

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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SENATE BILL 180*

Short Title: Long-Term Care/Enhancement Funds. (Public)

Sponsors: Senators Purcell; Carter, Dannelly, Forrester, Harris, and Metcalf.

Referred to: Appropriations/Base Budget.

February 19, 2001

A BILL TO BE ENTITLED

1 AN ACT TO APPROPRIATE FUNDS FOR LABOR ENHANCEMENT PAYMENTS
2 FOR WORKERS IN LONG-TERM CARE FACILITIES AND AGENCIES.
3

4 Whereas, North Carolina's population of adults age 65 and older currently
5 totals one million and is expected to increase by 34% to over one million six hundred
6 thousand by the year 2020; and

7 Whereas, nurse aides and other aide workers provide about 90% of all the
8 paid long-term care needed by older and disabled adults whether at home or in facilities;
9 and

10 Whereas, this workforce is essential to quality care and preserving the dignity
11 of persons who need help with the very basic and personal tasks that many of us take for
12 granted; and

13 Whereas, North Carolina invests more than \$1.4 billion for services that rely
14 heavily on the aide workforce to meet the needs of vulnerable citizens in the State who
15 cannot afford to pay privately for the long-term care they need; and

16 Whereas, between 1996 and 2006, nurse aides and other paraprofessional
17 aides are and will be among the occupations with the fastest and largest job growth; and

18 Whereas, demand for these workers will continue to grow well beyond 2006
19 as a result of aging baby boomers who will put further increased demand on the State's
20 long-term care system; and

21 Whereas, North Carolina is experiencing aide shortages of crisis proportions
22 in all long-term care settings including home care, assisted living facilities, and nursing
23 homes; and

24 Whereas, 58% of North Carolina's nurse aide registrants are not working as
25 nurse aides and have substantially higher average annual earnings and more stable
26 employment than they would have were they working as nurse aides; and

27 Whereas, our State's low unemployment rate is only one factor contributing to
28 the severe shortage of aide workers; and

1 Whereas, there are other major factors that contribute to high turnover rates
2 including low wages and few paid benefits in spite of very physically demanding work
3 and lack of a career path that recognizes attainment of increased skills; Now, therefore,
4 The General Assembly of North Carolina enacts:

5 **SECTION 1.(a)** There is appropriated from the General Fund to the
6 Department of Health and Human Services the sum of seventeen million six hundred
7 seventy thousand nine hundred seventy-five dollars (\$17,670,975) for the 2001-2002
8 fiscal year and the sum of twenty-three million four hundred sixty thousand, seven
9 hundred thirteen dollars (\$23,460,713) for the 2002-2003 fiscal year. These funds shall
10 be used to match federal Medicaid funds to provide a ten percent (10%) labor
11 enhancement payment for Medicaid-reimbursed long-term care services. These funds
12 shall be in addition to funds provided for routine inflationary increases in Medicaid
13 reimbursements for long-term care services. The funds appropriated in this section shall
14 be used only to increase wages or benefits for long-term care aide workers, or to provide
15 for shift differential payments for long-term care aides who work during hard-to-fill
16 working hours or shifts.

17 **SECTION 1.(b)** Funds appropriated in this section shall be allocated in
18 accordance with the following:

- 19 (1) The amount of the labor enhancement benefit shall be allocated
20 equitably among the various care settings.
- 21 (2) Long-term care facilities and agencies that receive labor enhancement
22 funds shall have the flexibility to determine whether labor
23 enhancement funds are used for wages, benefits, or shift differentials,
24 or any combination thereof.
- 25 (3) If labor enhancement funds are used to enhance wages, the long-term
26 care facility or agency shall determine which aides receive wage
27 increases and the amount of the increase provided. The determination
28 shall be based on local market wage demands, rewarding longevity of
29 service by the worker, and other wage-related needs of the agency or
30 facility.
- 31 (4) Long-term care facilities and agencies that receive labor enhancement
32 funds shall, as a condition of receiving the funds, submit reports and
33 information required by the Department for the purpose of verifying
34 use of the labor enhancement funds. Reports and information provided
35 by facilities and agencies shall include for each facility and agency
36 information needed to determine annual labor turnover rates in the
37 agency or facility, including data on prelabor enhancement turnover
38 rates and turnover rates at the end of each fiscal year for which labor
39 enhancement funds are received.

40 **SECTION 1.(c)** Not later than January 15, 2002, the Department of Health
41 and Human Services shall report to the House Appropriations Subcommittee on Health
42 and Human Services, the Senate Appropriations Committee on Human Resources, and
43 the Legislative Study Commission on Aging on the use of labor enhancement funds
44 appropriated under this section. The report shall include detailed information on:

- 1 (1) The amount of funds used for wages, for benefits, and for shift
2 differentials.
- 3 (2) Comparative information on average hourly wages paid to aides and
4 turnover rates by setting (e.g. home care, assisted living, nursing
5 home) for fiscal year 1999-2000 through fiscal year 2002-2003.

