



# Wednesday Insights



*By David Ellis, SNF Analyst*



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## *Covid Third Wave – Solidly Declining!*

The U.S. reached a grim milestone on Monday, Feb. 22: 500K Covid deaths. To put this in perspective, we lose about 40K to the flu each year, so **we have just endured 12 flu seasons in one year**. Wow! If anyone thinks we will return to normal SNF census anytime soon, just ponder that. Twelve flu seasons in one year, mainly affecting the over-80 population. What will THAT do to SNFs' future pipeline of residents? Surely it will depress our overall SNF census – to some degree – for years to come. (I plan to do more analysis on this in future Wednesday Insights.) Demographics will bail us out eventually but remember the oldest baby boomers were born in 1946 – they are just 75 years old now.

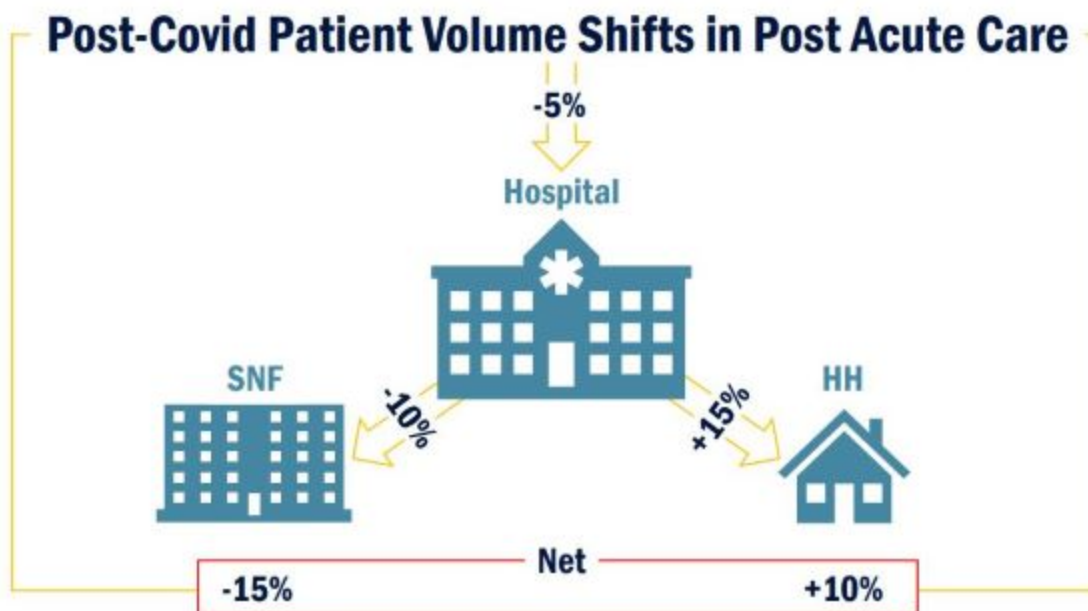
The good news: we are seeing huge declines in cases – averaging 67K new daily cases last week, down 40% from two weeks' prior. Hospitalizations are at about 60K, down from 80K from two weeks ago. Deaths are declining too, although more slowly, now at about 2,000 per day vs. 2,800 two weeks ago. The east coast overall seems to be where declines are more sluggish than in the rest of the country.

We are not totally out of the woods, as the B117 variant is still accelerating, as is a new California variant (B1427/1429), both of which are more contagious than original Covid. But vaccinations are proceeding – now 13% of Americans have received at least one dose. And we expect federal regulators to soon allow the Pfizer-BioNTech vaccine to be stored in regular freezers. The race is on between vaccinations and the virus, and most epidemiologists feel it is only a question of time before we effectively squash this pandemic – sometime this summer?

## **Covid's Impact on SNF Referrals from Hospitals**

Yesterday (Feb. 23) we [presented a think tank](#) on the all-important issue of how Covid will impact health system/hospital referrals to SNFs, long term. Here's the Cliff's Notes version:

We are bearish. When the Covid smoke fully clears and we get back to normal, say a year from now, we are guesstimating a **permanent 15% decrease in post acute SNF patients from hospitals versus pre-Covid levels.** (And a 10% increase in home health referrals.) Why? Consumer preference to avoid SNFs heightened by the pandemic, consumers' increased comfort with home-based healthcare (helped by virtual technology), and a Covid-induced uptick in hospitals' narrowing their SNF network. Plus, the hospital inpatient flow itself will remain down by perhaps 5% (more people moving to outpatient, physician offices, urgent care, hospital at home, other disruptors).



