



10 HR Challenges Facing Senior Living Communities (and How to Tackle Them)

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Top 10 Challenges Facing Senior Living Communities Today

The long-term-care industry was impacted the most of any sector in the healthcare industry during the COVID-19 pandemic, with senior living communities, losing nearly 241,000 employees — or 15.% of its total workforce — since the start of the pandemic.ⁱ

Nurses and caregivers are leaving the senior living industry to find less stressful work in other areas of healthcare, leaving fewer personnel to care for residents which, in turn, makes it difficult to maintain full occupancy and business growth. Additionally, the high turnover rate may have increased labor expenses for your business — possibly at a rate that's difficult to afford — putting pressure on you to increase wages or sign-on bonuses to attract and retain talent.

Unfortunately, finding and retaining qualified staff is just one of the many challenges you face as a senior living leader. You may also be dealing with the rising cost of health benefits, sustaining employee motivation and engagement, and a myriad of other HR issues. With this in mind, mastering your HR challenges is likely a high priority for your business to drive employee retention, quality service, and business growth.

Looking at the current operating environment for senior living communities, this guide outlines 10 challenges that are impacting communities, their employees and their residents, along with an array of thought-provoking questions to help you to understand the potential impact on your business.

Trends Influencing the Senior Living Sector

There are several factors that have contributed to the strain we are now seeing on the senior living industry:

- **The entire long-term-care industry is facing a 15-year labor shortage.** There were 406,200 jobs lost during the pandemic for all employees in the long-term-care industry after more than 13 years of steady growth.ⁱⁱ The impact of this shortage on senior living communities has resulted in higher labor expenses as leaders have increasingly relied on agency staffing and overtime to fill staffing gaps.
- **Occupancy and admission rates dropped significantly** as a result of the COVID-19 pandemic.
- **A growing aging population**, combined with many baby boomers reaching their retirement years, is creating an increase in demand for senior care.
- **A growing lack of qualified nurses and caregivers** is driving up resident-to-caregiver ratios at senior living communities. This talent shortage is also driving increased recruiting costs for management companies and, despite interest in nursing, U.S. nursing schools turned away thousands of qualified applicants from bachelor's degree and graduate nursing programs in the last few years, due to insufficient number of faculty, clinical sites, classroom space, and budget constraints.ⁱⁱⁱ
- **The senior living industry is also dealing with record-level inflation and higher rates.** This combination of higher costs and reduced revenue has marked unprecedented losses for the industry.

Here are some recommendations for tackling the top HR issues resulting from these trends:

Tackling Today's Top HR Challenges

1. Navigating the Ongoing Talent Shortage

The American Health Care Association reported that over 95 percent of nursing homes and assisted living communities dealt with staff shortages in 2021.^{iv} To set yourself apart from your competitors and win the war for the best talent, you need to offer comprehensive compensation and benefits packages and project a strong brand image to draw high-quality candidates throughout the recruiting and hiring process.

Executive directors and department directors play a critical role in the experience employees have within their community. Research from Paychex^v found that full-time employees say people play the biggest role when it comes to their company loyalty (36%), followed by culture/environment (33%), and benefits/pay (14%). The research also shows that compared to other industries, employees working in healthcare are only moderately loyal, which means that creating the right work environment needs to be a high priority for your organization.

Savvy senior living leaders should consider salary benchmarking to stay competitive, and offer employees professional development opportunities so that these roles become sought-after positions for those who have extensive experience and passion for what they do. And it's up to leaders to create a culture that is engaging — and rewarding — and effectively market themselves as such in order to attract talent.

Consider

- How many open positions are you currently trying to fill?
- What key departures have you recently experienced?
- Do you have a strategy to attract qualified candidates and retain your best talent?

2. Streamlining Your Hiring Process

The senior living industry demands strict, well-documented, and highly regulated preemployment screening practices. And the more a hiring manager knows about a candidate's professional history, the more informed and quicker a decision can be made.

Hiring the right candidates, who are qualified for the position and who are a good fit for your operation, can lead to higher retention rates and result in more engaged employees who are highly productive. Hiring the wrong employees can result in higher turnover rates, lower employee morale, and decreased productivity. That's why creating a positive employee experience is important right from the start.

As a leader, you may benefit from using an effective applicant tracking tool to help you post jobs, track the flow of applicants, identify and select qualified candidates, and streamline the overall hiring process. And, creating a positive hiring experience for your candidates from the beginning can help start them off on the right foot with your company.

Consider

- Do you know your employee turnover rate and what it costs your business?
- Are those involved in the hiring process trained to ask the right questions during interviews to hire candidates with the best overall fit as well as ensure that questions do not solicit information that can expose the company to a discrimination lawsuit?
- Do you have an established process in place to quickly and effectively onboard employees?

