

FEBRUARY 16, 2023

Losing Ground Amid Closures:

*The Time to Invest in
Aging Services Is Now*

Situation Report
LeadingAge Iowa



EXECUTIVE SUMMARY

The rapid aging of Iowa's population is creating new challenges for aging services. The fastest growing age groups in Iowa are over age 65, and the 85+ population—the age group most likely to need aging services such as nursing homes—is forecast to grow 90% by 2040. With just over half of people over 65 requiring some kind of aging services in their lifetime, this population growth signals the need for a rapid growth in aging services.

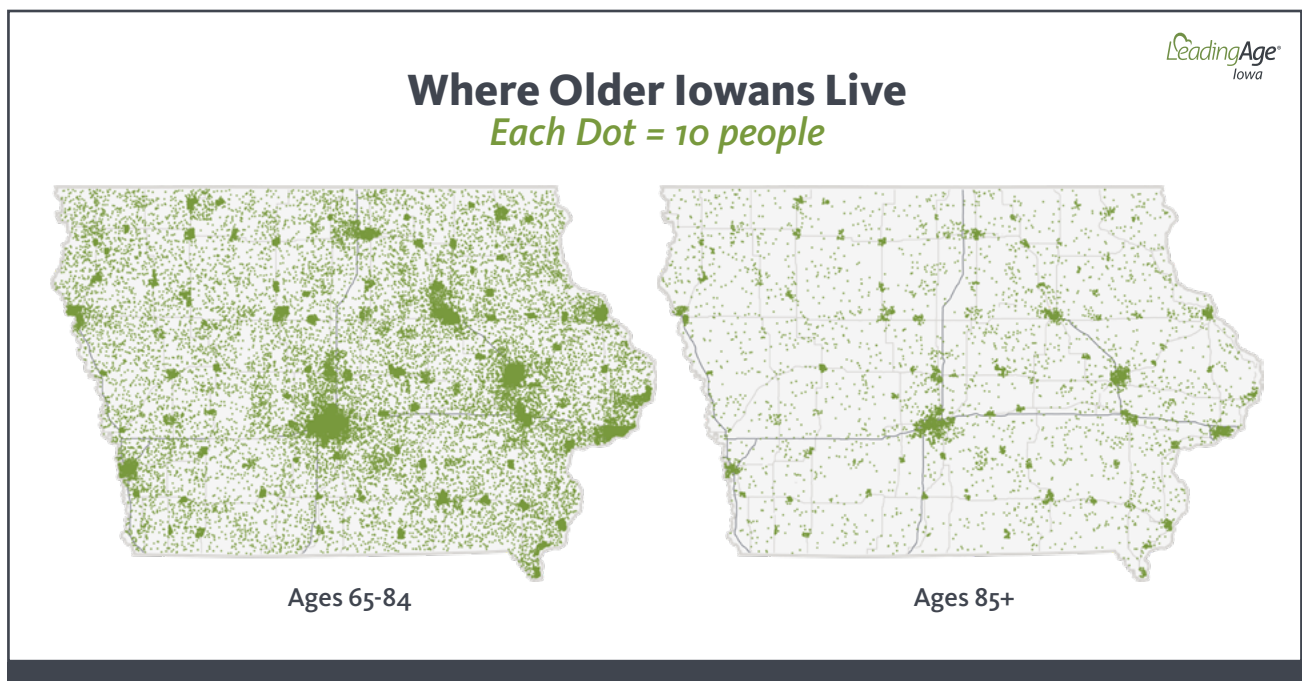
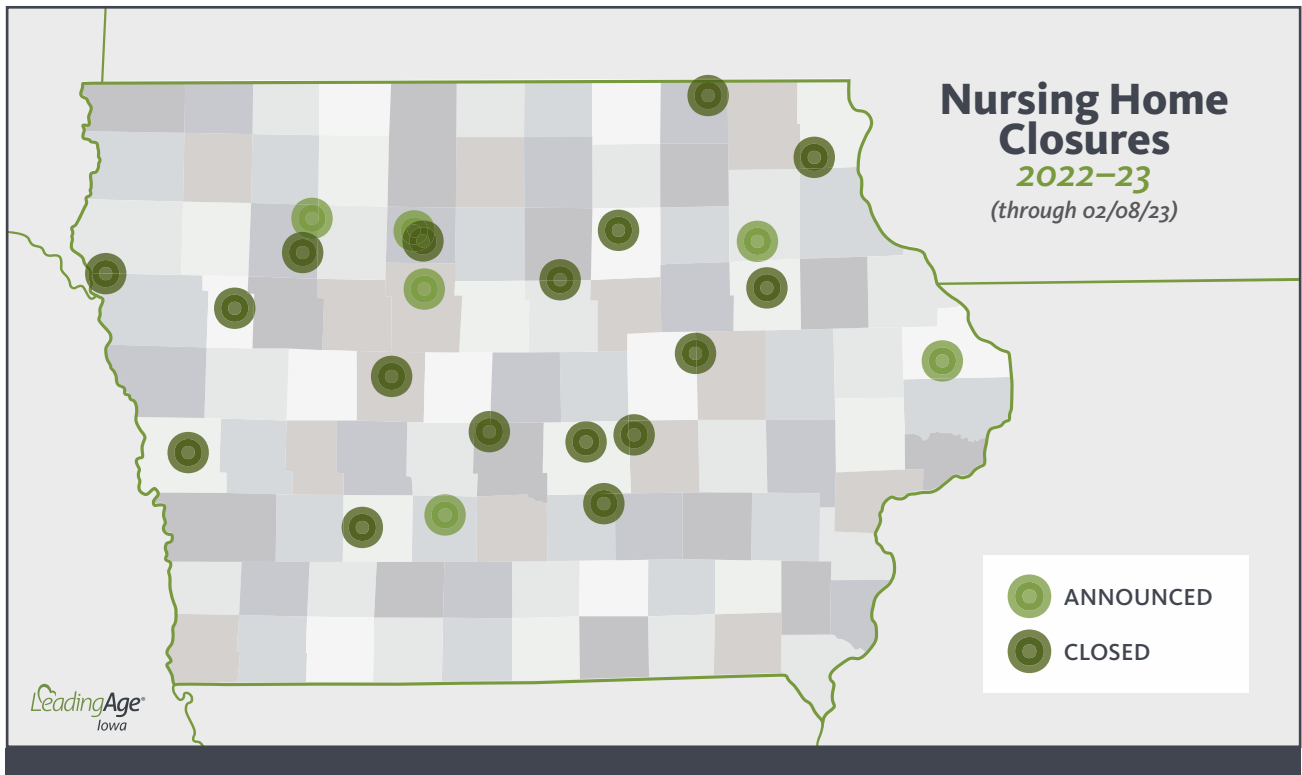
The COVID-19 pandemic has added another layer of challenges for aging services providers that threaten their ability to meet this growing demand. **Workforces have shrunk by more than 11% and costs have gone up by around 15%. At the same time, revenues from patient care have grown by less than half that amount**, due largely to inadequate reimbursement rates. **Across Iowa, providers are struggling to do more with less.**

