



Health Finance Subcommittee on Health and Human Services

Chairwoman Carruthers, Ranking Member Liston, and members of the House Finance Subcommittee on Health and Human Services, I would like to thank you for the opportunity to provide my testimony today.

My testimony is focused on the need to rebase the Medicaid rate to help cover the rising costs to care for Ohio's most vulnerable population in Ohio's nursing facilities. The last time rates were adjusted, the rates were based on 2019 costs. It is 2023 and we have incurred 3 years of costs from the COVID-19 pandemic and general inflation in the economy.

I am Chris Chirumbolo, the CEO of Carespring Health Care Management. We are an Ohio based skilled nursing and senior living provider that was founded in 1985 with the opening of Eastgate Health Care Center in Clermont county. Over the last 38 years, we have grown to 11 Ohio based nursing facilities spanning 6 counties in Southwest Ohio along with an additional 4 nursing facilities in the northern Kentucky suburbs of Cincinnati. With 13 of our 15 facilities being a 3 Star or greater on CMS' 5 Star Rating System, I feel we embody what is expected and seen from a quality operator. Due to the challenges we face, we are not where we want to be as a company as a result of the 3 year strain from the COVID-19 pandemic.

Our main issues as a nursing facility provider now and into the future:

1. **Ohio's Medicaid Rate has not kept up to cover most of the costs of care** - 65% of our residents in our Ohio facilities are on Medicaid and the cost to care for these residents is roughly \$65+ above what we are reimbursed by Medicaid per day. When the state has a system that reimburses at the lowest 25th percentile of costs, this does not promote quality of care.
2. **We want and need more staff.** We need reimbursement to allow us to create, develop and grow the next generation of long term caregivers. The current Medicaid reimbursement is not supportive of paying our direct care nurses, nurse aides, activity staff, dietary, housekeeping and laundry wages needed to compete in today's markets. We are not the likes of a Walmart, McDonald's or Amazon. We simply can't just increase prices of our goods when we increase wages for our staff. The state sets the relative price we can pay when a majority of our residents are on Medicaid.
 - Due to the pandemic as an industry, there are over 200,000+ (12%) less health care workers in skilled nursing facilities in the United States compared to February 2020 (pre-pandemic).
 - For our facilities, we have over 400 less team members (13%) than February 2020.

3. Self-Imposed limitations on New Residents Admissions to offset less staff

- Due to the having less staff, we have limited each of our facilities' census by decreasing the number of new patient/resident admissions. We feel if we don't have the staff, we can't open the remaining 10-20 beds in some of the facilities.
- **Limited the Use of Agency Nursing or Agency Nurse Aides** - We made the proactive choice not to use agency but only in limited circumstances in 3 out of our 15 facilities. We could have gone the route of increasing each of our facilities' census by a few more residents. We felt the poor, inconsistent quality of care brought in by agency staff who ultimately lack accountability to be a part of a facility team was not worth the added revenue generated by the facilities.

4. Exploding Costs to Provide Quality of Care

- **Increased Average Wage Rate 2019 to 2022** - To match the market demand for staff and to ensure our current residents continued to receive care, we had to increase the average wage paid to all of our staff to attract/retain talent. As stated above, our reimbursement has grossly fallen behind what it costs to attract and pay for quality staff. From 2019 to 2022, the following positions saw the following percentage increases in wages:
 - Nurse Aides - (45% Increase)
 - Nurses: Licensed practical nurses (LPN) and registered nurses (RN) – (35% Increase)
 - Dietary: Dietary Aides (35% increase) and Cooks (26% increase)
 - Activity Staff - (25% Increase)
 - Laundry and Housekeeping Staff - (35% increase)
- **Economic inflationary increases over the last 2 years** – Our facilities, like the American household are not immune to the rising costs of living in the last few years. These costs were seen across the board but to name a few: goods purchases, general medical supplies, fuel charges by vendors and property insurance.
- **COVID Related Expenses** - Ongoing purchases for needed personal protective equipment (PPE), testing supplies, cleaning supplies and enhanced infection control measures.

It is simple, we need to collectively work on rebasing our rates to incorporate updated costs in 2022 so nursing facilities can have the tools to provide the care we all expect.

