

# State of the Nursing Home Sector

While nursing homes are better able to manage COVID-19, the pandemic has exacerbated a historic labor shortage, creating an access to care crisis for America's seniors and a capacity issue for other health care providers, like hospitals. Meanwhile, the economic recovery of the industry remains in limbo, as the chronically underfunded sector begins to lose vital COVID financial aid in 2023.

## COVID-19

Nursing home residents are better protected against severe illness due to COVID-19, thanks to vaccines, treatments, and infection control procedures.

**50+%** of residents are up to date on their vaccines.<sup>1</sup> This is **3x higher** than the general population.<sup>2</sup>



For nearly one straight year, weekly mortality rates have been below 0.5 per 1,000 residents.

## Historic Labor Shortage

Nursing homes have experienced the worst job loss of any health care sector.<sup>3</sup>

Providers are doing everything they can to recruit and retain caregivers, but they need help.

**210k** jobs lost over the course of the pandemic

**9/10** nursing home providers have increased wages and offered bonuses

**1994** last time workforce levels were at this level

**28-34%** increase in wages for nurses between 2020-2022<sup>5</sup>

**>13%** decline in nursing home workforce

**96%** of nursing homes find difficulty in hiring staff

**2027** At the current pace, nursing homes need 4 years to return to pre-pandemic workforce levels.

**97%** said the lack of interested or qualified candidates is a major obstacle to hiring new staff

**84%** of nursing homes are currently facing moderate to high levels of staffing shortages<sup>4</sup>



AHCA/NCAL launched a national workforce recruitment campaign, **Careers in Caring**<sup>6</sup>

<sup>1</sup> CMS, COVID-19 Nursing Home Data, as of Jan. 27, 2023

<sup>2</sup> CDC, COVID-19 Vaccinations in the United States, as of Jan. 27, 2023

<sup>3</sup> AHCA/NCAL, "Long Term Care Jobs Report" January 2023

<sup>4</sup> AHCA/NCAL, Survey of 524 Nursing Home Providers, January 2023


<sup>5</sup> CLA, "State of the Skilled Nursing Facility Industry: In-Depth Analysis on Increasing Costs and Local Impact" May 2022

<sup>6</sup> AHCA/NCAL, "Long Term Care Profession Launches National Campaign To Attract More Caregivers" January 11, 2023

# On the Financial Brink

**62%** of nursing home residents rely on Medicaid<sup>7</sup>

**86%** Medicaid only reimburses part of actual nursing home costs<sup>8</sup>

**8.5%**  inflation for nursing home goods and services

**55%** of nursing home providers say they are operating at a loss

**52%** may not be able to continue operating for more than a year at the current pace

## COVID aid that helped many facilities stay afloat no longer available or ending in 2023:

- Provider Relief Fund
- Medicaid enhanced FMAP
- State funding through the American Rescue Plan

# Access to Care Crisis

**54%** of nursing home providers are having to limit new admissions due to staffing shortages

**67%** are concerned their facility may have to close due to persistent workforce challenges

**37,011** fewer beds since Feb. 2020

**465**

nursing homes have closed over the course of the pandemic **including 41%** that were 4 or 5-star facilities<sup>9</sup>

**18,071**

residents have been displaced and 22 counties have become nursing home deserts since 2020 due to facility closures

**76.6%**

occupancy nationwide, leaving **380,697** beds vacant<sup>10</sup>

# The Road to Recovery

Policymakers should prioritize nursing home residents and their caregivers for resources and support. An enforcement approach and unfunded government mandates will do little to address the core challenges in long term care and transform the industry.

- ▶ Rebuild the nursing home workforce through a **multi-faceted approach** to attract workers, not staffing mandates.
- ▶ Fully fund Medicaid, especially in the face of soaring inflation.

- ▶ Pass meaningful reforms, like in the **Care For Our Seniors Act**.

<sup>7</sup> Kaiser Family Foundation, "Distribution of Certified Nursing Facility Residents by Primary Payer Source"

<sup>8</sup> MACPAC, "Estimates of Medicaid Nursing Facility Payments Relative to Costs" January 2023

<sup>9</sup> AHCA/NCAL analysis of Centers for Medicare and Medicaid Services' (CMS) Quality, Certification and Oversight (QCOR) Reports

<sup>10</sup> CDC's National Healthcare Safety Network as of January 29, 2023