

The Time to Invest in Aging Services Is Now

LeadingAge Kansas - Situation Report
February 2024

The U.S. is rapidly aging...

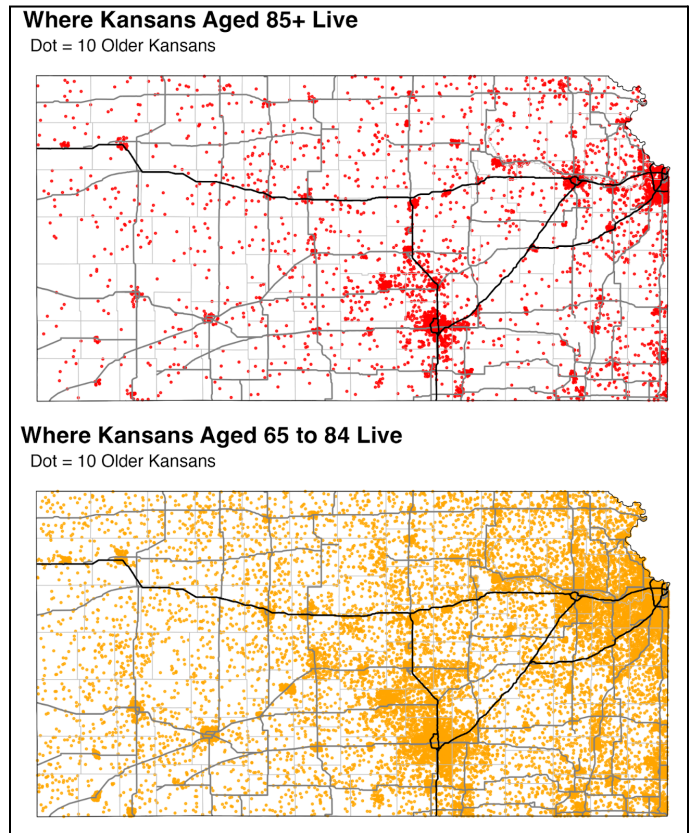
- Within the next eight years, the entire “Baby Boom” generation will be over age 65.
- After 2034 there will be more older adults than children for the first time in U.S. history.

Which means we all need infrastructure and services to address the challenges we will face as the country ages...

- An American turning 65 today has a nearly 70 percent chance of needing long-term services and support.
- While one-third of today's 65-year-olds may never need long-term care support, 20 percent will need it for longer than 5 years.
 - On average women need care longer (3.7 years) than men (2.2 years).

Kansas is no exception to this trend...

- By 2036, the 65+ population in Kansas will grow by 208,000. By 2066, it'll grow by 306,000.
- The 85+ population, the age group most likely to need aging services, is expected to grow 260% by 2064.



IT'S GETTING HARDER TO ACCESS CARE IN KANSAS

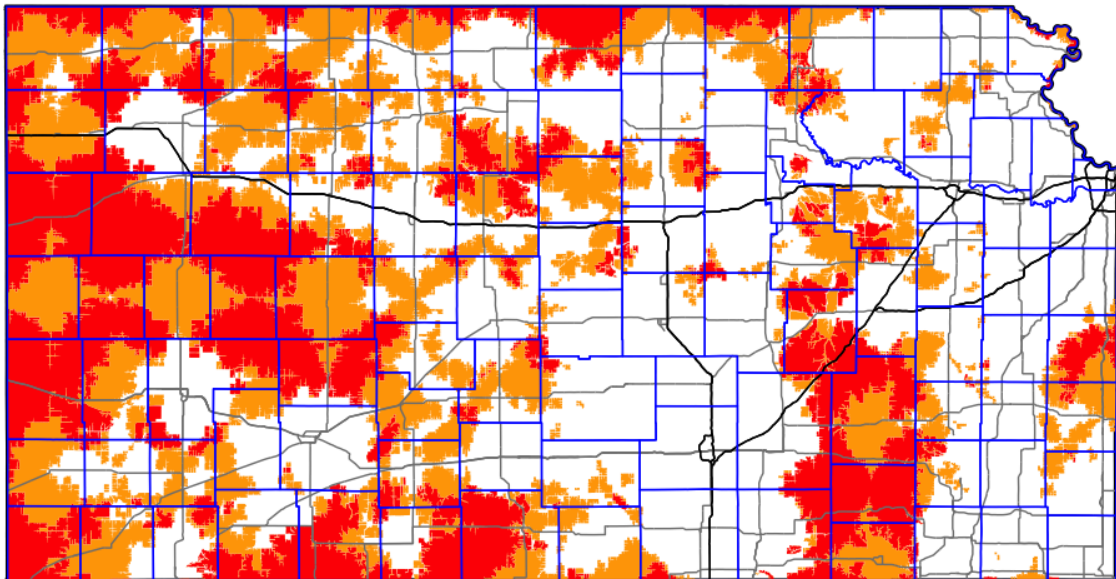
Demand for aging services professionals is growing faster than any other single profession, with an estimated 1.2 million new jobs needed between now and 2030 to keep up with this rapidly rising demand, on top of the 6.9 million direct care jobs that will need to be filled as existing workers leave the field or the labor pool altogether. But right now across the country, and especially in Kansas, we are not keeping up with this demand. That's a serious problem.

