

Testimony

Joint Public Hearing: Nursing Home, Assisted Living and Homecare Workforce – Challenges and Solutions

Senate Standing Committees on Aging, Health and Labor

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Good afternoon Chairs May, Rivera, Ramos and committee members. I am Jim Clancy, senior vice president, state policy, at the Healthcare Association of New York State, representing not-for-profit hospitals, health systems and post-acute care providers across New York state. I am joined by my colleague, Dora Fisher, director of post-acute and continuing care services. Thank you for this opportunity to comment on the workforce challenges facing our state's post-acute and long-term care providers and offer workable solutions.

Recruiting and retaining a robust long-term care workforce in New York has been a challenge for many years. Those who become long-term care providers desire to provide compassionate, quality care. However, the physical and psychological demands, coupled with financial limitations, can inhibit career growth and drive high turnover. The COVID-19 pandemic has certainly exacerbated this problem.

Staff turnover in nursing homes had reached alarming heights long before the pandemic, with average turnover rates totaling 94% in 2017 and 2018.¹ This includes average turnover rates exceeding 100% across the three most common direct care nursing home providers: registered nurses (140.7%), certified nursing aides (129.1%) and licensed practical nurses (114.1%). Many nursing homes rehire and train over 100% of their direct care staff on an annual basis. This is both a costly operational challenge for facilities and a threat to continuity of care for residents.

Earlier this year, the state enacted several measures aimed at staffing in nursing homes. These include mandating that nursing homes direct a minimum of 70% of their revenue toward direct resident care and maintain an average of at least 3.5 hours of nursing care per resident per day.

However, these new policies do not address the underlying issue of chronic Medicaid underfunding, which is the primary driver and root cause of long-term care workforce challenges, including shortages and high turnover rates.

Inadequate Medicaid reimbursement has placed severe financial limitations on not-for-profit nursing homes and diminishes their ability to offer competitive wages, benefits and career growth opportunities for their direct care staff.

Over 70% of New York's nursing home resident care is paid for through Medicaid, which currently reimburses hospitals and their long-term care providers an average of 67 cents for each dollar spent on care. According to a recent analysis conducted by Hansen Hunter & Company, the nursing home Medicaid shortfall in New York state totals \$64 per resident per day.² This figure represents the difference between the amount Medicaid reimburses nursing homes and the actual cost of providing care.

When annualized, the Medicaid shortfall for New York's nursing homes totaled an estimated \$1.5 billion in 2017, which was far and away the largest Medicaid shortfall of the 28 states surveyed in the report. Today, roughly two-thirds of New York's public and not-for-profit nursing homes deliver care on negative operating margins, with the median operating margin of these homes at

¹ Gandhi, Ashvin Yu, Huizi Grabowski, David. 2021. High Nursing Staff Turnover in Nursing Homes Offers Important Quality Information. *Health Affairs*.

² Hansen Hunter & Company. 2018. *A Report on Shortfalls in Medicaid Funding for Nursing Center Care*.

minus 2.9%. To make matters worse, the current fiscal year's enacted state budget includes an estimated \$200 million (gross) nursing home Medicaid rate reduction. This is in addition to last year's 1.5% (\$746 million gross) across-the-board Medicaid rate reduction, which impacts all Medicaid providers.

Advancing investments and other measures to address these long-term care workforce challenges is sorely overdue. However, the state should use a comprehensive approach that addresses workforce challenges across the healthcare spectrum. From hospitals to nursing homes, employers within the healthcare industry hire from the same pool of direct care workers. This underscores the need to attract and retain new candidates into the direct care field and ease competition between providers.

HANYS is committed to working with state government and all healthcare stakeholders as we pursue our common goal: ensuring nursing homes are able to provide the highest quality of care and support a first-rate workforce. Toward that aim, HANYS recommends the following actions to ensure nursing homes are equipped to address the state's long-term care workforce challenges and maintain continued access to high-quality, safe nursing home care.

Enhance Medicaid reimbursement paid to nursing homes to cover the full cost of staffing

Delivering quality care and maintaining adequate staffing levels starts with ensuring nursing homes have the necessary resources to cover the full cost of recruiting, training and retaining staff. Nursing homes have borne the brunt of Medicaid cuts over the last several years and the already inadequate reimbursement has not kept pace with the rising costs of nursing home operations.

This includes newly enacted staffing mandates that take effect Jan. 1, 2022. While the state has allocated \$64 million over the next two years to support the cost of implementation, industry estimates suggest this figure falls short of what is actually needed to cover the full cost of the mandate. Financially distressed nursing homes devastated by the COVID-19 pandemic will be forced to make up the difference.

Recommendation: Enhance Medicaid reimbursement rates paid to nursing homes to ensure the full cost of care is covered and facilities have the necessary resources to not only meet existing workforce challenges, but also comply with impending staffing mandates.

Support workforce training programs and career ladders

Workforce training programs are critical to increasing recruitment, ensuring staff can meet the needs of the population, increasing the number of individuals who are likely to pursue careers in healthcare and building skills for those who have already begun work in healthcare.

The career ladder is an important piece of building and retaining a quality long-term care workforce. These pathways must be reinforced and supported to enable staff to grow professionally and ensure nursing homes can retain their high-quality staff.

Recommendation: Provide state support to help long-term care providers establish workforce training programs and career ladders.

Support apprenticeship programs and other innovative workforce models

HANYS supports the creation of alternative pathways to meaningful jobs in healthcare, such as apprenticeship programs.

Apprenticeship programs have proven successful in New York state. As part of the Delivery System Reform Incentive Payment program, the Staten Island Performing Provider System successfully launched a federally registered apprenticeship program for certified nurse aides.³ The initial cohort received a combination of classroom and on-the-job learning. Each apprentice was assigned a mentor from their organization. Together, the mentor and the apprentice applied the classroom and on-the-job skills learned in the workplace. The local community college provided a three-credit course in sociology centered on nursing home life. Each apprentice was hired as a full-time employee while earning and learning.

At the end of the class, every student passed their statewide exam and earned three college credits. Feedback from students and host sites about this initial program was overwhelmingly positive and the Staten Island Performing Provider System is considering additional cohorts and apprenticeship titles.

Recommendation: Provide state support to enable the development of additional apprenticeship opportunities across the state through the 1115 Medicaid Waiver, the Department of Labor or other programs.

Advance regulatory relief

The flexibilities enacted through Executive Orders during the COVID-19 pandemic demonstrated an unprecedented level of innovative thinking about how healthcare could and should be delivered.

We encourage the Department of Health and the Legislature to make permanent key COVID-19 EO flexibilities and to further streamline regulatory requirements for long-term care providers, which would enable nursing home administrators, clinical staff and other members of the care team to spend their time where it matters most: delivering resident care.

Additionally, there are several professional and para-professional direct care staff in nursing homes, each with different regulatory or statutory frameworks authorizing what they can and cannot do. Empowering administrators and nurse managers with the flexibility to assign duties based on skills, training and resident need would lessen the strain of the workforce crisis. With appropriate supervision, these changes would improve the quality of care and better utilize the care team.

Recommendation: Streamline state regulatory requirements to encourage better use of current staff and resources.

³Staten Island Performing Provider System. 2019. SI PPS Develops the First Federally Registered Apprentice Program in NYS.

Conclusion

Again, HANYS thanks you for providing this opportunity to address this urgent matter. We appreciate the support of the Legislature and look forward to continuing the progress we have made together.