



To: Senator Rick Billinger, Chair and Members, Senate Ways and Means Committee

From: Rachel Monger, President/CEO, LeadingAge Kansas

Date: February 8, 2023

LeadingAge Kansas is the state association for not-for-profit and faith-based aging services. We have 160 member organizations across Kansas, which include not-for-profit nursing homes, retirement communities, hospital long-term care units, assisted living, home plus, senior housing, low-income housing, home health agencies, home and community-based service programs, PACE and Meals on Wheels. Our members serve more than 25,000 older Kansans each day and employ more than 20,000 people across the state.

The State of Long Term Care in Kansas

Based upon provider reports and the government data we've collected, we know this to be true:

Our long term care system is collapsing under the weight of high costs and low staff. It is hurting the quality and availability of services in our communities, and we are struggling to find solutions.

Since the start of the pandemic, 47 long term care facilities have closed or reduced services in Kansas. The majority of the remaining facilities we surveyed have closed down entire wings and units due to lack of staff. Often the first to go are dementia care units.

While new adult care homes have opened in the last year, we are not resolving our statewide access to care issues. Replacing a fifty bed nursing home in a rural community with a twelve bed, private pay only, home plus in Overland Park is not an adequate trade.

In the next ten years, the 65+ population in Kansas will increase by another 208,000, and that number will continue to grow as the 85+ population increases by triple digits. The vast majority of these senior Kansans will need long term care services and supports. At a time when our state needs to be growing long term care options and investing in a senior care workforce, we are instead contracting in every direction.

Continuing Workforce Crisis

Over the last three years, long term care has faced an ever-deepening workforce crisis. Unlike other employers struggling with worker shortages, long term care does not have the option of

cutting hours or hanging up a “closed” sign on the door. They are 24/7 businesses with thousands of resident lives on the line. And they are in desperate need of help.

Since the pandemic:

- The aging services workforce has shrunk more than 10%
- Labor costs are up 15%
- Staffing agency labor costs have increased by 270%

It has been impossible for our providers to keep pace. Our reimbursement rates do not adequately cover our regular labor costs, let alone the 270% increase we would need to compete with staffing agencies.

Our reduction in workforce continues to cause access to care issues all over the state.

The complaints we hear from hospital dischargers and health system executives are borne out in our data. At the beginning of December, 2022 all three long term care associations surveyed our members on their admissions data in the prior month. 116 nursing facilities responded:

- 60% cite insufficient staff as the primary reason for turning away a new admission
- 44% have a waiting list of residents seeking admission
- Over 50% have had to place a hold on all admission in the last two years
- 110 of the facilities in our survey turned down 1,100 admission referrals in November, 2022

Our survey revealed a very similar story in assisted living facilities.

Quotes from providers all over Kansas on Senior Care Workforce Shortages

“We’ve gone for months without applicants. LPNs and RNs in particular. Opening in dining services, and gone for weeks without applications. So, it puts us in a really difficult position, being able to serve the needs of the residents. I’ve been here since 2008, and this is the worst I’ve ever seen it.” -- **Hesston, KS**

“We had to close one of our units because we didn’t have enough staff. That was 35 beds we had to take offline. Right now 20 of our 51 CNA positions are open, and they have been for most of the year. This workforce crisis really is like ‘pandemic 2.0.’” -- **Olathe, KS**

“It’s kind of a vicious cycle right now, where we don’t have the staff to serve as many people as we need to be able to afford to recruit and retain more staff. It’s unsustainable.” -- **Lawrence, KS**

“On both our long-term care side and our home health side the story is the same, we don’t have the staff to match the current level of demand, and we can’t meet the demand without more staff. Especially on the home health side of our business, there’s lots of people just not getting the services they need, and we don’t have the staff to take them on as clients.” – **Ness City, KS**

“We simply cannot afford to keep going on like this. I was paying \$70,000 a month for temporary staff, and that meant we were dipping into our reserves to stay open. If something isn’t done, we’re not going to survive this.” -- **La Crosse, KS**

“Costs are a huge deal for us, both labor costs and otherwise. We recently got into a bidding war with the local hospital over staff, and stuff like that is driving our costs way up.” – **Sabetha, KS**

How Policymakers Can Help

- **Fully Funding Medicaid Reimbursement Rates and Provider Costs** -- Last legislative session, policymakers approved a new Medicaid reimbursement rate which was extremely helpful and appreciated. However, our Medicaid system still does not fully cover the cost of care. A provider in Lindsborg, Kansas, for example, has calculated that their cost for care of 70% of their residents who use Medicaid are \$50 more a day than their reimbursement rate. That provider draws down reserve funds raised from the faith community in their area to cover the daily deficit but says this is unsustainable.

