Devastating Cutbacks

Restore Funding in 2017
Long Term Care Bracing For Cutbacks

Legislative Support Critical for Future
North Dakota Outperforms Other States

62.5% of North Dakota nursing facilities achieved 4 or 5 Star ratings as compared to 46.6% of U.S. nursing facilities.

Source: Centers for Medicare & Medicaid Services (February 2016)
State Legislature Strong Supporters of Long Term Care

In 2001, 2009 and 2013, the State legislature approved salary enhancements that enabled nursing facilities to increase the salaries and benefits of caregivers, as well as expand hours to provide more direct care staff.
17.6% of all North Dakota residents will be over the age of 65 by 2015, representing a 50% growth in our senior population since 2011. (U.S. Census Bureau)
Long term care is the **#1 least profitable** industry in America with an overall profit margin of negative 1.0%, meaning they actually lose money each year.

*Least and Most Profitable U.S. Industries (Net Profit Margins, 12 Months Ending 7/1/14)*
2 out of 5 North Dakotans will need long term care sometime in their life.
Each year, **19,000+** North Dakota residents receive long term care in nursing homes and basic care facilities.
96% of all nursing homes in North Dakota are non-profit organizations, yet they still need to generate enough revenue to cover expenses and maintain adequate staffing levels and facility improvements. (77 of 80 facilities)
99% of all revenue received by ND nursing facilities is controlled by either the state or federal government. North Dakota law protects private paying residents and assures they will not be charged more than the prevailing Medicaid rates, thus not shifting the burden to those who have saved their resources and assets.
Nursing facilities are projected to lose at least $25.1 million annually beginning January 1, 2017, when the North Dakota Department of Human Services implements plans to reduce its biennium budget (2015-2017) by $53.9 million dollars in State general funds.
A. An estimated 50% of the $25.1 million cutbacks results from the elimination of a 3% inflationary adjustment that was designed to help nursing homes cope with increasing costs of labor, supplies and equipment due to inflation.

B. An estimated 30% of the $25.1 million cutbacks results from the elimination of a 3% operating margin adjustment that was designed to help nursing homes maintain a positive bottom line in order to provide annual raises for employees and enhancements to their facilities.

C. An estimated 20% of the $25.1 million cutbacks results from the elimination of an efficiency incentive, which will impact 56 of the state’s 78 nursing facilities. The most efficient facilities will experience greater revenue reductions than those having higher indirect costs.
For every State dollar that goes away, $1 dollar in federal funds is lost, as well as additional reductions from private payers, thereby resulting in a nearly threefold overall impact.
Upwards **to 80% of all nursing home costs** are related to staffing costs such as employee wages & benefits, as well as therapy services and other contracted labor.
Caregiver-to-Resident Ratios Could Double

The State’s plan to cut reimbursement would reduce the annual revenue of Sheyenne Care Center in Valley City by an estimated $808,000, which equates to 23 full-time caregiver positions. If this were to occur, staffing ratios on day shifts could go from 1 caregiver to every 8 residents to a new ratio of 1 caregiver to every 16 residents.
Long term care facilities would need to cut an estimated 900 full-time caregiver positions to make up for the $25.1 million reductions in revenue. (Calculations based on an average wage of $28,000/year for Certified Nursing Assistants)
In November 2015, **53 nursing homes reported a total of 741 vacant positions.** Long term care facilities are experiencing extreme difficulties in recruiting and retaining staff.
Reducing wages of caregivers is not a viable strategy for absorbing the impact of the cuts. In November 2015, Certified Nursing Assistants (CNAs) had a median salary or $13.75/hour
Long term care staffing is in a crisis situation in North Dakota. Nearly 80% use contracted temporary staff. Spending on contracted staff increased 25.8% from June 30, 2014 to June 30, 2015, now at an all-time high of $19.5 million annually. (61 of 78 licensed nursing facilities in ND)
## History of Nursing Facility Staff Turnover (2006 – 2014)

<table>
<thead>
<tr>
<th>Position</th>
<th>2006</th>
<th>2010</th>
<th>2012</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNAs</td>
<td>53%</td>
<td>62%</td>
<td>58%</td>
<td>56%</td>
</tr>
<tr>
<td>LPNs</td>
<td>21%</td>
<td>33%</td>
<td>36%</td>
<td>36%</td>
</tr>
<tr>
<td>RNs</td>
<td>25%</td>
<td>40%</td>
<td>32%</td>
<td>33%</td>
</tr>
<tr>
<td>Dietary</td>
<td>44%</td>
<td>57%</td>
<td>45%</td>
<td>51%</td>
</tr>
<tr>
<td>Housekeeping</td>
<td>30%</td>
<td>34%</td>
<td>33%</td>
<td>42%</td>
</tr>
<tr>
<td>Payer Source</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------</td>
<td>-----</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicare</td>
<td>7.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicaid</td>
<td>52.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Pay</td>
<td>38.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>0.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Basic Care resident’s medical leave days are reduced from 30 to 15 days, thereby resulting in insufficient time for rehabilitation when a major health event occurs (U.S. Census Bureau)
Long Term Care needs your help

You can demonstrate your commitment to long term care residents by:

Supporting funding restoration to long term care facilities that provide care to our parents and grandparents.

To find a list of legislators serving your community, visit the North Dakota Legislative Branch website (www.legis.nd.gov)
Important Milestones

On July 1, 2017, restore funding to the nursing facility and basic care payment system.

Provide an inflationary adjustment in the 2017-2019 biennium.
The Bottom Line

North Dakotans have always worked together to assure quality care is provided for long term care residents. Let’s commit to continuing this tradition in 2017, and for generations to come.

Residents of nursing homes and basic care facilities need funding restored in the 2017 legislative session.