

The Impact of COVID-19 on Skilled Nursing

0:00 Introduction At this time, let's begin today's webinar, The Impact of COVID-19 on Skilled Nursing. I would like to introduce your moderator, Christopher Callaghan, Group Vice President, Healthcare Banking with M&T Bank. Christopher, you have the floor.

0:17 Christopher Callaghan, Group Vice President, Healthcare Banking, M&T Bank It's been 10 weeks since we've moved to a remote access location. And I appreciate all of you being able to join us during these busy times. M&T Bank's foremost commitment right now, it's the safety of its clients, employees, and the communities we serve. Over the past 10 weeks, we have focused on providing our retail, business and commercial clients access to government resources. Solutions to manage their financial challenges and sharing thoughtful approaches as we face the new normal together. M&T Bank is committed to its health care business and we have forged lasting partnerships with many of you. As part of that, we are hosting a conversation to discuss COVID-19's impact on skilled nursing, from the initial crisis response, to its financial impact, and finally, to some outlook as we move through these phases. We hope to learn together through this dialogue as we work to support your businesses. We encourage you to ask questions throughout, which I will pose to the panel. And we will have time at the end for additional Q&A. As earlier mentioned, there is a Q&A button at the bottom of your screen for you to ask questions. We are facing difficult times together, but I hope that and expect that you'll find this conversation valuable. Joining me today is Rich Bane, President and CEO of Bane Care Management, which operates 11 skilled nursing and two assisted living facilities in Massachusetts. Bob Griffin is Managing Partner at Krokidas and Bluestein, a law firm where he represents a range of healthcare and human services organizations. Michael Rosenblut is the CEO of Parker Jewish Institute for Healthcare and Rehabilitation on Long Island, and he's the current Chairman of LeadingAge New York. So we will walk through three stages, it's the crisis response, the economic impact, and then post-COVID outlook. And I'd like to ask Rich to give us some of his insights into the initial response to the coronavirus in his communities.

2:35 Rich Bane, President and CEO, Bane Care Management LLC Thanks, Christopher, and thank you for inviting me to participate today. When I think back of what the world looked like 10 weeks ago, there was the little bit of a dribble of something happening. Certainly we all heard about what was happening in Kirkland, Washington. And I know that many of us, our first response was, well, I'm glad that's not me.

Well, soon thereafter, we realized that what was happening in Kirkland was going to happen everywhere, as things started to open up in the virus and the pandemic. In our organization, we first caught wind of it early on, which was about a week after Kirkland started to open up. Out in the Berkshires, in the western part of Massachusetts, one of the medical centers out there had an outbreak of the coronavirus and it spilled over into our nursing homes. I have three buildings out in that part of the state. And we were able to get an early glimpse as to what was going to happen in terms of the infection control, the communication that was required. And it gave us a real primer in how to approach it.

And very early on, I decided to adopt at a very high level what I called my three C's, which were to remain calm, to remain compliant, and to communicate. And it was interesting because not soon thereafter, a former business school professor of mine, who's now the dean of the business school at the University of Miami took what I had done. Not necessarily what I had done, but he was talking about the seven C's. And to the three C's that I had, he added in to be confident, to be collaborative, to provide

compassion, and cash, and to conserve cash. So these seven Cs have guided our response at Bane Care and in Massachusetts.

But it's an incredible tale of how this all unwound from the early stages of restricting visits for our families, the importance of communicating with our families. We decided in our organization to communicate weekly, whether it was by video, or by letter. We mobilized certain technologies like VoiceFriend, or CallThemAll so we could be constantly communicating with our families. We realized very early on that the uncertainty and the fear factor for our families and the residents in our communities could only be offset or mitigated by communicating with them. So we took that on as a really important role.

From a staffing perspective, we also realized that there was a fear factor with our staff as well. So we moved very early on to a pivot of a bonus per hour for all of our staff. And in the early stages, really towards the end of March, we implemented a \$3 an hour across the board for everybody in our organization, a bonus for what we knew was gonna be coming. Really hazard pay, right from the CNAs all the way to our billers in our corporate office. So we decided to treat everybody equally. And I think that developed a sense of camaraderie across our organization and the importance of realizing that this was going to be a team effort in order to fight what was coming at us. And it became an uncertain issue.

