



## THOUGHT LEADERS

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**L**ots of attention has been focused on hospitals and the financial fall-out of Covid-19. But the crisis is just as serious for the health-care sector that provides sub-acute care, skilled nursing, assisted living and home care.

Increased costs for PPE and staffing, impact of paused elective surgeries and apprehension of individuals to receive care in-home have harmed the region's long-term care industry.

That was the message from four providers and two practice leaders from Hodgson Russ LLP who came together for a Thought Leaders Jan. 21 virtual panel on how the pandemic has affected their organization, how they made their way through it financially, and what that means for the future.

Randy Gerlach, president and CEO at Schofield Care and incoming chairman of the New York State Health Facilities Association, lost an entire budget line when 225 clients were unable to attend day programs since March, resulting in a huge dent in revenue from lost reimbursements.

"Everyone knows 2020 has been one of the most difficult, if not the most difficult year, any of us have ever seen," he said. "There's the uncertainty of the pandemic and what the pandemic caused from a census perspective."

Another major revenue loss came when elective surgeries shut down, and along with that, the residential sub-acute care many facilities count on to earn margin and counteract below-cost rates from Medicare and Medicaid.

"Our business is characterized by a model that's high operating, so when you lose your sub-acute revenue, the impact to the bottom line is exacerbated much more so than a conventional business," said Warren Cole, co-CEO of Post Acute Partners, the company that owns the Elderwood network.

Though most nursing homes and care facilities benefited from federal funding through the CARES Act and the Payroll Protection Program, allocation and distribution formulas hurt many organizations. And the next round of assistance in the works is expected to come with more restrictions and rules, including limitations for organizations that own multiple facilities.

That's a problem not only for private owners such as Elderwood, but also nonprofit groups such as Heritage Ministries Charitable Care Network, which owns nine affiliated nonprofit corporations, including Heritage Village Rehab and Skilled Nursing Inc. in Jamestown and the Vincroft retirement community in Clarence.

Lisa Haglund was promoted to presi-



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# LONG-TERM CARE

*Increased costs, trickle-down effect of paused elective surgeries and the apprehension of individuals to either go to, or receive care in their homes combine to harm the industry.*

▶ HODGSON'S TAKE

*"The regulatory changes were enormous, and they were fast and furious. At many times, it was like drinking through a firehose. One can only describe the atmosphere in April in particular as chaotic."*

**JANE BELLO BURKE**, partner, Hodgson Russ LLP





WITH WARREN COLE, RANDY GERLACH, TOM GLEASON AND LISA HAGLUND



*“One of the important things going into 2021 is to look at the industry and how to get decision-making made from a proactive instead of a reactive position all the time. It’s very easy for us to respond to something that happened yesterday, but harder to have the foresight.”*

**RANDY GERLACH**, president & CEO, Schofield Care



*“The PPP programs have become harder to access at exactly that moment in time when we need them most, and that is a challenge and an irony that we are seeing.”*

**WARREN COLE**, co-CEO, Elderwood



*“We’re in four different states and multiple counties. We were very risk-averse and we’ve learned very quickly we were not prepared to handle the regulatory changes across states.”*

**LISA HAGLUND**, president & CEO, Heritage Ministries Charitable Care Network



*“The CARES Act - if it wasn’t for that, it would have been very difficult for us to sustain what we’ve been seeing from where I am. I really hope that in the next allocation, they do it the right way.”*

**TOM GLEASON**, COO, Home and Community Based Care, Catholic Health.



*“This industry is in desperate need of those funds, but the regulations come out and they’re vague, they’re ever shifting, so people in the industry are a little bit at sea along with their legal advisers on exactly what they can do.”*

**DAVID STARK**, partner, Hodgson Russ LLP

dent and CEO at the agency last spring, just as the pandemic hit.

“A lot of the relief funds will not be geared toward how we’re structured,” she said. “We have a lot of internal factors that are hurting us because of the way we’re structured as a not-for-profit across states.”

Even programs that are part of larger systems are struggling. Tom Gleason is chief operating officer for home and community based care at Catholic Health, a division that includes four skilled nursing sites, post-acute services and home care. Gleason’s division includes the St. Joe’s Post-Acute Care Center, a Covid-only site created at a closed nursing home during the height of the pandemic.

But even before the pandemic, reimbursements weren’t keeping pace with the increased needs of patients at all levels before and after entering a hospital.

“The CARES Act was a great help, but it was not enough to provide the level of financial assistance we need to provide care,” he said.

Besides staffing issues, maintaining the site added a “tremendous” amount of overhead to the system including rent, equipment and staff pay.

“Home care did take a financial hit as well, but not as much as the long-term care facilities,” Gleason said. “The CARES Act was a great help, but not enough to provide the level of financial help we needed.”

All the executives hope that state and federal agencies will continue to ease up on regulations as they did with HIPAA rules and reimbursements tied to telehealth. Moving into 2021, that could mean more regulatory flexibility around healthcare fraud and abuse statutes, especially those tied to the Stark Law, which deals with self-referral and anti-kickbacks that went into effect in the new year.

“All these imposed new burdens on facilities and providers, on top of everything else,” said Jane Bello Burke, a partner at Hodgson Russ LLP’s health care practice. “There were literally new changes coming every day from the federal and state level, and not necessarily in clear terms.”

**► CLOSER LOOK AT THOUGHT LEADERS**

Thought Leaders is an ongoing series of discussions with Western New York business leaders and attorneys at Hodgson Russ LLP.

Ten times a year, leaders in diverse industries meet for a roundtable discussion moderated by Business First journalists.

The conversations are usually held in the law firm’s Pearl Street offices in Buffalo, but have shifted to a virtual format during the Covid-19 crisis.