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

Budget Request for Wisconsin's Nursing Facilities

Snapshot:

Wisconsin faces a crisis in the shortage of available frontline caregivers. Two factors are causing this serious shortage among Wisconsin's nearly 400 nursing facilities:

- Wisconsin has the **worst Medicaid reimbursement system** for nursing facilities in the country.
- One in seven caregiver staff positions in Wisconsin are vacant.

To address these alarming facts, Wisconsin's skilled nursing provider community is asking the Legislature to invest **\$91.2 million GPR in the 2017-19 biennial budget** to enable providers to better recruit and retain competent and caring staff. Approval of this proposal would be a major step toward alleviating the long-term care (LTC) workforce crisis.

The Problem

- **Wisconsin's Medicaid reimbursement system for nursing facilities was deemed the worst in the nation¹**
- Wisconsin nursing facilities experienced a \$331.8 million "Medicaid deficit" in 2014-15. The Medicaid deficit is the difference between the costs facilities incurred caring for their Medicaid residents and the state/federal Medicaid reimbursement they received for providing that care.²
- **The average Wisconsin nursing facility in 2014-15 lost \$55.89 per day for each Medicaid resident they served, for an average annual Medicaid loss of more than \$1.1 million.³**
- 63% of Wisconsin nursing facility residents have their care paid for by Medicaid, 13% by Medicare, and 19% pay privately.⁴ In order to overcome Medicaid underfunding of nursing facilities, the average private payor in a Wisconsin nursing facility pays \$100 per day more for their care than the facility's Medicaid payment rate for virtually the same care a Medicaid resident receives. These are the same individuals who also have the "privilege" of paying the \$170/month Wisconsin nursing facility "bed tax" to generate additional federal Medicaid matching funds for nursing facilities.

¹ www.ahcancal.org/research_data/funding/Pages/2015-Medicaid-Shortfall-Report.aspx

² www.leadingagewi.org/media/33998/FY-15-MA-Loss-Fact-Sheet.pdf

³ www.leadingagewi.org/media/33998/FY-15-MA-Loss-Fact-Sheet.pdf

⁴ https://docs.legis.wisconsin.gov/misc/lfb/budget/2015_17_biennial_budget/300_budget_papers/362_health_services_ma_reimbursement_for_nursing_homes.pdf

→ **Wisconsin is in a workforce shortage crisis.**

- *The Long-Term Care Workforce Crisis: A 2016 Report*,⁵ the largest survey of Wisconsin's nursing and assisted living facility providers in the state's history, included the following key findings:
 - **1 in 7** direct caregiver positions in Wisconsin's nursing and assisted living facilities currently are vacant, with more than **11,500** job openings in LTC facilities (i.e., nursing facilities, community-based residential facilities, residential care apartment complexes, and adult family homes) across the state.
 - Nursing facilities had vacancy rates of **12.6%** for registered nurses (RN), **12.1%** for licensed practical nurses (LPN), and **14%** for certified nurse aides (CNA), the primary caregivers in nursing facilities.
 - **50%** of respondents said they received no applications for vacant positions.
 - **70%** of respondents reported there were no qualified applicants for their caregiver openings.
 - In attempting to cope with these shortages, LTC providers said that **84%** of the time they have been forced to use overtime, double shifts and/or other strategies to fill open hours, all of which not only are expensive but can lead to caregiver burnout and jeopardize quality.
 - **18%** of respondents stated they had been forced to limit admissions in the past year.
 - The median hourly starting wage for personal caregivers is \$10.75, compared to \$12.00 for local, non-health care employers seeking unskilled, entry-level workers.
 - **56%** of respondents said they had personal caregivers who left for jobs outside of health care, with **80%** of those stating they left for better pay, better benefits, and/or better hours.
 - **1 in 4** respondents indicated they had at least **10** employees on BadgerCare Plus, the state's Medicaid health insurance program for low-income persons.
- Nurse aide applicants have dropped dramatically -- a 17% drop between 2013-2015. In addition, there was a ten percent drop in nurse aide certification renewals from 2014 to 2015. Fewer people are choosing to become CNAs and fewer people are remaining in that field, a frightening prospect for LTC providers who rely on CNAs to provide the bulk of care in their facilities.

Caregivers are shying away from work in LTC facilities because they can find better-paying, less challenging work elsewhere.

The Solution -- Systemic Nursing Facility Workforce Payment Reform:

- Fund the Nursing Facility Direct Care Target at the Median
 - *Estimated 2017-19 Biennial Cost: \$56.6 million GPR*
- Increase the Support Services Target by \$5 Per Resident Day
 - *Estimated 2017-19 Cost: \$19.2 million GPR*
- Increase the Funding for Four Nursing Facility Labor Regions (Rural Counties; Brown/Kewaunee/Oconto Counties; Eau Claire/Chippewa Counties; and Fond du Lac County) to the Statewide Direct Care Target
 - *Estimated 2017-19 Cost: \$6.5 million GPR*
- Provide a 2.6% Inflationary Increase to Fund These Increases in the 2nd Year of the Biennium 2018-19:
 - *Estimated 2017-19 Cost: \$9 million GPR*

Total Nursing Facility Funding Request for 2017-19: \$91.2 million GPR

The solution we have proposed would be distributed through the nursing home payment formula and would provide nursing facility providers with the tools they believe are necessary to recruit and retain needed staff. **Providers believe approval of this proposal would be a major step toward alleviating the LTC workforce crisis.**

⁵ [The Long-Term Care Workforce Crisis: A 2016 Report](#)