ARGENTUM
EXPANDING SENIOR LIVING

October 15, 2020

The Honorable Alex M. Azar
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, DC 20201

Dear Secretary Azar,

On behalf of Argentum, a national, non-profit association representing over 70 percent of senior living communities, we request that HHS reinstate the reporting requirements related to the Provider Relief Fund (PRF) originally outlined on June 19 that were subsequently overridden in a notice issued on September 19. The reporting requirements should define lost revenue as "any revenue that … a health care provider lost due to coronavirus." Restoring this definition will ensure that senior living communities will be able to adequately account for revenue losses associated with COVID-19.

Senior living communities provide assisted living, memory care, independent living and continuing care services to almost 2 million seniors and employ almost 1 million workers. Senior living communities are not nursing homes, but care for and protect similar vulnerable populations. The average resident age is 85, many suffer from comorbidities that make them particularly susceptible to complications from COVID-19, and on average reside in an assisted living community for 22.4 months (16.6 months for memory care) for their care needs and assistance with activities of daily living.

While senior living operators are doing everything in their ability to combat the spread of the virus and meet the unprecedented needs of their residents, the costs are simply unsustainable and already projected at $11 billion in testing, staffing, personal protective equipment, infection control measures, and other related costs. We appreciate the funding made available through the PRF to help offset some of these costs, but communities are continuing to face compounding losses, including as occupancy rates decline due to moratoriums of new admissions and other factors outside of the control of communities, which have resulted in the largest drops in occupancy on record.

Based on data from the National Investment Center for Seniors Housing & Care, occupancy rates in assisted living communities have fallen to 84.9% in the second quarter of 2020, following the largest declines to date. These declines are particularly pronounced in markets impacted more significantly by COVID-19 where occupancy rates have declined even more dramatically, in some cases falling anywhere from 5 to 11 percentage points. Given the natural turnover rate of the industry, at 53.5% in assisted living and 72.5% in memory care, the falling occupancy rates will only compound over time and further reduce the financial resources available to communities to meet the needs of their residents.

The PRF was established for the purpose of protecting providers as they weather the COVID-19 pandemic. As a condition of receiving reimbursement for the health care-related expenses and lost revenues, providers who receive payments are required to submit reports and maintain documentation. HHS clarified the requirements to satisfy this requirement in a frequently asked question published in June, defining lost revenue as "any revenue that … a health care provider lost due to coronavirus." Providers were able to use any reasonable method of estimating the revenue during March and April 2020 compared to the same period had COVID-19 not appeared, such as by comparing actual revenue against a budget prepared that hadn't considered the impact of COVID-19.

However, this definition was overridden in September with a new definition of lost revenue as "a negative change in year-over-year net patient care operating income." This would drastically reduce the lost revenue that communities would be able to claim and potential reimbursement available to offset their financial losses.

Further, as the average length of stay for senior living resident is nearly two years, and significantly longer than the short-term stays for most other providers receiving relief from the fund, the reporting requirements to submit a second and final report no later than July 31, 2021 could force some communities to not be able to fully account for the long-term revenue losses associated with COVID-19. We recommend that this be extended through December 31, 2021 to allow for use of funds for an approximate period of 21 months.

We appreciate the Administration's efforts to assist providers impacted by the unprecedented COVID-19 pandemic and the allocations made to senior living entities through the PRF. However, given our concerns with the modified reporting requirements, we urge the Administration to restore the methodology as originally explained in June that would better capture the losses sustained by communities. We need to ensure that our nation's seniors receive the support they need now and in the future. With your help we can and will continue to protect America's seniors. Thank you for your efforts to prioritize our nation's seniors.

Sincerely,

James Balda
President & CEO
Argentum