

## Executive Summary

The state of Minnesota has experienced a workforce shortage in the area of long-term care. This shortage impacts the entire range of services from nursing facilities to home and community-based care. This workforce shortage is occurring at a time when the number of people over the age of 65 is growing.

In mid-2022, job vacancy rates for nursing assistants was 17.4 percent and for home health and personal care aides, 8.3 percent, according to the Minnesota Department of Employment and Economic Development (DEED).

The Minnesota Legislature has attempted to deal with this issue in recent years by:

- creating incentive grant programs designed to increase the workforce;
- increasing payment rates for home and community-based services in an effort to raise wages for direct support professionals; and
- instituting loan forgiveness and grant programs for health care personnel working in underserved areas of the state or in certain long-term care settings.

This publication summarizes the various ways that have been established in law to address the long-term care workforce shortage in Minnesota. It also includes an overview of the current state of the long-term care workforce and demographic trends.

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## Factors Influencing the Workforce Shortage

The long-term care workforce shortage impacts the entire range of services from nursing facilities to home and community-based care as these facilities and providers struggle to recruit and retain direct support professionals to assist older adults, people with disabilities, and people with mental health care needs. According to the Department of Human Services (DHS), “the workforce crisis prevents access to services, can be a factor in abuse, neglect and injury incidents, and contributes to people living in facilities.”<sup>1</sup>

According to DEED, from 2020 to 2022, job vacancy rates for these jobs ranged from 5.2 percent to 23.2 percent, and median hourly wage offers ranged from \$12.99 for a personal care aide during the fourth quarter of 2020 to \$16.83 for a nursing assistant during the second quarter of 2022. Job vacancy rates as of the second quarter of 2022 were 8.3 percent for home health aides and personal care aides, and 17.4 percent for nursing assistants.

The table below shows the number of job vacancies and median wage offers for home health aides, personal care aides, and nursing assistants from 2020 to 2022.

**Job Vacancy Rates and Median Wage Offers  
for Certain Long-Term Care Occupations in Minnesota, 2020-2022**

Quarter	Occupation	No. of Job Vacancies	Job Vacancy Rate	Median Hourly Wage Offer
2022 2nd Quarter	Home health aides	9,067*	8.3%*	\$15.46
	Personal care aides			\$14.98
—	Nursing assistants	4,416	17.4%	\$16.83
2021 4th Quarter	Home health aides	9,110*	8.4%*	\$14.96
	Personal care aides			\$14.99
—	Nursing assistants	5,878	23.2%	\$16.75
2021 2nd Quarter	Home health aides	9,259*	9.0%*	\$13.34
	Personal care aides			
—	Nursing assistants	6,001	21.2%	\$15.49

<sup>1</sup> Department of Human Services website, <https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/long-term-services-and-supports/workforce/>.

