PENNSYLVANIA’S LONG TERM CARE SYSTEM:
Building Careers,
Enhancing Quality Resident Care
Pennsylvania’s senior population is large and growing rapidly and the Commonwealth’s legislators, older Pennsylvanians, and care givers have a tremendous interest in the quality of long term care and its workforce. Long term care facilities directly employ over 192,000 workers and indirectly support over 282,000 jobs – making this sector the eighth largest industry in Pennsylvania.¹

Unfortunately, problems with low staffing and quality are a challenge for the industry. In addition, nursing home employees are forced to live in or near poverty because of low wages and inadequate benefits. The industry is profitable in Pennsylvania and many facilities are not spending all they could to provide good quality care. The industry can and must take action now to build the stable, professional workforce that is critical to ensuring high quality care to our growing senior population.

Nursing Home Profitability in Pennsylvania

Nursing home profitability in Pennsylvania largely mirrors the national picture. Medicaid pays for 62% of Pennsylvania nursing home residents’ care, Medicare pays 12% and private pay and “other” pays for 26%.² In 2011, the industry generated over $500 million in profits.

Full Use of Medicaid Funds

Analysis of the resident care component of Pennsylvania quarterly Medicaid rates and the per diem resident care expenses reveals that nearly 30% of Pennsylvania facilities analyzed did not spend at least 95% of their resident care Medicaid component amount on resident care costs in FY 2011. The analysis did not simply look at Medicaid spending, but total resident care spending at the facility (Medicaid/Medicare/Other combined).

Nursing Home Staffing and Quality

Numerous studies point to the relationship between nursing home staffing and quality care.³ In particular, CNA hours per resident day are strongly associated with better scores on certain quality measures and lower hospitalization of residents.⁴ Nationally, 93.9% of nursing homes reported deficiencies in 2010. In Pennsylvania, the rate is higher – 95.7%.⁵

The high rate of staff turnover is a chronic problem in nursing homes.⁶ Turnover for CNAs is especially high. A recent study found turnover rates among CNAs to be as high as 43%⁷ while other studies have found turnover rates to be more than 100% in many facilities.⁸ Unfortunately, it is difficult to decipher the amount of staff turnover in Pennsylvania nursing facilities since the Department of Health does not require this information to be collected.

Caregivers Struggle to Make Ends Meet

Nursing home workers are largely the working poor. Most are not deemed “poor” by the official federal poverty measure, yet they lack enough income to meet the current costs of food, housing, transportation, healthcare, and other essentials. Many nursing home workers are forced to work two jobs, work overtime, or make sacrifices to raise their families.⁹

In 2012, The Service Employees International Union conducted a phone survey of nursing home workers across Pennsylvania to have a better understanding of how their wages and benefits affect their ability to support a family. Some of the results include:

• Over the past year, 68% of employees have had to cut back on family expenses.
• Of these, 26% report cutting back on food expenses. This is the #1 item they have cut.
• 12% of employees work more than one job.
• 11% of employees receive public assistance.
• Of these, 56% are using food stamps.

Recommendations

Given the negative impacts on nursing home residents and caregivers of inadequate staffing, high staff turnover, and low wages while the nursing home industry continues to generate considerable profits, legislators should take immediate steps to improve standards of care for residents, working conditions for nursing home workers, and transparency and accountability of long term care nursing facilities:

- Spending – Ensure that nursing facilities spend at least 95% of their MA resident care rate on resident care costs beginning in FY 13-14. If a facility spends less, the difference should be recouped by the state for the facility’s MA resident days.
- Accountability – Require nursing homes to track turnover rates for RNs, LPNs, and CNAs and report this information to the Department of Health (DOH) on a quarterly basis. DOH should post this information on its nursing home facilities’ web site.
- Staffing – Require a minimum of 2.15 CNA hours of care per day – the 2011 median CNA hours of care per resident day. This change would ensure that minimum required 2.7 hours of care per resident day are focused on hands-on, actual nursing care for nursing home residents.
Long Term Care Matters to Pennsylvania

Pennsylvania’s senior population is large and growing rapidly and the Commonwealth’s legislators, older Pennsylvanians, and caregivers have a tremendous interest in the quality of long term care and its workforce. Pennsylvania ranks fourth behind Florida, West Virginia, and Maine by percentage of population aged 65 and older. We also rank fourth by percent of population 85 and older — the most intensive users of nursing home care.6 By 2020, the number of Pennsylvanians aged 85 or older is expected to grow to more than 360,000 residents.8

There are over 80,000 seniors and people with disabilities being cared for in nursing homes across the Commonwealth.12 Long term care facilities directly employ over 362,000 workers and indirectly support over 282,000 jobs—making this sector the eighth largest industry in Pennsylvania.10 The importance of the long term care to the Commonwealth demands the industry adhere to the highest standards of quality care for residents and provide family sustaining jobs for caregivers.

