



CMS Staffing Mandate Talking Points

Older Iowans and their families deserve quality nursing home care they can count on: Let's get it right!

The administration isn't getting it right yet. The President's goal—equitable access to quality care for older Americans and families when and where they need it—is spot on. LeadingAge Iowa and our not-for-profit, mission-driven aging services providers share this goal for access to quality care. Unfortunately, the administration's nursing home staffing mandate isn't going to get us there and actually jeopardizes access to care. Iowa's nursing homes have seen more than a 7% decrease in employment since the start of the pandemic. Simply put, Iowa's aging services providers are struggling now with a workforce crisis which has jeopardized access to care for older Iowans, backed up the healthcare system, and resulted in nursing home closures. A stricter staffing mandate does not solve or even recognize this problem, it only exacerbates it.

When it comes to the nursing home staffing mandate, the administration failed to consider two major issues: the ongoing workforce crisis and the rule's astronomical implementation costs. Overall, CMS's punitive regulatory approach to achieve quality care is arcane and broken; this rule compounds that and is simply not viable.

- **The cost of implementing the staffing mandate will damage nursing homes.** The cost of delivering quality care already far exceeds Medicaid reimbursement, and this unfunded mandate will further jeopardize not-for-profit and mission-driven nursing homes' ability to continue to serve older adults and families—forcing them to consider limiting admissions or even closing.

Nursing homes can't cover the multi-billion-dollar price tag of CMS's regulation. The CMS-commissioned Abt study, which provides the foundational analysis for the rule, acknowledges that "additional staffing costs, estimated in the billions, could be a parallel barrier to implementation." CMS's annual cost estimate nationally is \$53 million in year 1, but the LeadingAge estimate based on actual, more recent salary data factoring wage growth between 2021 and 2023 is closer to \$7.4 billion. For Iowa, LeadingAge estimates that the cost of this mandate is nearly \$90 million for the first year. Iowa nursing homes cannot absorb nearly \$90 million in additional costs, assuming they could even find the additional staff required.

- **The rule's paltry funding for 'a national campaign to support staffing' barely scratches the surface of what's needed to recruit, train and pay the additional professionals that would be required to meet the mandate.** While CMS has also announced \$75 million to support the long-term care workforce pipeline nationally, no other funding has been identified to assist long-term care providers in meeting these requirements. Nursing homes rely on Medicaid for much of their revenue and cannot simply raise prices to cover rising expenses like a convenience store or restaurant.

- **Funding goes hand in hand with quality care**, yet our country's highly fragmented, patchwork approach to financing the caregiving services and other supports older Americans and families need to age well, is not up to the job. The Biden Administration's rule is disappointingly silent on this issue. Care costs money, but Medicaid reimbursement, which provides the lion's share of nursing homes' funding, doesn't fully cover the cost of quality care. Regulations and enforcement, even with the best intentions, just can't change that math. In Iowa, Medicaid rates for aging services have not kept pace with the rapid increase of labor costs and inflation. Even with the additional funds allocated for the FY2024 Nursing Facility Medicaid rebase, reimbursement levels are still approximately 8% to 11% below the cost of care.
- **The mandate would require thousands more workers—and there are simply not enough people to hire.** No fewer than 90,000 new highly skilled, frontline caregivers would be needed to meet the mandate across the country with an estimated 1,330 additional FTEs needed in Iowa. In an economy where Iowa currently has 65,006 job openings but only 50,200 people unemployed, mandating staffing levels that simply cannot be met does not solve any problems. The math doesn't work!
- **The mandate's emphasis on registered nurses is unrealistic.** Nurses are in short supply throughout the health care sector today, and Iowa is losing ground. Registered Nurses have been the most in-demand job in Iowa for months with 3,782 job openings as of May 1, 2024. According to the Iowa Board of Nursing, the number of Registered Nurses in Iowa went DOWN by 5.5% (3,413) in FY2023 as compared to FY 2022. In 2022, 1,786 Registered Nurses passed the Licensure Examination meaning that Iowa only replaced roughly 1/3 of the Registered Nurses lost last year. The outlook is not improving with 41% of Iowa's Registered Nurses are over the age of 50 and more than 20% eligible to retire right now. The addition of a staffing mandate that will require approximately 335 Full-Time Registered Nurses in Iowa's Nursing Homes ignores the demographic realities and is unworkable.

Nursing homes aren't the only part of the healthcare system that will be affected if the administration continues to miss the mark and the rule is implemented. The Biden administration has said it's committed to ensuring access to home and community-based care, but their actions are working against that goal, as homecare and hospice providers – already navigating workforce challenges – will be short even more workers if they move to nursing homes to fulfill the staffing mandate. Further, nursing homes are in competition with hospitals, the top employer of Registered Nurses in the state, for attracting new hires. In Iowa, Registered Nurses, Nursing Assistants, and Licensed Practical Nurses currently are 3 of the top 5 most in demand jobs in the state with 5,309 openings. Shuffling the relatively small number of available care workers between settings won't solve the problem; however, it will create havoc within the healthcare continuum.

There's a real human impact if they don't get this right—and it's not just people in nursing homes who will suffer. Since the beginning of 2022, at least 30 nursing homes in all parts of Iowa have announced they will close primarily due to staffing shortages and related financial challenges. Getting this wrong will undercut access to care across the aging services spectrum. Nursing homes will be forced to close their doors or limit admissions to comply with the staffing mandate; hospitals will continue to be backed up with patients who can't be discharged to nursing homes. Home health providers are already rejecting referrals due to

financial pressures and workforce shortages. There won't be anywhere for older adults and families to access care, and rural communities will feel the deepest impact.

Dedicate resources to meaningful solutions to the workforce crisis. Instead of impractical and ineffective new rules, the administration and Congress should invest in serious solutions to tackle the aging services workforce crisis in America such as:

- prioritizing immigration reform to help build the pipeline of workers;
- increasing funding and work with states to increase Medicaid reimbursement rates to cover the cost of care and increase wages; and
- replicating existing successful training programs and expand opportunities for interested applicants to pursue careers such as RNs, LPNs and CNAs.

We all share the goal of equitable access to the highest quality care for older adults—and building a more robust workforce would go far toward helping the country achieve that goal. There is no issue more pressing for nursing homes than the workforce crisis – and that's having a direct impact on older adults and families that need care. The bottom line is without staff, there is no care, and the caregiver crisis is happening in real time particularly in rural states like Iowa. Policymakers must deliver immediate support to expand and enhance the workforce. Every month they wait to confront the growing difficulties in access to care will mean hardships for more older adults and more American families.