

# Navigating COVID-19: Clinical Best Practices & Financial Future

*Presented by:*

*Steve Fogg, CFO, Marquis Companies & Consonus Healthcare*

*April Diaz, VP Clinical Services, Marquis Companies*



MARQUIS  
+  
CONSONUS

LIFE, WELL LIVED.

# Today's Agenda

1. Update on occupancy trends
2. Breaking down the 3 tranches
3. Re-assessing best case, worst case, and best guess financial scenarios
4. Financial impact on ancillary companies and how they continue to provide value
5. Reopening Strategies
6. Testing Requirements
7. CMS Guidelines

*The COVID-19 pandemic continues to evolve and material contained in this webinar is subject to change without notice.*

*Please stay tuned in to the latest guidance and requirements provided by the CDC and CMS.*

# Our Enterprise – What We Do

## LTC & PAC Services



Est. 1989  
19 SNFs (OR, CA, NV)  
5 ALFs (OR)  
1 MC RCF (OR)



Est. 1994  
Home Health Care (OR)



Own 22 of our 25 facilities

## Care & Risk Management



Est. 2017  
ISNP  
800 members



Est. 2017  
NPs + Physicians  
50 Facilities



Est. 2019  
60 Oregon SNFs

## LTC / PAC B2B Support Services



Est. 1995  
(OR, WA, CA, NV, TX, NC, FL,  
WI, IA, IL)  
110 SNF Contracts

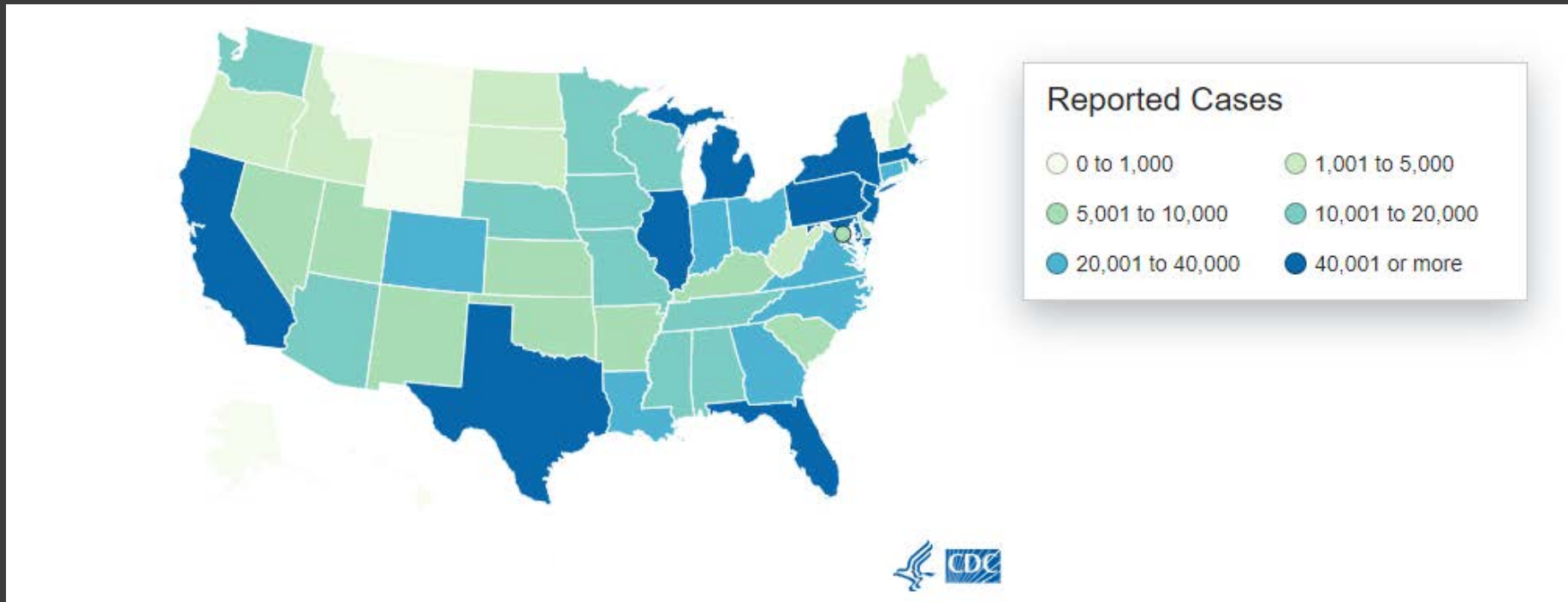


Est. 2004  
(OR, WA, ID, CA, NV)  
28,000 Beds/Units

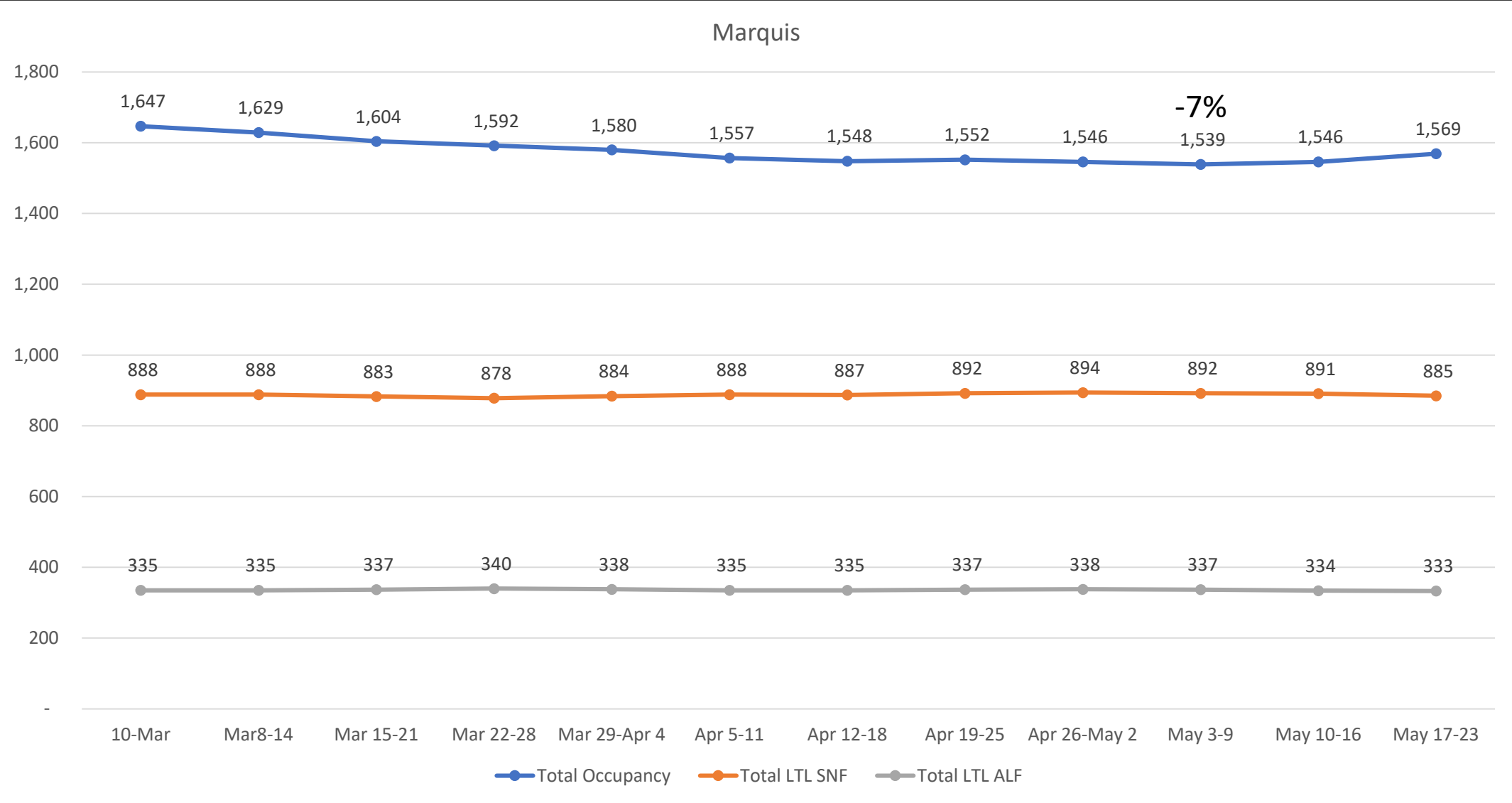
# Update on occupancy trends

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# Geographic Location Matters



