

Senator Harris, Representative Villano and Members of the Human Services Committee:

Re: Section 3 of Senate Bill 34, AA IMPLEMENTING THE GOVERNOR'S RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES PROGRAMS

My name is Rhonda Boisvert. I am the President of the Connecticut Association of Residential Care Homes (CARCH) and the owner of Pleasant View Manor, an 18-bed home in Watertown.

I urge you to reject this section of the bill which would impose a 2% cap on rates for residential care homes (RCHs) and would have a very negative impact on some homes. There is a very complex cost-based reimbursement system of funding RCHs by the Department of Social Services through the Aid to the Aged, Blind and Disabled program (State Supplement). Residential care homes do not provide medical care.

In asking you to reject a cap, CARCH is only requesting that homes receive payment for expenses approved by DSS and filed with the department through the cost reports. I want to add: Not all expenses are approved. However, homes must expect payment for qualified expenses in order to provide appropriate care to low-income elderly and disabled individuals. (In fact, there is a considerable time lag to recoup costs: The rate effective July 1, 2008 is based on a cost report from 10/1/06-9/30/07.)

There are now 2,792 beds in homes licensed by the Department of Public Health. A few years ago, there were over 3,000 beds. Unfortunately, some homes have had to close.

The average size of a residential care home is 28 beds. It has been estimated that more than 85% of the residents receive state assistance; many homes have all of their elderly and mentally disabled on the State Supplement. Therefore, most homes cannot cost shift to private payors as other facilities such as nursing homes may.

According to data from DSS (1/4/08), the weighted average rate at an RCH is \$86.23 for the current fiscal year. If many residents were not in a residential care home, they would probably be living in a nursing home at a much greater cost to the state - the average nursing home daily rate is over \$200.00

For the current fiscal year, 58 of the 100 homes have a rate greater than 2% from the previous year. It is projected that the total increase for the entire industry will be 4.18%

The residential care home industry is composed of small homes which provide room, board, transportation, socialization and comfort to the state's low-income elderly and disabled. A 2% CAP ON RATES WILL NEGATIVELY IMPACT MANY HOMES. A fact sheet with further information is attached.

- RESIDENTIAL CARE HOME FACT SHEET -

- * 100 homes with 2,792 beds licensed by the Department of Public Health
8 homes have closed within the past four years
- * The average Residential Care Home (RCH) has 28 beds. The distribution is:
 <20 beds = 43 20-40 beds = 38 41-60 beds = 11 61-80 beds = 4 >81 beds = 4
- * RCHs serve low-income elderly and the disabled - >85% receive state assistance
Homes cannot cost shift to private payers to recoup costs
Some homes have all residents on state assistance
- * Residents receive assistance through the Aid to the Aged, Blind and Disabled
In FY 2008, payments will be slightly more than \$61 million
- * There is a cost-based, complex system of reimbursement. Not all costs are approved.
Owners must expect payment from DSS for qualified costs in order to stay open.
- * The rate effective on July 1, 2008 is based on a cost report from 10/1/06 to 9/30/07.
There is a considerable time lag to recoup some expenditures.
- * For FY 2008, the weighted average rate is \$86.23
- * 13 homes received a lesser rate than the previous year
14 homes have the same rate
15 homes have a rate less than 2% from the previous year
58 homes have a rate > 2%
- * It is projected that the total increase for the entire industry will be 4.18%
- * The lowest rates for homes that file a cost report are \$45.00 and \$48.41
5 homes have a rate lower than \$50.
25 homes have a rate between \$50.10 and \$75.00
41 homes have a rate between \$75.01 and \$99.99
24 homes have a rate > \$100.00
(5 homes do not file a cost report for state reimbursement)

The Residential Care Home industry is composed of small homes which provide room, board, transportation, socialization and comfort to many of the state's low-income elderly and disabled residents. If many residents were not in an RCH, they would be living in a nursing homes at a much greater cost to the state. RCHs struggle to stay open. A 2% CAP ON RATES WILL NEGATIVELY IMPACT MANY HOMES.