

A Message from the President & CEO Mark Parkinson

2021 PROVING TO BE A DIFFICULT YEAR & WHERE WE STAND

I thought we'd never have a year as tough as 2020. I know that we all hope that is correct, but 2021 has proven to be incredibly challenging. This year has so far presented a new list of obstacles.

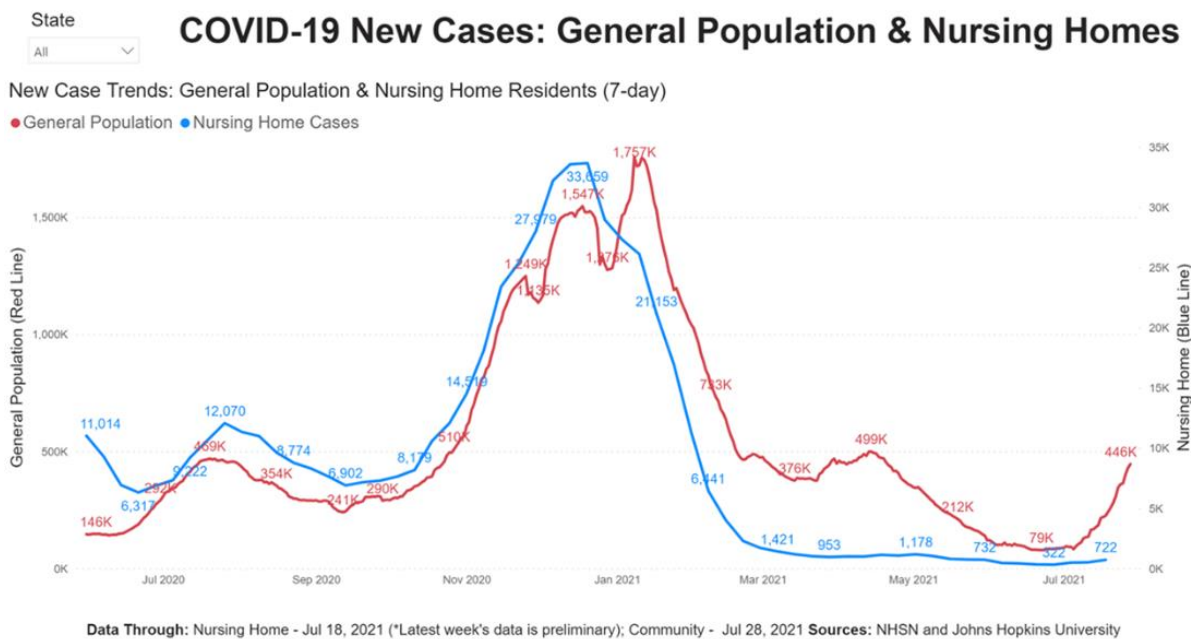
Fortunately, COVID-19 cases in our buildings have declined dramatically. And that is the most important fact. But the Delta variant has shown us that COVID-19 isn't gone. Delta – combined with staffing shortages, low census, vaccine hesitancy, and all the other issues we face – has turned this into another historically difficult year.

There are flickers of hope. This memo will discuss those and exactly where we stand. First, I'll focus on the clinical picture. Second, I'll talk about the business side of our profession. Then, we'll get into all the action in Washington, D.C.

COVID-19 IS STILL OUT THERE: YOU'RE DOING A REMARKABLE JOB KEEPING IT OUT OF BUILDINGS

The clinical nightmare is not over. The Delta variant has proven remarkably effective at finding the unvaccinated. Unfortunately, even some vaccinated people are at risk.

But we need to keep this in perspective. Although cases in the general population are back to summer 2020 numbers, cases in our buildings continue to be way down.