# Best Estimate: Facility Occupancy



-4.74%

-0.34%

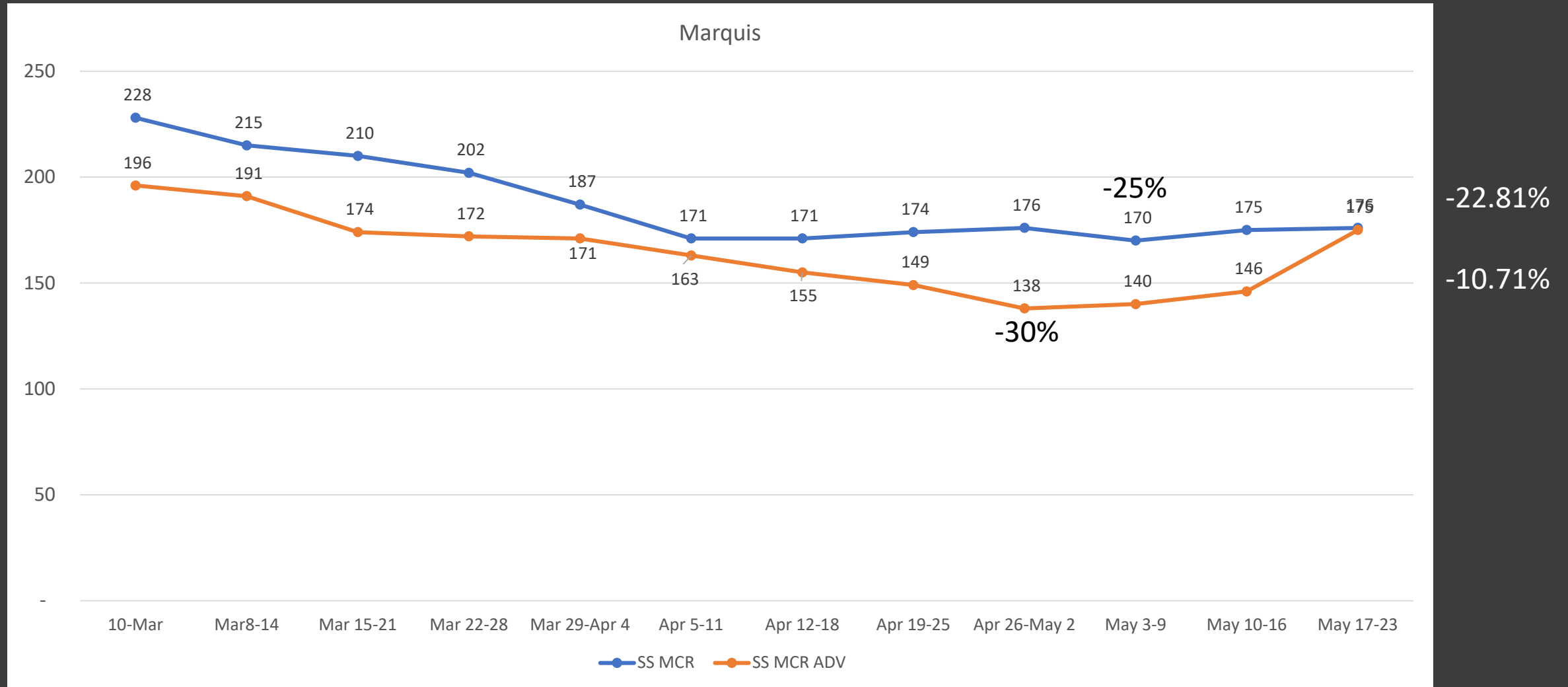
-0.60%

# Elective surgeries re-opened

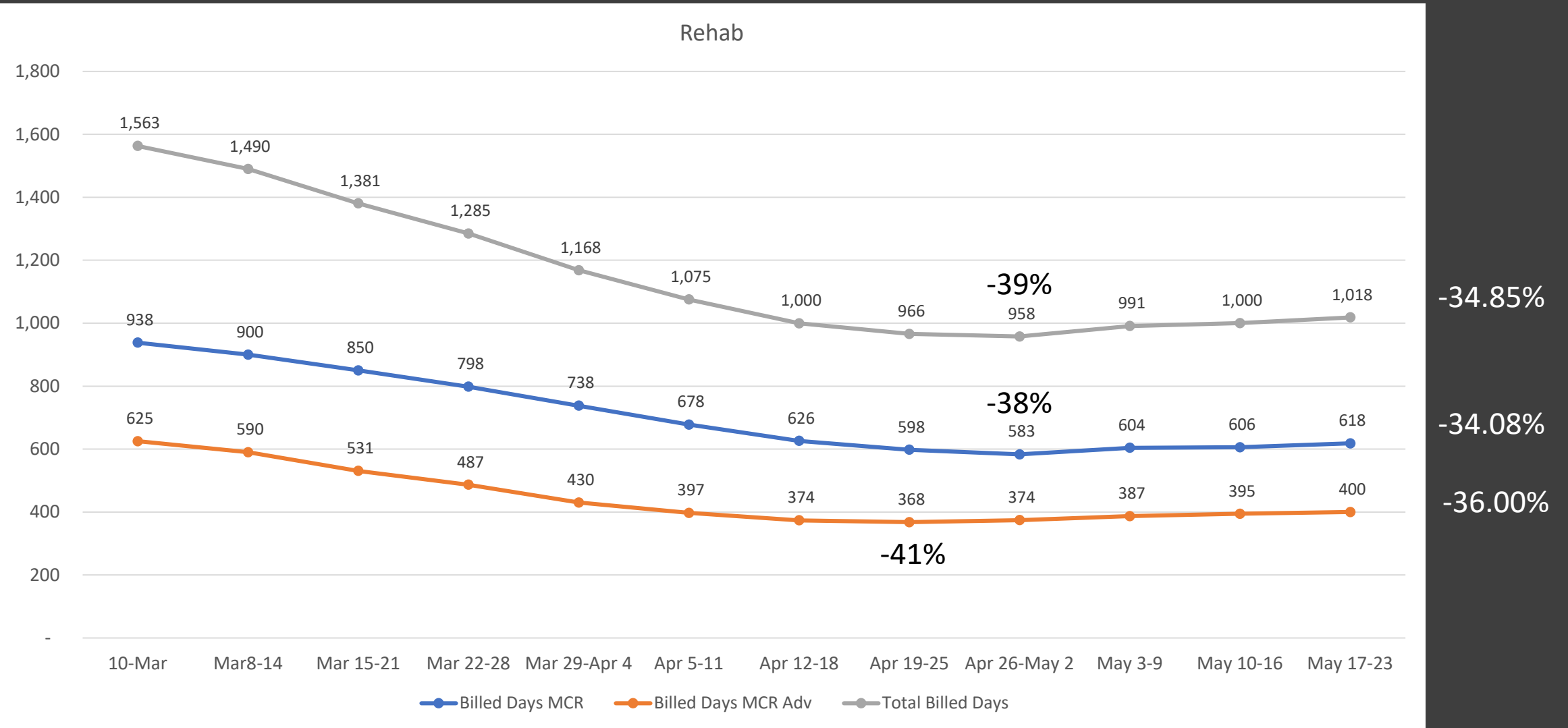




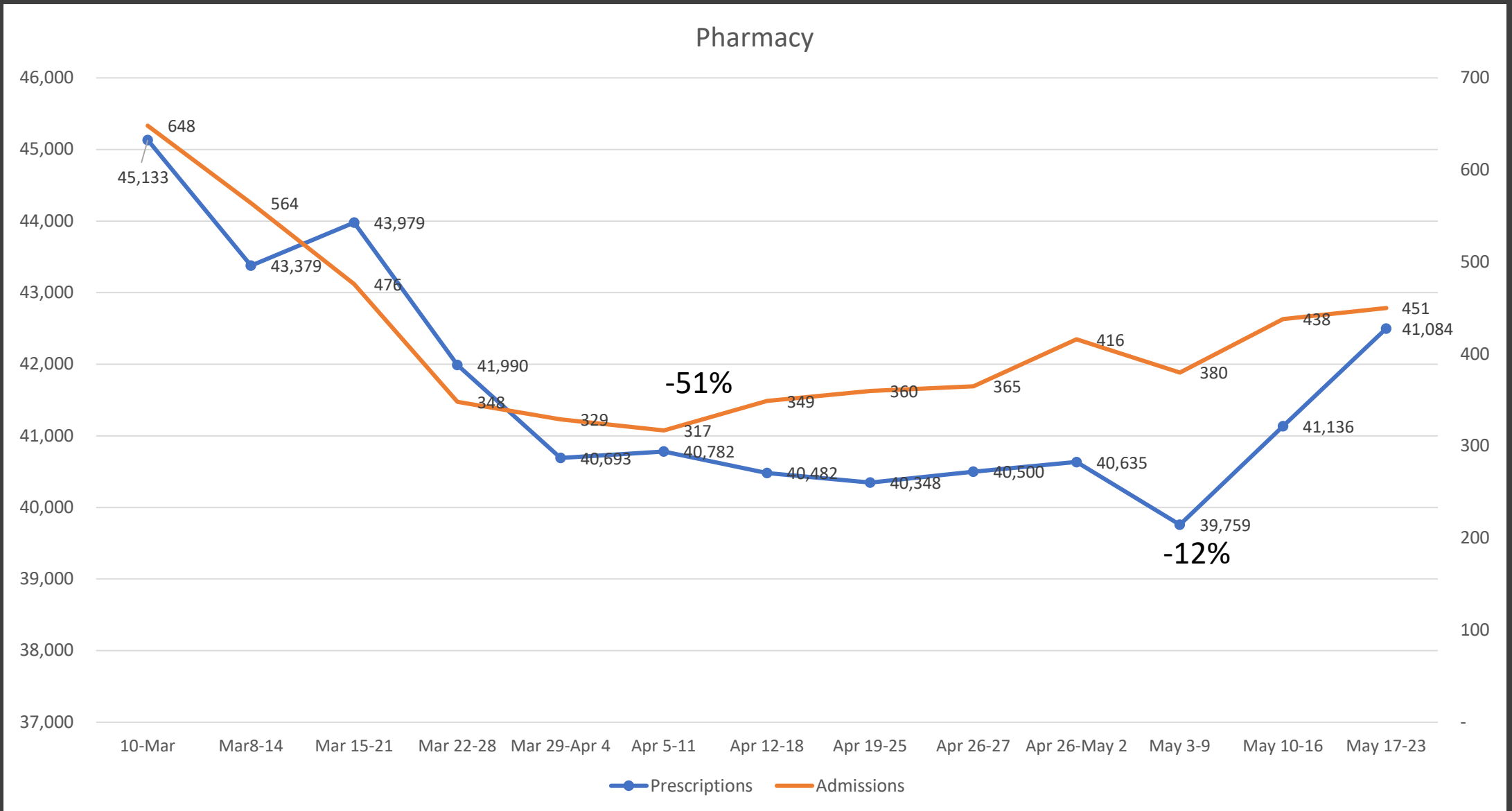