Our goal, and my goal as leading the organization, was to really be a couple of days ahead of everybody else so I became a sponge. I had my head wrapped in my computer, wrapped in the news of what was going on, wrapped in of being an information hog to try to understand what was happening. And really to try to get ahead of what was coming at us? And I think that was a very successful strategy for us. Unfortunately, it became clear to me very on that we were not getting a lot of help from our state regulators. And as an industry association, we mobilized to try to figure out how we could solicit more support. And in the end, it took public outcry and public humiliation to really get the state to move and to provide the resources.

The state early on focused on the surge that was coming in hospitals, and really didn't understand that the real lethal nature of this pandemic was gonna be in our buildings. So that surge has led to some financial support. But along with that financial support comes accountability, which is really a code word for making sure that the state can deflect the blame from them to the providers. So right now we're mobilizing and reacting to the accountability, but we're in a very intense fight. We have lots of constituencies that are involved here and I think the future is gonna be interesting. And I know we're gonna talk a little bit about that later on.

7:24 Christopher Callaghan, M&T Bank Thank you, I think the velocity, intensity of the onset was just unfathomable. And just gathering information was such a challenge at the beginning. So Michael, could you share some of your initial responses?

7:40 Michael Rosenblut, President and CEO, Parker Jewish Institute for Health Care and Rehabilitation and Chairman, LeadingAge New York Sure, hi, good afternoon. Thank you again for having us. I would say at the Parker Jewish Institute when we initially learned about what was occurring across the country. As my colleagues started mobilizing internally, we set up our own executive operations Infection Control Committee. We brought it down to the nuts and bolts of the organization. As was stated earlier, talk about staffing, what would occur? What would occur with our pathway our clinical plays? How do we handle the disease? How would we help our hospital partners? There was a tremendous focus by our

organization with regard to taking admissions inbound still, because people still needed care. How do we act with people that could potentially COVID positive?

We also had to within 72 hours built up a new nursing unit, so we could accommodate the surge that we were receiving and also try to help us space out those people who tested positive with COVID. We experienced a great amount of COVID positive individuals within our organization. We are working how we step our nursing units. We have units working differently was of course, staff members were taking ill, but we stayed for the operation. As people talked about hazard pay, we give bonus as we open shifts. Make sure we had the right amount of staff to care for the right amount of residents and this is still on the way today.

Every day at 11:30 AM, our organization has a nuts and bolts operation meeting to make sure that we've covered all bases and we are constantly, constantly responding to regulatory changes that come up more often at our state capital in New York to make sure that we stay in compliance. This is literally an idea of that, of course. So very complicated, as seen here today, Corporate boardrooms speaking to everybody. We are in the process of testing 900 people two times a week, the staff, to determine if they have a bit of COVID. Massive operation that we're doing our complete focus. Thank you.

9:47 Christopher Callaghan, M&T Bank Thank you. As a follow up question, do you have a sense that I guess this could go to both Rich and Michael, maybe Rich, he could take it first. Is Massachusetts reimbursing you for the cost of testing staff and patients?

10:04 Rich Bane, Bane Care Management LLC It's a great question. It's still unclear where the reimbursement is going to come from to the extent that we are now in a silo of required testing for all of our staff and all of our residents, and that's going to lead into surveillance testing as part of the recovery plan for nursing homes. We believe that ultimately the state will be reimbursing for testing. We have not frankly seen any bills yet for testing. Many of our staff members who were tested, they would go to their physicians' offices and the physicians would bill and collect for that, but we haven't seen any huge bills on that today. I don't know, Michael, if you have experienced that in New York. But right now in Massachusetts, that topic has really gone unspoken at this point.

10:56 Michael Rosenblut, Parker Jewish Institute for Health Care and Rehabilitation and LeadingAge New York Sure, thank you. So it's a great segue. Because for us, the top of getting paid for all the COVID resident testing and staff testing changes hourly. Regarding the resident, the resident says right now, we've been testing for three months or higher. We tested in the very beginning, because we had access to the lab. The bill was on us, initially. We did receive a FEMA opportunity grant. Hoping eventually FEMA may cover it. We also received the notices from Medicare that Medicare may be covering the future.

