February 22, 2013

Written testimony of Richard Slutsky, Administrator, Abbott Terrace Health Center, Waterbury, CT; Concerning the Governor's FY 2014 and FY 2015 Biennial Budget Recommendation

Good evening Senator Harp, Representative Walker and to the members of the Appropriations Committee. My name is Richard Slutsky. I am the Administrator at Abbott Terrace Health Center located in Waterbury, CT. Abbott Terrace is a longstanding provider of nursing and supportive services in the greater Waterbury area. The facility has 205 licensed skilled nursing home beds and employs approximately 325 staff members. Abbott Terrace has built a reputation of excellence in providing both short-term rehabilitation services and long-term care to our patient / resident population.

I have a simple message from CT's nursing home operators and on behalf of our residents and caregivers: ***Abbott Terrace Health Center can't endure any more reimbursement cuts.*** We can't without losing employees and jeopardizing the quality of nursing and supportive care. We are well aware of Connecticut's fiscal challenges. However, we are at a point in time when we need our state government most to assist us in maintaining the quality of care that we are known for as well as required of us. We must speak up and voice our strong opposition to the damaging cuts to Connecticut's nursing homes proposed in the Governor's recommended biennial budget. The proposed budget removes $53.4 million in FY 2014 and $81.0 million in FY 2015 from Medicaid spending estimates relating to savings associated with eliminating the scheduled rebasing of rates effective July 1, 2013 and the 2% inflation add estimated for July 1, 2014. In addition, the budget cuts $11.0 million in FY 2014 and $14.8 million in FY 2015 to reduce 75% of "enhanced funding" received by nursing facilities in FY 2013 as the result of the two provider tax funded rate increases granted since July 1, 2002. This reduction results in a 1.2% approximate rate decrease.

The timing of this proposal is very bad. Connecticut's nursing homes remain in an ongoing period of financial distress. We experienced Medicare reductions in 2012 that were as high as 16% in many nursing homes and additional federal cuts are proposed for this year. Unfortunately, a 2% Medicare sequestration cut may be our best case scenario. Providers are currently paid, on average, $14.73 per resident day less than what it costs to care for our residents. For a typical nursing home, this represents over $400,000 in unfunded annual costs.

There have been no rate increases in the system since 2007 except for increases made possible by increasing the user fees paid by nursing homes. (these increases are proposed for reduction in this budget). The Fair Rent component of the rate formula which helps to enhance quality improvement was frozen in 2009 and only recently partially restored. This is especially important considering the fact that many nursing homes are nearly 40 years old and need infrastructure improvements and updates.

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All of this follows a sustained period of nursing home receiverships, bankruptcies, closures and Medicaid hardship rate relief requests. There are 600,000 residents in Connecticut over the age of 60 and nearly one million baby boomers. Connecticut's aging population is among the oldest in the nation. Much is already being asked of our nursing homes and more will be in the future considering the dramatic aging of our state's population, long-term care rebalancing, rightsizing, and a full complement of home and community based service initiatives. What this means is that the numbers and acuity of nursing home residents will continue to rise substantially even as some of this population chooses other alternatives. Nursing homes will always be a critical component in the continuum of long-term care.

We urge the committee to scale back the proposed cuts and address the ongoing needs of the state's nursing homes. We ask you to consider nursing homes , not as the problem, but as a critical, cost effective component of the future of post acute care in Connecticut and in reducing the avoidable hospital stays and in providing more transitional services for residents who will eventually return home.

To achieve these goals, we are requesting the opportunity to work with you to:

1. Totally reverse the 2009 freeze and to fully recognize Fair Rent and Moveable Equipment in the rate formula.
2. Continue to work to resolve the ongoing excessive delays in the Medicaid eligibility process.
3. Create a reimbursement system which provides incentives to improve quality of services with payment methods to reduced licensed nursing home beds consistent with the state's long-term rebalancing and rightsizing goals.
4. Reverse the proposed cuts in the Governor's Biennial Budget recommendation.

I would be happy to address and answer any questions you may have.

Sincerely,

Richard Slutsky, LNHA

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