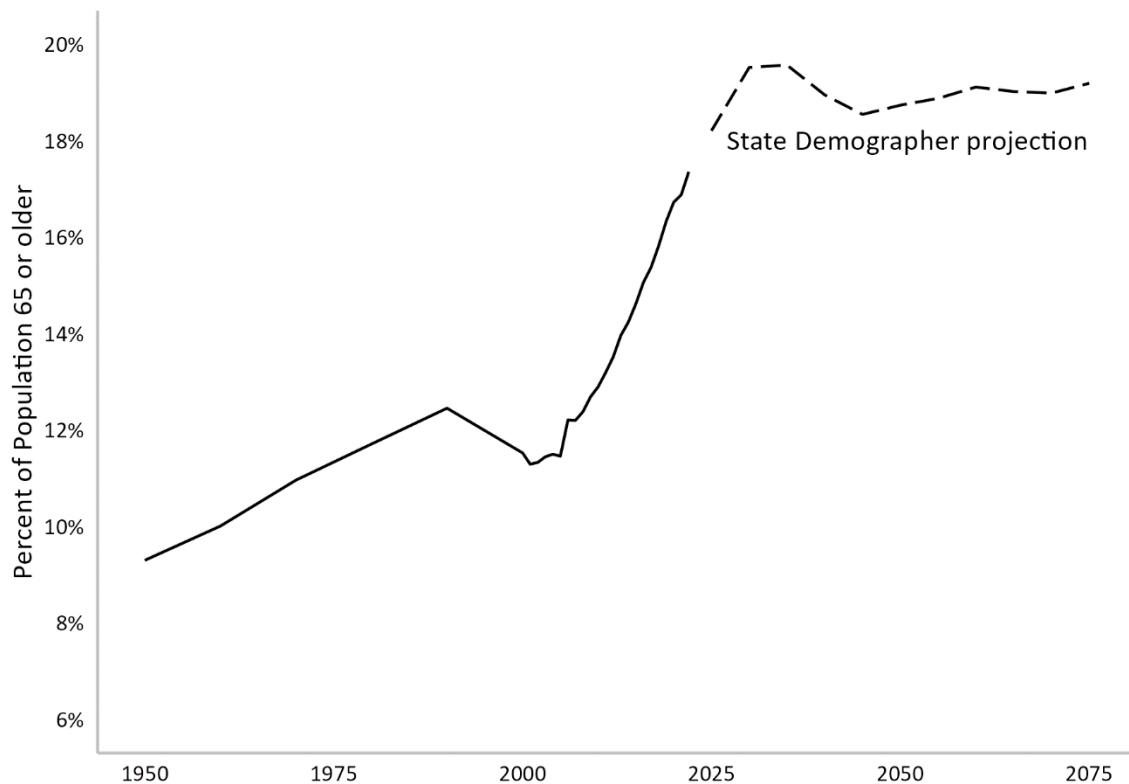
Quarter	Occupation	No. of Job Vacancies	Job Vacancy Rate	Median Hourly Wage Offer
2020 4th Quarter	Home health aides Personal care aides	5,383*	5.2%*	\$14.43 \$12.99
—	Nursing assistants	3,990	13.1%	\$15.00
2020 2nd Quarter	Home health aides Personal care aides	8,805*	8.5%*	\$13.68 \$13.36
—	Nursing assistants	2,755	9.1%	\$15.01

\* Data combined for home health aides and personal care aides

Source: Minnesota Employment and Economic Development, Job Vacancy Survey and Occupational Employment and Wage Statistics data

Compounding the workforce shortage are demographic trends. As the following graph shows, the percentage of the population age 65 and older has increased sharply from about 9.0 percent in 1950 to a projected high of about 19.6 percent in 2035 and then a plateau of around 19.0 percent thereafter.

**Percent of Minnesota Population Age 65 or Older, 1950 to 2075**



House Research Department.  
Analysis of IPUMS-USA Census Data and Minnesota State Demographer February 2023 projections.

**Note:** Graph derived from House Research analysis of Census Bureau microdata obtained from IPUMS-USA. Estimates from 1950 to 1990 used 1 percent national sample data; estimates from 2001 and later

used American Community Survey national random sample data. Estimates for 2025 and later were obtained from the February 2023 [Minnesota State Demographer population projections](#).

According to the Minnesota State Demographer, “Minnesotans of retirement age (65) and above numbered 930,000 in 2020. This number is expected to roll over to 1.26 million by 2075. Minnesota’s oldest residents—those aged 85 and above—are expected to rapidly increase...”<sup>2</sup> The U.S. Department of Health and Human Services longitudinal data shows that “70 percent of adults who survive to age 65 develop severe [long-term services and supports] needs before they die and 48 percent receive some paid care over their lifetime.”<sup>3</sup>

## Workforce Incentive Grant Programs

The Minnesota Legislature has recently created workforce incentive grant programs to address the workforce shortage. These programs are described below and include the long-term services and supports workforce incentive grants; new American legal, social services, and long-term care workforce incentive grants; and the nursing facility workforce incentive grant program. These programs are administered by the Department of Human Services.

The 2023 Legislature appropriated more than \$193 million to three separate grant programs. The following table shows the workforce incentive grant programs and the fiscal year 2024 appropriations for each program.

**Workforce Incentive Grant Program Appropriations for FY 2024**

Program	FY 2024 Appropriation
Long-term services and supports workforce incentive grants	\$83,560,000
New American legal, social services, and long-term care workforce incentive grant program	\$35,316,000
Nursing facility workforce incentive grant program	\$74,500,000

**Note:** The appropriations for the long-term services and supports workforce incentive grants and the nursing facility workforce incentive grant program are available until June 30, 2029. The appropriation for the new American legal, social services, and long-term care workforce incentive grant program is available until June 30, 2027.

