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Nursing Facility Task Force Workforce Presentation

***Presented by Tara Gregorio
October 18, 2019***

Massachusetts Nursing Facilities By The Numbers



383 Skilled Nursing Facilities
363 Medicaid participating facilities

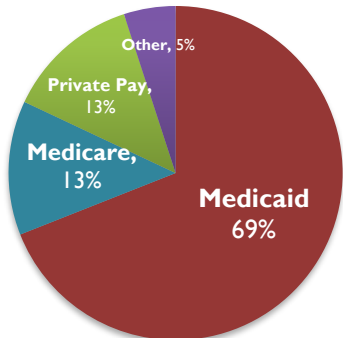


73,000 Total Employees
Including Direct Care, Social Services,
Activities, Therapy, Housekeeping,
Laundry, Dietary & Other Staff

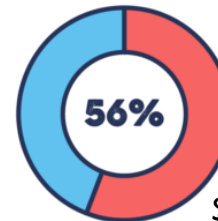


40,000 Nursing Facility Residents
Cared For Daily
and 150,000 Annually

75 Cents of Every Nursing Facility Dollar
is Spent on Staff Wages and Benefits



2 out of 3 Nursing Facility
Residents Rely on MassHealth



of Nursing Facilities are
Operating at a Loss

\$362 Million Annual Medicaid Gap,
Among the Highest in the Nation

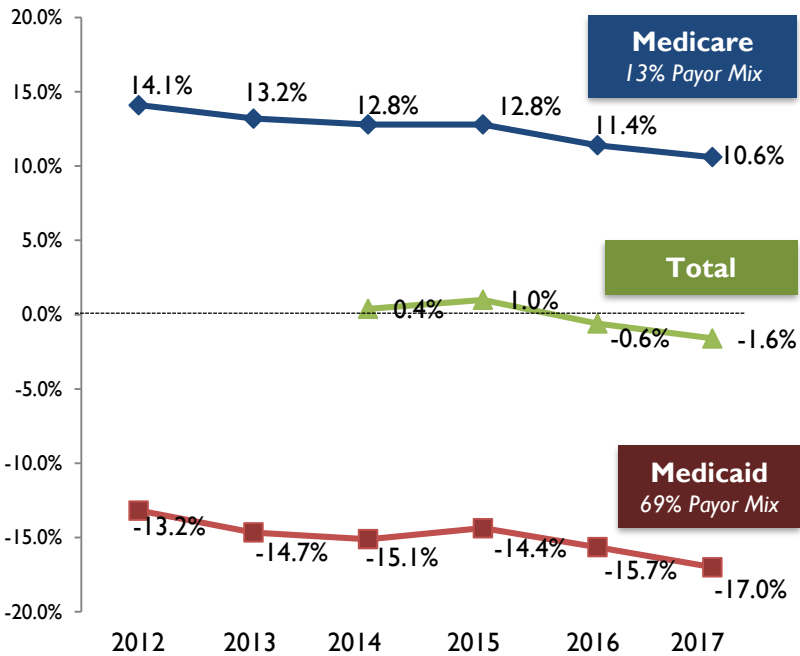


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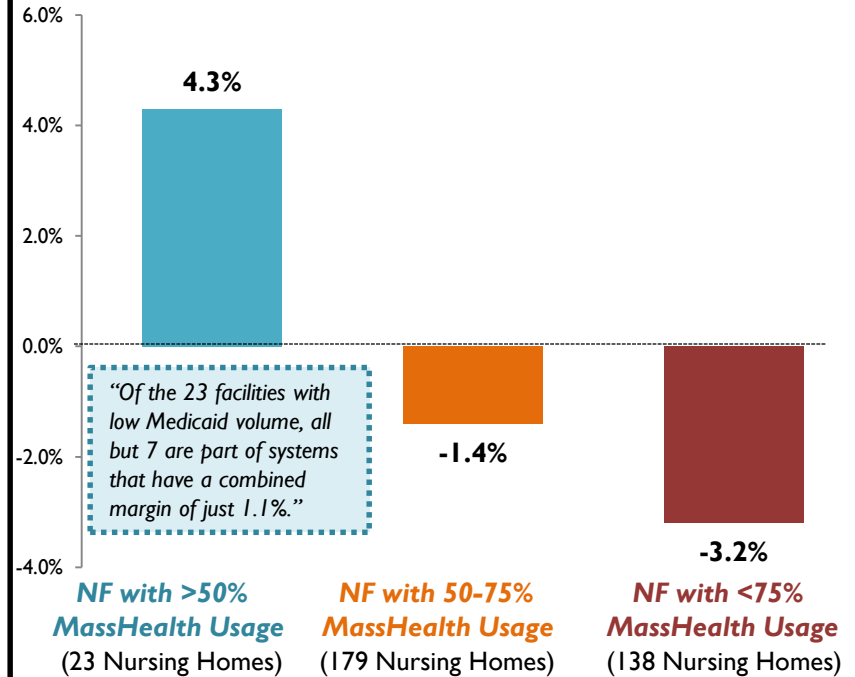
Sector in Financial Crisis Unable to Make Needed Workforce Investments

Closing the Medicaid Gap by Using More Current Costs, Actual Resident Days and a Valid Inflation Adjustment is Critical to Making Workforce Investments, Since 75% of a Facility's Budget is used to Fund Wages

Nursing Facility Margins by Payor



Margin Percentage Based Upon Medicaid Volume



Sources: Medicare – MedPAC Data Report; Medicaid –Mass Senior Care Projections using Medicaid Rate and Cost Data; and (3) Total Margin – Eljay, LLC Report: Medicaid Certified Nursing Facilities in Massachusetts: An Analysis of Margins (Oct. 2016, April 2017, Aug. 2017, Sept. 2018)

Source: Eljay, LLC Report: Medicaid Certified Nursing Facilities in Massachusetts: An Analysis of Margins: 2017 (September 2018)



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Typical Long Term Resident

The typical long term care nursing facility resident is:

- Female, Age 86
- Typically relies on **MassHealth** to pay for his/her care as approved by local ASAPs
- Widowed and lived alone prior to entering a nursing facility
- Likely to have dementia or cognitively impaired
- She is totally dependent on assistance with activities of daily living (ADLs)

Nursing facilities care for 32,000 long term residents each day, primarily frail elders and individuals with disabilities. However, there is a growing proportion of residents under the age of 65.

