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McKnight's LONG-TERM CARE NEWS

Providers Receive Reprieve on Advanced Medicare Loan Repayments

Written by: Danielle Brown

10/9/2020

Providers who participated in the Medicare Accelerated and Advanced Payment Program for COVID-19 emergency will now have another year to pay back the loan thanks to Congress.

The Centers for Medicare & Medicaid Services announced Thursday that loan repayment for the program will now begin one year from the date that providers received their accelerated or advance payment. The move comes after federal lawmakers passed the Continuing Appropriations Act, 2021 and Other Extensions Act in late September. The legislation was later signed by President Trump and was effective Oct. 1.

The expanded program, which was announced in March, allowed providers to receive advanced Medicare payments in order to help their coronavirus response. The program — which is typically offered during natural disasters — provides emergency funding and addresses cash flow issues based on historical payments when there is disruption in claims submission and/or claims processing. Originally, providers were required to begin paying back their loans starting in August.

The agency paid a total of $106 billion in accelerated payments to more than 22,000 Medicare Part A and 28,000 Part B providers through the program.

"After that first year, Medicare will automatically recoup 25 percent of Medicare payments otherwise owed to the provider or supplier for eleven months," CMS explained.

"At the end of the 11-month period, recoupment will increase to 50 percent for another six months. If the provider or supplier is unable to repay the total amount of the AAP during this time-period (a total of 29 months), CMS will issue letters requiring repayment of any outstanding balance, subject to an interest rate of four percent," the agency added.

CMS also issued guidance on how providers can request an extended repayment schedule if they are experiencing financial hardships. That schedule will allow providers to create an installment plan and pay the debt over the course of three years or up to five years (if the case is extreme).

"In the throes of an unprecedented pandemic, providers and suppliers on the frontlines needed a lifeline to help keep them afloat," CMS Administrator Seema Verma said. "CMS' advanced payments were loans given to providers and suppliers to avoid having to close their doors and potentially causing a disruption in service for seniors."

A fact sheet about the program is available here, while FAQs can be found here.

McKnight's LONG-TERM CARE NEWS

AHCA's Parkinson: Feds Confirm 1M Rapid COVID Tests Weekly Through 2020, Most Worried about Low Census Levels

Written by: James M. Berklan

10/8/2020

A worrisome slowdown in federal distribution of coronavirus rapid-screening tests this week is only a temporary aberration that will quickly be corrected, the leader of the largest skilled nursing and assisted living association in the country assured Wednesday.

High-ranking officials at the Department of Health and Human Services said there was a downturn in production of the Abbott BinaxNOW that caused delays, but regular delivery of 1 million tests per week should resume again next week.

Mark Parkinson, the president and CEO of the American Health Care Association / National Center for Assisted Living, gave the new update based on fresh information during an exclusive, wide-ranging interview with *McKnight's Long-Term Care News* on Wednesday. He said that he received regulators' reassurances earlier that morning after some providers had reported not receiving their allotments.

The tests help providers meet new federal requirements to test staff twice a week if they are in "red" counties that have the highest COVID-19 infections rates, once a week in lesser-infected "yellow" counties and once a month in least-infected ("green") counties.

The stakes are high because the government's decision to send the devices to various nursing homes and assisted living operators has been "a game-changer," Parkinson said

"They're free and we're getting very rapid, and apparently very accurate, results," he said. "So the question on testing and its cost is completely linked to the government's ability to send out these tests."

He said that a well-placed staff member for HHS Assistant Secretary Adm. Brett Giroir confirmed that test units

will continue to flow to skilled facilities in red and yellow counties, as well as assisted living buildings that have the appropriate federal CLIA waiver.

“As long as they continue to do that, we can comply with the testing requirement and financially be OK,” Parkinson said. “Once they stop sending those tests, we have a real problem. Their commitment at this point is to send them through at least the end of the year. It doesn’t completely satisfy the testing requirement, but it’s extremely helpful.”

Declining infection positivity rates, meaning fewer mandated tests overall, has helped the outlook, the AHCA top exec noted.

Heads in beds

The industry’s biggest business worry currently is facilities’ low census levels, which are down by double-digit percentage points across the board; they might not turn around until the second quarter of 2021, Parkinson said.

“We have really good weekly data [through the Centers for Disease Control and Prevention’s NHSN portal] and unfortunately they show occupancy plummeted 10% shortly into the pandemic and it hasn’t gotten better,” he noted. “The numbers [analysts] should be looking at every week are occupancy data.”

