
Should Nursing Homes Be Closed?

By Jack Cumming Tue, Jun 30, 2020

'The COVID-19 crisis is accelerating many business trends. The time may be now when senior living operators need to decide whether it is wise to continue,' writes our guest columnist, a retired actuary and resident of a continuing care residential community.

Many senior-living executives advanced in the industry by qualifying as Nursing Home Administrators. That has tilted the industry toward caring for the frail more than celebrating the capable. There are different kinds of nursing homes, ranging from small board and care homes, to proprietary nursing homes specializing in Medicaid, to the care facilities in Continuing Care Retirement Communities (CCRCs).

Life in a SNF

CCRC residents are sometimes seen as embarked on a life journey that ends with confinement in the Care Center, as CCRC nursing facilities are often termed. That is no longer seen as a desirable place to spend one's final days. Sharing a room and a bathroom with a total stranger, who may have annoying habits, is not an outcome that anyone would want.

The COVID-19 pandemic has led to a media focus on Skilled Nursing Facilities (SNFs) as disease-prone concentrations of vulnerable people. Estimates have suggested that as many as one-third of all COVID-19 deaths may occur in SNFs. This, of course, ignores the death rates in hospitals. As one wise person said, "Have you ever thought about what a privilege it is that your residents have chosen to die in your community?" The recent negative publicity may be unfair, but it is a new public awareness reality with which senior living operators must cope.

Some of what media reports present as "excessive" deaths may be no more than hospice patients, for instance, choosing to forego treatment. Thus, many of the SNF deaths may be among people who were likely to die soon in any event, but for whom COVID-19 has merely accelerated the inevitable.

Who's to Blame?

LeadingAge's Katie Smith Sloan recently courageously pointed to the failure of our national leaders to give priority to shielding nursing home workers with adequate Personal Protective Equipment (PPE). The nursing home industry has not been as effective as have

hospitals in making their plight known. One reason may be the artificial distinctions that prevent the trade associations – LeadingAge, American Senior Housing Association, and Argentum – from speaking with a shared voice. A secondary reason may be that their voice is less compelling due to the absence of residents and their family members in trade association policy councils. AARP has demonstrated that true grassroots support weighs heavily in Washington.

Nevertheless, as the National Institutes of Health’s respected spokesman, Dr. Tony Fauci, said recently, now is not the time to be assigning blame. Now is the time to address the common foe with all our strength, with all our will, and with all our capacity. That the media have chosen to single out nursing homes and then to assign blame to their proprietors has not been helpful. Moreover, it shows a journalistic superficiality that is unworthy of those who are given authority to shape public opinion in a democracy. Still, unjust publicity is not the only challenge confronting nursing homes. They face financial challenges as well.

Do We Need SNFs?

Financially, licensed SNFs are eligible for short term Medicare reimbursement benefits. Downward pressure on reimbursement rates makes it increasingly difficult to cover the cost of quality care. Thus, it’s not surprising that, even before COVID-19, many CCRCs were delicensing their SNFs and converting them into more homelike high-acuity assisted living. Most needs calling for a SNF license can be provided in that more inviting setting if there is competently licensed staff.

Without a skilled nursing facility, senior living operators won’t need to have a licensed Nursing Home Administrator. The focus can shift to ensuring that what seems like an attractive home for life remains just that.

Trend Away from SNFs

A trend away from skilled nursing began before COVID-19. A 2018 CBRE (Coldwell Banker Richard Ellis) study concluded: “Telemedicine and other technological advances in the delivery of health care are keeping seniors with significant health-care needs in non-nursing care environments longer.” COVID-19 has accelerated the adoption of telemedicine, so it is likely that the decline of licensed SNFs will continue.

A two-stage assisted living approach can allow CCRCs to provide a more integrated care response. Generally, skilled nursing staff are not allowed to respond to independent and assisted living residents if an emergency develops, say, in the middle of the night. That can

lead to expensive and unnecessary transports to emergency rooms. Effective telemedicine, however, can connect remotely with emergency room physicians, who can determine whether transport is needed or not.

What Happened?

Criticism of nursing homes is not new. During the 1980s, there was a move toward privatization, which spurred the expansion of proprietary skilled nursing homes. A 1986 study titled “For-Profit Enterprise in Health Care” from the Institute of Medicine decried the prospect of substandard care. Some proprietary SNFs have been characterized as greed-motivated, suggesting that profit takes precedence over patient welfare. That unsavory perspective may now have tainted the entire industry.

The COVID-19 crisis is accelerating many business trends. The time may be now when senior living operators need to decide whether it is wise to continue. It’s hard to make a case for continuing a care model that can result in losses, especially when serving needy Medicaid patients. Now that financial challenge is exacerbated as nursing homes are seen as hazardous for the welfare of those served. It’s possible that hospitals will offer SNF-type services in separate facilities on their campuses, or that specialized operators may be able to scale SNFs to be viable. If so, those who no longer provide SNF services as part of their portfolio can contract with others to meet those needs.

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