



***Town of Milford
Finance Committee
52 Main Street
Milford, MA 01757***

Dear Geriatric Board Member:

On behalf of the Milford Finance Committee, we are writing to express concerns respecting the financial condition of Countryside Nursing Home and its impact upon the finances of the Town of Milford. While the Finance Committee recognizes the efforts that have been made by Countryside in providing a valuable service and attempting to improve its financial outlook, it has become apparent that Countryside is unlikely to return to financial independence. Please accept this letter as formal notification that the Finance Committee is not supportive of any future requests for funding by Countryside, and recommends that Countryside use its available funding to implement an orderly sale or closure of the facility.

As you may recall, Countryside began to experience financial distress during the onset of the COVID crisis. The Finance Committee was first made aware of the issue in early 2021. In mid-2021 the Finance Committee established a subcommittee to meet regularly with Countryside, to review their financial performance and prospects for improvement, and to consider potential solutions. The Town also agreed at Town Meeting in 2021 to advance the sum of \$1,000,000 to support the facility.

In mid-2022, it became apparent that Countryside's financial performance was not improving notwithstanding everyone's best efforts. The Town has since made additional advances to assist Countryside. In connection with the fall 2022 Special Town Meeting, a request was made for an additional \$2,500,000 in funding from the Town. An article was placed upon the Town Meeting warrant to advance such funds. The warrant also included an article authorizing Countryside to effectuate a sale of the facility. In fact, the Finance Committee's support for the additional advance was conditioned upon Countryside seeking approval of the sale article and making good faith efforts to explore a sale. It is not clear that such efforts have been undertaken. The Town has now committed \$4,750,000 to Countryside since 2021, of which \$1,250,000 remains unexpended.

In addition to these operating losses, the Town of Milford has outstanding approximately \$11,000,000 in bond indebtedness pursuant to four bond issuances spanning as far back as 20 years and used to fund

improvements to the facility. The bond payments on this indebtedness total approximately \$800,000 per year.

As of August 2023, the cash balance for Countryside was approximately \$1,200,000. In addition, as referenced above, the Town has appropriated but not yet advanced \$1,250,000, leaving Countryside with ready cash of approximately \$2,450,000 as of August 2023. Countryside has been consistently losing, on average, approximately \$200,000 per month over the last several months. These amounts do not include capital improvements which will eventually be necessary. At the current loss rate, Countryside should have sufficient funding to operate until August 2024. We understand that Countryside also has a claim to recover approximately \$1,000,000 in Employee Retention Credit (ERC) monies, which is a federal COVID funding related program. These funds have been applied for but not yet received. If the ERC funds were recovered, Countryside would have an estimated five additional months of funding, which would provide sufficient funding until approximately January 2025.

In September 2023, at a full Finance Committee meeting, a representative of the Geriatric Authority appeared on behalf of Countryside. At that time, the Finance Committee provided notice of its position that the losses being sustained by Countryside are mounting and unsustainable, and that Countryside needs to promptly pursue a sale or closure of the facility while it still has funding to operate. The Finance Committee also provided notice that it is likely to vote unfavorably on any further requests for funding.

There are approximately 360 nursing home facilities in Massachusetts. Countryside is one of only two nursing homes in Massachusetts that are supported by a municipal government. Industry trends are not favorable to the viability of a single, independent nursing home, particularly one with an above average cost structure.

The Town has many pressing present and future obligations to consider and is not well situated to indefinitely support the structural losses that now appear to be embedded in Countryside's business model. The Finance Committee therefore strongly urges the Geriatric Authority to implement measures to effect a disposition of the facility. These efforts should commence immediately as either alternative, sale or closure, will likely take several months to execute. We are prepared to assist in this process, as we have been for the past nearly three years.

Thank you for your attention to this matter.