And just literally a few hours ago, we received in New York State for the staff that the Department of Financial Services, that's who handles the insurance companies, it appears that based upon orders of Albany, they will most likely at least be covering one, if not all of the staff tests. This is literally as I'm speaking to everybody today on the webinar, breaking news that's come out of Albany that they're mandating that insurance companies will pay. Will they pay twice a week, we'll wait and see. Again, it would be a huge relief to us. Because if not, we were gonna be spending, probably about \$100,000, \$110,000 a week on testing to give everybody example and earlier about confirming cash one of my colleagues. Normally, our lab bill at Parker is about for the residents about \$35,000 a month

approximately. Last month, it shot up to over \$100,000 and this is money we have to spend to care for residents, we have to spend to understand the virus. Thank you.

12:33 Christopher Callaghan, M&T Bank Thank you. That's a good segue to the next section, actually getting some good news from a regulator, right? [LAUGH] Welcome. So as we navigate the changing environment and economic conditions, there's then some conflicting regulatory and legal output from both our state and federal regulators. So Bob, maybe you can give us some insight into where you see some concerns and changing legal and regulatory issues.

13:09 Bob Griffin, Managing Partner, Krokidas & Bluestein Thank you, Christopher. Thank you for inviting me to the panel. Because of legal issues, we designed within our firm a matrix of issues. In the last count, we had 42 issues we've been dealing with across our client bases, a good deal of them nursing homes and other senior facilities. So this is all COVID-related. One issue that jumped out at the forefront here, on the economic side was the availability of the PPP loan. So we worked with a number of clients with respect to that program which is a very advantageous program, because of the loan forgiveness and there's the main street program that hasn't come out yet as designed only for for profits.

So those are a couple of economic relief valves where we had in Massachusetts, which was discussing a number of supplemental payments, but there's strings attached with them. Such as, we have, three administrative bulletins, all delineating requirements that providers have to make. So you have the money now, but they have the ability to do an audit and take it away from us which is sort of scary. Because of the fact that they're auditing us and we know that our best bad experiences with mass health and others.

And just quickly, we have the establishment of the isolation unit. We had to do an affidavit, certifications for that, then we have the infectious control audits now with the core competencies that are coming out. And if you have discrepancies there, you're gonna lose funding. And now, we have the baseline testing of 90% for staff and residents and you lose funding if you don't do that. To deal with some of the staffing issues discussed or to previous speakers, there is a sign on bonus, that the state put out as a portal, but you have to go through a lot of regulatory requirements there. So those funds are at risk, if you're not with him appropriately. In terms of other legal issues on the economic side, we've dealt with the price gouging on behalf of temporary nursing agencies that's been an issue.

Another one has potential economic impact is OSHA. We have been dealing with OSHA complaints. They do not wanna come to the facility, because they do not wanna contract the infection so we send photos, and in one case the OSHA reviewer said, well, the mask isn't being secured properly on the ear. So they just, picking away, picking away.

So then you have other financial relief. You had the money that came in through HHS. But then there's problems with that. When you have a change of ownership, who gets the money? So we had to go through that. Other economic issues, doing certain land renovations and stuff. That's more for the next topic. So in short right now, I think what's hurting us the most economically is a lack of census, a slow down of elective surgery, TCUs and everything. And the fact that even though the state has given us supplemental payments, we all know that none of the states are gonna be able to afford much for the next fiscal year. I think it's gonna be a real tough financial situation for us going forward, okay?

17:14 Christopher Callaghan, M&T Bank Great, thank you. It's interesting, we're finally getting into the census and some of the challenges from outside of the buildings with the change in elective surgery. And folks not wanting necessarily to be in any healthcare facility. We look at supply chain disruption, staffing disruption, some of the regulatory oversight. So I'd like to ask Michael, could you give us some insight into some of the financial impact? And I'd also like to ask, have you accelerated some of your financial reporting internally as we face such unusual times?

