LeadingAge Connecticut

Testimony to the Human Services Committee

Presented by Mag Morelli, President, LeadingAge Connecticut

February 26, 2015

Regarding

House Bill 6846, An Act Implementing the Governor's Budget Recommendations for Human Services Programs

Good afternoon Senator Moore, Representative Abercrombie, and members of the Human Services Committee. My name is Mag Morelli and I am the President of LeadingAge Connecticut, a membership organization representing one hundred and thirty mission-driven and not-for-profit provider organizations serving older adults throughout the continuum of aging services, including not-for-profit skilled nursing facilities, residential care homes, home health care agencies, hospice agencies, adult day centers, assisted living communities, senior housing and continuing care retirement communities.

Our members are sponsored by religious, fraternal, community, and municipal organizations that are committed to providing quality care and services to their residents and clients. Our member organizations, many of which have served their communities for generations, are dedicated to expanding the world of possibilities for aging.

On behalf of LeadingAge Connecticut, I would like to speak to the issues of long term services and supports as they are addressed in the Governor's budget recommendations for human services programs and specifically to the potentially damaging impact of the proposed changes to aging services and the proposed $225 million cut to Medicaid provider rates.

LeadingAge Connecticut maintains a vision in which every community offers an integrated and coordinated continuum of high quality and affordable long term care, services, and supports. It is this same type of integration and coordination of services that must be developed throughout the health care system in order for our state and nation to achieve the CMS triple aim goals of improving the experience of care, improving the health of populations, and lowering the costs of care through improvements in our health care system.

While this is our vision, it has also been the vision of the Governor and the Legislature over the last several years and it is a vision that has moved us toward a higher level of quality while also beginning to control health care costs within the Medicaid system. That is until now – because make no mistake about it, the budget proposal that is before you today no longer contains that vision. Instead this proposal threatens that vision. In fact, we fear that the budget cuts aimed at aging services and Medicaid providers will reverse the progress that has been made in our aging services and health care systems and will result in limited access to providers, failed transitions of care, increased hospital admissions and readmissions, and increased numbers of older adults living precariously on the edge of higher cost health care.

Our message today is simple; please stay committed to the vision and reject the Governor's budget cuts that are aimed at aging services and the Medicaid provider network.

The aging services and health care delivery systems in Connecticut and across the country are in the midst of positive transformational change. As we said, this change is being driven by the move to coordinate and integrate care, as well as by the Affordable Care Act's triple aim of improving care quality and outcomes, and achieving positive patient experiences for all. In Connecticut, this change is being implemented through several Medicaid initiatives, including a strategic rebalancing plan that will allow more people the opportunity to receive aging services and supports in community based settings.

The goal is that by providing better, more efficient and effective care, it will, in turn, slow the future growth of healthcare costs. Connecticut is working hard to make that goal a reality for everyone, but especially for Medicaid covered individuals by employing a set of strategies to achieve improved health outcomes and cost efficiencies in the Medicaid program. For aging services, the long term services and supports rebalancing plan specifically declares that Connecticut is committed to creating a more efficient and effective long term services and supports system that is aligned with the principles of choice, autonomy and dignity.

The Medicaid strategies that Connecticut is implementing, including the rebalancing plan, are outlined in the Department of Social Services' publication, "A Précis of the Connecticut Medicaid Program." This publication also reports on the success of these strategies and the promise for future improvement. The recent "Medicaid Reporting and Trend Review 10/10/14" also demonstrates the promise that these initiates have in slowing the growth of Medicaid spending.

Nursing homes, home and community based providers, physicians and hospitals are working hard on these Medicaid initiatives and they are making a difference in peoples' lives every day. But a drastic cut in the Medicaid provider rates like the one proposed in this budget will negatively impact providers across the entire continuum and as a result will turn the clock back on these initiatives, impede or reverse our progress, and negatively impact consumer access to care.

We urge the members of this Committee to reject these budget cuts and to stay focused on the vision and on the current Medicaid initiatives that are providing effective care, reducing costs, and slowing the growth of Medicaid spending.

In closing I would like to offer you our continued assistance and our partnership as we all work to create an integrated and coordinated system of high quality and affordable aging services, supports and health care and expand the possibilities of aging.

