



# Long-Term Care

REPORT

News & Analysis On Reimbursement, Business, Legislation & Regulation

## Studies & Surveys

### SCARCE HEALTH INSURANCE COULD HURT STAFF RETENTION

The liability insurance crisis isn't the only insurance problem facing long-term care providers.

A study that appears in this month's issue of the *American Journal of Public Health* reports that health insurance coverage for health care workers is on the decline. The problem is especially acute in long-term care: Twenty percent of nursing home personnel were uninsured in 1998, more than in any other health setting. Among occupational groups, nurse aides experienced the highest rate of being uninsured, at 23.8 percent.

The authors of the study — titled "No Care for the Caregivers: Declining Health Insurance Coverage for Health Care Personnel and Their Children, 1988–1998" — blame the growth of for-profit medicine during the '90s and price pressures from managed care.

"It's perverse," says lead author **Brady Case**, a **Harvard University** medical student. "The health care system, squeezed by Wall Street, is consigning its own workers and their families to the ranks of the uninsured."

The study found that the proportion of uninsured health care personnel rose from 8.4 percent to 12.2 percent between 1988 and 1998. Declining rates of insurance coverage in the growing private-sector health care workforce and falling employment in the public sector accounted for the increases.

During that same period, the proportion of private nursing home employees who were uninsured climbed from 18.8 to 20.9 percent, while the proportion of uninsured public nursing home employees rose from 7.5 to 11.9 percent. In 1988, 18.6 percent of nurse aides lacked insurance; by 1998, that proportion had climbed to 23.8 percent.

The researchers analyzed data from a national survey of approximately 150,000 U.S. residents conducted annually by the **Census Bureau**. They found that black and Hispanic personnel were at least twice as likely as white health personnel to lack insurance. They also found considerable geographic variation, with Texas having the worst record.

#### Human Resources

### WEED OUT BAD APPLES WITH PRE-EMPLOYMENT TEST

*One of the best ways to improve your facility's certified nursing assistant retention rate is to avoid making bad hires in the first place. The American Health Care Association and the National Center for Assisted Living are now offering a software tool to make that easier. (Page 33)*

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The **Direct Care Alliance** — an organization of caregivers, providers and consumers based in Brooklyn, NY — draws a connection between the lack of health insurance and labor shortages plaguing nursing homes.

“Inadequate wages and benefits for front-line paraprofessionals make it extremely difficult for these workers to sustain themselves (and their families) for any extended period,” states a DCA issue brief on the topic. “Many of the best caregivers must eventually leave direct care for other better-paying, less-demanding jobs, and the number of new workers willing to replace them is dwindling.” ❖

*Editor’s note: For a copy of the study, go to [www.ajph.org](http://www.ajph.org).*

#### *Business Strategies*

### **TIPS FOR FINDING AFFORDABLE HEALTH INSURANCE**

Providing your facility’s employees with health insurance can pay off in better staff retention and healthier workers. But finding affordable plans isn’t easy for nursing homes.

“The problem of affordable health coverage for small businesses in general is reaching a crisis point,” **Kate Sullivan**, director of health care policy for the **U.S. Chamber of Commerce**, tells **Eli**.

Sullivan offers this advice for providers seeking affordable coverage for their employees:

- Ask your local chamber of commerce if it offers discounted health plans to members.
- Find out if insurance companies offer discounts for higher deductibles, limited access to prescription drugs or bigger co-payments.
- Consider medical savings accounts. These plans, currently available only to small businesses, provide a high-deductible health care plan along with a tax-free savings account that allows employees to set aside money for health care needs.

**President Bush’s** latest budget plan seeks \$14 billion over 10 years to expand MSAs. He also supports allowing all employees, not only those working for small businesses, to open such accounts.

Another possibility for employers seeking affordable insurance is to seek strength in numbers. A report released last fall by New York’s **Commonwealth Fund** found that small businesses were able

to offer more health insurance choices to employees by banding together and pooling risk.

“Health care purchasing coalitions give small businesses the ability to get what they can’t individually,” explains **Angie Hunter**, director of federal affairs for the **Council of Affordable Health Insurance** in Alexandria, VA. “Because health care providers offer price discounts to large purchasers in exchange for patient volume, purchasing coalitions can purchase health care services with more choices for less money.”

However, the report — “Business Initiatives to Expand Health Coverage for Workers in Small Firms,” by **Jack Meyer** of the **Economic and Social Research Institute** and **Lise Rybowski** of **The Severyn Group** — cautions that regulatory reforms allowing flexibility in the design of such plans is needed for such coalitions to make a significant difference in the insurance problem.