17:59 Michael Rosenblut, Parker Jewish Institute for Health Care and Rehabilitation and LeadingAge New York Sure, good afternoon again. So we'll start with the supply chain, as it was brought up by a colleague. So for supplies, to be very blunt, price gouging, price gouging, price gouging. What we would normally pay to use, an example, let's say we're paying \$0.25 for a mask, just to make us a number. Now we're paying \$1,000, and I'm not exaggerating. We've had to, unfortunately, resort to alternate supply chain sources. We've met a lot of new friends in this process who we've had to pay a lot of money to to get our supplies. Every day the challenges calm down a little bit, but at the height of the pandemic we were finding sources all over the tri-state region. Sending our own trucks out same day, doing wire transfers, getting our receipts, getting our supplies in-bound so we had no issues, thankfully.

But by example, from the beginning of the pandemic through now, the Parker Organization has spent well over \$525,000 just for supplies. That doesn't include the dollars we put towards labor, to make sure our building is safe and sound. Just to make sure we had the proper PPE, was the advantage that was taken of us as a healthcare provider from the suppliers. And granted, the suppliers had their own issues, many of these things have come out of China. I guess the best advice or takeaway from this webinar today is, if you're entrepreneurial, you should definitely consider opening a factory for medical supplies in the United States. Because you'll make a killing from that standpoint. Hopefully our associations might do that for us. And while I see some people smiling, it's really the truth from that standpoint. So that's on the pricing side, and I'm sorry, what was the other part of the question?

19:55 Christopher Callaghan, M&T Bank Internal reporting, have you done any acceleration or different methods that you're looking at now?

20:04 Michael Rosenblut, Parker Jewish Institute for Health Care and Rehabilitation and LeadingAge New York Sure, so we joke internally a little bit. Obviously we're very careful with money, like everybody else on this webinar, that we maintain a budget, we maintain our metrics. The budget for our organization for 2020, not that we've set it aside, but it never took into account having a major pandemic. We're already looking at 2021, that's our goal.

We've also made, as we'll talk about later on within today's agenda, we're starting to make major structural changes to our marketing reputation plan that we have to be covered with nursing facilities, as was indicated earlier. They've all been tainted by horrible news stories, including our own organization. Thankfully, they're all lies. But again, this goes to how we market and, as was indicated earlier on this webinar, the hospital census is down across the board, at least in our general area. And we sit on the campus of a major tertiary care hospital. And census is down in our general area where we admit from, so we're making our own adjustments. And how we're gonna recover, it's not gonna be an overnight process by any which means. We're looking at probably a six to 12 month period, and we're just starting next week with all of our new marketing plans.

I encourage everybody, it's a game changer. No one ever interpreted how to deal with a pandemic. There's no manual on it. Nobody was around who was living with the Spanish Flu in 1918. So we're just

recreating the manual and accelerating what we believe are our positives as an organization. So and again, on our metrics, our chief financial officer and the department that he's responsible for, we're looking every day. Our biggest issue right now is making sure that we have our cash available at all times. That's the biggest single item. Because no one's P&L to take into account with what happened. But cash is king right now, we're maintaining that philosophy, and we appreciate when the market's up every day, thank you.

22:06 Christopher Callaghan, M&T Bank Thank you, so given the financial and regulatory environment and, as you just mentioned, Michael, there obviously was the news stories and government oversight. Is there an impact to branding and marketing and how would you look at that risk where we sit now?

22:30 Michael Rosenblut, Parker Jewish Institute for Health Care and Rehabilitation and LeadingAge New York So from a brand marketing perspective, we have definitely been at risk. Bluntly, our organization, lies were told about it. We defended ourselves to the best of our ability. We've actually brought in a new company to help with our reputation recovery, marketing efforts. As I said, that's starting next week. In the past month, we've taken out some full page New York Times newspaper advertisements, thanking our staff. This is all about the heroes that work upstairs in our buildings. I got to sit here and look good today because we just have a wonderful staff of 1,000 that are working hard each and every day. And I do think we need to take a moment to thank them within each of our own organizations for doing the job that they do. It has not been easy. You have certified nurse's aides that we're paying x amount of dollars per hour who are coming into the building, putting on their PPE, and taking care of the residents, whether they have COVID or they don't have COVID.

