

From: [John Norris](#)
To: [Will Hall](#)
Cc: [Debbie Tarry](#); [Carolyn Wurdeman](#); [Alex Herzog](#); [Rob Beem](#)
Subject: RE: Wage impact question
Date: Friday, March 25, 2016 2:46:03 PM
Attachments: [Minimum Wage Impact- Care for Elders Skilled Nursing Home.pdf](#)

Will,

Please find below a response to your question on minimum wage impact. Please let me know if you have any questions. I will also provide this response to the full Council.

-John

Staff has worked with CHS and Hopelink to understand potential impacts of a \$15 minimum wage increase and paid sick leave regulations. Hopelink made the decision to bring all of its employees up to a minimum wage of \$15 phased in from July to December of 2016. The organization also included a smaller bump for employees making between \$15 and \$17.50 per hour. This compensation increase cost a little over \$100,000 in the first year and will be an annual cost. It affected around 80 employees. Hopelink staff indicates they are proud to make this move when, initially, it felt undoable. Hopelink staff also indicates a remaining challenge is that employees who were previously making \$15 to \$18 an hour feel undercompensated now (i.e., wage compression). There were some things that the organization postponed or cancelled in order to increase wages, but staff felt the wage increase was critical.

CHS has conducted an analysis showing that an increase of the minimum wage to \$15 would cost the organization \$38,311 annually. Most of this cost increase would be from wage compression, rather than bringing employees up to \$15 an hour.

Determining the potential impacts of minimum wage increase and paid sick regulations on group homes and on small restaurants is more difficult. The City does not retain employee information (i.e. number of employees, number of hours worked by employees, pay rate, etc.) for these business sectors, and staff is unaware of any state agency or other single resource that might have that information. Without employee information, determination of potential impacts of such regulations on these sectors within the City is not possible. If directed by Council, staff can conduct a survey of a subset of these businesses to understand their concerns and possibly determine impacts of these regulations.

Staff was, however, able to obtain some information from Seattle Human Services Coalition regarding increases in minimum wages for skilled nursing home employees (Attached). This information, though, is rather high-level and speaks to nursing home facilities in Seattle. Seattle Human Services Coalition advocated for a raise in the minimum wage for skilled nursing home employees.

From: Will Hall <whall@shorelinewa.gov>
Date: March 14, 2016 at 7:30:27 PM PDT
To: Debbie Tarry <dtarry@shorelinewa.gov>
Cc: Carolyn Wurdeman <cwurdema@shorelinewa.gov>
Subject: Wage impact question

Would it be possible to find out what effect a minimum wage increase and paid leave requirements would have on human service providers such as Hopelink, CHS, and group homes, and on small restaurants?

Will Hall, Councilmember
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**MINIMUM WAGE IMPACT ON CITY OF SEATTLE
SKILLED NURSING HOME FACILITIES
September 22, 2015**

BACKGROUND

The Skilled Nursing Home Facilities listed below wholeheartedly support a livable city and livable wages!

- Many of our employees work two jobs and truly provide high quality and compassionate care that our “collective” parents need and deserve.
- Many of our employees currently make less than \$15/hr.

Unfortunately, the Skilled Nursing Home Medicaid Reimbursement Rate (SNHRR) has not kept pace with inflation and does not account for increases in minimum wage.

- SNHRR have not been “rebased” since ‘07...current SNHRR are based off of ‘07 cost reports.
- SHNRR has experienced incremental adjustments including the “Safety Net” assessment tax in ‘11.
- However, current SNHRR has not kept pace with inflation.

This past legislative session, a bill was passed to simplify the SNHRR to a “price based” system with NO NEW MONEY in the future!

- The new SNHRR must operate within the prescribed/current revenue “box” (no new money!)
- A legislative/stakeholder workgroup has been meeting over the interim to “fine tune” the new SNHRR.
- Current “modeling” of the SNHRR (still being “fine-tuned”) may reduce annual revenue for some of the Skilled Nursing Home Facilities below from \$500k to \$1 million by 2019.

Skilled Nursing Home Facilities cannot raise prices to adjust for additional expenses because revenue is primarily based on government reimbursements:

- Medicaid & Medicare (reimbursement rates are moving toward “risk arrangements”).
- Managed Care is becoming more prominent, however, rates are significantly lower (20-25%) vs. Medicare.

PROFILE OF SKILLED NURSING HOME FACILITIES AND MINIMUM WAGE IMPACT

	Kline Galland 500+ employees	Seattle Keiro 300 employees	Kin On 200 employees	Leon Sullivan 300 employees	Sea Mar 150 Employees
Medicaid Occupancy Rate	41%	71%	85%	79%	98%
CMS “5 Star” Rating	5	5	5	2	2
% Communities of Color Served	10% (Jewish)	98% (Asian)	100% (Asian)	90% (African American)	60% (Latino)
Annual Fiscal Impact \$15/hr.	\$1.7 million (plus Compression)*	\$720,000 (plus Compression)	\$600,000 (plus Compression)	\$750,000 (plus Compression)	\$350,000 (plus Compression)*

* Kline Galland and Sea Mar are on the 3 year “track” to \$15/hr.

The above Skilled Nursing Home Facilities are considering or have already instituted “consolidation” of positions, lay-offs, and other strategies that may/will reduce jobs and jeopardize quality of care due to the potential/significant loss of revenue from SNHRR and the increase in minimum wage. One is already considering a “closing door” strategy.

REQUEST (We support a livable city and wages!)

We request the Mayor and City Council Members support current and future advocacy efforts to ensure the SNHRR is appropriately developed to account for minimum wage increases.