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**Written testimony of Andy Tarutis, Senior Administrator and Representative for the TransCon family of homes –
Concerning the SFY 2013 Midterm Budget Adjustment**

Good evening.

My name is Andy Tarutis

and my company - TransCon - owns & operates 4 Skilled Nursing Homes & 2 Assisted Living facilities - just in Connecticut. We care for over 750 of Connecticut's elderly. We are a major employer in the communities we serve - employing almost 1000 staff, with an annual payroll of \$35 million. We also contribute over \$750,000 in property taxes annually.

I am part of our Company's Management Team and a licensed Health Care Administrator.

As my company is vested in serving Connecticut's seniors and their health care needs. I too am vested in serving Connecticut seniors. I have made a life time career doing so.

You know the Need For Nursing Home Care in Connecticut is Well Established

Just look at the compelling aging demographics of Connecticut and it explains why Connecticut nursing homes are running 92% full -

- There are 600,000 residents in Connecticut over the age of 60.
- Connecticut's aging population is among the oldest in the Nation.
- There are 1 million Baby Boomers in Connecticut, but their real impact is in Nursing Home need, is yet to come, as they are at the early point of their demographic curve.
- So 92% full - in spite of the success of other housing options such as assisted living and community based options – shows the need.

But how secure is the Industry that serves this elderly population

Unfortunately It is no secret that the Connecticut Nursing Industry has been in serious financial distress in the recent past years:

- Every year we see more Nursing Homes experiencing bankruptcy, receiverships and even closing for good,
- There has been years of Medicaid underfunding, and
- The add to already bad situation, this past year - Federal Medicare revenues to nursing homes in Connecticut and across the U.S. have been cut 11% of their Medicare revenue this past year. And more Medicare cuts are to come.

As a matter of Public Policy, ALL of us need to be concerned about the viability of the industry and what various changes could have on its already unstable condition.

I am here this evening to ask for your consideration of three proposals being advanced by the Connecticut Association of Health Care Facilities (CAHCF), of which our organization is a member.

The first has to do with Excessive Delays in Medicaid Eligibility Determinations- and why Advance Payments to Connecticut Nursing Homes Are a Needed Solution.

Currently there are extreme delays in the State's processing of Nursing Home patient's Medicaid applications.

You may be surprised to know that it conservatively takes:

- Up to 6 to 9 months – for a “clean case” Medicaid pending approval,
- And up to a year to 18 months – for a “less than clean case “approval.
- In many facilities it accounts for up to 10% - and more – of their account receivables, and hundreds of thousands of dollars.
- In my company alone, it accounts for cash flow delays of over \$3,000,000 for just our four operations.

The burden is tremendous as homes admit and care for such impoverished patients in need, - advancing the costs for payroll, medical supplies, and other necessary expenses - but wait many many months to see dime one of their expenses recouped.

- Ct. Nursing homes commonly are owed in excess of \$500,000 and higher in such receivable are,

Ironically - by accepting “Medicaid Pendings” - the Nursing Homes are NOT ONLY is helping those impoverished patients in need – but actually are saving the State money, and helping our health care system – by enabling those patients to be more efficiently served - rather than stay in a Hospital bed at a much higher cost.

The poor elderly need access to Nursing Home care – but excessively long delays in getting paid for their care, can jeopardize such and paralyze our State's Hospital beds, unless something is done.

The solution – our State Association – the Connecticut Association of Health Care Facilities (CAHCF) has submitted legislation to the Human Services Committee entitled

AN ACT CONCERNING ADVANCE PAYMENTS FOR UNCOMPENSATED CARE PROVIDED BY NURSING HOMES DUE TO EXCESSIVE DELAYS IN THE MEDICAID ELIGIBILITY DETERMINATION PROCESS:

- CAHCF's proposal will only require an advance payment in situations where the delay exceeds ninety-days.
- The nursing home will be obligated to repay the state for the advance payment within thirty days of the granting of Medicaid.
- The state is made whole upon the final eligibility determination.

We understand, applaud and encourage DSS efforts to help the cause. Notwithstanding, requiring Advance Payments to nursing homes is warranted under these circumstances as well.

The second matter has to do with "Fair Rent" – the Reimbursement back to Nursing Homes for Building, Property, Fixed Equipment and Mechanical Systems:

We are asking the Appropriations Committee:

- take a strong stand by reversing the freeze on fair rent property adjustment in Connecticut's nursing home rate setting rules. This Fair rent property has been in place for many years and stands to be disrupted.
- Failure to reverse this freeze will be very problematic to maintaining and improving the structures and equipment of Connecticut Nursing home's

This midterm budget adjustment before the committee is an opportunity:

- to maintain the standard and quality of Connecticut Nursing Home buildings and equipment, where our seniors live.

Focus on maintaining a viable Nursing Home industry in Connecticut is important given:

- The dramatic rise in Connecticut's aging population – expected in the years ahead,
- That Public Policy and consumer expect decent nursing home care, and environments,

Would anyone of us want to have a loved one in the Nursing Home, who could not afford:

- to fix the pot holes in its driveway,
- to fix its flooring, roof leaks, stained ceiling tile, or windows that you could not see out of because of broken seals, or
- to maintain its heating, plumbing, air conditioning,
- or worse, keep up its emergency generator, fire alarm, sprinkler or other Life Support systems?

Worse yet would be the impact – psychologically – to the patient's housed in such environments.

The data and trends are very clear that Connecticut will still need a strong, stable, and customer centered nursing homes - in spite of the state's goals to create other housing and care options in the long term care system. There is room for both.

Accordingly, we are asking the committee to restore Fair Rent and maintain Nursing Home structures and equipment needs.

There benefits to maintaining a fair rent reimbursement are many:

- The state does not put out any upfront dollars,
- The scope is limited – as only facilities investing in improvements will be eligible for fair rent rate adjustments
- Nursing homes bear all the upfront expenses,
- Fair rent reimbursement is an important consideration for lending institutions considering a nursing home renovations project.
- The burden to the state is minimal as the payback is amortized over a long period of time with the facility itself bearing the lion's share of costs.
- Finally, the fractional Medicaid rate reimbursement is later claimed for federal matching reimbursement.

Our company firmly believes the benefits of maintaining a fair property and equipment fair rent system – as outlined above - far outweighs any state costs, especially when factoring federal Medicaid reimbursement.

Medication Technicians in Connecticut Nursing Homes

Finally, I ask that you consider legislation submitted by our Association to Human Services committee entitled **AN ACT CONCERNING THE ADMINISTRATION OF MEDICATION IN NURSING HOMES BY MEDICATION TECHNICIANS** in the Human Services Committee.

And inn closing, I ask you – as Law Makers – that you remember that Connecticut nursing homes remain in a period of ongoing financial distress – and the Industry needs your help.

Thank you & I will be happy to answer any questions you may have.

Regards,
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