House Bill 466 Testimony

Good afternoon, Chair Stein, Vice Chair Johnson, Ranking Member Lepore-Hagan and members of the Committee. Thank you for the opportunity to testify today in support of House Bill 466.

I am Catherine Chiovaro, Vice President of Operations for Laurel Health Care Company, for whom I have worked for 17 years. The company was incorporated in Ohio in 1992 and is located in Westerville. Laurel Health Care Company has 21 of its 34 skilled nursing facilities across the great state of Ohio with 2,251 licensed/certified beds in the state. In normal, pre-pandemic circumstances, we also represent at least that many full-time equivalents (FTEs) of staff members in Ohio communities. I am a licensed nursing home administrator since 1995 and I am on the Board of Directors for Ohio Health Care Association. It is my pleasure to be here with you today.

As you consider HB 466, I would like to share details of our pandemic experience and the difficulties we have and continue to face related to agency provided staffing.

Skilled Nursing Facility (SNF) providers across the state of Ohio face significant operational challenges for the immediate and long-range future, since staffing agencies have inserted themselves between providers and direct care staff. The use of agency staff has created an unsustainable fiscal challenge for all health care providers, including hospital, home-health, hospice, assisted living and nursing homes. Further, the use of agency staff has a direct correlation with the quality of patient care as agency staff is considered temporary or interim and thus by design provides an outcome that detracts from a desired continuity of care.

We have a workforce shortage

Turnover was a challenge to long term care providers before the pandemic and turnover has continued to rise. We experienced an exodus of staff early in the pandemic, many out of fear of COVID or changes to personal situations at home, such as needing to be home with their children when schools and day care services were closed. Some took advantage of the ability to stay home with increased access to unemployment and stimulus checks benefits. While some of those reasons have dissipated, our turnover rates have still increased and in exit interviews we have completed, the top reasons cited for leaving are:

1. Leave for Agency Work – More money; No schedule required.
2. Burn Out/Leaving Profession.

As the pandemic has continued and agency companies have cropped up in every direction, many of our facility-based staff were lured away to agencies' promises of high wages, and extremely flexible or non-binding schedules. "Staffing agencies have taken advantage of the labor shortage and are driving up the cost of care, exacerbating our staff shortages with an obvious impact to the quality of patient care" (Rep. Jay Edwards). Many of these agencies were not in this business prior to the pandemic, do not have "store fronts" or even Ohio addresses. And, important to note is that Laurel Health Care Company did not use agency or contract RN, LPN or STNA staff in any of its facilities, prior to 2020; this is the case for many long-term care SNF providers across the state. There was little need, or opportunity in long-term care for agencies or agency staff, pre-pandemic. Post-pandemic, it has become necessary for our survival, but at what cost?

"Burn out" and "leaving the profession" is the primary reason most frequently cited by leadership and management levels of staff. The constantly changing regulations and difficult regulatory environment, the change of work environment from a "home-like setting" to a sterile, acute hospital-like setting, to the staffing challenges of working as a floor nurse in addition to their management job have pushed good, long tenured leaders to leave long term care. Without the necessary controls put in place on agencies who have poached our own staff and turned right back around to sell them to us at a higher cost, as much as 140% more than our facility-based staff, we will continue in crisis until we can continue no more. The future of long-term care is at risk; morale of long-term care staff is in jeopardy and most importantly the most frail, elderly citizens of Ohio pay the true price as the quality of care hangs in the balance.

Agency use

The use of agency staff is *not* a favored option for use in health care, based on its short-term, acute necessity design. A SNF will always prefer to employ its own staff and that is due to the desire for consistent caregivers delivering care to the residents and patients. Each SNF wants to provide a plan of care and treatment from a cohesive group of caregivers to those they serve. This is not attainable using agency staff who do not feel a commitment or any accountability to the facility, and thus they patient, they are assigned for "a shift". Agencies have little to no responsibility for providing education to their staff and instead rely on the health care facilities that contract for their staff to keep the education up to date. The majority of SNFs and other health care providers only look to agency staff when they are in the direst of circumstances, such as a pandemic.