- **Reign in the Restrictive Labor Practices of Temporary Staffing Agencies** – We need accountability for healthcare staffing agencies who continue to charge Medicaid providers more than triple the going wage for essential healthcare workers during a horrendous workforce shortage and frequently restrict workers freedom to join a provider full-time. Staffing agencies continue to warp the health care labor market through non-compete clauses and contract buy-outs in the tens of thousands. All meant to prevent nurses and nurse aides from returning to work at health care facilities.

Without new oversight and reforms, the out-of-control costs and restrictive practices of temporary staffing agencies will continue to drain taxpayer dollars and the assets of elderly people in Kansas, while delivering inferior care compared to full-time mission-driven staff and further destabilizing a healthcare system in crisis.

- **Focus on Workforce Development and Workforce-Friendly Policies** – Long term care providers need the legislature’s help to invest in more workforce-friendly initiatives such as expansion of health care training programs, tuition assistance, childcare assistance and investment in rural communities and infrastructure, while also removing unnecessary regulatory barriers that may hinder the expansion of health care services, childcare services and worker certification and licensure programs.

We appreciate your time and your support, as always, and are available to answer any questions you may have.

The Time to Invest in Aging Services Is Now

LeadingAge Kansas - Situation Report

January, 2023

The US is rapidly aging...

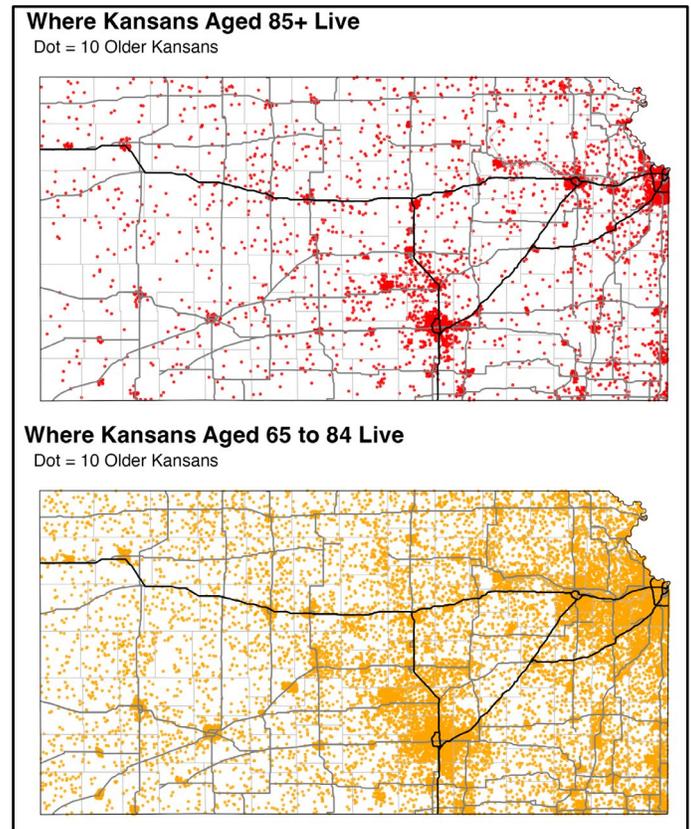
- Within the next eight years, the entire “Baby Boom” generation will be over the age of 65.
- After 2034 there will be more older adults than children for the first time in U.S. history.

Which means we all need infrastructure and services to address the challenges we will all face as the country ages...

- An American turning 65 today has a nearly 70 percent chance of needing long-term services and supports.
- While one-third of today's 65 year-olds may never need long-term care support, 20 percent will need it for longer than 5 years
 - On average women need care longer (3.7 years) than men (2.2 years)

Kansas is no exception to this trend...

- By 2036, the 65+ population in Kansas will grow by 208,000. By 2066, it'll grow by 306,000.
- The 85+ population, the age group most likely to need aging services, is expected to grow 260% by 2064.



