



American Health Care Association



National Center for Assisted Living

**STATEMENT
Of**

**The American Health Care Association
and
National Center for Assisted Living**

**Before
the**

Senate Special Committee on Aging:

“Caring For Our Seniors: How Can We Support Those On The Frontlines?”

April 16, 2008

562 Dirksen Senate Office Building

On behalf of the American Health Care Association (AHCA) and the National Center for Assisted Living (NCAL), I thank Chairman Herb Kohl, Ranking Member Gordon Smith, and all the Members of the Special Committee on Aging for taking the time to closely examine how we as a nation confront the current workforce crisis that leaves us without adequate staff in long term care facilities across the U.S.

Across the country, skilled nursing facilities serve approximately three million elderly and persons with disabilities each year – 80 percent of whom rely on government programs to pay for the cost of their care. Nationally, nearly two-thirds of nursing facility residents rely upon the Medicaid program to pay for their long term care needs, and nearly 14 percent have their skilled care and rehabilitative services covered by Medicare. Additionally, one million Americans reside in our nation’s assisted living residences with nearly 10 percent of these residents relying on the Medicaid program to fund a portion of their care and services. Furthermore, nearly 100,000 individuals with developmental disabilities (DD) reside in intermediate care facilities for mental retardation (ICF/MR), and this increasingly aging population relies primarily on Medicaid to meet their care needs.

Assuring the highest quality of care for the millions of Americans who rely on critical long term care services is the driving force behind the advocacy efforts of AHCA/NCAL and its nearly 11,000 member facilities. The provision of quality long term care in our nation’s nursing facilities, assisted living residences, and residences for people with DD truly is a partnership between the federal government and the profession that employs more than two million direct care workers caring for the nation’s most vulnerable population.

Human contact is essential to treating long term care patients and residents, and you will never be able to replace the role that people play in providing long term care. AHCA/NCAL has long recognized that the provision of high quality long term care and services is dependent upon a stable, well-trained workforce.

American Health Care Association ♦ National Center for Assisted Living

1201 L Street NW, Washington DC, 20005

AHCA/NCAL is the nation's leading long term care organization whose member facilities are committed to enhanced quality through initiatives including Quality First, Advancing Excellence in America's Nursing Homes and the Center for Excellence in Assisted Living. AHCA/NCAL represents nearly 11,000 non-profit and proprietary facilities who employ millions of caring employees and provide care and services to millions of frail, elderly and disabled citizens in nursing facilities, assisted living residences, subacute centers and homes for persons with developmental disabilities. For more information on AHCA/NCAL, please visit www.ahca.org

However, America's long term care system is currently suffering from a chronic supply and demand problem when it comes to our labor force. Addressing this challenge on both fronts is the only real means to sustain the provision of high quality long term care.

We are committed to partnering with Congress, the Administration, and other long term care stakeholders to ensure a qualified and well-trained staff is in place to care for our nation's elderly and disabled today – and in the coming years when the current crisis will hit epidemic proportions unless government intervenes. But as a first step toward this laudable goal, we agree with the *National Commission for Quality Long-Term Care* that there must be recognition that the long term care workforce is “a critical component of the nation's labor force – separate and distinct from the health care labor market.” Today's hearing is a good step in recognizing that long term care has its unique staffing issues.

We want to take this opportunity to commend Senators Gordon Smith, Blanche Lincoln, and Susan Collins, members of this committee, for putting forward some of the most important regulatory reform concepts of the past twenty years – critical reforms that can help to build mutually beneficial partnerships, and undo an era of unproductive confrontation.

The *Long Term Care Quality and Modernization Act of 2007 (S. 1980)* represents an important step toward such a culture of cooperation – one that we enthusiastically embrace and endorse. In regard to the long term care workforce, this important legislation would:

- Require joint training and education of surveyors and nursing facility providers, and implement facility based training for new surveyors;
- Direct CMS to modify the definition of Substandard Quality of Care (SQC) so that factors not affecting quality of care or the training of nurse aides are eliminated, and amend current law to allow nursing facilities to resume their nurse aide training program when deficiencies that resulted in the prohibition of the training have been corrected and compliance has been demonstrated;
- Direct HHS to create a national nursing database of common data elements enabling the government and providers alike 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 create a pipeline/educational model to forecast workforce needs; and
- Amend the Nurse Reinvestment Act to require entities receiving assistance under the Act to submit an annual report to the Secretary of Health and Human Services. The report demonstrates how funds granted under the Act are being used to increase the number of nurses, nurse educators, and nursing education enrollment slots – including with respect to geriatric nursing.