We have provided additional written testimony on the specific impact of these proposed budget cuts on nursing homes, nursing home residents, residential care homes, home health care and hospice agencies, and home and community based services.

Thank you for your consideration of this testimony and I would be happy to answer any questions.

Medicaid Provider Rate Cut for the Full Continuum of Services, Supports and Health Care

The Governor has proposed drastic cuts to the Medicaid provider rates that equal $107.5 million in FY 2016 and $117.5 million in FY 2017. The proposal threatens all Medicaid providers caring for individuals in the Medicaid program except for primary care service providers and federally qualified health centers. The cut will potentially cripple the providers whose rates are impacted – but the fact is we do not know by this proposal what that exact impact would be because the decision as to how to implement the massive cut is given to the Commissioner of Social Services without any checks and balances. Will there be any limit to the Commissioner's authority? Will the Department of Social Services be able to change a provider rate structure completely at their discretion? This policy decision is extremely concerning and we urge the Committee to reject both the proposed cut and the concept of giving sole discretion to the Commissioner.

Medicaid provider cuts threaten all the advancements made in our Medicaid program and endanger our transforming system of aging services. 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. Medicaid providers are currently struggling to serve the older adult Medicaid client and with these drastic cuts, many providers will find it difficult to stay in the program. We have made strides in transforming our Medicaid program and system of aging services. We need to stay committed to that path as our work intensifies and those we serve become frailer, older, and in need of more care, not less.

Nursing Homes

Funding Cuts (Section 11)

LeadingAge Connecticut opposes the budget proposal that is seeking to freeze for two years the currently inadequate Medicaid rates paid to nursing home providers who are caring for the frailest individuals enrolled in the Medicaid program. We also urge the Committee to reject the proposed $107.5 million (FY 2016) and $117.5 million (FY 2017) cuts to Medicaid provider rates.

Medicaid is the single most important public source of funding for nursing home care, but the fact is that current Medicaid rates do not meet the cost of providing this care. 70% of residents living in nursing homes count on Medicaid to pay for their care, but the average daily Medicaid rate that is paid to a nursing home is significantly lower than the cost of providing that care. Connecticut's current Medicaid rate structure is outlined in statute and based on a calculation of the allowable costs of providing daily nursing home care. (*Follow this link for an overview of Medicaid rate setting for nursing homes.)* However, year after year the statutory rate structure is ignored and nursing home Medicaid rates are left stagnant.

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; two years ago the nursing homes sustained a rate cut; and last year there was a no rate increase. Meanwhile 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 – costs that continue to increase year after year and beyond the control of the nursing home providers.

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. This is one more cost burden placed on nursing home providers.

Connecticut's Medicaid program is aggressively pursuing a systems change in long term services and supports and nursing homes are at the center of that change. Connecticut is seeking to rebalance our system and wants nursing homes to realign their structures, redesign their environments and intensify their work as those they care for become frailer, older, and in need of more care and our members are responding to that demand. But it must be recognized that while the state anticipates the need for fewer nursing homes, **it must invest in the nursing homes that will still be desperately needed by those who cannot be cared for at home.**

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. We strongly encourage the Committee to reject the Medicaid provider rate cuts and look at how we can provide desperately needed nursing home rate enhancements. While the state is considering a move toward an acuity based rate system for nursing homes, this transition would be several years away. Nursing homes need attention now.

Medicaid Nursing Facility Rate History

Rate Period	*Increase/Decrease*	*Cost Report Year*
1/1/05-6/30/05	1.0%	2000
7/1/05-6/30/06	14.0% (4.0% net - Rebase with 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
7/1/14-6/30/15	0%	2011

Nursing Home Moratorium (Section 23)

The proposed changes to the nursing home moratorium statute would not just "extend" the moratorium, but would codify it and permanently set the conditions and restrictions on nursing home bed supply and bed placement throughout the state. While we may never need to increase the supply of beds, we may need to redistribute beds or create new services. The current practice of placing a time frame on the moratorium has provided us the recurrent opportunity to modify and update the conditions of the moratorium to reflect changes in the field and better serve the state. For instance the state modified the statute a few years ago to allow the recognition of identified needs within the state's long term care strategic plan.

