



Recruit, Retain, Reform: Addressing the Long-Term Care Workforce Crisis

Budget Request for Wisconsin's Family Care Long-Term Care Providers

Family Care is a long-term care program which serves frail elders and adults with disabilities. With the expansion of Family Care into Dane County in early 2018, there was a total of 47,586 Family Care enrollees in the Family Care Program as of April 1, 2018.¹

Wisconsin's Family Care providers thank Wisconsin policymakers for their continued commitment to investing in the long-term care workforce. As you know, Wisconsin continues to face a crisis in the shortage of available frontline caregivers, with 1 in 5 caregiver staff positions remaining vacant.² This serious shortage directly impacts all Wisconsin care and service organizations serving Family Care members. Some of the factors causing this serious shortage are:

- Wisconsin continues to experience high levels of caregiver vacancy rates in long-term care programs: average caregiver **vacancy rates are 19%**, with **1 in 5** providers experiencing vacancy rates of **30% and higher**. There are an estimated **16,500 vacant caregiver positions** in Wisconsin assisted living and nursing facilities.
- On average, nearly 80% of a long-term care provider's operating budget is focused on workforce expenses. Providers have limited options to absorb reimbursement reductions and/or the lack of reimbursement increases.
- While providers are thankful for the Direct Care Workforce funding increases included in the 2017-19 state budget, those increases do not offset the rate cuts or freezes that providers have experienced over the past five years. According to findings of a survey of Wisconsin providers, 95.3% of respondents reported receiving either Family Care rate freezes (84%) and/or cuts (11.3%) over the past five years.³

The Solution

REQUEST: To address these alarming facts, Wisconsin's long-term care provider community is asking the Legislature to invest **\$61.7 million GPR in the 2019-21 biennial budget** for a fixed-amount increase to *direct care and services* for Family Care managed care organizations (MCOs). We ask that these funds be allocated directly to care and service providers which will allow providers to increase caregiver wages. **To reflect the state's continuing commitment to the Family Care program, the \$61.7 million GPR would build on the direct care workforce funding provided in the last budget that we are asking to be included in the base of 2019-21 biennial budget.** The portion of the MCOs' monthly capitation rate would be increased by an estimated \$81.93 per enrollee and would require MCOs to increase reimbursement payments for all home and community-based care and service providers within the Family Care program by, on average, 3% in each year of the 2019-21 biennium. This investment should not be funded by reallocating dollars that would otherwise be available to Medicaid/Family Care LTC providers.

¹ <https://www.dhs.wisconsin.gov/familycare/reports/enrollmentdata.pdf>

² [The Long-Term Care Workforce Crisis: a 2018 Report](#)

³ Survey Findings, Joint Association Provider Survey, 2015

Background: Statewide expansion of Family Care is a significant achievement, ensuring citizens have access to care and services across Wisconsin. While statewide expansion is worth celebrating, Wisconsin's Medicaid providers, the backbone of this vital system, report experiencing reimbursement *decreases* during initial expansion and stagnant reimbursement thereafter. Only recently have providers received funding increases as a result of the Direct Care Workforce dollars approved by the Governor and Legislature in the current state budget. While the funding included in the budget was a needed injection to address the workforce crisis, the only way to accomplish sustained workforce retention is to have a level of predictability for employers by adding this funding to the base in the 2019-21 Biennial Budget and increasing the funding amount by an additional 3%, to further combat the growing workforce crisis.

According to the Department of Health Services, the Family Care program's approximate Medicaid expenditure per member, per month is \$3,340, which is \$550 less than the estimated \$3,900 per member, per month expenditure to serve individuals under the old legacy waiver programs.⁴ This reduction in overall Medicaid costs allows the state to end waiting lists and serve a larger number of enrollees; however, our associations contend a significant portion of the reductions has occurred at the expense of the largest and most important cost-center: workforce. The impact to staff wages and benefits only exacerbates an existing crisis in recruiting and retaining quality caregivers. ***We should not balance the Family Care budget/expansion on the backs of our caregivers.***

A 2018 survey of long-term care providers found that the **workforce crisis has worsened** since a similar survey was conducted in 2016. *The Long-Term Care Workforce Crisis: A 2018 Report*,⁵ the largest survey of Wisconsin's long-term care providers in state history, included the following key findings:

- Approximately 91,000 Wisconsin residents live in 4,440 long-term care facilities.⁶ Residents living in these facilities rely on an estimated 84,000 caregivers. **The number of Wisconsin residents living in long-term care facilities has grown 23% in the past 15 years.**
- In addition to finding that facility **vacancy rates have reached 19% and there are more than 16,500 vacant caregiver positions**, the same report found that that 1 in 7 respondents said their employees had to go on BadgerCare Plus, the state's Medicaid health insurance program for low-income persons.
- Wisconsin's providers are facing major problems finding applicants and qualified caregivers: **more than 50%** of providers felt they were unable to compete with other employers; **54%** had no applicants for vacant caregiver positions; **83%** said there were no qualified applicants for caregiver openings; and **25%** have been forced to deny admissions due to the lack of caregivers.
- There is a significant wage disparity between people working as trained personal caregivers and unskilled entry-level workers taking jobs at gas stations, big-box stores, and fast food restaurants: providers reported a median hourly starting wage for personal caregivers of **\$10.75** compared to **\$12.00** for local, non-health care employers seeking unskilled, entry-level workers.
- There has been an exodus of caregivers to jobs outside of healthcare: providers report widespread use of overtime, double shifts and other strategies to deal with scheduling gaps; **67%** of providers said personal caregivers left for jobs outside of health care for better pay, better benefits and/or better hours.

Summary: The State's four long-term care associations respectfully ask the Governor and the Legislature to invest \$61.7 million GPR in the 2019-21 biennial budget to fund a fixed-amount increase for the direct care and services component of the Family Care program – which targets much needed wage increases to address the long-term care workforce crisis.

Contacts: Mike Pochowski – WALA: 608.288.0246; mpochowski@ewala.org
John Sauer – LeadingAge Wisconsin: 608.255.7060; jsauer@leadingagewi.org
Lincoln Burr – Disability Service Provider Network; 608.661.2913; lburr@rfw.org
John Vander Meer – WHCA/WiCAL: 608.257.0125; john@whcawical.org

⁴ <https://www.dhs.wisconsin.gov/news/releases/072816.htm>

⁵ [The Long-Term Care Workforce Crisis: a 2018 Report](#)

⁶ <https://www.dhs.wisconsin.gov/publications/p01726-cy-17.pdf>