- Because of workforce challenges and increased costs, there were around 2,147 fewer beds available in November 2023 than there were at the start of the pandemic.

- Since the start of the pandemic all or part of at least 57 facilities have closed or reduced their offerings. While new options have come online during this time as well, any closure can limit an older Kansan's access to care and be disruptive to their care routine.

Almost 89,000 Kansans are at risk of losing access...

- Overall, nearly 89,000 Kansans live in areas with only one nursing and residential care provider within a 30-minute drive (shown in orange below). If the local provider closes, they'll join the 32,000 Kansans already **living in a care desert** (shown in red below), while on average doubling the drive time needed to reach a provider and limiting people's access to care without risking their access to friends, family, and loved ones.



UNFUNDED FEDERAL MANDATES RISK MAKING THINGS WORSE:

In September 2023 the Biden Administration proposed a new minimum staffing mandate that risks making access and staffing challenges worse across Kansas. This mandate would require facilities to have a Registered Nurse (RN) on site 24/7 and meet a staffing ratio of .55 RN hours per resident per day (HPRD) and 2.45 Nurse Aide (NA) HPRD. While well intentioned, this unfunded mandate risks Kansans access to care by further driving up costs and exacerbating ongoing staffing challenges.

As an example, using publicly available cost and staffing data from 2022, LeadingAge Kansas built an estimate of how this rule would have affected providers if it were in place last year. We found:

- Overall, on the average day:
 - 38% of providers would meet the 0.55 HPRD requirement for RNs.
 - 20.8% of providers would meet the 2.45 HPRD requirement for CNAs.
- Based on 2022 staffing levels, if the rule had been in place, the average nursing facility would need:
 - RNs - Existing staff would have to work 17.3 hours per day, or 8.4 hours more than they already were working. Alternatively, on the average day, a provider would need to have 2 more RNs on staff.
 - CNs - Existing staff would have to work 12.6 hours per day, or 4.7 hours more than they were already working. Alternatively, on the average day, a provider would need to have 4 more CNs on staff.
- Assuming it takes a minimum of 3 RNs working 8-hour shifts to meet 24/7 RN requirement:
 - On the average day in 2022, 42% of nursing facilities could be in compliance with this rule.

Estimated Cost of the Minimum Staffing Mandate:

Based on staffing patterns and cost data from 2022, we estimate that had the minimum staffing mandate been in place last year, the additional costs would've looked something like this:

- RN Hours - \$28.4 million more, or \$8.63 per resident day.
- CN Hours - \$59.3 million more, or \$13.63 per resident day.
- 24/7 RN - Again, assuming a minimum of three RNs working 8-hour shifts, \$27.4 million more, or \$13.46 per resident day.

To be clear, our members are committed to providing the highest quality of care, increasing accessibility, and improving the lives of residents and their families in Kansas. But while we

would love to have more nursing staff available to help our providers achieve that goal, this mandate risks driving more providers to close their doors – undermining its stated goal of improving access to care for all. One simply cannot mandate staff into existence.

FACTORS THREATENING PATIENT ACCESS:

While aging services providers have struggled with staffing and reimbursement issues for years, the COVID-19 pandemic fundamentally reshaped the aging services landscape in ways that risk access to care in the Sunflower State.