<sup>2</sup> Minnesota State Demographic Center website, <https://mn.gov/admin/demography/data-by-topic/population-data/our-projections/>.

<sup>3</sup> “What is the Lifetime Risk of Needing and Receiving Long-Term Services and Supports?” April 3, 2019, U.S. Department of Health and Human Services website, <https://aspe.hhs.gov/reports/what-lifetime-risk-needing-receiving-long-term-services-supports>.

## Long-Term Services and Supports Workforce Incentive Grants

The long-term services and supports workforce incentive grants were established in 2023 to assist long-term services and supports providers with recruiting and retaining direct support professionals.<sup>4</sup>

**Eligible grant recipients.** Employers eligible to participate in the grant program include organizations that are enrolled in a Minnesota health care program that are:

- home and community-based services providers;
- certified intermediate care facilities for persons with developmental disabilities;
- nursing facilities;
- personal care assistance services providers;
- community first services and supports providers;
- early intensive developmental and behavioral intervention services providers;
- home care services providers;
- certain financial management services providers; or
- customized living services providers.

**Allowable uses of grant funds.** Grantees must use grant money to provide payments to eligible workers for the following purposes:

- retention, recruitment, and incentive payments
- postsecondary loan and tuition payments
- child care costs
- transportation-related costs
- personal care assistant background study costs
- other costs associated with retaining and recruiting workers, as approved by the commissioner

Eligible workers are workers who earn \$30 per hour or less and are currently employed or recruited to be employed by an eligible employer.

Grant awards are not considered income, assets, or personal property for purposes of determining eligibility or recertifying eligibility for a variety of income assistance and health care programs. In addition, grant awards are subtracted from a recipient's income for tax purposes.

**Appropriations.** In fiscal year 2024, \$83,560,000 was appropriated for the long-term services and supports workforce incentive grants. This appropriation is available until June 30, 2029, and is a onetime appropriation.

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<sup>4</sup> [Minn. Stat. § 256.4764.](#)

## New American Legal, Social Services, and Long-Term Care Workforce Grant Program

The new American legal, social services, and long-term care workforce grant program was established in 2023 for organizations that serve and support new Americans: (1) in seeking or maintaining legal or citizenship status to legally obtain or retain employment in any field or industry; or (2) to provide specialized services and supports to new Americans to enter the long-term care workforce.<sup>5</sup> A “new American” is defined as an individual born abroad and the individual’s children, irrespective of immigration status.

**Eligible grant recipients.** Eligible grantees include governmental units, federally recognized Tribal nations, nonprofit organizations, for-profit organizations, and legal services organizations specializing in obtaining visas for health care workers. Eligible applicants seeking to provide supports for new Americans to obtain or maintain employment must demonstrate expertise and capacity to provide training, peer mentoring, supportive services, workforce development, and other services to develop and implement strategies for recruiting and retaining qualified employees.

**Allowable uses of grant funds.** Allowable uses of grant money include:

- intake, assessment, referral, orientation, legal advice, or representation to new Americans to seek or maintain legal or citizenship status and secure or maintain legal authorization for employment;
- social services designed to help eligible populations meet their immediate basic needs during the process of seeking or maintaining legal status and legal authorization for employment; or
- specialized activities targeted to individuals to support recruitment and connection to long-term care employment opportunities, including:
  - developing connections to employment with long-term care employers and potential employees;
  - providing recruitment, training, guidance, mentorship, and other support services necessary to encourage employment, employee retention, and successful community integration;
  - providing career education, wraparound support services, and job skills training in high-demand health care and long-term care fields;
  - paying for program expenses related to long-term care professions; or
  - repaying student loan debt directly incurred as a result of pursuing a qualifying course of study or training.

**Appropriations.** In fiscal year 2024, \$35,316,000 was appropriated for the new American legal, social services, and long-term care workforce grant program. This appropriation is available until June 30, 2027, and is a onetime appropriation.

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<sup>5</sup> [Laws 2023, ch. 61](#), art. 1, § 60.

## Nursing Facility Workforce Incentive Grant Program

The nursing facility workforce incentive grant program was established in 2023 to assist nursing facilities with recruiting and retaining eligible workers.<sup>6</sup>

**Eligible grant recipients.** An eligible worker is a worker who earns \$30 per hour or less and is currently employed or recruited to be employed by a nursing facility.

