



November 28, 2022

Joint Legislative Executive Committee on
Planning for Aging and Disability Issues
P.O. Box 40600
Olympia, WA 98504-0600

Dear Committee Members:

These are critical times for state programs that support Washington citizens, and no more so than in the long term care sector, where a three-year public health emergency has profoundly impacted care and service delivery in skilled nursing and assisted living centers. We've also seen how the instability of the sector has affected the entire health care system. A breakdown in the continuum has led to record high hospital capacity because of the inability to discharge into long term care facilities. We must continue to take bold action if we are to rebuild and strengthen our healthcare system.

We reach out today to express our support for the DSHS decision package recommendations for skilled nursing and assisted living centers serving the state's Medicaid clients. We urge your support for the proposal that is intended to provide resources that are critical to hiring and retaining workers, and necessary for providing quality care and relieving hospital capacity burdens.

Our workers are paid some of the lowest wages in healthcare and these increases will help pay a livable wage to our direct care workers who need and deserve it the most. Our workforce is highly diverse and predominantly women and these workers deserve pay equitable to others in the healthcare sector. As a state, we must value these individuals who are entrusted with caring for our state's seniors.

The number of people who need and deserve quality long term care is growing. At the same time, there is an unprecedented long term care workforce crisis that threatens access to critically necessary services to people who need care. The years long public health emergency is driving costs, regulations, and financial insolvency. This crisis is driven by state Medicaid rates that fail to cover the cost of care.

In both skilled nursing and assisted living, the recognized underfunding is over \$100 million in state funding per year in each setting. Our Medicaid reimbursement does not cover the cost of care. The gap between Medicaid funding and cost of care is more pronounced as we face a hypercompetitive labor market and other inflation-driven price increases for all supplies, food, and other operating costs. As a result of these financial pressures, we are experiencing decreases in Medicaid caseload for assisted living and skilled nursing centers where statewide occupancy remains at historic lows. Long

term care services for low-income Washingtonians who rely on the state Medicaid program are at tremendous risk and we are losing needed capacity in our long term care settings

The staffing crisis in long term care was present before COVID-19, and after three years of workers exiting the long term care sector due to burnout or to seek better pay, we are facing severe shortages of nurses and direct care workers in skilled nursing facilities that are impacting access to hospital care. It has long been state policy to ensure that people have access to care and services in the right settings at the right time. However, the shortage of direct care workers is inhibiting providers from admitting both hospital patients no longer in need of acute care and from the community. Washington's community-based system of long term care is at a breaking point and, as a result, so are our hospitals.

We support the DSHS Decision Package for skilled nursing and assisted living Medicaid clients, and believe it is critical to the recovery and operational viability of providers serving post-acute and long stay needs of older adults in our state.

Here are the details on the Department recommendations:

Assisted Living Facilities (ALF)

ALF Base Medicaid Rates (\$95.5 million GF-S)

The current assisted living Medicaid rates shortfall is nearly \$100 million annually. The caseload for assisted living care is declining after decades of rate erosion. Currently, providers are reimbursed below minimum wage levels because the model used for determining rates is discounted to 68 percent of the cost. This proposal drives dollars to the direct care services costs for assisted living and will help improve access to care in this setting.

ALF Specialized Dementia Care (SDC) Rates (\$22.7 million GF-S)

The specialized dementia care contract was designed to ensure that clients with advanced dementia have access to care in the community. The program has excellent outcomes for clients who might otherwise require care in a skilled nursing facility. As with assisted living facility base rates, the current SDC rates fall far short of actual costs. This proposal will establish a rate add-on of \$75/per resident day and will help ensure access to care in a least restrictive, more cost-effective setting.

ALF Enhanced Care Services Rates (\$2.5 million GF-S):

This modest investment is to ensure that providers have resources for this program of enhanced behavioral and residential support provided to long term and residential care providers serving specifically eligible clients who would otherwise be at risk for hospitalization at state hospital geriatric units. The proposal will establish a rate add-on of \$66 per resident day to cover the cost of the enhanced services.

Skilled Nursing Facilities

SNF Base Rates: (\$105.6 million GF-S)

As of July 1, 2022, skilled nursing facility Medicaid rates were updated to 2020 costs using DSHS-audited cost reports. The rates were adjusted by a modest 1.9 percent inflation factor to trend rates forward to represent more current costs. However, we still face an annual Medicaid shortfall of \$117 million in GF-S. At the same time, care costs are growing because of the hypercompetitive labor market. This funding and the associated policy legislation will help to create predictability in funding with an annual rebase, an annual inflation factor to narrow the lag in data and adjust for occupancy caused by uncontrollable factors of COVID-19 and workforce shortages. ,

SNF Median Fix: (\$35.5 million GF-S)

This funding is essential to addressing a technical problem with the budget adopted by the Legislature last year related to the “wage equity” funding intended to support wage increases for low-wage workers in skilled nursing facilities. We believe it is the Legislature’s intent to ensure that funding is provided on an ongoing basis to sustain wage growth.

We also support the recommendation for an \$8.8 million GF-S contribution to the skilled nursing facility safety net assessment account as necessary for compliance with federal standards and to also support the \$4.9 million GF-S recommendation for skilled nursing facility specialty rates for behaviors, vent-trach care, and traumatic brain injury.

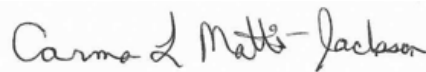
LTC Workforce

While the AL TSA decision package will help stabilize the assisted living and skilled nursing centers that care for Washington’s older adults, we cannot overemphasize the importance of other, additional investments in our long term care workforce. The population demographics are stunning—we simply will not have the necessary caregivers to deliver long term care services and supports. And while Washington pays among the highest wages in the nation, it’s still not enough to compete with other healthcare settings or other sectors. We urge the Governor to take necessary action to fund these programs to protect access to needed care and services and simultaneously relieve the unnecessary staffing and bed capacity burdens on hospitals. We also urge the Governor to lead on directing resources to support funding to expand access to nursing schools and innovative solutions to call Washingtonians to serve elders.

Sincerely,



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Chief Executive Officer
LeadingAge Washington



Carma Matti-Jackson
President/CEO
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