In the past, the rigid restrictions and interpretation of the nursing home moratorium cost the state the opportunity to realize emerging models of care and improved nursing home settings – even when it would have meant bed reductions. This was because these emerging models were not envisioned or considered when previous moratorium conditions were set. Let us learn from the past and not place permanent restrictions on a nursing home field that is looking to evolve, transform and serve the future of aging services.

We would strongly encourage the Committee to place a time frame on the moratorium so that we can be assured a continuous review of the terms and conditions placed on the ability to modify the nursing home bed supply. We also request that the reference to the small house nursing home model remain in the statute (lines 1322-1323).

Nursing Home Residents

Revise Medicare Part D Co-pay Requirements for Dually Eligible Medicaid Recipients (Section 22)
It is unclear whether this proposal would affect nursing home residents, but it appears to do so. The only way nursing home residents would be able to pay for the prescription co-pays would be through their monthly personal needs allowance (which is currently $60 a month but proposed to be cut to $50) and then through their other monthly income that is now applied to the cost of the nursing home. Since use of the applied income would offset any savings to the state, this proposal would at best save the state just $50 a month (assuming the personal needs allowance cut is approved), but would then prevent the resident from making any other personal purchases. We cannot support this proposal. (Information on the Medicare Part D Co-pays can be found at the Center for Medicare Advocacy website: http://www.medicareadvocacy.org/medicare-info/medicare-part-d.)

Notice to the Department of Social Services When Private Resident is Expected to Apply for Medicaid (Section 26)
The Governor's bill proposes requiring a nursing home to notify the resident or the resident's representative and the Department of Social Services (DSS) when the nursing home has reason to believe that the resident has only 180 days left of private pay resources. The stated purpose of this notification mandate is to allow DSS to intervene with the resident so as to provide information on options for moving back into the community once they qualify for Medicaid. We find this requirement to be awkward and potentially difficult for the nursing home. Contrary to what is assumed in this proposal, the nursing home is not always privy to the balance of a private pay resident's financial resources. Therefore it would be difficult to determine when a resident has only 180 days of resources left. It is the responsibility of the resident to apply for Medicaid assistance and unless they provide that information to the nursing home, the home can only estimate the upcoming date of eligibility.

It should be noted that current practice requires a nursing home resident be evaluated every 90 days using the federal Minimum Data Set (MDS) standardized assessment tool. As part of that mandated assessment the resident is asked if they would like to move back to the community. If a resident is eligible for Medicaid and they answer yes to this question, they are referred to the Money Follows the Person program.

Personal Needs Allowance Reduction (Sections 20-21)
LeadingAge Connecticut opposes this effort to decrease the personal needs allowance for nursing home residents by $10 a month. The personal needs allowance can enhance an individual's personal experience and quality of life as a resident of a skilled nursing facility and should not be reduced from the current level of $60.

Residential Care Homes

Funding Cuts (Section 14)
LeadingAge Connecticut opposes the budget proposals that are seeking to freeze for two years the rates paid to residential care home providers. The residential care home setting is both supportive and affordable and is a setting of choice for many older adults. We also urge the Committee to reject the proposed $107.5 million in FY 2016 and $117.5 million in FY 2017 cuts to Medicaid provider rates that threaten this setting.

Home Health Care and Hospice Agencies

Reduction in Rates for Home Health Care Licensed Nursing Medication Administration
The Governor has proposed to reduce the rates for medication administration by home health care licensed nurses by $20 million in each year of the budget. These nursing services assist in allowing many Medicaid

clients the opportunity to live independently in the community. As this committee knows, the nursing practice of medication administration is transitioning to a system that allows for structured delegation to unlicensed home health aides, but this transition has taken longer than expected due in part to delays by the state in establishing a rate and a training protocol. Now this budget proposal is blaming home health care agencies for this delay and punishing them with this cut. This is unfair and unacceptable and we urge the Committee to reject this cut.

