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The Connecticut Association of Not-for-profit Providers For the Aging

Testimony to the Human Services Committee Regarding

Senate Bill 1185, An Act Concerning State Payments to Nursing Homes and the Duties of Nursing Home Receivers

March 23, 2011

Presented by **Stephen McPherson, President and CEO of Masonicare
Chair of CANPFA**

Good afternoon Senator Gerratana, Representative Ritter and members of the Public Health Committee. My name is Stephen McPherson and I am the President and CEO of Masonicare and the Chair of the Board of CANPFA, the Connecticut Association of Not-for-Profit Providers for the Aging. I am joined today by Mag Morelli, the President of CANPFA, and we are here today to present testimony in support of **Senate Bill 1185, An Act Concerning State Payments to Nursing Homes and the Duties of Nursing Home Receivers.**

CANPFA is an association representing over 130 not-for-profit and mission-driven providers of aging services including nursing homes, residential care homes, housing for the elderly, continuing care retirement communities, adult day centers, home care and assisted living agencies. CANPFA members are sponsored by religious, fraternal, community, and governmental organizations that are committed to providing quality care and services to their residents and clients.

CANPFA maintains a vision in which every community offers an integrated and coordinated continuum of high quality and affordable long term health care, housing and community based services. We thank you for raising this bill. We believe it can help us to achieve our vision. The regulatory openness, flexibility and responsiveness that is proposed in this bill is imperative because now is the time to look toward innovative solutions, invest our resources wisely, and begin to create the future of aging services.

CANPFA supports the policy initiative that is proposed in Sections 1 and 2 of the bill. Attached to this testimony is a document entitled, "Creating the Future of Aging Services One Solution at a Time," which summarizes and outlines the goals and recommendations of this initiative.

Developing Nursing Home Solutions

We need to move quickly to strengthen our system of long term care, and particularly the nursing home segment. CANPFA proposes that the state accomplish this through the bill before you today. The bill would allow nursing home professionals to find solutions and institute change by giving them the latitude to develop their own individual business plans for their existing skilled nursing facilities and campuses. The objective for the state would be to solicit plans to restructure, diversify and/or downsize existing facilities and services to build a better model of care that would strengthen the full continuum and therefore meet current consumer demands, market needs and the goals of the state's long term care plan. Restructuring could be budget neutral or result in savings to the state, both short term and long term, through fewer

nursing home Medicaid days, healthier facilities that will not need costly interim rate relief, and the development of a more robust continuum of diverse long term care services.

The concept would be to give individual providers the opportunity to transform the state's system of aging services *one solution at a time*. To allow this to work, the state would have to modify the administrative process and regulatory mind set that currently restricts innovative initiatives in the field. The state agencies and their processes would need to become more flexible, objective, coordinated and timely. This change in philosophy and practice would encourage providers to be creative in developing real solutions to the needs of their communities while bringing innovation and modernization to the residents they serve.

The state's nursing home policy needs to move away from putting out fires and toward looking for and rewarding innovative solutions. For too long we have relied upon a short sighted system of interim rate relief for financially distressed nursing homes. This is draining our resources. An interim rate should be an investment in future long term care services, not a temporary band-aid. Before they are granted rate relief, nursing homes in need of assistance should be required to develop business plans aimed at meeting the long term care needs of their communities and utilizing financially viable business models. The end result will be individual solutions that will make the entire system stronger.

This entire bill was the result of a working group of nursing home and labor professionals who were assembled by a group of interested legislators in 2009 and asked to come up with solutions to our ailing system of nursing home care. Several recommendations resulted from that working group including suggestions to modify the current receivership system. These suggestions are found in Section 3. of the bill and were meant to start the discussion on the issue as the group perceived the receivership system and our state's reliance on it as expensive and costly. Placing a nursing home into receivership is a complicated process that requires experienced professionals, but it is a process that we would like to see relied upon less and less. We encourage the state to work to strengthen the entire long term care system and reduce the need for the receivership process.

We thank you for raising this bill and for giving us the opportunity to share our vision. I would be happy to answer any questions.

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Creating the Future of Aging Services One Solution at a Time

We have too long relied on interim rates to bail out homes caught in our outdated and stagnant concept of long-term care. It is time to look toward innovative solutions and begin to create the future of aging services.

We propose that the state allow us, the long term care professionals, to initiate those innovative solutions - *one solution at a time.*

Nursing home solutions:

- Allow and encourage the development and implementation of individual business plans for our existing skilled nursing facilities and campuses.
- Voluntarily adjust the supply of beds to meet the skilled bed need and correct the occupancy percentage throughout the entire skilled nursing field.
- Improve and update physical plant and moveable equipment to address the rising level of acuity in our skilled facilities.
- Redesign, transform and/or modernize current physical plants to address future consumer needs, demands and expectations.
- Encourage diversification and the development of full continuums of long term care options for consumers.
- Accomplish all of this in a budget neutral manner and create a system that will save significant dollars in future years.

To allow for these solutions, the regulatory environment needs to:

- Encourage renovation and improvement to physical plant, investment in modern equipment, and adoption of state of the art models of care that will meet the demands of a changing consumer and enhance the work place environment.
- Facilitate a rational process for adjusting the bed supply across the state including the opportunity to mothball beds.
- Encourage the diversification of services and the development of continuums of care.
- Provide budget neutral prospective rate relief to facilities experiencing financial difficulties due to low occupancy rates, *but only* if the nursing home is taking the necessary steps to correct and improve occupancy percentage.
- Most importantly, the regulatory process must be conducted efficiently and timely, and in a coordinated manner between all administrative levels of state government including both the Department of Social Services and the Department of Public Health.

Creating the Future of Aging Services