3. Offering Competitive Compensation

A competitive compensation program is critical to attracting, retaining, and rewarding high-performing employees. Without a proper compensation analysis, senior living community leaders run the risk of underpaying employees. If you are underpaying your people, you will likely have issues with retention, particularly in the current environment where the labor market is tight, and where companies are competing for a limited supply of skilled talent.

It's important to take steps to monitor industry standards for salaries and benefits on a regular basis. Compensation benchmarking can help you stay competitive in your industry, attract qualified people to your business, and retain your star employees.

Consider

- Have you had employees leave recently to take higher paid positions elsewhere?
- How confident are you that compensation for current employees and future hires is in line with your competition?
- Do you have access to pay scale reports to assess where you stand against competitors in your target market?





4. Developing Talent From Within

Investing in employee development fosters greater engagement and commitment while also creating a pool of “ready-now” people to step into other open positions within the organization.

Talent management should be a critical component of your broader workforce management strategy because recruiting, training, retaining, and promoting the right people are essential steps in reaching your staffing goals.

Offering professional development opportunities to your staff is key to their engagement, as well as their retention. And a robust training program can help you stand out as an employer in your industry and attract top talent, especially in today’s challenging labor market. In fact, in a 2019 survey conducted by The Harris Poll, 70% of U.S. employees reported they are at least somewhat likely to change jobs if the new employer is better known for investing in professional development.^{vi}

Consider

- What are you doing to develop talent within your community?
- Do you have rising stars that you feel could leap to the next level if given the appropriate guidance and training?
- What resources are available to employees for training and development?

5. Sustaining Employee Motivation and Engagement

Motivated and engaged employees may be more likely to provide the best service and quality of care to residents, which in turn drives resident satisfaction and occupancy rates. Understanding what is important to employees and how to best engage them to create a positive, productive work environment is foundational to increasing both employee performance and productivity. This requires understanding the diversity in your workforce and what can motivate and inspire each individual or group of individuals.

A recent study from Paychex looked at employee sentiments over the course of the COVID-19 pandemic. The study found that employee well-being ratings — the state of their financial, physical, social, and emotional health — fell dramatically in 2020 at the height of the pandemic.^{vii} Since then, employees say their well-being has rebounded, but it has yet to return to pre-pandemic levels. Additionally, the study found:

- More than 6 in 10 employees say well-being support programs/benefits will be a top priority for them when applying for their next job.
- Financial well-being is the #1 concern for employees.
- Additional time off was rated as the most important way that employers can improve employee well-being.

Consider

- What motivates your employees and brings out their best results?
- Do you have employees who are absent beyond what you would expect, and have you quantified the impact this is having on your business?
- How can you make the work of your team members easier and faster, so they spend less time doing tactical, non-value-added activities and more time delivering high-quality care and service to your residents?

6. Providing Cost Effective and Competitive Benefits

Providing competitive medical benefits has become a growing challenge for senior living leaders given the rising costs of health insurance. And if you're operating with communities in multiple states, you may have multiple renewal dates and different carriers, making it difficult to maintain compliance with federal and state health insurance continuation laws and bill reconciliations.

Offering affordable health insurance may be a significant factor for both potential new hires considering coming on board and your current staff. And while you may understand the advantages of offering group health insurance as part of your benefits package, you'll need to consider plan costs, setup, and ongoing management.

With many different types of group insurance offered through different carriers, it can be difficult to know exactly which plan will ensure that you and your employees have the appropriate coverage. Fortunately, communities of all sizes can find insurance plans that are within their budgets and match and compete with those of larger companies. Some of the leading providers also offer support and resources to help set up and manage the plan, making it even more convenient to offer group health insurance to your employees.

Consider

- Are your renewals better or worse than expected?
- Have you recently lost any employees to competitors because of health benefit cost increases?
- How much time does it take to handle benefits administration such as eligibility tracking and notification, billing and premium collection, invoice reconciliation, renewal negotiations, annual enrollment, ACA reporting and COBRA/state health insurance continuation compliance?

7. Operating in Multiple Locations

Senior living community leaders who have expanded their organizations to operate across multiple states may encounter complexities related to state employment tax filings and challenges maintaining compliance. These are specialized skills that take time and resources.

As you navigate the complexities of state employment tax filings, it's important to consult with professionals who can help you stay informed. An HR professional can also provide in-depth, up-to-date knowledge of federal and state employment laws and regulations to support compliance efforts across your entire organizational footprint.

Consider

- Are you struggling to address the complexities associated with state employment tax filings for multi-state operations?
- How difficult is it to maintain regulatory compliance with employment and tax laws?
- Do you hope to grow your portfolio in new states?



