

Written Testimony of



**Delivered by
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President and CEO**

**For a
Public Hearing on the
Health Care Staffing Crisis**

**Delivered before the
House Republican Policy Committee**

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Members of the House Republican Policy Committee,

Good morning, and thank you for the opportunity to participate in today's hearing.

I'm Zach Shamborg, the President & CEO of the Pennsylvania Health Care Association, better known as PHCA.

PHCA represents long-term care in Pennsylvania, including nursing homes, personal care homes and assisted living communities. We represent the providers, the vulnerable residents they serve, and for the purposes of this hearing: the frontline caregivers.

In mid-September, we reached out to our members to better understand their ongoing challenges from the frontlines of the COVID-19 pandemic. We conducted a survey, and we asked questions regarding the workforce shortage, the impending federal vaccine mandate, and the overall operational viability of the sector.

As we began to receive answers to our questions, it became abundantly clear: Pennsylvania is immersed in a long-term care staffing crisis.

A few topline results from that survey:

- Long-term care providers lost nearly 20% of their workforce since February 2020
- Nearly 50% of nursing home respondents told us they had 21 or more open positions
- The vast majority of providers are relying on contract or agency staff to fill positions
- Many providers are struggling to meet the state's minimum staffing requirements, let alone a proposed increase to staffing minimums (which is currently being shepherded through the regulatory process)
- Almost 75% of the respondents had already started limiting or halting new admissions due to lack of staff.

A workforce shortage existed in long-term care before the pandemic began, but it has now reached crisis levels.

Providers find themselves competing for limited staff with other healthcare providers, such as hospitals, as well as retail and service industries. Many are losing staff to Wawa, Sheetz and Walmart.

For years, hospitals have had more financial ability to compete in an inflated wage market (and offer extravagant sign-on bonuses), whereas long-term care facilities are tied closely to state investments in Medicaid.

We anticipate the workforce crisis to get worse in the coming weeks, especially as our providers attempt to meet the impending federal vaccine mandate deadline:

- Currently, nearly 72% of our workforce in long-term care is vaccinated. The remaining 28% equates to about 25,000 workers throughout the state.
- In Philadelphia, frontline workers stepped up to meet the challenge when the city implemented its own vaccine mandate. However, more than 300 workers still lost their ability to work in a facility and care for residents.

As we mentioned before: to maintain care for residents, long-term care providers have become more reliant on contracted staffing services. In our survey, 70% of our members said they are relying on agency staff to help fill shifts:

- As the demand grows, so, too, has opportunistic inflation, or ‘price gouging’ on rates
- Providers are seeing 100%, 200%, or even 400% markups on hourly rates
- Providers have no leverage, and are being forced to accept these inflated wage rates
- This practice drains the already-limited Medicaid reimbursement system.

Ultimately, long-term care providers are unable to remain competitive with other employers and match wages:

- For nursing homes, 81% of resident care is paid for by taxpayers through Medicaid and Medicare. More than 70% is Medicaid alone
- Pennsylvania lawmakers have not increased the state’s Medicaid reimbursement since 2014, which has created a \$50 per resident per day shortfall between the true cost of care and the amount providers are paid
- Assisted living communities and personal care homes are not able to accept Medicaid at this time. To increase employee wages and benefits so they can be more competitive, those providers would have to raise rates on retired seniors living on fixed incomes.

Though we are in the midst of a crisis, solutions do exist. Lawmakers can:

- Increase the Medicaid reimbursement rate for nursing homes. Prioritize those on the frontlines of the COVID-19 pandemic in the 2022-23 state budget by investing in a substantial Medicaid reimbursement rate increase, and ensure that the Managed Care Organizations (MCOs) pass through that increase directly to providers.
- Consider allowing Assisted Living providers to accept Medicaid residents. This would allow for more hospital discharges and fewer discharges to a nursing home before a resident needs 24/7 care.
- Work with long-term care providers to ensure any proposed regulation or legislation is awarded commensurate funding, such as higher staffing minimums, care ratios or additional requirements.
- Utilize American Rescue Plan (ARP) funds to support workers **now** with short-term bonuses, incentives and raises so that caregivers remain on the front lines.

If this crisis is not addressed, we call on the state to assist long-term care providers and supplement our ailing workforce with external, temporary employees, such as the PA National Guard.

Thank you for the opportunity to testify today, and I will take questions at this time.