

Good afternoon. I would like to thank the committee for your time today in considering this important subject. My name is Scott Unverferth and I am the Vice President of Operations at HCF Management. We are a family owned and operated company that has been in business for 54 years and we are based out of Lima, Ohio. We provide skilled nursing care, home care, hospice care, and therapy services in several rural markets throughout Ohio. My grandfather started the company in one small rural community in Ohio and we have since grown to 16 skilled nursing facilities in Ohio and 7 in Pennsylvania. I'm proud to be a third generation provider.

We are facing an unprecedented crisis in staffing our facilities that care for the most frail and vulnerable citizens in our great state. We have historically always been able to weather the storms we have faced over our 54 years of existence, but today the situation is very dire. We struggle daily in many of our facilities to meet state minimum staffing requirements. This puts a tremendous amount of pressure on our staff and leadership in all of our facilities to give great care during extremely difficult circumstances. We have seen a loss of over 15% of our direct care staff in the past 12 months. We have consistently been able to retain and recruit staff over the history of our company with little assistance from outside providers. Today, we could not survive without this assistance. Even with their assistance, we still struggle greatly meeting staffing requirements.

Staffing agencies have been a lifeline to help us meet our regulatory requirements and care needs and we are grateful we have them to help us in these tough times. With that being said, we also have had several concerns regarding the actions of many of these businesses. We

have many examples of business behavior that we feel crosses the line and ultimately hurts the care of the residents we serve and threatens our very existence as a business.

Many of our facilities share stories of nurses who work for agencies who frequently do not show up for their scheduled shift. We often have situations where there are multiple nurses and nurse aides who don't report to work without any notice to our homes. This presents a very difficult situation for our leadership and staff. This causes leaders to work almost daily in roles that are not theirs and often leads to great frustration, burnout, turnover. We also have examples of agencies calling us shortly before their employees to come to work for one of our facilities and asking us to pay them more because another location is offering "Boost" or "Critical Staffing" pay. We have had countless situations where we have had to pay somewhere over 30% to 60% of our contracted rates to an agency provider just to keep the agency staff we already have scheduled working their shift. If we cannot meet this demand, they cancel the shift they agreed to cover for us, with little to no notice. This puts our facilities in a real bind as we struggle to cover many of our nursing shifts today. We pay most agency staff somewhere between two to three times what we pay our own staff. RN agency costs are up to \$90 per hour, where we pay approximately \$36 per hour. LPN agency costs are up to \$72 per hour, where we pay approximately \$26 per hour. Nurse aide agency costs are up to \$52 per hour, where we pay approximately \$17 per hour. In Ohio alone, we have spent over \$4,300,000 in agency costs for 2021. In January of 2021, our agency expense was \$125,000. In January of 2022, our agency expenses grew to \$455,000, an increase of 260% in just 12 months. These rates and expenses are unsustainable and are causing great harm to our business and to the profession as a whole.

The financial burdens we are facing right now are great. Direct care staffing is our greatest expense and we have increased nursing wages multiple times in the past two years to help recruit and retain nursing staff, which has added millions of dollars of expense to our organization. In our line of business, we are unable to offset those additional expenses, as we do not have the ability to change the rates we charge our residents, except but a very small percentage. Over 90% of our revenue streams are from Medicare and Medicaid, which are set rates. This burden has put us in situations where we are tripping bank covenants, which further exacerbate our financial woes. Given the current pace of losses we are experiencing, we will struggle to stay in business past 24 months, given where the environment stands today.

We have also started conversations on what our business will look like in the future, which could mean further bed reductions and/or closing or selling facilities in rural markets. These are conversations our family has never had in the history of our business, but have become an unfortunate reality today. We also have had conversations on closing facilities just because of the shortage of staff. These potential moves will further create disturbances in access to care that many hospital systems are facing today. This will also cause seniors to have to travel greater distances to have the care needs of their loved ones met.

Thank you for your consideration of House Bill 466. Putting in controls for licensing for entities who provide services to our most frail and vulnerable citizens is an important step. Also, putting in reasonable and sensible price caps will help put in protections for our profession and the health care system as a whole, which is on the brink of collapse. We believe we can strike a balance of putting in protections for the health care industry, while still allowing small business to be able to succeed. We appreciate your careful consideration of this item.

Respectfully submitted,

Scott Unverferth – Vice President of Operations, HCF Management, Inc.