8. Staying Compliant With Evolving Employment Laws and Regulations

Employment laws and regulations continue to change and expand, making it more challenging to stay compliant today than it has ever been before. Consider what it takes to stay up-to-date with employment laws in areas such as wage and hour laws, anti-discrimination laws, and paid sick leave.

Knowing your way around ever-changing regulations and requirements could be a full-time job in and of itself and likely is falling on the shoulders of someone in your organization who is already doing a full-time job. Having help to monitor these changes, and their implications on your business, can be an invaluable tool when it comes to staying on top and ahead of changing regulations.

In today's world, corporate reputation can make or break your brand, and compliance is key for demonstrating integrity in the senior living industry. Any investment made in enhancing your organization's commitment to safety, people, and its surrounding community is also an investment in your business.

Consider

- Are you able to stay on top of changing employment laws and regulations as your workplace and workforce develop?
- Are you confident you're compliant with the ever-changing employment laws and regulations?
- How much does spending time maintaining regulatory compliance cost your business?



9. Maintaining an Ethical Culture and Brand Identity

Employees want to work for companies that have a purpose beyond the bottom line and that have policies and processes (such as handbooks and training programs) that create a culture of accountability. Creating a positive, ethical work environment is imperative to attracting new employees to your organization. Candidates are looking to join companies that are aligned with their priorities and values and that will deliver meaning to their work serving and caring for residents. They are also evaluating companies based on their employer brand: what they stand for, how they treat their employees, their company values, and more.

Consider

- How important is it to you that employees behave ethically, and you have created and are fostering an ethical environment?
- What policies do you have in place to ensure employees understand what is expected and what it means to be ethical?
- Is there a formal training program in place to support this objective?

10. Creating a Scalable HR Solution

Having an internal HR department creates a fixed cost on your balance sheet and can be harder to scale up or down as the needs of the business change. For instance, the lag between realizing you need additional staff, and the ability of your new staffer to reach full efficiency can take as long as a year.

Not only that, managing HR complexities can distract you from the work that needs to get done in order to provide high-quality service and care for your residents. What strategy would work best for your business: having a team in-house or outsourcing one?

When you outsource HR, a third-party provider can assist with certain HR functions and can help support solutions that help your business when it comes to attracting and developing talent, providing awareness of legislative and regulatory changes and potential impacts to your business, and administering benefits and payroll. Often, outsourcing HR can also give you access to a scalable HR technology platform, which can help streamline many of these HR tasks for greater efficiency and productivity.

Consider

- What are your three- and five-year growth plans?
- How do you plan to staff your community to support those plans?
- How much time does managing HR-related tasks keep you from focusing on your business?

How Paychex Can Help

As the business landscape continues to change, the HR-related demands on senior living communities will only continue to increase.

Research has proven that businesses who work with a professional employer organization (PEO) like Paychex have fewer concerns about hiring, retaining, and motivating employees.^{viii}

Paychex HR can help you navigate your current and future HR challenges with the help of our comprehensive suite of HR solutions designed to scale with your business over time.

Here are just some of the specialized services we can provide for your senior living community:

- **HR administration** to help contain HR costs, reduce turnover, and increase productivity and profitability.
- **Leadership training** designed to help improve employee engagement and performance.
- **Applicant tracking** to help streamline the hiring process, while also reducing paperwork, improving accuracy, and reducing costs.
- **Electronic onboarding** to create a smooth process and positive first impression on your new hire.
- **HR guidance** to help you tackle your greatest HR challenges.
- **Compliance support** from an HR professional backed by a team of experienced compliance specialists, who monitor changing federal and state employment laws and regulations.
- **Competitive benefits**, including health and retirement benefits, that help you to recruit and retain the most qualified talent in the market.



For more information about how Paychex
can help your senior living community, visit:

<https://pages.paychex.com/dg-contact-senior.html>



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ⁱ "BLS January Jobs Report," 2022

ⁱⁱ "BLS January Jobs Report," 2022

ⁱⁱⁱ "Fact Sheet: Nursing Shortage," American Association of Colleges of Nursing, September 2020

^{iv} "BLS January Jobs Report," 2022

^v "Four Ways to Find Your Front Line," Paychex eBook Senior Care, 2 In-depth Interview conducted by Mower on behalf of Paychex, March 2019

^{vi} "How to Get Today's Employees To Stay And Engage? Develop Their Careers," PR Newswire, 2019

^{vii} This national survey was conducted with 450 business and HR leaders who employ between five to 500 employees from a broad cross-section of industries. From October 21 to November 10, 2021, the online interviews were conducted by Bredin, an independent market research company located in Boston, MA.

^{viii} "The ROI of Using a PEO," napeo.org, 2019

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