

Appropriations, Aging, Human Services and Public Health Committees
Joint Informational Forum on Nursing Home Funding
Monday, May 18, 2009
Athena Health Care Systems

Good Morning Chairs and Members of the Appropriations, Aging, Human Services and Public Health Committees. Thank you for this opportunity to speak before you today. My name is Lawrence Santilli, President of Athena Health Care Systems. Athena is one of the largest nursing home providers in the state managing 17 nursing homes in Connecticut and one in Rhode Island.

I am here today to outline my concerns regarding issues our nursing homes are facing today and hope to provide some solutions. The concerns are as follows:

1. Occupancy Rate

Currently the occupancy rate of Connecticut nursing homes is an average of 91.4% as reported by OPM. Low occupancy has required many facilities to request interim rate relief. To correct this occupancy issue, lower interim rate requests and save the state approximately \$20 million per year, the following is suggested:

Proposed Solution: Upon request for interim rate relief, DSS should make a mandatory bed reduction if the facility's occupancy rate is below the state average. This would be in exchange for the rate increase. If residents need to be relocated as a result of decertification of beds, the facility shall make reasonable efforts to relocate them within a 15-mile radius of the facility.

There are approximately 80 facilities receiving interim rate relief. By forcing a reduction in beds in order to get interim rate relief, you are reducing the amount of open beds in the state. This would also make the facilities receiving the additional residents more financially sound.

2. Moveable Equipment Improvements

Approximately one third of all nursing homes in the state are either hardship cases with current owners or hardships/change of ownerships cases. These homes are granted interim rate relief that reimburses them moveable equipment improvements (i.e., patient furniture, therapy equipment, bed upgrades, etc.) and also fair rent base adjustments. On the other hand, homes that do not request interim rate relief or did not change ownership are unable to be reimbursed for these improvements that provide a more home-like environment for their residents.

To correct this matter the following is suggested:

Amend C.G.S. Section 17b-340(f) (4) (ii) to add moveable equipment to the fair rent language. This would allow the Commissioner of DSS to include equipment improvements such as patient furniture, therapy equipment, bed upgrades, dining furniture, etc. in a rate increase request for all facilities. Currently only physical improvements to a building (fair rent items) are considered.

3. Change of Ownership

Currently, interim rate increases are provided to new owners for a change in ownership.

Proposed Solution: Current policy needs to be reviewed to correct the situation. It is suggested that the Commissioner be prohibited from granting to a licensed chronic and convalescent home or a rest home with nursing supervision an interim rate increase due to a change in ownership. The Commissioner would not be prohibited from increasing the rate for allowable costs associated with facility capital improvements or moveable equipment additions.

4. Stimulus Package and Provider Tax in Other States

5. Medicare – Future Reductions

Medicare recently released the proposed rule that would update Medicare payment rates beginning 10/1/09. Included in the proposed rule, CMS is proposing to recalibrate case mix indexes. Effectively, the proposed rule including the recalibration would result in a 2% decrease in federal payments. Locally, the decrease will vary depending upon charges in wage factors. This may result in individual facility decreases that exceed 2%.

6. Conclusion

The industry needs a reimbursement system that rebases more often and provides for annual increases. Although Connecticut requires rebasing every four years, it is always ignored due to caps imposed on the rates so as to meet State budget constraints. Our reimbursement system is broken and rates do not relate to actual costs. Unless a system provides for rate increases, all facilities will be requesting interim rate relief. Our goal is not to close homes, but to find some solutions to provide facilities with the rate increases they need.