

**Coming Soon to Your Town?**



**The Real Costs of  
Connecticut's Nursing**

**Home Crisis**

**SEIU** Healthcare®  
1199NE | United for Quality Care

## Facilities in Receivership

Facility Name	Jobs at Risk
Crescent Manor - Waterbury	127
Haven of Danielson	209
Haven of Norwich	145
Haven of Windham	130
Marathon of New Haven	177
Marathon of Norwalk	165
Marathon of Prospect	124
Marathon of Torrington	88
Marathon of Waterbury	153
Marathon of West Haven	101
<b>Total Jobs at Risk</b>	<b>&gt; 1,419</b>

Currently, 10 nursing homes are in state receivership: a court-appointed receiver is operating the facilities and attempting to sell them. District 1199 represents workers at nine of the ten facilities. If the receiver moves to close these facilities, each of these communities will lose even more jobs – good jobs, with health care insurance and secure retirement benefits. The actual total of jobs at risk is higher than 1,419 because these totals do not include jobs outside the bargaining unit, nor do they include the jobs lost at related businesses (the local pharmacy, ambulance company, florist, etc.) or fee-for-service personnel.

## Facilities in Bankruptcy

Facility Name	Jobs at Risk
Alexandria Manor, Bloomfield	100
Blair Manor, Enfield	108
Douglas Manor, Windham	100
Ellis Manor, Hartford	105
Village Manor, Plainfield	89
<b>Total Jobs at Risk</b>	<b>&gt; 486</b>

Another five facilities remain in bankruptcy and also face potential closures and job losses. The 20 homes in bankruptcy and receivership are the most obvious signs of financial hardship, but many other facilities are at equal or even greater risk. The standard "explanation" from OPM and DSS is that falling census is the primary cause of financial failure at CT nursing homes as choices expand and elders seek care at home or in assisted living. However, many of these facilities have no census problem at all. According to DSS's most recent census survey in March of 2009, Village Manor was at 100% capacity, Alexandria Manor was 98% full, Marathon of New Haven was also 98% full and Haven of Danielson was 97% occupied. 20% of these most financially-troubled facilities are located in Windham County, which has the highest average occupancy rate, 97%, in the State of Connecticut and hence virtually no excess capacity to absorb residents in these facilities should be closed. Nor can distressed municipalities or small towns afford to lose jobs and property taxes because of a deeply flawed reimbursement system.

## The Cost of Closure: Griswold

- More than 75 residents evicted
- 150 good jobs lost: \$989,239 in wages paid
  - Families lost health insurance (\$187,313)
  - Workers lost retirement benefits
- \$41,156 in property taxes slashed
- Only nursing home in town closed
- Local ambulance company business down

In January of this year, the Griswold Health and Rehabilitation Center filed a Letter of Intent to close. In April, the last two residents left and the facility shut its doors for good. You see in front of you the costs of closure for that town, those workers and those displaced residents.

## The Potential Costs of Closure

### Waterbury (House District 73)

- Crescent Manor: now in receivership
  - More than 111 jobs at risk if facility closes
    - \$4,656,353 in wages lost
    - \$825,993 in health insurance benefits lost
  - 101 residents facing eviction
  - Waterbury loses \$169,530 in property tax and \$39,723 in water and sewer payments

We saw what happened in Griswold. Here are a few other examples of what the losses would look like.

Crescent Manor, in Waterbury is now in receivership. If it closes – more than 111 good jobs lost, over \$5 million in lost wages and health insurance, close to \$170,000 annually in lost property taxes.

## The Potential Costs of Closure

### Enfield (House District 59)

- Blair Manor: now in bankruptcy
  - More than 100 jobs at risk if facility closes
    - \$3,976,942 in wages lost
    - \$641,480 in health insurance benefits lost
  - 94 residents facing eviction
  - Enfield loses \$74,271 in property tax; \$6,614 in water and sewer payments

Moving to Enfield, where Blair Manor is in Bankruptcy. Again, more than 100 good jobs, millions in wages and benefits, significant losses in local property taxes needed to support the school system and more elderly residents evicted.

## The Budgets: Accelerating Disaster

- Flat-funding this year, proposals both flat-fund in 2010 and 2011. Zero general increase in rates for three years.
- Both budgets permanently eliminate statutory requirement to “rebase” at least every four years (for both nursing homes and ICF/MRs in the private provider DD agencies)
  - Rebasing necessary to retain some relationship between costs and rates
  - Still have cost-based system, at least in theory

Both current proposed budgets will accelerate the collapse of the long term care system if unchanged. Both have zero funding increases for three years running, both permanently excise from the statutes the requirement that DSS periodically “rebase” reimbursement rates by looking back at the actual allowable costs of care and adjusting rates. Even when rebasing was done, it has been subject to caps on various cost centers that have the effect of penalizing those facilities that have higher costs because they (1) take residents who need more expensive levels of care, (2) have better staffing and (2) pay decent wages and, especially, provide health insurance and retirement benefits.

## The Budget: More Cause for Concern

- 10% cut to cost cap for “Administrative and General” cost center
  - A&G cost center includes
    - Property taxes
    - Physical plant maintenance
      - Cuts would hurt resident care, lead to late or missing property taxes, accelerate physical plant deterioration
      - Physical plant problems were key factor in decision to close Griswold facility.

The “Administrative and General” cost center includes the costs of property taxes and routine physical plant maintenance and upkeep. Cuts in this cost center make no sense unless we want the infrastructure to crumble even further and faster or make it more difficult for towns to collect property taxes. Physical plant needs were a major factor in the decision to close the Griswold home.

## Fixing the Budget: Part 1

- Retain statutory requirements for re-basing Medicaid reimbursement rates, ICF/MR rates and other reimbursement adjustments, but **impose two-year moratorium** on implementation of increases – this retains savings of **\$119.8 Million** in FY 2010 and **\$171.4 Million** in FY 2011.
- Eliminate 10% reduction of administrative cost cap within the nursing home rate setting procedures

Acknowledging the current budget crisis, we propose a two-year moratorium on rebasing but not its complete elimination. We do need a better system for calculating and paying reimbursements but it's uncertain now if we can develop and implement such a system before the next biennium. A moratorium will save an estimated \$241 million without removing that mechanism from the methodology for calculating rates.

## A Fix is not a Cure

- **Just altering, eliminating or rewriting Appropriations Budget language doesn't solve the problem**
  - Brings us back to \$0, \$0, \$0 funding and potential for multiple closures, job loss
  - Already seeing layoffs and hours cuts in many facilities, whether or not they are in receivership or bankruptcy
- **Without some way to support nursing homes at risk, many more will close during this budget cycle, deepening our economic crisis**
  - Hundreds, even thousands of jobs will disappear, not be replaced
  - Property tax losses accelerate
  - Most at risk: facilities above state Medicaid average – 69%

A budget fix is not a health systems cure. Even if we work together to mitigate the potential bad effects of the budget language, we won't have cured what ails our nursing homes. The pace of closures will accelerate and the loss of eldercare services and jobs will be devastating. The first to be affected will be those facilities with the higher percentages of the Medicaid population.

## Canaries in the Coal Mine

- In the fall of 2008, the skilled nursing home with the highest Medicaid population, The New Coleman Park in Bridgeport, (95% Medicaid) closed.
- Risks remain high for mostly-Medicaid facilities, which serve the neediest in our cities and towns.
- Of the 239 remaining skilled nursing facilities in CT, there are 96 nursing homes – half union, half unorganized – with Medicaid populations exceeding 70%.
- These facilities are the canaries in the coal mine – they will feel the effects first and hardest, but they won't be the last.