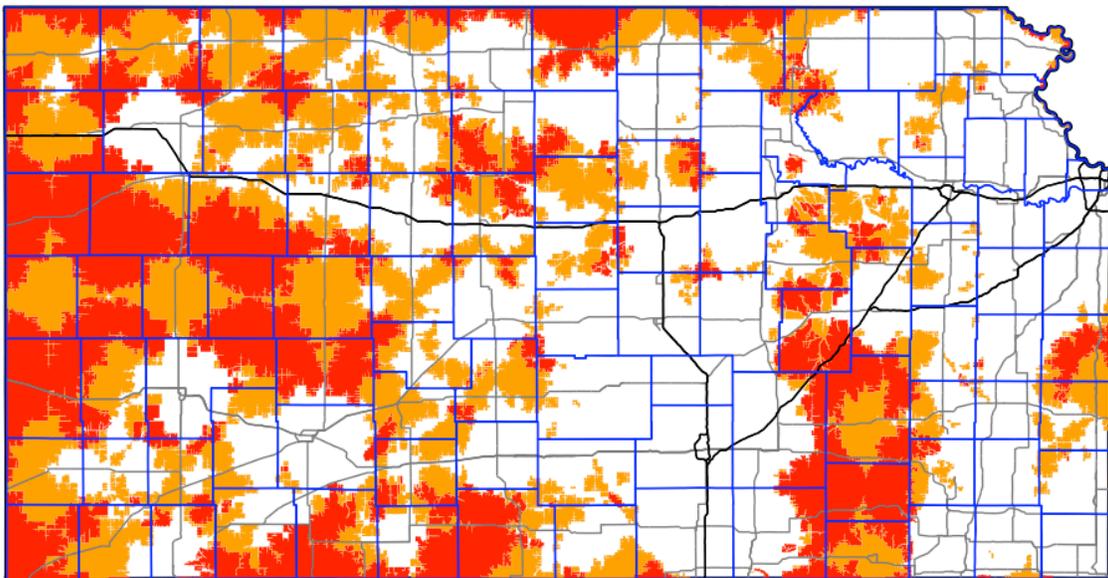
IT'S GETTING HARDER TO ACCESS CARE IN KANSAS

Demand for aging services professionals is growing faster than any other single profession, with an estimated 1.2 million new jobs needed between now and 2030 to keep up with this rapidly rising demand, on top of the 6.9 million direct care jobs that will need to be filled as existing workers leave the field or the labor pool altogether. But right now across the country, and especially in Kansas, we are not keeping up with this demand, and that's a serious problem.

- Because of workforce challenges and increased costs, there were around 1,273 fewer beds available in November, 2022 than there were at the start of the pandemic.
- Since the start of the pandemic all or part of at least 47 facilities have closed or reduced their offerings.¹ While new options have come online during this time as well, any closure can limit an older Kansan's access to care and be disruptive to their care routine.

Almost 85,000 Kansans are at risk of losing access...

- Overall, nearly 85,000 Kansans live in areas with only one nursing and residential care provider within a 30 minute drive (shown in orange below). If the local provider closes, they'll join the 23,000 Kansans already **living in a care desert** (shown in red below), while on average doubling the drive time needed to reach a provider and limiting people's access to care without risking their access to friends, family, and loved ones.



¹ Both CMS data and LeadingAge Kansas' tracking suggest a net open/closure of -3 since February, 2020.

ABOUT AGING SERVICES IN KANSAS:

From residential facilities with on-site nursing care, to assisted living, to home care and adult day services, the aging services field includes a diverse range of job types, skill sets, and dedicated professional caregivers. Across Kansas, as many as 60,000 people have found their calling helping others live a longer and more fulfilling life. This includes:

Nursing & Residential Care:

Provides comprehensive nursing, medical, social and rehabilitative care. Licensed staff administer medications and coordinate treatment regimens. Residents are under the care of a physician, and all nursing homes have a physician on call to respond to acute needs, write prescriptions, and order treatments and tests. Residents receive assistance with personal care such as bathing, meals, dressing and toileting.

