

March 18, 2020

The Honorable Mitch McConnell
Majority Leader, U.S. Senate

The Honorable Chuck Schumer
Minority Leader, U.S. Senate

The Honorable Nancy Pelosi
Speaker of the House, U.S. House of Representatives

The Honorable Kevin McCarthy
Minority Leader, U.S. House of Representatives

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Pelosi and Minority Leader McCarthy:

RE: Senior Living Requests Immediate Financial Relief in Federal Stimulus 3.0 Package

We are writing on behalf of the American Seniors Housing Association (ASHA) and Argentum regarding the Federal Stimulus 3.0 Package. ASHA and Argentum are the leading national associations exclusively dedicated to supporting companies operating professionally managed, resident-centered senior living communities and the older adults and families they serve. ASHA and Argentum member communities offer assisted living, independent living, continuing care, and memory care services, representing approximately 75 percent of the professionally managed senior living industry.

As Congress actively works to develop a third package of COVID-19 response legislation and an emergency aid package, we want to call your attention to the senior living industry. Although many sectors of the economy (and the economy as a whole) are suffering under the current crisis, none are more directly affected than the senior living industry which is on the front-lines of this battle, protecting the segments of the population who are in the most danger from COVID-19.

Before describing the industry needs, it is critical that Congress prioritize the needs of those who are serving on the front lines of this battle, the dedicated employees in senior living and elsewhere in the health care industry. These dedicated employees are not only nurses and care staff but housekeepers and food service workers that are critical to senior living. With the shutdown of the country and specifically school closings, they are being forced to choose between caring for our seniors or caring for their children. This decision is much easier to make when alternative, reliable and safe childcare services are available. Senior living communities are doing their part to assist with these needs, but this should be a broader priority for Congress to address. Failure to provide financial support for our staff will have a material, negative impact on the Nation's response to this crisis.

It is imperative that senior living communities and their operators across the nation receive immediate financial support that will allow them to continue to do everything possible to protect the residents and staff in America's senior living communities (including independent living, assisted living, memory care, and continuing care retirement communities). Enhanced Medicare and Medicaid benefits will provide some added resources for certain costs of some residents in some senior living communities. However, while the vast majority of the added costs of battling COVID-19 may not be considered health care costs and not currently eligible for Federal reimbursements, they directly impact the health of senior living residents which we outline below.

Senior living is at the forefront of this pandemic and, as a result, the industry is experiencing significant operational and financial stress. Because older and medically vulnerable adults have a significantly increased risk of severe illness and death from COVID-19, it is vital that we take extraordinary efforts to prevent introduction of this infectious disease in senior living communities and mitigate the spread once it occurs. Our members have expedited sound preparation and response plans to protect both our residents and caregivers during these extraordinary times, but it has (and will continue) to come at a very high cost. That financial strain will only grow as this crisis continues. We are running out of supplies, paying overtime costs and otherwise ensuring that our heroic employees are incentivized to remain on the front lines of this outbreak while also helping them address their childcare needs during the school closures nationwide.

Significant additional expenses have already been incurred by the senior living industry and will continue to increase at a pace and duration yet to be determined. The following represents a sample of the types of costs we are experiencing associated with this health crisis:

Workforce: Hiring additional staff, training of new staff, overtime pay, modified childcare offerings, paid sick leave, staffing agency costs, temporary employee costs, incentive pay and programs, etc. The costs (staffing in particular) grow exponentially if we have outbreaks (despite our best efforts) or move in a direction where it becomes necessary to shelter in place.

Supplies: Significant new costs associated with the purchase of additional cleaning supplies, disinfectant wipes, gloves, gowns, goggles, booties, caps, N-95 masks (dwindling supply), food service items, additional medical and housekeeping supplies.

Occupancy: The ongoing crisis associated with COVID-19 will certainly impact census and occupancy for the near and long term. In addition to the closing of buildings to outside visitors including families, suppliers, and prospective residents and families, the fear generated from this highly infectious disease that disproportionality impacts seniors will take a financial toll on our industry. Across the country senior living communities have halted new move-ins and have greatly curtailed marketing activities to focus on the health of current residents and staff. These actions will impact occupancy for months to come.

Operations: Communities are required to comply with a higher level of due diligence relative to COVID-19. Adhering to Centers for Disease Control (CDC) guidance on prevention and infection control, recommendations for identifying and reporting persons under investigation (PUI), implementing screening protocol for staff entering communities, developing alternative means of communications for residents to visit and talk with loved ones, designing methods to

engage isolated residents to mitigate the health concerns of depression, and much more. These additional and new practices and strategies require additional resources such as consultants, medical specialists such as social workers, therapists, among others.

Therefore, as Congress considers the financial losses suffered by the airline and travel industry, it is critical that senior living have access to similar funding streams. For senior living, we believe support from the federal government could be based at least in part on reimbursing the businesses for the added financial outlays associated with the fight to contain COVID-19. This might be accomplished in a number of ways, but it is critical that any recoupment mechanism designed by Congress provide an efficient and timely means of providing adequate financial relief to the senior living industry. For example, one effective approach could be an additional refundable payroll tax credit for a senior living business to the extent that the business demonstrates the added costs were incurred in 2020 while dealing with the COVID-19 crisis. This approach could essentially track the structure recently provided to reimburse employers for paid-leave expenses.

There are approximately 28,900 assisted living communities with nearly 1 million licensed beds in the United States today. While this number does not capture the full spectrum of senior living, it should serve to highlight the size and scope of the current and future needs of the industry.

Financial Relief Request:

The industry's request for relief is difficult to quantify and will depend upon many factors, including the length of the crisis and additional resources needed in our communities in keeping the virus contained. We have estimated the order of magnitude of extraordinary COVID-19 related costs to be in the range of \$10-\$20 billion industry-wide.

Again, we strongly urge that the next federal stimulus 3.0 package provide comprehensive relief for the senior living industry (including independent living, assisted living, memory care and CCRCs) with respect to the added costs outlined above that have been and will be incurred by the industry. If senior living fails, and can no longer care for this at-risk population, the nation's ability to curtail this pandemic will be impacted and could potentially threaten the health of many millions of America's seniors.

If you have any questions or if we can be of assistance as you move forward, please do not hesitate to contact David Schless at 202-885-5560 or dschless@seniorshousing.org or James Balda at (703) 894-1805 or jbalda@argentum.org.

Respectfully,



David Schless
President
American Seniors Housing Association



James Balda
President & CEO
Argentum

CC: Sec. Steven Mnuchin, U.S. Department of the Treasury
Sen. Richard Shelby, Chair, Senate Committee on Appropriations
Sen. Patrick Leahy, Ranking Member, Senate Committee on Appropriations
Rep. Nita Lowey, Chair, House Committee on Appropriations
Rep. Kay Granger, Ranking Member, House Committee on Appropriations
Sen. Chuck Grassley, Chair, Senate Committee on Finance
Sen. Ron Wyden, Ranking Member, Senate Committee on Finance
Rep. Richard Neal, Chair, House Ways & Means Committee
Rep. Kevin Brady, Ranking Member, House Ways & Means Committee