On the front lines of care, Mr. Chairman, these proposals are significant and merit strong support.

Quality – AHCA/NCAL's First Priority

With “quality” as our watchword, it is important to note at the outset that the long term care profession has led the quality movement. Our sector's leadership has helped to improve and maintain the overall quality of care in our nation's nursing facilities and assisted living residences. Through the development of a private-public “culture of cooperation” long term care stakeholders are meeting the challenge of quality care head on, and this commitment has propelled the profession forward.

The Online Survey, Certification and Reporting (OSCAR) data tracked by the Centers for Medicare and Medicaid Services (CMS) clearly points to improvements in patient outcomes, increases in overall direct care staffing levels, and significant decreases in quality of care survey deficiencies in our nation's skilled nursing facilities. At the same time, an independent analysis confirms consistently high patient and family satisfaction with the care and services provided in nursing facilities.

Some examples of positive trends according to data tracked by CMS:

- Nationally, direct care staffing levels (which include all levels of nursing care: Registered Nurses (RNs), Licensed Practical Nurses (LPNs) and Certified Nursing Assistants (CNAs)) have increased 8.7 percent between 2000 and 2007 – from 3.12 hours per patient day in 2000 to 3.39 hours in 2007;
- The Quality Measure* tracking pain for long term stay residents vastly improved from a rate of 10.7 percent in 2002 to 4.6 percent in 2007 – more than a 50 percent decrease;
- The Quality Measure tracking the use of physical restraints for long stay residents dropped from 9.7 percent in 2002 to 5.6 percent in 2007;
- The Quality Measure tracking pressure ulcers improved for both low and high risk long stay residents – with hard to treat, high risk pressure ulcers reduced from 13.8 percent in 2002 to 12.8 percent in 2007; and
- For short-term stay patients (many of whom are admitted to the nursing facility with a pre-existing pressure ulcer) the Quality Measure tracking the incidence of pressure ulcers also improved, declining from 20.4 percent in 2002 to 17.5 percent in 2007.
- Substandard Quality of Care Citations as tracked by CMS surveys were reduced by 30 percent in five years – from 4.4 percent in 2001 to 3.1 percent in 2006.

Mr. Chairman, we remain committed to sustaining these quality improvements for the future. With your help, we will have the stable workforce necessary to build upon these improvements.

Long Term Care – A Workforce in Crisis

Despite the documented success on the quality improvement front through our participation in the collaborative *Advancing Excellence in America's Nursing Home* campaign, the federal Nursing Home Quality Initiative (NHQI), the *Center for Excellence in Assisted Living* and our profession's own *Quality First* program, our immediate concern is the need to sustain our progress in the face of a growing demand for care among the first wave of baby-boom retirees.

Last year *Congressional Quarterly* reported that nearly 70 percent of those who turned 65 in 2007 will eventually require long term care. Therefore, promoting and passing sound fiscal policies designed to strengthen our workforce and promote the continued improvement in seniors' care quality deserves to be a top national priority. The harsh reality is that while we will have a growing demand for long term care

* **Quality Measures** track nursing facility residents who have and are at risk for specific functional problems needing further evaluation. Improvements in these measures indicate positive trends in patient outcomes, but it is important to clarify that the quality measures do not reflect a percentage of the entire population, rather the percentage of those who are at risk and have the condition.

services in the coming years, the population that must provide the care – at home or on the job in a facility – is not growing.

A recent report by the *National Commission for Quality Long-term Care* highlighted this impending catastrophe when it stated “even if we set the somewhat conservative goal to maintain the current ratio of paid long-term care workers to the current population of 85-year-olds, the long-term care workforce would have to grow by two percent a year — to the tune of 4 million new workers — by 2050.”

