



TO: Chair Bernie Sanders and Ranking Member Bill Cassidy, Senate Health, Education, Labor, and Pensions (HELP) Committee

FROM: Lutheran Services in America

POINT OF CONTACT: Sarah Dobson, Senior Director of Public Policy and Advocacy, sdobson@lutheranservices.org, 202-409-6128

RE: Request for Information on the drivers of health care workforce shortages and ideas for potential solutions.

DATE: March 17, 2023

[Lutheran Services in America](#) is a national network of 300 faith-based health and human services organizations that reaches one in 50 people in the United States each year. Recognized by The Chronicle of Philanthropy and Forbes as one of the nation's top nonprofit organizations, the Lutheran Services in America network operates with more than \$23 billion in combined annual revenue. Headquartered in Washington, DC, Lutheran Services in America leads innovative collaborations with its member organizations and partners in philanthropy, academia, healthcare and business to address the most critical challenges in our communities and empower people to lead their best lives. In providing services to older adults, children and people with disabilities, along with veterans, refugees and people experiencing homelessness, our members work in 1,400 communities throughout the country—in rural and urban areas—as shown on [our network map](#).

As one of the largest non-profit networks caring for older adults, we have been providing faith-based long-term care for people to age with dignity, respect, and abundance in the United States for well over a century. Our 200 providers operate 20% of the senior residential living beds among the top 200 nonprofit providers in the country. The nursing home residents we care for are frail, cannot live independently, require round the clock care, and have extremely limited resources. The longstanding public-private partnerships that our health care providers have are rooted in a common goal—to ensure that older Americans receive the high-quality care they need. Serving older adults and those who are chronically ill is an essential part of our faith-based mission, as is achieving greater levels of health equity and serving traditionally unreached communities.

Ongoing Workforce Shortage and Impact

Faith-based, nonprofit long-term care providers are in the midst of an ongoing critical workforce shortage that has created an access to care crisis for older adults nationwide. The workforce shortage at Skilled Nursing Facilities (SNFs) is acute across the board (nurses, behavioral health, food service) but is most serious in positions like Certified Nursing Assistants (CNAs) and Direct Service Professionals (DSPs.) In a survey in 2022 of our network members who provide skilled nursing care, 80% of respondents report staffing vacancies of 11% or more, with over 16% having vacancies greater than 31%. Nationwide, 84 percent of nursing homes are currently facing moderate to high levels of staffing shortages.

While other areas of the healthcare industry have nearly recovered their employment numbers to pre-pandemic levels, the number of workers employed at nursing homes has continued to decline. Nursing homes experienced the worst job loss of any health care sector during the pandemic, with 210,000 jobs lost from February 2020 to December 2022. This is despite the fact that nursing home



employees had, on average, the highest average wage increase among healthcare workers during this time. Workforce levels are the lowest they've been since 1994. At the current pace of modest job growth, nursing homes would not return to pre-pandemic levels until 2027.

Today, because of too few workers, providers are reducing occupancy and even closing facilities, meaning they are not meeting existing needs in their communities. As a result of workforce shortages and resulting fewer SNF beds, more patients are unable to be discharged from hospitals to post-acute facilities and are now spending nearly 24% more time in hospitals awaiting discharge than they did in 2019.

Factors Impacting Ability to Recruit and Retain Workers

Many factors have affected our providers' ability to recruit workers: the demand for healthcare professionals in other settings; competition with for-profit businesses; the long-standing inadequacy of Medicaid reimbursements; and the drastically diminishing labor pool caused by the departure of Baby Boomers from the workforce and too few new workers to take their places. Overall, the most significant factor is that it is hard to attract workers because of the low wages that Medicaid provides. For example, a SNF in Kansas received \$230.52 per resident per day in Medicaid reimbursement for the first half of 2022, while it cost them \$321 a day to provide services. This means that this provider lost over \$90 a day on each Medicaid resident—60% of the people in their facility—which is unsustainable and leaves them unable to offer competitive wages. Put simply, there are fewer and fewer people entering the healthcare field, and our providers cannot recruit against other employers given current funding levels.

