



## Strategy 25

### Expand the state budget in key shortage areas for nursing care

**Strategy 25.1** The North Carolina General Assembly and other key funding entities should expand funding in areas of the state budget that will support nurses who make important contributions to keeping the state's population healthy. Increased funding is needed to create additional jobs in some places, and to increase wages in many areas to make roles more competitive and help fill current vacancies. In these areas, the General Assembly is the primary funding agency and adequacy of services is directly correlated to adequacy of funding. This would include increased funding with the following goals:

- a) Ensure that a school nurse can be in every school and every Head Start program.
- b) Increase access to home- and community-based nurse services, such as hospice, palliative care, home health, home care, and the Program for All-Inclusive Care for the Elderly (PACE).
- c) Increase the number of public health nurses, especially in rural and lower-income communities.
- d) Increase Medicaid reimbursement rates for long-term care.
- e) Increase access to mental and behavioral health care in state facilities.

#### Desired Result

Health services supported through state funding will pay nurses a competitive wage, allowing them to provide effective care and services to the intended community or patient population.

#### Why does the task force recommend this strategy?

The North Carolina General Assembly plays a critical role in funding services that impact the nursing workforce, particularly in areas such as school health, public health, and long-term care. Inadequate funding for services results in the inability to pay competitive wages and maintain full staffing, which creates a cyclical challenge for recruitment and retention of qualified nurses.

#### Related Recommendations from Other Groups

##### The Future of Nursing 2020-30 Report:

**Conclusion 6-2:** Underfunding limits the ability of school and public health nurses to extend health care services and create a bridge between health care and community health. Adequate funding would enable these nurses to expand their reach and help improve population health and health equity.

<https://nap.nationalacademies.org/catalog/25982/the-future-of-nursing-2020-2030-charting-a-path-to>

##### North Carolina Caregiving Workforce Strategic Leadership Council:

**Initiative #3:** Improve employee retention and engagement - To increase the retention of the nursing workforce in North Carolina, two strategic approaches should be considered. In the short term, adjusting public sector nursing salaries to match inflation rates would help address immediate concerns and provide an incentive for nurses to remain in the workforce. Adjustments would also serve as an example for the private sector to follow.

<https://www.ncdhhs.gov/investing-north-carolinas-caregiving-workforce-recommendations-strengthen-north-carolinas-nursing/download?attachment>

#### Context

##### SCHOOL HEALTH

See Strategy 22 on Page 119 for details about school health and the role of school nurses.

There were 128 school nurse positions vacant for longer than six months in North Carolina during the 2022–2023 school year.<sup>58</sup> School nurse salaries are an average of \$20,000 less than those of nurses working in hospitals, making recruitment and retention a challenge.<sup>59</sup>

In 2021, members of the North Carolina House of Representatives proposed, though did not pass, legislation that would require at least one full-time, permanent school nurse in every school in the state.<sup>60,61</sup>

The additional cost of employing a school nurse in all public schools was calculated by the General Assembly's fiscal research division to be \$102 million per year, or around 1.5% of the total K-12 education budget in North Carolina.<sup>62</sup>

The 2023–2024 state budget includes an allotment of \$347.4 million per year for the biennium to add about 120 nurses, counselors, social workers, and psychologists in schools across the state.<sup>63</sup> This is nearly equivalent to one new professional—though not necessarily a nurse—per school district.

##### HOME- AND COMMUNITY-BASED SERVICES

North Carolina's state budget provides funding to enhance, expand, or strengthen home- and community-based services (HCBS) through Medicaid. The goal of HCBS is to promote the health and well-being of individuals with functional limitations while also enabling them to live at home and alongside other community members. Nurses help provide these services through hospice, palliative care, home health, home care, and the Program for All-Inclusive Care for the Elderly (PACE).