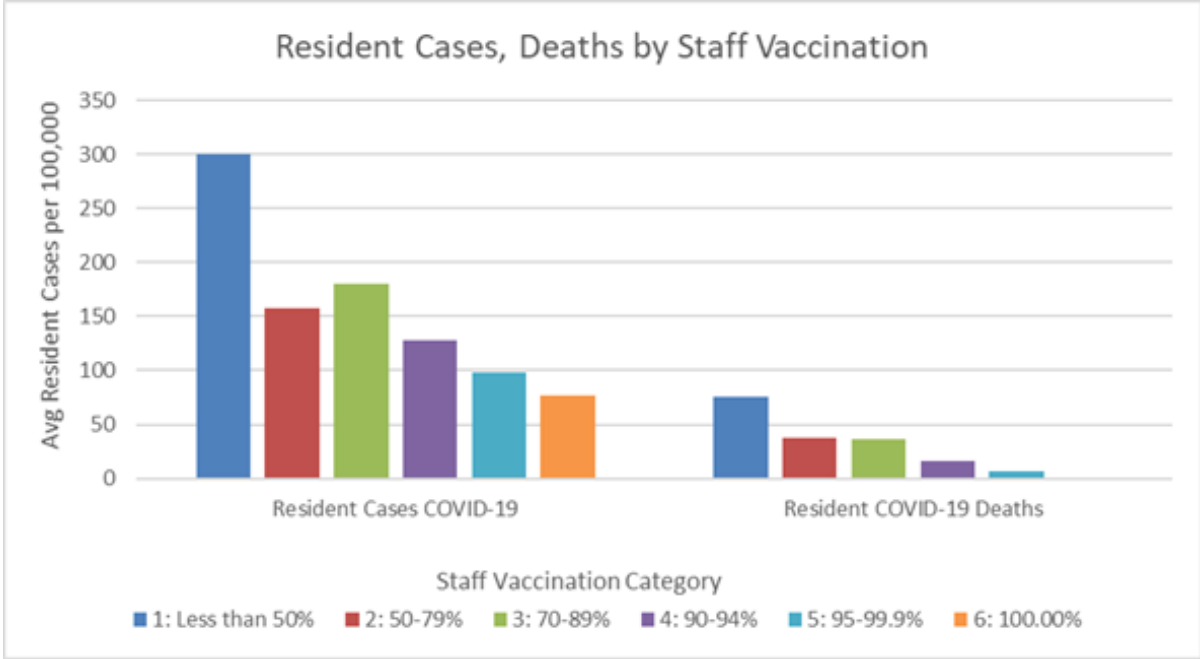


We peaked at 33,000 cases a week back in December. Despite the massive increase of Delta in the general population, we continue to report less than 1,000 cases a week in skilled nursing facilities. Even with a slight increase in cases in the past few weeks, we are still down over 97 percent from the highest case reports. There is no safer place in America right now for an older person than our long term care facilities.

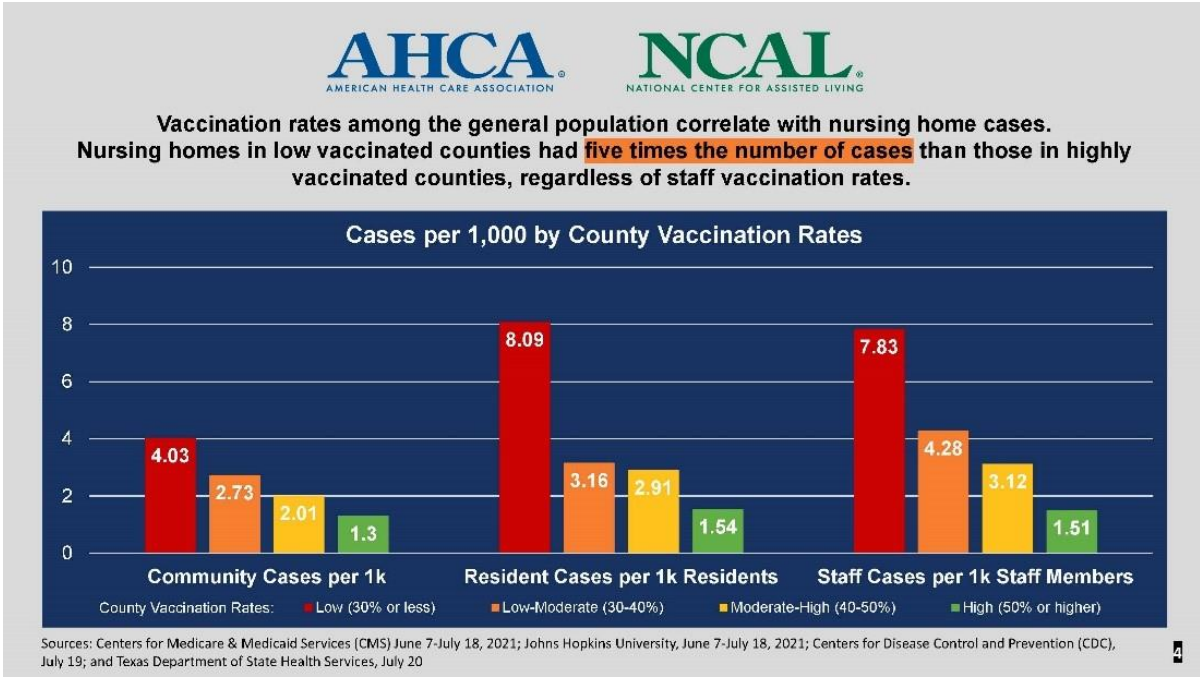
Given how rapidly Delta is spreading in some states and communities around the country, we have no idea if we can continue to keep it out of buildings. Anyone who professes to know exactly how the virus is going to spread (or not spread) just hasn't been paying attention to the last year. This virus has consistently proven to be unpredictable. We must assume that renewed spread in our buildings is a real possibility, and we must remain vigilant.

