

On August 25, 2021, LTC ACO received its settlement report from CMS for the 2020 performance (calendar) year. As projected, LTC ACO generated losses of approximately \$960,000. In addition, we achieved a quality score of 96.87% which was in line with the national average. While many ACOs did achieve savings, LTC ACO was uniquely and disproportionately impacted by COVID in two primary ways:

- 1.** We saw SNF costs increase more than 133% due to skilling in place for long-term residents diagnosed with COVID, as permitted by the PHE waiver of the three-day hospital stay. These COVID-specific costs were not excluded from the ACO's costs because of the methodology CMS elected related to the PHE. While this added more than \$6,000 per beneficiary per year to our cost structure, we continue to believe skilling in place was the right thing to do for these patients during the pandemic; and
- 2.** We were impacted with a negative trend (decrease in overall Medicare costs nationally due to lower overall Medicare utilization during the pandemic) by nearly 4% thus reducing our benchmark by more than \$1,000 per beneficiary per year.

While we are obviously disappointed by these results, we were fully expecting them as we monitored monthly, weekly and daily the impact of COVID. I am very proud of our ability to not only monitor our results frequently and accurately, but also our ability to generate an exemplary quality score in light of a pandemic that decimated our patient population.

I want to thank you for your continued support of LTC ACO. We will continue to monitor COVID trends going forward and will provide you with updates and insights through our LTC ACO Newsletter and any regularly scheduled meetings. We continue to be optimistic about our performance for 2021 and into the future.

Please feel free to reach out to your LTC ACO representative or me directly at jason.feuerman@ltcaco.com.