



Jason E. Mumpower, Comptroller of the Treasury

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Study Examines Increased Reliance on Temporary Staff in Long-Term Care Facilities

A new study by the Tennessee Comptroller's Office of Research and Education Accountability examines the use of temporary nursing staff by nursing home and assisted care facilities.

The use of temporary staffing agencies has sharply increased over the last few years due to worsening staffing shortages resulting from the effects of the pandemic.

In 2019, nursing home facilities reported spending about \$9.8 million for healthcare staffing agencies. This rose to \$16.6 million in 2020 and \$52.5 million in 2021. So far, during the first half of 2022, nursing home facilities have already spent \$52.2 million on temporary staff.



The new study focuses on how these rising costs for temporary staff may affect the TennCare program. The state government annually administers approximately \$1 billion in funding at nursing facilities and approximately \$12 million for care provided at assisted care living facilities.

TennCare does not foresee that the increases in nursing facility expenses for staffing agencies will materially affect the state's overall costs. This is because TennCare reimburses nursing homes for Medicaid patients based on a formula that includes actual staffing costs that occurred in previous years. Reimbursement for FY 2022 is based on FY 2019 costs plus adjustments for inflation. These rates will be redetermined in 2024 based on 2022 costs.

Nursing home facilities say the unexpected spike in staffing costs during the pandemic has affected their operational stability. Reimbursements may not fully cover the expenditures that nursing facilities made to healthcare staffing agencies during 2020, 2021, and 2022.

The Comptroller's Office report contains further conclusions as well as policy options concerning healthcare staffing agencies in Tennessee and continuing assistance to long-term care facilities.

To view the report and other materials, please visit the Comptroller's website at: tncot.cc/orea.

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Media contact: John Dunn, Director of Communications, 615.401.7755 or john.dunn@cot.tn.gov

