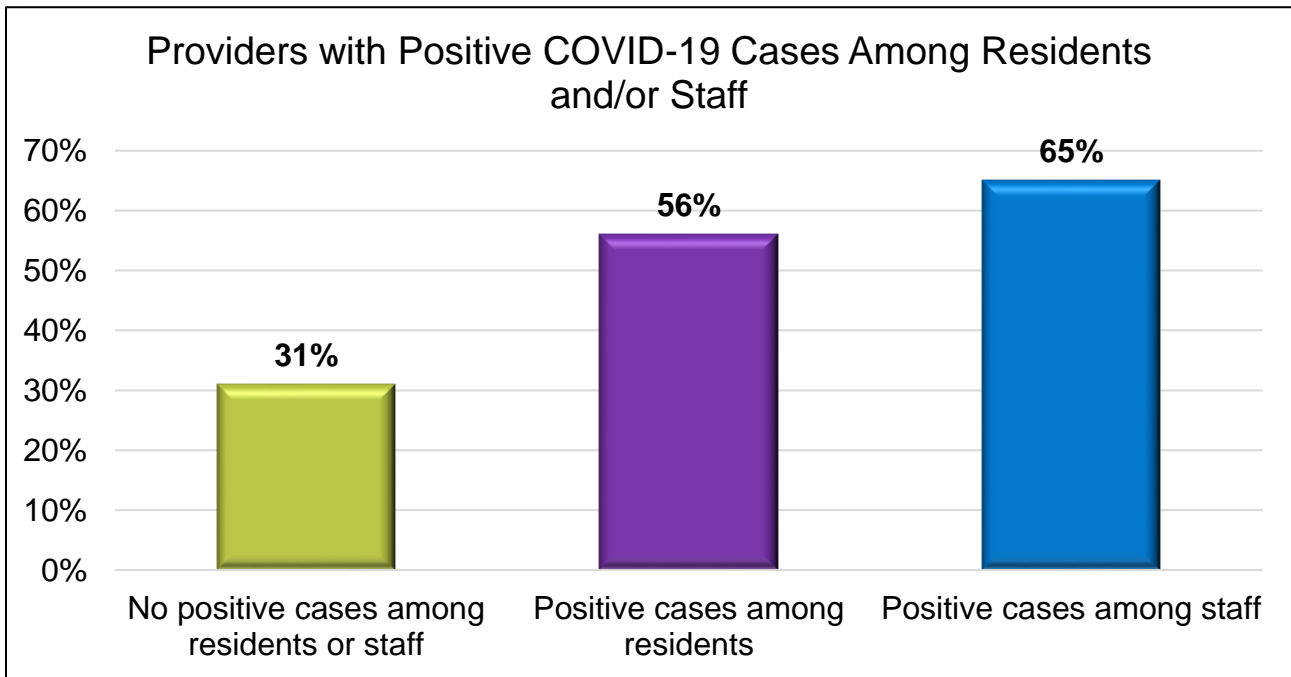


# COVID-19 IMPACT

ZIEGLER CFO HOTLINE<sup>SM</sup>

Between May 15<sup>th</sup> and May 22<sup>nd</sup>, a *Ziegler CFO Hotline<sup>SM</sup>* poll was conducted on the topic of COVID-19 impact. The survey covered a variety of related topics from COVID-19 outbreaks to funding from the government to the impact on marketing and sales. Given the differences observed with COVID-19 incidence, much of the following report is broken out by region to reflect the varied experiences of senior living providers. Nearly 320, largely not-for-profit, providers participated in the survey. Roughly 60% of the respondents were single-site organizations, with the remaining 40% representing multi-site providers.

