

Coronavirus patients could be cash cows for nursing homes



Country Villa South, the only nursing home in Los Angeles County designated by the county for residents who have COVID-19. (Mel Melcon / Los Angeles Times)

By JACK DOLAN, BRITTNY MEJIA

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The nursing home industry has been devastated by the coronavirus, with outbreaks [killing thousands of elderly residents](#) and likely setting the stage for both increased regulations and [huge legal liabilities](#).


But the health crisis presents operators with a potential financial upside.

Patients with COVID-19 could be worth more than four times what homes are able to charge for long-term residents with relatively mild health issues.

Some patient advocates and industry experts fear the premium pay available for


coronavirus patients — and a simultaneous easing of regulations around transfers — could tempt some home operators to move out low-paying residents to bring in more lucrative COVID-19 patients, despite the obvious health risks to residents and staff.

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“There are probably some unscrupulous operators who would jump at this,” said David Grabowski, a professor of healthcare policy at Harvard Medical School, though he thought most would not.

A new Medicare reimbursement system that went into effect last fall pays nursing homes substantially more for new patients — like those released from a hospital — particularly for the first few weeks. Under those guidelines, COVID-19 patients can bring in upward of \$800 per day, according to nursing home administrators and medical directors interviewed by The Times.

By contrast, facilities collect as little as \$200 per day for long-term patients with dementia, the industry experts said.

Nursing homes have always had a financial incentive to attract the short-term patients and get rid of low-paying long-term ones, Grabowski said. But the health risks for existing residents and staff are so high with COVID-19, Grabowski said, “I’d be a little suspicious of a low-quality nursing home that’s jumping to the head of the line for this.”

Health systems across the country are scrambling for safe places to quarantine nursing home residents with the coronavirus to try to protect those who haven’t already been infected. Hospitals are also desperate [to reduce a bottleneck](#) of COVID-19 patients who no longer need to be in the hospital but who are unable to care for themselves at home.



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To that end, health departments have been looking to set up separate so-called “COVID-19-positive” nursing homes to help deal with the crisis.

So far, only one home in Los Angeles County has been designated COVID-19 positive by the county’s Department of Public Health: Country Villa South, an 87-bed facility in Palms. The home has already [endured an outbreak](#), with 81 residents and staff testing positive for the virus as of last week and 10 deaths reported to county health officials.

The home has a checkered regulatory history, [earning only one star](#) — the lowest rating possible — on Medicare’s five-star rating system. It has also had recent violations for failing to follow infection control protocols, a Times review of inspection and complaint records shows.

And Rockport Healthcare Services, the company that oversees Country Villa South and more than 70 other homes in California, was sued in March by a former employee who said she was fired for refusing to discharge patients insured through the state's Medi-Cal program for the poor to make room for higher-paying patients with private insurance. The alleged practices occurred before the coronavirus outbreak.

[In her complaint](#), Lidice Diaz, who was the director of business development at the Pomona Healthcare and Wellness Center, alleged that managers instructed staff to prepare a list of "dischargeable people" on a daily basis. The residents on the list, according to the complaint, were Medi-Cal patients.

"These patients often would not have a doctor's order permitting or recommending discharge," according to the complaint.

At other times, Diaz claimed, she was told to call a patient's family and inform them the resident had to be discharged and to "not take no for an answer."

Diaz and her attorney declined to comment, citing the ongoing litigation. Rockport's chief executive, Dr. David Silver, said he was confident the allegations would be proven false but declined to comment on specifics of the lawsuit.

Last month, an executive for Rockport sent an email telling homes within the chain to be prepared to transfer out patients who did not require skilled nursing care to make way for a wave of "severely ill patients" expected to start arriving from acute care hospitals, which were in "dire need" of freed-up bed space.

The email informed staff that a California Public Health Department requirement to warn residents 30 days before an impending discharge had been reduced to 10 days, and that Rockport had hired a placement agency to help find spots for residents.

