MANCHESTER MANOR
HEALTH CARE CENTER
*Health Center for Arbors of Hop Brook*

February 14, 2014

Written testimony of **Paul Liistro**, **CEO of Manchester Manor and Vernon Manor Health Care Centers** and **President of the CT Association of Health Care Facilities**, representing 170 Nursing Centers in CT 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 **Paul Liistro**. I am testifying today representing Manchester Manor in Manchester and Vernon Manor in Vernon. I am **second generation in a family business** serving the Towns of Manchester and Vernon for nearly 50 years. Additionally, I am representing the 170 skilled nursing centers which are members of the **CT Association of Health Care Facilities as its President.** Finally, I am here as a member of the **Board of Governors of the American Health Care Association,** our Washington based quality and advocacy organization.

I own and operate two of the finest nursing centers in the United States. Not just because I think so, but because Secretary Kathleen Sebelius of the Department of Health and Human Services in Washington thinks so as she has awarded my facilities a 5 star designation, the highest recognition a center can achieve. But the industry is suffering and so are the patients.

**We have a conundrum.**

***At the state level,*** our industry has promoted and encouraged the use of a program called the federal **Provider User Fee** which has allowed hundreds of millions of dollars to be invested in the CT. This year much of the expected surplus can be attributed to this program. In the last 6 years, the industry as received barely over 1% increase in its Medicaid rate. Less than $20 million in 6 years. All of it coming from this federal program. None of it coming from state revenues.

Further, ***at the state level.*** we have cooperated with DSS in implementing **Money Follows the Person**, resulting in the relocation of low acuity patients to the community, leaving our centers with patients who are more frail and in need of more care. Most of them Medicaid residents.

***At the federal level,*** Medicare has cut our rates 15% in 2011 and then reduced our rates 2% since October 2012 as part of the program referred to as **Sequestration**. ***At the federal level,*** the **ACA** will require employers to provide health insurance to uninsured staff. This is will be a huge expense.

***At the state level,*** the gap in Medicaid funding between providing care and its costs is widening. This year nursing centers will, on average, be reimbursed $25.43 per patient day LESS than what it costs to care for our residents. At Vernon Manor, this represents nearly $800,000 per year in unfunded costs. ***At the state level,*** the Fair Rent component of the rate formula has been restored only to its 2009 level, and the system still fails to reimburse for improving quality patient care and safety with new furniture and equipment.

***At the federal level,*** the Affordable Care Act is asking the industry to reinvent itself. We are being asked to assume new relationships with dynamic risk bearing groups like Accountable Care Organizations, Integrated Care Networks, and other private networks. Participating in care coordination with other providers, involving ourselves in risk programs known as "BUNDLING", shortening the length of stay, reducing hospital readmissions, reducing off label use of antipsychotics and much more.
At this time of significant change, I feel the State of CT is abandoning it responsibility to the Medicaid residents in our nursing centers.

I am here this evening with a simple message from nursing center operators, our residents and caregivers: ***Our nursing center needs your help.*** We can't continue on a path where moral obligation and responsible Medicaid funding has been abdicated. 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 and prepare the industry for unprecedented changes, we have to continue to speak up.

In conclusion, we are asking the committee to address the ongoing needs of our nursing centers. We ask you to consider skilled nursing centers 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 nursing centers. Toward these ends, we are asking to work with you to
(1) Create a payment system which incents nursing center 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 nursing centers as a vital provider partner of the Affordable Care Act.

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