



# Fiscal Impact of COVID-19 in Long-Term Care

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## Financial Strain among Aging Services Providers

Aging services providers continue to face exponential expenses due to routine testing, PPE, staffing, cleaning and other ongoing costs, while revenues have fallen substantially for many.

- [Nursing homes and assisted living across the country](#) are reporting operating losses of several hundred thousand dollars a month or more, and many affordable senior housing providers have COVID-related expenses far beyond their means.
- In nursing homes, short-stay/rehab admissions are falling as the volume of surgeries and medical care has declined and hospitals discharge patients to home care settings. At the same time, long-term care admissions have fallen as families have stopped bringing their older relatives to nursing homes.
- The pandemic has triggered [revenue losses of up to 23% in nursing homes](#), and nursing homes have begun to close.
- Almost ¾ of nursing homes (72%) [reported](#) they will be unable to maintain operations for another year at this rate—and 40% said they would last less than six months.
- Not all long-term care providers have had access to federal funding relief including private-pay nursing facilities and assisted living communities.
- A Texas continuing care retirement community reported, on an annualized basis, approximately \$2,900,000 in incremental costs as a result of the COVID-19 pandemic. These costs will continue for the foreseeable future with not relief in sight. In addition to these incremental costs, the community has suffered a loss of revenues on an annualized basis of approximately \$9,000,000.

LeadingAge Texas members eligible for CARES Act relief report outspending all funding relief provided to date.

Below is an actual example of the financial impact of COVID-19 on an average size nursing home in Texas (85 residents).

<b>NURSING FACILITY EXPENSES</b>	<b>OCTOBER EXPENSES</b>	<b>YTD from 3/10/20</b>
Lost Revenue (admissions)	\$ 80,865.53	\$ 593,587.24
Employee Covid tests	\$ 34,834.79	\$ 55,334.79
Resident Covid testing	\$ -	\$ 15,300.00
Professional disinfecting	\$ -	\$ 6,800.00
Hazard bonuses	\$ 63,605.72	\$ 264,706.56
Dietary	\$ 5,222.87	\$ 23,206.43
Employee Meals	\$ 5,465.50	\$ 30,755.50
Housekeeping	\$ 506.60	\$ 8,261.36
Laundry	\$ 717.14	\$ 717.14
Activities	\$ -	\$ 67.46
Nursing	\$ 449.24	\$ 66,495.52
Agency Nursing	\$ 80,330.70	\$ 156,677.46
<b>TOTAL SPENT</b>	<b>\$ 271,998.09</b>	<b>\$ 1,221,909.46</b>
<b>COVID RELIEF FUNDING ASSISTANCE</b>		
Medicaid Add-on - \$19.63/ppd	\$ 33,508.41	\$ 253,953.31
CARES Act distribution	\$ -	\$ 370,000.00
CARES Act distribution	\$ -	\$ 164,791.52
CARES Act distribution	\$ -	\$ 195,600.00
<b>TOTAL</b>	<b>\$ 33,508.41</b>	<b>\$ 984,344.83</b>
<b>NET COVID IMPACT</b>	<b>\$ (238,489.68)</b>	<b>\$ (237,564.63)</b>

## **Testing Costs**

Aging services providers must locate and pay for much of their testing-related resources and activities, including test supplies, shipping PCR test samples to labs, and hiring or training staff to perform the tests, as well as the PPE that must be used while administering the tests. With no end to the pandemic in sight, these costs—for tests alone—are unsustainable.

- PCR tests, which are the only option for many providers, cost \$100-\$200.
- A one-time PCR test for every staff and resident in nursing homes and assisted living in the US alone would cost \$672 million.
- Antigen test kits from BD or Quidel, which cost \$20-25 each, must be purchased from the manufacturer (resupplies were not available for weeks, though the companies say they are available now).
- Expenses for antigen testing in a 150-bed nursing home can range from \$3,750-\$15,000 per week, depending on staffing levels and community COVID-19 positivity rates.
- Additional supplies of Abbott BinaxNOW tests will have to be purchased for \$5/test from the manufacturer, although inventory is not currently available (HHS is controlling distribution).

## **Personal Protective Equipment (PPE) Shortages & Costs**

Aging services providers need ongoing, reliable access to large quantities of PPE to stop COVID-19 from spreading. Texas must make these facilities a top priority when emergency PPE requests are made.

- Aging services providers have been left largely on their own to acquire all types of PPE, including gloves, gowns, masks, eye protection, etc.
- Aging services providers are using an amount of PPE that is astronomically higher than before the pandemic.
- Some PPE supply has improved, but providers are still facing significantly higher than normal prices, creating significant financial pressures. One Texas community reported paying \$7.00 per gown compared to .60 cents normally.
- Some aging services providers say they are spending [a year's worth of their PPE budget in one month alone](#). This is not sustainable.
- A leading supplier estimates PPE products are now [4-8 times more expensive](#) than before COVID-19, especially gowns and masks.
- Across the country there have been rolling shortages of various types of PPE (the FDA began creating lists of shortages) that escalate prices. "There's very much a 'Groundhog Day' feel to all of this," says Professor David Grabowski.

## **Staffing Shortages Among Aging Services Providers**

- Over 22,000 nursing home and assisted living staff have contracted COVID-19. 65 have died.
- Continued growth in positive cases among staff threaten staffing levels and service delivery, and drive additional costs for overtime and staff replacement.
- Provider requests to the state for emergency staffing are increasing, as well as use of staffing agencies to fill current vacancies. Some providers have reported paying double the average hourly wage of RNs, LVNs, and CNAs to hire through staffing agencies.
- Dedicating staff to resident cohorts and COVID-19 isolation units to care for infected residents further depletes available and already overburdened staff.
- On October 19, 2020 US Department of Health & Human Services released [COVID-19 Intensifies Nursing Home Workforce Challenges](#). The report makes recommendations to federal and state governments to maintain adequate staffing levels and quality resident care.