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**Testimony to the Appropriations Committee  
Regarding the Governor's Proposed Budget Adjustments  
February 14, 2014**

**Supplemental Submitted Testimony of LeadingAge Connecticut**

- [Aging Services: The Not-for-Profit Difference](#)
- [State of Connecticut Strategic Rebalancing Plan: A Plan to Rebalance Long Term Services and Supports 2013-2015](#)
- [Click here for a printable listing of LeadingAge Connecticut Members \(PDF\)](#)
- [www.LeadinAgeCT.org](http://www.LeadinAgeCT.org)

**REBALANCING THE STATE'S LONG TERM CARE SYSTEM**

Connecticut must *strengthen* and *invest in* our system of long term services and supports and provide the opportunity and environment for individual providers to transform our system of aging services one solution at a time. LeadingAge Connecticut proposes that as a part of the rebalancing initiative, the state create a collaborative and efficient regulatory and reimbursement environment that is adaptive and receptive to individual provider's forward thinking ideas and planning. Such an environment would encourage providers of the long term care continuum to continuously adjust, modernize and diversify their models of care to address current and future consumer needs and expectations. ***The time is now to look toward innovative solutions and begin to create the future of aging services.***

**Invest in Adequate Rates of Reimbursement**

Right now Medicaid is the primary public source of financing for all long term care. Today we must deal with the fact that Medicaid rates do not come close to meeting the costs of providing long term care, either in the nursing home or in the community. ***Our goal as a state must be to work toward an efficient, high quality, and cost effective system that can provide adequate rates of reimbursement that meet the cost of providing care throughout the long term care continuum.***

The state has adopted a *Long Term Services and Supports Plan* and a *Strategic Rebalancing Plan*, both with the goal of rebalancing the system and providing a choice for individuals seeking long term services and supports. LeadingAge Connecticut supports this goal, but the plans will require an investment of resources. Experience shows that while rebalancing can moderate the growth of long term care costs, it does not eliminate the growth. Costs will continue to rise through the entire long term care system – and the state needs to recognize this and invest in it. This is an essential element to the success of a balanced long term care plan and the only way we can maintain the commitment to those who rely upon the Medicaid system for their long term care needs.

## The Need for Electronic Medical Records in the Long Term Care Continuum

The Governor's proposal does not specifically address the need to assist aging service providers in purchasing electronic medical record systems, but the use of electronic medical record and information systems is essential to a successful transformation of our Medicaid system to an integrated and coordinated, person centered model of care. The Department of Social Services has secured grant funding to initiate a secured email system for Medicaid providers and we applaud this initial step. Long term care provider network is lacking in resources to equip themselves with full electronic medical records and this pressing need must continue to be on the state's strategic radar screen.

## **NURSING HOMES: SUPPORTING THE TRANSITION**

### Nursing Home Medicaid Rates

Medicaid is the single most important public source of funding for nursing home care, but the fact is that Medicaid rates do not meet the costs of providing this care. In the average nursing home, 71% of the residents are being funded by Medicaid and the average daily Medicaid rate is significantly lower than the statutorily calculated *allowable rate* - which itself is inherently lower than the actual costs incurred to care for a nursing home resident. (The nursing home rate setting structure that is outlined in statute establishes individualized rates based on allowable costs and held down by cost center caps.)

The only nursing home rate increase since 2008 was the direct result of an increase in the nursing home user fee (provider tax) in 2011. (The nursing home user fee (provider tax) was originally implemented in 2005.) Last year the nursing homes sustained a rate cut of .273%.

