

## **American Rescue Plan State Fiscal Recovery Fund Recommendation Cover Sheet**

Please submit this document with any recommendations for funding from Rhode Island’s allocation of federal fiscal recovery funds available through the American Rescue Plan Act. This information will be made available to the public along with any detailed documents submitted that describe the proposal. It is encouraged that such documents identify clear goals and objectives and quantifiable metrics.

**This is not a formal request for funds, and submission of recommendations does not guarantee a response, public hearing, or appropriation from the General Assembly.**

Name of Lead Agency: Kent Hospital

Additional agencies making recommendation (if applicable): N/A

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Brief Project Description (details attached)

Provide premium pay for workers to support recruitment and retention of hospital workers. Funds will be used to cover the cost of employee incentive pay programs and contract agency labor costs currently being incurred due to COVID-19 public health emergency.

Total request: \$17.25 million per year for each of 3 years / \$51.75 million total

One-time or Recurring Expense? Recurring

ARPA Eligibility Category (check all that apply) – See link for further information  
<https://www.rilegislature.gov/commissions/arpa/commdocs/Treasury%20-%20Quick-Reference-Guide.pdf>

- Respond to the public health emergency and its economic impacts XX
- Premium pay to eligible workers XX
- Government services/state revenue replacement \_\_\_\_\_
- Water/sewer/broadband infrastructure \_\_\_\_\_



**Recommendation for ARPA Funding Investment  
December 31, 2021**

This funding recommendation is made by Kent Hospital, a member of the Care New England Health Care System.

**Care New England Response to the COVID-19 public health emergency:**

When the COVID-19 pandemic first appeared in Rhode Island in March 2020, Care New England doubled-down on our commitment to provide necessary and timely health care services to citizens of the communities we serve. Actions taken to address specific needs created by the pandemic include the establishment of COVID testing sites in Warwick and Pawtucket, a field hospital in Cranston, vaccination centers, occupational health surveillance of our more than 7,500 employees, distribution of adequate Personal Protection Equipment to patient-facing caregivers and facility modifications in all locations to allow for social distancing. A deployable medical facility, i.e., tent has been erected adjacent to the Kent emergency department to expand capacity and Butler Hospital seeks to add Behavioral Health inpatient beds. At no time has Care New England closed inpatient beds, despite staffing constraints.

**Impact of COVID-19 Pandemic on Kent Hospital Finances**

In the first year of the COVID-19 pandemic, Kent Hospital experienced lost revenue associated with declines in non-emergent surgical volume and outpatient services. At the same time, the hospital realized significant incremental expense to respond to the public health emergency with testing, surveillance, vaccination, implementation of COVID safety protocols and direct care to patients with COVID-19. To offset lost revenue and incremental expense, Kent Hospital received federal COVID relief funding of \$31.5m and 53.1m in FY2020 and FY2021, respectively. Without this critical financial support, Kent Hospital would have lost \$80 million in that same two-year period. For FY2022, Kent is currently forecast to lose a minimum of \$17 million in the absence of additional relief funding.

**Current Problem to be Addressed:**

Even before the inception of the COVID-19 pandemic, labor shortages, particularly in nursing, plagued the hospitals in Rhode Island. The COVID-19 public health emergency has exacerbated this problem and today, the workforce at Kent Hospital is severely strained. Many of our own staff and/or their family members have tested positive for COVID, necessitating time away from work. Others have either left the profession, taken leave to cope with work-related stress or moved out of state for other higher-paying jobs. This trend started in March 2020 and has become increasingly more acute in recent months. The current vacancy rate is 22% for all Kent employees and 27% for registered nurses. Since 2019, total vacant positions have increased by 38% for all employees and by 14% for nurses. These essential workers

are needed to care not only for those afflicted with COVID-19 but for those who present with other critical illness.

This challenge is particularly evident in the Kent Emergency Department where staffing limitations result in diversion of ambulances for periods of each day and patients who come to the Kent ED sometimes leave before being seen due to unacceptably long wait times. Kent Hospital is committed to improving access to prompt emergency care that our community deserves and expects but struggles to do so given current staffing shortages.

Kent Hospital is experiencing a phenomenon common among many hospitals today – labor shortages compounded by the need to pay higher wages to retain and attract valuable clinical workers. To meet critical staffing needs, Kent relies on premium pay such as overtime, incentive pay, and high-cost agency/traveler staff. Since the pandemic began, premium pay hours have increased by 22%. Premium pay per hour, adjusted for usual cost of living increases, has increased by 69%. This increase is due primarily to use of agency and traveler resources. Currently, nearly 10% of the nursing positions are staffed by agency nurses. A new and developing challenging is posed by out-of-state employers that are offering higher wages to entice essential workers to leave Rhode Island. Initiatives and resources have been established to enhance recruitment. However, it is expected that it will be at least three years before staffing and labor costs begin to stabilize Rhode Island.

**Recommended Solution to be Applied:**

Kent Hospital recommends the use of eligible ARPA funds to offset these rapid and significant increases in labor cost structure in the form of a recurring payment of \$17.25 million per year for 3 years. Funds will be used to provide premium pay for workers at Kent Hospital to ensure adequate staffing in our clinical areas and to support recruitment and retention. Premium pay includes incentive pay programs and contract agency/traveler labor costs incurred during the COVID-19 emergency period. Funds will also be used to increase base pay for essential workers to discourage outmigration to higher paying positions outside of Rhode Island.

**Risk of Not Funding:**

The labor crisis in Rhode Island hospitals is expected to continue for a minimum of three years. In the meantime, the excessive cost required to ensure staffing to meet the demand for accessible, safe, high-quality patient care is unsustainable, leaving Kent Hospital in financial peril. Kent lacks financial reserves to weather this storm. Kent Hospital serves a population of nearly 300,000 residents of Rhode Island. Financial failure could deprive these citizens access to a vitally important community hospital.