

Testimony by Nathan Johnson, CEO, PioneerCare, Fergus Falls
Supporting HF 162
House Health and Human Services Finance Committee
April 14, 2015

Mr. Chairman, Members of the Committee:

My name is Nathan Johnson. I am the CEO of PioneerCare in Fergus Falls.

Thank you to Rep. Nornes for sponsoring HF 162 and to Rep. Schomacker for being a co-sponsor.

I am here today representing four facilities in the Fergus Falls area and six facilities in the Luverne area, all located close to a Minnesota Veterans Home.

HF 162 addresses the unfair competition that we face inadvertently created by the State of Minnesota.

The State reimburses the Minnesota Veterans Homes at a substantially higher rate than our private long-term care facilities. This allows the Minnesota Veterans Homes to offer much higher wages to employees.

I have included several graphs that show the significant disparity between our salaries and the salaries offered by the Minnesota Veterans Homes.

I want to draw your attention to these graphs.

At my own facility, we start a nursing assistant at \$2.00 less per hour than they could earn at the Minnesota Veterans Home. If we were fortunate enough to retain them for 16 years, they would be earning \$8.00 less per hour. That is \$16,000 less per year if that person works for us rather than at the Minnesota Veterans Home.

An LPN starts out at \$2.50 an hour less and the gap quickly grows. By the end of 11 years, an LPN is making \$8.00 less per hour, \$16,000 less per year.

An RN starts with us for \$6.25 an hour less which is \$12,500 less per year. In ten years, they are making \$17.08 less per hour, \$34,160 less per year if they work for us — the very same position in the same kind of long-term care facility.

Wages at the Minnesota Veterans Home are set by a statewide contract based on Twin Cities wages. The wages we are able to offer are much lower because the State Long-Term Care Peer Groupings classifies us as deep rural.

And this doesn't include the benefits the State offers to Minnesota Veterans Home employees.

We cannot compete. Yet, we are being forced to compete for the same employees for the same jobs in the same kind of long-term care facility. The State of Minnesota has created an unfair and unlevel playing field.

All long-term care facilities face competition from other businesses. We compete with each other, with the local hospital and with for-profit businesses. That is simply the way it is.

The group of facilities I represent today also face unfair competition from the State of Minnesota.

This is no way is meant to disparage the Minnesota Veterans Home. They are an important asset in our communities and provide an important service to our veterans. The wages they pay to their employees are much closer to wages that should be paid to our long-term care employees.

But this disparity puts the private long-term care facilities near the Minnesota Veterans Homes at a significant disadvantage.

There are five Minnesota Veterans Homes in the state, including Fergus Falls and Luverne. The other three Veterans Homes — Hastings, Minneapolis and Silver Bay — are in areas where the private skilled nursing facilities have been reimbursed at a higher level, thus reducing the disparity.

House File 162 will treat us in the same way as the other long-term care facilities located near a Minnesota Veterans Home.

It is a matter of fairness.

We want to thank Rep. Schomacker for his efforts to highlight the needs of all long-term care facilities in our state. We strongly support his legislation, HF 316, to reform the way long-term care is reimbursed. All of us in the long-term care community need this reform to help us care for our residents.

The group of facilities that I represent today also needs HF 162.

We face unfair competition from the State of Minnesota. We need your help in solving this by including HF 162 in any long-term care bill that finally gets adopted by the legislature this session.

Thank you.