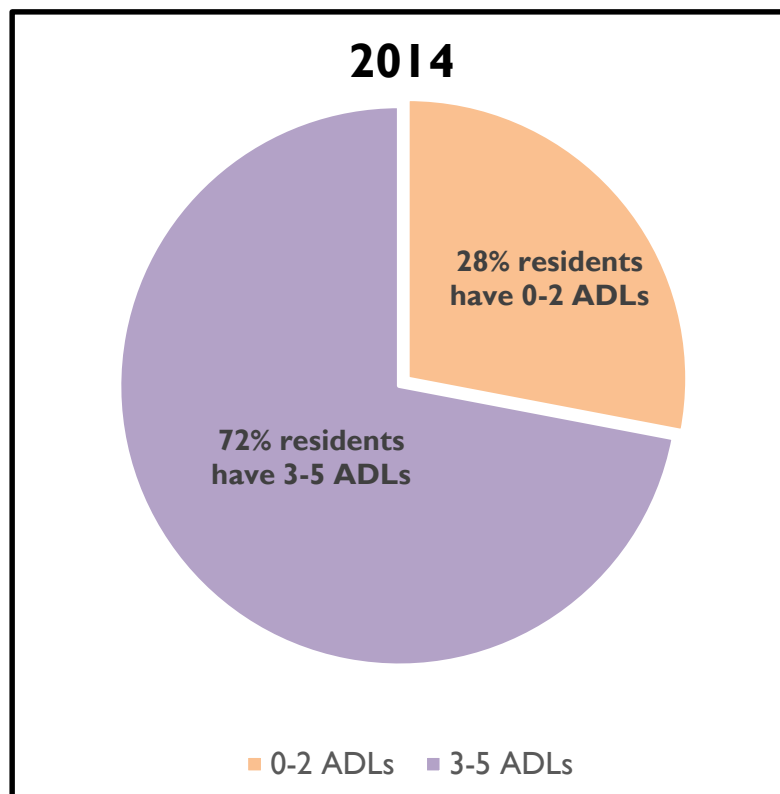
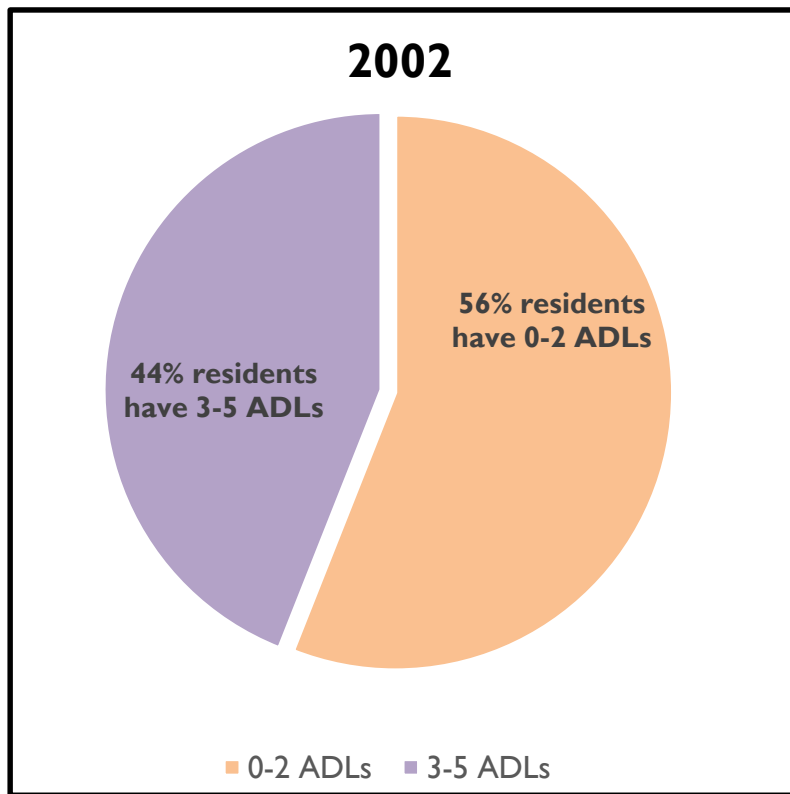




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Distribution of ADLs in Massachusetts Nursing Facility Residents, 2002 vs 2014

**Sharp Increase in Proportion of NF Residents Requiring Assistance
with More Than 3 ADLs – 44% in 2002 compared to 72% in 2014**

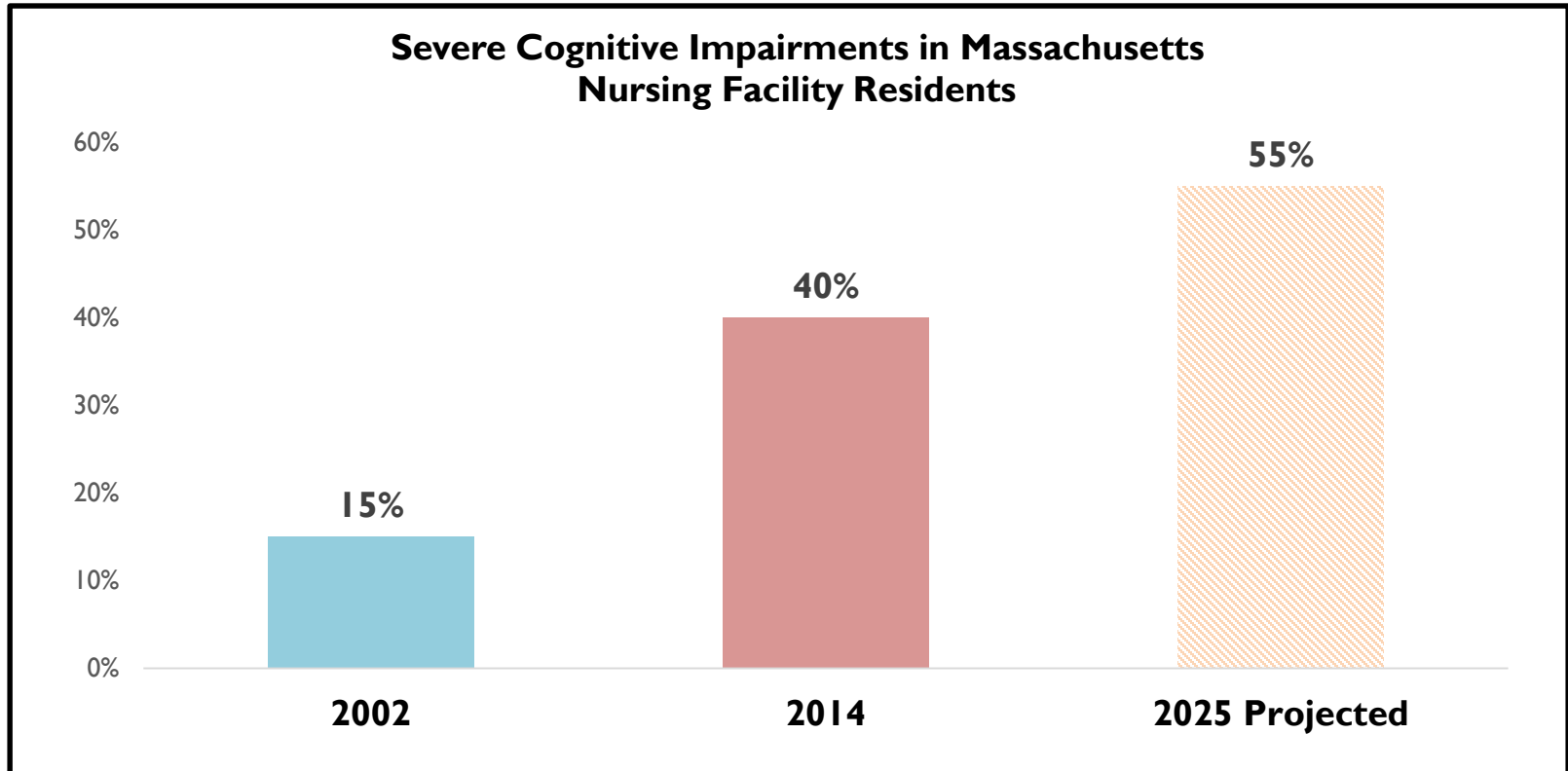


Source: CMS Nursing Home Data Compendiums, 2007 and 2015



Severe Cognitive Impairments in Nursing Facility Residents in Massachusetts

- **Residents with Severe Cognitive Impairment Nearly Tripled Since 2002 and is Projected to Grow by 15% by 2025**
- **42% of Baby Boomers Prefer a “Place that is Staffed to Provide Health Care Plus Help with Daily Activities” if they Develop a Cognitive Disability**



