

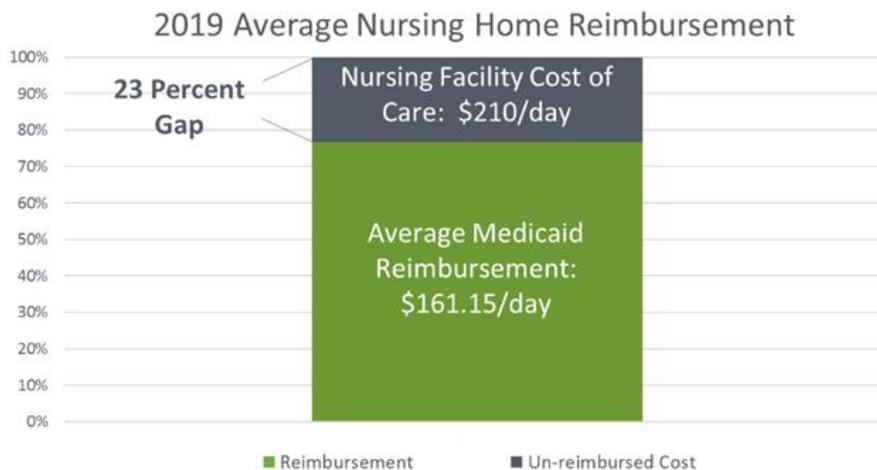


2019 Legislative Agenda

Nursing Facility Rebase

Nursing facilities are struggling. While the older adult population grows, workers are in high demand creating higher costs and, in some cases, limiting the services that can be offered due to the lack of staff. Additionally, increased regulatory requirements pull more staff from direct-care to compliance activities creating more pressure for new staff. Medicaid reimbursement has not been keeping pace with the rising cost of care for nursing facilities, which is problematic when Medicaid pays for nearly one of every two nursing facility residents in Iowa.

Estimates project that Iowa will need to appropriate nearly \$54.9 million in state dollars to fully fund the FY2020 nursing facility rebase to cover the cost of care for nursing home residents. To put this in perspective, if the rebase is not funded, nursing home rates for FY2020 will be \$49 per day less than the average cost of care. A 23 percent gap between the cost of care and reimbursement for 50 percent of nursing facility residents is not sustainable if we want to continue to have quality of care for Iowa's older adults.



Medicaid underfunding is at a critical point. The state is the largest payor of nursing facility care in Iowa. The low reimbursements are keeping nursing facilities from hiring more staff, expanding or updating facilities, or preparing for the wave of Iowa's baby boomers.

When Medicaid cannot meet the cost of care, costs are shifted to private pay residents to make up the difference through higher rates. The higher the financial burden on private pay residents, the faster they spend down their assets. The vicious cycle will only put Iowa's on Medicaid faster.

It is imperative that the Iowa Legislature address reimbursement rates for nursing facilities. LAI supports fully-funding the nursing facility rebase to protect the care of Iowa's older adults.

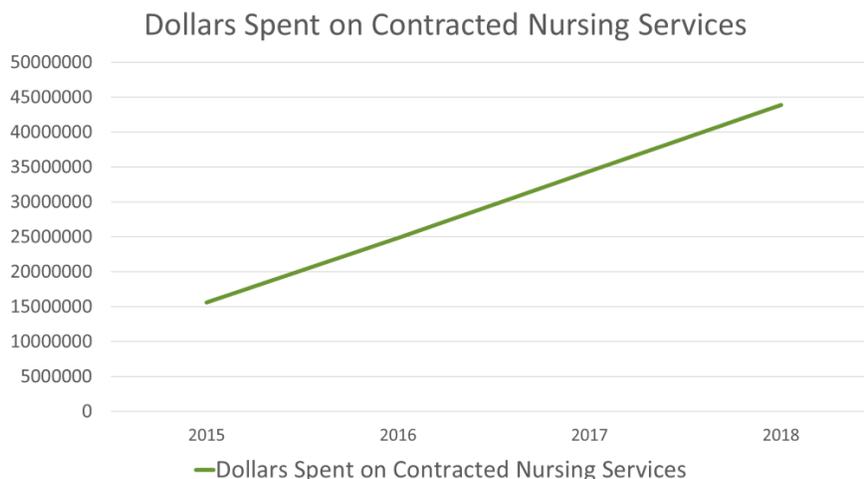


Temporary Staffing Agency for Nursing Services

Workforce is quickly becoming the top issue for many aging services providers. All aging services providers, rural and urban, struggle to recruit and retain quality workers to care for Iowa's older adults.

To cope with the shortages, many aging services providers have no other choice but to turn to temporary staffing agencies to fill the gap. The staffing agency will send workers when a provider lacks enough staff to care for the needs of the residents but charge a premium for the service. The growing need for staffing agency labor is becoming a problem that is costing aging services millions of dollars.

From 2015 to 2018, spending on contracted nursing services for nursing facilities has tripled:



Staffing agencies charge nursing facilities up to two, three, even four times the amount of the average cost of a staff member. However, the temporary worker is not the one reaping the rewards. Staffing agencies poach nursing facility staff with promises of higher wages and flexible schedules. While true in some contexts, the positions often lack health insurance and other benefits. It is the staffing agency pocketing all the extra money from the outrageous fees.

Additionally, staffing agencies restrict their workers' rights by creating restrictive contract buy-outs, are not required to keep their staff up-to-date on yearly training requirements, and nursing facilities, not staffing agencies, are punished for any issues with temporary staff.

LAI asks the Iowa Legislature to alleviate the workforce shortages in aging services and contain rising costs by taking action to curb the bad practices of temporary staffing agencies, by:

- **Forbidding contract buy-outs and protecting the workers' rights**
- **Placing reasonable caps on what staffing agencies can charge nursing facilities**
- **Holding staffing agencies to similar standard of highly-regulated nursing facilities.**