



# Hamden Health Care Center

February 22, 2013

**Written testimony of Andy Tarutis, Health Care Administrator and Senior Management Team – Representing the TransCon Skilled Nursing Facilities - Concerning the Governor's FY 14 and FY 15 Biennial Budget Recommendation**

Good evening Senator Harp, Representative Walker and members of the Appropriations Committee.

My name is Andy Tarutis. Professionally, I have made a life-long career serving Connecticut seniors as a licensed Health Care Administrator.

As a member of our Senior Management Team – I am speaking on behalf of our company - TransCon – which owns & operates 4 Skilled Nursing Homes & 2 Assisted Living facilities - just in Connecticut. We care for over 750 of Connecticut's elderly. We are a major employer in the communities we serve – employing almost 1000 staff and paying out approx. \$35 million in payroll wages per year. We are also a significant tax payer – paying out over \$750,000 in property taxes each year. As you can see, we are vested in Connecticut and caring for Connecticut's seniors.

I am here this evening – most concerned about the continued viability of the Connecticut Nursing Home Industry. Years of underfunding and a broken Medicaid system in Connecticut have created much instability to Connecticut Nursing Homes. The proof is factual and sobering:

- Note that since 2001, approximately 10% of the Connecticut's Nursing Homes have closed their doors, and gone out of business,
- Additionally, when nursing homes fail they commonly go into State receivership, with the State of Connecticut taking over such failed operations. And at one point in the recent past - so many nursing homes had failed - the State of CT became the 5<sup>th</sup> largest nursing home operator in the State!

Tonight, I am here to ask that you oppose NEW and ADDITIONAL Medicaid cuts to Connecticut Nursing Homes.

1. The current Budget proposes cuts to Ct. Nursing Homes of \$11.8 Million in FY 2014 and \$14.8 Million in FY 2015. These cuts have to do with re-configuration of State Provider use monies. Statewide – many Nursing Homes will be unable to absorb these cuts, and may likely have to lay off more workers, in addition to what they have laid off already. Statewide - the dollar impact of these Medicaid cuts to Connecticut Nursing Homes equates to around 400 positions that could be laid-off statewide! And just to my company's four (4) Nursing Homes, these cuts would have incredible impact – reducing our Medicaid funding by \$400,000 per year.
2. In additional the proposed budget removes \$53.4 million in FY 2014 and \$81.0 million in FY 2015 from Medicaid spending estimates by the scheduled rebasing of rates effective July 1, 2013 and 2% inflation add estimated for July 1, 2014.

These currently proposed cuts will only make a bad situation worse – as the Connecticut Nursing Home industry is already financially distressed – a victim of prior Medicaid underfunding and Medicare cuts. You will be layering these current cut(s) to our industry - on top of many already suffered, specifically:

1. Poor Medicaid Underfunding to Date: Connecticut Nursing Homes have suffered from poor Medicaid funding and no Medicaid rate increases since 2007 (minor exception of a slight increase in the recent past). Years of no Medicaid increases has resulted in the average Nursing Home suffering a 400,000 deficit per year for the Medicaid patients they serve. A \$400,000 deficit per year!
2. Medicare Cuts In the Recent Past: Connecticut Nursing Homes suffered – as did all facilities nationally – an 11.1% cut in Medicare funding in October 2011. That impact was devastating as Medicare funds have previously helped to offset some of the State Medicaid shortfall. But that help dried up with these drastic Medicare cuts.
3. Additional Federal Medicare Cuts Going Forward: To make matters worse, in the immediate future, Medicare is scheduled to cut Connecticut Nursing Homes – and all homes across the nation - another 2%!
4. A Broken State Medicaid System Limiting Our Capital Costs to maintain our Physical Plants: The “Fair Rent” component of the Medicaid rate formula was frozen in 2009 and only partially restored last session. This has created problems for the funding of repairs and maintenance of our facility's roofs, generators, compressors, parking lots, furniture and building systems which should be kept in good repair. Without a fair reimbursement system this has become a serious problem, especially considering that many nursing homes in Connecticut are nearly

40 years old. These are our Resident's homes and their homes should be properly maintained. We need a system that supports a quality environment for our Ct. seniors.

Connecticut Nursing Home patients are some of YOUR most elderly and frail CONSTITUENTS. Many are defenseless and compromised in expressing their voice. They cannot be put out on the streets like the homeless. They cannot care for themselves and would die.

They need YOUR help.

Please protect their interests by protecting the Connecticut's Nursing Home industry – which houses and cares for them – by proper Medicaid funding.

I offer you the following solutions:

- 1) Eliminate the Medicaid funding cuts in this current biennial Governor's budget,
- 2) Remove the 2009 freeze involving Fair Rent and Moveable Equipment in the rate formula,
- 3) Eliminate the excessive delays in the Medicaid eligibility process; and
- 4) Create a payment system which provides financial and other incentives to reduce licensed beds consistent with the state's long term care rebalancing and rightsizing goals.

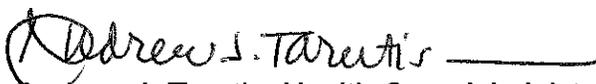
Recognize skilled nursing facilities - not as the problem - but as a critical, and cost effective, component in the delivery of post acute care in our state. We assist

- in reducing avoidable – and more expensive - hospital stays and
- In providing transitional rehabilitation to many residents – enabling them to return home and avoid permanent institutionalization.

As our State leaders, please protect this industry so that dignified quality care can be provided to State residents in need - in an environment we are proud to say is "Connecticut's".

Thank you for your help.

Sincerely,



Andrew J. Tarutis, Health Care Administrator  
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