Efforts to enact some reforms are underway. For example, Sullivan’s organization currently is lobbying Congress to pass the Small Business Health Fairness Act. This measure, which has been folded into patients’ bill of rights legislation, would allow trade groups and professional associations to offer health plans to members. Bush endorsed the concept at a March 19 **Labor Department** conference for women entrepreneurs, the *New York Times* reports.

In addition, the **American Association of Homes and Services for the Aging** has called for tax incentives to subsidize health care coverage for direct care workers and for allowing individuals with incomes up to 300 percent of the poverty line to “buy in” to Medicaid.

Meanwhile, Dr. **David Himmelstein**, co-author of the “No Care for the Caregivers” study (*see story above*) and co-founder of **Physicians for a National Health Program**, argues that the solution to the problem is a single payer national health insurance program — essentially an expanded version of Medicare that would cover needed health services for all Americans. ❖

#### *Federal Developments*

### **HHS URGES CHILDREN TO CONSIDER CAREGIVING CAREERS**

If you think the nursing crisis is bad now, hold onto your hat: If current trends continue, reg-

istered nurses working in long-term care facilities will be headed the way of the dodo bird.

The **Health Resources and Services Administration** last month released the final report of the 2000 National Sample Survey of Registered Nurses. The survey shows that the rate of entry into the nursing profession has slowed significantly over the past four years.

The HRSA found that the nursing crisis was growing particularly severe in long-term care. The number of nurses employed in nursing homes dropped between 1996 and 2000, following a substantial increase between 1992 and 1996. The decrease in nursing home employment occurred among nurses of all ages except those between 45 and 54.

Amid that gloomy news, the Bush administration has launched an effort to encourage school children to consider careers as caregivers.

**Department of Health and Human Services** Secretary **Tommy Thompson** and **Department of Education** Secretary **Rod Paige** last month unveiled an education campaign designed to attract children's interest in careers in nursing and the health professions during a visit to **Jefferson Junior High School** in Washington.

The "Kids into Health Careers" tool kit provides information on more than 270 health careers, such as nurse, physical therapist and X-ray technician. The kit includes data on the level of education preparation needed to pursue specific careers, salary

outlook and resources on obtaining financial assistance to pursue an education in the health professions.

"Now, for the first time, we are making available the kind of information parents, teachers and organizations need to motivate and encourage our nation's promising young talent to pursue a career in the health professions," Thompson said. ❖

*Editor's note: The 2000 nursing survey report is available at [www.bhpr.hrsa.gov/nursing](http://www.bhpr.hrsa.gov/nursing). More information about Kids into Health Careers is available at [www.bhpr.hrsa.gov/kidscareers](http://www.bhpr.hrsa.gov/kidscareers).*

#### *Human Resources*

### **UNION, UNIVERSITY UNITE FOR FREE NURSE TRAINING**

When it comes to tackling the nursing shortage, organized labor may prove to be your facility's best friend.

**City University of New York** has teamed with the **Service Employees International Union Local 1199** and the **League of Voluntary Hospitals and Homes of New York** to offer an innovative college program that will allow New Yorkers to get a nursing degree or upgrade their professional skills.

"This innovative educational collaboration ... is a potential model for retraining within a complex field undergoing extraordinary change," says CUNY Vice Chairman **Benno Schmidt**.

#### *Human Resources*

### **WEED OUT BAD APPLES WITH PRE-EMPLOYMENT TEST**

One of the best ways to improve your facility's certified nursing assistant retention rate is to avoid making bad hires in the first place. The **American Health Care Association** and the **National Center for Assisted Living** are now offering a software tool to make that easier.

The CNA Pre-Employment Test is designed to measure skill levels, knowledge, performance and potential for employment longevity. AHCA developed the software in conjunction with **ePredix** ([www.epredix.com](http://www.epredix.com)), a company that specializes in employment screening. The test, which takes about 20 minutes for an applicant to complete, complies with all pertinent federal employment laws.

Several years ago, the **Franciscan Health System of Miami Valley** in Ohio began using similar ePredix software in an effort to cut turnover rates among staff, including the CNAs at its Centerville long-term care facility. In the first year alone, Franciscan's turnover rate dropped from 146 to 71 percent, and it fell to 51 percent in the second year. The company estimates that it has saved \$300,000 annually by using the software. ❖

*Editor's note: The test and the scoring codes are sold separately and are available by calling 800-321-0343 or by logging on to [www.ahcabookstore.org](http://www.ahcabookstore.org). Refer to product numbers 6237 for the start-up kit and 6238 for the scoring codes.*

Scheduled to begin full operations in September, the **CUNY/1199 Bronx Workforce Development Center** was built with \$3 million in state funds. It aims to reach thousands of current and potential health care workers where they live and to help reduce the city's nursing shortage. A primary goal is to attract more Spanish-speaking workers into the profession.

