

April 18, 2022

Senator Jim Abeler
Minnesota Senate Office Building, Room 3215
95 University Avenue West
St. Paul, MN 55155

Representative Tina Liebling
477 State Office Building
St. Paul, Minnesota 55155

Re: SF 4410/HF4706- Long Term Care Funding Provisions

Northridge is Minnesota's largest single long-term care and senior housing unit, with the capacity to serve 582 residents. Our facility is a skilled nursing and assisted living campus with emphasis on respiratory care, short term rehab and long-term care, as well as two secure memory units. We employ more than 400 team members with an annual payroll of \$21.5 million and \$590,000 in Hennepin County property taxes. We partner with almost 100 local, regional, and national vendors. Approximately 80% of our annual revenue comes from government reimbursements.

We've also assisted with the state's pandemic response. Since March 2020 we have cared for approximately 700 COVID-19 patients, freeing up bed space and hospital personnel to serve the acute care needs of those most seriously affected by COVID-19.

Minnesota's reimbursement system has not kept pace with the rising costs to care for this population of Minnesotans over the last few years. The legislature has not rebased provider rates in Minnesota since 2019 making it difficult to attract and retain personnel.

Long-term care facilities have been among the most impacted by COVID-19 and has accelerated the staffing crisis. Our employees have been leaving the profession at unprecedented levels and our ability to serve patients is at risk. A recent article published in McKight's Senior Living reported that Minnesota has been the state hardest hit by workforce shortages with "41% of skilled nursing facilities in the North Star state hav[ing] experienced staffing shortages this year, up more than 18% since 2020." A recent study has shown 200,000-400,000 people have left direct care long-term care positions nationwide, with 23,000 positions open in Minnesota alone. This is approximately 20% of the state's entire workforce.

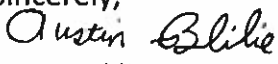
Northridge is not immune from these staffing shortages; currently our occupancy level campus wide is 67% and we have had to restrict admissions for the past 9 months because of our low staffing levels. Recently, Northridge “hired” 11 people into long term care provisions. While we had a commitment from those 11 folks, only two showed up to orientation to begin training with us. This is just one example of the challenges we face because wages in the long-term care industry are not keeping up. Because government reimbursements accounts for most of our industry’s revenue and labor costs are, by far, our largest expenditure we cannot address this issue without the state’s help.

We are asking your support for following provisions in SF 4410 that will help significantly in addressing this crisis:

- **Nursing Facility Rate Increases** – The Senate bill contains nursing facility rate increases for Part 1A, Part 1B, and Part 2. This bill is very important to us as it creates a long term sustainable reimbursement plan that can be re-invested into wages and build a stable staffing platform. This plan also addresses expenses that we aren’t able to capture under the current reimbursement system, labor dollars for required positions in a senior care setting (housekeeping, dietary, laundry, maintenance).
- **Phase in the 2017 Rate Methodology for Elderly Waiver (“EW”) and CADI-** The reimbursement structure for our Assisted Living Elderly Waiver is an antiquated system that does not properly reflect costs to care for this population of seniors.
- **Increase in Disproportionate Share Program Funding for EW-** The ability for North Ridge to provide Assisted Living services to low-income seniors is dependent on this program being finalized and approved. The current environment for Assisted Living care is to cater to the private pay sector, and under reimburse the state aid/EW sector. Providing a funding mechanism to care for the low-income senior is of the utmost importance for that part of the industry to survive.

Like others in our industry Northridge wants to be able to hire and retain good staff and invest substantially in creating a culture where people want to work. While culture is important, equally important is being able to adequately compensate these team members. We can only do that through adequate reimbursement. Your support for these provisions will go a long way towards allowing us to that.

Thank you for you for your consideration and please let me know if you have any questions.

Sincerely,

Austin Blilie,
RVP, Upper Midwest