

# **SNF Labor Crisis is Here Now and is Escalating Rapidly -- Relief Package**

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August 27, 2021



# Executive Summary

- **Significant Declines** in Employees & Five-Star Buildings are Closing
- **Not Feasible** to Cover “All Inclusive Labor Costs\*” While Maintaining Current Staff or Adding Staff
  - **Current** All Inclusive Labor Costs Increasing by Double Digits **Future** Staffing Needed to Address COVID at 10-Year Cost is \$156B
- **Contract/Backfill** – SNFs forced to turn to contract labor resulting in new, unreimbursed costs of an estimated \$2B in 2021
- Propose Immediate Assistance & Permanent Medicaid Fix

\*Note: “All Inclusive Labor Costs” includes wages, benefits, fringe, bonus, hero pay and other employment incentives as well as payroll tax

# Wall Street Journal Article Excerpt

*“Nursing homes have a long-term care problem: 18 months after the Covid-19 crisis began, their staffs are still shrinking.*

*While employment in nearly every occupation has been [recovering from the shock of the pandemic](#), the number of people working in nursing homes and other long-term-care facilities has continued to drop, according to federal data.*

*Nursing homes and residential-care facilities employed three million people in July, down 380,000 workers from February 2020, according to the Bureau of Labor Statistics. Industry employment has fallen every month except one since the World Health Organization declared Covid-19 a global pandemic in March 2020.*

*By contrast, job losses in the leisure and hospitality industry, another hard-hit sector, began reversing in May last year, and the industry has recovered almost 80% of the jobs that were lost in the first months of the pandemic.”*

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Source: Wall Street Journal: “Nursing Homes Keep Losing Workers.” Available at: [https://www.wsj.com/articles/nursing-homes-keep-losing-workers-11629898200?mod=searchresults\\_pos3&page=1](https://www.wsj.com/articles/nursing-homes-keep-losing-workers-11629898200?mod=searchresults_pos3&page=1)

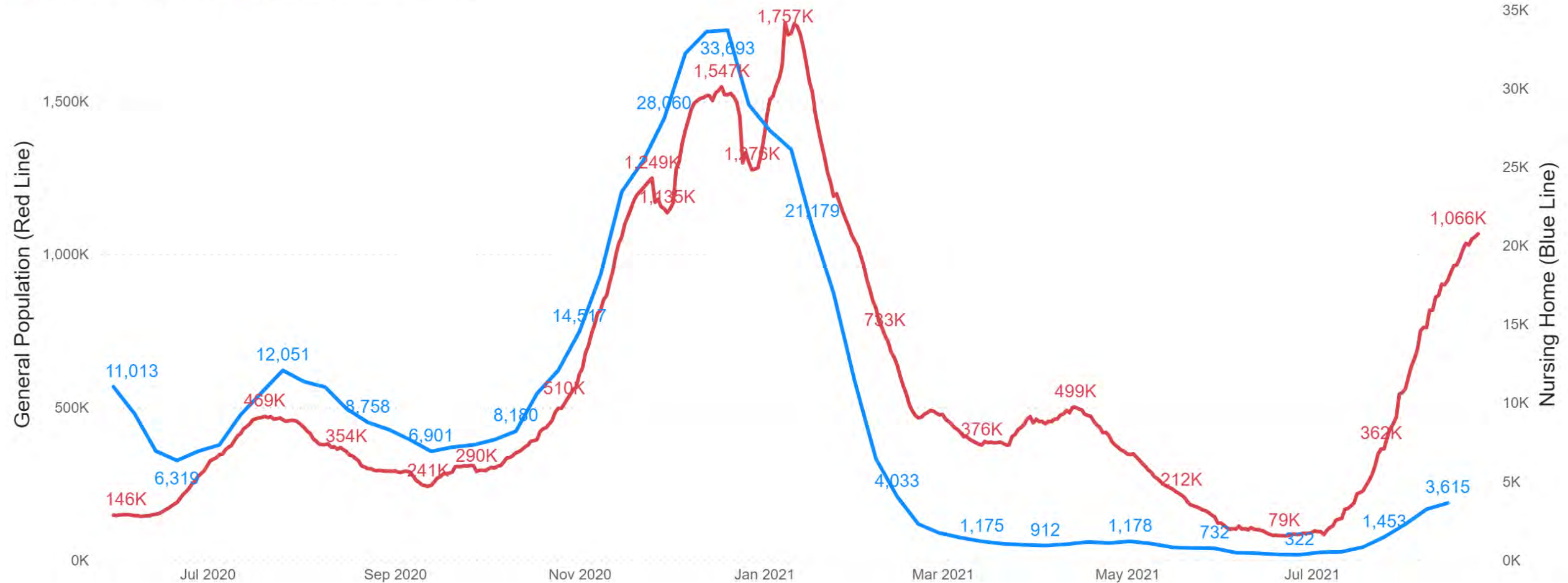
State

All

# COVID-19 New Cases: General Population & Nursing Homes

New Case Trends: General Population & Nursing Home Residents (7-day)

● General Population ● Nursing Home Cases



Data Through: Nursing Home - Aug 15, 2021 (\*Latest week's data is preliminary); Community - Aug 25, 2021 Sources: NHSN and Johns Hopkins University

State

All

# COVID-19 Among Nursing Home Staff

Total Cases

606,392

Total Deaths

1,968

## Trend of New Cases

Measure ● New Staff Cases



**Data Through:** Week ending Aug 15, 2021 (\*Latest week's data is preliminary and represents fewer nursing homes than other weeks)

**Source:** NHSN **Notes:** May 24, 2020 includes collective historic data and is excluded from the graph since it does not capture that specific week.