And while overall employment in Iowa has recovered from the pandemic, there remains

a critical staffing shortage in aging services, especially nurses. This has led to 83% of aging services providers in Iowa relying on more expensive temporary agency staff to fill the gap – so that **the average provider is paying 85% more per resident day for agency nurse staffing than they were before the pandemic.**

These trends are unsustainable. At a time when Iowa's aging services should be growing to meet the emerging needs of our state's aging population, we're losing ground. Since the beginning of 2022, **at least 23 nursing homes in all parts of the state have announced they will close – including six since the beginning of this year.**

LeadingAge Iowa will continue to advocate on behalf of our members across the state for higher Medicaid rates, to reign in price gouging from staffing agencies, and for policies that strengthen and support our workforce.





The US is rapidly aging...

- Within the next eight years, the entire “Baby Boom” generation will be over the age of 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 all 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).

Iowa is no exception to this trend...

- Around 553,000 older Iowans today make up 17.5% of the state’s population.
- By 2050, the 65+ population in Iowa is expected to grow to 709,000, or 20.3% of the state’s total population.
- By 2040, **the 85+ population in Iowa is expected to grow by over 90%**. This is the age group that is most likely to need aging services, particularly nursing homes.
- All of the fastest growing age groups in Iowa between now and 2040 are over age 65.
- Older Iowans will make up more than 20% of the population in 74 of Iowa’s 99 counties by 2030.
- Over 159,000 older Iowans have at least one disability, including 94,000 with ambulatory difficulties, and 58,000 with difficulties living independently.



RISING COSTS AND WORKFORCE CHALLENGES ARE SQUEEZING PROVIDERS

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 Hawkeye State. While many sectors in Iowa have recovered jobs they lost during the pandemic, Iowa's aging services sector is still suffering major labor shortages.

Across Iowa's aging services sector, **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 Iowans can't get the care and support they need to get through their day.

Since the start of the pandemic...

WORKFORCES HAVE SHRUNK:

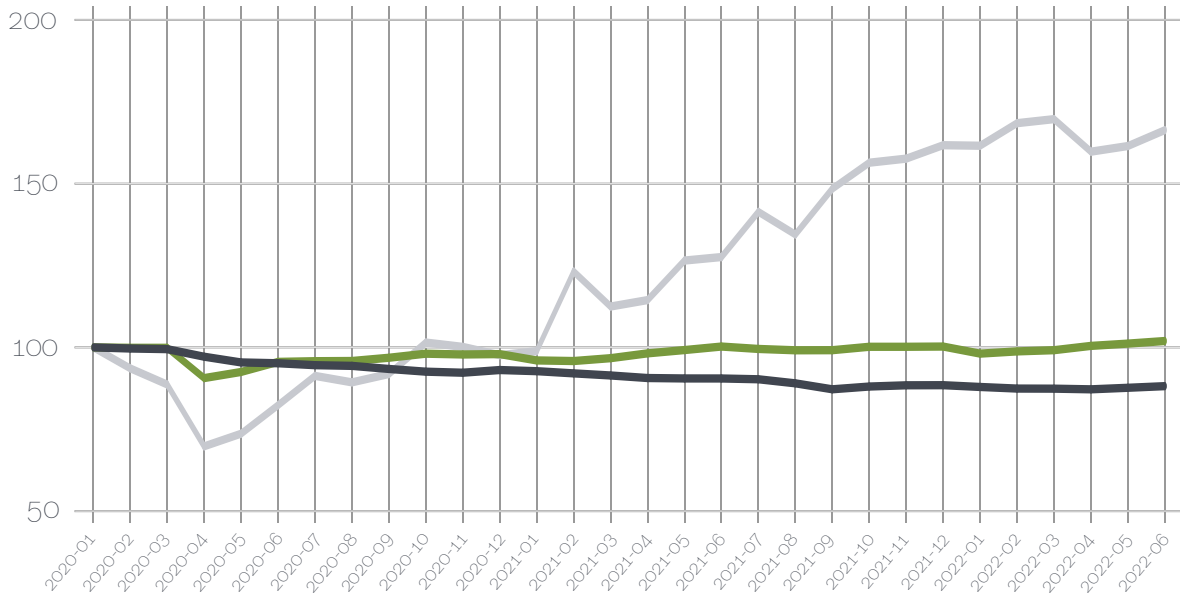
Aging Services, Overall	-11.33%
Residential Care	-11.83%
Home Care	-11.71%
Assisted Living	-3.73%
National, Overall	+1.58%
Iowa, Overall	+1.98%

LABOR COSTS ARE UP:

Assisted Living	+24.3%
Residential Care	+8.1%
Home Care	+0.2%

PERCENT CHANGE IN TOTAL NURSING HOME STAFF

Iowa Employment Iowa Nursing Home Employment National Nursing Home Job Openings





Workforce Challenges - Like Nothing We've Seen Before

In a straw poll of LeadingAge Iowa members conducted in the Fall 2022, the vast majority report “extreme” or “severe” difficulty recruiting for new positions, with some providers reporting as many as 20-25 positions open. One member commented that “this is like nothing we’ve ever seen before.”

While staffing shortages persist for direct care and non-direct care staff, it is shortages in nurses that present a particularly critical challenge across the aging services continuum.

