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December 18, 2025

Senator Marcus Riccelli
Washington State Senate
P O Box 40482
Olympia, WA 98504-0482

Via email: marcus.riccelli@leg.wa.gov

Dear Senator Riccelli,

Thank you for your question about turnover in Washington's skilled nursing workforce at the December 4, 2025 Senate Health Care and Long-Term Care Committee work session on the LTC workforce. We appreciate your longstanding interest in frontline caregivers and your continued partnership in strengthening long-term care for residents and staff alike. We offer the following information to further support efforts to align investments in Medicaid with the growing costs of providing care in our state, so that those who rely on skilled nursing encounter fewer barriers.

Today, the majority of Direct Care Medicaid funding is allocated for caregiver wages. That's why we are advocating to maintain Medicaid investments made by the 2025 Legislature – if our state goes backwards, it reduces our ability to retain great staff.

Quality care relies on having the resources for labor costs, and costs associated with maintaining safe, warm, and well-equipped environments. To that end, both direct and indirect care funding is important. In addition to labor, Medicaid funding is allocated to ensure reliable utilities, building and grounds maintenance, clean laundry, rooms and common areas, and the operating and administrative resources that ensure compliance in this highly regulated health care setting. Funding supports quality resident care and staff retention, directly reducing burnout and turnover. **See Appendix A** for details about 2024 direct and indirect care expenses.

If the Legislature maintains current funding levels but changes how Medicaid investments are allocated, it disregards that most of these funds are already directly supporting caregiver wages, and that rebase dollars are critical to care delivery. Direct funding cuts are unthinkable.

Turnover Data

Washington's turnover remains slightly above the national average but has improved over the past year. It tracks closely with Idaho (lower wages) and performs better than Oregon (similar wages). Washington's skilled nursing payment system was developed collaboratively in 2016 - with

stakeholders including SEIU, the Long-Term Care Ombuds, LeadingAge Washington, and WHCA - and includes turnover as a quality metric. (See **Appendix B** for background).

SNF Turnover Data	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Dir Care National	49.5%	45.7%	45.5%	45.1%	45.1%	43.8%	43.6%
Dir Care WA	54.3%	51.5%	51.0%	49.6%	46.9%	47.8%	46.9%
Dir Care Idaho	52.8%	50.7%	49.1%	48.2%	48.2%	47.5%	47.0%
Dir Care Oregon	52.9%	51.5%	50.3%	50.7%	50.5%	49.4%	49.0%

What the Numbers Don't Immediately Show

Today, our state ranks 5th highest in the nation for wages. We agree that turnover is high, and it is influenced by structural factors beyond wages:

- Competition from staffing agencies and 1099/gig platforms (Uber-like apps for nursing) that provide workers with flexibility that isn't found in traditional employment
- Retirement of an aging workforce
- Caregiver family obligations and need for schedule flexibility
- Aging facilities, which research links to burnout and higher turnover¹
- Absences of 90+ days - Washington's Paid Family Leave may inflate measured turnover

See Appendix C for more information about some of the other reasons for employment transitions.

Washington's Workforce and Cost Context

Turnover in our state mirrors national trends, but Washington faces unique cost pressures:

- In addition to caregivers earning the **5th highest wages nationally**, progressive laws protect workers, including paid family leave, paid sick leave, and annual minimum wage increases and salary thresholds. These are the right policies for employees. However, there is a disconnect between these policies and Medicaid funding. **Medicaid funding does not adjust in tandem with these mandatory labor costs**, creating persistent funding gaps for providers.
- High cost of living in urban and near-urban markets adds further pressure as workers struggle to find housing they can afford within commuting distance.

Payment Adequacy is a Necessary Foundation

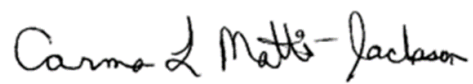
Thank you for honoring the operating budget's commitment to update the nursing home rates in 2026. This will bring payments to the benchmark costs of 2024. While this is helpful, our system is nowhere near ready to address the quadrupling of our seniors 85 and older over the coming years.

¹ Castle NG, Engberg J, Anderson R, Men A. Job Satisfaction of Nurse Aides in Nursing Homes: Intent to Leave and Turnover. *The Gerontologist*. 2007;47(2):193–204. doi:10.1093/geront/47.2.193

While we recognize the extreme budgeting challenges of the state revenue deficit, our seniors and their families deserve access to skilled nursing services when and if they need it. They deserve a quality workforce that is honored and respected, and they deserve well-repaired buildings that promote safety and healing. Base Medicaid must do its part to ensure care and access for our growing elderly populations.

Thank you again for your engagement and commitment to Washington's skilled nursing residents and staff. We look forward to talking with you about the legislature's long term policy goals and vision for skilled nursing in Washington state.