We've also along the way in the last month, we've had some of our licensed nurses resign. They have had family discussions and they said they never signed on for any of this. And it's hard to debate that with them because they never went to nursing school to deal with a pandemic, no one did. So sympathize with them. We've also, on a positive note, on a very positive note, we've hired brand new nurses that are graduating from the nursing schools because not they're allowed to get their licences earlier. And we have at least a half a dozen brand new nurses that have started with us that are on the units who are taking a, quote, "gung-ho" approach to assisting us and they've all ended up with supine positions. We're very proud of those individuals. Thank you.

24:14 Christopher Callaghan, M&T Bank That's great. And as we move forward, and transition through crisis management to a post pandemic world, or at least a daily crisis world, longer term, how do we adapt, Bob, to increase scrutiny? Are the regulators dying to do enhance their survey? And is there a fine mechanism that they're talking about? And are there other legal challenges that we should be thinking of as we move forward?

24:49 Bob Griffin, Krokidas & Bluestein Okay, let me just address the survey issue. I'm just gonna pick up on a point that Rich made about assessing blame. You live in a blame assessing society and Rich, to his credit and the association's credit did provide a lot of funding and nursing facilities. I'm just very concerned there's gonna be a price to pay for that. Because you just look at the guidance that just came out on May 18, in which you talk about reopening nursing facilities and at the end and once again repeat what they're gonna be looking for in surveys. And they have their hit list that he said, complaints, infectious control, not notifying the family of residents, violation transfers, things of that nature. What really struck me at the end is they're saying for your normal survey cycle you should prioritize and focus on facilities that have had a high incidence of COVID-19 in their facilities and then to SFF facilities and others.

And there's a message there and it was about this virus. I'm a lawyer, I'm not a clinician, but to me there's no rhyme or reason why a facility gets hit and another doesn't. In our state, we have a five star facility that has, I think, a 90% infection rate and a very high mortality. You have an SFF that has no infections, staff or residents. So very different virus and I'm just fearful that the so-called optive criteria surveyors have are gonna really come down hard on facilities are claiming lack of staff, lack of whatever. I think we'll be seeing a lot of 2567s, that would be really hard hitting, it would be a lot of IIDRs, maybe. So you're gonna see that on that end.

As for other things to consider as I do think people might wanna look at their handbooks, whether it's nursing facility or assisted living and having some kind of disclosure saying that during public health emergencies, it could be otherwise, I'm hoping no other pandemic, but we do have emergencies of sort, and make it clear to the family members and others that certain things might be abridged. I think also going forward, you have to consider the waivers that affect how many of them will stay in place. In Massachusetts, we have waivers for the determination of need programs as we call it, because we're different than everyone else, certainly no one else in the country. But there's certainly relaxation of those rules. Are they gonna come back?

So you have to monitor those situations. And then finally we have to deal with the opening issues. And there's this guy who said that about 14 days, 28 days, phase two, phase three. So I just had half of all this, I mentioned to the physical design, which I really will think that vision Michael can probably address more so than me, but there's gonna be obviously a lot of legal work involved with that in terms of regulatory approvals and whatnot as you try to deal with what I think is gonna be coming out this weekend is physical events is another kind of public health emergency. So that's a quick synopsis, I'll just turn it over to Rich and Michael, okay?

28:38 Christopher Callaghan, M&T Bank Yeah, so it seems like we're talking about reopening and moving forward. But I think we're still in the middle of this, and still have stories to tell. So in terms of the industry, industry messaging, and the trade group, how do we tell a more balanced story and restore faith in these healthcare settings? Michael, you're involved with LeadingAge. How are those conversations going as we look, look to reopen and try to bring that occupancy back up?