Open to all New Yorkers, the program will be free for union members. A consortium of **Lehman College, Hostos Community College and Bronx Community College** will offer a continuum of nursing degree programs from nursing assistant to graduate degrees, as well as courses in other health-related fields.

Classes will be offered on a regular schedule and online. In addition, the union will provide evening and weekend childcare on site for members enrolled in classes. After-school programs for school-age children also are planned. ❖

#### *Human Resources*

### **AHCA STAFFERS UNDERGO CNA TRAINING**

They say you can't really understand someone's plight until you walk a mile in his shoes. That's exactly what **American Health Care Association** staff members did in an effort to gain a deeper understanding of what life is like for certified nursing assistants.

Earlier this year, four AHCA staffers — President and Chief Executive Officer Dr. **Charles Roadman**, Vice President of Finance **Paul Hensley**, Public Relations Manager **Alexis Starkey** and Receptionist **Sherzon Simpson** — underwent CNA training at **Genesis ElderCare Network's Potomac Center** in Arlington, VA.

"I was so impressed with what these people do on a daily basis," Starkey tells **Eli**. "It was the hardest thing I've ever done."

The AHCA staff members completed the typical training course, along with six other students who planned to work for Genesis afterwards. Following two weeks of classroom work, the participants got a week of clinical experience.

Starkey had five residents to care for, far less than the typical workload shouldered by a CNA. Still, she admitted to feeling "overwhelmed."

"We talk all the time about the staffing crisis but don't really understand it," she says. "I have a higher level of passion now when it comes to staffing issues."

Speaking at an **American Health Lawyers Association** conference last month, Roadman said the experience also gave him a newfound appreciation for the job. Working in long-term care is "back-breaking work — physically, emotionally and intellectually," he observed. ❖

#### *Legislative Developments*

### **BILL REQUIRES SNF JOB APPLICANTS TO HAND OVER FINGERPRINTS**

Hiring staff at your skilled nursing facility soon may get considerably more complicated.

Rep. **Brad Carson** (D-OK) on March 12 introduced a bill that would create a federal system to vet the backgrounds of potential nursing home workers for incidents of patient abuse or criminal behavior — and would penalize facilities for hiring anyone with a record of past abuse. It is the House companion to legislation that Sen. **Herb Kohl** (D-WI) introduced last year in the Senate.

"It is imperative, if we are going to increase the level of care in nursing homes, that we share, on a nationwide level, information about potentially dangerous applicants," Carson states.

The introduction of the House measure comes on the heels of a **General Accounting Office** report and Senate Special Committee on Aging hearing that detailed problems with physical and sexual abuse of residents in long-term care facilities (*see LTCR, Vol. 4, No. 5, p. 27*).

The Patient Abuse Prevention Act (H.R. 3933 and S. 1054) would amend titles XVIII and XIX of the Social Security Act. Under the proposal, a nursing facility considering hiring a worker would be required to:

- give the applicant written notice that the facility must perform background checks on potential employees;
- take a written statement from the applicant disclosing any conviction for a relevant crime or finding of patient abuse;
- have the applicant sign a statement authorizing the facility to request the search and exchange of criminal records;

- collect in person a copy of the applicant's fingerprints, thumb print or any other identification information specified in subsequent regulations;
- check the excluded provider database to determine whether it contains any disqualifying information on the applicant and, if it doesn't, to request that the state perform a state and national criminal background check on the applicant; and
- provide the information collected to the state within seven working days.

The bill would permit facilities to hire a worker on a provisional basis pending completion of the background check but to provide close supervision during that time. It also requires facilities to report to the state any instance in which they determine a worker has committed resident neglect, abuse or misappropriation of property. The measure protects a facility from liability in any action brought by an applicant rejected on the basis of the system.

Failing to follow procedures set out by the law would bring penalties of up to two years in prison and fines of \$2,000 for the first violation or \$5,000 for any subsequent violations in a five-year period. Moreover, any facility that retains a worker in violation of the law or fails to adhere to the abuse reporting requirements would be fined \$5,000 for the first violation and \$10,000 for subsequent violations.

**Health and Human Services Secretary Tommy Thompson** earlier this month stated his support for Kohl's bill during testimony before the appropriations panel with jurisdiction over the HHS budget. The **American Health Care Association** and the **American Association of Homes and Services for the Aging** also have expressed support for the measure, which enables facilities to be reimbursed for related costs.

The House has referred Carson's bill to the Energy and Commerce and Ways and Means committees for further action. Meanwhile, Kohl's bill remains in the Senate Finance Committee. ❖

*Editor's note: The bills are available online at <http://thomas.loc.gov>.*

### *Long-Term Care Insurance*

## **AS CARE COSTS SOAR, LTC INSURANCE MARKET EXPANDS**

Medicaid shortfalls and Medicare drop-offs have cast a pall over the long-term care financing

landscape, but a glimmer of hope for cash-strapped providers recently broke through the gloom.

