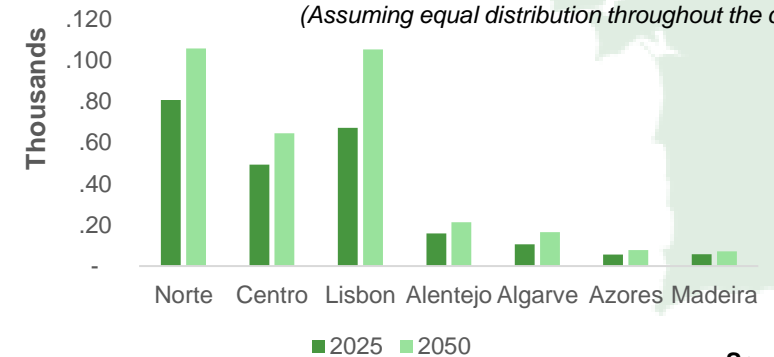
Dementia patients

According to **Alzheimer Europe**, it is expected that in 2025, 2,3% of Portuguese population will have dementia, while in 2050 the percentage will increase to 3,8%

This means almost **235K patients in 2025** and **328K in 2050**. These numbers compare to **194K** back in 2018

... we can predict on the distribution of Dementia Patients

(Assuming equal distribution throughout the country)

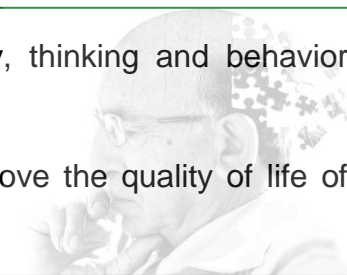


Source: INE

KEY TAKEAWAYS



- **Alzheimer** is a **type of dementia** and a progressive disease which affects people’s memory, thinking and behavior capabilities. Its **prevalence is expected to increase in Portugal**
- **Associação Alzheimer Portugal** is the **only institution** in the country specifically built to improve the quality of life of dementia patients, having more than **30 years of experience**



As the number of elderly people is increasing throughout Portugal, and age is the primary risk factor for dementia, the market for specialized nursing homes yields 2 opportunities for AAP

1 Take advantage of the available land next to CdA and expand the current infrastructures

Knowing that **CdA** is the best revenue generating unit inside **AAP** and that it has significant waiting lists, **expanding it will allow to:**

- I. Support other business units** which do not generate revenue, even though they incur costs
- II. Aid more local patients**

Casa do Alecrim Expansion Business Plan

2 Capitalize on its competitive advantage as expert on dementia treatment and its experience as training entity to expand nationally

Knowing that the nursing home market is attractive for an investor, **sharing its knowledge and know-how will allow to:**

- I. Increase the reach of AAP’s social impact and help**, benefiting a higher number of needed people
- II. Improving AAP’s financial sustainability**

Social Replication