# Best Estimate: Facility Short Stay Occupancy



# Therapy Utilization/Revenue Decline

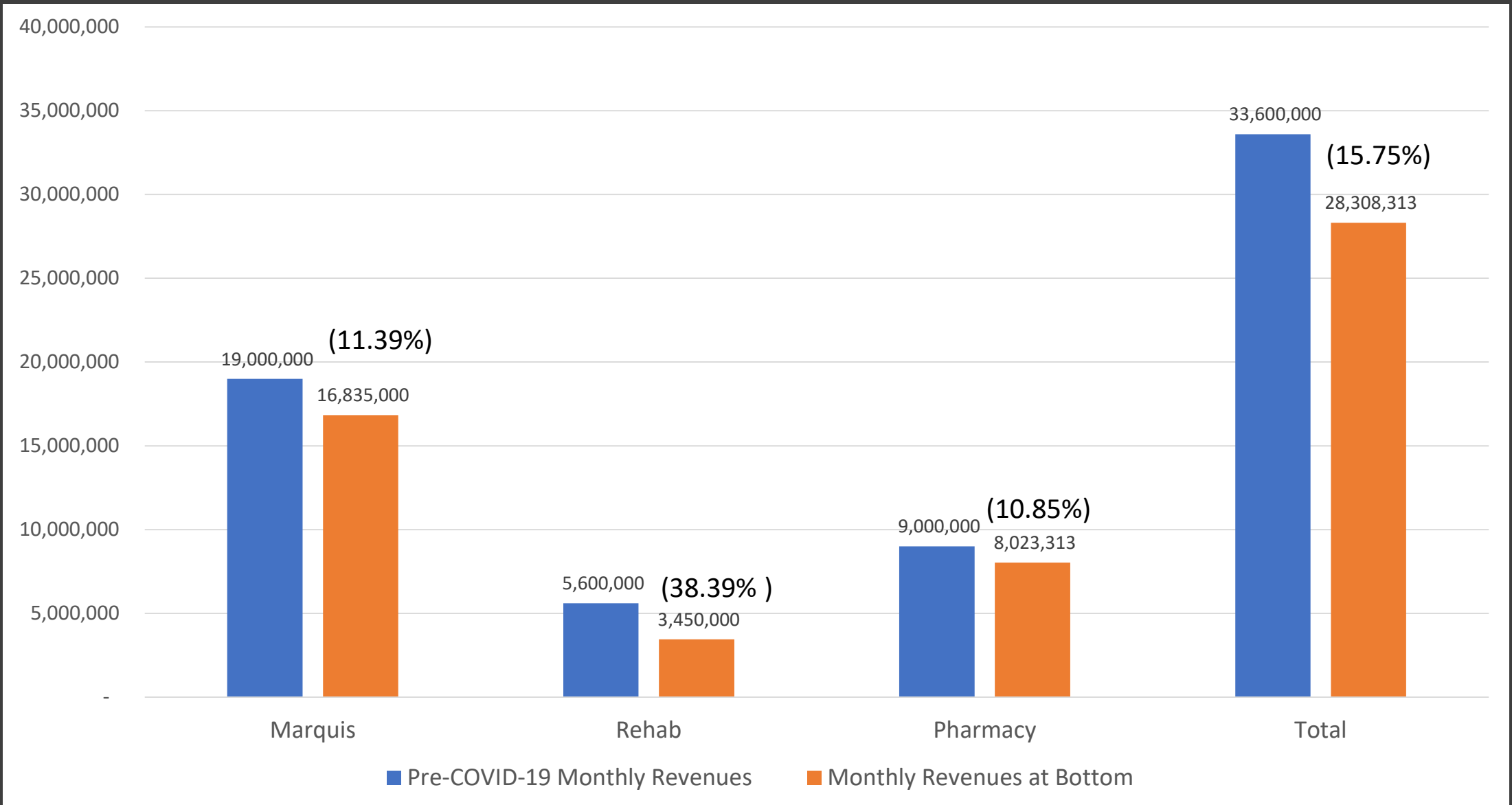


# Pharmacy Utilization/Revenue Decline



-30.40%  
-8.97%

# Revenue Trend/Decline at Bottom



# Breaking down the 3 tranches

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# Tranche 1

6.2% of 2019 Medicare Revenue (\$1.5B to SNF industry)