### **Medicaid Nursing Facility Rate History**

<i>Rate Period</i>	<i>Increase/Decrease Method</i>	<i>Cost Report Year</i>
1/1/05-6/30/05	1.0%	2000
7/1/05-6/30/06	14.0% (4.0% net Rebase w/Tax)	2003
7/1/06-6/30/07	3.0%	2003
7/1/07-6/30/08	2.9%	2003
7/1/08-6/30/09	0%	2003
7/1/09-6/30/10	0%	2007
7/1/10-6/30/11	0%	2007
7/1/11-6/30/12	3.7% (1.25% net w/Tax Increase)	2007
7/1/12-6/30/13	0.33% (.17% net w/Tax Increase)	2007
7/1/13-6/30/14	-0.273 (Decrease)	2011

### Support a System that Encourages Nursing Home Diversifying, Downsizing and/or Modernization

LeadingAge Connecticut is very supportive of the grant funding generated through bonding initiatives to assist in restructuring, diversifying and/or downsizing existing facilities to build a better model of care that would strengthen the full continuum to meet consumer demands, market needs and the goals of the state's long term care plan. The grants will to be distributed very shortly through a formal, but very cumbersome, request for proposal process. We are hopeful that it has encouraged innovative and creative ideas and that the grant program will be continued and expanded.

The proposed investment of state and federal funds can help nursing home providers, professionals in the field of long term care, evaluate their current business models and if necessary, restructure, diversify, or redesign their buildings and campuses. Just as importantly, **we must allow for the modernization of nursing homes** so as to better provide this necessary level of service in a model of care that consumers are demanding.

To facilitate this rightsizing initiative and to encourage providers of the long term care continuum to adjust, modernize and diversify their models of care, **we propose that the state go beyond the grant program and create a collaborative and efficient regulatory and reimbursement environment for all nursing home providers. An environment that is adaptive and receptive to individual providers forward thinking ideas and planning will encourage rightsizing initiatives beyond the state funded grant program.** For providers who are seeking to make innovative changes that are in line with our state's strategic initiatives, the state must work to streamline and coordinate all regulatory processes and adapt to a more integrated system of care delivery.

We cannot afford to continue to ignore the nursing home level of care that is and will be needed in the future and therefore the call for modernization of the state's nursing homes is crucial. We need to actively plan and build a model and infrastructure of nursing home care that makes sense for the future needs and demands of our long term care system moving forward. **Modernization efforts** will allow nursing homes to create the modern-day systems and services that are desired by consumers and which are required in the new system of health care reform. Greenhouse models, culture change modifications, energy efficiencies, electronic health records, transportation systems and other capital improvements should be allowable within the system of grants, loans and funding.

#### **Address the Financial Burden the Nursing Home Bears in the Continuum Regarding Non-payment for Services**

The state must recognize the current disproportionate financial burden that the nursing home bears within the continuum of long term care services. The nursing home is the *only segment* of the continuum that is required to provide unlimited periods of uncompensated care to residents in the following situations:

- Residents who have pending Medicaid applications,
- Residents who have Medicaid penalty periods imposed when there has been a misappropriated asset, and
- Residents who are withholding applied income payments.

Nursing homes must also pay the \$21 per day bed tax even when they are not receiving any compensation for the resident's stay. Connecticut is also one of only a few states that still have a waiting list law.

We cannot create a balanced long term care system if only one segment of it bears the highest burdens. **The state recently passed legislation to assist nursing homes in the collection of withheld applied income or transferred assets, but we have not yet resolved the eligibility processing crisis that is creating a financial burden on the nursing homes.**

#### ***We recommend the following additional legislative proposals:***

1. Allow nursing homes to postpone the bed tax payment on residents with pending Medicaid applications until eligibility is granted.
2. Create a system of providing advanced payments to providers who are caring for residents with pending Medicaid applications until such time as the long term Medicaid eligibility process is improved.

3. Encourage the use of private resources to fund nursing home care by modifying or eliminating the waiting list requirements (§ 17b-550).

