

Matt Ferris in The Deal: COVID-19 Lawsuits Could Force Nursing Homes Into Ch. 11 Stays

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PRACTICES Restructuring, Bankruptcy Litigation

Haynes Boone Partner [Matt Ferris](#) talked with *The Deal* about how long-term care facilities dealing with litigation for alleged COVID-19-related deaths of patients and residents may soon begin seeking bankruptcy protection.

Here is an excerpt:

Already dealing with a variety of issues, nursing homes and long-term care facilities now face a proliferation of lawsuits related to patients and residents contracting COVID-19 and dying that could result in Chapter 11 filings.

The Centers for Medicare & Medicaid Services ... released data showing that as of May 31, 88% of the nation's Medicaid and Medicare nursing homes, or about 13,600, had reported over 95,000 COVID-19 cases and almost 32,000 deaths.

Since 2017, many nursing homes have filed for Chapter 11 because of financial distress related to meeting census requirements for profitability, said restructuring attorney Matt Ferris of Haynes Boone in Dallas.

"Nursing homes will have more census rate risks as many families become reluctant to place their elderly relatives in a facility during the Covid-19 pandemic," Ferris said. "Anytime you have an industry that has a high correlation with high COVID-19 infection rates, it's likely there would be litigation."

"It's sort of a double-whammy," Ferris said. "The industry already had distress, and now you have the Covid-19 pandemic. But it's too early to tell how much of an impact it will have on the industry. It will also depend on the financial condition of nursing homes before COVID-19 litigation was filed."

Ferris said that six months ago, before the COVID-19 outbreak, he would have predicted more senior home Chapter 11 filings.

"If you consider a couple years of distress, all the census issues and other litigation impacting nursing homes' ability to operate, then add the pandemic, it presents a challenge for them over the next couple of years," Ferris said.

To read the full article, click [here](#).