



## Rhode Island Health Care Association

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### Yet Another Nursing Facility Closure Has Happened

**John E. Gage, MBA, NHA – President & CEO of Rhode Island Health Care Association**

For nearly two years, Rhode Island's nursing homes have been urging law makers to make meaningful changes to the newly enforced, unfunded minimum staffing mandate or nursing homes will continue to close. Unfortunately, that day has come.

On Friday, April 28<sup>th</sup>, Neil Shunney, President of Davenport Associates announced that, after 50 years, Charlesgate Nursing Facility would close their doors, citing funding and staffing shortages as well as exorbitant nursing service agency charges as just some of the causes. Charlesgate, formerly a 160-bed facility located in Providence, had cared for a high Medicaid population and has been greatly impacted by the years of underfunding from Rhode Island Medicaid. Charlesgate closed in a matter of just a few weeks – much earlier than the July 31 projected closure date.

John E. Gage, the President & CEO of the Rhode Island Health Care Association (RIHCA) said, "Any closure of a nursing facility is sad. Many lives are impacted. Residents are displaced to other facilities, disrupting their lives and routine. The RI State Ombudsman assists with this undertaking and strives to find a good fit. Staff lose their jobs and, hopefully, will remain in the profession and find suitable employment elsewhere. Families of residents and staff will also be impacted."

The Staffing law was implemented amid a deep and worsening workforce crisis, a direct result of the global COVID-19 pandemic. According to the Federal Bureau of Labor Statistics, since the start of the pandemic, RI's nursing facility workforce has decreased by 20%. There is not sufficient reimbursement from Rhode Island Medicaid (the primary payer of nursing facilities) to comply, and there are simply not enough workers available to meet the mandate at this time.

"Unfortunately, RIHCA has been predicting more closures. Five facilities have already closed since the start of the pandemic. Charlesgate is the sixth. Nursing homes are facing an economic and workforce crisis that is unprecedented", said Gage.

Over the past decade, since the adoption of legislation and Principles of Reimbursement implementing a price-based payment methodology, the core concepts included in this thoughtful reimbursement model have been eroded through sequential cuts to the annual inflation index.

"Additionally, there has been a total disregard for the statutory requirement that the base rate for nursing homes be evaluated every three (3) years to ensure that it remains adequate to cover the actual cost of care," said Gage. These cuts have resulted in an annual underfunding of nursing homes by RI Medicaid that equals \$50 million/year despite full inflation indexes for the past 2 years under the leadership of Governor McKee and the General Assembly. Pre-pandemic, RI nursing homes were already struggling to compete for staff because of inadequate reimbursement.

Without meaningful action by the General Assembly, it is estimated that RI nursing facilities would be fined \$60 million in the first full year of implementation of the mandate. How would hospitals handle the inability to transition patients to nursing facilities for care post-hospitalization? Without meaningful action, more facility closures are inevitable.

*Setting the Pace in Nursing Home Care*

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