# Bureau of Labor Statistics – Significant SNF Employee Drop



## Impact Example

79%  
Decrease in  
Nurse Aides  
8/20 –8/21  
from a  
Sample of  
5,000 SNFS

- Number of Employees at lowest level in 27 years despite aging trend
- Grey areas are recessions

Source: <https://fred.stlouisfed.org/series/CES6562310001>

# New PHI Report – Nursing Assistant Workforce Crisis

- From 2019 to 2029, the nursing assistant workforce will have 561,800 total job openings.
- Thirty-five percent of all nursing home job openings will be nursing assistant positions.
- More than two in five nursing homes (41 percent) hired temporary nursing assistants from staffing agencies in 2020 to fill staffing vacancies.
- More than 9 in 10 nursing assistants are women.
- Among all nursing staff, nursing assistants spend the most time assisting residents, providing a median of 2.1 hours of direct care per resident per day.

Source: [Direct Care Workers in the United States: Key Facts - PHI \(phinational.org\)](https://phinational.org/direct-care-workers-in-the-united-states-key-facts-phl)

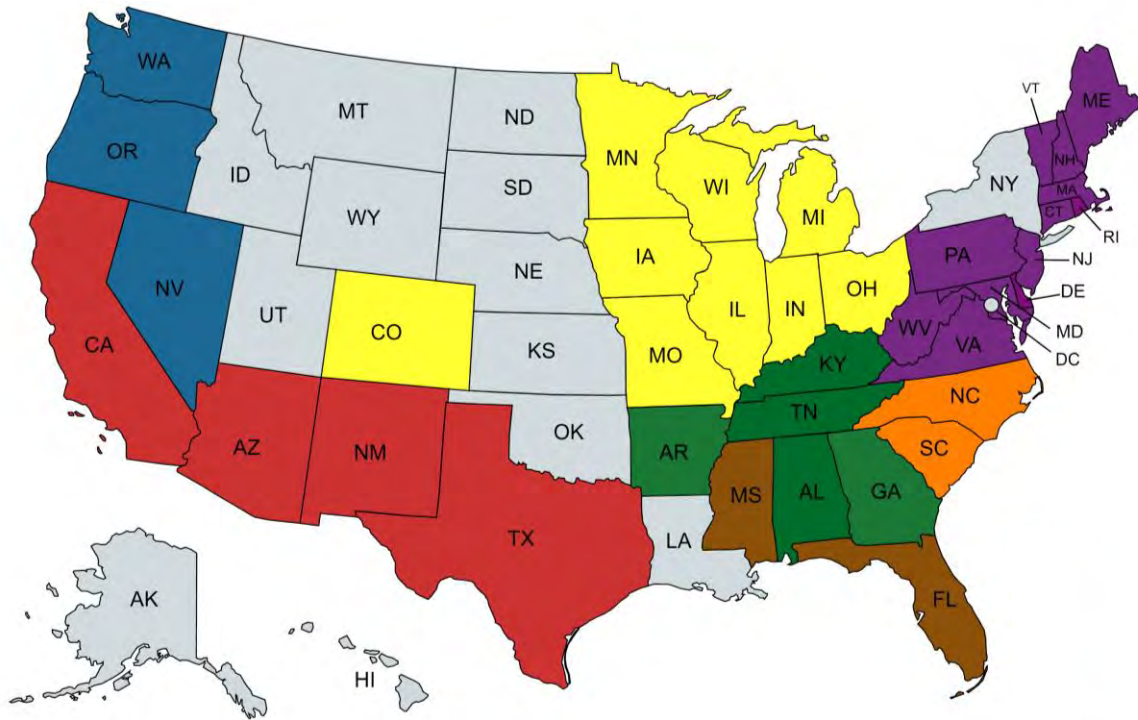
# Closures – Spreading to High Performing Buildings with More Labor Resources

Closure Period	Total Number Closed	% Urban	% 5-Star RN Staffing
2019 2 <sup>nd</sup> Half	101	62%	20%
2020 1 <sup>st</sup> Half	76	72%	34%
2020 2 <sup>nd</sup> Half	67	75%	31%
2021 1 <sup>st</sup> Half	80	84%	52%

- Trend towards increasing number of urban closures
- Trend toward closures among 5-Star RN SNFs
- Because urban SNFs typically have higher labor adjusters they have labor funding
- 2021 trend shows these higher performing facilities with higher labor adjustments do not have sufficient funds to maintain staffing levels
- Raises serious concerns about buildings with lower labor rated reimbursement