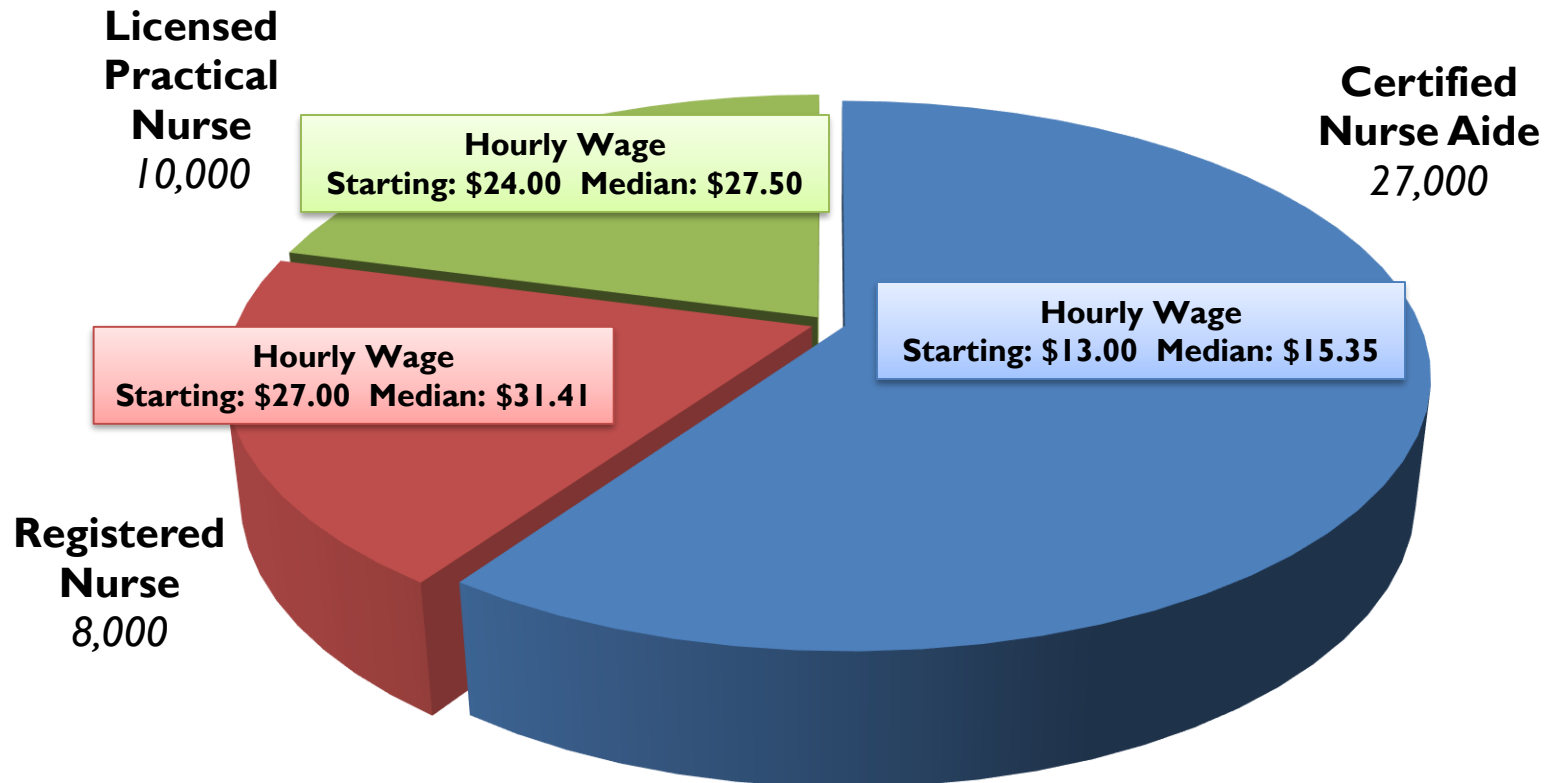
Sources: CMS Nursing Home Data Compendiums, 2007 and 2015; Alzheimer’s Association 2019 Alzheimer’s Disease Facts and Figures. LeadingAge 2019 Survey, How Do Older Baby Boomers Envision Their Quality Of Life If They Need Long-Term Care Services?



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Nursing Facility Direct Care Staff (2019)

45,000 Direct Care Staff Provide 24-hour Care to Vulnerable Residents Who Can No Longer Live at Home



Source: CHIA Annual Nursing Facility Cost Reports, and 2019 Mass Senior Care Employment Trends



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27,000 Certified Nursing Assistants

90% Women

Work Full-Time

Multiple Jobs

Immigrant

Support Families

Dependent on
Public Assistance

Bathing

Mobility

Shaving

Dressing

Eating

Vital Signs

Toileting

Caregiver

Positioning

Compassion

Companionship

Comfort



CNA Training: Prior to taking a competency test, CNAs must complete 75 hours of classroom training and 25 hours clinical rotation. **Training includes:** patient care skills, ethics, communications, physiology, medical terminology, nutrition, charting, observation skills, transfer and all the skills necessary to carry out duties at a long term care facility.