Here are our **seven recommendations for how to increase your share of hospital referrals:**

- 1) Be top-tier in infection control, and promote that. However, there are diminishing returns above a certain level – don't overinvest.
- 2) Develop more specialty units. In a world with too many competitors, it's all about highest quality outcomes and differentiation. That means more specializing: dialysis, stroke, vents, sepsis, behavioral, etc.
- 3) Build tighter business relationships with hospitals. Remind them you were there for them during Covid. Close clinical integration, better handoffs, and prove your quality with data.
- 4) Build tighter personal relationships with hospital discharge planners. Send photos of happy patients back to hospital staff and families.
- 5) Be more flexible on hospital admissions. Take the tough cases, take nearly all payer sources, give faster approvals.
- 6) Form closer relationships with home health. Cross referrals – they send too-complex patients to you; you send patients to them when they are ready for HH.

7) The sixth is a little bolder and out of the box. Form a “Quality Collective” of, say, 3-5 SNFs in a local geography. Invest in clinical and data integration with the referring hospital in exchange for a guarantee of more referrals to your collective. Use this same Collective to negotiate better, episodic contracts with MA plans. Also – as a group, purchase the one or two lowest-census SNFs in your market (before someone else acquires them and competes with you) – and then shut them down. Take their census and their staff. Reduce SNF overbedding your local market!

## Creative Ideas to Increase Long-Stay Census

When the stimulus money runs out (including one more slug from the Biden Administration), say in three to six months, it’s becoming increasingly clear that many SNFs will founder. We will see bankruptcies, distressed selling, and SNFs getting increasingly aggressive for a limited pool of long-stay resident prospects. **You have a 3-6 month window right now to jump ahead of SNF competitors and solidify your non-hospital long-stay pipeline.** Our recommendation is to be bold, right now. Perhaps add a marketing person and get really creative about finding new prospects. Here are some creative ideas we have heard in the last couple weeks:

- 1) Tie vaccinations to coming into your SNF. Depending on the progress of vaccinations in your state, you have maybe two months where this can still be effective.
- 2) Tap into employee referrals for more patients – either short stay or long stay. Incentivize staff referrals. Do they have elderly relatives at home who need either skilled or long term care?
- 3) Market aggressively to consumers. “SNFs are now the safest place in America” – sounds like hyperbole, but it is basically true!
- 4) Connect with state Medicaid authorities and managed Medicaid plans and offer to canvass for them – educate at-risk elderly about Medicaid-covered long term care available to them.
- 5) Develop your non-hospital referral channels. Churches, social workers. Solicit other providers for referrals: home health, personal care, hospice, and senior living (for Medicaid-eligibles).
- 6) Aim for more private-pay long stay patients. Can you develop a memory care unit that exceeds what AL does? Consider targeting existing AL residents. You can incredibly precisely target AL residents and their families’ cell phones when they are near or in an AL building with social media marketing. It’s called “geofencing.” (AL may not like it, but “all is fair in love and war and long term care marketing,” isn’t that the expression? 😊)

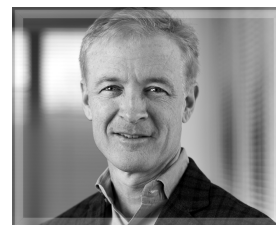
Do you have more creative marketing ideas to share? Email me at [dellis@lincolnhc.com](mailto:dellis@lincolnhc.com).

**LTC 100 is Back!** [May 9-12, 2021, The Phoenician, Scottsdale, AZ](#). We are preparing a super-safe conference, with rapid antigen testing of all attendees - twice, 36 hours apart. And free registration for provider spouses this year. We will do a deep dive on how the SNF business has changed in the aftermath of Covid. Very strategic, aiming for our best program ever. This is your long-awaited chance to THINK. And relax. And re-charge. And get re-inspired.

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**On March 31, 2021, LTC IG converts to paying subscribers** – or you “go dark”. No more monthly think tanks, zoom calls, Wednesday Insights, community connections, or time with yours truly. Don’t be in the dark in this critical year!

If you have any comments on this week's content, or ideas for next week, let me know at [dellis@lincolnhc.com](mailto:dellis@lincolnhc.com) -David Ellis, SNF Analyst



To be connected with other members of the LTC 100 Intelligence Group community, please email [Cathy Ronca, SNF Analyst](#)



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