

August 11, 2021

Lori Gutierrez  
 Deputy Director  
 Office of Policy  
 625 Forster ST  
 Health and Welfare Building – Room 814  
 Harrisburg, PA 17120

Dear Ms. Gutierrez,

From 1996 to 2018, the Department of Human Services (Department) used a case-mix prospective payment methodology to set per diem rate payments for Medical Assistance (MA) nursing facility providers. “In 2006, the Department noted that “since the case-mix payment system was implemented in 1996, MA nursing facility payment rates have risen more than 56% and, since 2000, have increased by 27.4% overall. During this same period, expenditures for MA nursing facility services have grown to nearly \$3 billion and expenditures for MA services to the elderly and [people with disabilities] now consume approximately 70% of the \$14 billion MA Program budget.”<sup>1</sup> It is easy to see that the increase in expenses is due to market basket adjustments and the greying of America. As of 2020, Pennsylvania is number 8 in the country with 18.2% of the population over the age of 65.

Today, the Base Rate for MA nursing facilities is \$199.96. With the current Budget Adjustment Factor (BAF) set at 0.80409%, the rate becomes \$160.79. This does not even approach one half of the private pay rate at many facilities. During the past 12 fiscal years the BAF has been in place, operating the Commonwealth's MA nursing facilities has been adversely impacted by use of the BAF. In 2017 Saint Mary's Home of Erie saw a \$1.9MM deficit and in 2018 it was \$2.0MM. This has continued every year since its inception and our 2020 deficit was \$2.1MM.

The proposed minimum staffing regulation increase from 2.7 Nursing Hours Per Patient Day (NHPPD) to 4.1 is coming on the heels of the worst pandemic and staffing crisis of our time. Facilities are struggling to maintain the current minimum NHPPD due to ready and willing

<sup>1</sup> 47 Pa.B. 3562, Saturday, June 24, 2017

employees for work. The Unemployment incentives has kept many employees out of the workforce. This has resulted in facilities like ours to implement major wage adjustments to keep employees working. In addition, we have doubled recruitment bonuses for existing employees to recruit new employees.

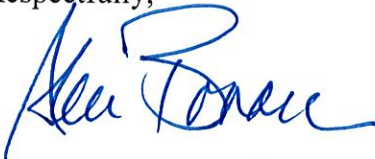
The final action we had to take to help meet the current minimum staffing guidelines was to contract with agency staff. This is extremely costly and these staff perform the job required of them but they don't have the dedication to the facility and to the residents we care for.

In implementing the new guidelines, there is no ramp up period. We budget for 3.6 NHPPD and to meet our budget, we have to hire one additional RN and 1 additional CNA. With minimum staffing proposed at 4.1 NHPPD, we must budget in excess of this to adjust for vacancies and absenteeism. With a budget of 4.6 NHPPD, we will need to recruit and hire an additional 3 RNs, 6 LPNs and 6 CNAs. This is a monumental task facing us with the scarcity of candidates. Candidates apply and then "ghost" us by not returning phone calls for an interview. Others come in for an interview and then disappear. Finally some start work and then are a no call/no show. This employment challenge is across all sectors, not just nursing homes.

As previously stated, we are significantly underfunded and have not seen a MA rate increase in seven years. Without increased Federal and State increases in MA funding, we will be forced to increase private pay rates. This will have a direct impact on the number of residents who expend their assets and end up needing help from MA to pay for their care.

It is my hope that consideration is given in implementing these new guidelines with a phased-in approach and not only look at the care of our seniors but also at the operators providing this care.

Respectfully,



Allen L. Bonace, MSN/MBA, RN, NE-BC, NHA  
President & CEO

C: Honorable Patrick J. Harkins, 460 E 26<sup>th</sup> ST, Erie, PA 16504  
Honorable Robert E. Merski, 3901 Liberty ST, Erie, PA 16509  
Honorable Ryan A. Bizzaro Peninsula Plaza, 1101 Peninsula DR, STE 213, Erie, PA 16505  
Senator Daniel Laughlin, 1314 Griswold Plaza, Erie, PA 16501