As a final point, as a provider who demands and drives for high quality care in nursing facilities, it is important to understand how and why quality can decline in nursing facilities. To bring one main factor to light, it has been an issue for almost 20 years in our country which has unfortunately been mirrored in Ohio. A 2019 study was authored by a principal investigator from Georgetown University and co-authored by John R. Bowblis, PhD, an associate professor of Economics and Endres Fellow with the Farmer School of Business and Research Fellow with Scripps Gerontology Center at Miami University in Ohio. It was titled “**Is the Quality of Nursing Homes Countercyclical?**” At the time of the study in 2019 (Over a year before the COVID-19 Pandemic), the unemployment rate was at a 49 year low. The study was able to link how the strength of the economy affected the ability of nursing homes to maintain adequate staffing levels and retain employees. **It summarized quality of care in nursing homes improved during periods of recession and worsened when the economy was good.** This stemmed from the fact that nursing home care is highly labor intensive and mainly delivered by nurses and nurse aides. Most nursing home residents have cognitive or physical impairment and require 24/7 care, and providing this care can be physically and mentally taxing, making it difficult for nursing homes to hire and retain staff.

It became apparent during economic downturns; many people were willing to take positions with work environments they may not prefer because there weren’t as many employment options. But when the economy is good, there were plenty of employment opportunities and taking a nursing home job was not seen as that attractive. The researchers used Medicare and Medicaid survey data from the nation’s 15,000+ nursing facilities from 2001 to 2015 and cross referenced it to county-level unemployment rates from the Bureau of Labor Statistics.

During these 15 years, the data included two economic expansions and contractions. What was seen during each period:

- **Times of Recession/Contractions:**

Researchers then found that higher unemployment rates are associated with a statistically significant improvement in quality. Nursing homes were found to be more compliant with health regulations during periods of higher unemployment. And nursing home residents, on average, were less likely to have pressure ulcers or have significant weight loss — all measures of quality of care. The researchers summarized that “it was clear from [the] data that as unemployment rates increased, nursing home quality was higher as fewer residents would develop pressure ulcers and experience weight loss. This is likely due to nursing home staff. Higher unemployment rates are linked to higher nursing staff levels. In these recessions, nursing homes were better able to retain their staff and reduce turnover.”

- **Times of Economic Growth/Expansion**

When unemployment rates were low, nursing homes have lower nursing staff levels, higher employee turnover and lower staff retention rates. Because most care is provided by nurses and nurse aides, maintaining adequate and stable workforce is important for delivering high quality of care, researchers say. For example, high turnover of staff inhibits the ability of nursing homes to consistently assign staff to the same resident, a practice that is associated with quality care. However, nursing homes have high turnover rates. Given [2019's] low unemployment rates, it will be challenging to maintain or even attempt to lower the turnover rates, said the investigators.

- **What is the solution to stop this cycle?**

Based on the findings of the study, the researchers stated the solution to prevent this back and forth challenge with quality comes from **“changes to federal and state policy, such as measures to increase reimbursement for nursing home care with the goal of paying staff enough to make these positions attractive. In general, the work environment offered by nursing homes are not considered desirable — and this situation, especially in today’s economy, needs to be addressed through better compensation and benefits.”** Any effort to improve the compensation and benefits of nursing home workers would require efforts from federal and state policymakers as almost **three-quarters of nursing home residents are funded by Medicare and Medicaid.** “Policymakers and researchers have long been concerned about nursing home quality, and this study suggests strong action is needed.”

Again, this was 2019 reviewing 2001-2015 data. Each year since the early 2000's, the cost to care for a resident on Medicaid in Ohio has grown faster than reimbursement needed to provide the care. Now here we sit in 2023. On February 3rd, national employment numbers were released and unemployment fell to 3.4%, the lowest since 1969. This economic factor has led and will continue to create challenges for Ohio's nursing facilities. Per the researchers' recommendation, this needs to be addressed by proactively increasing reimbursement to allow facilities to pay higher wages and to improve team member retention. Nursing facilities continue to do the best they can day in and day out but if there is not proper investment into the sector, the care will suffer.

Thank you again for listening to my testimony. I ask the state to incorporate rebasing the nursing facility rates based on 2022 costs in the state's biennial budget. This will create a sustainable solutions to allow the industry to rebuild its workforce and to promote high quality of care for our state's most vulnerable population.

Respectfully submitted,

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Huang, S. S. & Bowlbis, J. (2018) Is the Quality of Nursing Homes Countercyclical? Evidence From 2001 Through 2015. *The Gerontologist*, 59, 1044-1054.

AHCA (2023) Long Term Care Jobs Report: January 2023. Available at: <https://www.ahcancal.org/News-and-Communications/Fact-Sheets/FactSheets/LTC-Jobs-Report-Jan2023.pdf>. Accessed February 24, 2023.