Here is what we do know.

1. The vaccine works. Even with the spread in the community, buildings with a very high vaccination rate have fared well.

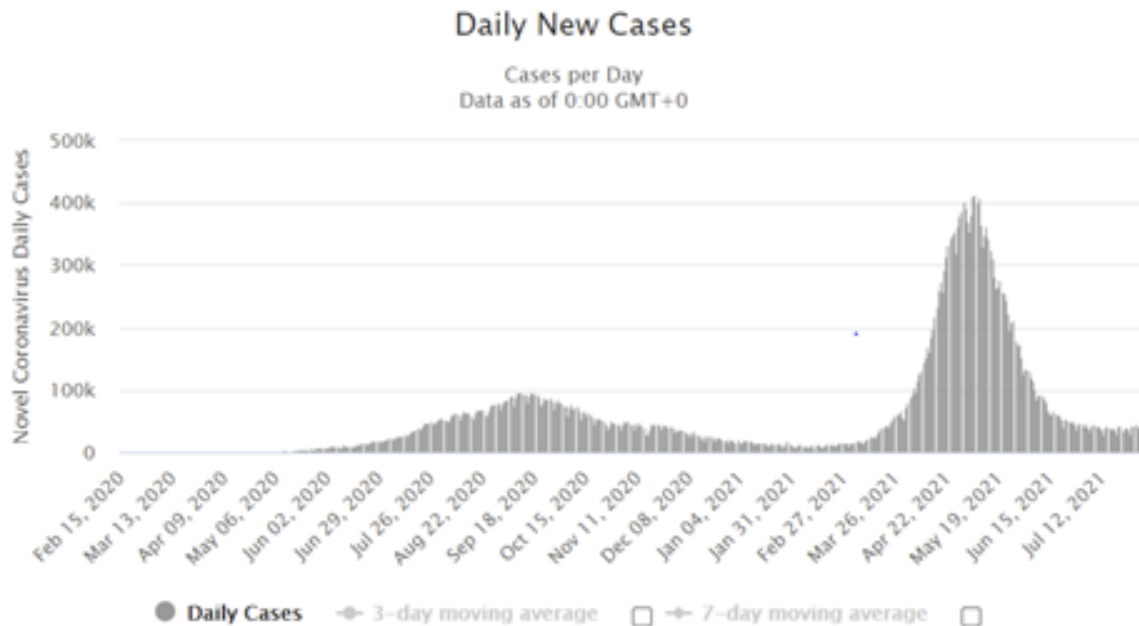


2. We continue to be vulnerable where the outside community has high levels of COVID-19 cases.



3. The Delta variant may burn itself out.

Daily New Cases in India



This chart showing the spread of the Delta variant in India shows the dramatic increase of the Delta variant, but it also shows that it declined after a ten-week period. That happened even though only seven percent of India is vaccinated. A similar increase and drop over a ten-week period appear to be taking place in the United Kingdom. If this pattern follows in the U.S., we will see an increase in the country through August followed by the same rapid decline at some point in September. But there is really no way to know. This virus is just too unpredictable.

