



Caring is the Key to Life

Written testimony of Billy Nelson, Administrator of The Reservoir Care & Rehabilitation Center In Opposition to 2% Medicaid Nursing Home Rate Reduction proposed in Governor's State Budget Deficit Mitigating Plan

Dear Senator and Members of the Appropriations Committee,

I am the administrator of The Reservoir Care & Rehabilitation Center in West Hartford, CT. The Reservoir provides long-term care to 30 nursing home residents and short-term rehabilitative care to approximately 45 other individuals who live in our communities.

About thirty percent (30%) of our business is funded by Medicaid. Currently the Medicaid system underfunds our per patient day costs by approximately fifty dollars (\$50). (282-232). This currently accounts for "missing" revenue in the amount of \$365K per year. An additional 2% Medicaid cut will increase this amount to nearly \$400K. per year in missing revenue.

Approximately forty-five percent (45%) of our business is funded by Medicare. This past October, our Medicare rates were cut by 3% due to a market basket adjustment. This could account for approximately 184K in lost revenue. Further Medicare cuts are looming pending the outcome of President Obama's healthcare reform package.

For years, skilled nursing facilities have been cost shifting to private pay residents in an attempt to offset the current Medicaid funding problem. My facility is considered one of the finest and most beautiful SNF's our state has to offer. Out of my 75 beds, I have a total of 5 private paying residents. The private pay residents in SNF's will soon become extinct due to affordability issues, competition from assisted living facilities, transferring of assets within families, etc.

On the opposite side of this equation expenses continue to rise. Labor cost increases average 3% per year and this accounts for nearly 70% of total expenses. Other costs such as food, utilities, insurance and physical plant upkeep continue to increase beyond our control.

Every year, nursing homes are forced to shave expenses from operating budgets in order to mitigate the effects of dwindling governmental reimbursements. Labor gets reduced which means it takes a little bit longer for call bells to get answered. Food quality suffers which means frail and sickly patients are a little less likely to have their appetites stimulated.

For many of us in the nursing home industry we pride ourselves in caring for what Tom Brokaw referred to as "The Greatest Generation". We sit and talk to these people every day about the sacrifices they made for their country during countless wars. Isn't it time we stopped making this generation sacrifice for the good of others. They deserve to have access to the highest quality of care possible. They have given us their best years, so let's give them our best in return. We must not agree to cut Medicaid funding to nursing homes. Thank you.

Respectfully submitted,



Billy Nelson, Administrator

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