

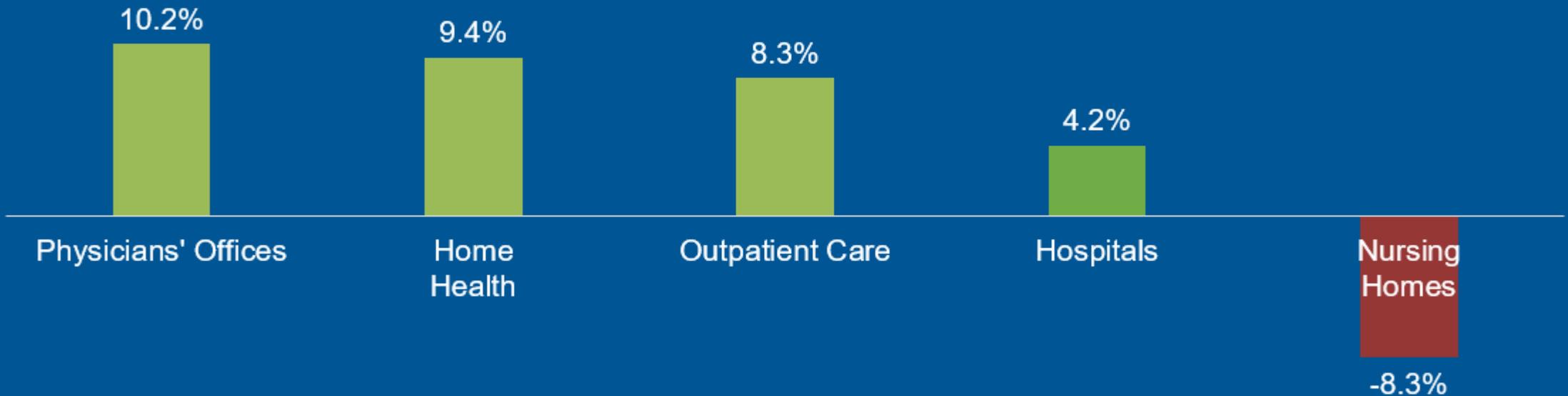


*Driving Initiatives and Delivering Solutions Since 1948*  
*Skilled Nursing and Assisted Living*



## NURSING HOMES: WORST IMPACTED THAN ANY OTHER HEALTH CARE SECTOR

Percent Change in Health Care Sector Employment since Feb 2020



Source: Bureau of Labor Statistics (BLS) February 2020 – January 2024

# SLOW JOB RECOVERY

Feb 2020  
1,587,000

**131,900**  
workers needed to recover to  
pre-pandemic levels

Jan 2024  
1,455,100

April 2022  
1,341,700



# Facilities are Implementing Strong Recruitment and Retention Efforts

## Primary Obstacle: Lack of Interested or Qualified Candidates

- 94% of facilities say it is difficult to recruit new staff; 67% cite a lack of interested or qualified candidates as an extremely big obstacle.
- 78% have offered bonuses, including sign-on bonuses.
- 70% have promoted staff within their facilities.
- 69% have paid for staff training and education.

In 2022, **wage rates for nurses increased** from 9-11% and in 2023, **increased again from 7-10%.**

**90%**

of nursing home providers  
have **increased wages.**

**85%**

have offered **bonuses**  
to try to recruit and  
retain staff.

**95%**

are still having trouble hiring  
staff due to a lack of interested  
or qualified candidates.

## Nursing Homes are Limiting Admissions, Concerned About Closures

- 46% of nursing homes have limited new admissions:
  - 38% have had to turn away potential residents weekly or monthly, and
  - 7% have had to turn away potential residents daily.
- Nearly 20% have closed a unit, wing or floor because of labor challenges.
- 66% of facilities are concerned that if workforce challenges persist, they may have to close their facility.

# LABOR SHORTAGES ARE FUELING AN ACCESS TO CARE CRISIS.

**50+%**

of nursing homes are having to limit new admissions due to labor shortages.

**72%**

of facilities are concerned that they will have to close their facility because of persistent workforce challenges.