Providers are taking extraordinary measures to retain staff and cover staffing shortages, including paying exorbitant fees to temporary staffing agencies, multiple rounds of bonuses and wage increases, and executive and administrative staff covering shifts. Despite these efforts, workforce vacancies remain at historically high levels forcing many providers to close or consolidate facilities, which results in decreased access to care for some of our country's most vulnerable at a time when available SNF beds are already being reduced. Workforce costs are skyrocketing as compensation is increased to compete for workers and exorbitant fees are paid to staffing agencies for temporary personnel to fill positions. In our member survey, half of providers have increased permanent staffing expenditures by 11% or more and 40% have increased temporary staffing expenditures by 30% or more. To cite just one example, a small independent SNF in Texas with a bed capacity of about 115 spent \$233,000 on fees to temporary staffing agencies in 2020, and \$376,000 in 2021—representing a total increase in their budget for nursing costs of 27% in two years on temporary staff needed simply to remain open and serve existing residents.

Insufficient Financial Resources and Geographic Disparities

Given these factors, we urge you to find ways to increase reimbursement rates for nursing home care. As the primary payer of long-term care, Medicaid has not fully met the costs of care for years, much less the significantly increased costs of care today with rising workforce and operating costs. The Medicaid and CHIP Payment and Access Commission has reported that current basic Medicaid reimbursement rates only cover 86% of nursing home costs today. Providers need higher reimbursements to support a family sustaining wage for caregivers and maintain quality and access for residents. Rural communities are especially affected: for example, many SNF providers are the only healthcare option in their geographic area, as other services such as critical access hospitals or home- and community-based services aren't available. Major medical centers are often several hours away, so access to any form of care is very limited and becoming more so as



additional providers close. In addition to overall workforce shortage concerns, providers in rural areas are also impacted in their ability to recruit and retain staff given low COVID vaccination rates and significant hesitancy in receiving the vaccine.

Actions to Begin to Address the Workforce Crisis

We are committed to working with the government on meaningful solutions to expand the long-term care workforce, provide training and career advancement opportunities, and retain workers. The initiatives proposed by President Biden to provide technical assistance through Quality Improvement Organizations and expand and develop the nursing workforce through collaborations with the U.S. Department of Labor are strong next steps in nurturing the caregiving workforce of the future.

One immediate option to help address the workforce crisis would be to ease the pathway to securing work visas for incoming immigrants/refugees. Allowing special visas to fill Certified Nurse Aide positions and instituting a waiver process for immigrants and refugees in the United States who want to work in direct care and already have foreign licenses/degrees could ease some of the workforce challenges we see across the country. Allowing greater flexibility for SNFs to provide onsite training for new hires and existing employees, especially CNAs, would also help with recruitment and retention, since it would help SNFs grow their own workforce.

"Good Faith Efforts" and Survey Process Reform

Regarding the survey process, CMS added consideration of "good faith efforts" made by providers when judging compliance with the COVID-19 worker vaccination mandate. Incorporating similar consideration within the SNF survey process would help reform the system to establish a cooperative process between CMS and providers that focuses on collaborative improvement rather than disciplinary enforcement. Eliminating or reducing large punitive fines that are currently redirecting much needed funds from direct resident care would also better enable providers to focus on improvement and resident care, and preserve more funding for wages.

Request for Action

Working toward increasing Medicaid reimbursement rates, addressing exorbitant temporary staffing fees, and increasing the workforce through expanding the immigration pipeline and training opportunities would all be good first steps to ensure that older adults will have access to the services and supports they need to age with dignity and respect. A "one size fits all" approach is not the answer to this workforce crisis and our shared goal of providing quality services to all older adults who need them. We welcome any additional opportunities to share our insights and ideas towards our common goal of improving the quality of care for older adults.