

PROTECT ACCESS TO LONG TERM CARE FOR VULNERABLE RESIDENTS

Thousands of nursing homes and assisted living communities are in danger of closing their doors in 2021

Beyond COVID-19's emotional and physical toll on our long term care residents and health care heroes, this pandemic has taken a financial toll—the worst in the history of the long term care industry. Providers are currently facing an economic crisis, due to the high costs associated with COVID-19, chronic Medicaid underfunding, and a drastic decline in patient census. Without immediate aid, many long term care facilities will be forced to close their doors, threatening access to care for thousands of vulnerable residents.

The Impact on Residents

Due to COVID-19 and historic underfunding, thousands of long term care facilities are on the verge of collapse, and this has real consequences on our residents. Most residents are older adults living with multiple underlying health conditions, and they require a high-level of specialized care. Closures leave residents displaced from their long-standing communities and loved ones as well as reduce their options for quality care, especially in rural areas. Long term care providers need adequate funding so they have the proper tools to protect residents and staff from the virus and can continue delivering the high-quality care seniors and individuals with disabilities depend on.

Increased Costs

Long term care facilities have dedicated extensive resources to fighting COVID-19. The costs associated with routine testing, personal protective equipment (PPE), and staffing have pushed many facilities to the brink. In 2020, nursing homes spent an estimated **\$30 billion on PPE and additional staffing** alone, and these additional costs are expected to continue in 2021 as the pandemic lingers.

Declining Revenue

Meanwhile, revenue has significantly declined due to fewer patients coming from the hospital as well as fewer potential residents seeking long term care. Nationally, nursing home occupancy has significantly dropped 16.5%, from 85.0% in January 2020 to 68.5% in January 2021. This has resulted in **\$11.3 billion in losses** to nursing homes in 2020 and is projected to increase in 2021 to **\$22.6 billion**. Among assisted living communities, the National Investment Center indicates that census dropped to 77.7% in the fourth quarter of 2020, down 7.4% since March—a record low for assisted living.

AHCA/NCAL did an extensive analysis estimating nursing home financials, and below is a summary of the results. Combining anticipated COVID costs and projected losses, the industry expects to lose **\$94 billion** over a two-year period (2020-2021). Without additional government assistance, thousands of facilities may be unable to keep their doors open.

	2020	2021 (Projected)	2-year Projected Total
COVID Costs (PPE and additional staff)	\$30B	\$30B	\$60B
Revenue Losses	\$11.3B (8% decline)	\$22.6B (16% decline)	\$34B (24% decline)
Facility Closures/Mergers	143	1,670	1,813

Government Assistance

Federal aid was greatly appreciated by providers; however, it did not cover the enormous response that was required. HHS has estimated that providers received **\$21 billion** in total from the federal government, that includes testing equipment, some small business loans through the Paycheck Protection Program, and approximately **\$13 billion** to nursing homes through the Provider Relief Fund (7% of the fund's \$178 billion). This was a major lifeline and helped prevent numerous providers stem the tide last year, but as the pandemic persists, more is needed in 2021.

Take Action

Congress must ensure economic stability for the health care sector and make long term care residents and frontline workers a priority by passing another COVID relief package. AHCA/NCAL is asking that depending on how Congress decides to move forward, either via reconciliation or regular order, that \$20 billion is dedicated to either an enhanced FMAP for long-term services and supports or more aid is added to the Provider Relief Fund for SNF and AL. This funding will help providers with the ongoing costs of fighting the virus and maintain critical long term care options for vulnerable seniors and individuals with disabilities.



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