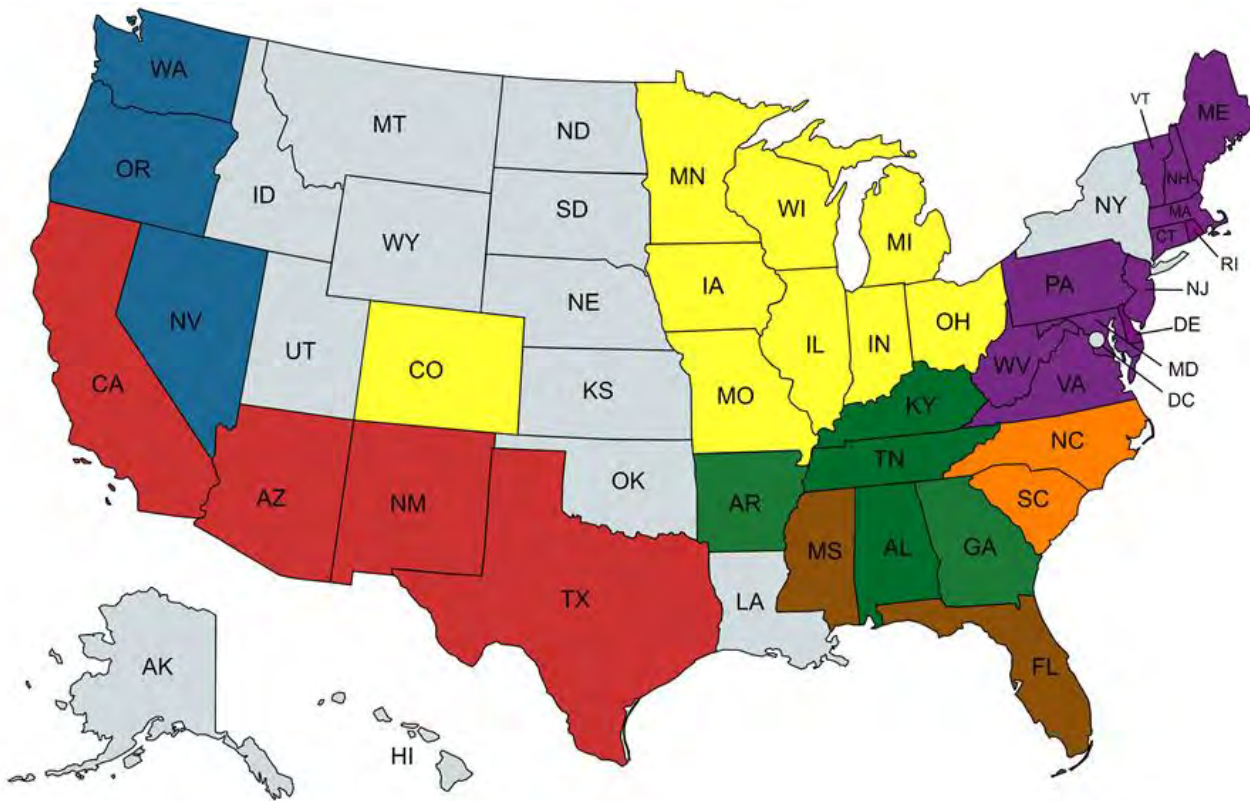
# Current Operational Labor Costs are Increasing by a Sample Average of 18% (2019 – 2021)



Region/ # Buildings -- Per Patient Day (PPD) Cost Increases	2019 – 2021 PPD Rate Increase	% Increase
NW: 19 Buildings	\$183 -- \$231	13%
W/SW: 220 Buildings	\$140 -- \$158	13%
Mid-West: 159 Buildings	\$182 -- \$216	19%
SE – Midsize: 75 Buildings	\$140 -- \$166	18%
SE – Small: 15 Buildings	\$116 -- \$150	29%
NE – Large: 224 Buildings	\$160 -- \$186	17%
Gulf Coast: 40 Buildings	\$178 -- \$211	18%
<b>Average % Increase for Sample of 752 Buildings</b>		<b>18%</b>

*CFO Quote: “These labor cost increases only will continue and we do not have the resources to sustain this sort of growth.”*

# New, Unreimbursed Contract Labor Costs – \$2 Billion 2021 Estimated (Sample 752 Buildings)



Region/ # Buildings		2020 (Actual) -- 2022 (Projected)
NW: 19 Buildings		\$115K -- \$315K
W/SW: 220 Buildings		\$64K -- \$100K
Mid-West: 159 Buildings		\$406K -- \$969
SE – Midsize: 75 Buildings		\$72K -- \$300K
SE – Small: 15 Buildings		\$64K -- \$313K
NE – Large: 224 Buildings		\$620K -- \$779K
Gulf Coast: 40 Buildings		\$300K -- \$550K

*CFO Quote: “Contract Agencies are driving up costs. We expect 5% to 8% increases in 2022.”*

# Proposed Solutions

- Enhance Elder Justice Act Funding
- Permanent Enhanced FMAP
- Permanent Requirement for Annual Rebasing focusing Labor Costs