



Redstone Presbyterian
SeniorCare

**House Commerce Committee
Committee Hearing**

Workforce Shortages in Pennsylvania

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Good Morning Chairmen Roae and Galloway and members of House Commerce Committee.

Thank you for having me today to discuss our experience relating to workforce shortages. I am John Dickson, President and CEO of Redstone Presbyterian SeniorCare. We are a non-profit 501(c)(3) offering care and services to hundreds of senior citizens in our communities. Our Organization was borne with a mission of caring for the aged in Westmoreland County on a single campus in the late 1970's. Since that time, we have grown to three campuses covering more than 200 acres and capacity to house and serve seniors in more than 300 independent living units, 130 personal care units and 77 skilled nursing beds. Our communities offer residents cafes, social spaces, libraries and fitness centers, among others. We cover the breadth of senior services, also including in our portfolio home care, home health, and hospice services.

Prior to the pandemic we thought we were facing staffing challenges. The statistics about the country and our commonwealth's increasing number of seniors compared to working age individuals meant our services would continue to be in high demand. From 2020 to 2030, the percentage of our population over age 60 is anticipated to increase by 13%.¹ This is while our total population growth stagnates at less than one percentage point over a seven year period². The trends show that the number of caregivers we have in our commonwealth is becoming a smaller and smaller proportion of our population, meaning more and more seniors are going to need services, with less people available to provide them.

The pandemic has pushed workers from our field more quickly than we have seen in the past. The increased stresses of caring for aging individuals during a crisis that disproportionately causes severe illness and death to older adults has taken its toll on all of our staff, and sent many long-term employees into retirement. These vacancies have been near impossible to fill, as we now compete with entry level fast-food and supply-chain and warehouse positions offering thousands in sign on bonuses and \$20- \$30 hourly wages.

As competition and demand for the ever-shrinking workforce increases, so too do starting wages. The Bureau of Labor Statistics³ estimates an increase in jobs for healthcare services to grow much faster than the average 4%. The estimates are training and position specific but range from 8% growth for nurse aides, to 9% growth for licensed practical nurses to 34% growth for home health aides. Without a significant effort by our commonwealth and education system to drive individuals towards the long-term care as a career choice, the availability of services for aging seniors will be molded by the ability of providers to hire, compensate, compete, and retain trained and quality staff.

We employ 393 team members across our company, contributing to \$12,720,002 in salaries and benefits bolstering and supporting the local economy in the greater Pittsburgh area. In addition to those staff, we currently have nearly 100 open positions varying in training requirements from entry level through registered nurse.

Some of these positions have remained vacant for more than six months or more in spite of:

¹ Accessed August 26, 2021. Calculation from <https://acl.gov/sites/default/files/programs/2016-11/Pennsylvania%20Epi%20Profile%20Final.pdf>, table titled "Projected Pennsylvania Population"

² Accessed August 26, 2021. <https://pasdc.hbg.psu.edu/Data/Research-Briefs/PA-Population-Estimates>

³ Accessed August 26, 2021: <https://www.bls.gov/ooh/healthcare/home.htm>

- Our coordination with a workforce service specializing in senior care with a six figure price tag,
- Supplementing our internal recruitment tools and activities to support onboarding at a cost of over \$30,000
- Increased expenses for pre-employment services nearing \$25,000

This has caused us to reduce our capacity in our skilled nursing facility from 77 to 65 and turn away possible new admissions. This practice is unsustainable. We cannot support our commonwealth's increasing aging population without staff.

We hear the pressures reduced to simply, "Pay staff more, you'll bring more applicants through the door." We have done this. We have implemented sign on bonuses and staff retention incentives (I'll touch on this in a moment), but hospital systems with larger operating budgets are able to offer more in the way of bonuses and more robust incentives. Half of our nursing home residents have their stays paid for by the Medical Assistance Program- the government payor that is underfunding care by an average of \$80 per resident per day, totaling more than \$631 million in underfunding across the commonwealth in 2017 according to a study conducted by accounting firm RKL. For Redstone, our shortfall comes in over \$90 dollars per patient per day.

