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# Staffing Mandate Analysis In-Depth Analysis on Minimum Nurse Staffing Levels

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# Executive Summary

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In April 2022, the Centers for Medicare & Medicaid Services (CMS) released the proposed rule for the Skilled Nursing Facility Prospective Payment System (SNF PPS) payment updates for federal fiscal year 2023 (FFY23). In the proposed rule, CMS was seeking input regarding the establishment of a minimum staffing requirement for long term care (LTC) facilities. CMS has “long identified staffing as one of the vital components of a nursing home’s ability to provide quality care ... .”<sup>(1)</sup> CMS is currently using various methods to analyze an appropriate “minimum level and type of staffing needed to enable safe and quality care in nursing homes.”<sup>(2)</sup>

The following analysis compares the potential cost to the LTC industry for meeting a minimum staffing requirement at three different levels: 4.1 hours per patient day (HPPD), 3.6 HPPD, and 3.1 HPPD. Utilizing Payroll Based Journal (PBJ) data and hourly rates from Medicare cost reports, we have identified the additional staff necessary to meet the staffing requirement, as well as the costs associated with the additional staff.

This analysis demonstrates the differences between the initial analysis in June 2022 and current outcomes utilizing updated PBJ and Medicare cost report data. The initial and current analyses demonstrate the financial and workforce challenges for skilled nursing facilities to provide direct care staffing as identified by HPPD.

1. Centers for Medicare & Medicaid Services SNF PPS FY23 Proposed Prospective Payment System Rule. <https://federalregister.gov/d/2022-07906>
2. <https://www.cms.gov/blog/centers-medicare-medicare-services-staffing-study-inform-minimum-staffing-requirements-nursing-homes>





# Summary of Findings and Conclusions

The cost of staffing to meet a minimum staffing mandate is estimated to be between \$3.8 billion and \$11.3 billion, depending on the scenario. The CLA 37<sup>th</sup> Annual SNF Cost Comparison and Industry Trends report identified 7,741 out of 13,193 SNFs (59%) that had negative operating margins (excluding public health emergency funding). The additional burden of meeting minimum staffing requirements with no funding mechanism could potentially increase the number of facilities operating with negative margins.

In addition to the cost of meeting a staffing mandate, the SNF industry would need to hire between 58,000 and 191,000 additional full-time equivalents (FTEs). Although there have been improvements in workforce availability in some areas of the country, nationally SNFs are still challenged to find the appropriate workforce. Some facilities may need to reduce admissions or number of beds in a facility in order to meet staffing ratios. If SNFs are unable to increase their workforce, hundreds of thousands of residents could be impacted by census reductions.

<https://www.claconnect.com/en/media/2022/cla-releases-37th-annual-snf-cost-comparison-and-industry-trends-report>





# Data, Methodology, and Scenarios

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# Data and Methodology



## Hours and Census

Payroll Based Journal (PBJ) data from third quarter 2021 through second quarter 2022

Classification consistent with CMS Nursing Home Five-Star Quality Rating System Technical Users' Guide

- RN includes DON, RN with administrative duties, and RN
- LPN includes LPN with administrative duties and LPN
- Nurse aide includes CNA, aides in training, and medication aides / technicians
- Care Compare data from third quarter 2021 through second quarter 2022

Action description	Total facilities
Summarized the four quarters for each provider included in order to produce average annualized hours. Thus, each provider was only included once.	15,267
Removed facilities that did not report hours per resident day. A total of 154 facilities were removed.	15,113
<b>Final facility count:</b>	<b>15,113</b>

## Hourly Rates

Annual Medicare cost reports released by CMS as of October 2022

- Includes fiscal years ended between October 1, 2020, and December 31, 2021
- S-3, Part V, column 5 Median Hourly Wage (includes salaries and allocated benefits)
  - Did not include or weight hourly rates for contract labor\*
- State median hourly wages were used for facilities missing cost report data (approximately 7%)

*\* The hourly rates for contract labor were excluded from the calculation, based on the assumption the costs associated with contract labor is higher than employed hourly rates. The analysis provides the lowest financial impact of a staffing minimum, without the consideration of the financial impact of the use of contract nursing to meet a minimum staffing requirement.*





# Scenarios and Methodology

CLA created three potential minimum staffing scenarios with specific criteria for each discipline

- By discipline
  - RN
  - LPN
  - CAN
- Total – meets total hours per patient day (HPPD) in total; however, individual disciplines may vary

Results are presented by discipline, in total, and “all,” which considers criteria at the discipline level

- For example, a facility that meets the threshold for “all” also meets the specific criteria for each discipline and total HPPD

