



Recruit, Retain, Reform: Addressing the Long-Term Care Workforce Crisis

Budget Request for Wisconsin's Family Care Long-Term Care Providers

Family Care is a long-term care program which helps frail elders and adults with disabilities. As of September 1, 2016 there were a total of 44,032¹ Family Care enrollees, and as statewide expansion occurs over the next two years the number of enrollees is expected to approach 50,000.

Wisconsin faces a crisis in the shortage of available frontline caregivers. This serious shortage directly impacts Wisconsin's long-term care providers including: community based residential facilities (CBRF), residential care apartment complexes (RCAC), adult family homes (AFH) and skilled nursing facilities (SNF) and their ability to maintain quality care. Some of the factors causing this serious shortage are:

- A recent report found that 1 in 7 caregiver staff positions in Wisconsin are vacant².
- According to findings of an April 2015 survey of our memberships, 95.3% of the respondents reported receiving either Family Care rate freezes (84%) and/or cuts (11.3%) over the past five years.
- On average, nearly 80% of a long-term care provider's operating budget is focused on workforce expenses. Providers have limited options to absorb reimbursement reductions and/or the lack of reimbursement increases.
- The same report found that 1 in 4 respondents had at least 10 employees on BadgerCare Plus, the state's Medicaid health insurance program for low-income persons. Further, the national Professional Healthcare Institute (PHI) projects that approximately 49% of Wisconsin direct-care worker households rely on means-tested public assistance (2012-2014)³.

The Solution

REQUEST: To address these alarming facts, Wisconsin's long-term care provider community is asking the Legislature to invest **\$40.4 million GPR in the 2017-19 biennial budget** to increase the ***direct care and services*** portion of the "capitation rate" payment arrangement for Family Care managed care organizations (MCOs) in order to allocate dollars directly to providers. This portion of the MCO's monthly capitation rate would be increased by approximately \$65 per enrollee and would require MCOs to increase reimbursement payments for each provider type (e.g., CBRFs, RCACs, AFHs, SNFs) by, on average, 2.5% in each year of the 2017-19 biennium. This investment should not be funded by reallocating dollars that would otherwise be available to other Medicaid LTC providers.

While the expansion of Family Care has led to an average *reduction* in individual costs, assisted living providers report experiencing reimbursement *decreases* during initial expansion and stagnant reimbursement thereafter. According to the Department of Health Services, the Family Care program reduces the approximate Medicaid expenditure from \$3,900 per member, per month, to serve an individual under the Legacy waivers – to \$3,340 under Family Care – a reduction of \$550 per member, per month⁴.

¹ <https://www.dhs.wisconsin.gov/familycare/reports/enrollmentdata.pdf>

² [The Long-Term Care Workforce Crisis: A 2016 Report](#)

³ Paraprofessional Healthcare Institute (PHI): [Wisconsin: Direct-Care Worker Households Relying on Means-Tested Public Assistance 2012-2014](#)

⁴ <https://www.dhs.wisconsin.gov/news/releases/072816.htm>

This reduction in overall Medicaid costs allows the state to end waiting lists and serve a larger number of enrollees, however, our associations contend a significant portion of the reductions has occurred at the expense of the largest and most important cost-center: workforce. The impact to staff wages and benefits only exacerbates an existing crisis in recruiting and retaining quality caregivers. ***Let's not balance the Family Care budget/expansion on the backs of our caregivers.***

Wisconsin is in a workforce shortage crisis.

The Long-Term Care Workforce Crisis: A 2016 Report,⁵ the largest survey of Wisconsin's assisted living and nursing facility providers in the state's history, included the following key findings:

Approximately **87,000** Wisconsin residents live in 4,284 long-term care facilities⁶. Residents living in these facilities rely on an estimated 73,700 caregivers. The number of Wisconsin residents living in long-term care facilities has **grown 18%** since 2003.

- Wisconsin is experiencing high levels of caregiver vacancy rates in long-term care facilities: average caregiver **vacancy rates are 14.5%**, with **1 in 4** providers experiencing vacancy rates of **20% and higher**. There are an estimated **11,500 vacant caregiver positions** in Wisconsin assisted living and nursing facilities.
- Wisconsin's providers are facing major problems finding applicants and qualified caregivers: more than **30%** of providers felt they were unable to compete with other employers; nearly **50%** had no applicants for vacant caregiver positions; **70%** said there were no qualified applicants for caregiver openings; **18%** have been forced to deny admissions due to the lack of caregivers.
- There is a significant wage disparity between people working as trained personal caregivers and unskilled entry-level workers taking jobs at gas stations, big-box stores, and fast food restaurants: providers reported a median hourly starting wage for personal caregivers of **\$10.75** compared to **\$12.00** for local, non-health care employers seeking unskilled, entry-level workers.
- There has been an exodus of caregivers to jobs outside of healthcare: providers report widespread use of overtime, double shifts and other strategies to deal with scheduling gaps; **4 of 5 personal caregivers** who took jobs outside of health care left for better pay, better benefits and/or better hours.

Summary: The State's four long-term care associations respectfully ask the Legislature to invest \$40.4 million GPR in the 2017-19 biennial budget to fund increases for the direct care and services component of the Family Care capitation rates – doing so will target critically needed increases to address the long-term care workforce crisis.

AUDIT REQUEST: Our Coalition further requests the Joint Legislative Audit Committee to conduct an audit of the Family Care program. Components of the audit review should include: disclosure of the MCO's rate-setting methodology; whether the MCOs are adhering to the managed care medical loss ratio; report on the projected increases assumed by the Family Care program's actuaries in projecting enrollee acuity and provider rates, and to assess whether the cost of care is being accurately reflected in provider rates.

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⁵ [The Long-Term Care Workforce Crisis: A 2016 Report](#)

⁶ Wisconsin Department of Health Services, Division of Quality Assurance, State of Assisted Living – CY 2015, March, 2016