There has been no rate increase for nursing facility rates in the last seven years. Because of this stagnant funding, we can't afford to pay more, can afford to accept additional residents in our nursing home because we refuse to compromise on the quality of our care. We don't have the staff to care for more people, we can't hire additional people that don't exist in our area, and we can't attract additional individuals by further enhancing wages without a Medical Assistance rate increase.

We have never chosen to supplement our staff compliment with additional help from a staffing agency. We know our residents receive better care from individuals we have hired, trained, and cultivated within our organization. For that reason, we have established a staffing agency within our corporate structure to support our 3 campuses and our community based health services. Demand for support from our staffing agency has increased by 23 percent, and caused upward pressure on wages and therefore costs. The rates for certified nursing assistants in our area range from \$14 to \$19 per hour (some agencies are advertising \$17 - \$52/hour). We have heard from other local providers that have been forced to seek assistance from staffing agencies that are charging \$60 per hour or more for nursing assistants.

Prior to the pandemic, the average nursing salary was \$35.63 and increased to \$42.24 one year later. This is an 18 percent increase in salary in a single year. This has become an unbudgeted expense we are absorbing to remain competitive in the labor market and demonstrate appreciation of our existing staff. In addition to raising pay, our leadership team has implemented innovative appreciation strategies to recognize existing and loyal staff including:

- Nurse Appreciation Incentive Program (2 programs: (1) up to \$1,200 (2) up to \$1,950)
- Critical Shift payments
- Relocation fee payments (to work at your non-home base campus)
- Weekend incentive

While we remain grateful for our tenured staff, we have implemented strategies around recruitment to better align with current job seekers' priorities such as:

- Onboarding PTO (front loading PTO on first day of employment)
- Dayforce Wallet with On demand pay
- Childcare reimbursements
- Tuition Assistance Program
- Tuition discount benefits through our dental provider and local universities
- Student Loan Paydown program for the nursing graduates at Pitt in GBG
- Self-scheduling nursing program
- Rapid Response program
- Bring Your Overtime Rate program
- Increased the Nursing Recruitment Incentive up to \$2,000 for referrals in the first year

While we struggle to implement innovative ways to attract staff to hire, the regulating administrative body that oversees our nursing home, Department of Health, decided to propose regulatory reform that would increase staffing minimums in nursing homes across Pennsylvania from 2.7 nursing hours per patient day to 4.1. Annually, our nursing home budgets for a staffing ratio of 3.8 though our most recent compliance survey rendered a 3.8. Even if we were able to find additional staff to comply with the proposed 4.1, funding associated with paying wages and benefits for those staff would fall back on our shoulders. There is a meager and simple calculation that the Department of Human Services proposes as possible costs to this proposed change in regulation, but this cost fails to include ongoing employer expenses for training, recruitment programs, and employee benefits. The proposed regulation is simply unrealistic and doesn't provide the regulated community with a compliance period for reaching a realistically unattainable threshold of 4.1 nursing hours per patient day when the workforce does not exist.

We hope there might be a light at the ending of the tunnel of our staffing challenges once the enhanced unemployment benefits end on Friday, but we can't predict if these individuals will re-enter the workforce. This additional \$300 per week was equivalent to \$7.50 an hour for the 40 hour workweek, on top of standard unemployment calculations. We hope when this ends, we will see more individuals complete job applications and actually keep their appointments for interviews. We also hope that qualified individuals that are offered positions show up for onboarding and ultimately remain in their position with our organization.

Additionally, I urge that the our elected leaders recognize and commit to increasing Medical Assistance reimbursement to nursing facilities so that the actual costs to provide quality care can not only be fully reimbursed but also allow us to further increase wages for our workers. If we, collectively as Pennsylvanians want access to quality long-term care providers, there needs to be a meaningful investment in Medical Assistance rates. Failure to make any inflationary adjustments for the last seven years has left providers at least 21% under-reimbursed. In our case, this disregard for inflationary pressures would result in nearly \$2.7 million in uncompensated expenses over the seven year period where no adjustment has been realized. This is based on simple inflation not to mention the costs of the pandemic that continues to wear on.

I would like to thank you for the opportunity to offer comments on our workforce challenges and hearing about our challenges recruiting, hiring, and retaining qualified or trainable staff. I am happy to answer any questions