**Winners:**  
Heavy MCR  
Occupancy



**Losers:**  
Little to no  
MCR  
Occupancy

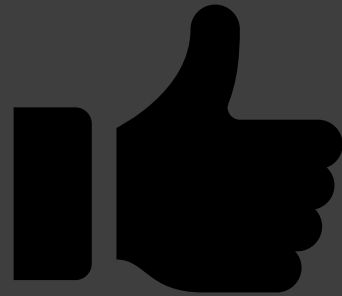
*Medicare Advantage not included*

# Tranche 2

2% of “2018 net patient revenue” for “all” provider types  
(\$2.5B to industry less \$1.5B paid in tranche 1)

*Further explanation:*

- All payor types revenue (PRIV/MCR/MCR ADV/MCD)
- All provider types (Hospitals, SNF, HHA, Physician Groups, etc.)



**Winners:**  
Large  
Facilities



**Losers:**  
Small / heavy  
MCR facilities\*



**Big Winners:**  
Hospitals



*\*If tranche 1 greater than tranche 2 calculation, to date, no required repayment back to CMS*

# Tranche 2

Example:  
Phase I vs Phase II Illustration

	SNF Facility A	SNF Facility B	Hospital A	Hospital B	Total
<b>Payor Revenues</b>	50 Resident SNF - 30 MCR A / 20 MCD	200 Resident SNF - 5 MCR A / 180 MCD / 15 PVT	250 Patient Hospital - 175 PVT/25 MCR/50 MCD	500 Patient Hospital - 325 PVT/75 MCR/100 MCD	Total
Private/Employer/Commercial Health Plan	-	1,916,250	111,781,250	207,593,750	321,291,250
Medicare	6,570,000	1,095,000	13,687,500	41,062,500	62,415,000
Medicaid	2,190,000	19,710,000	22,812,500	45,625,000	90,337,500
<b>Total</b>	<b>8,760,000</b>	<b>22,721,250</b>	<b>148,281,250</b>	<b>294,281,250</b>	<b>474,043,750</b>
<b>1. Phase I Methodology:</b>					
6.2% of Annual Medicare Revenues	407,340	67,890	848,625	2,545,875	3,869,730
<b>% Distribution</b>	<b>10.53%</b>	<b>1.75%</b>	<b>21.93%</b>	<b>65.79%</b>	<b>100.00%</b>
<b>2. Phase II Methodology</b>					
<i>The bucket of money allocated based on Total Revenues</i>					
<i>Assume the total combined phases Bucket of Money is 1.667 of Phase I payout above. (same as actual ratio \$30B phase I to \$50B phase I and II combined)</i>					
	6,450,840				
<b>Facility Allocation</b>	119,207	309,193	2,017,828	4,004,612	6,450,840
<b>% Distribution</b>	<b>1.85%</b>	<b>4.79%</b>	<b>31.28%</b>	<b>62.08%</b>	<b>100.00%</b>
<b>Phase II payout (Phase II Methodology less Phase I payment)</b>	<b>(288,133)</b>	<b>241,303</b>	<b>1,169,203</b>	<b>1,458,737</b>	<b>2,581,110</b>



# Tranche 2

## Extraordinary items:

- Change of Ownership (CHOW)
  - Funds sent to the wrong party
  - Not all twelve months included in pay out (multiple cost reports prepared)
- Multiple facilities in one Tax Identification Number
  - All facilities revenues/net patient revenues combined
  - The ability to retain tranche 1 dollars is greater than tranche 2 dollars becomes a combined facility test, thereby creating the potential for offsetting those that are greater and those that are less on a group basis
- SNF's in a campus setting with ALF/MC/etc.

# Tranche 2

Example:  
Single Tax ID # for Multiple Facility

	Individual Tax ID's			
	SNF Facility A	SNF Facility B	SNF Facility C	Facility A - C Combined under one Tax ID
<b>Payor Revenues</b>	60 Resident SNF - 20 MCR A / 40 MCD	230 Resident SNF - 5 MCR A / 210 MCD / 15 PVT	80 Resident SNF - 15 MCR A / 55 MCD / 10 PVT	
Private	-	1,916,250	1,277,500	3,193,750
Medicare	4,380,000	1,095,000	3,285,000	8,760,000
Medicaid	4,380,000	22,995,000	6,022,500	33,397,500
<b>Total</b>	<b>8,760,000</b>	<b>26,006,250</b>	<b>10,585,000</b>	<b>45,351,250</b>
<b>1. Phase I Methodology:</b>				
6.2% of Annual Medicare Revenues	271,560	67,890	203,670	543,120
% Distribution	50.00%	12.50%	37.50%	100.00%
<b>2. Phase II Methodology</b>				
<i>The bucket of money allocated based on Total Revenues</i>				
<i>Assume the total combined phases Bucket of Money is 1.667 of Phase I payout above. (same as actual ratio \$30B phase I to \$50B phase I and II combined)</i>				
	905,381			
Facility Allocation	174,882	519,182	211,316	905,381
% Distribution	19.32%	57.34%	23.34%	100.00%
	<i>SNF Facility A not required to pay back excess phase I funds from phase II calculation.</i>			<i>SNF Facility A excess included in combined calculation thereby driving lower total amount received</i>
Phase II payout (Phase II Methodology less Phase I payment)	-	451,292	7,646	362,261
<b>Total Phase I and Phase II payout</b>			<b>\$ 1,002,059</b>	<b>\$ 905,381</b>

