

**March 5, 2013**

**Written testimony of Derek Wenzel, Administrator of Touchpoints at Chestnut Concerning:**

**S.B. No. 1025 (RAISED) AN ACT CONCERNING ADVANCE PAYMENTS TO NURSING FACILITIES FOR UNCOMPENSATED CARE;**

**Good afternoon Senator Slossberg, Representative Abercrombie and to the members of the Human Services Committee.** My name is Derek Wenzel. I am the Administrator at Touchpoints at Chestnut in East Windsor, Connecticut. Touchpoints at Chestnut is a longstanding provider of nursing care in the community of East Windsor. The facility has 60 beds and employees a staff of over 75. I am writing this afternoon to ask the Human Services Committee to support **S.B. No. 1022 (RAISED) AN ACT CONCERNING PROVIDING INCENTIVES TO MEET LONG-TERM CARE GOALS. This is legislation being** advanced by the Connecticut Association of Health Care Facilities (CAHCF), of which our organization is a member.

**S.B. No. 1025 (RAISED) AN ACT CONCERNING ADVANCE PAYMENTS TO NURSING FACILITIES FOR UNCOMPENSATED CARE.**

This legislation is 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) for skilled nursing facilities. Connecticut skilled nursing facilities and their residents are harmed by excessive delays in the eligibility determination process. As Medicaid applicants residing in nursing facilities 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. This bill addresses this situation by requiring advanced for the money owed by the state. The bill also addresses the fundamental unfairness of requiring nursing facilities to pay provider taxes, penalties, interest and fees for care provided to Medicaid applicants and recipients, when no payment is being received from Medicaid for providing care due to excessive delays. Moreover, the bill modifies provider tax payment deadlines warranted by the Medicaid payment delays. Finally, the legislation also requires reimbursement for interest charges nursing homes experience when they provided uncompensated care or when the Department of Social Services fails to make timely payments to nursing facilities.

In the aggregate, nursing homes across our state are owed nearly sixty million dollars while they provide uncompensated care. Our nursing home is harmed by these excessive Medicaid eligibility and payment delays. For a 60 bed nursing home, any delay in payment impacts our ability to operate the facility

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. However, the state's initiatives are still well into the future, but our nursing homes need assistance today. Legislation requiring DSS to advance payment to nursing homes is warranted given the current circumstances. CAHCF's recommended legislation is fairly drafted to 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 draft bill calls for only fifty percent in the amount due the nursing home as the advance payment to conservatively account for periods of estimated ineligibility and actual eligibility denials. The state is made whole upon the final eligibility determination with guaranteed recoupment provisions. The authority for payments has a sunset provision by requiring requests for advance payments be made by January 1, 2014.

In closing, Connecticut nursing homes remain in a period of ongoing financial distress. Medicare reductions in 2012 were as high as 16% in many Connecticut nursing homes and additional federal cuts are proposed this year. A 2% Medicare sequestration cut, unfortunately, is now set for April 1, 2013. On average, providers are paid today \$14.73 per patient day less than what it costs to care for our residents. For the typical nursing facility, this represents over \$400,000 per year in unfunded costs. There has been no rate increase in the system since 2007, except for increases made possible by increasing the user fees paid by nursing homes themselves (these increases are proposed for reduction in this budget). More challenges are ahead as the state continues its efforts to rightsize and rebalance Connecticut's long term care system. SB 1025 is measured and badly-need legislation to timely compensate nursing homes for the care they provide today in this challenging environment.

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

Sincerely,

Derek Wenzel  
Administrator