In the meantime, I know you will continue the fight to keep it out of buildings.

TO MANDATE OR NOT MANDATE: VERY TOUGH ISSUE

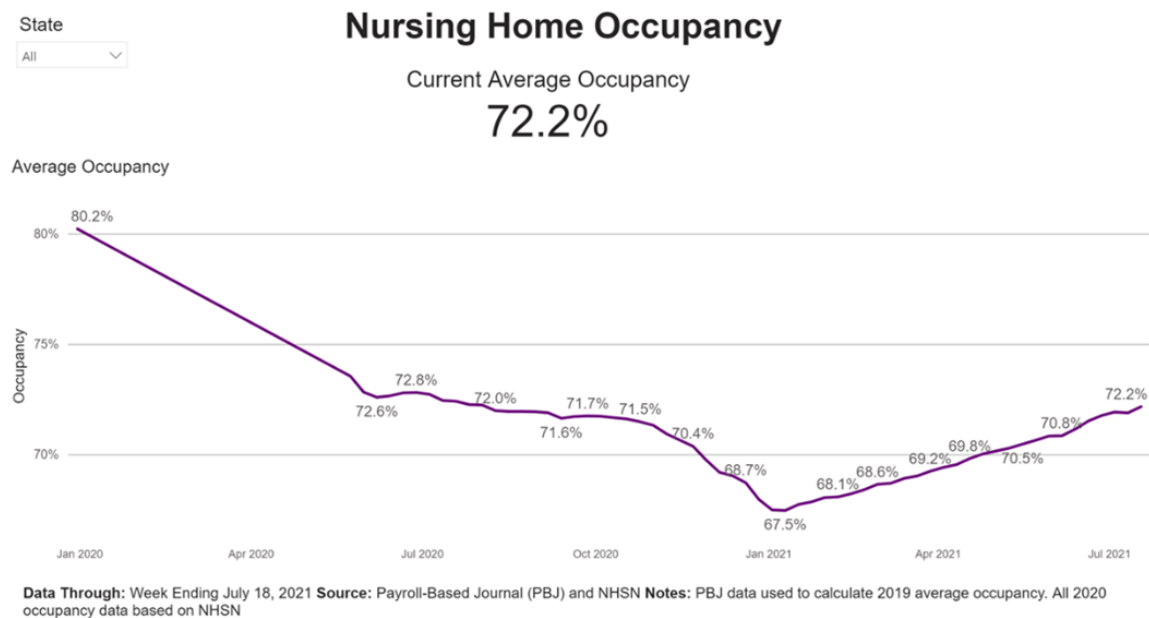
Many of you are struggling with the mandatory vaccination issue. It's a tough one. We all want every worker vaccinated, but every provider in the country is also facing an absolute staffing crisis. We support whatever decision you make and genuinely understand the complexity of this issue. More and more providers are mandating the vaccine, and their experiences may provide clarity to all of us.

In the meantime, we have put together [best practices for increasing vaccination rates](#) and offer many additional resources through our [#GetVaccinated](#) campaign. We know there are no simple answers, but there are operators who have worked

hard to improve vaccination rates among their staff and been very successful. We will host a [webinar](#) on August 11 to highlight two successful operators and share key findings from a report recently commissioned by the AHRQ ECHO National Nursing Home COVID-19 Action Network, [Invest in Trust: A Guide for Building COVID-19 Vaccine Trust Among Certified Nursing Assistants \(CNAs\)](#). Please be sure to [register today](#) to learn about the helpful tools and gain the knowledge of what has worked to help improve staff vaccination rates.

