

A Message from the President & CEO Mark Parkinson

WE WON'T BACK DOWN

Our profession faces its greatest challenge in history. This isn't like the usual fight we have in D.C. over a two percent increase or cut, or over some crazy regulation. Instead, this is a battle for the lives of our residents, our staff, and the very survival of our sector.

We didn't cause the COVID-19 crisis, but we will be a large part of the solution.

How Did We Get Here?

First, this virus has one unique feature that the world hasn't faced in a long time. That feature is that 40% of the people who become COVID-19 positive show few, if any, symptoms for several days before becoming sick. Even while showing few symptoms, they are infectious and can spread the virus, making the perfect implementation of traditional infection control ineffective in stopping its spread.

It is possible that there have been tens of thousands of pre-symptomatic COVID-19 carriers in the United States. There may be hundreds of thousands right now. In cities where there are large numbers of COVID-19 positive residents, it was inevitable that some of them would visit our facilities, and others would work in our buildings.

It wasn't a matter of bad operators getting COVID-19 and good operators not getting it. The facts indicate that your Five-Star rating, profit vs. not for profit status, or prior deficiency history are not predictors of whether COVID-19 gets in your buildings. The most important factor in determining whether COVID-19 ends up in a building is the surrounding community of where the building is located. If you are located in New York, you likely ended up with COVID-19 in your building. If you are located in the rural Midwest, you are less likely to have COVID-19 in your building. It depends on the outbreak in the surrounding community, which impacts the number of carriers without symptoms.

This isn't just my conclusion. The academics who have done a deep dive on this question agree. [Independent findings from researchers at Harvard, Brown, and the University of](#)

[Chicago agree.](#) It is incredibly important that our staff, residents, family members, and policymakers understand this. Our staff and residents were victims of a virus that spread from carriers who didn't know they had it.

Once we learned that pre-symptomatic carriers were spreading this virus, we could only fight back if we had sufficient testing to figure out who had the virus and sufficient PPE to keep it from spreading. We couldn't get either. This is where our staff and residents became victims for the second time. They were victims of terrible public policy decisions. When public health officials worried that every hospital in the country would be overrun with COVID-19 positive patients, policymakers mistakenly allocated all available resources and attention to hospitals, despite all the alarm bells going off in February for our especially vulnerable population. We should be thankful that stay-at-home orders helped flatten the curve and prevented our hospitals from being further overwhelmed. But it didn't have to be this way—both hospitals and long term care could have been prioritized for testing and PPE. Tens of thousands of lives were lost due to this mistake.

Now, we are being blamed. Rather than recognizing that long term care providers were helpless to identify pre-symptomatic carriers who were spreading the virus, we have been blamed. The knee jerk government response to an outbreak has been inspections, deficiencies and fines. At a time when we need collaboration and a helping hand, we are instead getting hit with a punitive approach.

This government response in some cases is an attempt to deflect from the horrible policy mistakes made during January, February and March. In other cases, it's just ignorance. Some continue to believe that only bad facilities have COVID-19 and so the answer is more regulation, more deficiencies, and more fines.

Those aren't the answers. The real answers are that we must:

1. Continue to work hard to make sure that COVID-19 cases in the community at-large are low. If cases spike in the community again, it is inevitable that cases will spike in long term care centers.
2. Be an absolute priority for testing and PPE. Those are the only ways we can stop or slow this down. It's not enough to mandate testing. Government officials need to make sure tests are available and provide funds to cover the costs.
3. Re-double our efforts on our internal infection control to minimize the risk of spread.
4. Re-open to visitors only when there is a very low rate of COVID-19 in the community and sufficient PPE exists to make the visits safe.

You are Fighting Back

Given all of this, I wouldn't blame you or the sector for giving up. What you have fought against and seen in your buildings has been traumatic: well over 150,000 cases in our

buildings and tens of thousands of deaths. As a former operator, I know firsthand the deep relationships you form with residents and staff and the despair from any loss of life.