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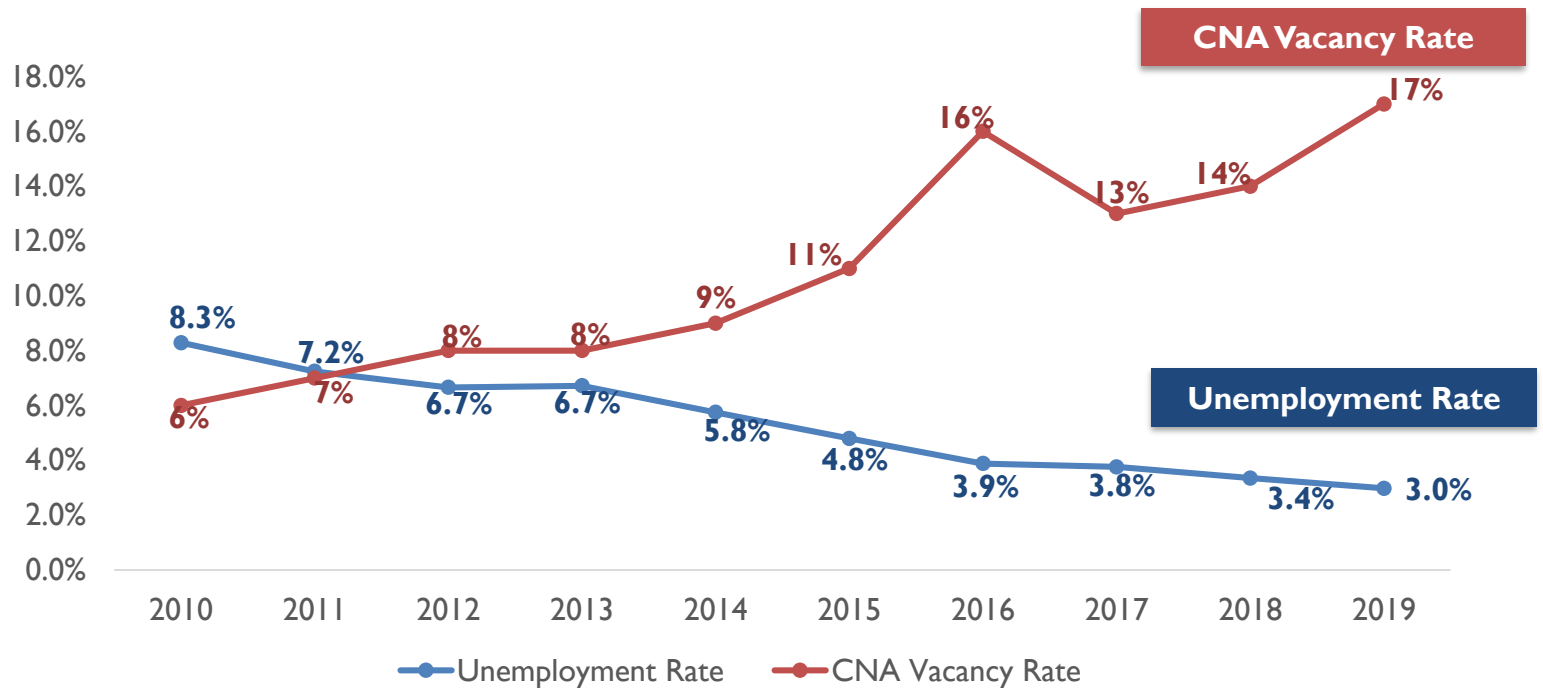
CNA SHORTAGE: MA Unemployment Rate Compared to Nursing Home Vacancy Rate, 2010-2019

As unemployment rates decline, nursing facility CNA vacancies grow.

3,500 CNAs Needed Today!

CNA starting wage of \$13 identified as top barrier to recruitment

Nursing Facility CNA Vacancy Rate Compared to MA Unemployment Rate



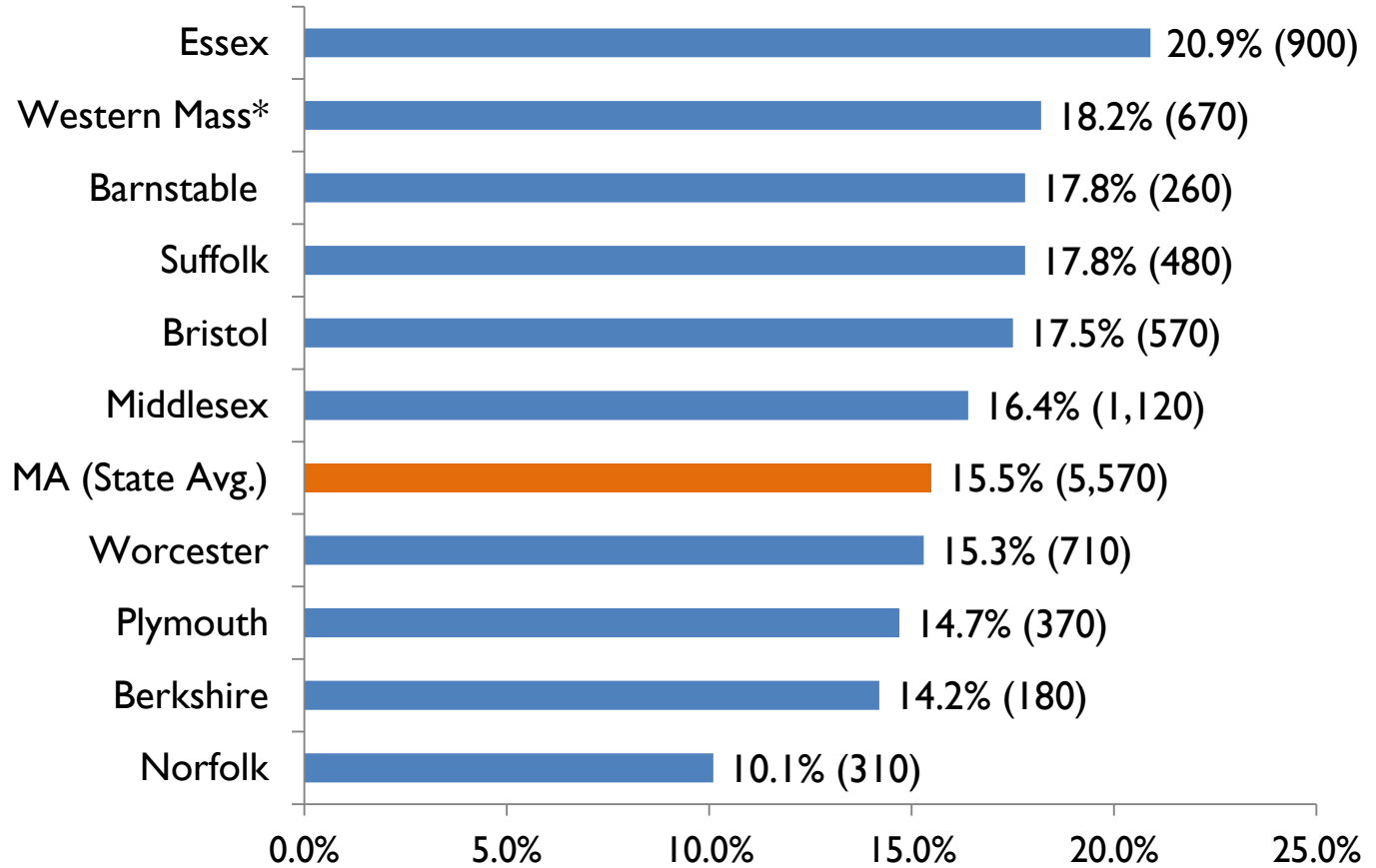
Source: (1) Unemployment Data - Bureau of Labor Statistics and (2) Vacancy Rate - Mass Senior Care Annual Employment Trend Reports



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5,600 Direct Care Nursing Staff Vacancies (2019)

Vacancies Continue to Increase with 1,100 Additional Direct Care Staff Vacancies Compared to 2018



Western Mass* = Franklin, Hampshire and Hampden Counties

Source: Mass Senior Care Association Employment Trends in MA Nursing Facilities Report (2019)



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2019 Labor and Workforce “Survey Says”



