

**Statement of
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On behalf of the
American Health Care Association & National Center for Assisted Living

for the
**U.S. House of Representatives Committee on Appropriations
Subcommittee on Labor, Health & Human Services, Education,
and Related Agencies**

“Health Care Access and the Aging of America”

February 15, 2007

On behalf of the millions of compassionate caregivers working in long term care facilities across the country and the patients they care for, the American Health Care Association (AHCA) and National Center for Assisted Living (NCAL) thanks Chairman Obey and Ranking Member Walsh for the opportunity to comment on health care access and the aging of America.

AHCA/NCAL understands that the quality of care provided in our nation’s skilled nursing facilities and assisted living residences is incumbent upon a stable, well-trained workforce. Moreover, the continued success of the long term care profession’s quality improvement initiatives also is contingent upon adequate, stable funding levels – as well as the ability to boost the actual supply of long term caregivers relative to demographic trends – a growing concern as 77 million baby boomers are virtually on America’s retirement doorstep.

Thus, we are looking at both a supply and demand problem – and addressing this challenge on both fronts is the only real solution to ameliorating the significant difficulties we face. These challenges become even greater when one looks at the Administration’s proposed Budget for Fiscal Year 2008, which seeks to cut more than \$10 billion in Medicare funding for skilled nursing facility care over five years—care that represents less than 5% of the Medicare budget, yet would account for more than 15% of the proposed cuts. Included in the Administration’s proposals is a new user fee that the Survey and Certification Program within the Centers for Medicare & Medicaid Services (CMS) would charge to facilities, if cited for deficiencies, to cover follow-up survey costs. The Office of Management and Budget (OMB) estimates that this “re-visit user fee” would take an additional \$35 million from quality nursing home care. Cutting \$10 billion in Medicare funds from nursing home care – along with a back-door removal of critical

funding from the very facilities that most need to reinvest funding into quality improvements – will surely impact patients and staff alike. While we may never completely “fix” the problems we are raising today, perhaps with assistance from Congress, we can manage it.

Staffing and retention are critical issues that we are pursuing as part of the *Advancing Excellence in America's Nursing Homes* campaign, which is a multi-provider, multi-stakeholder quality improvement campaign and among our highest priority member initiatives. Including staff retention and consistent assignment of nursing home staff so that residents regularly receive care from the same caregivers as goals for *Advancing Excellence*, we believe, will help to improve the quality of life for both residents and staff. In turn, we hope that the *Advancing Excellence in America's Nursing Homes* campaign will provide tangible evidence of improved care in the nursing home setting, and increase public trust and confidence in the long term care community.

The federal government projects that the United States will need several hundred thousand more long term caregivers as our elderly population doubles over the next 30 years. Consider that along with a recent AHCA study, which found approximately 100,000 certified nursing assistants (CNAs) and other nursing staff are needed immediately to fill vacant positions across the United States – just to meet today's demand for care.

Ironically, while nursing schools around the country are flooded with applicants, we must do far more to promote nursing careers in the field of long term care. Nursing homes and assisted living facilities, for example, are in dire need of additional caregiving staff – especially the CNAs who perform as much as 80 percent of the direct, hands-on patient care.

These key workers are indispensable to our collective mission to provide quality care to our most vulnerable population of seniors and persons with disabilities. In the final analysis, stakeholders must keep working to increase interest in long term care as a career while simultaneously ensuring we have the educational infrastructure in place to accommodate prospective nursing students.

We also encourage Congress and the Administration to address the immediate caregiver shortage in long term care by passing comprehensive immigration reform that creates a temporary worker program and increases the number of visas available to foreign-trained caregivers – including nurses and CNAs.

Looking specifically at the national nurse and caregiving shortages, the long term care profession is affected significantly. The current long term care workforce shortage is only projected to get worse over the next decade as the population ages. In fact, the Bureau of Labor Statistics predicts a 45 percent increase in demand for new long term care workers between 2000 and 2010 alone – the equivalent of approximately 800,000 new jobs. Vacancies and turnover in the long term care industry compromise quality and increase costs. Furthermore, studies indicate that the supply of nursing staff is a key factor in the quality of care in a long term care facility. A recent study estimates that the cost due to staff turnover in nursing facilities is more than \$4 billion a year.

From a national perspective, the Nursing Workforce Development Programs under *Title VIII* of the Public Health Service are critical tools in addressing the national nursing

shortage. These programs are vital catalysts, comprising the largest source of financial support for nursing education – funding programs at all levels in addition to supporting individual students. In 2002, Congress enacted the *Nurse Reinvestment Act (NRA)* to expand and augment *Title VIII* to increase funding for nursing education, retention, and recruitment efforts. However, even though this *Act* expanded grant eligibility to long term care applicants, historically, this sector of health care still has not fared well.

To help alleviate existing and future long term care nursing workforce shortages, we encourage Congress to reauthorize and amend the *Nurse Reinvestment Act*: 1) to remove permanently the exclusion on loan repayment for nurses working in for-profit health care settings; 2) to create and fund a national nursing database of common data elements to forecast future supply and demand changes – the database should include workforce data across all provider settings, including nursing educators, for use in trend analysis and to better forecast workforce needs; and 3) ensure that *Title VIII* grant awards require that grantees report the number of nursing educators and nurses produced and/or hired, the increase in the number of nurse education slots, and the decrease in the number of qualified applicants turned away from nursing programs.