Unfortunately, problems with low staffing and quality are a challenge for the industry. In addition, nursing home employees are forced to live in or near poverty because of low wages and inadequate benefits. Poor staffing and low wages contribute to very high turnover in the industry which further compromises care. The industry is profitable in Pennsylvania and many facilities are not able to take care of someone and have that good rapport between us. We’ve already given up so much to be in a nursing home. They have one dresser, possibly two — not a lot of your life fits into that. I’d like my residents to have a better life so they can live the last of their lives with dignity.”

National Nursing Home Profitability

Nursing home care is largely publicly funded through Medicare (a federal program) and Medicaid (which is jointly funded by states and the federal government). Medicare covers up to 100 days of skilled nursing care after an inpatient hospital stay of at least three days. Typical Medicare nursing home patients include those recovering from surgical procedures such as hip or knee replacement, strokes, and pneumonia. Medicaid pays for nursing home care for low-income seniors and is administered by the states. Some nursing home residents are eligible for both Medicaid and Medicare coverage and are known as “dual eligibles.”11

Nursing Home Profitability in Pennsylvania

Medicare payments are much higher than Medicaid payments — in 2010 the average payments ranged from $373 per day to $472 per day depending on location. In 2010, the average national Medicaid payment was $163 per day.7

In 2011, the federal government spent nearly $32 billion in Medicare payments for nursing home care. For the industry, these payments are extremely important and contributed to what one publicly-traded company called “an exceptional year.” Medicare margins — comparison of Medicare’s payments with the costs to treat beneficiaries — have also increased over the past decade.8

In 2010, Medicaid spent just under $50 billion in combined state and federal funding for nursing homes. Spending increases averaged 1.7% annually between 2002 and 2010. Non-Medicare (Medicaid and private payers) margins have been slightly negative and one industry association estimates facilities spent more than $19 per day caring for Medicaid residents above the Medicaid reimbursement rate.9 Despite this shortfall, total margins (overall profitability) have been positive.10

Medicare Payments vs Costs and Overall Profitability

Nursing Home Medicare Reduction

In fiscal year 2011, national Medicare spending for nursing home services jumped by over 17% from 2010, mainly due to unanticipated changes in behavior related to Medicare therapy services following changes to the Medicare reimbursement system. In fiscal year 2012, the Center for Medicare and Medicaid Services (CMS) reduced payments to nursing homes by 11.1% or $3.87 billion to restore budget neutrality for the reimbursement system changes.11

Even with the payment reduction, the Medicare Payment Advisory Commission estimates that payment rates for fiscal year 2012 are still 3.7% higher than they were in fiscal year 2010.

Pennsylvania nursing homes benefit from a comparatively high Medical Assistance (MA or Medicaid) rate. The 2011 rates list Pennsylvania as having the seventh highest Medicaid rates in the country.12 The Medicare Payment Advisory Commission comparison of 2009 Medicaid rates also lists Pennsylvania as having the seventh highest rates in the country. However, when payments were adjusted for local wage rates, there are only two states with daily rates higher than Pennsylvania.13

The historically high Medicaid margins and Pennsylvania’s higher Medicaid rates have contributed to healthy profits for the industry. Based upon an analysis of Pennsylvania Medicaid Cost Reports (homes that are not certified for Medicaid are not required to submit reports and are not reflected in the data), Pennsylvania nursing homes margins are similar, though in some cases, higher than the national numbers.14
Full Use of Medicaid Funds

The American Health Care Association regularly reports on the Medicaid funding shortfall in nursing homes—the comparison between Medicaid costs and actual Medicaid payments. In 2010, the national weighted average shortfall was $18.54 per Medicaid patient day and $22.24 per Medicaid patient day in Pennsylvania, or approximately 90 percent of costs were reimbursed by Medicaid. In 2011, the national estimated average shortfall was $19.35 per day and $19.24 per day in Pennsylvania.27

Given this Medicaid shortfall, nursing homes should presumably be spending the full amount of their Medicaid payment caring for residents. However, an analysis of the resident care component of Pennsylvania quarterly Medicaid rates and the per diem resident care expenses reveals that nearly 30% of Pennsylvania facilities analyzed did not spend at least 95% of their resident care Medicaid component amount on resident care costs in FY 2011. The analysis did not simply look at Medicaid spending, but total resident care spending at the facility (Medicaid/Medicare/Other combined).