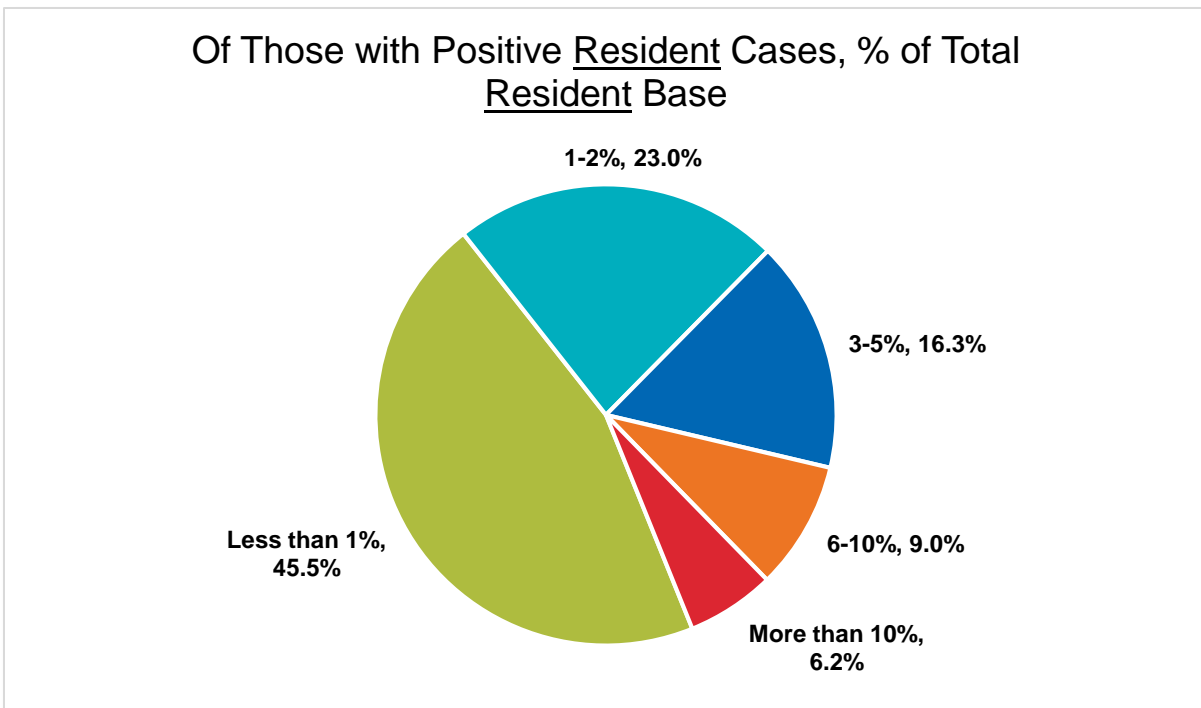
The initial question asked about positive cases of COVID-19 among residents and staff. As noted below, roughly 3 out of 10 providers who responded indicated that they have had no positive cases among residents or staff. Interestingly, providers noted a higher proportion of cases among staff than residents. The table that follows details these figures by region. Consistent with national trends for all age groups, providers in the Northeast region were the most likely to have positive cases among residents and staff.



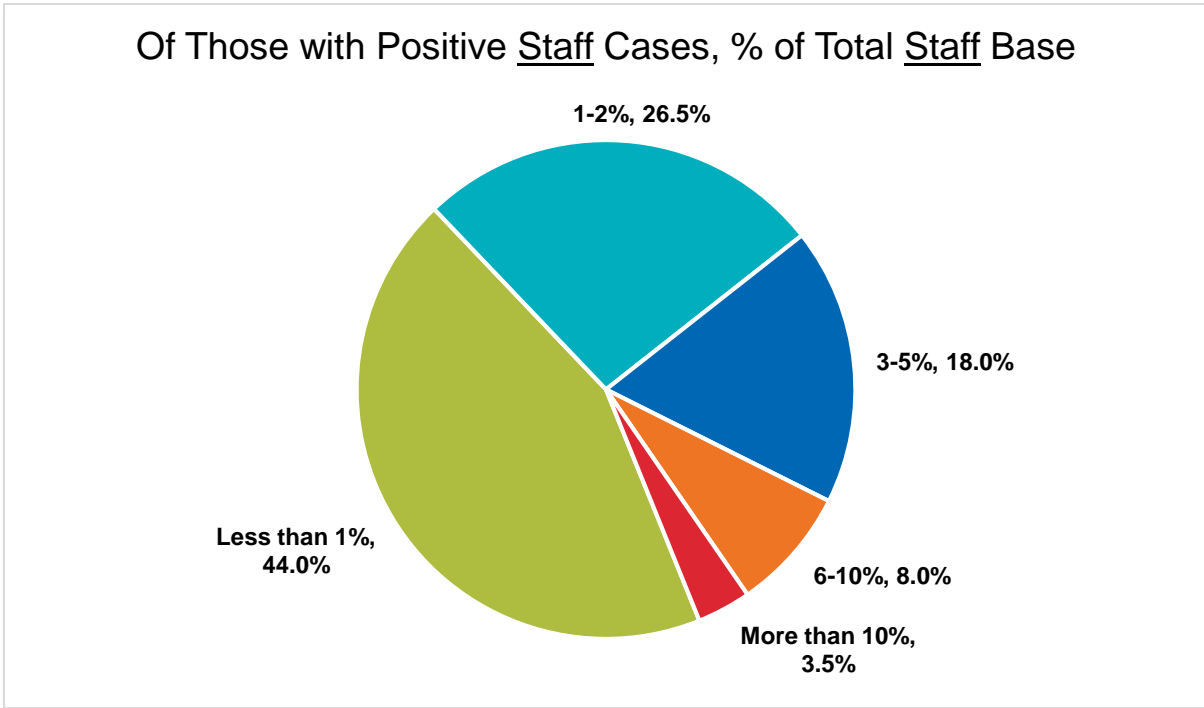
| Region*   | % With Zero Positive Cases | % With Resident Cases | % With Staff Cases |
|-----------|----------------------------|-----------------------|--------------------|
| Midwest   | 30%                        | 59%                   | 66%                |
| Northeast | 9%                         | 75%                   | 80%                |
| South     | 41%                        | 39%                   | 51%                |
| West      | 39%                        | 43%                   | 59%                |