- **All nursing facilities are experiencing direct care staff shortages**
 - 70% reported an insufficient number of qualified applicants
 - To fill vacancies, 97% are asking existing staff to work additional hours, 89% offer financial incentives (overtime, shift differentials & bonuses) and 50% are using costly temporary nursing services (30% of these agencies are unable to reliably fill vacant shifts)
- **CNAs are chiefly leaving for higher pay** in competing nursing facilities or outside of health care such as food service & retail industry (Dunkin Donuts, Starbucks, McDonalds, Target, Walmart). Better hours and burnout are also contributing to CNAs leaving health care.
- **81% of facility staff are or have experienced burnout or job stress**
 - Workforce shortages, staff working short, meeting resident care needs and regulatory enforcement were the biggest factors leading to burnout
- **23% of facilities in 2019 have limited or considered limiting admissions due to a lack of staff**
- **Nursing facilities reported an ideal CNA starting wage is \$15**

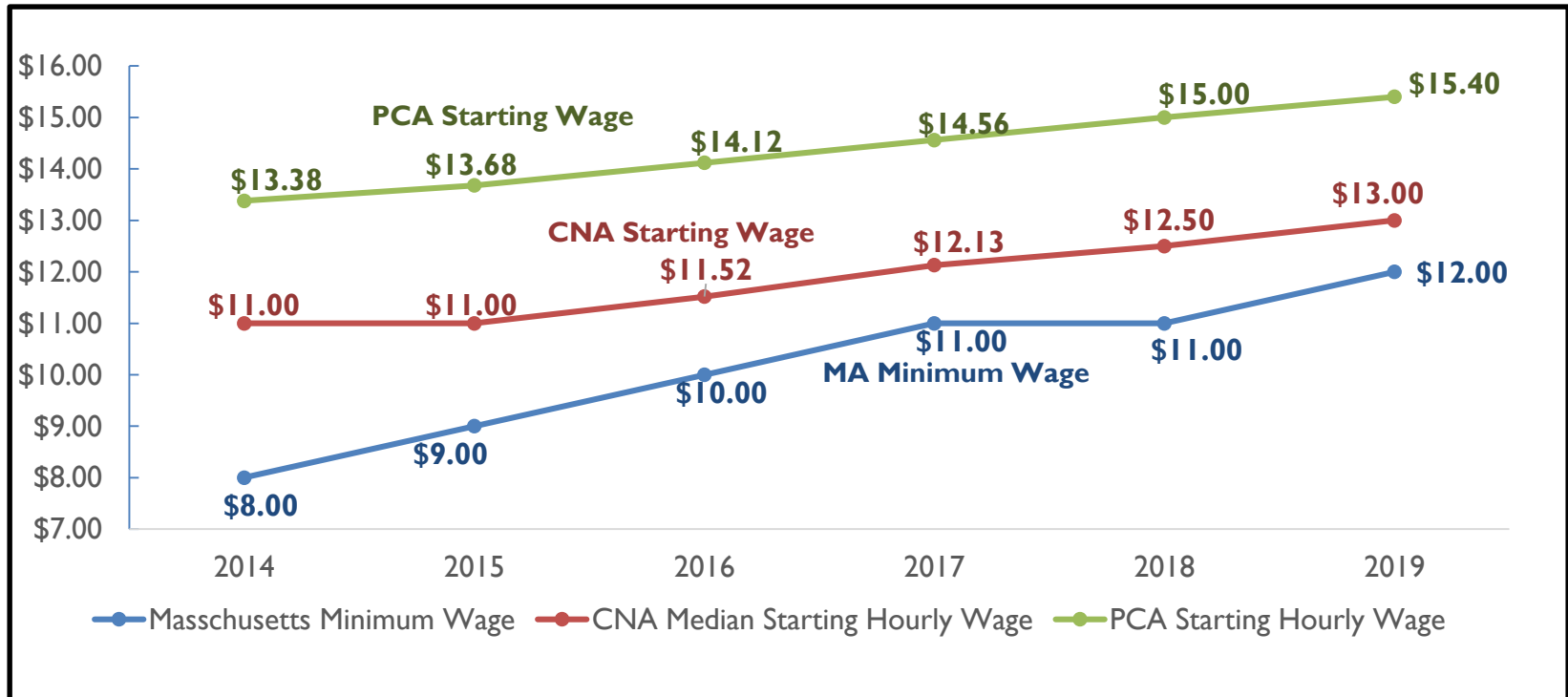
Source: MSCA October 2019 Workforce Survey, 192 nursing facilities responses



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Uncompetitive Starting Wage for Nursing Facility CNAs

***In 2014 the CNA Starting Wage Was 37% Above Minimum Wage
Today It Is Less Than 10%, and Well Below PCA Starting Wage***



Sources: (1) Federal Reserve Economic Data for Massachusetts Minimum Wage and (2) Mass Senior Care Association Employment Trend Report for Median Starting Wage Per Hour

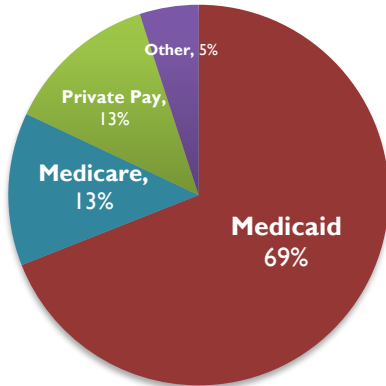


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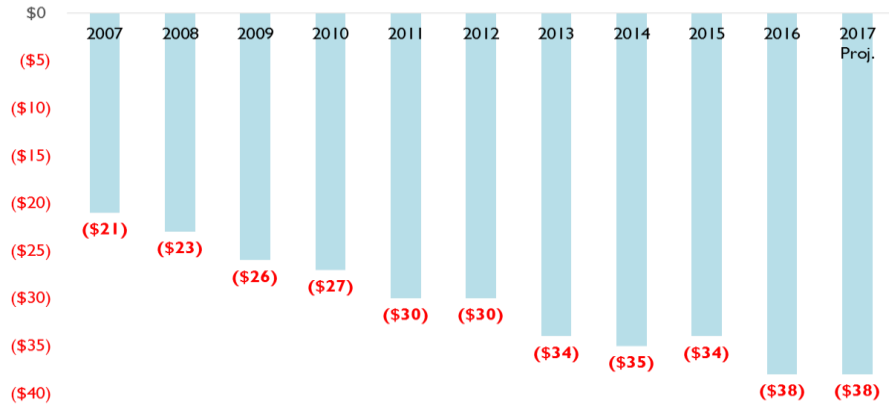
Medicaid Funding Directly Impacts Workforce