29:13 Michael Rosenblut, Parker Jewish Institute for Health Care and Rehabilitation and LeadingAge New York So I think within the association, I can't speak formally for the association but for the members that contact me throughout the seven day period, I'm going back to my earlier comments about marketing. We need to really as a professional group, and this just doesn't go for LeadingAge New York, it really goes for all the associations across the country. We really need to focus together on proper advertising, getting the message out, we just had a meeting yesterday with an organization. By example, we have our own house physicians that work for us full time, seven days a week on site. We really never stressed that we've taken it as a given. You have it, you have it for a long time and it's been a great model for us due to our size. We need to start to stress to the families to the community that we offer that level of service while the facilities may not be able, we still we can stress the fact by example that we have our own pharmacy on site.

So we need to take a different look at what we've done in the past. Instead of just saying to the general public, hey, we're great, come here, I'm so good looking, In the Parker, we need to start stressing some of the clinical areas so people understand. We've really never used our ratings that we received by the government over the last several years. And now we're starting to use both at what we hope would be

to our advantage. Just a comment that I made earlier about the physical plant. Absolutely we're looking at changes, we're looking at spending dollars of installing additional HPC equipment out filter the air that we'd never thought we'd have to do before. Anything that we can do to help fight the pirates and improve our level of service that standpoint. So if there's gonna be major challenges,

I think there's been a lot of new companies that have sprung up over the last several months that have come up with ideas on how to fight the virus from chemical cleaners to ultraviolet, so we're gonna be looking at everything on the physical part. But again, going back to the individual members of the associations, I really think the two national associations, the major ones, that'd be the American Healthcare Association and LeadingAge, really need to come together. And come up with the proper marketing plan to get the messages across as our certified nurses' aides are licensed nurses are taking care of our patients each day and getting that great message out there. It's been difficult for us. We've tried, we're gonna continue to try and it's an ongoing robotic process. Business is not normal any longer, business has changed. We all know that, we haven't do normally need to deploy. Thank you.

31:55 Rich Bane, Bane Care Management LLC Now let me just add to what Michael said. There have been some wonderful success stories that have come out of the work that we've done over the last ten weeks. The heroic efforts of our staff, the incredible Infection control protocols that are put into place, the wonderful compassion and activities that have happened between our staff and the residents as a substitute for the families in many cases. So there are some great success stories for us to be able to build on. And I do believe that at some point the public is gonna embrace us because there's no question that demographics require a strong skilled nursing industry to be in place. And it may have taken a pandemic but I think this is making us stronger.

32:48 Christopher Callaghan, M&T Bank Thank you. Some of the media is talking about a second wave in the fall, coupled with a continuation of what was a flu season. Are these protocol gonna be sustainable for a longer period as we work through this?

33:05 Rich Bane, Bane Care Management LLC So I think that's gonna depend on our funding sources. As Michael said before, PPE is very expensive. Hazard pay or heroes pay is very expensive. We were already operating on thin to no margins to begin with. So without additional financial and reimbursement support, financially they won't be sustainable. Certainly from an operational perspective, we can continue to do what we do in terms of the extensive use of PPE and rigorous infection control protocols. It's a question of whether the reimbursement will be able to keep up with the requirement.

33:46 Michael Rosenblut, Parker Jewish Institute for Health Care and Rehabilitation and LeadingAge New York This is Michael, if I could add in I completely agree with what you just said. Furthermore, we're looking now at starting to stockpile general supplies, PPE supplies slowly going forward. We've brought in additional storage capacity for our organization so that these supplies become available in case we do have a resurgence, whether it be fall or later. We're very concerned that supply chain will still not be back to normal for quite some time. So we encourage everybody to take your credit cards out, go shopping as much as possible. You're gonna use the supplies at some point in time and again with the regulators and protecting our residents. We have questions from families, do we have enough supplies? We have people, thank God, in the community that love us that are showing up in pickup trucks and for bringing us cases of brand new equipment. So that's very much appreciated, thank you.

34:44 Christopher Callaghan, M&T Bank So I'd like to ask if there are additional questions from attendees on the webinar? So maybe this is for you Rich. Skilled nursing has dealt with annual flu

epidemics, and how was this different? And what lessons have we learned on infectious disease protocols? If there were one or two big lessons, what would they be?