A new study by the **Health Insurance Association of America** found that the number of Americans who have purchased private long-term care insurance policies has more than tripled over the last decade, from 1.9 million in 1990 to 6.8 million in 1999. The finding has important implications for the long-term care industry and public policy in general.

"With the 40 million members of the Baby Boom generation preparing to retire, the cost of long-term care will place an intolerable strain on the Medicaid program unless alternative sources of financing can be found," notes HIAA President **Dr. Donald Young**.

Since HIAA began systematically tracking long-term care insurance in 1987, the market has grown by an average of 18 percent a year. More than 750,000 policies were sold in 1999, up from 538,000 in 1998, a 40-percent increase, according to the study, titled "Long-Term Care Insurance in 1998-1999."

The long-term care insurance market is expanding at a fortuitous time, as the cost of nursing home care is skyrocketing. A survey of nursing home costs released earlier this month by **GE Long Term Care Insurance** found that care in the 10 most expensive areas of the country now carries a price tag of roughly \$80,000 or more.

Those areas are: Alaska (\$163,400), New York City metro area (\$106,500), Connecticut (\$93,500), New York state (\$90,000), District of Columbia (\$88,000), Hawaii (\$86,900), Massachusetts excluding the Boston area (\$82,500), Boston metro area (\$82,200), New Jersey (\$80,900) and the Philadelphia metro area (\$79,900).

"At the rates shown in this survey, it wouldn't take long to exhaust even a substantial nest egg," says **Buck Stinson**, president of GE Long Term Care Insurance. ❖

### **In other news...**

- As LTCR went to press, Rep. **Dave Camp** (R-MI) introduced legislation to revamp the nursing home survey and certification system.

The Medicare and Medicaid Nursing Facility Quality Improvement Act (H.R. 4030) would es-

establish incentives to encourage facilities to provide better care while providing technical assistance to facilities that need to improve. It also would restore a facility's ability to train staff as soon as it demonstrates compliance with standards, and it would enable disputes with survey findings to be resolved quickly through an independent review process.

See the next issue of *LTCR* for more details on the measure.

- Nursing home providers should not abandon hope of being rescued from the looming Medicare rate cliff, as the Bush administration has not yet ruled out the possibility of boosting payments to skilled nursing facilities.

In an attachment to a March 14 letter to Reps. **Bill Thompson** (R-CA) and **Nancy Johnson** (R-CT) of the House Ways and Means Committee, **Health and Human Services Secretary Tommy Thompson** and **Office of Management and Budget Director Mitch Daniels** write that they are "willing to continue to review the substantive justification for modifying SNF payments with the Committee."

- The price of nursing homes appears to have recovered from its death spiral and is climbing again.

After declining by 10 percent in 2000, the average price paid per bed for skilled nursing facilities grew by almost 4 percent in 2001, according to the latest *Senior Care Acquisition Report* from **Irving Levin Associates** in New Canaan, CT.

The report found that the average sales price for SNFs in 2001 was about \$38,000 per bed compared to \$36,600 in 2000. The report costs \$495 and is available by calling 800-248-1668.

- The **Centers for Medicare & Medicaid Services** has appointed a new director for its health care improvement initiatives.

Dr. **Barbara Paul** will head the agency's Quality Measurement and Health Assessment Group. That office will be handling the six-state nursing home quality pilot project set to begin next month.

A board-certified internist, Paul previously directed the agency's Physicians' Regulatory Issues Team. She replaces Dr. **Steve Clauser**, who has taken a position with the **National Cancer Institute**.

- A jury this month returned the largest verdict ever against an Indiana nursing home in a case involving resident neglect.

The Cass County jury on March 15 handed down a \$1.5 million judgment against the **Chase**

**Center** nursing home in Logansport. That is the largest personal injury jury verdict ever entered against an Indiana nursing home for neglect.

The case involved a suit brought by **Ed Eggerding** on behalf of his wife's estate. **Nola Eggerding** entered the facility in 1998, fell and broke her hip, and then developed pressure sores that eventually led to the amputation of her left leg.

The suit alleged that understaffing at the facility led to her fall and the pressure sores. The plaintiff's attorneys asked the jury to award punitive damages to send a message to the facility and its corporate owner, **Careage Inc.** of Logansport, that it needed adequate staff to meet residents' needs. The facility argued that it had adequate staff and that Eggerding developed the sores due to peripheral vascular disease.

The jury handed down punitive damages of \$1 million and compensatory damages of \$500,000. ❖

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