CMS Skilled Nursing Facility Proposed Payment Rule
Talking Points
June 2022

The CMS Skilled Nursing Facility Proposed Payment Rule is poised to further erode access to the nursing home care that millions of older Americans and families rely on everyday. The rule would cut provider reimbursements by $320 million by implementing the previously delayed "parity adjustment" and also incorporates a request-for-information on staffing mandates, one of various initiatives announced in the Biden Administration's nursing home reform agenda.

- "Today, frail older adults have limited options for care and support; most providers have already reduced services because of uncompensated care. The unfunded mandate to increase the cost of additional staffing will result in providers turning away more people in need. We have seen families in crisis looking for a place for a loved one with limited to no options." —Laura Roy, Executive Director, Passavant Community, Lutheran Senior Life, Zelienople, PA
- "Any further cuts bring us to a question of whether skilled nursing care will truly be sustainable in many communities. South Dakota has had four nursing homes announce this year that they are closing, and it's highly likely there will be more doing the same. In a rural state with great distances between communities and aging sector resources, that has a huge, sometimes devastating impact on individuals in need of services and their families." —Deb Paauw, Executive Director of Quality and Data Integration, Avera, Sioux Falls, SD
- "Nothing has gone down [in price]: personal protective equipment, food, other supplies…. Wages are way up. [The Biden Administration] needs to understand that the hourly wage of staff is through the roof… It is killing us. It's all about being able to care for our community. Without being able to hire staff, we can't do that." —Joel Smith, Health Services Administrator, BayView Life Plan Community Seattle, WA
- "Staffing requirements will be too high to meet since CMS expects higher staffing levels [during a severe workforce shortage] and with much lower reimbursement, which creates an unfunded mandate." —Brian Robbins, Vice President & COO, Buckner Retirement Services, Dallas, TX

Crisis is unfolding now, and every month that our leaders wait to confront the growing difficulties in access to care will mean hardships for more older adults and more American families. Nursing homes across the country have been forced to limit admissions of new short- and long-term residents—or to close entirely—because there are not enough direct caregiving professionals to provide quality care. In Minnesota, for example, 11% of nursing homes – approximately 40 providers – face closure due to rising costs and ongoing workforce needs.

The cost of doing business is rising as inflation drives up prices for all kinds of goods and services—like food, medical supplies, and other basics. Nursing homes can't cut resident meals or infection control supplies from their budgets. These rising expenses, coupled with a tight labor market, force providers to make hard decisions.

as inflation drives up prices for essential goods and services. Medical supplies, food and labor cannot be cut from budgets. That, coupled with a tight labor market and limited reimbursement, force providers to make hard decisions. This is not the time to cut payments.

The proposed cuts add to chronic financial neglect. Decades of underfunding have left America's nursing home system in desperate need of an overhaul. NASEM's April 6 report describes our country's system of financing, oversight and support for nursing homes as 'ineffective, inefficient, fragmented, and unsustainable.' (The National Imperative to Improve Nursing Home Quality: Honoring Our Commitment to Residents, Families and Staff)

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. And Medicaid, the dominant payer of long-term care services, doesn't fully cover nursing homes' cost of quality care. Regulations and enforcement, even with the best intentions, just can't change that math.

Without sufficient support, mandates on staffing are meaningless. As the Biden Administration, including the Department of Health & Human Services (HHS) and CMS, considers how to achieve the goals of ensuring consistent quality care, they must back their actions with sufficient funding to make changes a reality. Without meaningful funding support, initiatives related to workforce and staffing, will be ineffective.

Support for the aging services system reflects our country's values: How our nation supports the system and professional caregivers who care for older adults is a reflection of our values. We look forward to working with lawmakers to secure sufficient investments to make a livable wage for direct care workers a reality and to fully support the long-term care workforce. Nursing homes—and all aging services providers—must be able to serve older adults, regardless of race, geographic location or income level, with quality care needed to live with dignity and respect.

Additional Key Points & information:

Current landscape:

- America's population is aging. The share of the population of adults age 65+ is expected to grow from 16% to 21.6% by 2040.
- Demand for services will grow, not shrink: 70% of people over the age of 65 will require some sort of paid care.
- America's older adults and families rely on quality nursing homes as a critical part of our healthcare system—and delivering that quality care is the primary focus of nonprofit and mission-driven nursing homes across the country.

The Centers for Medicare & Medicaid Services (CMS) Proposed Payment rule was issued on April 11, following both the Biden Administration's early March announcement of plans to

overhaul the country's nursing home system and the April 6 release of the National Academies of Sciences, Engineering, and Medicine (NASEM) committee report on the challenges facing nursing homes in the United States.

LeadingAge shares the Administration's goal of access to consistent, quality care. We represent nonprofit and mission-driven nursing homes, who prioritize serving older adults in their communities above the bottom line every day (and have been doing that throughout the horrifying past two-plus years of COVID).

Staffing is critical to quality care. Without staff, there is no care. Studies like the Demographic Drought remind us that the labor force participation rate—across all sectors—is stuck. There are over 10 million job openings now in the service economy—but the US workforce is not looking for service jobs. The reality is that we are looking for workers that, at the present time, don't exist.

Staffing must be priority No. 1. Efforts to transform nursing homes must begin by addressing a staffing crisis that is leaving a growing number of older Americans and their families without much-needed care. Efforts should include boosting compensation and training for workers, allowing foreign nursing staff to help long-term care communities, expanding the pipeline of applicants with training and apprenticeship programs, and addressing price gouging by temporary staffing agencies.

Policy fixes to expand access. Nonprofit and mission-driven aging services providers have developed a bold, all-of-government approach to get us out of this crisis—and ensure consistent access to quality care that older adults and their families deserve. Here's what we recommend as a starting point:

- **Compensate frontline staff fairly.** This can be accomplished by Congress acting to provide increased federal "FMAP" funding for nursing home care and requirements that states adequately reimburse for the cost of care.
- **Expand the pipeline of applicants** seeking meaningful careers in aging services, with training and apprenticeship programs modeled on initiatives that already exist in the Departments of Education and Labor. We need to offer career ladders to help people stay in the field and continue doing the work they love.
- **Make immediate changes in immigration policy** to allow foreign nursing staff hired by long-term care communities to get to the United States as quickly as possible.
- **Address price gouging by temporary staffing agencies**. The federal and state governments need to work to prohibit agencies' ability to charge exorbitant rates to nursing homes whose revenues are principally drawn from Medicaid and Medicare.

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