Nursing homes turn to temporary employees to fill critical vacancies

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It’s not right. It costs Iowa taxpayers and consumers more, and it produces results they don’t want.

What is it? It’s the growing use of temporary certified nurse aides and nurses in Iowa nursing homes instead of permanent employees.

The situation exists because many Iowa nursing homes can’t find applicants willing and able to do the work. Workers are not applying, or aren’t staying, because of a period of very low unemployment: They can often find easier work with better pay and benefits elsewhere.

So these employers turn to temporary staffing agencies to attempt to fill the holes.

Why should Iowans be concerned?

Higher temporary staffing costs mean a nursing home pays a temporary staffing agency anywhere from $22 to $30 an hour for the services of a certified nurse aide. (The temporary employee is paid a portion of that, with amounts varying among agencies.)

That same facility would typically pay a permanent certified nurse aide anywhere from $11 to $15 an hour, plus benefits.

Higher costs for temporary staff are passed on to taxpayers and consumers. In Iowa, about 50% of total nursing home cost is paid by the taxpayer via Medicare payments. The other half comes directly from residents and family members.

Data from the Iowa Department of Human Services shows that costs have more than doubled in four years, from $18.9 million in 2015 to $42.2 million in 2019.

Costs increase but nursing home resident satisfaction declines: The key to quality care in a nursing home is having employees who know and have relationships with residents. Front-line staff working in faceless anonymity, no matter how capable or well-intended, simply cannot know as much about residents and their needs as someone who is there every day. Resident satisfaction depends on knowing and trusting the person walking in the door to help them with personal needs like dressing, bathing, toileting, etc.

Contractions between staffing agencies and nursing homes can lead to further increases in costs and can restrict the freedom of workers: Contracts typically contain “buy-out” language that requires the facility, in certain circumstances, to pay the agency a fee if the temporary employee wants to become a permanent employee there. That buy-out fee can run anywhere from $1,500 to $10,000 or more. If the fee is paid, the costs are passed on to taxpayers and consumers. If the fee is too high to pay, the worker loses the freedom to become a facility employee.

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Temporary agencies are not a solution. They serve an important role for workers who need flexibility, and help employers fill short-term workforce gaps. But they serve as a costly band-aid, not a solution to the crisis-level direct care workforce shortage.

The cause of this shortage isn’t a mystery. It’s fueled by aging baby boomers and ever-increasing life spans which create a pressing demand for more conflict-free aides, home care aides and other direct care staff.

The solution isn’t a mystery either. It’s what any employer has to do when demand for workers exceeds supply: Make jobs more appealing. One direct care, that means offering better pay and benefits, enrolling training, providing more career growth opportunities, and treating the occupation with greater respect.

The people who can do something about this — the governor, state legislative leaders, state department heads, managed care organizations — know the cause and solutions. But they have chosen to turn a blind eye.

A future-ready workforce is a stated priority at the Iowa Developmental Disabilities Services Agency, the Iowa Department of Economic Development, the Iowa Department of Public Health, and the Iowa Department of Education. Yet, direct care jobs — jobs that are high growth and high demand, and jobs that can’t be transformed overseas or eliminated via automation — are given very little attention. Why? As one direct care provider said, “They’re just not as sexy as higher paying jobs in science, technology, engineering and math (STEM).” The focus is on good jobs.

Here’s a radical idea — do both. Give attention to STEM jobs and attention to making critically-needed direct care jobs much better jobs.

Maybe that’s not sexy, but it would be smart: smart for taxpayers, workers, nursing homes, and most important, the nursing home residents who deserve the best care possible.

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