

March 9, 2021

Chair Ginny Lyons
Senate Committee on Health and Welfare

RE: Urgent Financial Challenges for Assisted Living Communities serving Residents on Medicaid

Dear Chair Lyons,

Thank you for the opportunity to share information with you regarding Cathedral Square's urgent financial challenges at our two Assisted Living facilities, severely exacerbated by the Covid-19 pandemic. We respectfully request your consideration of providing financial relief in the short term through H.315, the Covid-19 Relief bill, recently passed by the House. Additionally, due to the long term and on-going financial challenges of operating Assisted Living facilities that serve a majority of persons on Medicaid, we request your support for a minimum of a 2% COLA increase in Medicaid reimbursement rates for Home and Community Based Services providers **including ACCS providers** in the SFY 2022 budget.

The Need: Vermont's Assisted Living regulations, (Section VI Resident Care and Services, 6.5) require Assisted Living providers, such as Cathedral Square, to keep and care for residents with Nursing Home Level of Care (NHLOC) needs, and there are very few reasons an assisted living residence can discharge someone. And yet, twelve of the sixteen licensed Assisted Living facilities in Vermont that take Medicaid, the reimbursement rate for our basic care and services at \$42.25/day is too low to meet the costs of providing care. In fact, this basic daily rate is around 50% less than what we receive for private pay residents at \$77/day, and our rates are much lower than the average community. Cathedral Square is committed to serving low-income persons and traditionally marginalized communities and with over 85% of our Assisted Living residents on Medicaid we are true to that mission.

Unfortunately, the increased cost of doing our work during the pandemic has turned a challenging financial situation into an untenable one. We have experienced a double whammy of huge increases in expenses- PPE supplies, wages of traveling nurses, coupled with income losses due to high and extended vacancies because of an outbreak and general consumer leeringness to move into long-term care facilities during a pandemic. Within our first quarter of 2021 we have hit 80% of our entire year vacancy budget. We had eleven vacancies at one time, which we have never experienced before. We are extremely grateful for the Medicaid Retainer program in April and May of last year, and one-time assistance through DAIL at the end of 2020 to help cover expenses during our outbreak. However, we face the same financial pressures going forward - even with the one-time infusion from the State during our outbreak, we are still operating at a significant deficit and with continued vacancies and increased expenses, we estimate a \$250K loss by the end of our fiscal year.

Assisted Living and Residential Care communities are an essential part of the long-term care continuum, providing excellent care in local communities and preventing premature transitions to more costly for profit, long-term care facilities. The recent concern over the Pillsbury properties going into receivership, and then purchased by an out of state firm is a perfect example of what we want to avoid here in Vermont. Unfortunately, assisted living and residential care, largely overlooked in federal relief packages such as the Emergency Rental Assistance Program, need relief **now** to continue operating and serving our residents with the high quality care and dignity, they deserve. Thank you for your attention and consideration.

Sincerely,



Kim Fitzgerald CEO, Cathedral Square