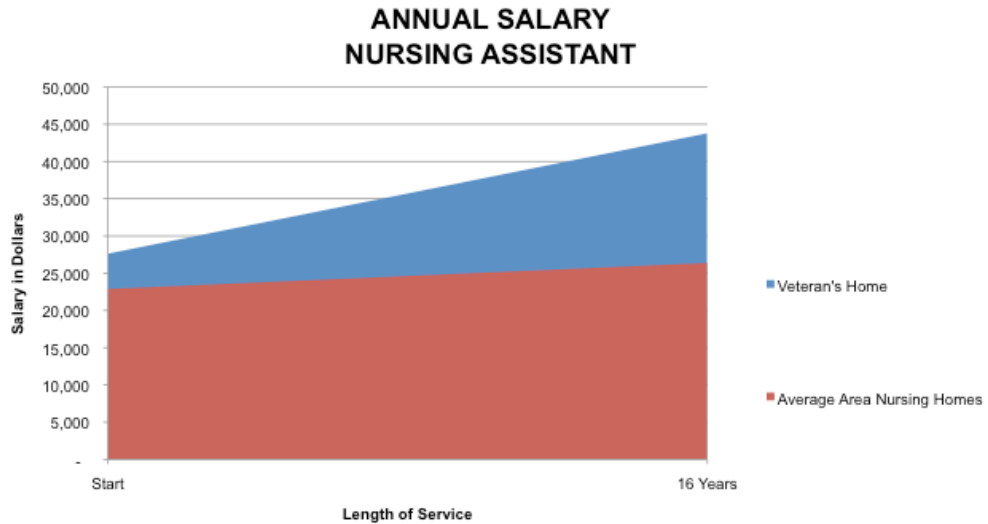
2014 Nursing Wage Comparison
Minnesota Veterans Home,
Pioneer Care, Broen Home and Battle Lake Good Samaritan

| | | |
|---------------------|--------------|---------------|
| Nursing Asst | Start | 16 Yrs |
| MN Vets Home | 13.28 | 21.06 |
| Pioneer Care | 11.27 | 13.07 |
| Broen Home | 11.34 | 13.24 |
| BL Good Sam | 10.39 | n/a |

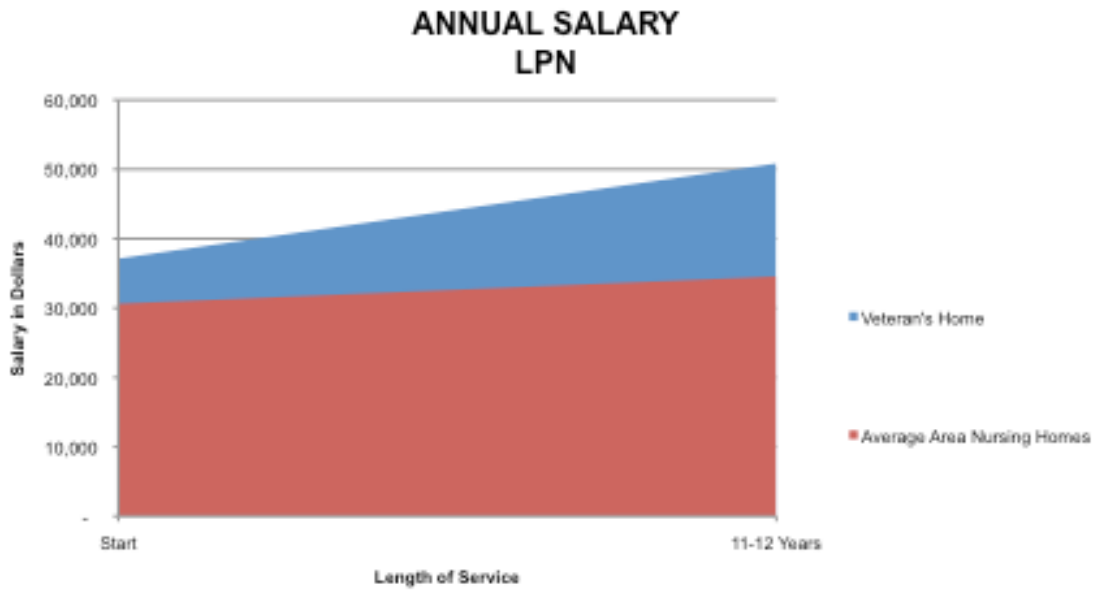
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|--------------|--------------|------------------|
| LPN | Start | 11-12 Yrs |
| MN Vets Home | 17.85 | 25.45 |
| Pioneer Care | 15.37 | 17.28 |
| Broen Home | 14.79 | 16.74 |
| BL Good Sam | 14.00 | 15.85 |

| | | |
|-----------------|--------------|---------------|
| RN Staff | Start | 10 Yrs |
| MN Vets Home | 26.25 | 38.86 |
| Pioneer Care | 20.00 | 21.79 |
| Broen Home | 20.30 | 23.13 |
| BL Good Sam | 19.75 | 22.36 |

Nursing Assistant Salary Disparity



LPN Salary Disparity



RN Salary Disparity

