



Wisconsin Health Care Association

Wisconsin Center for Assisted Living

June 5, 2020

Gov. Tony Evers  
Room 115 East  
Wisconsin State Capitol  
Madison, WI 53702  
Electronically Delivered

Dear Gov. Evers:

Thank you for taking the time to meet with WHCA/WiCAL members and staff this past Tuesday to discuss the challenges facing long-term care due to COVID-19. We appreciated the opportunity to share the current reality for providers across the state, including a growing prospect of facility closures. As was discussed on the call, we emphasize that without additional funding, providers are being set up to fail. **Long-term care providers from across the care continuum request that additional CARES Act and surge funding be earmarked for providers.**

While many sectors of the economy are facing challenges, long-term care providers are experiencing the most significant challenges in this crisis due to the potential for loss of life because long-term care providers serve those who are most at-risk of serious health concerns related to COVID-19: frail older adults and persons with disabilities. The COVID-19 response for long-term care will be much more sustained and ongoing well beyond any "reopening" plan for the state generally, and the long-term care provider community was a sector that was already struggling financially. These unique challenges, in addition to the significant challenges we were facing before the crisis began, and the significant vulnerability of the population long-term care providers serve translate into a more acute level of need for long-term care providers.

Providers appreciate the CARES Act funding that was earmarked for skilled nursing and assisted living facilities in Wisconsin. While this funding is an important step in the right direction, there are significant challenges on the horizon relative to fiscal stability of the profession due to the increased costs and loss of revenue due to COVID-19, including the significant increased costs as a result of the tremendous increase in the need for PPE in the weeks since COVID-19 was designated a pandemic, along with sometimes double the labor costs for facilities due to this devastating virus.

Labor costs continue to be high as agency staffing is very difficult to secure and is devastatingly expensive; unemployment compensation can provide greater income than some entry level positions given facilities ability to pay their entry-level frontline caregivers; and staff and prospective staff continue to be concerned about the risks to their own health that the health of their families.

The long-term implications of funding could have devastating consequences for providers with more facility closures if additional funding stability is not offered to providers. Forty facilities have closed their doors since 2016, and providers are concerned that without additional funding support, the profession will face significant on-going financial instability.

An analysis by CliftonLarsonAllen, an auditing and accounting firm that follows the sector closely, has found that SNF providers in Wisconsin are experiencing a revenue shortfall of up to \$160 million. While this concern has been stabilized for now given the injection of federal funding, facilities without admissions due to the shutdown of elective procedures will continue to fear for their financial stability in the event of a fall COVID-19 surge. Providers were already teetering on the edge of financial instability before COVID: Wisconsin has consistently had one of the highest Medicaid losses in the country, according to a study Hansen Hunter, LLC. SNFs lose between \$70-80 per day for every Medicaid resident we serve, which accounts for about 2/3 of our residents.

The reality is that Wisconsin's long-term care provider community was not in a strong financial position before COVID-19; providers are struggling financially now due to increased costs and lost revenue; and future projections indicate that providers will see a sustained financial crisis unlike any other sector. And given the vulnerability of the residents we serve, additional funding to ensure facilities can maintain providing high-quality care is critical.

The COVID crisis has created a perfect storm that could devastate long-term care providers and the residents they serve. Without additional funding, long-term care providers face an existential crisis that will result in more facilities closing their doors, lowered access to care across the state, and a serious risk of a lower standard of care for our most vulnerable citizens. We as a society cannot accept this result – and so we respectfully request that additional CARES Act and surge funding be earmarked for long-term care providers.

Thank you for your time this week, and your obviously sincere interest in listening to the concerns of our state's hard-working long-term care providers. Please let me know if there is anything that WHCA/WiCAL or I can do to be of assistance in advancing our shared priority of protecting our state's most vulnerable populations in this pandemic health crisis. I also wish you, your family, and your staff all the best as you continue your efforts on behalf of all Wisconsinites in these challenging times.

Sincerely,



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*President & CEO*

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