35:28 Rich Bane, Bane Care Management LLC So this was, this particular virus has been different because of the asymptomatic nature of the presence of the virus. While we were initially screening our employees at the front door for symptoms of fever and taking their temperatures and having them attest to the fact that they weren't experiencing cough or congestion. We would screen them at the door and they could come in and still be carrying the virus. And I do believe that that's what happened and why this virus spread like wildfire. So to the extent that we're trying to deal with an invisible enemy, I don't know that we could have done anything more than we already did.

In terms of a second wave that may be coming, I believe that the infection control protocols are gonna be in place for the, probably through the rest of 2020. I think that we'll be using, as Michael said, PPE all the way through 2020. He's putting his mask on right now. I'm not in one of our buildings right now, so I'm staying away. And the testing, I think that as we continue to test, and in Massachusetts and New York and other states that have been equally impacted, I think this testing is gonna continue the cycle of more surges, more virus, more infection, more infection control requirements. And it's gonna take a while for the science of this to catch up. And ultimately, we're gonna need a vaccine or some kind of antidote in order to fight this because of the insidious and lethal nature of the disease.

37:16 Christopher Callaghan, M&T Bank Thank you, we have another question and I guess I'll put this to Michael. As you put in new supply chains and look to buy goods from these price gougers, do you have concerns about the efficacy of some of the PPE equipment?

37:40 Michael Rosenblut, Parker Jewish Institute for Health Care and Rehabilitation and LeadingAge New York So we have actually found new suppliers. Some of them, not many, but we have. And what we've done is if they call us or we speak to them, that they have surgical masks by example. We're confident in the brand that's available because of the competition and the price gouging we actually take the checkbook or we wire transfer. We send our own drivers out the same day. We do not wait for these companies to deliver to us. We go get the product, load up the truck selves and come back to the building with the product. We cannot take a chance when we're told product's available that it'll be shipped out. If you're in the tri-state region we come hunt you down and get the product with our check book, thank you.

38:20 Rich Bane, Bane Care Management LLC One of the things that's happening in Massachusetts, is our industry association has coordinated a bulk order. So, while it's taking longer than we expected, we had a number of our providers get together in one large bulk order that ended up being several millions of dollars. It did require upfront payment, which was a problem for many providers, but I think coordinating activities around that are very important. I think we're all aware of the fact that FEMA is sending seven and 14 day supplies out to nursing homes over the next week. So we'll see that but FEMA is suggesting that is a bridge use of PPE and certainly not a sustainable long term supply.

39:06 Christopher Callaghan, M&T Bank Thank you, and I have a question for Bob. Are there concerns around the forgiveness and some of the changing criteria on the PPP program and those SBA loans?

39:26 Bob Griffin, Krokidas & Bluestein The PPP program, the frequently asked questions by the SBA, I guess it's just reflective of the government's trying to deal with a pandemic. As maybe Michael said, we're not good at pandemics, because we never had one. Included in the SBA process here is that old

saying of building a plane while you're flying it, and up to 47 different FAQs. I just checked before the seminar, an update came May 19th. The guidance, I think it was FAQ 46 did give some comfort. With respect to the forgiveness side and also the kind of penalties, they said that if you're under \$2 million, the original loan amount, not your spending amount, it's a big difference there. If your loan amount was under \$2 million, it's evidence that you displayed economic necessity, so we're not gonna bother with you. If you're over \$2 million, we're gonna audit you, and if we determined that there was not economic necessity, we're gonna ask you to pay it back at the 1%. And if you don't pay it back, then we'll refer you to administrative agencies.

And subsequent to that, they have put guidance out not to the FAQ, but in terms of what's gonna qualify for forgiveness. As you know, the 75% threshold for payroll costs has been there and certain costs have been in and out. What's allowable? FICA's not allowed, retirement payments seem to be allowed but not allowed, so there is some potential ambiguity in there. As well as in terms of the 25% piece, which is the non-payable piece that you're allowed to spend up. But if, for some reason, if you only able to do 70% payroll and you pick over 30% of the other piece, my understanding that your loan forgiveness piece will only been for that 5%. And that's what you pay your 1% interest loan on, payable over a period of time into next year, so it's pretty good money.