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Low payment levels for these services have an impact on the ability to adequately staff agencies with the workforce to provide them, including nurses. For example, the 2023–2024 state budget raised Medicaid reimbursement rates for private duty nurses from \$45 to \$52, however, administrative costs for employers take up much of that payment.<sup>64</sup> This leaves HCBS nurses making somewhere around \$22.50 per hour, a rate that is much lower than wages available to nurses working in a hospital setting.<sup>64</sup>

### PUBLIC HEALTH

Public health nurses “provide screenings for chronic disease, cancer, sexually transmitted disease, wellness assessments for children, prenatal, post-partum and newborn home visits, case management, nutrition education, and an array of other educational and prevention services”.<sup>65</sup> Local public health is decentralized in North Carolina, with staff such as public health nurses being employed at the county level. The average salary for registered nurses in North Carolina in 2022 was \$89,555, but health departments are not able to offer competitive salaries, with an average public health nurse salary of \$63,835.<sup>66,67</sup>

In 2021–2022, state and federal funding for all public health in North Carolina was \$137 per capita, placing North Carolina 44th in the nation compared to the national average of \$183 per capita, and lowest in the South.<sup>68</sup> Local health departments in North Carolina are funded through a combination of federal, state, and local government appropriations, with the remaining portion of budgets covered through grants and fees for health care services. In 2019–2020, the state budget appropriated \$49.9 million for local public health with only \$11.3 million per year in state funds allocated for General Aid to Counties.<sup>69</sup> Limited funding continues to be a serious challenge to local health departments seeking to hire and retain staff. Total state funding to local health departments in North Carolina in General Aid to Counties is \$15.6 million in FY 2023–2024 and FY 2024–2025 to be spread across the 86 health departments that serve the state’s 100 counties.<sup>70</sup>

More information about the challenges faced by local public health in North Carolina can be found in the final report of the NCIOM Task Force on the Future of Local Public Health.<sup>e</sup>

### LONG-TERM CARE REIMBURSEMENT

The North Carolina Medicaid reimbursement rate for long-term care has a significant impact on the nursing workforce. About two-thirds of all nursing home residents in the state have their care paid through Medicaid, which has the lowest rate of any payer.<sup>71</sup> Rates for Medicaid reimbursement are set by the state, with state dollars paying about one-third of the costs and federal funds making up the difference.

Low reimbursement rates have led to a shortage of skilled nursing staff, which has been a persistent problem in the state. NC Nursecast projects the greatest shortfall in the nursing workforce in the next 10 years will be in long-term care, which could see as much as a 38% shortfall in RN supply and 32% shortfall in LPN supply by 2033.<sup>72</sup>

*See Strategy 23 - Use funding mechanisms to support the long-term care nursing workforce on Page 122 for additional discussion of reimbursement for long-term care.*

### MENTAL AND BEHAVIORAL HEALTH SERVICES

Psychiatric hospitals that responded to the North Carolina Sentinel Network survey in spring 2022 said they faced challenges with exceptionally long vacancies for RNs.<sup>73</sup> Unfilled positions have a direct impact on the ability to serve patients. For example, in 2022, 44% of RN positions with the Department of Health and Human Services were unfilled (411 vacancies), contributing to 2,341 fewer patients receiving care at state-run facilities in 2022 than in 2019.<sup>74</sup> Mental health facilities are often at full capacity because of the staff vacancies, despite having more beds available.<sup>75</sup>

The 2023–2024 state budget allocations related to improving access to mental health treatment in state facilities include:

- “\$20 million in bonuses and incentive pay for workers in state psychiatric hospitals,
- Increased rates paid to mental health and substance abuse services providers, to the sum of \$130 million over the next 2 years, and
- The construction of a \$50 million regional children’s behavioral health hospital, to be built somewhere in the Triangle area.”<sup>75</sup>

<sup>e</sup> Find the final report from the NCIOM Task Force on the Future of Local Public Health at [https://nciom.org/wp-content/uploads/2022/12/FLPH-Final-Report\\_12.30.2022.pdf](https://nciom.org/wp-content/uploads/2022/12/FLPH-Final-Report_12.30.2022.pdf)