**KEY MESSAGES**

**LONG-TERM CARE IMPERATIVE FINANCIAL INDICATORS DATA**

***Updated: May 5, 2022***

**We need permanent, systemic changes and adequate funding to pay caregivers the wages they deserve. This is a crisis of care that will continue to worsen for seniors in need of care if left unsolved until the 2023 session.**

* 60% of Minnesota’s nursing homes and 70% of assisted living settings are facing increasing financial risks each month, in a situation of regularly depleting their reserves for daily operating expenses, fully exhausted their reserves, or in some cases never having reserves in the first place.
* More than half of Minnesota’s nursing facilities plan to use a line of credit in the next two months, are already using a line of credit, or have exhausted lines of credit to keep their doors open. The same is true for 63% of assisted living settings across the state.
* If the current situation continues, the average nursing home is projected to experience operating losses of over $800,000 in 2022.

**Inaction is not an option. Without state action to support permanent solutions this year, the promise of senior care will begin to disappear for Minnesota families, as the cost of operations regularly exceeds the monthly revenue available.**

* Approximately 40 nursing homes have indicated they may potentially close over the next year without the certainty of prompt reimbursement of labor costs.
* 20% of assisted living providers, or almost 400 settings statewide, indicate they may face closure.
* Many others will face major financial challenges if nothing is done, resulting in fewer options for seniors seeking care from licensed assisted living and nursing facilities.
* The impact of almost 450 settings closing across the state would be devastating! Initially, it could put 14,500 seniors in jeopardy of losing access to the care they are currently receiving in long-term care settings. Countless more would not be able to access care when and where they need it.
* As more care sites close, the fewer Minnesota seniors who are fortunate to have access to care will have to travel further to find a place that meets their needs.

**Since the start of the pandemic, aging services providers have increased wages without a permanent funding source to cover the increases. Higher wages are essential to help find and retain caregivers in nursing facilities and assisted living.**

* More than one-third of providers have increased base wages by 10% or more since the start of the pandemic.
* Due to the requirements of Minnesota cost-based nursing home payment system and the reliance on state and federal government funding, nursing homes will not see those increases reflected in their rates for 15 to 27 months.
* Providers are using cash reserves and lines of credit to temporarily address the caregiver gap, and it’s unsustainable.

**Because of the staffing challenges, most nursing homes are now relying on help from costly staffing agencies to provide safe care for the older adults in their care.**

* Nursing homes report that their hourly costs for agency employees have increased in the current job market, in some cases by more than 50%.
* While agency staff help fill the gap, they do not know the residents like permanent employees do.
* Leveraging temporary staff to fill gaps is not sustainable. It is a costly, less-than-ideal service delivery option, not a long-term solution, particularly when providers are already facing negative cash flow operations each month.

**Providers are doing all they can to recruit and retain staff but are still limiting admissions because of staffing vacancies; the State must do their part to help providers by funding senior care with ongoing investments to pay workers career-level wages.**

* According to a survey at the beginning of the year, 78% of nursing homes are limiting admissions. The primary reason cited was insufficient staffing.
* Limiting admissions means less access to necessary senior care and supportive services, particularly in communities with few care options.

**Without adequate investments from the state, long-term care communities continue to struggle with the impact of staffing shortages:**

* With 23,000 open caregiver positions, aging services providers must limit the number of seniors they can admit. That means seniors have less access to care in their communities
* According to reported financial information for March 2022, 40% of assisted living and 45% of nursing facilities are operating with margins of negative 10% or worse. This is an unsustainable, statewide problem that will lead to operational collapse.
* Statewide, many providers have exhausted cash reserves and continue to lose money monthly.

**While one-time bonuses are appreciated, they are not a solution for filling the 23,000 open positions across the state.**

* A bonus is a temporary incentive, not a way to permanently recruit and retain caregivers.
* A one-time payment cannot help caregivers qualify for loans or mortgages; they do not help pay the ongoing and rising cost of living.
* Caregivers need the family-sustaining wages they deserve in this competitive labor market.