Since the COVID pandemic, agency contract rates (Table 1) now range from $54 to $85 per hour for an RN, $44 to $62 for an LPN and $28 to $43 for an STNA. In contrast, non-agency (or facility-based) hourly rates (Table 2) in 2021 have averaged $35.80 for an RN, $31.30 for an LPN and $21.16 for an STNA. On an annualized basis (Table 3), the expense of an RN has increased between 35-140%; the expense of an LPN has increased from 40-100%; and the expense of an STNA has increased from 30-100%. An important clarification to make is that while the staff member may receive a portion of the increased rate, the agency is in fact the recipient of the bulk of this rate increase bore by the SNF provider, and thus bore by the state (direct costs reimbursement). Further, as long as agency rates continue unchecked, with just a portion of that increased rate to the worker, and for the worker that "portion" coupled with the flexibility to decide at the last minute if they wish to work or not work and the lack of accountability or responsibility required of the worker, SNFs will continue to post significant vacancies (Table 4) and bare the exorbitant agency expense into its costs to do business.

Table 1. Agency Contract Rates. Based on contracts with 21 SNFs in Ohio.

Agency Contract Rates		
Staff	Low	High
RN	$ 54.00	$ 85.00
LPN	$ 44.00	$ 62.00
STNA	$ 28.00	$ 43.00

Additional Surcharges
COVID Unit -- additional add-on rate of 1.5x the contract rate.
Boost Pay -- 25-35% of hourly rate (bidding among SNFs)

Table 2. Non-Agency Hourly Rates. Average across 21 SNFs in Ohio.

Non-Agency Hourly Rates			
Ave Hrly	2019	2020	2021
RN	$ 27.78	$ 28.40	$ 35.80
LPN	$ 21.63	$ 22.84	$ 31.30
STNA	$ 13.59	$ 14.46	$ 21.16

Table 3. Annualized Expense – Non-Agency vs. Agency. This compares a non-agency wage paid to a facility-based, full-time, employee on an annualized basis versus the expense the SNF pays to an agency for a full-time, agency/contract worker.

Annualized Expense - Non-Agency vs. Agency		
	Non-Agency Wage	Agency Expense
RN	$74,464	$112,320 to $176,800
LPN	$65,104	$91,520 to $128,960
STNA	$44,013	$58,240 to $89,440

Table 4. Current Vacancies for 21 facilities in Ohio. This does not include leadership or management level positions. "Ancillary" represents other departments such as dietary, laundry, housekeeping, maintenance. These vacancies are full-time positions.

Current Vacancies for 21 facilities in Ohio	
RN/LPN	139
STNA	250
Ancillary	40

The Impact of the Pandemic on a SNF Provider

Table 5. Data from 21 facilities in Ohio of the impact of agency on SNF expenses.

21 Facilities in Ohio	2019	2020	2021	Noteworthy
Patient Days	673,738	633,490	653,036	Pt days have not yet returned to 2019 levels
Facility Based Labor	$ 78,643,327	$ 76,646,262	$81,932,735	Increased 4% from 2019 to 2021
Agency Labor Expense*	$ 80,963	$ 244,964	$ 8,332,457	**From 80K to 8M…**
Total Labor AND Agency	$ 78,724,290	$ 76,891,226	$90,265,192	
Per Patient Day Labor Cost to do Business	116.85	121.38	138.22	An increase of 19% from 2019 to 2021

*2019 – represents contract NHA and DONs only

The reality of the impact on Ohio communities for Patient Care

Providers largely have two strategies to coping with the workforce shortage, and neither is sustainable. The first is to choose not to use agency staff and "hunker down" with the remaining facility staff; this strategy leads to a facility decision to limit or stop admissions to the facility. This strategy is an attempt to maintain some hopefully tighter control on quality and expense and continued care of the current

resident population. Unfortunately, this has led to closures of whole floors or wings in SNFs and an upstream backlog of hospital referrals who await SNF placement. This also adds a cost to the health care system as potential nursing home patients sit in high-cost hospital beds longer, awaiting acceptance at a facility, hamstrung by its staffing situation.

The second strategy is to continue to admit for the long-term viability of the community and the business, paying whatever cost is necessary to staff the facility with the hope that quality can still be maintained. The SNF in this situation is attempting to assist its community by continuing to accept admissions from its hospital partners and hopes to outlast the agency storm. The SNF in this situation can only choose this option while funds may be available to support the exorbitant rates the agency charges. And when those funds run out, that SNF will have to impose the first strategy mentioned, which is to limit or stop admissions.

Neither strategy is sustainable for the SNF provider, and both will have a detrimental impact on the quality of patient care and the community's health care system.

Summary

HB 466 provides an avenue to begin to hold agencies accountable while limiting their ability to increase the cost of direct care in nursing homes. Please support this bill for the future of long-term care and the frail, elderly citizens of Ohio.

Thank you for your consideration of House Bill 466. I am happy to answer any questions you may have.

Submitted by:

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Laurel Health Care Company

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