And some clients are looking at this as I got \$4 million, it's a low interest loan if the government says I shouldn't have had it, it means that you're doing very well financially, then it's 1% money. So on the whole, it's quite an advantageous program. And I think what really calmed people down was this whole idea that they weren't gonna be looking to people, prosecution for fraud. And by the way, the likelihood of getting prosecuted for fraud for a program for which there's really no standards is fairly low. I mean, there has to be a set of standards. FAQ does set them, but they just said if you don't pay us a percent, we're gonna refer you out. Okay?

42:36 Christopher Callaghan, M&T Bank Great, thank you. So we have a few questions around the same topic. The sentence that skilled nursing is need based. But how do we see longer term impact on the skilled model and demand going forward? And I guess Michael, maybe you could start with that and Rich follow up, if you would.

43:01 Michael Rosenblut, Parker Jewish Institute for Health Care and Rehabilitation and LeadingAge New York Sure, so regarding our day to day demand or need for our product, being the care we deliver, that will still exist. I think the issue we're gonna face as we're already reality is with elective surgeries being postponed, hospital senses in certain communities have decreased. If someone in the past was given a choice to go to a sub acute care facility or go home with homecare based upon everything that was read in the newspapers, I think some families are not gonna really invoke their choice to go home with their loved one. Versus maybe going for that really solid sub acute therapy platform that can help them because of all the negative press that we received as a profession.

I think, again, it goes back to my comments about a half hour ago that we really need to improve our image, reputation, we need to make sure that we maintain our star ratings. The other ratings we received from other agencies are just more and more important to us each and every day. We need to demonstrate the value that we provide still to our acute care partners and to the insurance companies. And Parker is a little bit of an anomaly because not only are we a provider of care, we also spend the majority stock in a Medicaid, Medicare Advantage Plan. We're able to look at both sides of the fence. Are we a good value to the local insurance companies, even with the pandemic occurring? And what other lines of services can be married our own organization?

So by example, we have an on site dialysis center. Now we're looking at other respiratory programs. I think now is the time to innovate, and by example, we're meeting with a tertiary care hospital later this week. How can we help them, what can we offer them? Thank you.

44:49 Rich Bane, Bane Care Management LLC I think Michael's 1,000% right. All of what he said is gonna be very important. There's another factor I think that's gonna happen, and in states like New York and Massachusetts where there's been such turmoil in the market, I think there are gonna be some providers that just aren't gonna make it. And there's a bell curve to everything, and I think there are gonna be some providers that may be at the left end of the bell curve that just aren't gonna survive the just oppressive pull on PPE and on infection control and on staffing requirements. And as that capacity comes out of those markets, I think you're gonna see the survivors be able to pick up that excess capacity and thrive.

So when I talked before about the stunning decrease in census that we've experienced in Massachusetts over the last 10 weeks, as that rebuilds, and I think it will rebuild, but it'll take much longer than ten weeks to have it happen. Once we get back to a steady state, I think the new steady state for the survivors is gonna be one of much, much greater strength and stability. Because, as was referenced by the question, the demographics are gonna require skilled nursing facilities to continue to provide the great care that they do for the people who can no longer care for themselves at home.

46:23 Christopher Callaghan, M&T Bank Thank you for that. Unless we have any other questions, I think that probably wraps it up for today. I wanna thank everyone for attending, I particularly wanna thank Bob, Rich and Michael for being on our panel, working through some difficulties with technology. But as I said, we're learning together as we go through this. And M&T is committed to supporting this industry and supporting our clients. And in some cases, we're figuring it out alongside you and hoping to come up with the best solution. So to the extent that we maintain dialogue and we help answer questions, we're here for you. And we appreciate you spending some time with us today. Thank you.

47:16 Michael Rosenblut, Parker Jewish Institute for Health Care and Rehabilitation and LeadingAge New York Thank you.

47:18 Rich Bane, Bane Care Management LLC Thank you very much.

47:20 Conclusion Thank you so much for coming on. This does conclude our webinar, The Impact of COVID-19 on Skilled Nursing. Thank you again for joining us.