**48%**

of nursing homes have a waiting list for prospective residents/patients of at least a few days.

**660**

**facilities have closed** since the pandemic.

- 40% of these closures have been 4- or 5-star facilities.

**27**

**new nursing homes** opened in 2023.

- Compared to an average of 84 new nursing homes each year between 2019-2022.

## MICHIGAN IS AGING

The median age in Michigan is more than 40, up from 35.5 in the previous U.S. Census.

Michigan has the 13th oldest population in the country, up from our previous ranking of having the 29th oldest population.

# Major Changes to the Skilled Nursing Profession

1. Centers For Medicare and Medicaid Services (CMS) Nursing Facility Staffing Rule
2. Medicaid Rate Reform
3. HIDE-SNP – Managed Medicaid for Long-Term Supports and Services (MLTSS)

## CMS Nursing Facility Staffing Rule

|   | Nurse Aide<br>(2.45 HPRD) | RN 24/7<br>Coverage | RN (0.55 HPRD) | All/Total     |
|---|---------------------------|---------------------|----------------|---------------|
| <i>Facilities that met criteria</i>           | 4,079 (28%)               | 2,970 (20%)         | 7,642 (52%)    | 896 (6%)      |
| <i>Facilities that did NOT meet criteria</i>  | 10,532 (72%)              | 11,729 (80%)        | 7,057 (48%)    | 13,803 (94%)  |
| <i>Estimated Annual Cost (\$ in Millions)</i> | \$ 4,794                  | \$ 610              | \$ 1,455       | \$ 6,860      |
| <i>Estimated FTEs to Meet Criteria</i>        | 80,077                    | 6,897               | 15,180         | 102,154       |
| <i>Potential Census Impacted</i>              | 186,920 (16%)             | 96,528 (8%)         | 147,167 (12%)  | 287,524 (24%) |

The additional cost and FTEs for 24/7 RN coverage does allow some facilities to meet the RN HPRD requirement. The RN HPRD estimated annual cost and additional FTEs to meet the 0.55 HPRD is in excess of the RN 24/7 coverage.

The estimated \$6.8 billion annual cost exceeds the CMS estimated annual cost of \$4 billion dollars primarily due to the fiscal year cost reports utilized in the calculation. CLA utilized the most currently available reports, including some FYE 2022 reports, which represent higher compensation costs than FY 2021.

# CMS Nursing Facility Staffing Rule – Michigan Impact

|                                       | Nurse Aide | RN 24/7   | RN 0.55   | All       |
|---------------------------------------|------------|-----------|-----------|-----------|
| Facilities that met criteria          | 126 (30%)  | 83 (20%)  | 289 (68%) | 34 (8%)   |
| Facilities that did NOT meet criteria | 295 (70%)  | 340 (80%) | 134 (32%) | 389 (92%) |

- Estimated cost to the state of Michigan - \$145 million annually

# Medicaid Rate Reform

## Proposed Framework – Components

| Component | Summary  |
|-----------|--|
| Operating | <p><u>Direct Care Costs</u> - Direct care nursing wages and related payroll tax expenses are cost reimbursed adjusted for Medicaid acuity.</p> <p><u>Price Other Costs</u> - Indirect reimbursable costs are paid based on a median cost calculation.</p> <p><u>Quality Assurance Supplement</u>- Maintain current QAS system with review of the overall program percentage reimbursement for all providers.</p> |
| Capital   | Capital costs are reimbursed using a fair market rental calculation. Property taxes will be paid as a pass through.  |
| Quality   | Maintain current Quality Measure Initiative system.  |

# MI Health Link HIDE SNP

- HIDE SNP = Highly Integrated Duals Eligible Special Needs Plan
- Brings Managed Medicaid Long-Term Services and Supports (MLTSS) to Michigan.

# 2025 State Fiscal Year Budget

1. Direct Care Worker and Non-Clinical Worker Wage Increase – must be sustainable.
2. Funding to assist providers and MDHHS to a new Medicaid reimbursement system for nursing facility residents.
3. Potential boilerplate – updates to the Michigan Medicaid Policy Manual to reflect current occupancy and operational realities.