



February 14, 2014

**Written Testimony of Andy Tarutis - Health Care Administrator and Senior Management Team Member – Representing the TransCon Skilled Nursing Facilities – Concerning the Governor’s Midterm Budget Adjustment Proposal for FY 2015:**

Good evening Chairman and Honorable Committee Members:

My name is Andy Tarutis. I have made a life-long career serving Connecticut seniors as a licensed Health Care Administrator. I am expressing concerns on behalf of myself, and 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 approximately \$35 million in payroll wages per year.
- Additionally we are also a significant tax payer – paying out over \$750,000 in property taxes each year.

Obviously we are vested in Connecticut and caring for Connecticut’s seniors.

I am writing to ask for your help in protecting the continued viability of the Connecticut Nursing Home Industry. Years of underfunding and a broken Medicaid system in Connecticut has created much instability to Connecticut Nursing Homes. The proof is factual and sobering:

1. Closings, Receiverships and Bankruptcies:  
Note that since 2001, approximately 10% of the Connecticut’s Nursing Homes have closed their doors and gone out of business. In addition, many other Connecticut facilities have gone into bankruptcy or receivership - due to their financial distress.
2. Medicare Cuts: Connecticut Nursing Homes suffered – as did all facilities nationally – an 11.1% annual cut in their Medicare funding in October 2011. These cuts had devastating impact. Additional 2 % Medicare cuts followed – to Connecticut and all homes across the nation – creating additional negative consequences.

3. Poor Medicaid funding:

Connecticut Nursing Homes have suffered from no Medicaid rate increases since 2007 (minor exception excluded). Years of no Medicaid increases has resulted in the average Nursing Home suffering average deficits of \$500,000 dollars per year for the Medicaid patients they serve.

Last session, the adopted budget cut \$53.4 million in FY 2014 and \$81.0 million in FY 2015. These cuts were related to the scheduled rebasing of rates effective July 1, 2013 and the inflation estimated for July 1, 2014.

Regrettably, under the adopted rate formula, most nursing facility rates were cut - at a time when operating costs increased – costs such as insurance, food, property taxes, wages and utilities. Especially given the state surplus, these cuts were badly timed. Connecticut nursing facilities remain in a period of ongoing financial distress.

4. Our Medicaid System is broken with regard to Capital Costs needed to maintain our Physical Plants and Building Systems:

This has become a serious problem, especially considering that many nursing homes in Connecticut are nearly 40 years old.

Please note that:

- There are 1 million baby boomers in Connecticut,
- There are 600,000 residents in Connecticut over the age of 60. Connecticut's aging population is among the oldest in the Nation, with over 160,000 Connecticut citizens over the age of 80, according to US Census reports.
- Much is being asked of our nursing facilities - today and in the future - given the dramatic aging of our population, and the State's continued direction of long term care rebalancing and rightsizing.

As a matter of Public Policy, please protect the viability of Connecticut Nursing Homes – for the needs of your infirm and elderly constituents – for their current and future needs.

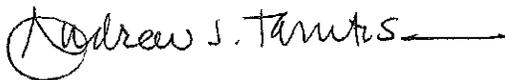
**In conclusion**, I request that your committee address the ongoing needs of our nursing facilities. Please note that skilled nursing facilities are a critical, and cost-effective, component of the future of post-acute care in our state---in reducing avoidable hospital stays and in providing more transitional services for residents who will eventually go home.

Toward these ends, our Connecticut Association of Health Care Facilities is asking to work with you:

1. To create a payment system which provides incentives to nursing facility quality improvement – and which correlates with the State’s goals to reduce licensed beds – as part of their long term care rebalancing and rightsizing initiatives,
2. To totally restore the cuts from last session;
3. To continue to work to resolve the ongoing excessive delays in the Medicaid eligibility process; and finally
4. To reverse the current trend of flat or reduced funding and recognize the importance of nursing facility care going forward as essential in the continuum of long term care.

Connecticut’s Public Policy should stand behind our elderly constituents who helped build this great State and who helped keep our nation free. We ask and thank for your help and support.

Respectfully submitted,



Andrew J. Tarutis,  
Licensed Health Care Administrator  
7 Leonard Road, Hamden, Ct. 06514  
203-376-8599