“We can get lots and lots of CARES Act money for providers, but if census doesn’t recover, there’s just not enough money to get,” he added. “The numbers just don’t add up.”

Parkinson said, however, that if providers can hold out until a coronavirus vaccine is widely distributed, census will ultimately return due to favorable demographic trends and the fact that long-term care remains a needs-based industry. To get that far, another federal stimulus package is needed, he believes. While he is hopeful that still might be accomplished before the Nov. 3 elections, he believes that providers can “make it” as long as more relief arrives by the end of the year.

For some providers, such as beleaguered post-acute giant Genesis HealthCare, relief can’t come fast enough. Genesis CEO George Hager has publicly doubted that the company can continue operations under current conditions without more relief.

Parkinson believes two decisions by the Centers for Medicare & Medicaid Services over the past week will give Genesis, and other providers hard hit by the coronavirus, particularly in the Northeast, a boost. The first postpones repayment obligations for emergency Medicare advance payments until March 2021.

“That’s a major cash-flow issue for all providers, but it’s a real lifeline for providers who got hit early on,” Parkinson noted.

The other decision extends until Jan. 22, 2021, the public health emergency, which produced a much-hailed three-day hospital stay waiver for Medicare SNF eligibility.

“I’m concerned about Genesis and all of the folks that were hit hard early on,” Parkinson said. “But I’m optimistic that with some of those decision made recently, they’re going to make it to the vaccine. And then it comes to how long will it take for census to return. I’m actually a little more bullish on Genesis than I would have been a month ago because of some of the announcements that have occurred.”

Less construction, more trust needed

Parkinson said that long-term care will benefit from the confluence of increased demand and decreased supply. The latter is partly due to depressed construction of new nursing homes in the near future.
“Eventually, it will be OK, but some people can’t wait until eventually. They need recovery very quickly,” he observed. ” I’m not sure how long it will take — I don’t know if anyone does.”

The sector as a whole needs to convince the public that long-term care facilities are safe places for their parents, he added.

“Individual companies can accelerate that through their own marketing efforts. But the public is going to need to be convinced,” the former facility owner explained.

He pointed to PruittHealth’s recent announcement that it would be putting a full-time infection control preventionist in each of its buildings as one innovation that could make a difference.

“It’s not required, but they’re going to do it because it’s the right thing to do,” Parkinson said. “I think companies that do things like that will see a faster recovery in census.”

Skilled Nursing News

HHS Warns Against Using Antigen Results for Nursing Home Cohorting, but Sharply Criticizes State Ban

Written by: Maggie Flynn

10/9/2020

A top U.S. coronavirus testing czar had harsh words for a Nevada directive banning the use of antigen point-of-care COVID-19 tests in skilled nursing facilities during a press call on Friday, calling it “an uninformed and unlawful unilateral prohibition.”

But Department of Health and Human Services (HHS) assistant secretary for health Adm. Brett Giroir also noted that the results from the devices in question, the BD Veritor and the Quidel Sofia, should not be used to cohort new admissions without a confirmatory polymerase chain reaction (PCR) test.

“Antigen testing should not be used in a normal person coming in a nursing home to screen them and cohort them in a COVID ward,” he said on the call. “That absolutely should be repeated by a PCR test. If they were positive, you should isolate them pending the PCR test or confirmatory test. You should not make a clinical decision on an otherwise well individual, not in an outbreak, just based on the single test.”

The call came after the Nevada Department of Health and Human Services issued a technical bulletin on October 2 requiring SNFs “to immediately discontinue the use of all COVID-19 point of care (POC) antigen tests until the accuracy of the tests can be better evaluated.”

The directive called into question the sensitivity, or the tests’ capacity to identify people with COVID-19, and specificity, or the capacity to identify people without COVID-19, of the two test types, describing them as “based on extremely limited data.”

Nevada based its directive on a survey of the 12 facilities performing antigen testing, with 3,725 total antigen tests performed and 60 positive test results. Of the 12 facilities, eight collected specimens for confirmatory PCR testing; 39 of the 60 positive tests had samples collected with results available at the time of the state's survey.

Out of those 39, 16 were true positives as confirmed by PCR testing, and 23 were false positives as confirmed by PCR testing.

The rate of false positives for antigen COVID-19 tests to true ones will be affected by the prevalence of the disease in the population tested, Giroir said on the HHS call when asked about the false positives in Nevada.