\*Regions defined by U.S. Census Bureau

The respondents with positive cases were asked to identify what proportion of residents and/or staff were impacted with positive diagnoses. As shown below, when looking at the total number of residents and staff within the community, the proportion with a positive COVID-19 test result is mostly fewer than 2%.



Note: Pie chart excludes those with zero cases



*Note: Pie chart excludes those with zero cases*

### ***Paycheck Protection Program***

The survey also asked provider organizations if they received funding from the Paycheck Protection Program (PPP). The table below shows that at the time of the survey, just shy of 200 organizations received a loan as part of the PPP. An additional 14 organizations received PPP funds, but elected to return the money.

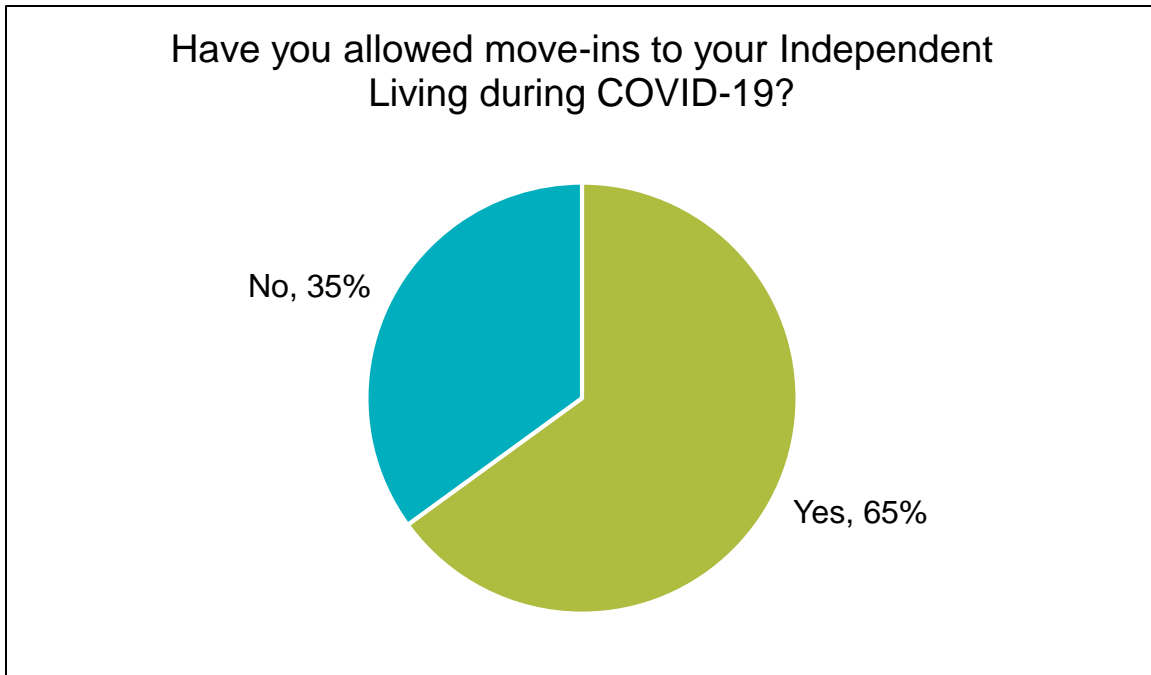
| <b>PPP Status</b>  | <b>Percentage</b> | <b>Count</b> |
|--|-------------------|--------------|
| We received a loan as part of the Paycheck Protection Program                                  | 60.3%             | 191          |
| We received a loan as part of the Paycheck Protection Program, but elected to return the funds | 4.4%              | 14           |
| We applied for PPP funding, but have not yet heard if we are approved                          | 1.3%              | 4            |
| We applied for PPP funding, but were denied  | .3%               | 1            |
| We did not apply for PPP funds (do not qualify or chose not to apply)                          | 33.8%             | 107          |