The Department of Labor’s Bureau of Labor Statistics indicated in a 2008 report that “in nursing facilities, the need for [licensed practical nurses] is expected to increase by 21 percent, from 193,241 in 2006 to 233,033 in 2016.” The Bureau further stated that “nurse aides employed in nursing care facilities often are the principal caregivers, having far more contact with residents than do other members of the staff. Because some residents may stay in a nursing care facility for months or even years, aides develop ongoing relationships with them and interact with them in a positive, caring way.” The typical resident in an assisted living setting will reside there for more than two years relying on caregivers to deliver their services.

The high demand for long term care workers is already documented by the federal government. A recent study by the Department of Health and Human Services (HHS) and Department of Labor (DOL) estimates the U.S. will need between 5.7 million to 6.5 million nurses, nurse aides, and home health and personal care workers by 2050 to care for the 27 million Americans who will require long term care – up more than 100 percent from the 13 million requiring long term care in 2000.

In addition, an AHCA study examining staff vacancy rates in our nation’s nursing homes found approximately 52,000 CNAs are needed immediately – just to meet existing demand for care in nursing facilities alone. As CNAs perform almost 80 percent of direct patient care tasks, they are a vital part of assuring quality objectives within any given facility are achieved.

Vacancies and turnover in the long term care profession compromise sustained quality improvements and increase costs. In fact, a recent report from the *National Commission on Nursing Workforce for Long-Term Care* concluded that “efforts to recruit and train new nursing staff are estimated to cost nursing facilities over \$4 billion each year – more than \$250,000 annually for each nursing home in the nation.

While efforts to recruit and train new qualified long term caregivers are costly, our profession has been aggressively pursuing potential nurses and caregivers. An unfortunate truth exists that nursing education programs are forced to turn away well-qualified applicants for the sole reason that there are not enough nurse educators to train these potential caregivers. In fact, the American Association of Colleges of Nursing found in its annual survey that more than 40,000 qualified applicants were not accepted into nursing programs primarily because of insufficient nurse faculty for the 2007-2008 academic year.

Growing Demand for Care & Services

We have a current crisis with caregiver shortages in long term care. This will be exacerbated in the coming years. The most rapidly growing age group in America is those aged 85 years and older, which is expected to quadruple by 2050. These are the precise individuals who will require essential long term care services in the very near future.

These trends are further compounded by the impending care needs of the nearly 80 million baby-boomers who are set to retire in the not too distant future. Their retirements will not only signal the future care needs of this generation, but it will also signal the departure of our most experienced nurses and caregivers who are

currently employed in our nation's nursing facilities and assisted living residences. In 2001, 13 percent of RNs were 55 or older, while 31 percent were 45-54, which means that that by 2020 an estimated 45 percent of all RNs will be of retirement age, according to the Health Resources and Services Administration's National Center for Health Workforce Analysis.

The forecast is daunting. A March 2008 report from the National Investment Center for the Seniors Housing & Care Industry (NIC) indicates that the demand for long term care services will more than double by 2040. This increase in demand will require rapid and sustained growth of available and well-trained caregivers throughout the spectrum of long term care services.

In fact, the NIC study projected that "the use of paid home care will increase from 2.2 million people in 2000 to 3.9 million - 6.2 million in 2040, depending mostly on assumptions about disability rates. During the same period, the number of older people using nursing care will increase from 1.2 million to 2 million - 3.1 million."

Consequently, the need for long term care workers will increase. In 2000, 1.8 million Americans were employed as direct caregivers, and that number is conservatively estimated to jump to at least 6.6 million by 2050. It will become even more difficult for our profession to recruit workers because of the reality that the potential labor pool is shrinking – from a ratio of 77 possible employees within the labor force to each long term care position in 2000, to just 29 potential employees per position in 2050.

Looking to the future, we need to acknowledge the growing role that skilled nursing facilities play as providers of short-term post acute care. A recent United Hospital Fund report documents the growing role that skilled nursing facilities play as providers of short-term care for people continuing recuperation after a hospital stay. The report also found that the "number of patients staying in a nursing home for less than two months more than tripled," from 1996 to 2005 in New York. In addition to this rise in short-stay patients, the study further concludes that, "between 1996 and 2005, both long-term residents and short-term patients have become more disabled, and more of them are cognitively impaired." The authors indicate that the findings of this study are representative of national trends. In light of this shift, recruiting and retaining staff is especially critical, because caring for higher acuity patients with more cognitive impairments requires a more highly trained and educated workforce.