According to Giroir, the 16 out of 39 — or 40% true positive rate — is "an outstanding rate, and shows the test is performing very well within the circumstances" of low prevalence, in the sense that it keeps infectious people out of nursing homes. The assistant secretary cited a September Rockefeller Foundation report that examined testing and found that in areas of low prevalence, 1,000 tests could produce 30 false positives for every true one, even for a test with 97% specificity rate.

Nevada has seen at least 11 new COVID-19 deaths and 471 new cases as of October 8, according to The New York Times's COVID-19 tracker. Over the past seven days, it has seen 3,464 cases, or 112 cases per 100,000 residents, according to the same tracker.

In an October 8 letter responding to the Nevada directive, Giroir called on the Silver State to "cease the improper unilateral prohibition" on using the antigen tests in SNFs.

"While we absolutely welcome the opportunity to discuss any concerns with these two tests, or any other tests, and to report them appropriately to the FDA for further evaluation, the Department of Health and Human Services will, as our letter clearly stipulates, take swift and appropriate steps to protect Nevada seniors, if the state of Nevada does not immediately reverse its unwise, uninformed and unlawful unilateral prohibition," Giroir said on the call.

He also noted that the move violates HHS's coverage of these tests under the Public Readiness and Emergency Preparedness Act (PREP Act), which was expanded specifically to override state bans on antigen test use. At the time, Nevada was not one of the states specifically noted.

HHS announced in July that it would send the point-of-care testing kits to all nursing homes in the U.S., and at the time, Giroir emphasized the then-recommendation to test staffers to ensure they did not bring COVID-19 into nursing homes unawares. The Centers for Medicare & Medicaid Services (CMS) would later implement stricter mandates for testing of staffers and residents, along with fines for non-compliance, on August 25.

That initial announcement also included the acknowledgement that the antigen tests were less sensitive than the PCR tests.

There were 65 nursing homes in Nevada that received more than 25,000 point-of-care antigen tests from BD and Quidel, Giroir said; that does not include shipments to nursing homes of the rapid Abbott Labs BinaxNOW tests as part of a parallel program announced in September.

Questions about the accuracy of the antigen tests for screening asymptomatic people arose over the summer, though the initial focus was on false negatives. Stories of false positives began to emerge soon after, with the Wall Street Journal reporting that BD was investigating claims of false positives in the nursing home setting. Two major industry groups, the American Health Care Association and LeadingAge, found in a survey that almost a quarter of nursing homes had reported at least one false positive COVID-19 result.

At the time of those reports, Giroir also pointed out the issue of population spread; in general, he said in September, the higher the actual rate of infection in a population, the likelier each individual positive result is accurate.

“If there’s an outbreak in an institution, having a positive is probably pretty good, and you don’t need to repeat it,” Giroir said at the time. “It’s always fine to repeat it. When you don’t have an outbreak and you get a positive, you probably need to repeat it.”

In addition, the PREP Act guidance for the antigen tests includes a range of updates from the FDA and the Centers for Disease Control and Prevention (CDC) on the question of using them to test asymptomatic individuals for COVID-19. While more sensitive tests were preferred, the feasibility and turnaround times for such tests were also factors for providers to consider, according to the FDA’s recommendations to health care providers on screening for COVID-19.

LeadingAge, for its part, recommended on September 17 that its members use the point-of-care tests while following guidance from the CDC on when to conduct confirmation testing of positive antigen tests. The association, which represents non-profit senior living and care providers, also recommended confirmation testing with PCR tests in situations the CDC guidance did not address, such as asymptomatic residents or staff testing positive with an antigen test.

“If asymptomatic residents test positive with an POC antigen test, they should be placed into TBC [to be confirmed] and single room if possible but not moved to a COVID-19 (+) or cohorted with a known positive resident until confirmation testing with PCR is obtained,” the association noted.

In the October 9 call, Giroir emphasized that even though a false positive might take a staff member out for a couple days while waiting on a PCR test, “this is a minuscule price to pay identifying and isolating those who are infected, infectious, and who can devastate our elderly in nursing homes.”

“Bottom line, the recommendations in the Nevada letter are unjustified and not scientifically valid,” he said on the call. “They must cease their prohibition immediately.”

