U.S. Senate Committee on Veterans' Affairs Hearing

"An Abiding Commitment to Those Who Served: Examining Veterans' Access to LTC."

Testimony of Carla Wilton, Chief Operating Officer of Immanuel Lutheran Communities

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Good afternoon, Chairman Tester, Ranking Member Moran and members of the Senate Veteran's Affairs Committee. My name is Carla Wilton. I am the Chief Operating Officer for Immanuel Lutheran Communities in Kalispell, Montana. Immanuel Lutheran Communities is a full-service retirement community offering Independent Living, Assisted Living, Memory Support, Post-Acute Therapy Services and Long Term Care to 300 older adults. It is my pleasure to be here with you today.

I'd like to start by thanking Chairman Tester for representing Montana and for your advocacy to expand veteran's benefits to Assisted Living, particularly through the introduction of Senate Bill 495 (*Expanding Veterans' Options for Long Term Care)* earlier this year. This important legislation – supported by VA Committee Members Tester, Moran, Murray, Rounds and King – would create a commonsense approach to identifying and securing greater options and opportunities for Montana veterans to access important supportive long term care services.

On October 1, 2021, Immanuel Lutheran Communities was granted a Community Nursing Home (CNH) Indefinite Duration Indefinite Quantity (IDIQ) Contract with the VA. We typically have about 15 veterans in our building at any one time. Of the ones who are living on our campus, only eight of them qualify for the CNH contract. The remaining ones are only eligible for hospice contracts. Although the relationship between Immanuel and the VA has been a positive one, we do have a couple of concerns. The first is the timing of payments. The VA is the slowest to pay of all our payer sources. It is typically a month to a month-and-a-half behind in payments. We are currently owed February through April. There is a new nursing home program manager who is working to get up to speed on the program, but this does take time. Secondly, when a veteran moves into Immanuel, they must change their primary care provider to our medical director. However, if they need a referral to a specialist, we have to go back to a provider with the VA; our medical director cannot order that referral. This process often takes several weeks, causing the veteran and their family concern as they wait to be able to receive much needed care and services.

It is critical to note that over the course of the pandemic the nursing home sector in the United States lost nearly 250,000 workers, 15% of our workforce – and are struggling to recruit and rebuild. In Montana alone, we lost 1,070 of our 5,511 workers – nearly 20%. Immanuel experienced similar losses of team members during this period of time, as well. There were times when we were unable to admit new residents to the care center due to our inability to care for them because of low staffing numbers. In addition to raising staff wages almost 25% across the board, for the first time in our organization's 65-year history, we brought in agency

staff. Although this came at great expense, we have a responsibility to provide services to those living on our campus.

While many other health care sectors in the country have recovered, nursing homes still need 190,000 workers to return to pre-pandemic levels, which at the current pace, may not occur until late 2026. Staffing challenges in long term care existed prior to COVID-19, and the pandemic exacerbated them into a full-blown crisis. Caregivers are burned out after fighting the virus, there's a nationwide shortage of nurses, and nursing homes lack the resources to compete for workers due to chronic government underfunding. Nursing homes would love to hire more nurses and nurse aides, but we are currently grappling with a historic labor crisis, and the people are not there. Increasing staffing requirements as the Centers for Medicare and Medicaid Services (CMS) is considering doing at a time when we can't find the people to fill open positions is a dangerous policy. CMS is planning to release minimum staffing requirements for nursing homes at any time now, and this is simply not the time to do this. We need a comprehensive approach to recruit and retain long term caregivers – not an enforcement approach.

Earlier this year, Chairman Tester led a bipartisan letter to CMS on this very issue discouraging CMS from taking a "one-size-fits-all" approach and instead urged the Agency to address the significant workforce shortages affecting rural America. Thanks to the VA Committee members – including Senators Cramer, Manchin, Sinema and Rounds – for signing this important letter. I also must note that as is the case across the nation, 60% of our residents are on Medicaid. In Montana, Medicaid rates have historically been very low. In the 2021 legislative session, we received a 0.6% increase in our daily rate which equated to about $1.25. As a result of decades of low reimbursement combined with the expense of the pandemic and difficulty in recruiting and retaining staff, 11 nursing homes in Montana closed during 2022. That was a reduction of nearly 15% of our total nursing homes across the state. Several of these were in rural communities that only had one nursing home to begin with. Their residents had to sadly leave their home to move to nursing homes far from family and friends.

As a result of these closures, there was much focus on Medicaid rates in this year's legislative session. We are still waiting for the Governor to sign the appropriations bill. Depending upon whether he chooses to line-item veto any of the increase, we anticipate coming out of this session with a rate of somewhere between $253 - $268. It costs us about $350 per day to provide care and services to a resident. So, although we are grateful for this increase, we will still be losing $80-$100 dollars per day on our Medicaid residents.

The VA IDIQ contracted rate we currently have is based on the Medicaid rate. In Montana, the VA adds 16% to the Medicaid rate to come up with their rate. Once a new Medicaid rate is published, our rate with the VA will be somewhere between $293 - $310, which is getting closer to our costs, but still falls short. I understand that the VA is also offering Veterans Care Agreements – or VCAs – as an alternative to the IDIQ contracts we have. However, those nationally established rates based on a discount of Medicare may fall below the proposed new

Montana Medicaid rates, making it even more difficult for veterans to access community nursing home services in Montana.

All residents, including our veterans, are affected by low Medicaid reimbursements, which are set by states with little federal oversight despite the federal financial investment in these services. We believe that CMS should play a greater role in assuring the adequacy of state Medicaid rates and seriously consider whether the rates being paid reflect the reasonable costs associated with providing care in keeping with CMS's own regulations and health and safety standards. CMS should take a closer look at what it costs to provide nursing home care post COVID-19 and in light of the severe workforce shortages - and the unrestricted pricing of staffing agencies. It should ensure reimbursement from Medicaid and VA programs covers the cost of the care we are asked to provide and that our residents deserve.

Thank you for this opportunity to testify, and I am happy to answer any questions. I also invite you all to come tour Immanuel Lutheran Communities so you can see first-hand the wonderful individuals we serve and critical services we provide.