- There are 304 sites across 97 counties in Kansas providing essential long-term care and support to as many as 19,000 people.
- Supports around 36,000 jobs in Kansas, including around 25,000 jobs directly in nursing homes.
- Total 2021 wages were \$550 million, supporting nearly \$278 million in overall retail sales, providing \$18 million in state sales tax revenues.

Home Care:

Professional care that allows older adults to age in place by providing specialized services in their home. Services include personal care, chores, meal assistance, and health care. Home health includes part-time nursing services, therapies, medical supplies, and personal care.

- There are around 109 providers across the state.
- These providers support around 10,544 jobs statewide.
- Total wages in 2021 were \$308.7 million, supporting around \$153.7 million in retail activity statewide, or about \$10 million in state sales tax revenue.

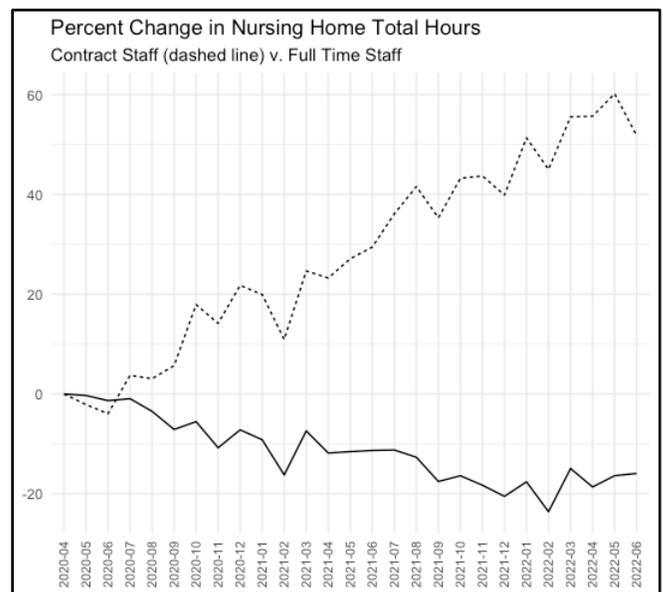
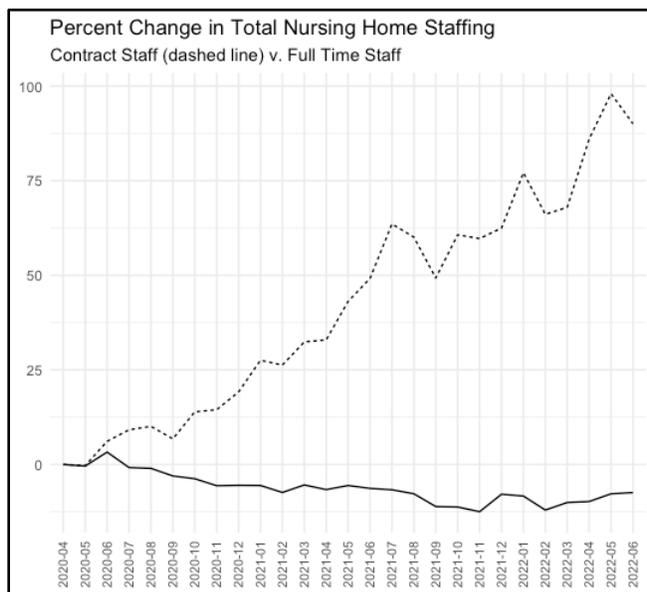
Assisted Living:

Provides help with the things people need to do every day, such as bathing or getting dressed, taking medicine, cooking, shopping, housekeeping, laundry and getting around. This assistance is available to the resident while still offering independence to remain active and maintain control over their daily life, providing an option for people who may require some assistance but do not need nursing care.

According to a recent national study:

Over 72% of older adults will not be able to afford assisted living by 2033, and they likely won't qualify for Medicaid to pay their long-term care needs either, according to a new analysis conducted by The University of Chicago.

- There are around 129 providers.
- Supports just under 5,200 jobs statewide.
- \$117.7 million in total wages, supporting around \$58.6 million in additional retail sales, or about \$3.8 million in state sales tax revenue.



FACTORS THREATENING PATIENT ACCESS:

While aging services providers have struggled with staffing and reimbursement issues for years, the COVID-19 pandemic fundamentally reshaped the aging services landscape in ways that risk access to care in the Sunflower State.