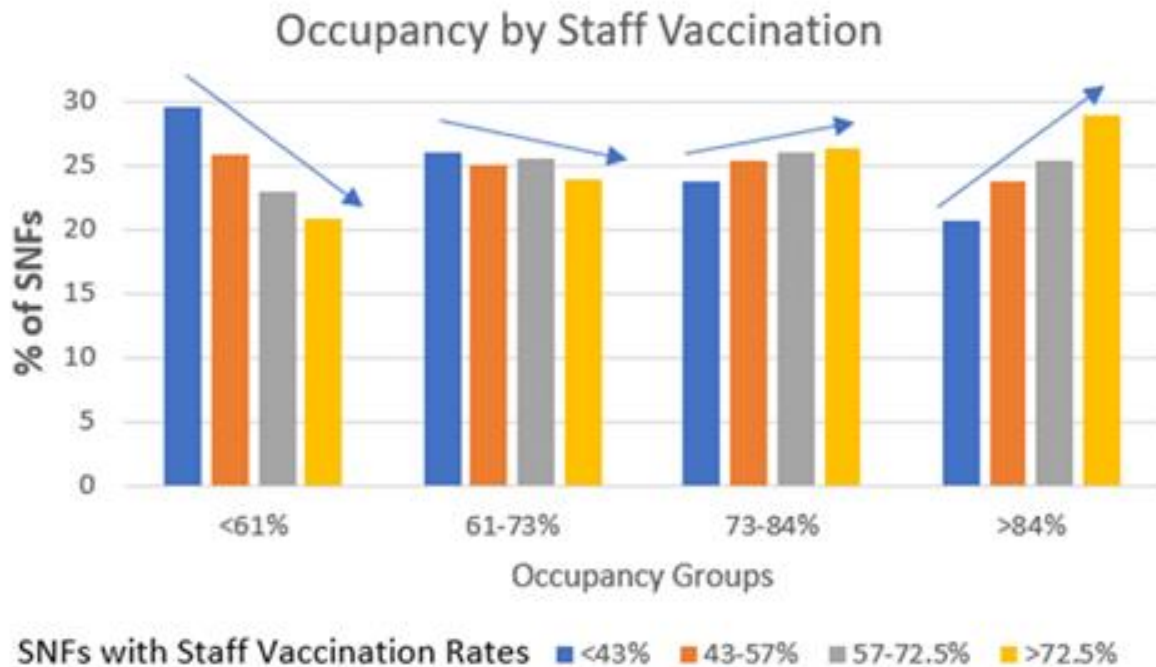
THE BUSINESS CHALLENGE CONTINUES

The business challenge continues. It's a two-fold problem of census and staffing. The good news is that census is rising slowly but steadily. On the skilled nursing side, we bottomed out in January and have had a slight increase for 26 of the last 28 weeks. Although there isn't data as precise as the SNF NHSN data, we believe that assisted living census follows essentially this same pattern.



We still have work to do. At the current recovery pace, it will take us ten more months to recover to pre-pandemic numbers, but we will be in significantly better shape by the end of the year. The key is that the increases need to continue. We can't afford another leg down.

One interesting data point is that there is a connection between staff vaccination rates and census. We've done some work on the topic, and it is clear that facilities with high staff vaccination rates also have higher census.



We also know from our research that consumers are looking for facilities with high vaccination rates. The bottom line is that census is still low, and the sector can't recover until census recovers.

WHAT'S HAPPENING IN WASHINGTON, D.C.

Because the clinical and business challenges continue, we know we must keep winning in D.C. Fortunately, we've had a couple of pieces of good news over the last week.

First, CMS agreed to leave PDPM alone for the next year. In announcing our final payment rule for 2022, CMS did not cut our rates. In fact, on October 1, we will receive a 1.2 percent increase. This is terrific news and one of the building blocks needed for us to recover. These rates will be in effect until October of 2022, and hopefully by then, census will be back to normal, and we will be on our way to recovery.

Our success on the payment rule did not happen accidentally. We have a group of dedicated members who work year-round to prepare for the annual announcement. Without their involvement, there is no way we could have achieved this result. Debbie Meade has put together a terrific reimbursement cabinet, and we owe each of them our thanks. Our CMS Member Meeting team includes Martin Allen, Len Russ, Robin Hillier, Mary Ousley, and John Barber.

The second piece of good news from last week is that Congress left the Provider Relief Fund (PRF) money alone. There had been talk of Congress using it to pay for the infrastructure bill. As crazy as that seems, Congress seriously considered it. In the end, that did not happen; none of the PRF was used to fund the current infrastructure proposal.

