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## Facility Overview:

- 72 skilled nursing beds
- 28 residential care beds
- \$37 a day for Residential Care (\$1.54/hour per bed)
- \$243 a day for Skilled Nursing Facility (\$10.12/hour per bed)
- 67% Medicaid, 22% Private, 7.8% Medicare
- 140 Employees
- Labor and benefits account for 70% of costs

## S.40's Impact on the Manor:

Thank you for the opportunity to testify on increasing the minimum wage. We would love to be able to pay all our staff over \$15 an hour. Long-term care is demanding yet rewarding work that should be compensated fairly.

Unfortunately, we do not have the ability to absorb this kind of increase in our payroll, without making significant reductions elsewhere.

We've calculated what it would cost The Manor to comply with this proposed increase, recognizing it is phased in over 4 years.

Our calculation considers:

- Increases in salary to employees earning at or near minimum wage (based on 2017 wages and hours)
- Reasonable increases in salary to maintain payment differential
- Increased FICA taxes
- Increased workers' compensation

If S.40 is enacted, the annual budget impact on the Manor will be:

- In 2019: \$68,931 in the first year (plus payroll taxes and workers' comp)
- In 2020: \$97,939 for a cumulative impact of \$166,870 (plus payroll taxes and workers' comp)
- In 2021: \$131,494 for a cumulative impact of \$298,363 (plus payroll taxes and workers' comp)
- In 2022: \$197,852 for a cumulative impact of \$496,216 (plus payroll taxes and workers' comp)

When including FICA taxes and workers compensation increases, **the total impact on the Manor will be \$551,693.**

## **Existing Nursing Home Pressures:**

### **Workforce:**

As said before, we would love to be able to pay all of our employees more. Health care facilities are dealing with a workforce crisis, as facilities struggle to recruit new employees and retain current staff.

To combat this trend, we have used several strategies to increase recruitment and keep a high retention rate. We provide annual 2-3% increases to employees, to encourage retention and reflect the increased cost of living. We also provide training to both recruit and license new staff, as well as further the careers of current employees. This includes LNA Training provided at no cost to participants who are hired as Manor employees, and a Geriatric Nursing certification for our registered nurses. We also plan to add MNA training and positions through collaboration with GMTCC, to develop a certification program.

Unlike other industries, we cannot reduce our staffing levels, or cut hours. Adequate staffing is crucial to providing quality care to residents and patients. And federal and state staffing requirements dictate the number of licensed employees we have per bed.

### **Fixed Revenue:**

Nursing homes already face significant revenue and expense pressures. Our Medicaid rate for our skilled nursing facility is \$243 per day (\$10 per hour). Our residential care facility pay is \$37 per day (\$1.50 per hour). These rates account for 67% of our revenues. Our modest annual Medicaid inflation is about 1.8% per year, well below what is needed to cover the proposed annual 7-9% minimum wage increases.

In addition to our low Medicaid reimbursement, nursing homes are facing a reduction in Medicare revenues. This year, we anticipate that The Manor will receive a \$40,000 decrease in Medicare reimbursement.

### **Existing and Future Costs:**

The Manor pays 6% of its revenues towards provider taxes. Our facility also pays property taxes.

Nursing homes are in phase 2 of a 3-phase implementation of extensive new federal regulations- much of which has required new staffing positions. We have added staffing to better meet the clinical competencies requirement and overall clinical management at the cost of \$100,000, and we anticipate additional costs for equipment and supplies.

Wages and benefits account for 70% of the Manor's current costs. If enacted, S.40 will increase our payroll costs by 10%

Our only potential mechanism to account for these changes, would be to reduce our employee benefits. This would be counterproductive in addressing our existing workforce crisis and reduce our ability to provide quality care to patients and residents.

## **Conclusion:**

We are not fundamentally opposed to raising the minimum wage. But if S.40 is enacted, we need Medicaid to pay for these increased costs for nursing homes and residential care homes as they occur.