

**Human Services Committee
Public Hearing of March 13, 2007**

**Testimony of Deborah Chernoff
New England Health Care Employees Union. District 1199, SEIU**

**In Support of Raised Bill #1336, "An Act Concerning The
Operation of Nursing Homes During Period of Receivership"**

Good afternoon, Senator Harris, Representative Villano and the members of the Human Services Committee.

My name is Deborah Chernoff, and I am the Communications Director for District 1199 New England Health Care Employees Union. Our union is the largest healthcare union in Connecticut, representing approximately 20,000 health care workers throughout the state, including approximately 7,000 nursing home workers at Connecticut nursing homes.

I am here today, along with our members, to urge your support for Raised Bill #1336, "An Act Concerning The Operation of Nursing Homes During Period of Receivership".

Connecticut's nursing homes are in financial crisis. Over the past seven (7) years more than 20 nursing homes in Connecticut have closed their doors – forcing approximately 2,500 residents to relocate to unfamiliar facilities. These transfers away from their familiar caregivers, family members and visitors, communities and known surroundings are traumatic for residents, often leading to declining health, even death for some residents.

None of the closures in the past seven years were based on the needs of the residents, and less than a handful of these closures were recommended by Receivers. Instead, we have seen decisions on closing down nursing homes being made by private operators when they determine they can no longer find ways to cut costs to make up the millions in Medicaid shortfall, and therefore look for ways to make a profit (or stop the hemorrhaging) by closing the nursing home facility and selling the property for real estate or other purposes. At the same time, we have seen the Department of Social Services fail to act in the residents' best interest by refusing to petition for the temporary appointment of a Receiver to determine whether the home should remain open and, if so, to grant the time necessary to seek qualified purchasers and complete a sale. Too often the result is the homes are closed, residents are traumatized and forced to relocate, staff are laid off, and the state's nursing home beds and services are drastically cut.

Prior to 2001 and 2003, respectively, state statutes had protections for nursing home residents when a facility was in financial distress or announced intentions

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to close. In the past few years those protections have been abolished or weakened legislatively, and our members urge you to restore those vital protections for residents, their families, and caregivers. Last month, I spoke in support of Bill #5639 which would give residents and citizens the right to a public hearing at the nursing home before DSS acts on a Certificate of Need application or intention to close a facility. Before you today is Bill #1336 which speaks to the same principal of restoring a fair process and rights for residents during periods of potential closure of their nursing home, but specifically addresses the technical changes of the statutes that relate to periods of Receivership.

The purpose of Receivership has historically been to provide immediate stabilization of the facility temporarily while a purchaser can be sought and a sale completed; to provide an objective recommendation as to the facility's viability and sale options; to assess the Medicaid reimbursement rate necessary to continue operations of the home; and to act in the best interests of the residents. After having the time to complete their review, sometimes the Receiver will recommend the facility close – but more often than not the Receiver determines the nursing home should remain open and the Receiver, working with the State, Court, and interested parties is able to facilitate and complete a sale in a reasonable period of time.

In 2003, the statutes were modified in two significant ways that has effectively erased the ability of a Receiver to carry out such vital duties. Specifically, a 90-day limit was placed on the period of any Receivership and if a sale isn't completed within 90 days the facility will close – this, by design, forces facilities to close rather than seek a purchaser because the bidding and sale process typically takes six to nine months. Secondly, an arbitrary cap was placed on Medicaid reimbursement rates that discourages buyers of nursing homes during receivership periods.

Bill #1336 would not solve the nursing home crisis, but it would go a long way towards restoring a fair process to determine the best course of action for a nursing home's future. This would be done by: (1) allowing an extended period of time for a Receiver to stabilize the home; assess the residents' needs and financial ability of the nursing home to meet those needs; (2) allow the Receiver to make recommendations to DSS on the necessary Medicaid reimbursement rate for continued operation; (3) would extend the window period to seek purchasers from 90 days to six months; and (4) would allow the Commissioner of DSS to increase the Medicaid rate upon a sale of the home, if in consultation with the Receiver, such an increase was necessary to protect residents.

We ask you to support this bill and related legislation regarding protections for nursing home residents during periods of receivership, sales, or closure plans.

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Lastly, I wish to briefly lend our union's support on several other important matters before you today – S.B. Bill #1383, "An Act Concerning Medicaid Modernization", S.B. # 1338, "An Act Concerning A Cost of Living Increase For Private Providers of Health And Human Services", and S.B. #1381, "An Act Concerning Appropriations To The Departments of Social Services And Agriculture".

- S.B. 1383 is necessary for Connecticut Hospitals to receive the appropriate funding under Medicaid so Hospitals will be reimbursed for the actual cost of providing care to state Medicaid recipients. Our union strongly supports this proposal but also urges the Committee to expand this proposal so as to include nursing home providers so the Nursing Home and Hospitals aren't continually forced to cut services, implement layoffs, close their doors, or offer substandard wages and benefits for employees in efforts to make up for the growing Medicaid shortfalls.
- S.B. 1338 is needed because in the past few years Private Providers under contract to supply services to clients of DMR, DMHAS, DCF and DSS have seen their costs far outstrip their resources. The result has been major disruptions in the continuity of care for clients, as low wages and weak benefits, especially unaffordable medical insurance cause rapid turnover. The wage gap between health care workers employed directly by the state and those working for private providers is now between 40-50% and that gap gets wider every year. Certainly there is a question of fairness, since these workers do exactly the same kind of work with exactly the same client population. Beyond the abstract notion of equal pay for equal work, however, lies the stark reality that services suffer and service providers struggle when there is no stability in the workforce, and families suffer when men and women working full-time to care for others cannot afford insurance for their own families.
- Our union asks your support of proposed S.B. 1381 because, as the gap between what Medicaid reimburses nursing homes for providing care and what it costs to actually provide that care continues to widen, and the cost of energy/utility bills have skyrocketed, the Medicaid rates have not been adjusted to allow for nursing homes to be reimbursed for these soaring energy bills. Surely we want and require the facilities to have effective heating and cooling systems; working lights and power in residents' rooms, hallways, dining areas and common areas; and comfortable climate conditions for the residents' physical and emotional well-being. If the State doesn't legislatively allocate the necessary funds to cover these increased energy costs, the nursing home providers and 30,000 residents will quickly find themselves sinking further in crisis.

Thank you.