ALARMING NUMBERS OF IOWA AGING SERVICES PROVIDERS EXPERIENCING NURSE RECRUITMENT & RETENTION ISSUES

Nursing and Residential Care	83%
Home Health	71%
Assisted Living	46%

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In my entire career, I’ve never seen what we’re experiencing right now. Care Workers are exhausted, totally drained.

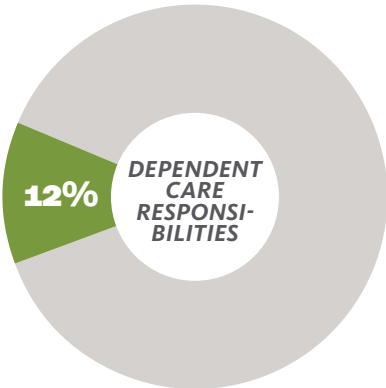
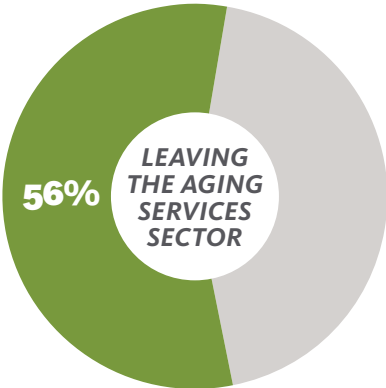
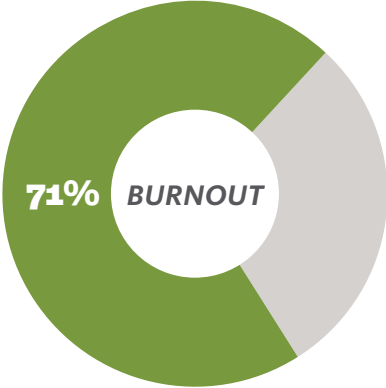
We have people that need advanced Alzheimer’s care that we don’t have room for. We have people that need short term care that we don’t have room for. We get calls from people who need long term care and we just have to say that we’re sorry, but we can’t help them right now.”

JULIE THORSON
FORT DODGE

ALARMING NUMBERS OF IOWA AGING SERVICES PROVIDERS EXPERIENCING NON-NURSE STAFF RECRUITMENT & RETENTION ISSUES

Nursing and Residential Care	89%
Home Health	64%
Assisted Living	60%

When we asked our members about why staff were leaving, **their responses were eye-opening:**