So now we can play offense, and we have two big tasks to accomplish. The first is that we need to get the U.S. Department of Health & Human Services (HHS) to pay out the remaining PRF funds. The good news is there is actually more money in the PRF than we thought 10 days ago. We thought that the general PRF fund only had \$24 billion. It turns out that the general fund actually has \$44 billion. Additionally, there is a separate \$8 billion allocation for rural providers, meaning \$52 billion are available in total.

We have doubled down on our efforts to encourage HHS to distribute the funds. We believe this remaining \$52 billion offers an important opportunity for both skilled nursing and assisted living. Getting aid out to providers is our number one priority because we know that this support is critical.

The second big task for 2021 is the infrastructure bill. There are two parts to this legislation, and we are continuing to work on both. In the first bill, although it's subject to change before passage, there is broadband money that may be accessible to providers for upgrades and enhanced WiFi. We will continue to monitor and provide important updates as it moves forward.

There will be lots of opportunities for our profession in the second bill – but also multiple challenges. We believe assisted living may not face a significant risk, but skilled nursing faces all sorts of additional regulatory challenges. We will work hard to fight back against duplicative and unnecessary regulatory burdens.

The second infrastructure bill also offers opportunity. The AHCA Board released our bold nursing home reform plan, the [Care For Our Seniors Act](#), at the start of 2021, and this bill is the vehicle for it. We need a new and fairer regulatory system, to fix Medicaid underfunding, and help with staffing. Our proposals address all these key topics.

BIG NEWS AT NCAL

For the last six-plus years, Scott Tittle has done a terrific job as NCAL Executive Director. Under his leadership, we've grown to 46 affiliates, increased our membership over 40 percent, and most important, prevailed on all the key challenges that assisted living has faced. Scott is now leaving NCAL to take a job in Indianapolis, where his wife and family live, so that he can spend more time with

them. We will miss him but understand and respect his decision.

Starting in September, the new executive director of NCAL will be LaShuan Bethea. LaShuan brings a wealth of experience to the position. She joined Genesis HealthCare in February 2007 and quickly advanced to the director of regulatory and program development before being promoted in 2015 to vice president of legislative affairs. She assumed a dual role as vice president of reimbursement in 2020. On top of that, she is a nurse and an attorney. I am excited for LaShuan to join our team. She is going to be a great leader of NCAL.

***IT'S TIME TO GET TOGETHER:
CONVENTION IN D.C. OCTOBER 10th – 13th***

It's time to get everyone back together, and our [annual meeting](#) is an important place to start. The venue is the Gaylord in D.C., right on the Potomac River. The setting in October couldn't be nicer.

The programming will be top notch. Take advantage of the more than 85 [education sessions](#) on topics such as rebuilding census, PDPM, infection control, trauma-informed care, and workforce. Attendees can earn up to 15.5 CEs. Network with your colleagues from across the country and connect with over 350 businesses in the Expo Hall. Special events include the [15th Annual NCAL Day](#), featuring a keynote from the Ritz-Carlton Leadership Center, and the National Quality Award Ceremony & Celebration, which will recognize both the 2020 and 2021 recipients.

This year's general sessions include several LED Talks, featuring leaders, staff, and family from AHCA/NCAL member facilities. They will talk about what it was like to be on the frontlines throughout the pandemic. You will be uplifted and inspired by their personal stories of spirit, hope, and compassion. I'm looking forward to seeing everyone there, so be sure to [register today](#).

***HANG IN THERE
WE WILL GET THROUGH THIS***

It's discouraging that 2021 has been so tough. We know that. But we also know that giving up is not an option. Our residents, their families, our employees, and their families are all counting on us continuing the fight against this pandemic and the fight for survival.

It's almost cliché to say that we will get through it. So often that is a hollow line at the end of a speech. But it's not hollow here. We will get through this. We will. Next year – 2022 – will be better, and there will be a time when we can look back on this era with pride. We refused to quit and did everything possible for our residents.

It's a great honor to represent you in D.C., and we will work as hard as we can to

justify the confidence you have placed in us.

Sincerely,



Mark Parkinson
President & CEO, AHCA/NCAL

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