



## Facility Overview:

- 94 skilled nursing beds
- 42 residential care beds
- \$60.42 a day for Residential Care (\$2.52 /hour per bed)
- \$273.07 a day for Skilled Nursing Facility (\$11.38/hour per bed) at Franklin County Rehab Center
- \$249.83 a day for Skilled Nursing Facility (\$10.41/hour per bed) at The Villa Rehab Center
- 57% Medicaid, 22% Private, 21% Medicare
- 236 Employees
- Labor and benefits account for 54% of costs

My family purchased Holiday House Nursing Home in January of 1981, my late parents, Phillip and Tressa Condon were pioneers in long term care. We then built Franklin County Rehab Center, which opened May of 2004. Most recently in 2015, I purchased the Villa Rehab Center. We have always focused on the importance of Quality Care to the people we serve.

Franklin County Rehab Center and the Villa Rehab Center are both 5 Star CMS Rated Facilities and have both received multiple deficiency free surveys from the State Division of Licensing and Protection as well as our Residential Care Home Holiday House.

We have been recognized nationally by the American Health Care Association and American College of Health Care Administrators. AHCA has honored all three of our buildings with the national bronze quality award and recently Franklin County Rehab was honored with the very prestigious national Silver Quality Award in the fall of 2018. Franklin County Rehab Center and the Villa Rehab both won the 2018 Vermont State DAIL Quality Awards in 2018.

I have received the highly respected Eli Peck Award in 2018 honoring the top 200 long term care administrators in the United States. I am also proud to be speaking at the national AHCA convention in March of 2019 about workforce development and retention.

I am a second-generation business owner. I am dedicated to my profession and committed to serving the elderly population of Franklin County and Vermont. Vermont is one of the oldest aging states in the nation and Franklin County is one of the oldest aging counties in Vermont. I am also very involved with my community serving as a past board member and president of AGE Well previously CVAA, and a current board member of Franklin County Industrial Development, and Franklin County Home Health.

## S.23's Impact on Franklin County Rehab, the Villa, and the Holiday House:

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 Franklin County Rehab 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 2019 wages and hours)
- Reasonable increases in salary to maintain payment differential
- Increased FICA taxes
- Increased workers' compensation

If S.23 is enacted, the annual budget impact on our facilities will be:

- In 2020: \$212,641 in the first year (plus payroll taxes and workers' comp)
- In 2021: \$246,525 for a cumulative impact of \$459,167 (plus payroll taxes and workers' comp)
- In 2022: \$297,769 for a cumulative impact of \$756,936 (plus payroll taxes and workers' comp)
- In 2023: \$363,319 for a cumulative impact of \$1,120,255 (plus payroll taxes and workers' comp)
- In 2024: \$390,080 for a cumulative impact of \$1,510,334 (plus payroll taxes and workers' comp)

When including FICA taxes and workers compensation increases, **the total impact on our three facilities will be \$1,679,189.**

## **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. We have never had to use a nurse staffing agency in the last thirty-seven years until this past fall due to workforce availability.

To combat this trend, we have used several strategies to increase recruitment and keep a high retention rate.

Some of the strategies we have used to increase employee retention are to have a strong orientation and on boarding process. We have started a mentoring program for new employees to work with our current employees who have shown strong leadership skills and a commitment to excellence. We provide education benefits and reimbursement for nursing school and offer many opportunities for in house education, enhancing nursing competencies, instituting technology with electronic health records and other medical technologies and advancements. We have an on-line scheduling program for easy access of shifts. We have used sign on bonuses as well as referral bonus for current employees. We also have recruited into Canada for nurses as well as New York.

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 Franklin County Rehab, one of our skilled nursing facilities is \$273.07 per day (\$11.38 per hour) and our other skilled nursing facility, The Villa Rehab Center is \$249.83 per day (\$10.41 per hour). Our residential care facility pay is \$60.42 per day (\$2.52 per hour). These rates account for 57% 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 Franklin County Rehab, The Villa, and the Holiday House will receive an approximate \$25,000.00 decrease in Medicare reimbursement.

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

Franklin County Rehab and The Villa pays 6% of its revenues towards provider taxes. Our facilities also pay 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 estimate these new requirements will cost our facilities an additional \$150,000.00

Wages and benefits account for 54% of our facilities' current costs. If enacted, S.23 will increase our costs \$1,679,189.

Our only potential mechanism to account for these changes, would be to reduce our employee benefits, however this reduction would not total the amount needed for this increase. 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.23 is enacted, we need Medicaid to pay for these increased costs for nursing homes and residential care homes as they occur. Other states that have enacted significant increases in minimum wage have increased funding to nursing facilities, beyond a traditional inflationary increase. I have attached an outline of actions that other states have taken.