

Executive Summary

**THE IMPACT
OF COVID-19
ON LONG
TERM CARE**

A White Paper

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PART 1 - INTRODUCTION

The situation is devastating! The destructive sweep of the COVID-19 virus which is disrupting our lifestyle and daily lives is significantly impacting those in the throes of a long term care event. They are especially vulnerable. But that is just the short-term.

If you fortunately still have your health and can only contemplate having a major health change down the road, will you be impacted? The answer is unequivocally yes!

This White Paper addresses the impact of COVID-19 on the long term care continuum.

To obtain this information, I surveyed numerous top people in the long term care industry - people who have insider information. This paper is an overview of what they shared.

Here are the abbreviated answers:

Nursing Homes - The impact on the nursing home industry has been catastrophic! With occupancy rates plummeting, this industry is in deep financial trouble. Two-thirds of nursing homes operators say they won't make it another year given current operating pace due to increased operating costs.

Assisted Living - Occupancy rates for assisted living facilities have declined due to COVID-19. Half of assisted living facilities are operating at a loss. Sixty-six percent of assisted living providers said they won't be able to sustain operations another year at the current pace of increased costs and revenue loss.

Home Health Care - Americans want to stay at home and age in place. Even before COVID-19, claims data shows that most care is already received at home. Expect the trend to age in place to continue to accelerate. With most of the care shifting to home, as a result of COVID-19, this increases the burden on the family for caregiving. Another major concern is that the demand for home care aides will exceed the available supply.

But that's just one part of the problem.

The other part - for most consumers - is almost hidden from view. You only realize the problem when you or a loved one are in the throes of a medical event and long term care is needed. And that problem, is the recent changes in Medicare. See Part 3 in this White Paper and the accompanying Medicare White Paper to learn about those changes.

**THE END RESULT - COVID AND MEDICARE ARE PUSHING
THE COST OF CARE ONTO THE CONSUMER - You And Me!**

THE IMPACT OF COVID ON THE LONG TERM CARE CONTINUUM

THE IMPACT ON NURSING HOMES

The impact on the nursing home industry has been catastrophic!

With occupancy rates plummeting, this industry is in deep financial trouble.

The American Health Care Association and the National Center for Assisted Living (AHCA/NCAL) conducted a survey of 953 nursing home providers across the U.S. on their financial and staffing challenges.

- **Two-thirds of nursing homes operators say they won't make it another year given current operating pace due to increased COVID-19 costs.**
- 90 percent of nursing homes are currently operating at a loss or less than three percent profit margin.
- 65 percent are currently operating at a loss.

At the same time, revenues are taking a beating. Nursing homes are suffering from the loss of lucrative post-acute rehabilitation and other care for patients recovering from surgery, strokes and the like. Potential long term care residents are reluctant to move in.

Those results are consistent with one expert in nursing home financing who privately predicts that COVID-19 will drive about half of all current operators out of business.

THE IMPACT ON ASSISTED LIVING FACILITIES

Occupancy rates for assisted living facilities have significantly declined due to COVID. Here are the key findings from a survey by the National Center For Assisted Living:

Finding 1 - Half of assisted living facilities are operating at a loss.

Finding 2 - 66 percent of assisted living providers said they won't be able to sustain operations another year at the current pace of increased costs and revenue loss.

Finding 3 - These facilities are facing increased costs in personal protection expenses (PPE) supplies, staff pay and cleaning supplies.

Finding 4 - Assisted living facilities - unlike nursing homes - have not received any direct federal funding.

THE IMPACT ON HOME HEALTH CARE

Americans want to stay at home and age in place.

Even before COVID 19, claims data shows that most care is already received at home.

Expect the trend to age in place to continue to accelerate as a result of the COVID-19 impact on nursing homes and assisted living facilities.

A survey of family caregivers showed these results:

- 65 percent said COVID-19 has completely changed their opinions about the best way to care for older adults.
- 68 percent said they don't agree that quality care can be provided in assisted living and other congregate care settings.
- 78 percent are concerned their loved one will contract COVID-19 in a facility.
- Looking to a time after the pandemic, two-thirds of family caregiver respondents said they plan to use in-home care rather than facility-based care.(1)

(1) 9/4/2020 , “ [COVID-19 shifts mindset of family caregivers about senior living decisions](#) ,” by Kimberly Bonvissuto, McKnight's Senior Living

THE IMPACT ON THE CARRIERS

With the pandemic crisis lasting longer than most of us had anticipated, the impact on the carriers has definitely increased.

