

Workforce Crisis Puts Vulnerable Kentuckians At Risk

Background

A broad network of mostly nonprofit businesses serves and operates programs on behalf of the Commonwealth that are vital to the well-being of Kentucky's most vulnerable populations. The populations served include victims of child abuse and neglect, domestic violence and sexual assault. This network serves individuals with physical, intellectual and developmental disabilities and people seeking treatment for substance use disorder and mental illness. These businesses and organizations address poverty, food insecurity, lack of adequate housing, life-long and debilitating medical conditions and serious health concerns caused by aging and disease. Today, we are also serving those recovering from poor health and the debilitating stress related to COVID-19.

These providers are the Commonwealth's essential partners to ensure a safety net exists for people in need. While the government must lead to ensure access to supportive services that heal and empower Kentuckians, the truth is that this vital work is largely outsourced to the nonprofit sector. Today, this sector is in crisis. The workforce shortage is threatening the ability to maintain these essential services. Unlike the for-profit sector, Kentucky's nonprofits have no ability to increase revenue to adjust wages and attract needed workers.

Without swift and significant action by the Kentucky General Assembly to provide additional revenue, the crisis will become a catastrophe by the summer of 2022. Without increased support, programs that serve today as the fundamental safety net for families in need will close.

These closures will affect much more than the people receiving direct support. Significant closures will have a ripple effect on Kentucky's health care system and economy. More jobs will be lost as programs close. Many individuals who depend on these services and support will be forced to leave the workforce. The financial costs to Medicaid and the Commonwealth will be significant as citizens lose preventive and supportive services and need more costly, higher acuity services. Kentucky must invest in these services or risk a budget and human services crisis at a level it has never experienced before.

The Problem - WORKFORCE CRISIS

- The job market has had a 30% increase in wages for direct care workers.
- There is a significant increase in competition and salary expectations for licensed and management staff.
- This has all occurred in less than a year.
- These are services mandated by federal and state law, and most of the time the government is the only payer for these services.
- Providers have no ability to increase revenue and wages like corporations and businesses in the private sector.

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The Impact on Services

- Providers cannot attract, hire, and retain adequate staffing to maintain services at the 2020 level
- High overtime costs
- High staff turnover
- Low staffing levels
- Limiting program capacity - cuts in the numbers of clients served
- Limits on referrals or intake
- Closing programs (this is already happening)
- Closing entire organizations
- Organizations that have increased wages to attract or retain staff cannot sustain the increased costs for more than a few more months

While This Crisis Is Sudden and Real, It Was Years in the Making

- The reimbursement rates in virtually all programs have been neglected for at least two decades.
- Some rates are based on costs from the 1990s.
- BEFORE the workforce wage crisis of 2021, the reimbursement rates only paid a fraction of the total costs - sometimes as low as 30% of the cost of services. If rates paid 70% of costs before 2021, they only cover 50% now.
- The ONLY immediate solutions are bridge payments and rate increases to close the gap.

Short-Term Solutions

- Bridge payment via legislation passed as early as possible during the 2022 session with an emergency clause to sustain services through June 2022
- Fund rate increases in the next biennial budget to start July 1, 2022

Longer-Term Solutions

- Regular cost of living adjustments
- Regular wage analysis
- Student loan forgiveness, childcare assistance, and other benefits and support
- Long term commitment to the health and wellbeing of our citizens, especially those most vulnerable, by routinely adjusting reimbursement rates to ensure accessible, high-quality services and support

Investment Needed

- The outlined investments in essential human services and health care are needed now.
- These investments will be a fraction of the costs that will be incurred by Kentucky if this crisis is not addressed immediately.

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Funding Sources

- Statewide ARPA dollars - \$1.3 billion
- Budget Reserve Trust Fund - \$1.2 billion
- Projected current year surplus - \$1.0 billion
- By increasing rates of reimbursement, additional federal matching funds can be accessed to fund the increase. In many programs, the federal funds are more than the required state matching funds, especially in the Medicaid programs where the federal share ranges from 70% to 90% or more.
- In a few instances, there is already dedicated ARPA funding for the requests.

Funding Requests

- 30% increase in child welfare rates (residential and community based)
- 25% increase in Medicaid/managed care organization outpatient and facility behavioral health rates for multi-specialty groups, behavioral health services organizations and community mental health centers
- 25% increase in rates for Medicaid Home and Community Based Services waiver providers
- 25% increase in HANDS provider rates
- Make permanent the \$29/day add-on for long-term care beds
- \$9.82 million/year increase for children's advocacy centers (\$14.02 million/year total)
- \$2.7 million/year increase for sexual assault programs (\$7.98 million/year total)
- \$15.25 million/year increase for domestic violence services (\$22.45 million/year total)

Coalition of Health Care and Human Service Providers



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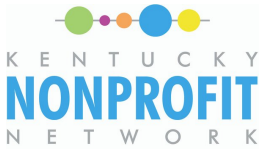
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