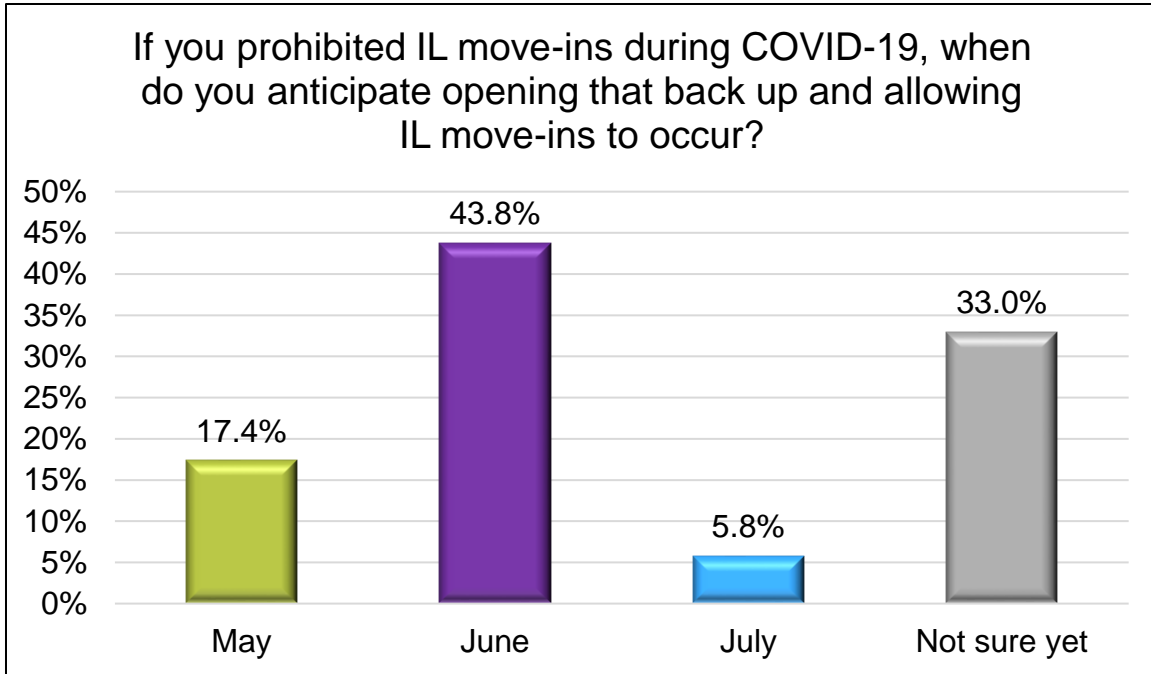
### ***Independent Living Sales & Marketing***

There was a section on the survey devoted to gathering information on marketing and sales efforts within Independent Living. Ziegler partnered with experts from Greystone to identify the appropriate questions for inclusion in this section. Eight out of ten providers indicated that they saw a decline in Independent Living sales

during the COVID-19 pandemic. Seventy percent of the respondents indicated that while sales had slowed down, they still had Independent Living sales during March and April.

