

January 27, 2022

Members of the House Children and Seniors Committee,

My name is Kris Erickson, and I am the CEO of a 111 year old mission dedicated to senior care. I have been licensed and serving senior citizens for the last 21 years. I write today to request your support of HB 2524, an act that would begin the process of reformation that is needed to save senior care in Kansas.

There is an ongoing crisis in our nation. The number one threat to all providers from hospital to home-health is the lack of available labor. When the COVID-19 pandemic arrived, many veteran healthcare workers simply retired. Through the pandemic, many healthcare workers burned out due to stress. Today healthcare providers are operating at significantly reduced capacity to retain the staff who have remained, and to balance quality of care with quantity of available workers. For many providers, reduced capacity has not been sufficient to justify continued operations. Through all of this, staffing agencies have consistently raised prices, hired away workers with promises of unsustainable wages, and left the direct care providers with both a staffing crisis and a financial crisis. Often, staffing agencies will hire away staff simply to sell their labor back to a previous employer at an exorbitant mark-up.

This graph represents actual base wage and average fees charged by staffing agencies in our region:

	Current Bethany Village Base Wage	2019-2021 Average Staffing Agency Fees	2021-2022 Average Staffing Agency Fees	Percentage of Agency Fee Increase Year Over Year	Current Percentage of Fees over Base Wage
CNA	\$13.50	\$27.99	\$36.62	130.83 %	271.26%
LPN	\$21.50	\$40.99	\$53.62	130.81 %	249.40%
RN	\$26.50	\$55.66	\$72.49	130.25 %	273.56%

When staff leave for higher paying jobs, it's easy to ask, "Why don't you just pay them more?" This exacerbation of wage escalation has created an elevated scarcity that allows staffing agencies to reap massive profits at a time that senior care providers struggle with insufficient reimbursement. Seven years ago, our mission at Bethany Village had a population that was approximately 30% Medicaid dependent. Today approximately 70% of our residents are Medicaid dependent. Due to state Medicaid reimbursement calculations and rate setting, Medicaid has always been "mission work" and has been insufficient to cover cost of care. In an average year, we would expect to lose approximately \$20/day/resident on Medicaid. Since 2019, Medicaid reimbursement calculation has failed to recognize the astronomical costs of pandemic care. Our last Cost Report shows that each day of care

requires \$321/person/day for a break-even outcome. In the first quarter of 2021, Medicaid will only provide \$229.40/person/day. With 50 residents currently relying on Medicaid to fund their care, we are losing an average of \$4,580/day. I share this not only to highlight the inadequacies of the current funding model, but also to demonstrate that senior care is not on a level playing field in the jobs market. Given the fixed reimbursement rates, there simply isn't enough money to try to match what staffing agencies are paying. When looked at from a business perspective, no sane person would consider providing the service that we do. Yet despite ongoing losses, we continue to provide the best care possible simply because we love those we serve and are dedicated to their well-being.

There is also concern about the variable quality of staffing agency workers. Some are directly hired by the staffing agency; some are considered contract employees. When a staffing agency provides emergency coverage, there is no time to review and document their staff member's insurance coverages, educational updates, licensure status, competency, or criminal records. We take it on faith that the staffing agency has performed all the necessary reviews and checks, yet the agencies remain unregulated. Due to the nature of the services being offered and for the safety of those served, it is imperative that staffing agencies be held to a standard that is equal to or exceeds the standards of all healthcare settings.

It is for these reasons that I ask you to carefully consider and to support HB 2524. I thank you for your service to the citizens of Kansas and for your dedication to the senior citizens in our great state.

Sincerely,



Kris Erickson, CEO

Bethany+Village