

CONNECTICUT ASSOCIATION OF HEALTH CARE FACILITIES, INC.

February 17, 2012

Written testimony of Matthew V. Barrett, Executive Vice President, Connecticut Association of Health Care Facilities (CAHCF), Inc. Concerning the SFY 2013 Midterm Budget Adjustment

Good evening Senator Harp, Representative Walker and to the members of the Appropriations Committee. My name is Matthew V. Barrett. Thank you for this opportunity to testify on behalf of the Connecticut Association of Health Care Facilities (CAHCF), our state's one hundred and forty-eight member trade association of post-acute, transitional and long term care nursing homes. I am here this evening to ask for your consideration of three proposals being advanced by CAHCF.

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 and that moveable equipment adjustments can be appropriately recognized. 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.

Background

Federal Medicaid rules allow for Medicaid rate-related federal reimbursement when nursing homes invest private dollars to improve and maintain the quality of their facilities in renovations, equipment upgrades and refurbishments. This is smart federal policy because it incents ongoing quality of nursing homes. Across the Nation, these federal Medicaid provisions, known in Connecticut as “Fair Rent” reimbursement, encourage improvements to nursing home physical plant from everything to the refurbishments of resident’ rooms to full blown construction/renovations of outdated nursing facilities. We hope that encouraging nursing homes to improve their quality can once again be part of our state’s Medicaid reimbursement policy.

Regrettably, a budgetary proposal included in Governor Rell’s SFY 2009-2010 Recommended Biennial Budget to freeze Fair Rent reimbursement was adopted and today remains our state’s policy. As a consequence, the existing Medicaid rate-setting system creates a disincentive to improve and maintain the quality of a nursing home’s infrastructure. This policy has damaged our sector’s efforts at quality improvement, and this will continue to be the experience as our economy continues to struggle, nursing home quality improvement financing options are limited, and with significant federal Medicare reductions recently implemented and additional cuts proposed.

However, Connecticut nursing homes could improve their quality and play an important role in contractually employing a full range of tradesmen (architects, carpenters, plumbers, etc.) to design and construct vital improvements if the state’s policy were reversed. The end result would be higher quality in Connecticut nursing homes and good paying jobs. Other important state policy goals would be advanced as well. For example, badly-needed green energy saving projects would be encouraged, and the state’s goal of rebalancing its long term care system would be furthered if nursing homes are incented to convert triple and semi-private rooms to private rooms.

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. CAHCF believes the benefits of quality improvement, jobs, economic stimulus with private funds, long term care rebalancing, and energy savings will far outweigh any state costs, especially when factoring federal Medicaid reimbursement.

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.

CAHCF applauds and encourages 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 warranted under these circumstances as well. 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 in the legislation as drafted. We have 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 corresponding for this purpose as well.

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 authorize 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. We have 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 amount are as high as 16% 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. Yet 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.