What this means is despite reported shortfalls in Medicaid payments, there may be many facilities that could be spending more on critical components of resident care such as nursing, activities, and supplies.

Nursing Home Staffing and Quality

In Pennsylvania, the staffing standard of at least 2.7 hours of care per resident day includes Registered Nurses (RNs), Licensed Practical Nurses (LPNs), and Certified Nursing Assistants (CNAs).28 The Department of Health posts staffing levels but does not break this out by RNs, LPNs, or CNAs and it is difficult for the public to determine how much is direct care provided by CNAs. The federal Center for Medicare and Medicaid Services (CMS) does make this information available but it is not easily accessible to the general public and requires some searching on its web site, and it is only updated approximately once per year when the facility is inspected.

Numerous studies point to the relationship between nursing home staffing and quality care.30 In particular, CNA hours per resident day are strongly associated with better scores on certain quality measures and lower hospitalization of residents.31 Staffing levels have been documented to relate to both the process and the outcomes of nursing home care such as fewer pressure sores, improved functional status, better mortality rates, and fewer deficiencies for poor quality.32

Nationally, 93.9% of nursing homes reported deficiencies in 2010. In Pennsylvania, the rate is higher—95.7%.32

Methodology

Our analysis compared 540 individual nursing facility’s 2011 resident care allowable costs per diem for all payers, based on information reported on the MA-11 cost report form, to 95% of the nursing facility’s MA quarterly resident care per diem rate for all quarters in 2011. This analysis assumed the MA budget adjustment factor (BAF) was not applied to the resident care component of the rate, since the MA rate documents apply the BAF to the entire rate not individual rate components. Please note that County facilities, special rehabilitation facilities, hospital-based nursing facilities, and resident care costs for residential and other non-nursing facility resident days are not included in this analysis.

Shanrika Nelson, CNA
Philadelphia

“My residents are like family. They are my second home and I love doing what I do. It’s a struggle going to work every day—I’m a single parent with two daughters. With me going to work, it’s like I have two different families—my family at home and my family at work. I want the best for my residents and I want the best for my family. But when you’re not making a decent wage, you end up spending all your time at work and not enough with your family. And if feels like you’re spending half of your paycheck to pay for insurance for your kids, you wonder if it’s worth it.”
In a nursing home, the vast majority of the resident care is performed by CNAs who assist residents with their activities of daily living (ADLs) from the moment they wake up until they are put to bed. In Pennsylvania, very few nursing homes report staffing levels below the minimum 2.7 hours of care per resident day. According to the 2011 Cost Reports, the statewide average staffing level was 3.69 hours of care per resident day.

Yet, when asked, the number one complaint of CNAs is that their facility is not adequately staffed. In a 2012 phone survey of Pennsylvania nursing home workers conducted by the Service Employees International Union, 54% say their facility is sometimes adequately staffed and 27% say their facility is never adequately staffed. When there are not enough CNAs in a facility, residents wait longer in their urine or waste if they are incontinent, do not have their teeth adequately brushed, wait longer for CNAs to respond to calls, and do not receive enough time from CNAs to talk or focus on their emotional needs. The costs of inadequate staffing are high, both in terms of the quality of life of residents and the financial costs borne by the system. Poor continence care, bed sores, and insufficient infection control, higher rates of infection, gum disease or oral infection, increased costs of medications, more assistance required from nursing staff for catheter care, higher rates of pressure sores or changes to resident’s mobility.