# Tranche 3

\$4.9B

- SNF industry specific bucket
  - Every SNF receives:
    - \$50,000
    - \$2,500 per licensed bed

Facility Bed Count	Stimulus \$\$
50 bed	\$175,000
100 bed	\$300,000
200 bed	\$550,000

# Attestation/Terms and Conditions

- Loan or Grant?
- Process for proving losses related to COVID-19 up to grant amount

Re-assessing best case,  
worst case, and  
best guess scenarios

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# Considerations

- How long will the occupancy decline impact remain -vs- Federal/other State program revenue enhancement?
- What decisions can be made on adjusting your operating expenses
  - Pharmacy/ therapy cost savings
  - Labor savings
  - Other cost savings
- What direct cost level associated with fighting COVID-19? Wide range of what this means for providers.
  - COVID hot spot
  - Positive resident / staff or not
    - PPE
    - Labor
      - Wage add-ons
      - OT
      - Managing new guidelines
  - Testing Cost

# Example

	Facility A	Facility B	Facility C	Facility D
<b>Facility Size / Payor Mix / COVID 19 Positives</b>	100 Residents / 30 MCR A / 60 MCD / 10 PVT - no positive test residents throughout pandemic	200 Residents / 10 MCR A / 180 MCD / 10 PVT - 5 positive test residents throughout pandemic	50 Residents / 40 MCR A / 5 MCD / 5 PVT - no positive test residents throughout pandemic	50 Residents / 40 MCR A / 5 MCD / 5 PVT - 30 positive test residents throughout pandemic
<b>Occupancy Loss</b>	25% reduction in MCR / 5% reduction in LTL	50% reduction in MCR / 10% loss in LTL	40% reduction in MCR / 5% reduction in LTL	75% reduction in MCR / 50% reduction in LTL
<b>SS MCR Revenue Loss</b>	(136,800)	(91,200)	(291,840)	(547,200)
<b>LTL Revenue Loss</b>	(31,920)	(173,280)	(4,560)	(45,600)
<b>Total Revenue Loss</b>	(168,720)	(264,480)	(296,400)	(592,800)
<b>Phase I Federal Monies</b>	407,340	135,780	543,120	543,120
<b>Phase II Federal Monies</b>	-	324,120	-	-
<b>Phase III Federal Monies</b>	300,000	550,000	175,000	175,000
<b>Total Federal Monies</b>	707,340	1,009,900	718,120	718,120
<b>State Enhanced MCD Rate (Y/N)?</b>	Y - 10% for 3 mos	N	N	Y - 10% for 6 mos
<b>State Enhanced MCD Rate</b>	123,120	-	-	13,680
<b>Total Government Pandemic Financial Assistance</b>	830,460	1,009,900	718,120	731,800
<b>Number of Months Assistance covers revenue loss</b>	4.92	3.82	2.42	1.23

Note: COVID costs incurred not included in this analysis.

Impact on ancillary  
companies and how they  
continue to provide value

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# Ancillary Companies



FINANCIALLY STRONG /  
WELL CAPITALIZED



RESILIENT



CONSISTENT PRICING  
STRATEGY



EFFECTIVE  
HR/WORKFORCE  
MANAGEMENT



CONNECTED TO  
FACILITY PROVIDER  
LEADER

- Consistent product supply
- Contactless delivery protocols
- Medication adjustments
- Secured PPE

- Salary cuts vs. Furlough

VISIT <https://bit.ly/ancillary-checklist> FOR SIMPLE  
CHECKLIST TO EVALUATE YOUR ANCILLARY COMPANIES

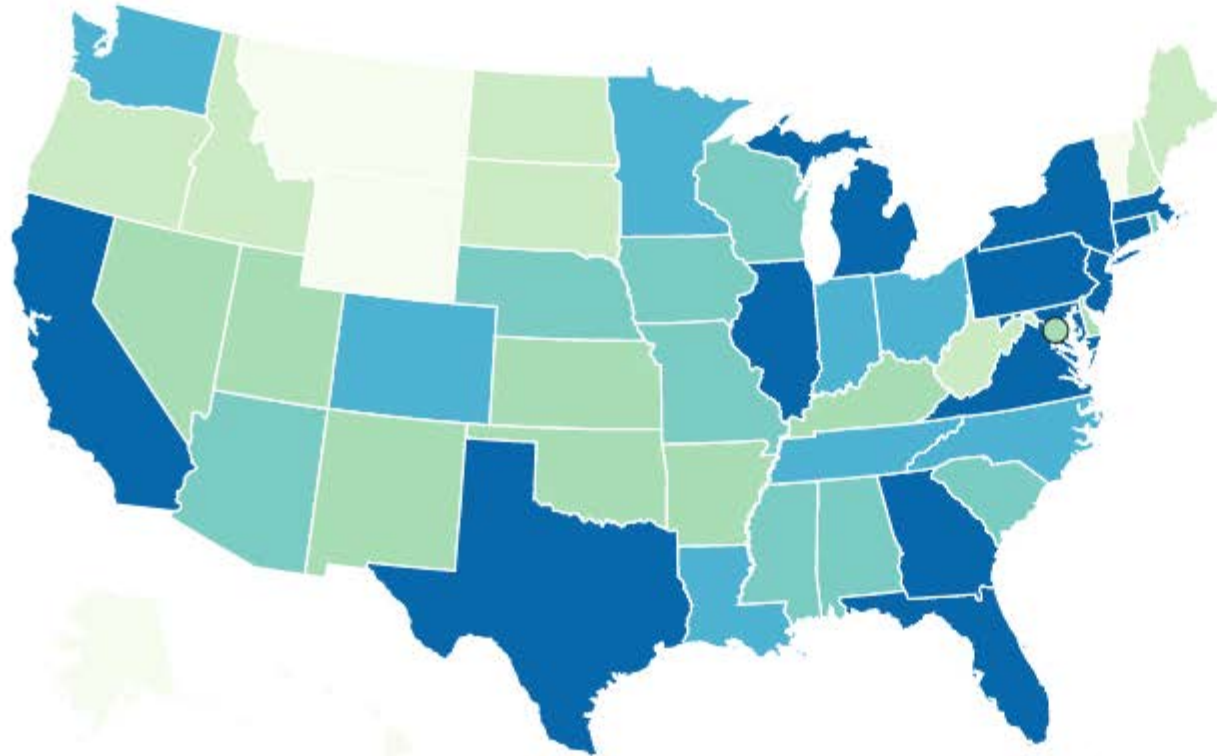
# Reopening Strategies

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# Where are we today?