“We understand it is not easy to find discharge destinations for residents who are at a low income level, but we must be proactive with our discharge planning during this difficult time,” the email said.

Silver said the email was his company’s way of responding to a warning from state officials to prepare for an expected surge of coronavirus patients.

“We agreed to do our part,” Silver wrote to The Times. “The email clearly references ensuring safe and appropriate discharges. This has absolutely nothing to do with payment rates or income levels of patients.

“We are leading the way to meet this moment,” Silver added. “No other skilled nursing facility company has stepped forward like we have.”

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Rockport recently sent a letter to health insurers informing them that the company would bill \$850 per day for patients with the coronavirus, according to several nursing home industry experts interviewed by The Times. Silver said he didn’t know what letter they were referring to, and that such negotiations are typically conducted in private. But, he said, his company was prepared to offer discounted rates, and that \$850 per day is about a 20% discount on what Medicare would pay.

Rockport’s former chief executive, Dr. Michael Wasserman, said he was shocked by the email to staff instructing them to prepare to discharge residents to make room for coronavirus patients.

“To me, from a business perspective, there’s only one reason to do this. You’re replacing the lowest-paying residents in those nursing homes with the highest-paying people,” he said.

“It’s so wrong to tell a frail old person in a nursing home that they have only 10 days to move,” Wasserman added. “Half of these people have dementia.”

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When word began to spread within industry circles in mid-April that Rockport’s current management was lobbying the county to designate Country Villa South as a COVID-19-positive facility, Wasserman emailed county officials informing them of the home’s poor regulatory record and warning that sending patients with coronavirus there “would overwhelm their capacity to care for their existing residents.”

Dr. Zachary Rubin, who works in communicable disease control for the county Public Health Department, responded to Wasserman in an email that the county’s hands were tied because “there hasn’t been a big rush of places wanting to do this.”

In his email, which was reviewed by The Times, Rubin explained the county was looking for homes that already had an outbreak so they wouldn’t introduce the virus to a facility that didn’t have infected residents and staff.

The county, Rubin wrote, was also looking for homes that belonged to a larger chain with lots of staff so there would be people available to fill in when workers at the designated facility got sick and had to stay home.

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Rubin did not respond to a request for comment for this story.

Los Angeles County [Public Health Department](#) officials declined to say whether they had reviewed Country Villa South’s regulatory history or the recent lawsuit filed against Rockport before designating it as a place for other facilities to send

coronavirus patients.

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In response to questions from The Times, an unnamed department official said in an email that the designation should not be seen as “an endorsement from Public Health.”

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But the email acknowledged county officials were consulting with the home and ensuring that it had “optimal procedures in place for caring for COVID patients.”

That comes as a surprise to at least some people who have loved ones at the facility.

One relative of a Country Villa South resident who has tested negative for the virus said she had no idea the home had been designated a COVID-19 positive facility until a nurse assistant told her and warned that she might want to get her loved one out of there.

“That was upsetting to me to know they made the decision to turn it into a positive place without letting anyone know,” said the woman, who asked not to be named for fear of retaliation against her family member.

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The facility promised it would find a new home for her relative, the woman said, but as of Thursday that still hadn't happened.

That's particularly concerning because, even before the pandemic, Country Villa

South didn't seem to have enough hand sanitizer, and at times there was no soap in her family member's room, said the woman, who works in healthcare.

She said she wondered why a facility that struggled with hygiene in the best of times would consider turning itself into a COVID-19-positive facility, "if it wasn't for a paycheck."

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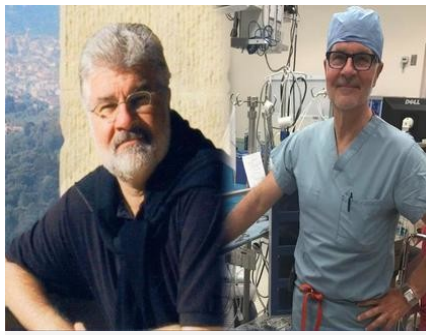
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