Across the aging services field in Kansas, workforces have shrunk, and costs have skyrocketed while reimbursement rates have stayed largely the same. At best, it leaves providers in the position of having to do more with less. At worst, it means older Kansans can't get the care and support they need to get through their day.

Since the start of the pandemic...

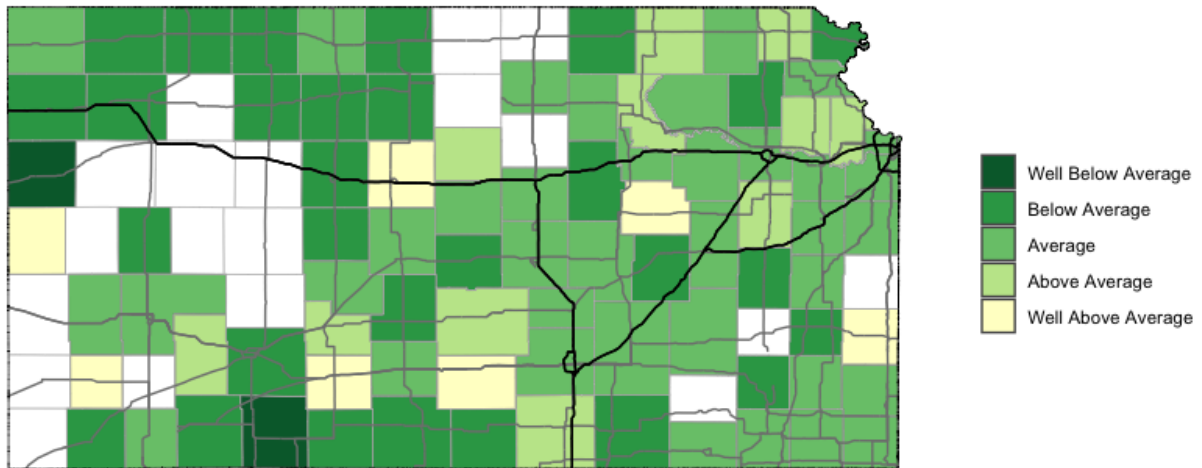
Workforces Have Shrunk:

- *All Aging Services = -8.4%*
- *Assisted Living = -21%*
- *Nursing & Residential Care = -7.9%*
- *Home Care = -2.8%*

Labor Costs Are Up:

- *Nursing & Residential Care = +27.3%*
- *Assisted Living = +25.1%*
- *Home Care = +16.6%*

Change in Contract Nurse Staffing Costs 2020 to 2022

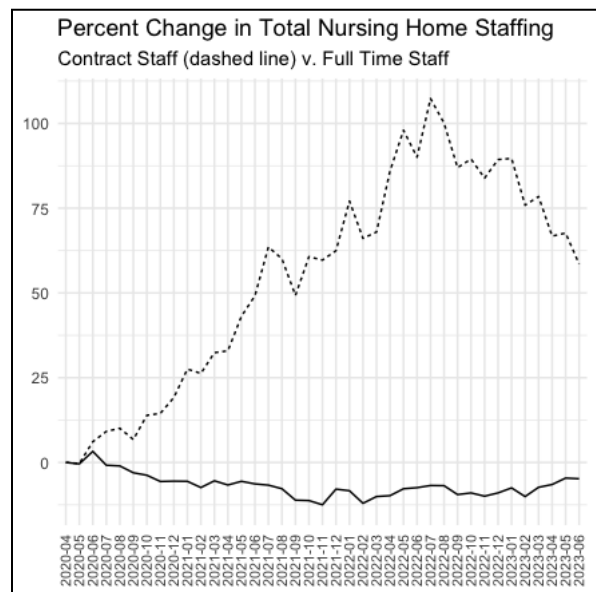


Staffing agency/contract staff costs have more than tripled...

- Overall, full-time staffing and hours in nursing and residential care is down about 4.8% and 15% respectively since the start of the pandemic. At the same time, contract staffing and hours have grown around 58.5% and 27%, respectively.
- Increased reliance on contract staffing may help explain why the overall cost of nurse staffing per resident day in nursing and residential care is up 29.6% since the start of the pandemic, as the annual cost of contract labor has grown almost 308% since before the pandemic.

