



**Testimony to the Appropriations Committee**

**Presented by Patricia Morse, Chair of LeadingAge Connecticut**

**February 14, 2014**

**Representing Non-Profit Providers of Long Term Services and Supports for the Aging**

**HB 5030, An Act Making Adjustments to State Expenditures for the Fiscal Year Ending June 30, 2015**

Good evening Senator Bye, Representative Walker, and members of the Appropriations Committee. My name is Patty Morse and I am the President of Connecticut Baptist Homes in Meriden and the Chair of LeadingAge Connecticut, a statewide association of non-profit and mission-driven providers of high quality aging services across the full continuum. I am here tonight to speak to the issues of long term services and supports as they are addressed in the Governor's proposed adjustments to the biennial budget.

LeadingAge Connecticut maintains a vision in which every community offers an integrated and coordinated continuum of high quality and affordable long term health care, housing and community based services. We would like to thank the Governor and the Legislature for embracing this same vision over the last several years. Now is the time for all of us to look toward innovative solutions, invest our resources, and begin to create the future of aging services.

Connecticut is undertaking a systems change in long term care. That change is being implemented through several Medicaid initiatives, including a strategic rebalancing plan that will allow more people the opportunity to receive services and supports in community based settings. LeadingAge Connecticut is supportive of this change and has worked with the state over the last several years to create the opportunity and environment for individual providers to adapt, innovate and thrive in this new balanced system of aging services.

However, quality aging services – whether they are provided in the community or in the nursing home – cannot be sustained without rates of reimbursement that cover the cost of care. This evening I would like to limit my comments to nursing home reimbursement as LeadingAge Connecticut will be joining with a coalition of Connecticut Home Care Program providers to speak to the community based provider rates in separate testimony.

Nursing home rates sustained a \$5 million cut in the first year of this biennial budget and while the midterm proposals do not make any further cuts, there is a proposal to implement changes to the statute containing the nursing home cost based rate system that would remove any future rate increase based on a nursing home's cost calculation and allows only for a percentage increase as determined by legislative action. Now, while in reality this has been the recent practice of the state, this proposed change permanently establishes that Connecticut will no longer recognize the current cost based rate setting system that incentivizes investment in resident care. While we understand that the state is moving toward a different rate setting system for our nursing homes, it has not yet done so and we do not know what the new system will look like or when it will happen. So we are very uncomfortable with the proposed changes to the current rate setting statute.

The state is counting on nursing homes to be the change agents of rebalancing. We want our nursing homes to realign their structures, redesign their environments and in many ways intensify the work they are currently performing as those we care for become frailer, older, and in need of more care, not less. While we may need fewer nursing home beds moving forward, the nursing homes we do need will need to be financially healthy in order to provide the high quality of skilled care that will be demanded of us.

We view the rebalancing plan as an opportunity for all our members, including our nursing home members and would encourage the state to expand the rightsizing grant opportunity and allow the use of these funds to *modernize* the needed nursing homes so that we can create a modern-day nursing home environment that will meet consumer demand and market need. We also urge the state to adequately fund the fair rent component of the rate structure so as to encourage continued capital investment and improvement in these facilities.

We believe it is important for the Committee to keep in mind that nursing homes are required to pay a nursing home bed tax rate of \$21 per bed per day. The proceeds of this tax go toward funding of the entire Medicaid system of long term services and supports, not just nursing home care, and must be paid even if the resident's Medicaid application is pending and there is no payer source for the bed. And the cost of providing high quality nursing home care continues to increase. 70% of our nursing home costs are related to direct care personnel – the compassionate caregivers who dedicate their lives and careers to serving those who live in our nursing homes. Our other cost centers are heat, utilities, food and medical supplies.

Today's nursing homes are caring for an increasingly frail resident population while embracing culture change and person-centered care in environments that more closely resemble a home than an institution. We are on the right road. Now is not the time to turn back. The non-profit aging service providers support determining the right number of nursing home beds and enhancing home and community services options, but we must invest in the nursing homes that will still be desperately needed by those who cannot be cared for at home.

LeadingAge Connecticut has submitted additional comments with this testimony and we would like to offer you our assistance and our partnership as we all work to create an integrated and coordinated continuum of high quality and affordable long term health care and to expand the possibilities of aging.

Thank you and I would be glad to answer any questions.

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*LeadingAge Connecticut is a membership organization representing over 130 mission-driven and not-for-profit provider organizations serving older adults across the continuum of care including nursing homes, residential care homes, housing for the elderly, continuing care retirement communities, adult day centers, home care and assisted living agencies. By continuing a tradition of mission-driven, consumer-centered management and competent, hands-on care, not-for-profits set the standard in the continuum of housing, care and services for the most vulnerable aging adults.*