**Allowable uses of grant funds.** Nursing facilities must use grant money to provide payments to eligible workers for the following purposes:

- retention, recruitment, and incentive payments
- employee-owned benefits, such as health savings accounts, HRSA, and flexible spending accounts
- employee contributions to a 401k account
- education, professional development, and financial counseling
- child care, meals, transportation, and housing
- health and wellness
- other flexible needs related to workforce challenges as determined by the commissioner

Each eligible worker may receive payments of up to \$3,000 per year from the workforce incentive grant account and all other state money intended for the same purpose.

Grant awards are not considered income, assets, or personal property for purposes of determining eligibility or recertifying eligibility for a variety of income assistance and health care programs. In addition, grant awards are subtracted from a recipient's income for tax purposes.

**Appropriations.** In fiscal year 2024, \$74,500,000 was appropriated for the nursing facility workforce incentive grant program. This appropriation is available until June 30, 2029, and is a onetime appropriation.

## Payment Rate Increases

The legislature approved various payment rate increases for home and community-based services in an effort to increase wages for direct support professionals, including payment rate increases under the Disability Waiver Rate System (DWRS), personal care assistance (PCA) and community first services and supports (CFSS) services, elderly waiver, and various other home and community-based services. These programs are administered by the Department of Human Services.

The programs described in this section are all part of Medical Assistance (MA), the state's Medicaid program. The federal government pays a share of the cost of MA expenditures. This is

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<sup>6</sup> [Minn. Stat. § 256.4766](#).

referred to as the federal medical assistance percentage (FMAP). Minnesota's FMAP for covered services is 51.49 percent. Minnesota pays the remaining 48.51 percent for most services (some services have a county share).<sup>7</sup>

## Disability Waiver Rate System

The DWRS is Minnesota's uniform, statewide methodology to determine reimbursement rates for home and community-based services provided under the four Medicaid (MA) disability waivers: the community alternative care (CAC) waiver, the community access for disability inclusion (CADI) waiver, the developmental disability (DD) waiver, and the brain injury (BI) waiver.<sup>8</sup>

Effective January 1, 2024, the DWRS payment rate methodology was modified by increasing the value of the competitive workforce factor for the following services:

- 1) community residential services
- 2) family residential services
- 3) integrated community supports
- 4) adult day services
- 5) day support services
- 6) prevocational services
- 7) unit-based services with programming
- 8) unit-based services without programming

The competitive workforce factor supports direct care worker compensation for workers that provide services under the DWRS.

In addition, the DWRS was modified to require that certain providers with rates determined under the DWRS use a specified minimum percentage of the revenue generated by the DWRS rate framework for direct care staff compensation.<sup>9</sup> The minimum percentage that must be used for direct care staff compensation varies by provider type from 45 percent to 66 percent. Compensation includes items such as:

- 1) wages;
- 2) taxes and workers' compensation;
- 3) health, dental, vision, and life insurance;
- 4) short- and long-term disability insurance;
- 5) retirement spending;

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<sup>7</sup> For example, counties are responsible for 20 percent of the cost of nursing facility placements of persons with disabilities under age 65 that exceed 90 days. For this and other required county shares, see Minnesota Statutes, section 256B.19, subdivision 1.

<sup>8</sup> [Minn. Stat. § 256B.4914](#).

<sup>9</sup> [Minn. Stat. § 256B.4914](#), subd. 10d.



- 6) tuition reimbursement;
- 7) wellness programs;
- 8) paid vacation time;
- 9) paid sick time; or
- 10) other items of monetary value provided to direct care staff.

These changes to the DWRS rate methodology were intended to increase wages for direct support professionals who provide these services.

## **Personal Care Assistance and Community First Services and Supports**

Personal care assistants provide assistance and support to persons with disabilities, the elderly, and others with special health care needs living independently in the community.

The CFSS program<sup>10</sup> was created by the 2013 Legislature and will replace the PCA program and consumer support grants. CFSS will be available statewide to eligible individuals to provide assistance and support to persons with disabilities, the elderly, and others with special health care needs living independently in the community. CFSS will be phased in beginning in June 2024.

