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Written testimony of Ellen Belanger, Administrator, The Reservoir, Genesis HealthCare, concerning the Governor's Midterm Budget Adjustment proposal for FY 2015.

Dear Senator Bye, Representative Walker and members of the Appropriations Committee,

My name is Ellen Belanger. I am the administrator at The Reservoir, Genesis HealthCare, in West Hartford, Connecticut. The Reservoir is a longstanding provider of nursing care in the West Hartford community with some 20 years of offering services in our 75 bed facility with approximately 120 employees.

I want to provide you with a simple message from nursing facility operators, and on behalf of our residents and caregivers: *Our nursing facility needs your help.* We just can't continue on a path where no help is provided without losing employees and jeopardizing quality. We are very mindful and understanding of Connecticut's fiscal challenges. But at a time when we need our state government most to help us maintain the quality of care that we are known for, and required of us, we have to continue to speak up. 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. Regrettably, under the adopted rate formula, most nursing facility rates were cut at a time when operating costs continue to move upwards, costs such as insurance, food, property taxes, wages, repairs and utilities.

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. At

the state level, the gap under Medicaid between providing care and its costs is widening dramatically. This year nursing home providers will on average be reimbursed $25.43 per patient day less than what it costs to care for our residents. 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, known as moveable equipment. This is especially important given that many nursing facilities in Connecticut are nearly 40 years old and have the need for ongoing investment in the facility infrastructure, including meeting updated building requirements, new equipment and life and safety infrastructure maintenance.

This follows a sustained period of nursing facility receiverships, bankruptcies, closures, and Medicaid hardship rate relief requests. Yet 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 a December 2012 report issued by the U.S. Census Bureau. Much is being asked of our nursing facilities today, and more will be asked in the future, given the dramatic aging of our population, the need to reform rates as the state continues in the direction of long term care rebalancing and rightsizing. These changes will mean that the acuity and numbers of nursing facility residents will continue to rise measurably as our population ages, even as more residents choose home and community based environments to receive their care. On average, Connecticut nursing facilities are 91% full. The notion that our nursing homes are not needed is false. While we have supported efforts to increase care at home in such programs as Money Follows the Person, we are asking the Appropriations Committee to recognize that home care is not always the best options for our rapidly aging population. Even with the emphasis on home care present today, nursing facilities will remain a critical component in the continuum of long term care, especially to prevent an avoidable readmission to a hospital.

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.

Sincerely,

Ellen Belanger
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