Skilled Nursing News

COVID Could Accelerate Skilled Nursing Consolidation as Smaller Operators Head for the Exits

Written by: Alex Spanko

10/8/2020

In the months leading up to the implementation of a new Medicare payment model for skilled nursing facilities, various voices predicted an exodus of smaller, mom-and-pop operators who’d rather call it a career than adapt to a completely new reimbursement system.

But only a few months after the Patient-Driven Payment Model (PDPM) took effect last fall, the effects of the COVID-19 pandemic could serve as an even greater motivator to push single-site nursing companies out of the business — and accelerate a trend toward regional consolidation that has been brewing for years, according to

finance leaders at the National Investment Center for Seniors Housing & Care's (NIC) virtual fall conference.

"The industry basically just got harder, and being a new operator, like: Hey, I want to open a nursing home today, or I want to take over one when I've never done it? It's not exactly the right time for you," Vikas Gupta, senior vice president of acquisitions and development at Omega Healthcare Investors (NYSE: OHI), said during a panel discussion this week. "It's more the time for maybe the mom-and-pops to take a step back, step to the side, and be like: Hey, regionally based operator, maybe nationally based operator — would you want to take over this building?"

The federal government's extensive support of the industry through CARES Act funding and other levers has largely masked the financial impact on the nursing home industry thus far, with the publicly traded real estate investment trusts (REITs) reporting minimal rent deferrals and billions continuing to flow into the space to offset increased testing, labor, and personal protective equipment (PPE) expenses.

But future stimulus funding remains up in the air, and operators that were already teetering on the brink pre-COVID could soon be forced to make tough decisions.

"The bottom decile or the bottom quartile of facilities and operators are not going to be able to withstand this, should stimulus go away and COVID continue," Elliott Mandelbaum, managing director of BM Eagle Holdings, LLC, said during the discussion.

BM Eagle is perhaps best known in the space for its $700 million purchase of Kindred Healthcare's skilled nursing assets back in 2017. The firm — a joint venture led by affiliates of the New York City-based alternative asset management firm BlueMountain Capital — has since sold off some parts of the Kindred portfolio. BlueMountain also picked up Sabra Healthcare REIT's (Nasdaq: SBRA) portfolio of assets operated by Senior Care Centers, which filed for Chapter 11 bankruptcy protection in December 2018.

Kevin Giusti, managing director of real estate finance at Walker & Dunlop, agreed.

"I think folks that maybe would have sold this year aren't, because they're just flush with cash, but the day will come will they'll need to," Giusti said.

In Mandelbaum's view, the departure of those lower-performing operators isn't a bad thing, though it may create near-term ripples in the market.

"Over the long term, I think it would be good," he said. "But there definitely will be some some pain and volatility. While we hope there won't be any pain, I just think that's the reality — or at least that's our working base-case assumption here internally."

The flip side of this dynamic: Opportunities for better-performing companies to expand their portfolios.

"I agree that consolidation makes sense — that that would happen, and you get with regional folks that could have some economies of scale and do, frankly, a better job than the one-off, mom-and-pop-type owner-operators," Giusti said.

Despite the upheaval of COVID-19, and the logistical challenges of closing transactions during a pandemic where access to facilities is limited and travel has been restricted, the group emphasized that deals are still being closed — albeit with generally more conservative assumptions and some unique hurdles.

The Department of Housing and Urban Development (HUD), which provides vital backing for skilled nursing loans through its 232 program for health care real estate, continues to evaluate deals on a case-by-case basis, Giusti said. For that reason, Walker & Dunlop has been providing clients with a variety of potential scenarios that they may need to accept in order to land the deal, from best- to worst-case.

“HUD’s been open to conversations, but they’re reeling a little bit to try and understand and underwrite it properly,” Giusti said.

That said, the agency’s thinking has evolved since the earliest days of the pandemic.

“In probably the last month or so, I feel like they’re digging in deeper on understanding COVID,” Giusti said. “They’re not taking the most conservative route.”

As other financial players in the space have observed, the government support for the space during its most pressing crisis could actually make investment in post-acute care even more attractive than in the past.

Dependence on government reimbursements, once considered a serious risk given the vagaries of Washington and statehouses, could suddenly become a serious asset in the post-COVID world — especially for real estate-minded investors scared off by upheaval in retail and office space.

“I think people will look back in skilled nursing and senior housing and be like, you know what? That actually did fairly well in this wild environment,” Guisti said. “You know what? Maybe it’s not as risky, and maybe we’re in an era where the government is going to get bigger and bigger and keep funding the operations.”