HOW POLICYMAKERS CAN HELP:

Higher Medicaid Reimbursement Rates – Last legislative session, policymakers approved a Medicaid reimbursement rebase and add-on which was helpful in stabilizing nursing home providers and maintaining access to care for seniors across Kansas. There are several lingering issues driving up costs



for providers such as staffing agencies, the federally proposed minimum staffing rule, and a required reimbursement methodology change from RUGS to PDPM. It is imperative we continue to fully fund our nursing homes to prevent further closures and increase access to care for seniors and their families across the state.

Reign in the Price Gouging and Restrictive Labor Practices of Temporary Staffing Agencies – We need accountability for healthcare staffing agencies who continue to charge Medicaid providers at least double the going wage for essential healthcare workers during a horrendous workforce shortage and frequently restrict workers freedom to join a provider full-time. Without new oversight and reforms, the out-of-control costs and restrictive practices of temporary staffing agencies will continue to drain taxpayer dollars and the assets of elderly people in Kansas, while delivering inferior care compared to full-time mission-driven staff and further destabilizing a healthcare system in crisis.

Focus on Workforce Development and Workforce-Friendly Policies – Long-term care providers need the legislature’s help to invest in more workforce-friendly initiatives, such as the expansion of health care training programs, tuition assistance, child care assistance and investment in rural communities and infrastructure, while also removing unnecessary regulatory barriers that hinder the expansion of health care services, child care services and worker certification and licensure programs.

ABOUT AGING SERVICES IN KANSAS:

From residential facilities with on-site nursing care, to assisted living, to home care and adult day services, the aging services field includes a diverse range of job types, skill sets, and dedicated professional caregivers. Across Kansas, as many as 60,000 people have found their calling helping others live a longer and more fulfilling life. This includes:

Nursing & Residential Care:

Provides comprehensive nursing, medical, social and rehabilitative care. Licensed staff administer medications and coordinate treatment regimens. Residents are under the care of a physician, and all nursing homes have a physician on call to respond to acute needs, write prescriptions, and order treatments and tests. Residents receive assistance with personal care such as bathing, meals, dressing and toileting.

- In December 2023, 291 sites across 97 counties in Kansas provided essential long-term care and support to as many as 19,000 people.
- This supports around 33,000 jobs in Kansas, including around 24,000 jobs directly in nursing homes.

- Total 2022 wages were \$598.5 million, supporting nearly \$313 million in overall retail sales, providing \$20 million in state sales tax revenues.

Home Care:

Professional care that allows older adults to age in place by providing specialized services in their home. Services include personal care, chores, meal assistance, and health care. Home health includes part-time nursing services, therapies, medical supplies, and personal care.

- There are around 294 providers across the state.
- These providers support around 10,500 jobs statewide.
- Total wages in 2022 were \$340.8 million, supporting around \$119.2 million in retail activity statewide, or about \$7.7 million in state sales tax revenue.

Assisted Living:

Provides help with the things people need to do every day, such as bathing or getting dressed, taking medicine, cooking, shopping, housekeeping, laundry and getting around. This assistance is available to the resident while still offering independence to remain active and maintain control over their daily life, providing an option for people who may require some assistance but do not need nursing care.

- There are around 124 providers.
- Supports just under 4,660 jobs statewide.
- \$126.2 million in total wages, supporting around \$44.2 million in additional retail sales, or about \$3.7 million in state sales tax revenue.

SOURCES:

- [Bureau of Labor Statistics, Quarterly Census of Employment and Wages](#)
- The Center for Medicare and Medicaid Services
 - [Provider Data Catalog - Home Health Care](#)
 - [Payroll Based Journal - Employee Detail Data](#)
 - [COVID-19 Nursing Home Data](#)
- Kansas Hospital Association, [The Importance of the Healthcare Sector to the Kansas Economy](#), March 2023.
- U.S. Census Bureau
 - 2020 Redistricting File (for population estimates), accessed via [The Redistricting Data Hub](#).
- Kansas Medicaid Cost Report Data Summary (2018-2023) (on file with LeadingAge Kansas)