There were also questions related to move-ins within Independent Living. As shown below, 65% of providers reported that they allowed and accepted move-ins to their Independent Living (IL) area during COVID-19. Of those that did not allow move-ins, the majority are going to allow move-ins again in May and June, although a third of those who shut-down IL move-ins stated their opening for IL move-ins is still unknown.



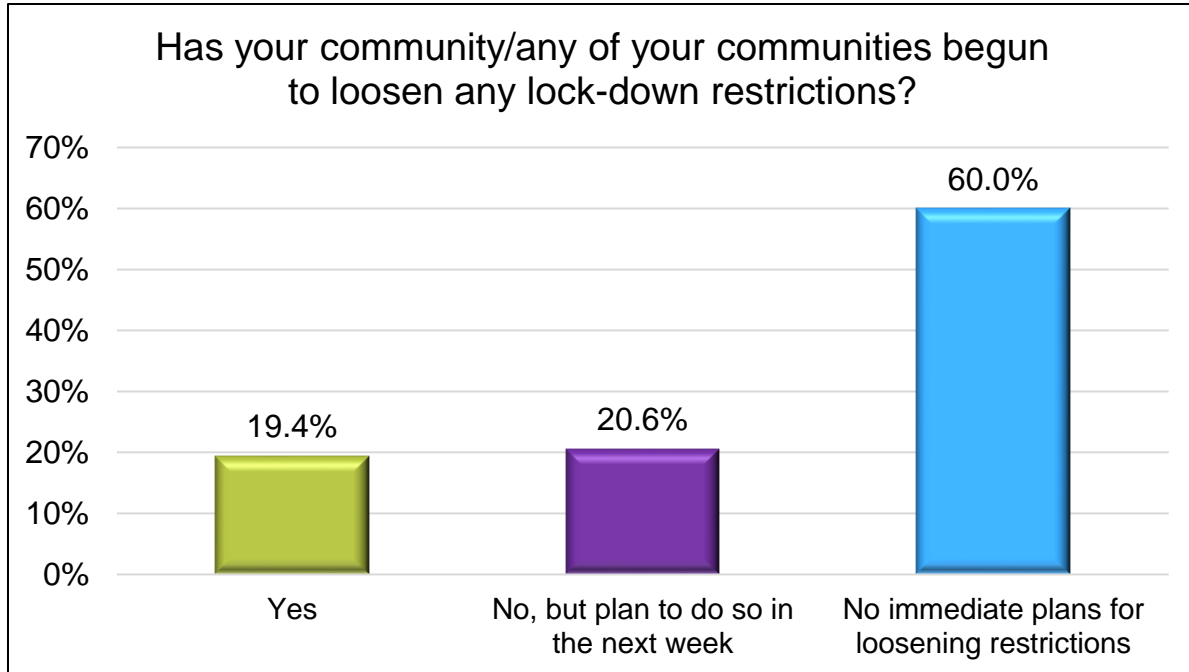


When asked about modified marketing and lead-generation efforts during COVID-19, the respondents noted activities on a number of fronts. As shown below, increased website and social media presence, along with phone calls and virtual appointments with individual prospects were the most common activities.

| Activity   | Percentage |
|--|------------|
| Website/social media                                       | 89.7%      |
| Phone calls/virtual appointments with individual prospects | 89.1%      |
| Virtual tours/events                                       | 70.1%      |
| Direct mail  | 53.7%      |

### ***Loosening Restrictions***

As states begin lifting stay-at-home orders, we wanted to assess provider activities in relation to any potential loosening of restrictions. These changes can clearly run the gamut, but in general, providers were asked about easing restrictions on items such as beauty salons, dining areas, access to common areas, etc. Roughly 4 out of 10 providers indicated that they were beginning to ease some restrictions or would be doing so within the week. The remaining 60% indicated that they have no immediate plans for loosening these restrictions.



| Region*   | Yes, loosening restrictions | No, but plan to do so in the next week | No immediate plans for loosening restrictions |
|-----------|-----------------------------|--|---|
| Midwest   | 13.7%                       | 15.1%                                  | 71.2%   |
| Northeast | 15.7%                       | 19.6%                                  | 64.7%   |
| South     | 26.8%                       | 29.2%                                  | 43.9%   |
| West      | 21.4%                       | 16.1%                                  | 62.5%   |

\*Regions defined by U.S. Census Bureau

### Concluding Comments

The survey also allowed for open-ended comments to be made. Below is a sampling of those comments.