A Facility's Ability to Make Workforce Investments is Tied to Medicaid Funding

Resident Payor Mix



MassHealth Nursing Facility Daily Funding Shortfall



The Nursing Facility Dollar



75¢ Staff Wages and Benefits



**11¢ General Expenses/
Operating**



8¢ Physical Plant

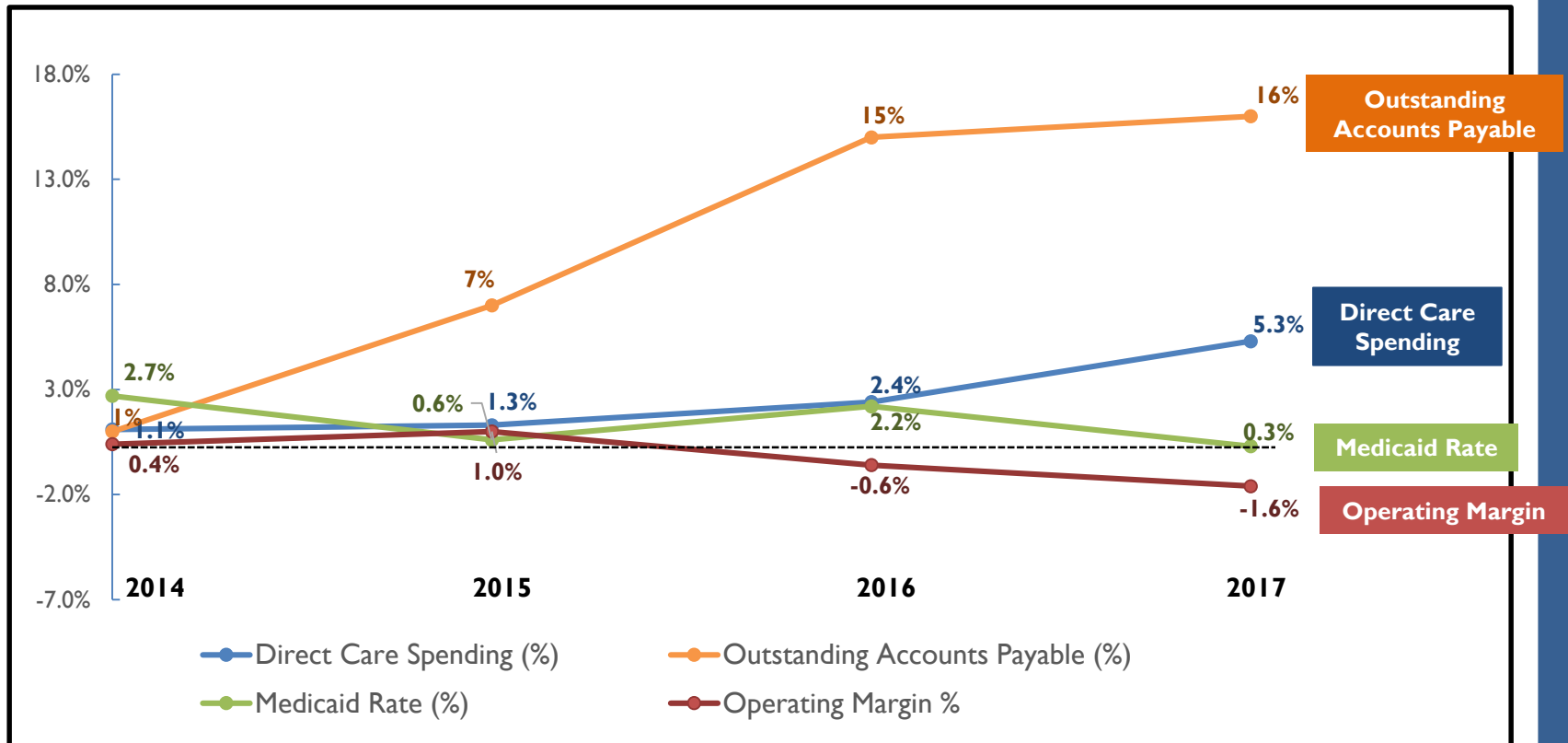
6¢ Administration



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NFs are Managing Direct Care Spending by Delaying Vendor Payments

Delays in Paying Vendors & Deficit Budgets are Funding Workforce Investments and Preventing Widespread Failures
Outstanding Accounts Payables Increased by \$126M



Sources: (1) CHIA Cost Report Data for Outstanding A/P and Direct Care Spending, (2) Medicaid Rate – based on case mix adjusted rate change, and (3) Operating Margin -) Total Margin – Eljay, LLC Report: Medicaid Certified Nursing Facilities in Massachusetts: An Analysis of Margins (Oct. 2016, April 2017, Aug. 2017, Sept. 2018)

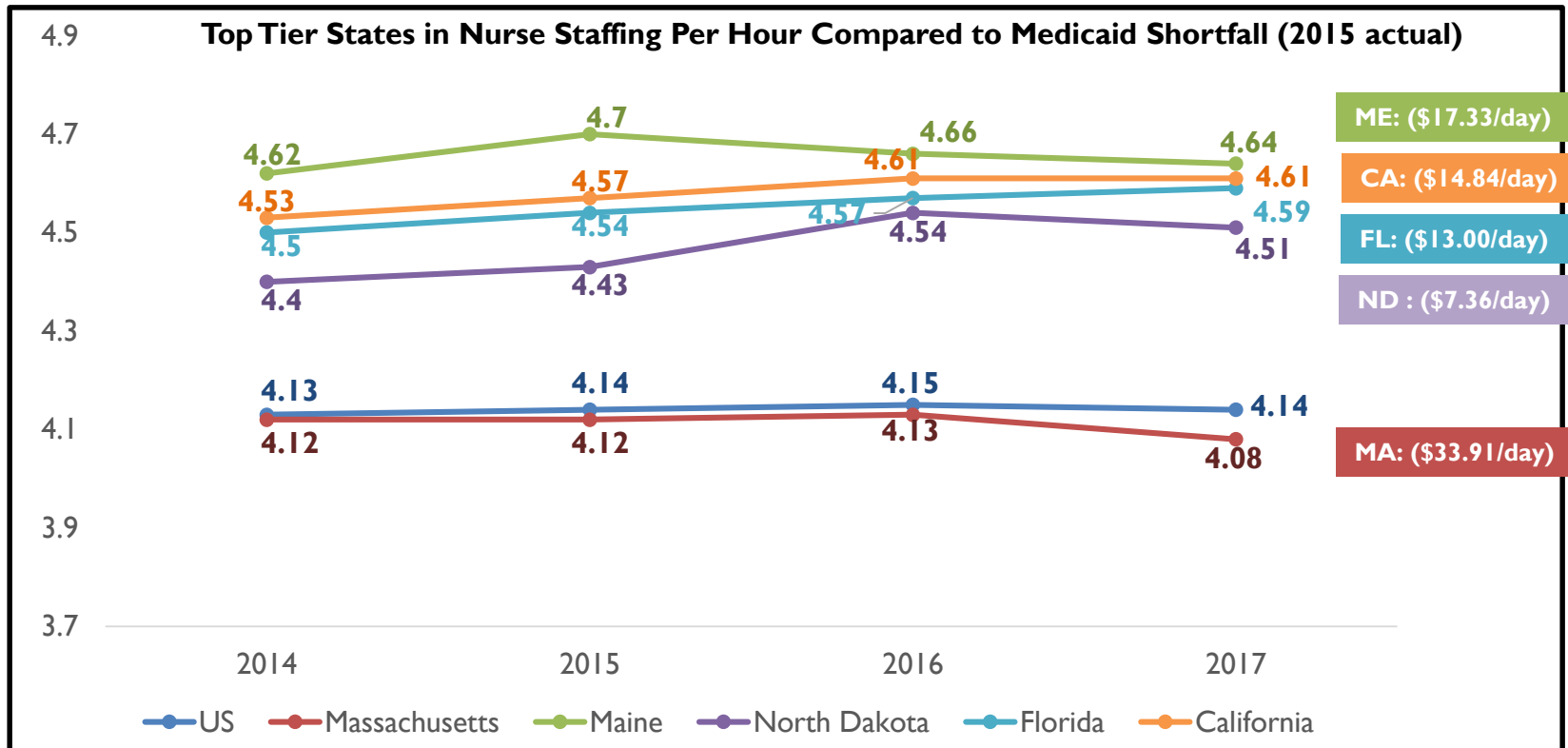


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Medicaid Funding Linked to Direct Care Staffing: Massachusetts Comparison

