



Office of Governor Tim Walz & Lt. Governor Peggy Flanagan
130 State Capitol
75 Rev Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

December 14, 2022

Dear Governor Walz,

Our organizations wish to congratulate you on your re-election success and leadership position. In the months ahead, you and the Legislature will be tasked with making major decisions about Minnesota's projected budget surplus and other pressing issues from around the state. **One of the most pressing issues requiring immediate action is the workforce shortage crisis happening in home & community-based disability services and long-term care settings.**

Our coalition is a broad coalition representing many corners of the caring professions. The Best Life Alliance represents residential and employment/day disability service providers, the Long-Term Care Imperative represents long-term care providers, and the Minnesota First Provider Alliance represents PCAs agencies. We are continuing to work together to highlight the extreme workforce crisis. Together, we have sounded the alarm for years, testifying before House and Senate committees that our industries are on the verge of collapse due to low reimbursement rates. Unfortunately, that collapse is upon us.

While the direct support workforce has been in crisis for years, the COVID-19 pandemic exacerbated existing issues of high turnover rates, soaring vacancy rates, and uncompetitively low wages, and now our workforce crisis is negatively impacting the entire healthcare continuum. **Many hospitals are unable to safely discharge patients back to our facilities or to their homes due to workforce-induced home closures and service cuts.**

The healthcare continuum must operate as a well-oiled machine and as it continues to back up, largely due to the workforce crisis, it has profound consequences on Minnesotans most in need of appropriate and person-centered services.

The workers our organizations are competing for are commonly called Direct Support Professionals (DSPs), Personal Care Assistants (PCAs), or direct care workers depending on the setting or program the individual is enrolled in. Their duties vary depending on location but generally, these support professionals help people with disabilities, illness, or fragile elders who require assistance with personal care and activities of daily living, such as feeding, bathing, dressing, grooming, toileting, and ambulation. These support staff might also help administer medications, prepare meals, and complete chores within their homes. DSPs might also engage in other support activities such as helping people to find jobs, maintain employment, engage in meaningful volunteer roles, and grow employment and life skills. Other support roles can

include preparing meals, light housekeeping, administering medications, preventing and responding to challenging behaviors, and supporting people in using assistive technology.

Recent data from the Bureau of Labor Statistics shows that DSP wages have lost immense ground in the last few years. **Current statute requires the Minnesota Department of Human Services to analyze the Competitive Workforce Factor (CWF), which shows the wage differential between DSPs and comparable occupation wages. In 2020, this wage differential was 8.43% and in 2022 it rose to 16.76%.** Proposed legislation to fund needed workforce investments for long-term care and HCBS services remained an unfinished casualty of the 2022 legislative session stalemate. While employers of all types are competitively pursuing quality workers by offering higher wages, we are limited in our ability to do that because most of our Medicaid reimbursement rates are statutorily set.

While providers are trying to be creative in workforce discussions, our #1 priority for the 2023 Legislative Session is to significantly increase worker wages and benefits so we can enhance job satisfaction, retain our workforce and provide the care Minnesotans deserve. Without a major commitment from our elected leaders, the quality of life for elderly individuals and Minnesotans living with disabilities will be at risk.

In addition to the impact on community hospitals, this workforce collapse is having a profound impact on individuals served and their families. Both long-term care and group residential service providers have dealt with facility closures, including in the last 18 months, over 200 group homes supporting the disability community have closed their doors in Minnesota. While many of these residents have been able to move to different facilities, it takes a toll on the individual, their family, and their care providers. Currently, we estimate there are nearly 50,000 job openings within our industries. **If we can't start to fill these positions, more and more homes and programs will close or limit services, waiting lists for employment and day support services will continue to grow, and Minnesotans will live less full lives without access to the supports they need.**

Compensation and benefit increases are the first and most effective way to attract workers to these jobs and move toward a living wage. To accomplish this, the Minnesota Legislature must increase our Medicaid reimbursement so we can increase wages and compete in this job market. **This is the most effective first step to deal with this shortage and to better support older Minnesotans and those with disabilities to access the supports they need.**

During the pandemic, states that meet specific Medicaid program requirements received an enhanced 6.2 percentage point increase in the Federal Medical Assistance Percentage (FMAP), also known as the "Medicaid matching rate." This expanded federal support was effective January 1, 2020, and is statutorily set to remain in place until the last day of the calendar year quarter in which the public health emergency period ends. (Currently, that date is December 31, 2022.) As we look at the most recent state forecast documents, over \$600 million of the state's projected surplus is directly due to this enhanced FMAP, and as a whole, \$1.7 billion of the surplus is directly associated with Medicaid services. **These dollars must be reinvested back in Home and Community-Based Services.**

Our organizations are requesting that you take early action and prioritize the passage of an HHS workforce bill targeting long-term care and home and community service providers within the first few weeks of the coming legislative session. We cannot stress enough the dire situation of the workforce crisis within our industries and the heartbreaking impact it is having on vulnerable Minnesotans. Please reach out to Sara Grafstrom with ARRM at sgrafstrom@arm.org and she will coordinate a meeting with your office and our organizations.

Sincerely,

Sue Schettle
ARRM

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Care Providers

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