



THE LUTHERAN HOME
ASSOCIATION

January 31, 2023

Dear Chair Noor and Members of the Human Service Finance Committee:

My name is Mark Hayes. I serve as CEO of The Lutheran Home Association in Belle Plaine, MN. I am writing to you in support of AARM's ICF legislation, HF 568. The Lutheran Home Association (TLHA) operates two intermediate care facilities in Minnesota—Hope Residence in Belle Plaine, MN and High Island Creek Residence in Arlington, MN.

The workforce shortage in healthcare, particularly in the ICF environment has dramatically affected our ability to recruit and retain employees. In 2022, we paid out an additional \$97,000 in bonuses compared to the prior year to compensate care givers covering extra shifts due to the staffing shortage. The low reimbursement rate for both of our ICFs coupled with the increased bonuses necessary to retain our staff has resulted in these facilities operating in the red. As a nonprofit, we are grateful to have donations from individuals that have helped us through these difficult times, but it is not a sustainable model for our future.

Hope Residence, a Class B facility currently receives a rate of \$214.86/day, one of the lowest Class B rates in Minnesota. High Island Creek Residence, a Class A facility currently receives a rate of \$119.65/day, the lowest Class A rate in Minnesota. An increase in daily rates for both of these locations would not only preserve our ability to care for these residents in the future, but would allow us to hire care givers at a competitive rate, significantly reduce our turnover, and give us the ability to provide more opportunities for our residents.

High Island Creek Residence has performed at a loss since COVID began in 2020. The current reimbursement rate does not cover the minimum expenses required to operate. This rate increase would prevent us from having to close the facility.

Our higher goal is to provide a comfortable living environment for our residents. The rate increase would alleviate the concerns of potential closure as well as provide a bright future for our residents.

Thank you sincerely for your work on this legislation. I am not being overly dramatic when I say this legislation would literally save us.

Respectfully,



Mark L. Hayes
President and CEO

The Lutheran Home Association
337 South Meridian Street | Belle Plaine, MN 56011
(952) 873-4746 | www.tlha.org | mlhayes@tlha.org