# Uncertainties



## Reported Cases



# CMS Reopening Guidance



## What Does this Include?

- Guidance to states on when and how NF can reopen
- Phase in approach that lags behind general community by 14 days
- Criteria for re-opening (visitor restriction and testing focus)

# CMS Reopening Guidance



## What is the Criteria for Reopening?

- Case count (community and SNF)
- Adequate staffing
- Access to adequate testing (facility testing plan & capabilities)
- Universal source control (distancing and screening)
- Access to adequate PPE
- Local hospital capacity

# CMS Reopening Guidance



## What Does this NOT include?

- Requirement to implement testing when NOT considering “reopening” plan.
- How facilities are to obtain and cover cost of testing
- Government role/responsibility in support of testing resources
- A status of full return to “Pre-COVID” status for Nursing Facilities

# Testing

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# Testing Requirements

“Provider should not advance through any phases of reopening or relaxing restrictions, until all residents and staff have received a base line test.”



TESTING CAPACITY  
& PLANS



TESTING  
RESOURCES



TESTING REFUSAL  
POLICIES

# Access to Adequate Testing – biggest uncertainty

- What is meant by universal testing?
- How often must universal testing be done?
- What is the turnaround time for testing?
- Should healthcare personnel, residents, or both be tested?
- What test should be used?
- Can facilities cover the costs of testing?
- Are healthcare personnel tests covered by private healthcare insurance?
- Is there coverage for more than one test?
- Do we have enough tests?
- What is the correct comprehensive testing protocol?
- What happens if large numbers of staff must suddenly be furloughed?
- Is there a plan in place to deal with the test results?
- What if healthcare personnel or residents are resistant to testing?
- What is the emotional impact of repeated testing of residents with dementia, anxiety, post-traumatic stress disorders or other psychological health conditions?
- How does prevalence matter as it varies from county/state?
- Should nursing facility and assisted living communities be treated similarly?
- Is testing enough?

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- How does prevalence matter as it varies from county/state?
- Should nursing facility and assisted living communities be treated similarly?
- Is testing enough?

It is estimated that one-time universal testing at nursing homes for staff and residents would cost **\$672M** nationwide and more than **\$1B per month** for weekly staff testing.

# Testing Requirements

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TESTING CAPACITY  
& PLANS



TESTING  
RESOURCES



TESTING REFUSAL  
POLICIES

# CMS Reopening Guidance for States

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# What is the SNF Phased Reopening for states?

## CMS Recommended Nursing Home Phased Reopening for States

			Phase 2 14 days AFTER county/state phase 2 begins. No rebound cases after 14 days. No new COVID-19 in the facility, no staff shortage, adequate PPE, access to testing, hospitals have ben capacity in ICU.	Phase 3 14 days AFTER county/state phase 3 begins. Same additional criteria as in phase 2.
<b>COVID Response Policies</b>	Current status - widespread COVID County/State under stay-at-home orders.	Phase 1 14 days AFTER county/state phase 1 begins.		
<b>Family Visitation</b>	Compassionate Care visits at end of life with screening and additional precautions.	Same as current status - widespread COVID.	Same as current status - widespread COVID.	Allow visitation for families and volunteers with screening and additional precautions
<b>Non-Essential Healthcare Personnel Access</b>	Essential healthcare personnel only.	Same as current status - widespread COVID.	Allow entry of non-essential healthcare personnel/contractors, as determined necessary by the facility, with screening and additional precautions.	Allow entry of non-essential healthcare personnel/contractors and volunteers as determined necessary by the facility, with screening and additional precautions.
<b>Community Dining</b>	No community dining. Exception: few may eat in same room with social distancing and 6ft apart.	Same as current status - widespread COVID.	Same as current status - widespread COVID.	Same as current status - widespread COVID.
<b>Transportation/Outings</b>	Any non-medically necessary trips outside the facility to be avoided.	Same as current status - widespread COVID.	Same as current status - widespread COVID.	Same as current status - widespread COVID.
<b>Group Activities</b>	Group activities limited to individuals not presenting respiratory illness symptoms. Residents must adhere to social distancing by 6ft, hand hygiene, and wear facemask.	Same as current status - widespread COVID.	Group activities and outings limited to 10 individuals not presenting respiratory illness symptoms. Residents must adhere to social distancing by 6ft, hand hygiene, and wear facemask.	Group activities and outings allowed for the number of people where social distancing among residents can be maintained. Limited to individuals not presenting respiratory illness symptoms. Residents must adhere to social distancing by 6ft, hand hygiene, and wear facemask.
<b>Source Control - Screening</b>	100% screening visitors, staff and residents. This includes temperature checks, questionnaire about potential exposure, and continued observation/monitoring.	Same as current status - widespread COVID.	Same as current status - widespread COVID.	Same as current status - widespread COVID.
<b>Source Control - PPE</b>	All staff wear facemasks and additional PPE when working with a COVID-19 positive patient, per CDC guidelines. All visitors wear facemasks. Residents wear facemasks if they are on droplet/contact precautions.	Same as current status - widespread COVID.	Same as current status - widespread COVID.	Same as current status - widespread COVID.
<b>Testing</b>	All residents and staff receive a baseline test, then: All staff are tested weekly. All residents upon identification of an individual with symptoms of COVID-19, or staff member tested positive. Weekly testing continues until all residents test negative.  ***NOTE: CMS guidance is for the states. Each State needs to issue guidance to facilities.	Same as current status - widespread COVID. Testing of baseline must be completed BEFORE formal Phase 1 is considered.  *** NOTE: CMS guidance is for the states. Each State needs to issue guidance to facilities	Same as Phase 1	Same as Phase 1
<b>Dedicated COVID-19 Facility Space</b>	Dedicated space in facility for cohorting and managing care for residents with COVID-19. Plan to manage new/readmissions with an unknown COVID-19 status and residents who develop symptoms.	Same as current status - widespread COVID.	Same as current status - widespread COVID.	Same as current status - widespread COVID.