Across the aging services field in Kansas, workforces have shrunk, and costs have skyrocketed while reimbursement rates have stayed largely the same. At best, it leaves providers in the position of having to do more with less. At worst, it means older Kansans can't get the care and support they need to get through their day.

Since the start of the pandemic...

Workforces Have Shrunk:

- *Aging Services* = - 9.6%
- *Assisted Living* = - 16%
- *Residential Care* = - 12%
- *Home Care* = - 0.86%

Labor Costs Are Up:

- *Assisted Living* = +24%
- *Residential Care* = +22%
- *Home Care* = + 14%

Staffing agency/contract staff costs have nearly tripled...

- Overall, full-time staffing and hours in nursing and residential care is down around 7% and 16% respectively since the start of the pandemic. At the same time, contract staffing and hours have grown around 90% and 52% respectively.
- Increased reliance on contract staffing may help explain why the overall cost of labor per resident day in nursing and residential care is up 15.5% since the start of the pandemic, as the annual cost of contract labor has grown almost 270% since before the pandemic.

HOW POLICYMAKERS CAN HELP:

Higher Medicaid Reimbursement Rates - Last legislative session, policymakers approved a new Medicaid reimbursement rate which was helpful but still does not fully cover the cost of care. A provider in Lindsborg, Kansas, for example, has calculated that their cost for care of 70% of their residents who use Medicaid are \$50 more a day than their reimbursement rate. That provider draws down reserve funds raised from the faith community in their area to cover the daily deficit, but says this is unsustainable.

Reign in the Price Gouging and Restrictive Labor Practices of Temporary Staffing Agencies – We need accountability for healthcare staffing agencies who continue to charge Medicaid providers more than triple the going wage for essential healthcare workers during a horrendous workforce shortage and frequently restrict workers freedom to join a provider full-time. Without new oversight and reforms, the out-of-control costs and restrictive practices of temporary staffing agencies will continue to drain taxpayer dollars and the assets of elderly people in Kansas, while delivering inferior care compared to full-time mission-driven staff and further destabilizing a healthcare system in crisis.

Focus on Workforce Development and Workforce-Friendly Policies – Long term care providers need the legislature’s help to invest in more workforce-friendly initiatives such as expansion of health care training programs, tuition assistance, child care assistance and investment in rural communities and infrastructure, while also removing unnecessary regulatory barriers that hinder the expansion of health care services, child care services and worker certification and licensure programs.

SOURCES:

- [Bureau of Labor Statistics, Quarterly Census of Employment and Wages](#)
- The Center for Medicare and Medicaid Services
 - [Provider Data Catalog - Home Health Care](#)
 - [Payroll Based Journal - Employee Detail Data](#)
 - [COVID-19 Nursing Home Data](#)
- Kansas Hospital Association, [The Importance of the Healthcare Sector to the Kansas Economy](#), January, 2022.
- U.S. Census Bureau
 - 2020 Redistricting File (for population estimates), accessed via [The Redistricting Data Hub](#).
- Kansas Medicaid Cost Report Data Summary (2018-2021) (on file with LeadingAge KS)



During the first weeks of December, LeadingAge Kansas, KACE and KHCA/KCAL conducted a survey of both nursing homes and Assisted Living Communities to gauge their census, staffing and ability to accept new admissions in the month of November 2022. Below are the results from those who participated.

NF Survey Results Story (116 respondents)

- 90% of respondents are admitting residents if their admissions criteria is met (admissions criteria includes having sufficient staff to meet individual residents' needs)
- 59% of respondents cite insufficient staffing as a primary reason for not accepting a new admission
- 44% are currently maintaining a waiting list for new admissions
- 25% have de-licensed beds since the beginning of the pandemic
- 55% have had to place a hold on all new admissions in the last two years
- 110 nursing facilities turned down 1,194 admission referrals in the month of November 2023

ALF Survey Results Story (51 respondents)

- 32% have turned down admissions due to insufficient staffing
- 34% have had to put a hold on all new admissions in the last two years
- 41% are maintaining a waiting list for new admissions
- 4% have de-licensed beds since the beginning of the pandemic.
- 51 assisted living facilities turned down 105 admission referrals in the month of Nov 2022
- 22 temporary aides in use in surveyed assisted living facilities in the month of Nov 2022