The Center for Medicare and Medicaid Services (CMS) created a 5-star rating system to help consumers, family members, and caregivers more easily compare nursing homes. The Nursing Home Compare Web site now features a quality rating system that gives each nursing home a rating of between 1 and 5 stars. Nursing homes with 5 stars are considered to have much above average quality and nursing homes with 1 star are considered to have quality much below average. There is one Overall 5-star rating for each nursing home, and a separate rating for each of the following three sources of information:

- **Health Inspections** – The health inspection rating contains information from the last three years of onsite inspections, including both standard surveys and any complaint surveys.
- **Staffing** – The staffing rating has information about the number of hours of care on average provided to each resident each day by nursing staff.
- **Quality Measures (QMs)** – The quality measure rating has information on nine different physical and clinical measures for nursing home residents – for example, the prevalence of pressure sores or changes to resident’s mobility.

CMS makes this data available through its Online Survey, Certification and Reporting (OSCAR) database. An analysis was conducted using CMS OSCAR data of facility 5-star ratings for 2011 and 2011 MA cost report data on resident care spending to compare the level of spending on resident care costs to overall ratings. The analysis showed that facilities’ higher resident care cost as a percent of their MA resident care rate also tended to have higher overall ratings. For the OSCAR ratings, 50 is highest and 10 is lowest and is a combination of health inspections, quality measures, and staffing levels.

Resident care cost as % MA Resident Care Rate | Median Overall Rating | Mean Overall Rating
--- | --- | ---
Above 150% | 25 | 33
100% – 150% | 20 | 28
Below 100% | 25 | 25

Nursing home workers are largely the working poor. Most are not deemed “poor” by the official federal poverty measure, yet they lack enough income to meet the current costs of food, housing, transportation, healthcare, and other essentials. Many nursing home workers are forced to work two jobs, work overtime, or make sacrifices to raise their families.

To fully understand the gap between nursing home wages and rising living costs requires an accurate measure of income adequacy. The Self-Sufficiency Standard provides this by measuring the true cost of living facing American families, illuminating the economic “crunch” experienced by so many families today. The Self-Sufficiency Standard measures how much income a family of a certain composition in a given place needs to adequately meet their basic needs – without public or private assistance.

According to the Pennsylvania Department of Labor and Industry, average wages for nursing aides, orderlies and attendants was $13.09 per hour, far below the Self-Sufficiency Standard and just above the federal poverty level for a family of five. Also of note is that aide wages can be $2 to $3 per hour higher than other occupations such as dietary aides and housekeepers.
Family Sustaining Wages in Selected Counties
- 1 Adult and 2 Children

<table>
<thead>
<tr>
<th>County</th>
<th>Average Nurse Aide Wage</th>
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<tr>
<td>Allegheny</td>
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</tr>
<tr>
<td>Cambria County</td>
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<td>Erie County</td>
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<td>Philadelphia</td>
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In 2012, The Service Employees International Union conducted a phone survey of nursing home workers across Pennsylvania to have a better understanding of how their wages and benefits affect their ability to support a family. Some of the results include:

- Over the past year, 68% of employees have had to cut back on family expenses.
- Of these, 26% report cutting back on food expenses. This is the #1 item they have cut.
- 12% of employees work more than one job.
- 16% of employees with children under 19 do not have access to health insurance.
- 21% of employees with children get health insurance through CHIP or Medicaid.
- 11% of employees receive public assistance.
- Of these, 56% are using food stamps.
- 49% are “Very” or “Somewhat” concerned they will lose their job or have their hours reduced in the upcoming year.

The survey results are both revealing and troubling. The fact that over two-thirds of nursing home workers had to cut back on expenses and the number one item cut was food reveals the severe challenges facing many of these workers as they try to support their families. In addition, over 20% are relying government sources for their children’s healthcare which means that wages are low enough to qualify for public support.

Recommendations

Given the negative impacts on nursing home residents and caregivers of inadequate staffing, high staff turnover, and low wages while the nursing home industry continues to generate considerable profits, legislators should take immediate steps to improve standards of care for residents, working conditions for nursing home workers, and transparency and accountability of long term care nursing facilities.

**Spending**
- Ensure that nursing facilities spend at least 93% of their MA resident care rate on resident care costs beginning in FY 13-14. If a facility spends less, the difference should be recouped by the state for the facility’s MA resident days.

**Accountability**
- Require nursing homes to track turnover rates for RNs, LPNs, and CNAs and report this information to the Department of Health (DOH) on a quarterly basis. DOH should post this information on its nursing home facilities’ web site.

**Staffing**
- Require a minimum of 2.15 CNA hours of care per day – the 2011 median CNA hours of care per resident day. This change would ensure that minimum required 2.7 hours of care per resident day are focused on hands on actual nursing care for nursing home residents.