## **RESIDENTIAL CARE HOMES**

### **Reject the Proposed Rate Statute**

The Governor's budget proposes to eliminate the ability to utilize the current cost based rate structure for Residential Care Homes that incentives investment into resident care and accommodations. This model of care is both supportive and affordable and is a setting of choice for many individuals. **We are very concerned with this proposed change.**

### **Long Term Care Rebalancing Opportunities**

We are encouraged by the potential of repurposing the residential care home model within the rebalanced system of long term services and supports. Residential care homes vary in their character and culture, but the model offers much promise within a system that will encourage choice, autonomy and dignity.

## **HOME AND COMMUNITY BASED SERVICES**

### **Expansion of the Home Care Program for the Disabled**

We strongly support expanding the capacity of the Home Care Program for the Disabled to 100 slots and would encourage the Committee to review the capacity of all of our current pilot programs for long term services and supports.

### **Increase the CT Home Care Program Rates**

The Connecticut Home Care Program helps eligible clients continue living at home instead of going to a nursing home. It is the delivery of these services within the CHCP, packaged in an individualized care plan for each client, that allows an elderly or disabled person to remain at home or to return to home through the Money Follows the Person Program. This program is the heart and soul of our state's rebalancing plan. That is why it is vital that we invest in the program and in the providers who deliver the services.

## **GENERAL MEDICAID ISSUES**

### **Pending Medicaid Eligibility Crisis: Need for Immediate Remedies for Consumers and Providers**

There is a need to immediately address the increasing delays in Medicaid eligibility determination. The crisis of pending Medicaid is affecting individuals in need of services and providers of long term care services who are bearing the burden of providing increasing amounts of uncompensated care. While an automated eligibility system maybe the answer, complete implementation is months away and individuals in need cannot wait.

### **Medicaid Audits**

The Governor proposes to strengthen Medicaid fraud efforts and we would support that proposal. Fraud and abuse have no place within the health care system and should never be tolerated within the Medicaid program. As Medicaid providers, the members of LeadingAge Connecticut understand, accept and support the need to protect the integrity of the program through state oversight and audits, but we encourage efforts to ensure that the oversight and audit processes used by state government are both fair and balanced and are designed so as not to add unnecessary expense to the health care field.

LeadingAge Connecticut has previously called for oversight methods and audit practices that are fair, balanced, efficient and cost effective and which do not place unnecessary burdens on law abiding providers. We also urge the state to make sure that the audit standards, which consist of state Medicaid payment regulations and policy provisions, are updated and clarified. While oversight is imperative to maintaining the integrity of the Medicaid program, it should not add unnecessary costs and burdens to the system. Given limited resources, it is important that the state's audit efforts focus on areas and providers that pose a true risk of fraud, waste, abuse and errors.

The Committee should be aware that long term care Medicaid and Medicare providers are already subject to the following government audit entities:

**CERT:** Comprehensive Error Rate Testing Program

**DOJ:** Department of Justice

**DSS:** DSS Office of Quality Assurance

**HEAT:** Health Care Fraud Enforcement Action Team

**MAC:** Medicare Administrative Contractor

**Medicaid RAC:** State Medicaid Recovery Audit Contractor

**Medicare RAC:** Medicare Recovery Audit Contractor

**MFCU:** Medicaid Fraud Control Unit

**MIC:** Medicaid Integrity Contractor

**OIG:** Office of Inspector General

**PERM:** Payment Error Rate Measurement Program

**ZPIC:** Zone Program Integrity Contractor

## LeadingAge Connecticut Members

ALZHEIMER'S RESOURCE CENTER OF CONNECTICUT, INC.  
AVERY HEIGHTS HOME HEALTH AGENCY & ALSA  
AVERY HEIGHTS VILLAGE  
BETTY LARUS ADULT DAY HEALTH CENTER  
BICKFORD HEALTH CARE CENTER  
BISHOP WICKE HEALTH CENTER  
THE BRADLEY HOME  
CEDAR MOUNTAIN COMMONS  
CHERRY BROOK HEALTH CARE CENTER  
CONNECTICUT BAPTIST HOMES, INC.  
COVENANT VILLAGE OF CROMWELL  
CROSBY COMMONS, INC.  
DUNCASTER  
ELIM PARK BAPTIST HOME  
FEDERATION HOMES  
FELICIAN ADULT DAY CARE  
GRASMERE BY THE SEA  
HARBOURSITE  
HEBREW HEALTH ADULT DAY HEALTH CENTER  
HEBREW COMMUNITY SERVICES HOME HEALTH AGENCY  
HEBREW HEALTH CARE, INC.  
HOFFMAN SUMMERWOOD COMMUNITY  
HOLY SPIRIT HEALTH CARE CENTER, INC.  
HORACE BUSHNELL CONGREGATE HOMES, INC.  
IMMANUEL HOUSE  
INGRAHAM MANOR  
JEFFERSON HOUSE  
JEROME HOME  
JEWISH SENIOR SERVICES  
JUNIPER HILL VILLAGE  
KING'S DAUGHTERS AND SONS HOUSING, INC.  
LEEWAY, INC.  
LOCKWOOD LODGE  
LOURDES HEALTH CARE CENTER  
LUTHER RIDGE AT MIDDLETOWN  
LUTHERAN HOME OF SOUTHBURY  
MANSFIELD CENTER FOR NURSING AND  
REHABILITATION  
THE MARVIN/UNDER ONE ROOF, INC.  
MARY WADE ADULT DAY CENTER  
MARY WADE HOME  
MASONICARE AT ASHLAR VILLAGE  
MASONICARE AT NEWTOWN  
MASONICARE HEALTH CENTER  
MASONICARE HOME HEALTH & HOSPICE  
THE MCAULEY  
MCLEAN  
MCLEAN VISITING NURSES AND  
COMMUNITY CARE  
MERCY COMMUNITY HOME CARE

MISS LAURA M. RAYMOND HOMES, INC  
MONSIGNOR BOJNOWSKI MANOR  
MULBERRY GARDENS OF SOUTHLINGTON  
NATHANIEL WITHERELL  
NEW CANAAN INN  
NEW HORIZONS VILLAGE  
NEW SAMARITAN CORPORATION  
NOBLE HORIZONS  
NOTRE DAME CONVALESCENT HOME  
ODD FELLOWS HOME OF CT / FAIRVIEW  
OGDEN HOUSE  
ORCHARDS AT SOUTHLINGTON  
ORFORD VILLAGE COMMONS  
POMPERAUG WOODS  
POND RIDGE  
THE RETREAT  
ST. LUKE'S ELDERCARE SERVICES  
SAINT JOSEPH LIVING CENTER  
SAINT JOSEPH'S RESIDENCE  
SAINT MARY HOME  
SAINT MARY HOME ADULT DAY CARE CENTER  
SCHOOLHOUSE APARTMENTS  
SCOFIELD MANOR  
SEABURY VISITING NURSES  
SEABURY MEADOWS  
SEABURY RETIREMENT COMMUNITY  
SEYMOUR I. HOLLANDER APARTMENTS  
SILVERBROOK ESTATES  
GRIMES HEALTH CENTER  
SMITH HOUSE  
SOUTHLINGTON CARE CENTER  
SOUTHMAYD HOME  
STAMFORD CROSS ROAD RESIDENCES  
STEVENS WOODS ELDERLY HOUSING  
STONINGTON ARMS  
SULLIVAN-MCKINNEY ELDER HOUSING  
TORRINGFORD APARTMENTS  
TOWER ONE/TOWER EAST  
VICTORY CATHEDRAL APARTMENTS  
VILLAGE AT WAVENY CARE CENTER, THE  
WAVENY CARE CENTER  
WAVENY CARE CENTER ADULT DAY PROGRAM  
WELLES COUNTRY VILLAGE  
WESLEY HEIGHTS, INC.  
WHITNEY CENTER, INC.  
WOODLAKE AT TOLLAND/  
ECHN ELDERCARE SERVICES, INC.  
WESTVIEW HEALTH CARE CENTER