



February 17, 2012

Written testimony of Howard Dickstein, PhD, x. Chief Executive Officer and owner of Spectrum Healthcare(operator of 6 skilled nursing facilities concerning the SFY 2013 Midterm Budget Adjustment

I am requesting that Appropriations Committee (1) Restore Fair Rent and Recognize Moveable Equipment; (2) Address Delayed Medicaid Applications Delays with Advanced Payments to Nursing Homes; and (3) Support Medication Technicians in Connecticut Nursing Homes

Senator Harp, Representative Walker and to the members of the Appropriations Committee. My name is Dr. Howard Dickstein I am Chief **Executive** Officer] at Spectrum Health Care, a company that operates 6 skilled nursing homes (716 beds) throughout Connecticut. We have facilities in Hartford, Manchester, Derby, Ansonia, Winsted and Torrington. We employ approximately 950 full and part time employees. I have practiced in the field of long term health and rehabilitation as a clinician (MSW, MPsych and PhD). and skilled nursing home operator sine 1968 and I am asking for your consideration of three proposals being advanced by the Connecticut Association of Health Care Facilities (CAHCF), of which our organization is a member.

(1) 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. Over the past 12 years Spectrum has spent in excess of \$12,000,000 on renovations and repairs to it's facilities to ensure their high quality care and our reputation as an excellent provider of services to our elderly and disabled population. 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 which represent only partial care alternatives. There will always be a strong need for skilled nursing facilities that provide 24/7 care to those who are not independent when alone. 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. Spectrum 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. Even more importantly it provides to best care alternative to our growing aging population that cannot care for itself.

(2) Excessive Long Term Care Medicaid Eligibility Determination Delays --- Need to Advance Payments to Connecticut Nursing Homes

Advance Medicaid Payments to nursing homes is urgently needed to address the persistent and worsening problem of excessive delays in the long term care Medicaid eligibility determination process at the Connecticut Department of Social Services (DSS). 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. Nursing homes commonly are owed in excess of \$500,000 and higher. In the aggregate, nursing homes across our state are

owed tens of millions of dollars while they provide uncompensated care. It is not feasible or fair to expect our facilities and company to carry receivables that often exceed \$2,000,000.

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 assistance spectrum. We also appreciate that DSS is considering a request for an overtime project to expedite delayed long term care Medicaid cases. However, requiring DSS to advance payment to nursing homes is not only warranted under these circumstances as well, but a crucial element of doing business. CAHCF's proposal will only require an advance payment in situations where the delay exceeds ninety-days. The nursing home will be under an obligation to repay the state for the advance payment within thirty days of the granting of Medicaid. The proposal calls for only ninety percent in the amount due the nursing home as the advance payment to account for periods of estimated ineligibility and actual eligibility denials. The state is made whole upon the final eligibility determination. CAHCF has submitted legislation titled ***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 to implement this recommendation.

(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. It also promotes advancement and career building among such employees. 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 are and 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.