The PCA/CFSS payment rate methodology was modified in 2023 to update the base wage index, modify the implementation components to have a greater percentage of the rates based on the new payment methodology, and add a worker retention component. The changes to the base wage index and implementation components are effective January 1, 2024, and the addition of the worker retention component is effective January 1, 2025. In addition, a new contract was ratified for self-directed workers, which includes personal care assistants working under the direction of a participant or participant's representative.<sup>11</sup> These changes are intended to increase payment rates, and thereby wages, for personal care assistants and support workers.

The PCA and CFSS programs currently include a requirement that a minimum of 72.5 percent of the revenue generated by Medical Assistance must be used for personal care assistant and support worker wages and benefits for services provided under the PCA program and the CFSS agency-provider model.<sup>12</sup>

The new contract that was ratified includes a minimum wage of \$19 per hour for self-directed workers as of January 1, 2024, and an additional increase to \$20 per hour as of January 1, 2025.

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<sup>10</sup> [Minn. Stat. § 256B.85](#).

<sup>11</sup> [Minn. Stat. § 256B.0711](#).

<sup>12</sup> [Minn. Stat. § 256B.0659](#), subds. 20 and 21, and [§ 256B.85](#), subds. 11 and 12.

## Elderly Waiver

The elderly waiver (EW) provides home and community-based services not normally covered under MA to MA enrollees who are at risk of nursing facility placement. In addition, EW recipients are eligible for all standard MA covered services.

The elderly waiver payment rate methodology was modified by: repealing the phase-in to the new rate methodology (thereby basing rates entirely on the new rate methodology going forward), changing the base wage index calculations for various services provided under the elderly waiver, adjusting the values of various rate setting factors and establishing new rate setting factors, establishing a floor for the elderly waiver adjusted base wage of \$16.68, and changing various component rate calculations. These changes are effective January 1, 2024, or upon federal approval, whichever is later.

In addition, except for certain customized living services, the elderly waiver payment rate methodology was modified to require at least 80 percent of the marginal increase in revenue from implementing any elderly waiver rate adjustments to be used to increase compensation-related costs for employees directly employed by the provider.<sup>13</sup> Compensation-related costs include items such as:

- 1) wages and salaries;
- 2) the employer's share of various taxes, workers' compensation, and mileage reimbursement;
- 3) the employer's paid share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, pensions, and contributions to employee retirement accounts; and
- 4) benefits that address direct support professional workforce needs above and beyond what employees were offered prior to the implementation of any elderly waiver rate adjustments.

All of the elderly waiver payment rate methodology changes were intended to increase direct support professional compensation, with a floor set at \$16.68 per hour.

## Other Home and Community-Based Services

Several other home and community-based services will receive rate increases as a result of legislation that was enacted in 2023.<sup>14</sup> The programs that will receive rate increases include home care services, services provided under MA waivers that are not reimbursed through the DWRS or elderly waiver payment rate methodologies, and certain services provided to individuals who reside in intermediate care facilities for persons with developmental disabilities.

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<sup>13</sup> [Minn. Stat. § 256S.211](#), subd. 4.

<sup>14</sup> [Laws 2023, ch. 61](#), art. 1, §§ 68 and 71-73, and art. 2, § 40.

Effective January 1, 2024, or upon federal approval, whichever is later, the following home and community-based services will receive payment rate increases as indicated below:

- home health agency services: 14.99 percent
- home care nursing: 25 percent
- chore services and home-delivered meals provided under the MA disability waivers: 14.99 percent
- early intensive developmental and behavioral intervention benefit services: 14.99 percent
- day training and habilitation services provided by intermediate care facilities for persons with developmental disabilities: 14.99 percent
- community living assistance and family caregiver services provided under the alternative care, essential community supports, and elderly waiver programs: 14.99 percent

These rate changes were intended to increase wages for the direct support professionals who provide these services.

## Loan Forgiveness Programs

The Minnesota Department of Health (MDH) administers loan forgiveness and grant programs to health care personnel working in underserved areas of the state or in certain health care settings. Two of these programs are available to personnel working in long-term care settings: the home and community-based services employee scholarship grant and loan forgiveness program and the health professional education loan forgiveness program.

