



**COTTONWOOD**  
HEALTHCARE

**FOR IMMEDIATE RELEASE**

3/29/2018

For more information, contact:

[media@paschallstrategic.com](mailto:media@paschallstrategic.com)

**Inadequate Reimbursement Rates Lead to Temporary Receivership of Cottonwood Facilities**

In late 2016, Cottonwood Healthcare, LLC leased a distressed portfolio of healthcare facilities from affiliates of Golden Living in the Midwest, which remains the owner of the facilities. The facilities were already suffering from poor Medicaid reimbursement rates (which, unfortunately, are not uncommon in today's climate) and other systemic costs, such as the increased cost of staffing.

Contributing to these funding issues is the fact that, in Nebraska, the average Medicaid reimbursement is approximately \$25 per day less than the actual cost of care. Additionally, a 2016 survey found that Midwestern skilled nursing facilities reported operating at a net loss of about 0.5 percent, on average.

Cottonwood Healthcare, LLC made capital improvements and worked tirelessly to improve the results of state surveys in the facilities. Cottonwood never wavered or compromised the interest of resident care. Despite Cottonwood's efforts and infusion of millions of dollars of capital into the buildings to support the continuing delivery of patient care, the Nebraska facilities have not been able to financially sustain themselves. As a result, the state has requested the appointment of a temporary receiver. The receiver is currently responsible for operating the facilities.

We thank our loyal employees for their patience and dedication during these trying times. We appreciate and value their unwavering commitment to resident care. We remain dedicated to providing quality care to the residents in our affiliated facilities in other, less-challenged, geographic regions.

We will continue to work with state regulators to ensure the continuity of care to the residents and to ensure the continued operation of the facilities in the affected communities.

###