



Written Testimony Before the Human Services Committee

Proposed H. B. No. 5637 AN ACT CONCERNING REGULATION OF NURSING POOL RATES BY THE DEPARTMENT OF SOCIAL SERVICES.

Proposed H. B. No. 5639 AN ACT CONCERNING PUBLIC HEARINGS ON REQUESTS OF CERTAIN LONG-TERM CARE FACILITIES TO CLOSE OR REDUCE BED CAPACITY.

Proposed H. B. No. 6036 AN ACT CONCERNING STATE REIMBURSEMENT TO REST HOMES WITH NURSING SUPERVISION, CHRONIC AND CONVALESCENT NURSING HOMES AND INTERMEDIATE CARE FACILITIES.

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Commissioner Designee
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Written Testimony

Proposed H. B. No. 5637 AN ACT CONCERNING REGULATION OF NURSING POOL RATES BY THE DEPARTMENT OF SOCIAL SERVICES.

Nursing facility expenditures for temporary nurses and certified nurse aides increased from \$16.0 million in 1998 to over \$61.0 million in 2005. Hourly charges have risen substantially and now average \$57.00/hr. for a RN, \$45.00/hr. for a LPN and \$24.00/hr. for a Certified Nurse Aide (CNA). These charges are 20% to 30% higher than the cost of facility employed staff including related fringe benefit costs. Many facilities have no choice but to hire outside nursing services at \$65.00 per hour for certain weekend and holiday shifts in order to meet minimum staffing per DPH licensure requirements.

Pool charges are market driven but may also include excessive pricing due to the nursing shortage. While temporary personnel are qualified, continuity in caregivers with on staff nurses and aides is certainly both preferred by residents and likely adds to quality care. Temporary agencies can offer higher wages than regulated health care facilities, thereby making facility employment recruitment even more difficult. Savings would accrue to the state directly through lower interim nursing facility rates and indirectly in home health, ICF/MR and other health services areas.

Free market pricing is generally the best approach; however, with the state and federal government as the primary payer of long term care services, control of charges may be needed to maintain quality resident care until the supply of nurses is restored. Massachusetts has implemented pool charge regulation since 2001.

The Department would be happy to work with the Committee during this session to assess the positive and negative aspects of charge regulation as well as the resource requirements of implementation.

Proposed H. B. No. 5639 AN ACT CONCERNING PUBLIC HEARINGS ON REQUESTS OF CERTAIN LONG-TERM CARE FACILITIES TO CLOSE OR REDUCE BED CAPACITY.

This bill would require the Department to conduct a public hearing for CON requests related to reductions in licensed capacity including facility closures. While the proposal is well intended in that a public hearing may provide additional information in the decision process, it will add time and costs to both nursing facilities and the Department.

In 2003, the CON law was amended by requiring nursing facilities to notify residents and the Office of the Ombudsman at the same time that a letter of intent to close is filed with the Department. The new notification requirement adequately addresses the need to alert affected parties of potential facility closures. The Department makes every effort to avoid facility closures balancing area bed availability, cost and resident displacement factors. Last Fall, the Department was successful in assisting with the sale of a 150-bed Waterbury nursing facility that faced closure.

Proposed H. B. No. 6036 AN ACT CONCERNING STATE REIMBURSEMENT TO REST HOMES WITH NURSING SUPERVISION, CHRONIC AND CONVALESCENT NURSING HOMES AND INTERMEDIATE CARE FACILITIES.

This bill would establish a single reimbursement rate for nursing facility services equal to 85% of the average rate paid to nursing facilities with a Chronic and Convalescent Nursing Home (CCNH) licensure designation. It is assumed that the reference to Intermediate Care Facilities in the bill is duplicative of the Rest Home with Nursing Supervision (RHNS) nursing facility licensure category and not Intermediate Care Facility for Mentally Retarded (ICF/MR). ICF/MR rates average \$431.00 per day compared to an average of \$211.00 for nursing facilities.

While current Medicaid nursing facility rates vary widely and the range rates may not be justified by care related resource requirements, implementation of a single payment rate, as proposed here, does not resolve current inequities. Any major system change should include consideration of case mix/resident acuity (required staff ratios), building costs and wage/salary uniformity and/or guidelines.

For additional information on this testimony or any other legislation concerning the Department of Social Services, contact Matthew Barrett at (860) 424-5012.