In tandem with national efforts, Mr. Chairman, a targeted focus on state level efforts to improve the caregiving workforce makes sense, given the current organization of the long term care field in the United States. The long term care community nationwide is divided into many small units – approximately 16,500 nursing homes; 7,000 home health agencies; and 36,000 assisted living facilities. Therefore, for the longer term, we hope that the Department of Labor (DOL) continues its focus on long term care as a “high growth industry,” and for its support in fostering state-level long term care workforce initiatives that address essential recruitment, retention and training needs.

From our ongoing work with George Washington University and our sponsorship and participation in the National Commission on Nursing Workforce for Long Term Care, we have developed a variety of state and local-based initiatives that we hope this Committee also will consider:

- Establishing a state level long term care health care nursing workforce workgroup to build consensus on goals and policy strategies to strengthen the long term care nursing workforce and provide leadership for ongoing coordination, communication, and consensus-building of initiatives in the area; and develop long term care nursing workforce partnerships that will lead to specific programs and projects to improve long term care nursing workforce.
- Participating in state level nursing workforce coordinating groups that share views, goals, and policy strategies on dealing with nursing shortage issues broadly; provide leadership for ongoing coordination, communication, and consensus building; and actively coordinate advocacy, fund-raising and policy development activities related to increasing the number of nurses trained and working in the state.
- Creating working partnerships between long term care organizations, community colleges, nursing colleges, workforce investment boards and state government agencies to increase the supply and availability of nurses and nurse aides in long term care.

- Developing ongoing funding from the state and local workforce investment boards (WIBs) to support partnerships and initiatives to improve recruitment and retention of long term workforce. These activities may include CNA training, the development of career ladders, expansion of continuing education for long term care employees, and the promotion of interest in long term care careers.
- Increasing state general fund appropriations for nursing education at community colleges and baccalaureate programs with specific support for training new nurses in long term care sites.
- Developing ongoing support for nursing workforce and quality improvement from Medicaid funds. These may include a small portion of funds from administrative funds, or funds from special financing mechanisms that increase federal matching funds to the state such as a special assessment.

And from a national perspective, Mr. Chairmen, we recommend the following:

- Creating a broad long term care nursing workforce coordinating workgroup of national long term care, nurse education, nursing, public workforce and other organizations to support development of national policies and programs that specifically address the long term care nursing shortage.
- Working with CMS on the development of new policies to encourage state long term care survey and certification agencies to support state and local programs to improve the long term care nursing workforce.
- Working with the Agency for Healthcare Research and Quality (AHRQ) and other federal agencies to expand support for research on health care and long term care nursing workforce issues and solutions.
- Identifying consulting firms, universities and other entities able to conduct analysis and assist state and local organizations and individual providers in the development and implementation of initiatives to improve the recruitment and retention of the nursing workforce.

Another key issue for your consideration entails the proposed minimum wage increase, which obviously will have an impact on staffing, patient care, and facility operations across the nation. AHCA/NCAL supports an increase in the minimum wage, but we also support corollary efforts to ensure any increase in labor costs do not result in compromising the rising care quality standards we see occurring in facilities nationwide. Such efforts, we believe, could be achieved through tax relief initiatives, through Medicare and Medicaid reimbursement adjustments, or both.

Although Medicare reimbursement rates do have a component that accounts for wage rates increases in our profession, there is a significant time lag between rising labor rates and increases in the reimbursement rate.

Historically, when an event such as the minimum wage increase causes a wage increase ripple, that data is not reflected in reimbursement rates for as long as two years. Through the Centers for Medicare & Medicaid Services, AHCA believes expediting the update of wage rates would help alleviate this problem.

Further, skilled nursing facilities and other long term care facilities do not have their own wage index through Medicare. Rather, they share a wage index with hospitals. This grouping of dissimilar care settings into a single index causes staff recruiting difficulties for our profession.

CMS, to our disappointment, has been unable to develop a separate skilled nursing and long term care index, and an increase in the minimum wage would exacerbate the substantial challenges already faced by our profession regarding staffing and retention because shifting wage rates impact hospitals and our profession in an entirely different manner. Again, this has the potential to create problems with our ongoing efforts to improve patient care quality, and is a prime reason why nursing facilities and long term care facilities require their own wage index.

Through Medicaid, conversely, an increase in the federal minimum wage is not coordinated with state Medicaid reimbursements. States are not obligated to adjust their reimbursement under Medicaid while the federal government is mandating higher wage costs through an increase in the minimum wage.

Obviously, this has the potential to create a still greater cost squeeze on facilities than is already the case, and places increased pressure on already strained state Medicaid programs and budgets which, inevitably, circle back around to negatively impact staffing stability and retention.

Not only must we address the fact the long term care community needs help to increase the long term supply of nurses and nurse educators, government and providers must also offer constructive solutions to recruiting, retaining, and training a stable supply of caregivers for the skyrocketing number of seniors requiring long term care now, and the staggering amount who will require long term care in the years ahead. We were pleased to support important legislation introduced in the 109th Congress, including the *Long Term Care Quality and Modernization Act of 2006* that we believe would help to address many of the issues raised here. AHCA/NCAL looks forward to working with you and the 110th Congress in a constructive manner to address these very real structural problems that threaten the progress now being made in the long term care field.

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The American Health Care Association and National Center For Assisted Living (AHCA/NCAL) is the nation's leading long term care organization. AHCA/NCAL represent nearly 11,000 non-profit and proprietary facilities dedicated to continuous improvement in the delivery of professional and compassionate care provided daily by millions of caring employees to more than 1.5 million of our nation's frail, elderly and disabled citizens who live in nursing facilities, assisted living residences, subacute centers and homes for persons with mental retardation and developmental disabilities. For more information, please visit www.ahca.org.