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Written testimony of John Horstman, Chief Operating Officer, Geer Corporation, Canaan, CT, concerning the SFY 2013 Midterm Budget Adjustment

Good evening Senator Harp, Representative Walker and the members of the Appropriations Committee. My name is John Horstman and I am the Administrator of Geer Nursing and Rehabilitation Center and Chief Operating Officer of the Geer Corporation retirement campus. Geer Nursing and Rehabilitation Center has been providing post-acute, short-term rehabilitation and long-term care since 1970. This evening, I would like 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.

Nursing Home Quality Improvement Through Fair Rent and Equipment Recognition in Medicaid Rates

I am asking the Appropriations Committee to strongly support the improvement of quality in Connecticut nursing homes. The freeze on the fair rent property adjustment has been in place since 2009 and it is preventing most nursing homes from being able to afford building renovations and replacement of key equipment.

The average nursing home is 35-40 years old now and many are in need of physical plant renovations and/or furniture and equipment replacement. Geer is a good example. Because we were able to refinance 3 years ago, we spent almost \$2,000,000 on new furniture and building renovations. That was a good start, but we are only halfway done. However, we have received no additional funds under the Fair Rent provision for what we have already spent, and if we cannot get a Medicaid increase for future expenditures, then we cannot afford to finish the job.

While the state is trying to rightsize and rebalance the long-term care system, the aging population of our state makes it clear that Connecticut will still need strong post acute, short-term rehabilitation and long-term care providers.

There is no need for upfront dollars for nursing homes to start replacing equipment and renovating their older buildings. Just the promise that there will be a Medicaid rate adjustment under the fair rent property adjustment will allow lending

institutions to consider funding nursing home renovations. And, only facilities that invest in improvements will be eligible for fair rent rate adjustments. The state amortized payback represents only a portion of the costs of the projects with the nursing homes bearing the majority of the costs. In addition, the state will not bear all of the cost since there will be federal matching reimbursement.

This is an extremely important issue. As we see baby boomers entering nursing homes for short term rehab, they do not want their Grandmother's nursing home. They want Wi-Fi, large flat screen televisions, electric beds, and much more. We need to be prepared, but can only do that with your help.

Excessive Long Term Care Medicaid Eligibility Determination Delays – Need to Advance Payments to Connecticut Nursing Homes

Medicaid provides an interesting conundrum for nursing homes. When a resident applies for Medicaid, that resident will continue to receive all of their care, but the nursing home may go unpaid for many, many months. And the home does that, not knowing for sure if the resident will be approved for Medicaid. When they are not approved due to say an improper property transfer, the resident is then penalized. Medicaid will refuse to pay for their care for a set period of time. But the resident is receiving all of the care they need and the nursing home cannot discharge that person without appropriate placement, so the nursing home becomes the one who is penalized by not being paid for the care that they have provided.

Now add to that the fact that there has been a significant increase in the time it takes the Department of Social Services to approve or deny cases, and then when approved they are slow in starting payments. The average nursing home is owed in excess of \$500,000 at any given time. This creates a significant cash flow problem that is also felt by the nursing home's vendors.

Since DSS does not seem to be able to improve this system, our only other solution is to ask for an advance on money that is already owed to nursing homes. The proposal calls for only ninety percent of the amount due as the advance payment. The state will be made whole upon the final Medicaid eligibility determination for each individual. There is no risk for the state, just an opportunity for nursing homes to improve their cash flow to meet payroll and the rest of their bills.

Medication Technicians in Connecticut Nursing Homes

Governor Malloy's midterm budget proposes 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 non-prescription drugs. Under this proposal, a medical 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.

In conclusion, Connecticut nursing homes are facing serious financial distress. Medicare rate reductions have cut over \$300,000 in revenue for Geer, and all nursing homes have suffered a similar problem. This cut has resulted in staff layoffs. Geer's Medicaid rate is about \$20 below the cost of providing care to a Medicaid resident each day. That is not insignificant based on an average of 25,000 Medicaid resident days per year.

Connecticut nursing homes understand the problems faced by the state budget as well as anyone. The cost to the state for what we are asking is insignificant because we understand. Some of it is just changing the way we conduct our business and for that some rules need to be changed.

Thank you for allowing me to submit my testimony.