**Massachusetts Ranks 29th in the Nation
for Nursing Home Direct Care Staffing**

**States with a smaller Medicaid shortfall can provide direct care
staffing well above the National average.**



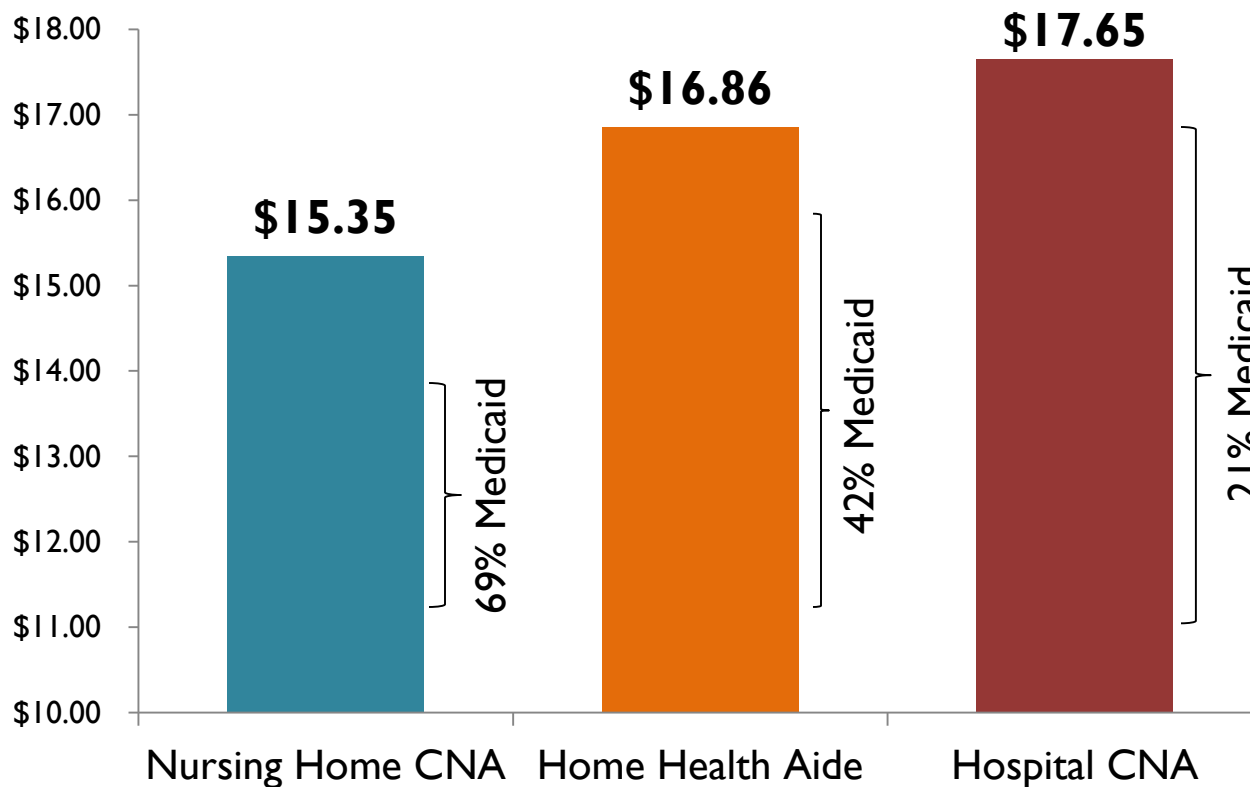
Sources: (1) CMS Data Archive File (State Averages, December Year End) and 2015 AHCA Medicaid Shortfall Report Prepared by Hansen and Hunter (November 2018)

Health Care Wages Investments Linked to Medicaid Dependency (2019)



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A Nursing Facility's Ability to Increase Wages is Uniquely Dependent on Medicaid Funding



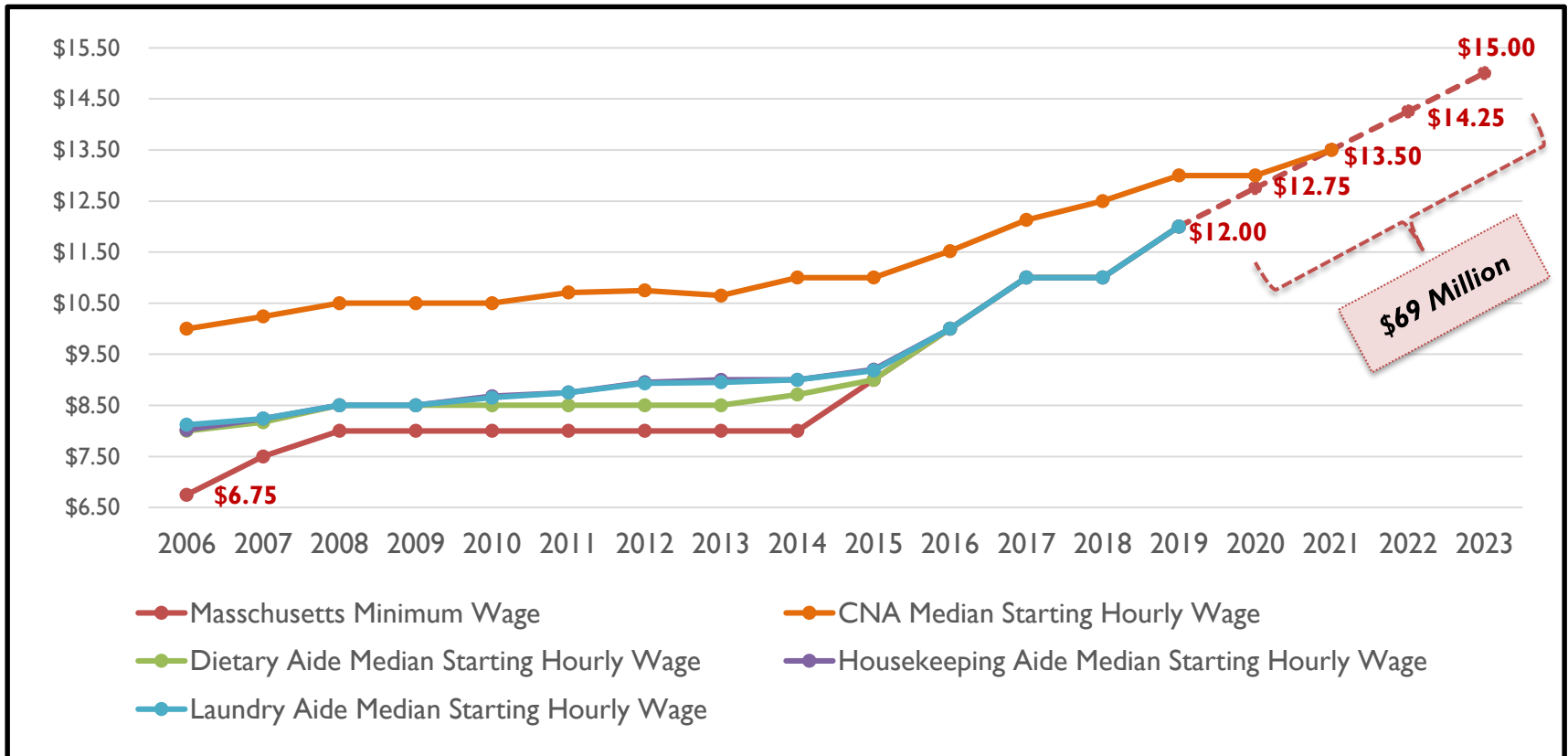
Source: Mass Senior Care Association Annual Employment Survey, 2019 (NF); Home Care Alliance of Massachusetts 2019 Employment Survey (Home Health Agency); and TNS Differential Applied to Nursing Home Wage (Hospital)



