



MANCHESTER MANOR
HEALTH CARE CENTER

February 17, 2012

Written testimony of Paul Liistro, CEO and Owner of Manchester and Vernon Manors in Manchester and Vernon CT Concerning the SFY 2013 Midterm Budget Adjustment

Good evening Senator Harp, Representative Walker and members of the Appropriations Committee. I am Paul Liistro, CEO and Owner of Manchester and Vernon Manors in Manchester and Vernon Connecticut. Additionally, I am President of the CT Association of Health Care Facilities (CAHCF) which represents over 150 for profit and nonprofit skilled nursing facilities in the State. My family, for over 54 years, and our Association, for over 75 years, has been longstanding providers of short term rehabilitative care and long term chronic care. Our Association serves nearly 15,000 patients daily and employs nearly 20,000 people. Most importantly, our industry is the first line of skilled nursing care and rehab following discharge from a hospital. I am here this evening to ask for your consideration of three proposals being advanced by the Connecticut Association of Health Care Facilities (CAHCF).

1.) The Need to Advance Payments to Connecticut Nursing Homes due to Excessive Long Term Care Medicaid Eligibility Determination Delays

It will not surprise you to hear that the Connecticut Department of Social Services (DSS) could improve its processing of payments to our industry. We stand in line, along with people applying for SNAP (formerly food stamps), home care providers, and hospitals waiting for applications to be processed in a timely many. In fact, on January 10, 2012, Legal Aid of New Haven sued DSS in Federal District Court for its casual approach and untimely processing applications. Connecticut nursing homes and their residents are harmed by excessive delays in the eligibility determination process. As Medicaid applicants residing in nursing homes await final disposition of their requests for state help, Connecticut nursing homes are simultaneously providing uncompensated care for periods of time often exceeding federal standard of promptness rules which generally are 45 to 90 days. Our membership routinely cares for hundreds of patients whose status is pending, **that is, not approved**, for DSS payments; a facility can be owed in excess of \$500,000 or more; and generally, the approval process takes 9 months or more. That is like taking a car out for a test drive, and not returning it for 9 months. **Free care for 9 months.** Our Association's estimate is that the industry is owed nearly \$80,000,000 to \$100,000,000 due to pending applications for Medicaid patients who are currently receiving care in our nursing centers. At my 2 facilities, nearly 20% of our Medicaid population has not been paid for 8 months and we are owed \$1,000,000.

We understand, applaud and encourage the DSS efforts to modernize its eligibility systems and for their commitment to hire badly-needed eligibility staff to address delays across the entire public and medical



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assistance spectrum. We also appreciate that DSS is considering a request for an overtime project to expedite delayed long term care Medicaid cases. My request is to consider and pass a law which will Advance Medicaid Payments to nursing homes. Our Association has submitted legislation entitled ***AN ACT CONCERNING ADVANCE PAYMENTS FOR UNCOMPENSATED CARE PROVIDED BY NURSING HOMES DUE TO EXCESSIVE DELAYS IN THE MEDICAID ELIGIBILITY DETERMINATION PROCESS*** to the Human Services Committee. Our proposal will only require an advance payment in situations where the delay exceeds ninety (90) days. By DSS's own admission, it eventually pays for nearly 95% of all Medicaid applications. Not only are we affected, but our vendors are affected. We recently received a Pharmacy termination notice due to non-payment for a patient with a pending application. Advanced payments are necessary.

2.) Nursing Home Quality Improvement Through Fair Rent and Equipment Adjustments is Consistent with the State's Rightsizing and Rebalancing Goals

First, we are asking that the Appropriations Committee take a strong position in support of a improving the quality of Connecticut nursing homes by reversing the damaging freeze on fair rent property adjustment in Connecticut's nursing home rate setting rules which has been in place since 2009. I hope that the midterm budget adjustment before the committee can be the opportunity to once again have a public policy in Connecticut which recognizes and encourages nursing home quality improvement in the Medicaid rate setting formula.

A focus on nursing home quality improvement has particular importance given the anticipated strong demand for high quality nursing home care on the horizon as Connecticut's aging population rises dramatically in the years ahead. This is the case even as the state moves further in the direction of rebalancing our long term care system. Connecticut's remarkable aging demographics help to explain why Connecticut nursing homes are 92% full, even with the explosive growth of assisted living and a range of home and community based options. While the state's policy to rightsize and rebalance the long term care system will create even more choice options, the data and trends are very clear that Connecticut will still need a strong and vibrant nursing home option. It's for this reason that we are asking the committee to keep a focus on nursing home quality by restoring Fair Rent.

A Highly Cost-effective Federal Revenue Maximization Approach

No upfront dollars are needed to inspire these nursing home quality improvement projects if fair rent reimbursement is available. Only facilities investing in improvements will be eligible for fair rent rate adjustments. In addition, nursing homes bear all the upfront expenses; however, fair rent reimbursement is an important consideration for lending institutions considering a nursing home renovations project. Moreover, the state amortized payback represents only a portion of the costs of the projects with the facility itself bearing the lion's share of costs. Finally, the fractional Medicaid rate reimbursement is later claimed for federal matching reimbursement. [Name of your facility (ies)] believes the benefits of quality improvement, jobs, economic stimulus with private funds, long term care rebalancing, and other benefits will far outweigh any state costs, especially when factoring federal Medicaid reimbursement.

3.) Medication Technicians in Connecticut Nursing Homes

Finally, as the Appropriations Committee deliberates on Governor Malloy's midterm budget proposal to authorize unlicensed caregivers to administer medications in home and community based settings, we are asking that you also consider the longstanding request of nursing homes to employ medication technicians to administer oral and topical prescription and nonprescription drugs. Under this proposal a medication technician employed by a nursing home must be supervised by a licensed nurse. The bill also requires the Commissioner of Public Health to adopt regulations to implement these new requirements, including requirements for training medication technicians. We believe that authorizing Medication Technicians, in the closely supervised nursing home environment, is a cost-effective approach to safe administration medicines. CAHCF has also requested legislation for this purpose titled ***AN ACT CONCERNING***

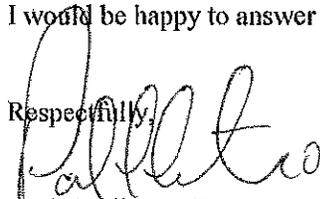
THE ADMINISTRATION OF MEDICATION IN NURSING HOMES BY MEDICATION TECHNICIANS
in the Human Services Committee.

In closing, Connecticut nursing homes remain in a period of ongoing financial distress. Medicare reductions in 2012 represent as much as a 16% revenue cut in many Connecticut nursing homes and additional federal cuts are proposed. This follows a sustained period of nursing home receiverships, bankruptcies, closures, and Medicaid hardship rate relief requests. Today, the Medicaid funding shortfall is \$19 below the cost of providing care to a Medicaid resident per day. This level of support does not correspond to the need for high quality care. There are 1 million baby boomers in Connecticut. There are 600,000 residents in Connecticut over the age of 60. Connecticut aging population is among the oldest in the Nation.

For these reasons, we urge the Appropriations Committee to devote state resources to badly-needed nursing home quality improvement, address the harmful consequences of excessive delays in the Medicaid eligibility determination process, and authorize Medication Technicians in Connecticut nursing homes.

I would be happy to answer any questions you may have.

Respectfully,



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