The Current Financing System Fails to Support Workforce Needs

Despite the growing demand for long term care, the current financing mechanisms rely heavily on public programs with Medicaid and Medicare funding the greatest portion of nursing facility care.

Although Medicare reimbursement rates do have a component that accounts for wage increases for skilled nursing facilities, there is a significant time lag between rising labor rates and increases in reimbursement rates. The Centers for Medicare and Medicaid Services (CMS), to our disappointment, has not yet developed a separate skilled nursing and long-term care index. Rather, they share a wage index with hospitals. This grouping of dissimilar care settings into a single index causes staff recruiting difficulties for the long term care profession.

Recruitment costs and increases in the federal minimum wage or other salary increases are often not represented in state Medicaid reimbursements. States are not obligated to adjust their reimbursement under Medicaid despite higher wage costs.

Clearly, 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.

An obvious and disturbing case in point relating to our profession's cost squeeze is an analysis of the nation's Medicaid financing system. An *Eljay, LLC*, study projected states would cumulatively under fund the actual cost of providing quality nursing facility care by \$4.4 billion in 2007. The study further showed the average shortfall in Medicaid nursing home reimbursement was \$13.15 per patient day in 2007 - a 45 percent increase from 1999.

Assisted living is also feeling the limitations by a stretched Medicaid program. According to a draft report titled "Residential Care and Assisted Living Compendium 2007," by the U.S. Department of Health and Human Services, while the number of licensed assisted living beds continued to grow from 2004-07, the number of assisted living residents covered by Medicaid declined over that same period from 121,000 beneficiaries to 115,000 beneficiaries.

How Can We Provide More With Less?

Nearly 70 percent of skilled nursing operating costs are labor-related. Ongoing funding shortfalls have a major impact on the front lines of care and negatively influence staffing, jeopardize intra-facility quality improvement efforts, and even may cost the jobs of the very staff that make a key difference in the quality of care and quality outcomes.

Therefore, when the federal government repeatedly propose drastic Medicare cuts for the care of our nation's elderly in skilled nursing facilities, providers are far less able to recruit and retain qualified direct care workers and health care professionals, modernize and refurbish aging physical plants and equipment, acquire and implement new technology – initiatives that are critical to meet the increasingly complex care needs of our aging population. AHCA is gravely concerned about the forthcoming CMS Rule regarding fiscal year 2009 Medicare payments for skilled nursing facilities. This anticipated proposed rule is highly likely to contain a regulatory change which will drastically reduce Medicare funds for the nursing and rehabilitation care of seniors in America's nursing facilities by \$720 million in FY 2009 and \$4.7 billion over five years.

So we ask you Mr. Chairman, how can dedicated providers of skilled nursing care meet the ongoing demands of the federal government for increased staffing levels and sustained quality improvements with reduced funding?

Reaction/Response to Institute of Medicine Workforce report

We applaud the Institute of Medicine (IOM) for addressing this critical issue in their report, *Retooling for an Aging America: Building the Health Care Workforce*, which was released earlier this week. AHCA/NCAL strongly agree that the rising number of older Americans, along with the demographic characteristics, health needs and care settings, necessitate immediate changes related to the education, training, recruitment and retention of the health care workforce now.

The report suggests a three-pronged approach to enhance the competence of all individuals in the delivery of geriatric care; increase the recruitment and retention of geriatric caregivers, and redesign models of care and broaden provider patient roles to achieve great flexibility. AHCA/NCAL is actively engaged in projects and initiatives that address each of these critical areas of need.

While we agree with the intent of this new workforce report, our initial analysis raises questions and concerns as to how the IOM envisions care and services should be provided to the frail, elderly and disabled in the coming years. The goals of the report are laudable as they raise awareness of the long term care sector of healthcare – a component that is too often underrepresented in national discussions regarding caregiver shortfalls.

Despite the good intentions of the IOM, we feel that the report does not go far enough in addressing all the underlying complexities that are unique to long term care. As well, we have specific concerns with two recommendations contained within the report – requiring substantial increases to direct care worker training hours, and mandating Medicaid wage pass-throughs.