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Minimum Wage Cost Impact for Nursing Facilities

Minimum Wage Law Results in \$69M in New Uncompensated Costs for Nursing Facilities









Sources: (1) Federal Reserve Economic Data for Massachusetts Minimum Wage and (2) Mass Senior Care Association Employment Trend Report for Median Starting Wage Per Hour



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MassHealth Funding Linked to Staffing & Outcomes

“Lower reimbursement rates can lead to reductions in staffing, which can result in lower nursing home care quality and poor care outcomes.” Kaiser Family Foundation (June 2017)

Low or High Medicaid Nursing Facilities	CMS 5-Star Quality Rating	# of Survey Deficiencies	Daily Nursing Care Provided Per Resident
LOW Medicaid – Less than 50% of total residents	 4.4 Stars	 3.2 Deficiencies	 4 Hours, 37 Minutes <i>with 24 hour supervision</i>
HIGH Medicaid – more than 75% of total residents	 2.9 Stars	 7.2 Deficiencies	 3 Hours, 50 Minutes <i>with 24 hour supervision</i>
<i>Statewide Average</i>	<i>3.4 Stars</i>	<i>6.0 Deficiencies</i>	3 Hours, 58 Minutes <i>with 24 hour supervision</i>

Sources: CMS Nursing Home Compare Data and CMS Provider File (December 2017 Data)

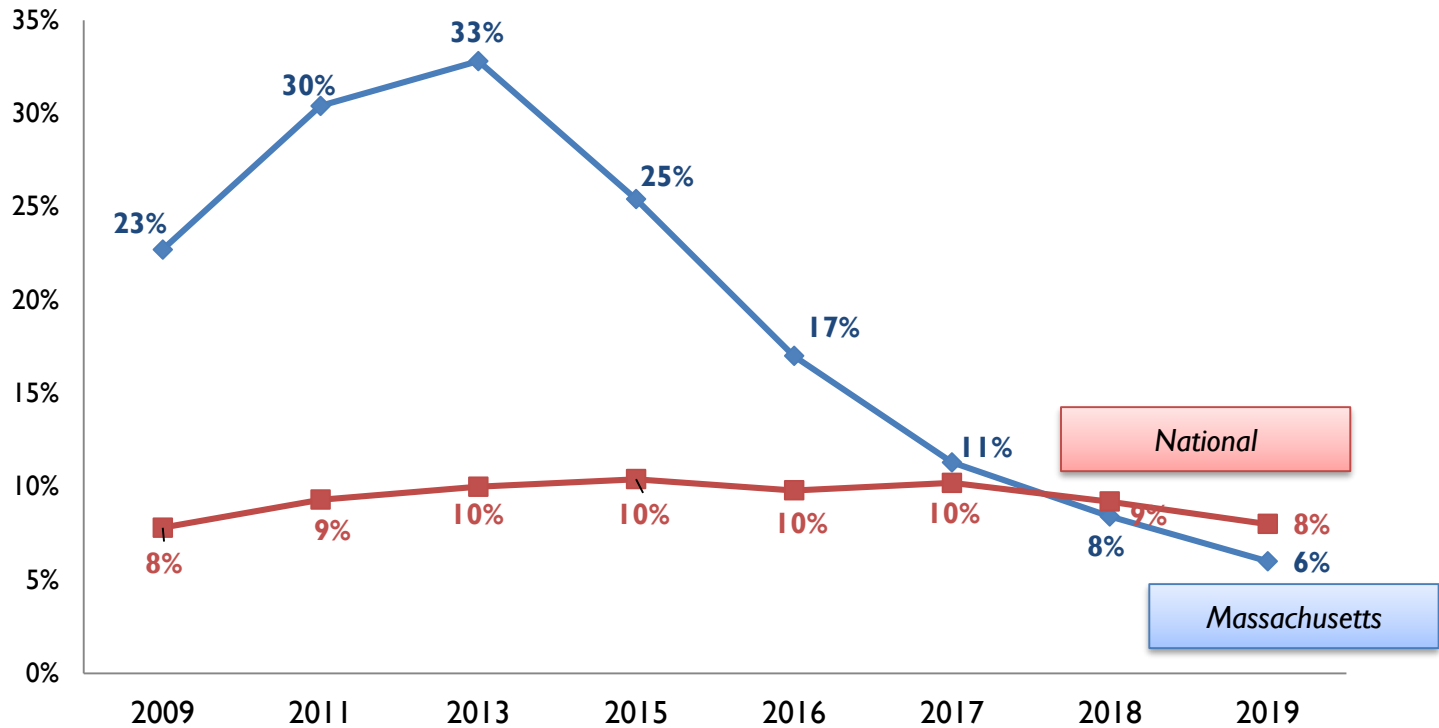


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Adequate Funding Matters - Quality

***Nursing Home Financial & Workforce Crisis Has Led to a Sharp Decline in Outcomes
Massachusetts Now Underperforms the Nation***

Percentage of Deficiency Free Facilities



Source: Centers for Medicare and Medicaid Services Online Survey Certification and Reporting (CMS-OSCAR)



Workforce Solutions

Closing the Medicaid Gap by Using More Current Costs, Actual Resident Days and a Valid Inflation Adjustment is Critical to Making Workforce Investments, Since 75% of a Facility's Budget is used to Fund Wages

➤ **Passage of the Stabilization Bill (S.352 & H.610)**

1. **Modernize Rates Using Actual Days & Fully Fund \$185M in legitimate resident care and staffing expenses in 2017.** Currently rates are paid using 'imputed' days instead of actual days.
2. **Update Rates Using 2017 Costs** in order to fund staff increases and resident care.
3. **Update rates using Medicare's Inflation Rate** – Current 2020 rates are set at 2014 expenses, but there is 0% inflation to recognize new resident care costs from 2014 to 2020.

➤ **Passage of the Quality Jobs Initiative (S.671 & H.618)**

1. **Living Wage** Requires MassHealth to fund its portion of a \$15 starting wage and establishes a path to a living wage with annual increases.
2. **Opportunity** Establishes a training program to recruit new staff and career ladders for existing staff.
3. **Culture** Establishes grants for Leadership & Supervisory Training.

➤ **Implement HC Collaborative Recommendations**

1. **Recruitment** Improve Access to CNA Training
2. **Retention** Support Career Ladders via Upskilling