



Salmon Brook Center

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Written testimony of Blair Quasnitschka, Administrator, Salmon Brook Center, Concerning the Governor's Midterm Budget Adjustment proposal for FY 2015

Good evening Senator Bye, Representative Walker and to the members of the Appropriations Committee. My name is Blair Quasnitschka, Administrator at Salmon Brook Center, a Skilled Nursing Facility in Glastonbury, and a member of Genesis HealthCare, a longstanding provider of nursing care in the numerous communities in CT and nation wide. At the State level, Genesis employs 3,183 staff members, and services 2,729 skilled nursing facility beds. Many of these facilities are American Healthcare Association award winners, including Salmon Brook Center.

I am here this evening with a simple message from nursing facility operators, and on behalf of our residents and caregivers: *Our nursing facility needs your help.* Due to our industry's fiscal challenges, many facilities have been forced to make cuts in one of our only controllable, yet sensitive commodities – our staff. ~~Cutting staff means endangering the quality of care that is expected and mandated in our facilities.~~ Budget cuts for skilled nursing facilities must stop. For example, last session, the adopted budget right cut \$53.4 million in FY 2014 and \$81.0 million in FY 2015 from Medicaid spending estimates related to savings associated with eliminating the scheduled rebasing of rates effective July 1, 2013 and the inflation estimated for July 1, 2014. An additional proposed nursing facility funding cut of \$11.0 million in FY 2014 and \$14.8 million in FY 2015 was only partially restored, leaving a \$5 million reduction. As the cost to operate, such as insurance, food, property tax, wages, repairs, and utilities continues to climb, the adopted rate formula saw most nursing facilities receiving reimbursement rate reductions.

Especially given the state surplus, these cuts were badly timed. Connecticut nursing facilities remain in a period of ongoing financial distress. Medicare reductions in 2012 were as high as 16% in many Connecticut nursing homes. Further, nursing homes were cut an additional 2% in the Medicare sequestration last year. As for Medicaid, last time I spoke here we reported the average Medicaid resident loses the facility \$14 per day – that cost is now \$25 this year. For the typical nursing facility, this represents over \$500,000 per year in unfunded costs. There has been no Medicaid rate increases in the system since 2007, except for increase made possible by raising the user fees paid by nursing homes themselves (again, cut by \$5 million last session).

The Fair Rent component of the rate formula, which incents nursing facility quality improvement, has been restored only to its 2009 level, and the system still fails to reimburse for improving patient care and safety with new furniture, beds and other types of equipment, know as moveable equipment. Given the aging state of our physical plants, this shortchanged rate further cripples facilities seeking to keep their infrastructure up to par.

It is no secret that the State has made a push to keep the elderly at home and out of skilled nursing facilities – and in fact our industry has helped initiatives such as Money Follows the Person. However, with an aging population, 1 million baby boomers in Connecticut, nursing homes will still be an entity the State and families will lean on as we see patients come in with higher and higher acuity that simply cannot be managed at home. As it stands now, the average occupancy rate for a SNF in CT is 91% - this number is sure to climb as the boomers age in place – so the notion that our services will not be needed is simply unfounded.

In conclusion, we are asking the committee to address the ongoing needs of our nursing facilities. We ask you to consider skilled nursing facilities as 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, we are asking to work with you to (1) create a payment system which incents nursing facility quality improvement with payment methods to reduce licensed beds consistent with the state's long term care rebalancing and rightsizing goals, (2) totally restore the cuts from last session; (3) continue to work to resolve the ongoing excessive delays in the Medicaid eligibility process; and finally (4) 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.

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