In some parts of the world, providers have been overwhelmed and just given up. That has not happened here. Some of you have worked 90 or more days in a row, often with double shifts, to keep our residents and fellow staff safe. You and your teams have been incredible, and we've been inspired by [your stories](#).

We are Fighting Back in D.C. as Well

Your work has inspired us to work harder than ever to win this battle, and it is working. Early on, we realized there would be an enormous financial impact on your operations. It was clear that there would be an impact on census and a massive increase in operating costs. We knew that funds were needed quickly.

We were fortunate in getting a series of small wins, that collectively, have started to help. These included:

- Medicare Advanced Payment that provided three months of advance payments. This helped with short-term cash problems, but is just a loan, so we recognize it is a temporary solution.
- Paycheck Protection Program, that is a fantastic small-business program, but only applies to a certain group of our members.
- Lifting of Medicare sequester. This increased everyone's Medicare rate by 2%. In normal years, we would be very excited about this, but this is not a normal year and 2% isn't close to enough.
- Clean 2021 payment rule with a 2.3% additional increase on October 1. Again, good news in a normal year, but doesn't solve the problem here. The best part of the payment rule is that there was no change in PDPM.
- Waiver of the 3-day stay requirement during the Public Health Emergency. This has turned into a big deal in buildings with lots of COVID-19 because we are able to immediately move residents to skilled care.

As important as the above victories were, they don't come close to solving the challenges we face. The first big win occurred in the second stimulus bill, the CARES Act. This is when Congress set up the \$100 billion "hospital" fund, that later became a \$175 billion fund. Our win was that we convinced Congress that the "hospital" fund should be open to all health care providers, including skilled nursing facilities and assisted living communities, and set the stage for our later success.

That later success came in the forms of payments to SNFs from the \$175 billion fund. So far, HHS has paid \$113 billion out of the fund and skilled nursing has received \$7.5 billion. In a series of three payments, the average building has received roughly \$500,000.

And just today, HHS announced it will distribute approximately \$15 billion of these relief funds to eligible Medicaid providers. This is great news for Medicaid-only nursing homes,

Medicaid-certified assisted living communities and ID/DD providers who have yet to receive a payment from the Provider Relief Fund General Allocation. If you believe you meet this criteria, look out for more details from HHS and soon from us.

As favorable as this sounds, there is still much work to do. For buildings that have been hit hard by COVID-19, the current funding does not come close to covering the impact. Further, we will be fighting this virus in our buildings until there is a vaccine, and all operators need more help for testing, PPE, staffing, lost revenue, and added expenses. Finally, we have yet to get relief for assisted living, which has unacceptably been left out.

Members Approve an Historic Media Campaign to Fight Back

As further evidence that you refuse to back down, the entire membership approved the largest media campaign in the history of the sector. By a vote of 49-0, the AHCA Council of States approved a \$10 per SNF bed assessment in June of 2020 and another \$10 per SNF bed in June of 2021 to provide the funding for this effort.

This will allow us to put together a \$15 million campaign and fight back on two fronts. First, we will continue social media efforts and paid TV ads in D.C. that will allow us to continue to build upon our policy success. Second, we will run ads on national cable networks to tell the stories of our residents, our staff heroes, and the care we provide. Through all this, we hope to shape the national conversation. For more information about the campaign, [watch this video](#) or [read an overview](#) (member login required).

Our Next Steps

Fortunately, we have three specific opportunities that are in front of us right now that we must seize.

First, we have a real chance to get some financial relief for **assisted living**. The time for this effort is right now. The HHS fund still has \$62 billion left, and HHS is listening to our argument that this fight isn't just taking place in skilled nursing centers, it's also happening in assisted living communities. HHS is used to regulating and paying Medicare providers. The reluctance to fund assisted living has been about them not knowing exactly who all of the assisted living providers are and figuring out a specific payment mechanism for them. We have made significant progress in getting HHS comfortable with funding assisted living, but they are not completely there yet.

