Pennsylvania’s Care Crisis at the Bedside

- Pennsylvania had one of the worst nursing home death rates in the country.¹
- Nursing home staffing was a key indicator in health outcomes during the pandemic.²
- In the face of overwhelming challenges—dwindling staff, poverty wages, and a pandemic that took the lives of thousands of their residents, coworkers, and family—the turnover rate for nursing home workers has gone well beyond the 2018 recorded levels of 128%.³
- It is impossible to recruit and retain a skilled workforce to care for Pennsylvania’s older adults with average starting wages for CNAs falling below $15/hr.

Pennsylvania’s Aging Population and Growing Demand for Care

- By 2035, Pennsylvania’s older adult population will have increased by almost 1 million - one in four Pennsylvanians will be 65 or older.⁴
- The rapidly growing senior population will mean a dramatic increase in the number of people needing long-term care.
- The state has been successful in enrolling more older adults in home and community based care. However, experts agree that there will still be tens of thousands of older adults in need of long-term nursing home and rehabilitative care.

<table>
<thead>
<tr>
<th>Age group</th>
<th>Population (in thousands)</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 19</td>
<td>3,041 3,018</td>
<td>-0.8%</td>
</tr>
<tr>
<td>20 to 64</td>
<td>7,581 7,401</td>
<td>-2.4%</td>
</tr>
<tr>
<td>65 to 74</td>
<td>1,197 1,589</td>
<td>+32.8%</td>
</tr>
<tr>
<td>75 to 84</td>
<td>649 903</td>
<td>+39.1%</td>
</tr>
<tr>
<td>85+</td>
<td>334 365</td>
<td>+9.5%</td>
</tr>
</tbody>
</table>

Sources: U.S. Census Bureau; Pa. State Data Center; Pa.

Envisioning Success

In the midst of the worst healthcare crisis, union caregivers lifted our voices and won $247 million to the bedside through the state budget and collective bargaining. Our victories have shown that in a broken nursing home industry there’s now a real possibility for permanent reform. Now we need to seize that opportunity.

⁴ US Census estimate.
Achieving Quality in Nursing Homes

Reforming State Nursing Home Regulations Through the Department of Health

➢ For the first time in three decades, the Department of Health is moving to update nursing home regulations, to be released in a series of packages through November of 2021.
➢ In July, the Department of Health announced its proposal to require 4.1 hours of care per resident per day. The AARP of Pennsylvania, the Center for Medicare and Medicaid Services, and dozens of scholars and advocates agree that a minimum of 4.1 hours of nursing care per resident per day is necessary to provide residents with a safe environment and quality care.
➢ Subsequent regulation packages will address improving transparency and accountability for operators through change of ownership regulations.

Reforming our Funding Streams for Nursing Homes Through the Legislature

➢ The nursing home industry is funded by taxpayer dollars: nearly 80% of care is paid for by public dollars.\(^5\) They must be accountable to taxpayers for the quality of care they deliver.
➢ Yet nearly 25% of Pennsylvania Nursing Homes spend less than 60% of revenues on care.\(^6\)
➢ Spending on care is lowest among for-profit nursing homes. 53% of PA’s nursing homes are for-profit.
➢ **We are asking legislators to pass legislation or include in the fiscal code for 2022-23 a requirement that 75% of nursing home revenues be spent on resident care.**
➢ We are asking the legislature to appropriate $350 million in additional investments to the bedside to offer living wages to CNAs and caregiving staff. This money will be matched by federal Medicaid dollars.
➢ Pennsylvania needs to be investing in quality, not just another bailout for nursing homes. We need to pass a care ratio to drive these Medicaid resources to the bedside to make sure residents get the care that they medically require and deserve.

---

Transforming Pennsylvania Nursing Homes through Funding Reform

Pennsylvania’s Medicaid program spends over $3 billion a year on nursing home care for its residents, and from 2020-2021 it provided another $700 million in Covid-19-related bailouts to the industry. This money is intended to provide care for our state’s most vulnerable residents, but in too many cases, it is siphoned away from the bedside and flows instead to inflated rents, profits and administrative overhead. Given the sums involved, taxpayers have a right to ensure that this money is being spent on patient care.

That’s why SEIU Healthcare Pennsylvania is advocating that our state follow the lead of New Jersey, New York and Massachusetts and implement a Direct Care Spending Ratio requiring that nursing facilities spend at least 75% of their revenue at the bedside—not on administrative bureaucracy, rent, or corporate profits.

The Problem: Money Funneled Away from the Bedside

The nursing home industry is unique in that, while the vast majority of its funding comes from the government through Medicare and Medicaid, most nursing homes are for-profit enterprises. This creates the potential for misuse of public funds to benefit private investors rather than resident care. This problem has become increasingly acute in recent years with the entry of profit-driven private equity firms into nursing homes, leading to low staffing, poor quality and thousands of resident deaths.

Irresponsible nursing home owners can remove money from resident care through several mechanisms:

- Profits appropriated by owners at the expense of patient care.
- High administrative costs due to related-party transactions.
- Inflated rents charged by Wall Street-backed real estate investment trusts.
- High debt burdens and interest payments due to repeated leveraged buyouts.

Responsible nursing home owners are entitled to a fair profit, but taxpayers shouldn’t be funding profits for landlords, lenders and private-equity kingpins at the expense of patient care.

The Solution: Direct Care Spending Ratios Ensure that Public Money Goes to Patient Care

In the wake of the pandemic, states across the country are demanding more accountability from nursing home operators, and several states have enacted a simple yet transformative reform: requiring that nursing homes spend a certain percentage of their total revenue on patient care.

- **Massachusetts:** Now requires that nursing homes spend 75% of revenue on care.
- **New York:** Requires that nursing homes spend 70% of revenue on patient care, with a further requirement that 40% of revenue be spent on patient-facing direct care staff.
- **New Jersey:** Requires that nursing homes spend 90% of revenue on patient care.

We believe that Pennsylvania should join these states and require **75% of nursing home revenues to be spent on patient care.** This threshold--which many well-run facilities already meet--would ensure that facilities have ample resources to care for residents while still leaving room for owners to cover overhead and make a fair profit. By limiting cost-cutting, it would help facilities achieve higher quality while discouraging predatory private equity ownership of our state’s nursing homes.