6 **SECTION 2.(a)** The Department of Health and Human Services, Division of
7 Facility Services, shall develop and implement a Carolina Educates Caregivers Program
8 ("Program") for aides working in long-term care. The purpose of the Program is to
9 facilitate the development of a stable, well-trained labor force to provide long-term care
10 services. To this end, the Program will provide bonuses, tuition, and other financial
11 assistance and incentives to support continuing education and professional development
12 for long-term aides. The Program shall provide ongoing support to educate long-term
13 care workers and shall be modeled after the TEACH program for child care workers.
14 For purposes of this section, long-term care includes home care agencies, assisted living
15 facilities, and nursing homes. The Department may contract for assistance with the
16 development and implementation of the Program with a public or private nonprofit
17 organization that does not represent one or more long-term care provider groups and
18 that has expertise in low-wage or health care workforce recruitment and retention
19 issues.

20 **SECTION 2.(b)** There is appropriated from the General Fund to the
21 Department of Health and Human Services the sum of one million four hundred six
22 thousand twenty-nine dollars (\$1,406,029) for the 2001-2002 fiscal year, and the sum of
23 two million ninety-seven thousand three hundred one dollars (\$2,097,301) for the
24 2002-2003 fiscal year. These funds shall be used for the development and
25 implementation of the Carolina Educates Caregivers Program established pursuant to
26 this section. Funds shall be used to provide bonuses, tuition, and other financial
27 assistance and incentives to support continuing education and professional development
28 for long-term care aides. Not more than ten percent (10%) of the funds appropriated for
29 each fiscal year may be used for administrative expenses and start-up costs to
30 implement and operate the program. Funds unexpended and unencumbered at the end
31 of each fiscal year shall revert to the General Fund.

32 **SECTION 2.(c)** Not later than January 15, 2002, the Department shall report
33 to the North Carolina Study Commission on Aging on the implementation status of the
34 Carolina Educates Caregivers Program.

35 **SECTION 2.(d)** The Department of Health and Human Services shall
36 develop a career ladder and associated new curricula requirements and job category
37 qualifications for long-term care aide workers. The purpose of the career ladder is to
38 provide a career path for aide workers that recognizes the attainment of additional skills
39 and broadens the pool of potential workers by providing additional job opportunities for
40 persons who may not currently consider long-term care as a career option. The
41 Department shall work with appropriate State organizations such as the North Carolina
42 Board of Nursing, the Center for Nursing, the Community Colleges System, long-term
43 care provider organizations, and others to consider the need to reengineer current job
44 categories of aide workers and develop new job categories of licensed and unlicensed

1 personnel as needed to meet current and future care needs of long-term care clients and
2 patients.

3 **SECTION 2.(e)** There is appropriated from the General Fund to the
4 Department of Health and Human Services the sum of one hundred thousand dollars
5 (\$100,000) for the 2001-2002 fiscal year for the development of a career ladder as
6 provided in this section.

7 **SECTION 3.(a)** The Department of Health and Human Services shall
8 compile and evaluate demographic, turnover, and wage and benefit data for the
9 long-term care aide workforce across long-term care settings. This compilation and
10 evaluation shall be ongoing in order to provide the information necessary to track the
11 impact of efforts to increase the supply and stability of the long-term care aide
12 workforce and to provide data from which additional efforts can be considered.

13 **SECTION 3.(b)** There is appropriated from the General Fund to the
14 Department of Health and Human Services the sum of fifty thousand dollars (\$50,000)
15 for the 2001-2002 fiscal year, and the sum of fifty thousand dollars (\$50,000) for the
16 2002-2003 fiscal year. These funds shall be used for data collection and compilation
17 required under this section. The Department may contract with the North Carolina
18 Institute on Aging for this data collection and analysis activity.

19 **SECTION 4.** The Legislative Research Commission may study workforce
20 issues pertaining to the long-term care aide workforce. In conducting this study the
21 Commission may consider State and national efforts to address a crisis in developing
22 and maintaining a stable, well-trained workforce of workers providing long-term care
23 services. The Commission may also propose actions the State may need to take to
24 ensure that the State's long-term care workforce capacity meets the long-term care needs
25 of an increasing elderly population. In appointing study committee members, the
26 Speaker of the House of Representatives and the President Pro Tempore of the Senate
27 may consider including public members who represent the long-term care industry,
28 long-term care consumer advocates, and individuals employed as nurse aides in this
29 State.

30 **SECTION 5.** Section 1 of this act becomes effective October 1, 2001. The
31 remainder of this act becomes effective July 1, 2001.