Sincerely,

A handwritten signature in black ink that reads "Carma L. Matti-Jackson". The signature is written in a cursive style with a large initial 'C' and a distinct 'L'.

Carma Matti-Jackson
President & CEO
Washington Health Care Association

APPENDIX A: Current Direct and Indirect Care Reimbursement

Direct Care: Supports nursing care, dining services, and therapies. *There is a statutory requirement related to transparency for direct care expenses. Medicaid direct care funds are reviewed and settled, and unspent funds must be returned to the state.*

- The current Direct Care rate is \$272 per day.
- In 2024, providers spent nearly \$294 per day on direct care. Below are the 2024 statewide daily direct care expenditures on each Medicaid residents.

Direct Care		
Wages	\$ 196.69	72%
Benefits / Taxes	\$ 48.34	18%
Contract labor	\$ 23.30	9%
Food	\$ 10.00	4%
Supplies	\$ 12.94	5%
Other Costs	\$ 2.67	1%
Total	<u>\$ 293.93</u>	<u>108%</u>

Indirect Care: Supports labor for building maintenance, housekeeping/janitorial, laundry, and administration.

- The current Indirect Care rate is \$76 per day.
- In 2024, providers spent nearly \$100 per day on indirect care. Below are the 2024 statewide daily indirect care expenditures on each Medicaid resident.

Indirect Care		
Wages	\$ 28.22	37%
Benefits / Taxes	\$ 8.72	11%
Real / Property / B&O Taxes	\$ 8.19	11%
Utilities / Insurance	\$ 14.96	20%
Supplies / Other	\$ 5.58	7%
License Fees	\$ 1.61	2%
Purchased Services	\$ 9.75	13%
Management Fees	\$ 17.66	23%
Other Indirect	\$ 4.98	7%
Total	<u>\$ 99.68</u>	<u>131%</u>

Stable funding in all these areas supports both resident quality of life and staff retention, directly reducing burnout and turnover.

Additional Cost Pressures

- Business & Occupation taxes applied to skilled nursing facilities but not to other healthcare sectors.
- Sales taxes on hourly contracted agency staff, which provides over 1 million hours of care in skilled nursing facilities annually.

Appendix B: Background — A Collaborative Skilled Nursing Payment System

Washington's current nursing facility payment system was collaboratively developed in 2016 with SEIU, the Long-Term Care Ombuds, LeadingAge Washington, and WHCA. It was designed to:

- Promote quality outcomes
- Benchmark historical labor costs biannually
- Direct funds to areas of greatest resident need
- Ensure transparency and accountability

Quality and Workforce Standards

- Turnover is incorporated as a quality metric, highlighting workforce stability.
- Mandatory 24/7 RN coverage and a minimum of 3.4 hours of direct care per resident day are required; noncompliance results in citations and penalties.

Operational Cost Assumptions

- Quality care depends on more than payroll. The historical benchmark for operational costs is discounted ~20%, despite Washington's high costs for utilities, construction, and building maintenance.
- Operational costs include essential labor and resources to maintain safe, compliant, and dignified care environments, including:
 - Reliable utilities
 - Building and grounds maintenance
 - Clean resident rooms and common areas
 - Fresh laundry and linens
 - Operating supplies
 - Administrative capacity for compliance and care coordination
- Underfunding these areas can negatively impact staff retention, safety, and quality outcomes.

Quality Incentive Structure

- The quality payment component incentivizes low turnover and high-quality care.
- Stakeholders have identified opportunities to modernize the system to better support sustainable workforce improvements and align incentives with resident acuity and operational realities.

Structural Challenges

- Labor costs rise annually due to statutory wage and benefit requirements, while Medicaid payments lag by 2–4 years.
- Federal changes under the Patient Driven Payment Model shifted acuity weighting toward nursing but this transition was never fully funded in Washington State.
- Medicaid rates provided for indirect care are reduced by 20% from a historical benchmark that is 2-4 years old.
- Wage-targeting mechanisms reinforce accountability but cannot substitute for overall rate adequacy, especially when operational and capital costs remain under-recognized.

Appendix C: Reasons for High Turnover

The reasons for turnover are complicated and varied. The table below represents 11 months of data (January-November 2025) detailing the reasons for employment transitions, as reported by one Spokane-area five-star long-term provider:

Reason for Departure	Total
Attendance	1
Job Abandonment	3
Medical Reasons	3
No Call, No Show	1
Other Employment	3
Performance	1
Personal Reason	1
Policy Violation	1
Quit Without Notice	1
Relocation	4
Retirement	3
Transferred to Other Business Line	1
Total Transitions	23