

**TESTIMONY OF AMY KATZ,  
CONCERNING  
HB 5030-AN ACT MAKING ADJUSTMENTS TO STATE EXPENDITURES  
FOR THE FISCAL YEAR ENDING JUNE 30, 2015.**

**Department of Social Services-Residential Care Home Funding  
Appropriations Human Services Subcommittee Hearing  
February 14, 2014**

Senator Bye, Representative Walker, Representative Abercrombie and members of the Appropriations Subcommittee on Human Services, my name is Amy Katz. I am an active member of the Connecticut Association of Residential Care Home and an owner of Tidelawn Manor in Westbrook.

I wanted to participate in the person, but I need to care for my residents. Tidelawn Manor serves 16 residents, many with behavioral health or mental health diagnoses. The remaining residents are elderly individuals. Without our services on the shoreline our residents would have nowhere to go and would ultimately end up in the hospital and nursing homes. As you are aware the rates paid to Residential Care Homes are substantially less than the cost of a nursing home. Residential Care Homes provide a setting that is more home based, not institutional and represent perhaps the most cost effective form of long-term care in the state.

I would like to share my concerns regarding the Governor's Budget, specifically the capping of Residential Care Home rates. The proposed changes to legislation leave owners like me in the dark with no clear vision of what future rates will be. We are being asked to continue to offer the wonderful care we provide with no guidelines governing payment. If we desire to increase costs by adding extra staff, renovating our facilities or giving our staff small raises, we would have to do so with the hope that our rates would be adjusted accordingly. These examples may represent elective improvements, however in many cases these improvements cannot be considered as essential daily operating expenses such as food and heat continue to increase.

If providers are not reimbursed for actual expenses, than we are forced to cut costs elsewhere. For example, this has been a very cold winter. If this proposed bill is adopted, the increase in this season's heating costs will not be reimbursed. I will then need to determine what costs must be cut to make ends meet. Owners like myself strive to continue providing health insurance to our employees. If the proposed bill is adopted increases in premiums will be passed on to the employees or the insurance may be cancelled all together. This would break my heart as my employees work hard to care for our residents. Additionally, these employees would likely end up receiving state assistance to obtain health insurance through the exchange.

Last year, Residential Care Homes received a small increase in their rates. This came on the heels of a four year rate freeze. This increase was NOT passed on to all RCHs since it was only a partial increase. The increase was received by providers that had previously spent significant amounts of money on repairs and other expenses. This small increase enabled reimbursement for some of these costs and the proposed bill seeks to undo these increases.

The Governor's budget proposal will likely lead to a decrease in funding for residential care homes. Any rate increase we received went to pay for ever rising operating costs. Many of the RCH owners in the state are at the point where the rates received are not sufficient to pay for increased operating costs. It is coming to the point where our only way to survive, is to determine which bills we must pay this month and which can wait. Many of us are robbing Peter to pay Paul as the saying goes. This balancing act is a short-term fix as the bills will never go away. I am sure you will agree this is no way to run a business. Even worse, without the necessary support from the State, there is no way to ensure our resident's needs are addressed with the quality of care and dignity they deserve.

We ask that you please uncap Residential Care Home rates. Many homes are already at a breaking point. Increased costs in gas, insurance and food expenses accompanied by capped rates have made managing the day to day operations of these homes nearly impossible. It is important to identify these facilities as homes because that is what they are, homes to individuals in need. Without these homes serving this vulnerable population, the State would be spending significantly more dollars providing care for these individuals in other settings. Residential care homes are critical to many of these people who often live in the home for 20 years or more.

I thank you for the opportunity to write to you, and am available should you have any specific questions.

Respectfully Submitted,  
Amy Katz  
Tidelawn Manor  
97 Seaside Avenue  
Westbrook, CT 06498-1803  
Telephone: 860-399-2565  
Email: tidelawn@aol.com