Hughes Health & Rehabilitation

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***Written testimony of Mark Finkelstein, Administrator and Vice President of Hughes Health and Rehabilitation, Inc., a 170-bed skilled nursing facility in West Hartford, Connecticut, before the Human Services Committee – March 1, 2012:***

**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 Mark Finkelstein. I am the administrator and Vice President of Hughes Health and Rehabilitation, Inc., a 170-bed skilled nursing facility in West Hartford, Connecticut. For fifty-one years Hughes has been a part of the fabric of the West Hartford community. Our facility, located at 29 Highland Street, is part of the town's history as well as the location of an award winning nursing home. Specifically, Hughes is the recipient of a national award for quality, has been named by the Consumers' Council of America as one of America's best nursing homes for the last four years, and has been named as one of America's best nursing homes by "U.S. News and World Report" for the last two years. Additionally, we are accredited by the Joint Commission. I am writing to you today 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.

## 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 HB 5280 can pass in the Human Services Committee and we can once again

29 Highland Street West Hartford, CT 06119 *P* 860-236-5623 *F* 860-233-6437

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 by restoring Fair Rent.

To illustrate the importance of this I will offer examples of how the elimination of fair rent reimbursement has negatively impacted Hughes. First, during a state and federal survey conducted by the Department of Public Health three years ago the representatives from building and fire safety ruled that Hughes would be required to put sprinkler heads in all of our resident room closets because they were permanently attached to the wall. After researching the issue I determined that it would be less expensive to replace the closets with "portable" closets. They were purchased and the old closets disassembled at a cost of approximately $75,000, plus the cost of labor. During the process the very same state agency that forced this expense had a change of heart and issued a state-wide communication stating that permanently affixed closets no longer were required to be sprinkled. For Hughes, this message came too late. The closets were ordered, half of them were installed, and the other half being shipped. The end result was that we were forced to do something due to an error on DPH's part and we had no recourse and no reimbursement. In 2010 Hughes installed a new 75 kilowatt co-generation plant. It was an historic day for Hughes as we incorporated modern green energy-saving technology into our 50-year old operation. The cost was approximately $250,000. There was no reimbursement from the State of Connecticut. Hughes was required by OSHA to install a tethering system on our roof to ensure the safety of our employees who performed work on the roof. The cost of this system was approximately $25,000. There was no reimbursement from the State of Connecticut. Because of the age of our facility original equipment is beginning to fail. We

recently had to replace the nurse call system on one of our four nursing units at a cost of approximately $25,000. There was no reimbursement from the State of Connecticut. There is little doubt that the other three units will require replacement of their call bell systems soon. During the storm that crippled the state in October it became apparent that our emergency generators need to be replaced. I anticipate that this will cost in the area of $250,000, and, as it stands now, there will be no reimbursement from the State of Connecticut. There have been a myriad of repairs and equipment that have been replaced that are in the range of $3000-$4000 each, all without reimbursement from the state of Connecticut. Because of the hundreds of thousands of dollars spent, coupled with Medicare rate reductions and no meaningful rate increases from the State of Connecticut, our employees have had to forgo raises for the last four years. This sickens me. It is imperative that nursing homes receive reimbursement for maintaining their infrastructure. Hughes is fifty-one years old. It would be catastrophic to the greater Hartford area if an award winning nursing home was forced to close its doors because of lack of consideration of reimbursement for capital improvements.

Our recommended bill is very cost effective. 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. We at Hughes believe that 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.

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.

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 Fair Rent 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.

I urge the Human Services Committee to adopt HB 5280.

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

I urge your support of SB 233. 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. Hughes is currently owed in excess of ***One Million Dollars*** for residents who are pending Title XIX benefits.

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*

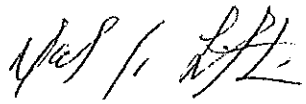
Finally, as the Human Services Committee deliberates on Governor Malloy's midterm budget implementation legislation (S.B. No. 30, Sec. 14) to authorize unlicensed caregivers to administer medications in home and community based settings, we are asking that you also consider the longstanding request of 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 safe administration medicines. 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.

Respectfully,



Mark J. Finkelstein, MPS, FACHCA
Vice President