# What is the SNF Phased Reopening for states?

COVID Response Policies	<b>Current status - widespread COVID County/State under stay-at-home orders.</b>
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# What is the SNF Phased Reopening for states?

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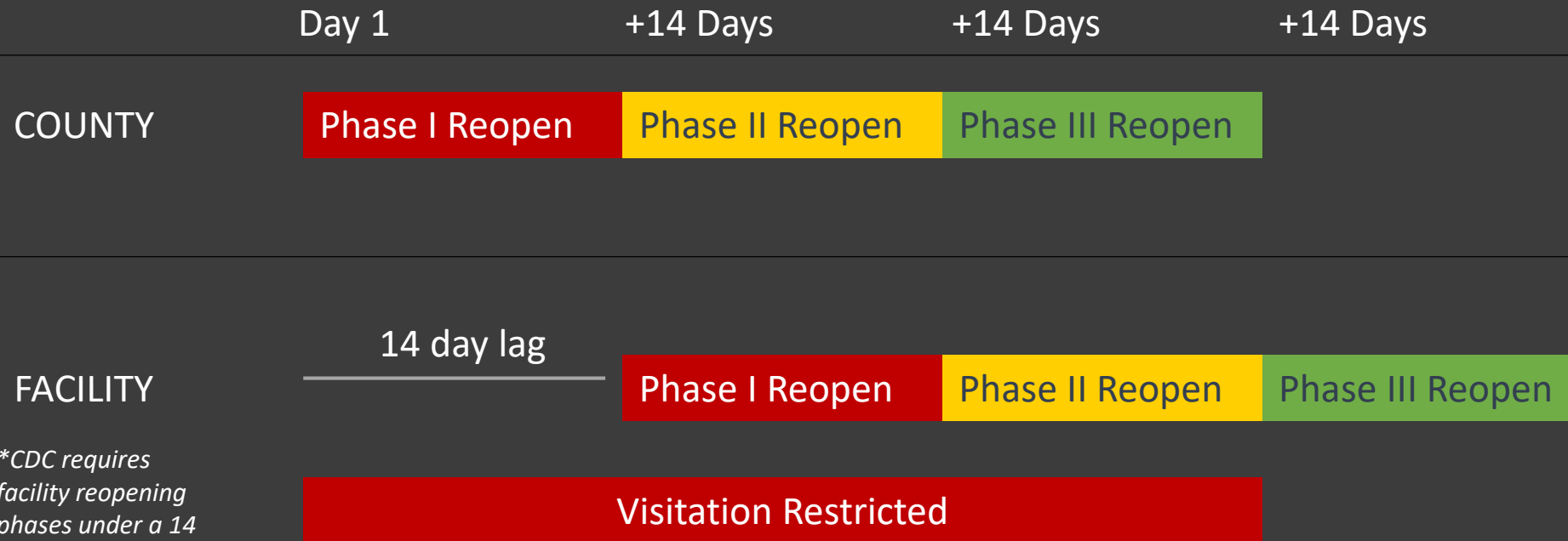
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<b>COVID Response Policies</b>	<b>Phase 2</b> <b>14 days AFTER county/state phase 2 begins.</b> <b>No rebound cases after 14 days.</b> <b>No new COVID-19 in the facility, no staff shortage, adequate PPE, access to testing, hospitals have ben capacity in ICU.</b>
<b>Family Visitation</b>	Same as current status - widespread COVID.
<b>Non-Essential Healthcare Personnel Access</b>	Allow entry of non-essential healthcare personnel/contractors, as determined necessary by the facility, with screening and additional precautions.
<b>Community Dining</b>	Same as current status - widespread COVID.
<b>Transportation/Outings</b>	Same as current status - widespread COVID.
<b>Group Activities</b>	Group activities and outings limited to 10 individuals not presenting respiratory illness symptoms. Residents must adhere to social distancing by 6ft, hand hygiene, and wear facemask.
<b>Source Control - Screening</b>	Same as current status - widespread COVID.
<b>Source Control - PPE</b>	Same as current status - widespread COVID.
<b>Testing</b>	Same as Phase 1
<b>Dedicated COVID-19 Facility Space</b>	Same as current status - widespread COVID.

# What is the SNF Phased Reopening for states?

<b>COVID Response Policies</b>	<b>Phase 3</b> <b>14 days AFTER county/state phase 3 begins.</b> <b>Same additional criteria as in phase 2.</b>
<b>Family Visitation</b>	Allow visitation for families and volunteers with screening and additional precautions
<b>Non-Essential Healthcare Personnel Access</b>	Allow entry of non-essential healthcare personnel/contractors and volunteers as determined necessary by the facility, with screening and additional precautions.
<b>Community Dining</b>	Same as current status - widespread COVID.
<b>Transportation/Outings</b>	Same as current status - widespread COVID.
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<b>Testing</b>	Same as Phase 1
<b>Dedicated COVID-19 Facility Space</b>	Same as current status - widespread COVID.

# Hypothetical Reopening Phased Approach



*\*CDC requires  
facility reopening  
phases under a 14  
day lag behind  
counties*

## NEXT STEPS:

- Understanding phased reopening strategies by county
- Creating a communication plan for residents/families

# Stay in touch



[Questions@consonushealth.com](mailto:Questions@consonushealth.com)



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Questions?

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