AHCA/NCAL encourages Congress to fund a study which seeks to determine the positive measurable benefits of increased training supported by evidence based research. The results of this study would provide a better framework to establish optimal training requirements, including the ratio of classroom education and clinical training hours. This approach would create an informed perspective on the appropriate number of minimum training hours for direct care workers.

We agree that state Medicaid programs should fund long term care more appropriately, which we believe would better enable providers to increase salaries and wages to all employees. As indicated earlier, the disparity between the cost of providing nursing facility care, and the Medicaid rates paid by the states is growing annually with care underfunded nationally in 2007 by \$4.4 billion. However, we believe that a Medicaid wage pass-through for direct care staff wages is not the answer to this problem and would have many unintended consequences. In fact, we agree with the IOM's assessment that "data for wage pass-throughs are limited and show mixed results, especially in terms of the effect on recruitment and retention." These wage pass-throughs are tied to fiscal year funding, and are therefore temporary. Without a federal mandate for ongoing stable funding of staffing costs, our workforce is vulnerable to the whims of each state budget process. From a practical standpoint, we also agree that there are numerous issues with implementing and overseeing these programs including "an inability to monitor how wages are actually transferred to the employees, and difficulty in separating the effects of the wage pass-through from other interventions."

We are hopeful that the legacy of this report, *Retooling for an Aging America: Building the Health Care Workforce*, will be to generate new dialogue and discussion as to how we prepare to meet the long term care needs of America's frail, elderly and disabled in the years to come. We commit to work collectively and collaboratively with Congress, the Administration, and the entire spectrum of long term care stakeholders to develop sound policy and initiatives that will build and sustain a well-trained, dedicated workforce.

The Future Long Term Care Workforce – Solutions & Strategies

From AHCA/NCAL's ongoing work with George Washington University, the Department of Labor's Employment and Training Administration, and its sponsorship and participation in the *National Commission on Nursing Workforce for Long Term Care*, our association has developed a variety of recommendations for this Committee's consideration:

- Create a broad long term care workforce commission of committed stakeholders, including national long term care organizations, nursing and professional caregiver groups, colleges and universities, nurse educators, and state and federal policy makers to support and encourage development of national policies and programs specifically addressing the long term caregiver shortage.

- Adopt critical components of the *Long Term Care Quality and Modernization Act of 2007* that would require joint training and education of surveyors and providers; implement facility based training for new surveyors; direct CMS to modify the definition of SQC so that factors not affecting quality of care or the training of nurse aides are eliminated; and amend current law to allow nursing facilities to resume their nurse aide training program when deficiencies that resulted in the prohibition of the training have been corrected and compliance has been demonstrated.
- Increase federal funding for training and development programs, which would enable all sectors of long term care – regardless of tax status – to attract and retain a highly-trained, compassionate workforce. Some programs which would provide near immediate benefits with additional funding are the Nursing Workforce Development programs under Title VIII of the Public Health Service Act – including the Nurse Reinvestment Act, The Workforce Investment Act and the Department of Labor’s High Growth Training Initiative.
- The Agency for Healthcare Research and Quality (AHRQ) and other federal agencies should expand support for research on health care and long term caregiver and nursing workforce issues and solutions.
- Encourage and further develop appropriate leadership training programs, funded by state and federal governments, which will enhance leadership skills and competencies of long term care professionals in management positions. An example that has shown to be effective across the nation and would benefit from federal support is AHCA/NCAL’s *Radiating Excellence* program. This program articulates the scope of management and leadership competencies essential for nurse leaders working in skilled nursing, assisted living, and residential service facilities for individuals with developmental disabilities.
- Develop ongoing funding from the state and local workforce investment boards (WIBs) to support partnerships and initiatives to improve recruitment and retention of the 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.

We all agree that not only do consumers deserve the highest quality care and services across the spectrum of health care settings, but also employees deserve well-paid, positive work environments. As the profession responsible for the care of our nation’s most vulnerable citizens, we are proud of the advances we have made in delivering high quality long term care services and we remain committed to sustaining these gains in the years and decades ahead.

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