



April 9, 2024

Re: HF5280

Chair Noor and Members of the Committee:

On behalf of the Long-Term Care Imperative, which represents over 2,000 providers across the long-term care continuum, we are writing to share our dismay regarding HF5280, the Walz Administration's supplemental budget bill for human services. While we appreciate the one-time investments made last legislative session, more is needed to sustain the critical services and supports our members provide for Minnesota's seniors and are we disappointed that these investments were not included in the Governor's Supplemental Budget proposal.

When the Governor's supplemental budget was released, we were disheartened to see that it did not include funding for senior care providers. Furthermore, it eliminates the disproportionate share program (DSH) that provides assistance to facilities who predominantly serve low-income residents. The Department argues that DSH should be phased out because Elderly Waiver (EW) rates are now 100% implemented. However, we argue that rates are not yet fully funded because they are based on wage data from 2017 which, given inflationary wage pressures, are not indicative of current costs. The Imperative supports ensuring Elderly Waiver rates are calculated using the most recently available wage data, and until that happens, a sunset of EW DSH is premature.

We have been working with DSH providers to estimate the annual impact of sunsetting the rate floor. As just a few examples:

- A site in Brooklyn Center will lose \$1,177,321.
- A site in Saint Cloud - \$1,856,603
- In West St Paul - \$1,180,108
- In Bloomington - \$177,265.

If the rate floor ends without recognizing current wage data in the EW methodology, it will be very difficult, if not impossible for these facilities to continue operating.

Additionally, last year, lawmakers acted to provide \$300 million in one-time funding for nursing homes. However, there were substantial limitations to those resources. In addition, nursing home providers are facing a cliff, as those one-time investments are set to expire at the end of this year. In the wake of pending federal staffing requirements and new unfunded standards

imposed by the Nursing Home Workforce Standards Board, lack of funding for nursing homes and their employees will have an even more catastrophic effect.

We deeply appreciate the one-time investments made last session. But without ongoing, sustainable investments in long-term care, access to care will be compromised for high acuity, low-income seniors and nursing homes will continue to struggle to afford pay increases for our talented caregivers who deserve a livable wage.

Respectfully,



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