Average total daily census (ADC)

- The sum of the ADC for facilities that do not meet the specific staffing criteria for each of the identified scenarios

Census impacted

- The number of residents impacted if facilities meet the mandate by reducing their ADC
  - Some facilities may need to reduce admissions or number of beds in a facility in order to meet staffing ratios





# Scenarios

	Nurse aide	LPN	RN	Total
Scenario 1	2.81	0.54	0.75	4.10
Scenario 2	2.47	0.47	0.66	3.60
Scenario 3	2.12	0.41	0.57	3.10

Each scenario here is independent of the other two scenarios. The scenarios identify the hours per patient day by discipline and in total. The following analysis compares actual hours incurred by facilities, based upon PBJ and Medicare cost report data, compared to each of the scenarios identified.

Each discipline and the total are analyzed individually. A facility may meet the **total** criteria even if a specific discipline HPPD is not met.





# STRIVE vs Proposed Scenarios

## Hours Per Resident Day (HPRD) by Discipline and Total

	CNA	LPN	RN	Total
STRIVE	2.05	0.72	0.35	3.14
Scenario 1	2.81	0.54	0.75	4.10
Scenario 2	2.47	0.47	0.66	3.60
Scenario 3	2.12	0.41	0.57	3.10

The Staff Time and Resource Intensity Verification (STRIVE) project, initiated by CMS in 2005, collected staff time and resident-level clinical information. The STRIVE project was a time study for nursing homes and the data collected was used to establish payments systems for Medicare SNFs and Medicaid nursing facilities. The chart here compares the hours per patient day per the STRIVE project compared to the three scenarios.





# Results

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# Results — Facility Level

	CNA	LPN	RN	All
Scenario 1	1,815	12,961	4,608	844
Scenario 2	4,065	13,574	6,004	1,965
Scenario 3	7,546	14,063	7,728	4,074

	CNA	LPN	RN	All
Scenario 1	12%	86%	30%	6%
Scenario 2	27%	90%	40%	13%
Scenario 3	50%	93%	51%	27%

The tables identify the number and percentage of facilities that **met** the specified criteria for each discipline and total hours per patient day individually for the period of July 1, 2021, through June 30, 2022.

The number of facilities nationally meeting the specified criteria has improved slightly for scenarios 2 and 3 since the initial analysis in June 2022. The slight improvement is due to some states showing some improvements in workforce availability. However, there are numerous states that continue to struggle with workforce shortages.

There is no change in the number of facilities meeting the criteria for scenario 1 (4.1 HPPD) due to the unavailable workforce.





# Results — Cost and FTEs to Meet Criteria

## Estimated Annual Cost (\$ in Millions)

	CNA	LPN	RN	All
Scenario 1	\$6,527	\$276	\$4,448	\$11,250
Scenario 2	\$3,776	\$172	\$3,135	\$7,083
Scenario 3	\$1,675	\$103	\$1,990	\$3,768

## Estimated FTEs

	CNA	LPN	RN	All
Scenario 1	143,023	3,850	44,263	191,170
Scenario 2	83,251	2,405	31,153	116,831
Scenario 3	37,443	1,437	19,873	58,767

All = Meets HPPD for each discipline (CNA+LPN+RN)

Although the number of facilities meeting the various criteria has improved slightly from June 2022, the cost to meet these criteria has increased from the original analysis. The hourly cost of hiring a workforce to meet the various scenarios has continued to increase based upon the most recently filed Medicare cost reports.

CLA utilized the average hourly rates from Medicare cost reports to determine the costs to the industry for meeting the staffing minimum per scenario.





# Results — Resident Impact

## Average Total Daily Census

	CNA	LPN	RN	All
Scenario 1	1,059,271	150,825	874,206	1,117,692
Scenario 2	897,746	104,479	765,320	1,043,367
Scenario 3	618,807	68,051	628,231	887,742

## Census Impacted if Facilities Met Mandate by Reducing Average Daily Census

	CNA	LPN	RN	All
Scenario 1	290,191	41,635	336,321	446,715
Scenario 2	192,449	29,915	269,391	358,055
Scenario 3	100,556	21,071	199,733	258,620

All = Mandate tested for all three disciplines (CNA, LPN, and RN)  
i.e. must meet all 3

In the top table, the sum of the number of residents (ADC) in facilities that would not pass the staff mandate for each scenario.

In order to provide care for these residents at the proposed hourly rates per patient day, either additional staff would need to be hired or census would have to be reduced. The bottom table shows the number of residents impacted if facilities reduced census by denying admissions to meet the mandate.





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