Our second opportunity is **federal liability immunity** related to COVID-19. We need it to survive. While some states have issued immunity, these have been hit and miss, and some immunity orders are stronger than others. Only a reasonable federal immunity solution that will protect our operators and staff for their good faith efforts during this challenging time is what we're asking for. Fortunately, Senate Majority Leader McConnell is strong on this

issue and has said that if liability immunity is not in the next stimulus bill, he will not allow the bill to advance. That gives us a real shot at success. Keep your eye out for legislative alerts in July, when we may need you to weigh in with your member of Congress.

Our third opportunity is for **additional funding for skilled nursing centers** from the \$62 billion left in the Provider Relief Fund. HHS is accepting our argument that long term care providers hit with COVID-19 need additional help. So far, they have resisted our efforts to make a special allocation to these providers due to the complexity of developing a formula for payment. We are sharing possible formulas with them and are encouraged that they are getting more comfortable with this approach. We are about a week away from activating all of our membership to help us with this effort, so please look out for additional legislative alerts.

Lots of Changes for AHCA/NCAL

The challenges that we face as an Association have been huge. We realize they are nothing compared to what you are facing, not even 1% of what you are facing. However, we have had to make changes and want to make you aware of them.

First, **we've had to cancel all in-person meetings until November, including our annual Convention.** This has hurt our budget, and the Board has reacted quickly and decisively. The Board reduced our 2020 revenue projection from \$39 million to \$33 million, and then cut expenses almost an equivalent amount.

This doesn't mean Convention is canceled – we are going virtual! Our annual meeting will still be held in October, but it will be virtual. We have booked what we believe is the best online platform and pledge to make it a great experience.

WE NEED YOU TO SUPPORT THE NATIONAL VIRTUAL CONVENTION! AND WE NEED YOU TO SUPPORT YOUR STATE AFFILIATE'S VIRTUAL CONVENTIONS!

The business model of all associations requires conventions to work. We are going to deliver more CEUs than ever before, and we really need providers of all sizes to embrace this new frontier. Please look for registration information in July.

Last, we are moving forward with **Quality Awards in 2021!** We know that it's hard in a pandemic to think about applying for a Quality Award. But what a statement your participation would make. Imagine that during the greatest challenge in the sectors history, your buildings didn't just survive, they prospered. The Quality Award Program in 2021 will give you that chance. Look for application materials, educational resources and an updated renewal policy in August.

Our Vendors Have Stepped Up

This year would be a complete financial disaster for the Association if it weren't for our fantastic vendor partners. Because most of the meetings they sponsor have been cancelled, in normal times, they would be providing very little funding for our efforts. With member dues only accounting for 50% of our funding, this could have been a disaster.

Fortunately, many of our partners have stepped up and signed the AHCA/NCAL pledge. That pledge says that vendor partners will fund us in 2020, at the same level as they did in 2019, even if the meetings they agreed to sponsor are cancelled or turned into virtual meetings. In return, we're doing everything we can to promote these vendor heroes in other ways. See a list of the incredible partners who have signed the pledge below and [learn more our website](#).

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| Capital Funding Group | LTC Properties, Inc. | Preferred Podiatry Group |
| Direct Supply | MediLogix | Rosie Connectivity Solutions |
| Essity | Medline | Sabra Health Care REIT, Inc. |
| First Quality | Omega Healthcare Investors, Inc. | Select Rehabilitation |
| Forum Purchasing | PharMerica | SRX |
| Healthcare Academy | Plante Moran | TEAM TSI |
| Healthcare Services Group | PointClickCare | |

Finally, a Big Shout Out to Debbie and Helen

Our dynamic duo of national chairs, Debbie Meade and Helen Crunk, deserve a special thanks. Both are active in their buildings every single day. Debbie, after working 60 straight days in one of her buildings, became COVID-19 positive and fortunately, beat it. During it all they have led us, kept us upbeat, and on point. Without them we wouldn't have the success we've had or the major media campaign we are about to launch.

2020 has been a super tough year. And it's only JUNE. But we aren't giving up and we know you aren't either. Thanks for all you are doing. It inspires us every day.



Mark Parkinson
President & CEO, AHCA/NCAL