Medicaid Funding Must Keep Pace with Costs of Delivering Quality, Long Term Care

The Legislature should fund a nursing center inflationary cost increase ($34.2M General Revenue) to ensure seniors continue receiving the high-quality, long term care they expect and need.

The end of one-time funding and the lack of an inflationary increase over the past four years has collided with increasing wages and low profit margins, making it extremely difficult for nursing centers to make additional investments in quality improvements. Without increased funding and stable rate predictability from one year to the next, Florida puts quality nursing center care at risk for our most vulnerable seniors and people with disabilities.

**Medicaid underfunds the cost of nursing center care by $27.25 per patient per day (Over $675,000 per center annually).** In a competitive labor market, lack of funding means centers can’t compete for qualified staff. Centers need proper resources to invest in people, technologies and training to keep making measurable gains under the Medicaid Prospective Payment System, designed to incentivize continued advancements in quality care.

**BACKGROUND**

The 2019 Legislature chose not to extend the $138 million in one-time funding for nursing center care from the 2018-19 state budget. Now, **nursing centers are operating with 2016 reimbursement rates, losing over $27.25 per day to care for each Medicaid resident.** With Medicaid underfunding the costs associated with delivering high-quality care, centers are struggling to maintain qualified staff and meet the demands of an older population with increasingly complex care needs.

**Labor Costs Outpacing Medicaid Reimbursements**

Nursing center caregiver wages have increased significantly - Certified Nursing Assistants (CNA) wages are up over 12%; housekeeping wages are up almost 5%. Skilled nursing centers devote a full 70% of operating expenses to labor, and the level of quality care delivered is directly related to the quality talent centers are able to recruit and retain. Reduced revenues and funding levels that have not kept up with inflation are forcing nursing centers to find ways to trim expenses - employee layoffs, wage freezes, unfilled vacancies and consolidating job functions.

Nursing centers must draw from a labor pool that competes with other health care providers and industries that offer better job quality – whether higher wages, more stable hours, safer working conditions, opportunities for advancements or other advantages. Recurring funding at a level that keeps up with today's costs would allow centers to offer competitive wages to attract and retain qualified professionals.

**Continued Advancements in Quality Care**

Florida's Medicaid Prospective Payment System (PPS) is **working to create a strong quality improvement incentive for nursing centers.** Today, Florida is a national leader in quality, and residents are experiencing better health outcomes and improved quality of life. Funding must keep up with inflation or Florida’s quality gains are at risk.

Quality advancements since PPS implementation in October 2018:

- Improvement in ALL 8 Centers for Medicare and Medicaid Services (CMS) Long-Stay Quality Measures
- 22% reduction in the number of residents with UTIs
- 7% reduction in the number of residents using antipsychotic medications
- 6% reduction in the number of residents experiencing pressure ulcers
- 453 centers earning professionally-recognized quality awards

**QUICK FACTS**

- Almost 46,000 frail elders and people with disabilities rely on Medicaid to cover the cost of their skilled nursing center care.
- Most require 24-hour complex medical care and have cognitive impairments, such as Alzheimer’s disease or dementia. That number will continue to grow as Florida’s aging population increases.
- Sustaining and improving quality care depends upon a stable, well-trained workforce. Medicaid underfunding makes it difficult for centers to remain competitive and keep up with rising labor costs.
- Increasing costs of health care technologies are outpacing Medicaid reimbursements. Reduced funding stifles investments that could improve patient care and safety and achieve long-term cost savings.
- Medicare has traditionally supplemented Medicaid’s chronic underfunding; however, a new federal payment system will reduce Florida providers’ Medicare reimbursements by nearly $78 million annually based on CMS projections.

**Contact FHCA**

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