

Covid-19 financial implications for skilled nursing facilities

Covid-19 challenges that skilled nursing facilities should consider

The Covid-19 pandemic has brought an unprecedented set of new challenges to the skilled nursing facility industry. Across the last few weeks, providers have had to rapidly develop new admissions strategies, retrain and redeploy staff, source PPE, and for some, manage outbreaks in their own facilities. These changes will have a significant impact on skilled nursing facility finances—both now and in the future.

This document outlines the main impacts of Covid-19 on skilled nursing facilities, ordered in each category from short-term to long-term implications. Providers should use the key questions in this document to determine how to mitigate negative financial implications at their own organization.

Impact on patient volumes



Force



Magnitude depends on



Questions to consider

Avoidance of SNF due to fear of infection

- Length/severity of outbreak
- Physician recommendation
- Media focus on SNF
- Percent of cases eligible to be cared for by home health
- Home health capacity

- What is the rate of infection in SNFs?
- How have SNFs who have had outbreaks managed to contain them?

Avoidance of SNF due to availability of caregivers at home

- Length of outbreak
- Duration of stay-at-home orders, work-from-home

- What percentage of patients are sent to SNF primarily due to a lack of caregiver in the home?
- To what degree can home health services increase their capacity to take on these added cases?

SNF volume decreases due to legislative or referrer reluctance to use SNF, or SNF refusal to accept Covid-19 patients

- State-level regulations
- CDC guidelines

- How many states are prohibiting Covid-19 patients from going to SNF?
- To what degree are facilities refusing Covid-19 patients, or any new admissions?

Long-term effects on patient volume, mix could be significant

Impact on patient volumes, continued



Force

Reduced bed capacity due to need for single rooms



Magnitude depends on

- Need for isolation space
- Facility compliance with converting to single rooms
- Length of pandemic
- Facility decisions to convert rooms permanently



Questions to consider

- What percentage of your SNF beds are singles/doubles/etc.?

Reduced overall volumes due to reduced elderly population

- Mortality rate among seniors

N/A

Impact on patient mix



Force

Surgical volume delays for public health/economic reasons (primarily joint replacement surgeries)



Magnitude depends on

- Hospital and physician recommendations
- National/state policy requirements



Questions to consider

- What are your traditional volumes of patients recovering from joint replacement surgeries?

Increased admissions of Covid-19 positive patients (for facilities accepting admissions)

- Severity of outbreak
- Length of outbreak
- Likely differences market-to-market
- Hospital willingness to discharge to SNF
- State-level requirements

- What is reimbursement for Covid-19 cases (mild/moderate/severe) in SNF?
- What is the cost to treat a Covid-19 patient in the SNF setting?
- What is the distribution of length of stay for these patients?

Facilities face increased demand for supplies, new services

Impact on patient mix, continued



Force

Magnitude depends on

Questions to consider

Short-term volume/acuity increase due to three-day stay rule waiver

- Hospital and consumer comfort with being transitioned to SNF
- State regulations allowing SNFs to care for Covid-19 patients

- To what extent are hospitals using the waiver?
- What patient types are generally transitioned using the waiver?

Reduced short term rehab volumes as compared to long term care volumes

- Overall avoidance of short term rehab

- To what degree is long-term care generally cross-subsidized by rehab?
- What is the average reimbursement for short term (Medicare) patients vs. long term (Medicaid) patients in your facilities?

Impact on supplies and service offerings



Force

Magnitude depends on

Questions to consider

Reduced patient access to therapy services due to "visitor" bans

- Language used in visitor bans

- What percentage of your SNFs use contract therapy (vs. in-house)?

Inadequate supplies (PPE, medications, etc.)

- Level of supply chain disruption
- Competition with hospitals for resources
- Eligibility for federal/state help
- Consumer hoarding

- What supply chains do you typically use to source materials?
- Have there been any supply chain disturbances?
- How are other stakeholders in your communities helping to distribute or share supplies?

Bump in patient mental health needs

- Length of isolation/reduced visitation

- How can you promote access to mental health services in your buildings?

Workforce challenges escalate under Covid-19

Impact on staffing



Force



Magnitude depends on



Questions to consider

Unavailability of sufficient staff to fill additional demand

- Types of patients being transitioned to SNF
- School closures/lack of availability of care for staff members' dependents

- How much additional demand for SNF care will your market expect to see?
- Are you offering training/recruiting for laid off non-health care workers?

Bump in staff mental health needs

- Length of isolation
- Death toll
- Tenor of media

- How can you support your staff members' mental health needs?

Increased staff member burden in communicating with families

- Length of isolation/reduced visitation

- How can you keep families apprised of patient condition in the absence of visitation?