

## Save California \$175 Million: Invest in PDN Nurses

*The current nursing shortage is costing California an unnecessary \$175 million dollars according to a recent study<sup>1</sup>. Savings from increased investment realized in only eight months.*

The study, conducted by David Maxwell-Jolly, PhD, MPH, MA, focuses on a small portion of the Medi-Cal population, children with complex medical conditions who require specialized home health nursing known as a Private Duty Nurse (PDN). These children, some of the most acute and medically fragile patients in the state, are forced to spend time in costly hospital beds rather than spending time at home with their families. This unnecessary increase in hospitalizations annually costs California \$175 million in unnecessary costs.

*A rate increase to Medi-Cal will prevent over 70,870 extra days in the hospital for sick kids.*

Due to lagging Medi-Cal reimbursement rates, these kids are forced to spend significant time in the hospital, rather than receiving in-home-based care. Lack of in-home nursing drives up costs through:

- Discharge delays,
- Longer overall hospital stays while waiting for adequate in-home nursing coverage,
- Increased chances of readmission within 90 days, and
- Overall increased chances of hospital admissions for children who are being cared for at home but not receiving enough treatment due to lack of adequate nursing coverage.

	With Current Shortage Conditions at Current Medi-Cal Rates	Without Shortage Due to 40% Medi-Cal Rate Increase	Net Cost/(Savings)
Total Hospital Cost	\$938 million	\$448 million	(\$490 million)
In-Home Nursing Cost	\$362 million	\$677 million	\$314 million
Total Cost	\$1,300 million	\$1,125 million	(\$175 million)

The study is based on recent research<sup>2</sup> detailing hospital care for kids with medically complex conditions. The study demonstrates that current reimbursement rates and spending levels for PDN nursing for children with complex conditions is driving a 5x increase in delayed discharges and hospital readmissions. Since 2020 the state has provided 25% less hours of in-home PDN care despite eligible members increasing during this time period. There is a strong supply issue due to low Medi-Cal rates, leading to inadequate in-home care and excess hospitalizations. This in turn, drives overall costs up significantly to the state.

A Medi-Cal rate increase of 40 percent for PDN nurses will allow providers to receive fair market wages and incentivize more individuals into the profession, thus providing more care for our kids. This dynamic will increase quality of living, reduce, hospitalizations, and save the state nearly \$175 million dollars. With increased PDN investment, the state will realize cost savings in only eight-months.

<sup>1</sup> Estimating the Cost of Caring for Children with Complex Medical Conditions During a Nursing Shortage, David Maxwell-Jolly, PhD, MPH, MA, March 2023.

<sup>2</sup> Children with Medical Complexity and Medicaid: Spending and Cost Savings, Jay G. Berry, et al.; Health Affairs, December 2014.