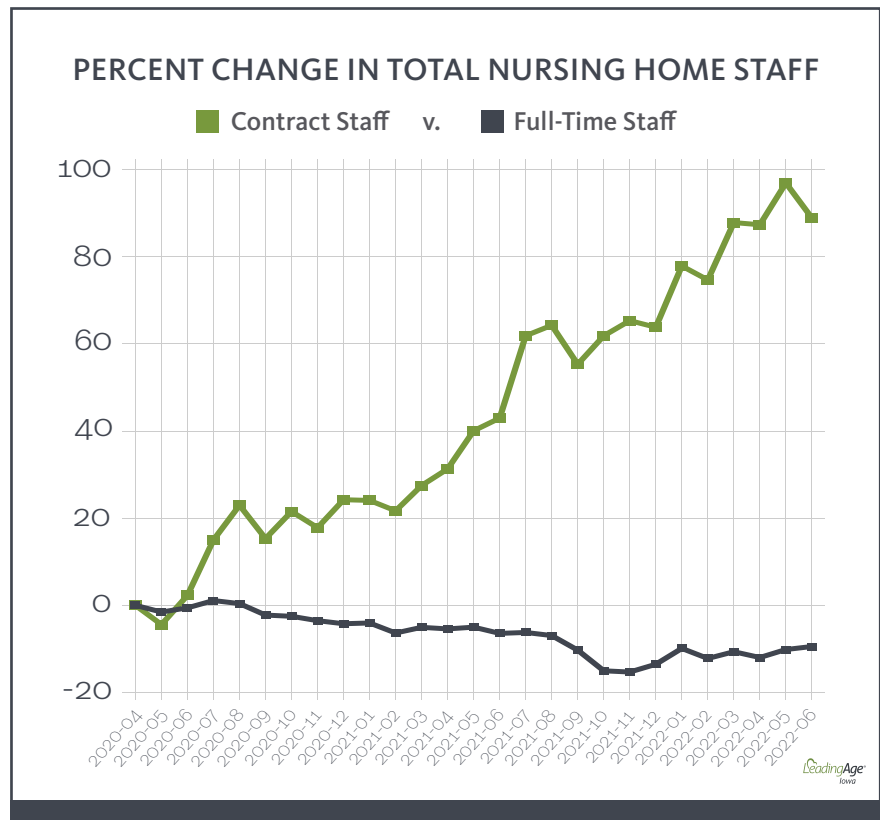


Staffing Agencies are Driving Up Costs

Our straw poll found that **83% of aging services providers in Iowa are currently using temporary agency staff** to make up for current staffing shortages, with 72% turning to agencies for nursing staff and 58% using them to fill other direct care positions.

Looking at Nursing and Residential Care facilities in particular, publicly available staffing and costs data submitted to the U.S. Centers for Medicare and Medicaid Services (CMS) paint a dramatic picture of the impact of the increased reliance on agency staffing. Specifically, our analysis of cost data submitted to CMS suggests that **the average residential facility in Iowa is paying 85.3% more per resident day for contract nurse staffing than they were paying in 2019.** This is perhaps no small wonder given that our analysis of CMS’ “Payroll Based Journal” found agency staffing and hours increased by 89.92% and 59.47% respectively between April 2020 and June 2022, while full-time staffing and hours fell 9.45% and 16.45%.

If our straw poll is any indicator, this explosion in staffing costs is on track to continue, as 54% of our members tell us that overall staffing costs have increased by 15% or more in the past year, while nearly half say their agency staffing costs have increased by 20% or more in the same time period.



These Rising Costs are Unbearable, Unsustainable

Between rising labor costs and inflation, the financial picture for many providers looks increasingly unsustainable. For example:

- Operating expenses per resident day for the average nursing home in Iowa grew by 15% between 2019 and 2021. Revenues from patient care grew by less than half that amount (6.7%) in the same period.
- This revenue/cost gap means that the average Iowa nursing home lost \$50.19 per patient day on resident care in 2021, over twice as much as the \$14.46 they were losing per patient day in 2019.
- A major cause of this revenue/cost gap is that just over **half of all nursing home residents in Iowa rely on Medicaid to reimburse aging services providers for the costs of their care.** These reimbursement rates, which are set by the State of Iowa, have not kept pace with rising costs, leaving many providers struggling to stay afloat.

Alarmingly, numerous independent analyses suggest that **funding made available because of the COVID-19 Public Health Emergency (PHE) was essential to most Iowa nursing homes balancing the books in 2020 and 2021.** If, as was announced earlier this year, the PHE ends on May 11th, 2023 **this funding will dry up almost overnight, while many of the costs associated with COVID-19 will likely continue to grow.**

“

If Medicaid reimbursements don't increase, more facilities will close down and people who need care will either have to stay home and decline or be injured at a higher rate.”

CHRIS SCHENKELBERG
SIOUX CITY

IT'S GETTING HARDER TO ACCESS CARE IN IOWA

Nationally, 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.

As of February 2, 2023 there are over 5,800 open direct care positions across the State of Iowa, with aging services roles making up three of the top five most in-demand professions. With the State Workforce Commission forecasting that Iowa will have nearly 10,000 aging services jobs to fill every year between now and 2030, it is clear we cannot afford to fall behind.

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So we are experiencing catastrophic staffing crisis in our sector. We are closing units down because we want to provide exceptional care and cannot provide that level of care with the numbers we have. And so we opt to close down units or pause units, pause admissions, because there's nothing else that we can do.”

KIM BERGEN-JACKSON
IOWA CITY

- Because of workforce challenges and increased costs, almost 5% of all nursing home beds in Iowa at the start of the pandemic, 1,238 in all, have gone offline as of November 2022.
- In the 2022 calendar year alone, 17 providers closed or told the State of Iowa they intended to close. So far this year, another six providers have announced they are closing, displacing more than 260 older Iowans.
- Any closure can limit an older Iowans access to care and be disruptive to their care routine.
- In a recent LeadingAge Iowa straw poll, members, nearly half of nursing home providers reported limiting new admissions.

