



An affiliate of the County Commissioners Association of Pennsylvania

February 25, 2021

The Honorable Gary Day
Chair
House Aging & Older Adult Services Committee
108 Ryan Office Building
PO Box 202187
Harrisburg, PA 17120

The Honorable Steve Samuelson
Democratic Chair
House Aging & Older Adult Services Committee
34 East Wing
PO Box 202135
Harrisburg, PA 17120

Dear Chair Day and Chair Samuelson:

Thank you for your continued attention to long-term care and its residents of Pennsylvania during the COVID-19 outbreak. The last year has been extremely challenging for the long-term care community, and we are grateful for the continued support and attention the House Committee on Aging & Older Adult Services has provided during this time.

As you know, Pennsylvania Coalition of Affiliated Healthcare & Living Communities (PACHA) represents long-term living and supports providers and associated businesses, including county, veterans, private, and non-profit nursing facilities. PACAH members continue to care for one of the most vulnerable populations as it relates to COVID-19. Most of our members care for a sector of the elder population that has suffered greater consequences during the pandemic based on several factors including their socioeconomic status. Yet, even with these unique issues, PACAH members continue to rise to the occasion. They continue to provide the level of care that is expected while facing almost insurmountable odds.

While I recognize the committee is meeting to discuss COVID-19 vaccination plans in long-term care facilities, I would like to dedicate the entirety of my comments to the financial future of long-term care communities as the ability to serve residents long-term is going to outlast this pandemic.

As you are probably aware, the Commonwealth of Pennsylvania transitioned to the Community HealthChoices managed care structure (CHC/MCO) for long-term care a few years ago. While

the transition has taken some time, we are happy to announce that the completion of this implementation happened only last year. While this was a long journey towards full implementation, unfortunately, no one could have perceived how poorly the system was structured to address issues created by the COVID-19 pandemic.

While the managed care payment structure is complex, it is based off one reasonable factor: census rates. Long-term care funds are based off the amount of care they provide. While this seemed like a logical structure at the time of creation, it was never perceived that facilities would experience steep declines in admission rates while at the same time experience the loss of current residents, and particularly not at the rate of loss that was caused by COVID-19.

To compound the issue, the CHC/MCO structure never assumed that, regardless of the circumstances, multiple facilities would suffer systemic bed capacity reductions all at the same time. As we reconcile our numbers for 2020, we place the assumed bed capacity threshold at 80%. In other words, it was assumed in creating the CHC/MCO structure that long-term care facilities, which are divided into regions, would not suffer a system wide decrease below 80% bed capacity. Yet, with COVID-19, this is exactly what happened. As facilities locked down under infection control protocols, communities shied away from nursing homes due to infection reporting, and other residents fell victim to COVID-19, bed capacity rates systemwide fell.

In addition, the CHC/MCO structure is based off a give-and-take system. MCOs pay facilities for the care provide to patients enrolled with the MCOs, while facilities make payments based on the amount of money received for care. These payments by facilities are either in the form of a quarterly assessment payment or an intergovernmental-transfer (IGT) payment, if the facility is county owned.

Our numbers suggest that, at least with the county homes, the payments received for the care provided will not equal the amount of money asked to be paid by the county homes back to the agencies. In other words, county homes will be asked to pay more than received solely based on being unable to control the reduction in their bed capacity. While concessions have been made for private long-term care facilities, our numbers suggest they are also suffering similar fates.

If action is not taken to ensure long-term care facilities receive the support they need to provide care, you may see a system-wide shift in the way long-term care is provided with many people, who can't afford private facility care, suffering quietly in their homes with nowhere to go. We ask that the Committee take a long look at the financial structure of the CHC/MCO system as well as the long-term care state budget and determine which steps will ensure the viability of all long-term care facilities in Pennsylvania so all residents of the Commonwealth can receive the care they need.

Sincerely,

Chase Cannon

Chase Cannon
Executive Director
Pennsylvania Coalition of Affiliated Health Care & Living Communities