- *Five residents have died from covid-19; many, many employees have been out with symptoms and cannot get tests. This has had an impact across all areas of our organization. We have spent over \$200,000 on PPE supplies and are supplementing employee with a \$3 per hour Hero Pay. It's hard to plan/prepare for growth with the rules and regulation changes.*
- *All IL units are sold. There has been a delay in move-ins due to renovation work being on hold for 2 months. SNF census is down as we restricted one wing for COVID patients.*
- *Census for our two SNFs has declined dramatically, primarily in the skilled population for which the payer is Medicare/Medicare Advantage. This is due to the hospital referral sources cessation of elective surgeries.*
- *Currently, we have had minimal impact.*
- *Expect to loosen restrictions first in IL. SNF and PC will be under restrictions for a longer time period.*
- *Have loosened access to on-site community gardens; will be looking at loosening restrictions on art studio/wood shop/ maybe fitness upcoming. Still are in lock down mode as IL residents must remain on campus and no outside visitors permitted. Dining has not reopened as we continue to deliver meals to IL units.*

- *IL sales have not slowed down, but some of the move-ins have been delayed due to ability to refurb empty units or prospective residents inability to obtain a moving company. By no means is the interest lacking though.*
- *In regards to move-ins during this time, we require a quarantine of 14 days after move-in. Also, if a resident leaves the facility for more than 3 hours or goes to the hospital for any reason, they must quarantine for 14 days.*
- *Isolation is negatively affecting residents.*
- *It's been tough on the staff and residents but out of 8,000 families between staff and residents, we have had 1 resident test positive and about 9 staff. We feel very fortunate.*
- *Like everyone else we have had deaths and a couple of move outs but not many coming in. A few referrals but there are just not that many going to the hospital for surgery etc.*
- *Not only was census hit hard but staffing levels were very difficult to obtain.*
- *PPE supplies are costing tens of thousands of dollars. Provider Relief funds were exhausted in the month received (April).*
- *Residents across all levels of care are struggling with the visitor restrictions.*
- *Since March 15th we slowed the pace of IL move-ins and moves to higher levels of care but have not completely stopped them, we have modified procedures around moves and are now slowly increasing the frequency.*
- *Skilled nursing census down 30% from February levels. Paying 10 to 15 times our prior list costs for PPE. Significant additional payroll costs for guarded entrances on each campus, screening employees on each campus and delivering meals, groceries and supplies to residents.*
- *Testing is certainly a key to a successful "opening up", but the costs of testing are prohibitive. To test all our staff and our patients & residents just once, it would cost us \$250k. So, while I agree with the benefits of testing, our organization cannot afford to conduct any form of wide scale testing, and our state does not support any sort of mass testing.*
- *The frustration with the state and federal government about how they are providing PPE and supporting us is absolutely false. We ask for tests, they say no. We ask for PPE they say no. But they say to the media they have provided both.*
- *The impact has been primarily on our SNF census. We were almost full in IL before COVID hit so it has not really been impacted. We have reopened the beauty salon but the stylist can only work at our facility, no place else.*
- *The industry has taken a black eye in the media which has not been helpful. The need for rapid testing and PPE will be critical moving forward.*
- *We are a senior care community with all levels of care. Our IL has not been impacted by COVID as far as occupancy. We've been hard hit in the SNF.*
- *We have converted all of our wellness programs and some of our activity programs to on-line programs that are available to all ILU residents as well AL and SNF. These programs are also accessible to waiting list and general public. Developed burn rate PPE forecast model allowing us to determine inventory par levels for masks, N95's, gowns, gloves and face shields. PPE expenditures YTD are 10-15 times the average annual cost for PPE.*
- *While IL sales have not been hurt yet, we predict the longer we have to stay locked down, the greater impact it will have on sales. Our SNF and AL census has been impacted by COVID-19.*
- *Working hard to find the balance between protecting our residents and rebuilding occupancy. Short stay therapy all but closed.*

*The senior living organizations' responses included in this report have been collated without verification of the accuracy of the data/comments therein. The results provided do not express an opinion of nor can they be guaranteed by Ziegler.*

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