### Home and Community-Based Services Employee Scholarship Grant and Loan Forgiveness Program

The home and community-based services (HCBS) employee scholarship grant and loan forgiveness program<sup>15</sup> has two components:

- providing grants for scholarships and educational programming for HCBS workers; and
- providing loan forgiveness to HCBS workers nominated by their employers.

To be eligible for grants, and for their employees to be eligible for loan forgiveness and scholarships, an HCBS provider must primarily provide services to individuals age 65 and older in home and community-based settings and must be located in Minnesota.

**Scholarships and educational programs.** Under the scholarship program, the commissioner provides grants to eligible HCBS providers. An HCBS provider that receives a grant must establish an HCBS employee scholarship program and provide educational programs or award

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<sup>15</sup> [Minn. Stat. § 144.1503](#).

scholarships to employees who are enrolled in courses leading to career advancement with the provider or in long-term care, and who work an average of at least ten hours per week for the provider. The commissioner may also provide scholarships to individual HCBS workers who meet these requirements.

An HCBS worker who receives a scholarship from their employer or from the commissioner must use the money for the costs of a course of study leading to career advancement with the provider or in long-term care, including home care, care of people with disabilities, nursing, or as an assisted living director.

**Loan forgiveness.** To obtain loan forgiveness, an HCBS worker's employer must submit employee names to the commissioner, and those employees may apply to the commissioner. When awarding grants, the commissioner must select employees based on their suitability for practice and must give preference to employees close to completing their training. The commissioner, in collaboration with HCBS stakeholders, may establish priority areas for loan forgiveness if needed due to the volume of applications.

If an employee receives loan forgiveness, the employee must agree to work at least 32 hours per week for at least two years for an eligible provider. Each year the employee maintains eligibility, up to four years, the commissioner makes a payment to the employee of 15 percent of the average educational debt for indebted graduates in their profession in the year closest to the employee's selection for the loan forgiveness program for which information is available. Loan forgiveness payments must not exceed the balance of the employee's educational loans.

**Appropriations.** \$1,450,000 in fiscal year 2024 and \$1,450,000 in fiscal year 2025 were appropriated for this program.

- At least two-thirds of the money appropriated for this program must be used for employee scholarships. In fiscal year 2023, a total of \$967,136.14 was awarded to 12 HCBS providers for employee scholarship programs.
- Up to one-third of the money appropriated for this program may be used for loan forgiveness. In fiscal year 2023, loan forgiveness awards were made to 32 employees of 12 HCBS providers.<sup>16</sup>

## Health Professional Education Loan Forgiveness Program

Under the health professional education loan forgiveness program,<sup>17</sup> the commissioner awards loan forgiveness to health professionals working in certain underserved areas or in certain health care settings. This program is not targeted to professionals working in long-term care settings. Some health professionals working in designated rural areas or, for some professions, underserved urban communities may work in any setting, including a long-term care setting, while receiving loan forgiveness under this program. However, some loan forgiveness for nurses under this program is targeted to nurses who work in certain long-term care settings—a

<sup>16</sup> <https://www.health.state.mn.us/facilities/ruralhealth/funding/grants/docs/2023hcbsawards.pdf>.

<sup>17</sup> [Minn. Stat. § 144.1501](#).

nursing home, intermediate care facility for persons with developmental disabilities, or assisted living facility—or for a home care provider.<sup>18</sup>

To be eligible for loan forgiveness under this program, a health professional must agree to practice in a location specified for that profession in statute and must commit to the service obligation for that profession in statute. Most professionals must agree to serve at least three years, and nurses must agree to serve at least two years.

Each year a health professional maintains eligibility, up to four years, the commissioner makes a payment to the professional of 15 percent of the average educational debt for indebted graduates in their profession in the year closest to the professional’s selection for the loan forgiveness program for which information is available. Loan forgiveness payments must not exceed the balance of the professional’s educational loans. The professional must verify to the commissioner that the professional applied the loan repayment amount received toward the professional’s educational loans.

In fiscal year 2023, \$1,115,334 was awarded as loan forgiveness to nurses working in long-term care settings.<sup>19</sup>



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<sup>18</sup> Loan forgiveness is also available to nurses who work in a nonprofit hospital setting, nurses who agree to teach in the nursing field, and nurses working as public health nurses.

<sup>19</sup> Information provided by Department of Health staff, Dec. 21, 2023.