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The Texas Senate Committee on Finance Article II – Health & Human Services Commission

Chairwoman Nelson and members of the committee:

LeadingAge Texas represents the full continuum of mission-driven, not-for-profit aging services providers in Texas. We are committed to assisting our members in providing the highest quality services to the Texans they serve. LeadingAge Texas is comprised of more than 350 members, including approximately 200 not-for-profit retirement communities, affordable senior housing, assisted living facilities, continuing care retirement communities, nursing homes, and home and community based services providers.

We appreciate the opportunity to provide recommendations to Chairwoman Nelson and members of the committee as they examine the budgetary impact and needs of nursing homes and other long-term care providers.

The Financial Impact of COVID-19 in Nursing Homes

For the last year, nursing homes have been at the center of the pandemic storm. COVID-19 has magnified the longstanding challenges nursing homes have faced, which are tied to how the U.S. and Texas pays for, regulates, and delivers services. Providers continue to face exponential expenses due to routine testing, PPE, staffing, infection control, increased regulation, and other costs, while revenues have fallen substantially due to decreases in both short-term and long-term admissions.

For nursing homes serving Medicaid residents, the emergency rate increase authorized under the public health emergency (PHE), and supplemental payments available through QIPP have served as a lifeline for many facilities. Most of our members report exhausting the federal provider relief funds made available throughout the PHE. One rural non-profit nursing home spent an additional \$200,000 on testing and staffing resources in one month alone.

A Workforce Crisis Exacerbated by COVID-19

Prior to COVID-19, Texas nursing homes reported the worst staffing shortages in the nation. In 2019, the Certified Nursing Assistant (CNA) turnover rate was 67.4% according to DSHS. Long-term care facilities had the highest vacancy rate of any practice area for RNs and CNAs, more than double the vacancy rate of hospitals.

In 2020, a recent national report showed nursing homes lost 153,000 jobs, almost 10% of the workforce. Death rates among nursing home staff ranked among the highest for any job in the U.S., based on a Scientific American analysis. According to HHSC, 98 nursing home and assisted living employees have died from COVID-19 in Texas.

The disproportionate impact of COVID-19 in nursing homes has created the urgent need for direct investment in frontline staff to improve recruitment, retention, and resident care. CNAs play a critical role in resident care by assisting with activities like eating, bathing, toileting, and moving residents.



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The Bureau of Labor Statistics reports the hourly mean wage for CNAs in Texas is \$13.43. Compared to other settings where CNAs are employed, nursing homes offer less competitive pay due to financial constraints (Medicare and Medicaid primary payor).

Chronic staffing shortages divert Medicaid dollars from patient care. LeadingAge reports the minimum cost of replacing a single direct care worker averages \$2,500.

A direct investment in staff wages will result in better care for Texas nursing home residents, a better quality of life for frontline employees, and more efficient service delivery. A recent Health Affairs article highlighted the successes of direct investments in direct-care staff wages and benefits.

- 21 states have made attempts to increase compensation for staff in nursing homes through wage pass-through programs.
- Studies evaluating the effect of wage improvement policies on nurse turnover rates identified that with increased wages nurse turnover rates declined.
- An assessment of Medicaid wage pass-through policies determined that wage pass-throughs resulted in 3–4 percent increases in certified nursing assistant (CNA) hours per resident day in the years after adoption—which may be attributable to facilities’ increased recruitment power.
- Another assessment of states adopting wage pass-through programs found that direct-care workers in states with wage pass-throughs earn 7 percent more per hour than workers in states without these programs.

LeadingAge Texas Recommendations

- 1) Examine the financial and long-term impact of increased regulation and expenses in nursing homes as a result of COVID-19, and determine if additional investments should be made to meet the cost of providing quality nursing home care post-pandemic. (*Attachment 1*)
- 2) Ensure the nursing facility emergency Medicaid rate increase is maintained for the duration of the PHE and beyond.
- 3) Continue to invest in and prioritize the Quality Incentive Payment Program (QIPP).
- 4) Invest directly in the nursing home workforce. Fully-fund and strengthen the Nursing Facility Direct Care Staff Rate Enhancement Program. Long-term quality improvement and cost savings may be achieved by investing in nursing home direct-care staff. It is the only program in Texas that promotes accountability by earmarking Medicaid reimbursement to direct care staff wages and benefits. (*Attachment 2 pending information from HHSC*)
- 5) Establish a Nursing Home Workforce & Quality Taskforce task force to develop a strategic plan for addressing the urgent staffing crisis and improving resident care in nursing homes. (*Attachment 3*)