



# SNAPSHOT

## Temporary Staffing in Long-term Care Facilities in Tennessee

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Staff shortages have existed for decades in long-term care facilities, but the effects of the pandemic significantly worsened shortages beginning in 2020. To alleviate the shortages, many nursing facilities and some assisted care living facilities across the country and in Tennessee contracted with healthcare staffing agencies to hire temporary nursing staff (licensed nurses and nurse aides) at reportedly high costs. To determine the potential effects on state costs, the Tennessee General Assembly passed Senate Bill 2463/HB 2347 in 2022 requiring the Comptroller's Office to examine long-term care facilities' use of temporary staffing agencies. For purposes of the study, the facilities considered are nursing home facilities and assisted care living facilities. The study focuses on the costs that long-term care facilities incurred for temporary staffing during the pandemic and how this may affect the TennCare program. The Comptroller's Office of Research and Education Accountability (OREA) completed the study on behalf of the Comptroller.

Tennessee state government annually administers approximately \$1 billion in funding for care provided at nursing facilities and approximately \$12 million for care provided at assisted care living facilities. Tennessee also performs licensing and regulation of these facilities to ensure the safety and care of the residents.

### Key points

***Tennessee's long-term care facilities' use of temporary staffing agencies increased each year of the pandemic along with the expenditures facilities incurred for staffing costs.***

In 2019 (the year prior to the pandemic), nursing facilities reported spending about \$9.8 million for healthcare staffing agencies. This rose to \$16.6 million in 2020, and more than doubled, reaching \$52.5 million, in 2021. In the first half of 2022, nursing facilities' spending for agencies was nearly equal to the amount spent for all of 2021, at \$52.2 million. While the assisted care living facilities' reported spending for healthcare staffing agencies was less than for nursing facilities – totaling about \$4.5 million between 2020 and the first half of 2022 – both experienced the same upward trend as the pandemic progressed.

***TennCare does not foresee that the increases in nursing facility expenses for staffing agencies during the pandemic will materially affect the state's overall costs. Nursing facilities, however, say the unexpected spike in staffing costs during the pandemic has affected their operational stability.***

TennCare reimburses nursing homes for Medicaid patients based on a formula that includes actual staffing costs that occurred in previous years. Reimbursement in FY 2022 is based on FY 2019 costs plus adjustments for inflation. Nursing homes will not be reimbursed based on the costs incurred during the spike in staffing costs during the pandemic until the rates are redetermined in 2024 based on 2022 costs. Reimbursements may not fully cover the expenditures that nursing facilities made to healthcare staffing agencies during 2020, 2021, and 2022.

Some assisted care living facilities in Tennessee provide services to Medicaid-eligible individuals who qualify for home and community-based services. TennCare reimburses assisted care living facilities with Medicaid patients on a monthly basis at a uniform cost per patient, according to the number of Medicaid-eligible patients served. In FY 2020-21, 96 assisted care living facilities provided Medicaid services to individuals.

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

To read the full report, visit the Comptroller's OREA website at [tncot.cc/orea](http://tncot.cc/orea).