To determine the impact, I identified three areas: traditional carriers, hybrid carriers and underwriting. The following information should be considered a snapshot taken as of January 2021 because the carriers are continually modifying their procedures.

The Hybrid Carriers

This is the area where I have seen the most change. Almost every week there has been an announcement about an upcoming change. Virtually all carriers have increased their premium rates and most have limited the application age to 70. One company requires single pay for all applicants over age 70.

The Traditional Carriers

Initially, from an agent's perspective for this segment of the industry, the changes have been surprisingly minimal. For several months, one carrier limited the age of applicants to under 65, but that restriction has now been lifted.

But now we are seeing much stricter underwriting requirements. They include:

- Applications postponed if insured or member of their household has traveled outside the country within the past 30 days.
- If the insured or somebody in their household has come into contact with somebody who tested positive, coverage will be postponed for 30 to 90 days depending on the carrier.
- If an applicant currently has COVID-19, he or she is postponed for coverage - ranging from 30 to 90 days depending on the carrier.
- If hospitalized - it could be up to a year
- If quarantined, with no diagnosis or symptoms - the delay ranges from as soon as he or she is released to 90 days.
- And this was a shocker: One carrier announced that if you had the COVID-19 test - for whatever reason unless it was needed for employment - there is a 90 day delay to take an application. That was vigorously protested during the conference call I attended. Fortunately, that requirement has now been relaxed.

Claims Support Services

Noreen Guanci, CEO of Long Term Solutions, provided a very interesting analysis of the impact of COVID-19 on the support services needed for the carriers underwriting process.

- “COVID has impacted our ability to do on-site assessments. Some carriers do not want to take the risk of contact. In the initial phase of COVID, we primarily performed virtual assessments, using video technology. This strategy had its own challenges in that some insureds did not have the technology and others complained it was too complicated. Because adult children worried about the safety of their loved ones and did not want to visit, insureds were on their own regarding these matters. And facilities did not have the staff to assist their residents. We are now doing a hybrid approach, depending on the comfort level of the carriers.
- “On site assessments bring another complexity because we need to follow the CDC guidelines. We screen any clinician who plans to visit an insured. We built technology that reaches out to them via text to ask the required questions prior to the visit and our staff monitors that outreach.
- “If I had to look into the future, I would guess that the fear will continue. Insureds on the border of needing help will hesitate unless it is absolutely necessary. Families and friends will likely pick up the slack. Those who really need significant care will proceed, especially nursing home admissions, because they likely won’t have a choice. We know there is already a shortage of caregivers, and it is expected to get worse.”

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Leni experienced the slow decline of her mother due to a memory loss situation. This life-altering experience as a caregiver and care manager strengthened her resolve to present realistic long-term care solutions for others.

Leni is committed to letting others know the options available so that they can make the best possible plans and avoid catastrophic financial loss and emotional upheaval. Since then Leni has become one of the nation's leading long term care experts and is a member of the largest and most successful long term care agency in the country.

Since 2001 she has been providing education and guidance in the field of long-term care for clients throughout the country. She has given numerous workshops for consumers, as well as financial planning associations, estate planning firms and CPA firms. She has also helped implement plans for leading Fortune 500 companies, as well as for educational and not-for-profit businesses.

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A nationally recognized long term care expert, Margie has been specializing in LTC since 1990. She has been named by two magazines as one of the industry's top ten power people and one of the top 25 most creative people in the insurance industry.

Since 2000, she has been writing her popular monthly column "LTCI Insider" for Senior Market Advisor and, as of 2014, for LifeHealthPro. She is the author of two books: "50 Ways To Boost Your LTCI Sales" and "Selling LTCI Today."

Margie is presently a long term care planning specialist with ACSIA Partners. For 10 years she worked with AHIP, the country's largest association representing health insurance companies, as the National Marketing Coordinator for their LTCP Designation program. She still periodically provides training for the designation program.

Margie has spoken at numerous industry conferences. She is co-founder of the Executive Study Group, comprised of the top 20 women leaders in the LTC industry.

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