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Testimony before the Human Services Committee - March 1, 2012 of Russell Schwartz, Director of Operations, Avon Health Center and West Hartford Health & Rehabilitation Center on Nursing Home Legislation:

H.B. No. 5280 (RAISED) AN ACT ADJUSTING NURSING HOME RATES FOR PHYSICAL PLANT IMPROVEMENTS; S.B. No. 233 (RAISED) AN ACT CONCERNING ADVANCE PAYMENTS TO NURSING FACILITIES FOR UNCOMPENSATED CARE; and S.B. No. 30 AN ACT IMPLEMENTING PROVISIONS OF THE BUDGET CONCERNING HUMAN SERVICES.

Good morning Senator Musto, Representative Tercyak, and to the members of the Human Services Committee. My name is Russell Schwartz. I am the Director of Operations at Avon Health Center, in Avon, CT and West Hartford Health & Rehabilitation Center, in West Hartford, CT. Both Avon and West Hartford are longstanding providers of nursing care in the communities of Avon and West Hartford. Our two facilities have 280 beds, and employ more than 400 staff members. Both facilities were 2011 American Health Care Association Bronze Quality Award recipients. Our facilities have been owned and operated by my family for more than 35 years. I am here today to ask for your consideration of three proposals being advanced by the Connecticut Association of Health Care Facilities (CAHCF), of which our organizations are members.

H.B. No. 5280 (RAISED) AN ACT ADJUSTING NURSING HOME RATES FOR PHYSICAL PLANT IMPROVEMENTS

First, we are asking that the Human Services Committee take a strong position in support of a improving the quality of Connecticut nursing homes by supporting H.B. No. 5280 (RAISED) AN ACT ADJUSTING NURSING HOME RATES FOR PHYSICAL PLANT IMPROVEMENTS. This bill reverses the damaging freeze on fair rent property adjustment in Connecticut's nursing home rate

setting rules which has been in place since 2009. It also allows recognition of investments in moveable equipment in the Medicaid rates. 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 right-size 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.

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 2009 froze Fair Rent reimbursement was 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. At the time of this Fair Rent freeze, our facilities invested close to $2.8 million in building improvements, and resident furnishings, which are currently not being fully reimbursed.

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.

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.

No. 233 (RAISED) AN ACT CONCERNING ADVANCE PAYMENTS TO NURSING FACILITIES FOR UNCOMPENSATED CARE.

This legislation will required advance Medicaid payments to nursing homes and 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. At my facilities, the

amount owed is over $1 million. We continue to provide care and services, while trying to manage our payroll and bills as this receivable continues to climb

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 warranted under these circumstances as well. CAHCF's proposal will only require an advance payment is 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.

Section 14 of S.B. No. 30 AN ACT IMPLEMENTING PROVISIONS OF THE BUDGET CONCERNING HUMAN SERVICES.

CAHCF Recommends Section 30 be Amended to Authorize Medication Technicians in Connecticut Nursing Homes

Finally, as the Human Services Committee deliberates on Governor Malloy's midterm budget implementation legislation (S.B. No. 30, Sec. 14) 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 provision 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 the safe administration of medications. This can be accomplished by revising Section 14 of the bill to include Medication Technicians in the nursing home setting.

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 Human Services 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