Bottom line – Right now in Iowa, the size of the aging services work force cannot keep up with growing demand, and that's a serious threat to quality care for older Iowans.

ABOUT AGING SERVICES IN IOWA:

From nursing and residential care providers with on-site nursing care, to assisted living, to home care, PACE and adult day services, the aging services field includes a diverse range of job types, skill sets, and dedicated professional caregivers. Across Iowa, as many as 33,000 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.

- There are 414 sites across Iowa providing essential long-term care and support to as many as 24,000 people.
- Supports around 60,000 jobs in Iowa, including around 31,000 jobs directly in nursing homes.
- Total 2021 wages were \$884 million, supporting over \$309 million in overall retail sales, providing \$18.5 million in state sales tax revenues, as well as an additional \$26.5 million in state income tax.

AT A GLANCE

THE ECONOMIC IMPACT OF AGING SERVICES IN IOWA

33,000 jobs

supporting nearly 64,000 jobs overall

\$1.24 billion

in wages in 2021, supporting \$703 million in retail activity

\$102.4 million

in state income tax and sales tax revenue supported

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 about 136 providers across the state.
- These providers support around 11,700 jobs statewide.
- Total wages in 2021 were \$297.8 million, supporting around \$78.8 million in retail activity statewide, or about \$4.7 million in state sales tax revenue, in addition to \$6.8 million in state income tax revenues.

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 about 422 providers.
- Supports more than 4,000 jobs statewide.
- \$58 million in total wages, supporting around \$20.3 million in additional retail sales, or about \$1.2 million in state sales tax revenue, in addition to an estimated \$1.7 million in state income tax revenues.

According to a recent national study:

Over 72% of older adults will not be able to afford assisted living by 2033, and they likely won't qualify for Medicaid to pay their long-term care needs either, according to an analysis conducted by The University of Chicago.

HOW POLICYMAKERS CAN HELP



HIGHER MEDICAID REIMBURSEMENT RATES

Medicaid rates for nursing homes have not kept pace with the rapid increase of labor costs and inflation. Average reimbursement rates now fall \$50 per patient day short of the cost of providing care. HCBS rates have been improved in 2022 but disparity continues between rates and cost. Medicaid rates must increase to address the cost of delivering care and boost aging services providers' ability to hire and retain vital caregivers. Funding across the continuum is necessary to support and ensure older Iowans have access to care based on their needs and preferences regardless of setting.



REIGN IN THE PRICE GOUGING AND RESTRICTIVE LABOR PRACTICES OF TEMPORARY STAFFING AGENCIES

With action in 2022, the legislature prohibited the restrictive labor practices of temporary staffing agencies. However, now that the state has data about the impact of price gouging, we need accountability for healthcare staffing agencies who continue to charge Medicaid providers rates far in excess of the going wage for essential healthcare workers. Without further reforms, the out-of-control costs will continue to drain taxpayer dollars and the assets of older Iowans.



FOCUS ON WORKFORCE DEVELOPMENT AND WORKFORCE-FRIENDLY POLICIES

Aging services providers need the legislature's help to increase access to bring more nurses and caregiving professionals into the field through expansion of healthcare training programs, tuition assistance and loan repayment, and the establishment of wrap-around supports like affordable housing, transportation, childcare and family services.

STUDY LONG-TERM SERVICES AND SUPPORTS (LTSS) FINANCING OPTIONS

Iowa's aging population continues to grow, and most will need long-term services and support during their lifetime. Since the Medicaid program is the largest payer of those services today, the state of Iowa needs to begin planning now through a LTSS Financing Taskforce of key stakeholders to study the issue and propose solutions on how to finance LTSS services over the coming decades.

SOURCES:

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Payroll Based Journal - Employee Detail Data
HCRIS Costs Report Data

The Iowa Data Center, Older Iowans 2022

Iowa Department of Inspections & Appeals – Public Entity Report

Iowa Hospital Association, Economic Impact and Community Benefit of Iowa Hospitals

Iowa Workforce Development:
Current Job Openings
Occupational Projections

U.S. Census Bureau
2020 Five Year ACS Population Estimates, accessed via tidycensus



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