

# A Message from the President & CEO

## Mark Parkinson

### 2023 Mid-Year Update

Every year, I typically send out a mid-year report around July 1. I'm late this year because the plan was to send it out once the Biden Administration proposed the minimum staffing rule. We thought it would be out by now, but for better or for worse, it continues to be delayed. I've concluded that if we wait for the proposed rule, the "mid-year" report could come out very late in the year.

The good news is that both skilled nursing and assisted living are both having a solid year. I know it is still very hard out there, but the news from Washington, D.C. is good.

#### **SKILLED NURSING HIGHLIGHTS**

First, we received a favorable payment rule. Starting on October 1 of this year, our Medicare Part A rates will increase by 4 percent (approximately \$1.4 billion). This is despite the chorus of critics who continue to tell the Centers for Medicare & Medicaid Services (CMS) to cut us. In addition, this increase is despite the 2.3 percent parity adjustment to finish the recalibration of the Patient Driven Payment Model (PDPM). We're pleased that we have been able to get all the PDPM issues behind us and receive overall increases to Medicare payments despite those PDPM recalibrations.

Second, we are making progress on the minimum staffing issue. While we still don't know what is in the rule, it is clear that our advocacy efforts have caused the Biden Administration to take a closer look at this issue. An unfunded 4.1 nursing hours per resident day (HRPD) is impossible to implement. It would require 191,000 additional caregivers and cost an additional \$11 billion each year. We have repeatedly made that point. While I don't expect the Administration to scrap the rule completely, I do believe our lobbying will lead to a rule that reflects some of our concerns. Whether it will be acceptable to our Board and full membership is another question. We will continue to fight this issue until the Administration either walks back the policy or develops a policy with which you and the Board are comfortable.

Third, we continue to see spectacular results from the states on Medicaid issues. Our state executives and state associations have been the superstars of 2023. AHCA made a good decision five years ago to increase state support. Our state associations have shined by collectively achieving billions of dollars in additional Medicaid funding.

I believe those successes will continue and that the AHCA Board will continue to support them.

### **ASSISTED LIVING HIGHLIGHTS**

We have also seen great success with NCAL. First, and most important, there continues to be no discussion of regulation at the Federal level. Senator Elizabeth Warren and others issued critical statements and requests for information from assisted living providers back in 2021, but nothing has come of it. There have been no hearings or studies, and there is no movement at all that suggests that federal regulation is on the way. LaShuan Bethea and her team will stay on it, but the threat remains very low.

Second, the NCAL team has been working hard to develop the [State Regulatory Resource Center](#) (member log-in required). You now have access to the assisted living bill tracker, allowing you to search and filter assisted living legislation from all 50 states and Washington, D.C. NCAL has tracked thousands of bills, and now this member-only resource provides access to the full text of bills, summaries, and other state resources from those searches. More resources will be available soon, including the assisted living state survey data and regulation mapping. This is really exciting work NCAL is doing and really beneficial for assisted living providers.

### **ADDITIONAL UPDATES**

There are other areas of progress that I want to highlight. You may recall that we have started setting up networks in states that ask us to do so in order to increase the leverage and value-based opportunities our members have with managed care companies. Our fifth state network just went live in Kentucky, joining Iowa, Indiana, Ohio, and Louisiana. We expect to add a few more states in 2023 and continue to believe this will prove to be a strong strategy moving forward.

Population Health continues to grow. We are seeing exciting opportunities for both skilled nursing and assisted living providers to get paid for keeping residents healthy. Institutional Special Needs Plans (I-SNPs) are expanding, and Accountable Care Organizations (ACOs) are taking hold – including the new CMMI demo ACO REACH program. You can learn more [on our website](#) and through the population health education tracks at the AHCA/NCAL Convention & Expo, [Delivering Solutions 23](#), this October in Denver.

Our GPO is taking off. We were thrilled to launch our [exclusive partnership](#) with Incite Strategic Partners, a senior living Group Purchasing Organization (GPO) last year and offer middle size and smaller operators the same pricing that, until now, only very large companies could receive. Already, 17 states have signed on, and we expect more this year. Even if your state has not signed on to the program, you can still take advantage of it in your operation.

Applications for the National Quality Award Program are up! Way up. We know that during the early days of the pandemic, your focus needed to be on protecting residents from COVID-19. Applications for the Quality Award program declined, and that made sense. We are thrilled to see that applications are increasing again. Hundreds of buildings will be involved in the program this year, possibly more, and if it is a good fit for your organization now, we would love to have you engaged. Applications for 2024 are [now available](#).

### WHAT'S NEXT?

Our primary lobbying objective for the remainder of 2023 will continue to focus on the proposed minimum staffing rule. An unfunded 4.1 HPRD would close thousands of nursing homes, and we cannot let that happen. Your help will be critical to our success. We need help in two areas.

After the proposed rule comes out, we have set a goal of generating 10,000 unique comments to CMS. It is an ambitious goal, but we can do it. We will hold a webinar a few days after the rule is proposed to outline how you can help us with this.

**Additionally, we need members of Congress touring buildings right now. We want 125 tours this year, and August is the perfect month. We need to show them the passion you and your team have for your residents. We need you to explain the difficult staffing challenges. If you have a four or five star building and would like to be considered for a tour, please contact [Matt Smyth](#).**

Second, we know we have to provide real workforce solutions. Our workers have simply not come back. The sector is still nearly 170,000 workers short of where we were before the pandemic. The AHCA Board has approved multiple legislative policies that we will be pushing throughout the rest of 2023 and in 2024. I am particularly enthused about developing a visa program, specifically for international health care workers. It is long overdue. We will work hard to get it into the mix on Capitol Hill and move it forward.

And don't forget about Denver! Our convention is there from October 1st through 4th. With all the heat around the country, that sounds pretty good right now. We promise you great content and a great time. It has been rebranded as *Delivering Solutions 23*, and that is exactly what we aim to do at this event. Advanced [registration](#) is available through September 14, and more information about the speakers and sessions is available [on our website](#).

### HUGE THANKS TO PHIL FOGG AND GERALD HAMILTON

AHCA Board Chair Phil Fogg and NCAL Board Chair Gerald Hamilton have done a terrific job heading the associations. It is very hard to believe that their two years are ending. On their watches, both AHCA and NCAL have had great success. We have

successfully fought off all the regulatory threats, put the PDPM recalibration behind us, continued to receive Medicaid increases, and avoided the threatened federal regulation of assisted living.

This didn't happen by accident. Both Phil and Gerald have driven our actions, been great faces of the sector, and are true servant leaders. Wherever you are and whatever your operation looks like, their leadership has helped. Deep thanks to both.

### **LET'S FINISH IT OFF**

While the first half has been pretty good, there is still much to do. The COVID-19 recovery is not over yet. Occupancy and workforce challenges continue to plague us. A horrible minimum staffing rule would quickly undo our successes.

We will keep fighting. And we know you will continue to fight with us. Let's make 2023 one of our best years ever.

Sincerely,



**Mark Parkinson**  
President & CEO, AHCA/NCAL

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