Threat of Additional Funding Cuts

As Medicaid providers, home health care and hospice agencies are also threatened by the $107.5 million in FY 2016 and $117.5 million in FY 2017 cuts to Medicaid provider rates. We urge the Committee to reject these proposed Medicaid provider funding cuts.

Home and Community Based Services

Restructuring the State-funded Portion of the Connecticut Home Care Program (Section 18)

The Governor's proposed cuts to the State-funded Portion of the Connecticut Home Care Program are contrary to the state's long term services and supports plan that seeks to rebalance our long term services and supports system so as to be less reliant on nursing home care and more effective in providing home and community based services.

First, the Governor seeks to freeze intake into the Category 1 program for those in the state-funded portion of the program. This is the level that provides services for those who are frail and in need of services, but not quite at nursing home level of care. While individuals eligible to enter this level of the program may not immediately need a nursing home, the services they would receive through Category 1 of the program do help older adults maintain their independence in the community and prevent or postpone a decline that would lead to nursing home placement or hospital admission.

Second, the proposal seeks to increase the co-pay for those individuals remaining in the state-funded portion of the program from a 7% cost share to a 15% cost share. Previous experience has proven that individuals will leave or avoid the program when the cost share is increased. If you review the annual reports of the program you will see large number of older adults left the program in 2010 when a 15% co-pay was first implemented. Based on this experience the administration must be aware that this proposed jump to a 15% cost share will reduce the number of frail older adults in the community who will avail themselves of the program. Again, this is a proposal that is contrary to the long standing policy of the state which is to serve frail, older adults in the community at the time they need it so as to provide them with care in the setting of their choice while postponing or preventing nursing home placement.

Threat of Additional Funding Cuts

Home and community based Medicaid providers are also threatened by the $107.5 million in FY 2016 and $117.5 million in FY 2017 proposed cuts to Medicaid provider rates. Last year LeadingAge Connecticut was part of a statewide coalition of provider organizations who advocated for a financial investment in the community based provider network that is caring for the older adults enrolled in the Connecticut Home Care Program for Elders and we want to take this opportunity to thank the legislature and the administration for hearing our plea and raising the Connecticut Home Care Program rates by 1% effective January 1 of this year. But that was only the beginning and we need to continue our investment in the home and community based provider rate system – not cut it as is threatened in this budget proposal.

The Connecticut Home Care Program for Elders is the heart and soul of our state's rebalancing plan when it comes to aging services. It is this program that helps eligible clients over the age of 65 continue to live at

home and to age in place. It is the delivery of the services provided within the Home Care Program for Elders, packaged in an individualize care plan for each client, that allows an older adult to remain at home or to return to home through the Money Follows the Person Program. That is why it is vital that we continue to invest in this program and in the providers who deliver the services. We urge the committee to reject these cuts to the state-funded portion of the program and to the providers who serve the program.

Alzheimer's Respite Care Program Cuts

While not in this bill, we thought it would be of interest to this Committee to know that the Governor's budget proposal also seeks to cut the Alzheimer's Respite Program by $544,917, or approximately 25% of the current line item. LeadingAge Connecticut strongly supports our state's respite care program and we oppose this proposal to drastically cut the funding. Many elders with dementia live within their own homes for many years with the majority of the caregiving being provided by a spouse, relative, or close friend. These unpaid caregivers provide countless hours of unpaid long term care, services and supports. They are the true heroes of our long term services and supports system and providing them with needed respite is not only the right thing to do, but it is the prudent thing to do as they save our Medicaid program millions – possibly billions - of dollars every year.

The rebalancing process is working. More of our elderly are being cared for in the community and the number of Medicaid paid days in the nursing home is declining. We must not stop now. This systems change is not only the right thing to do, but it will slow the future growth in Medicaid expenditures for long term services and supports. We urge the state to work with us and the other dedicated stakeholders to continue this progress.

In closing I would like to offer you our continued assistance and our partnership as we all work to create an integrated and coordinated continuum of high quality and affordable aging services and health care and to expand the possibilities of aging.

Thank you for your consideration of this testimony.

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Resources of Potential Interest to the Committee

- Aging Services: The Not-for-Profit Difference
- www.LeadingAgeCT.org
- 2012 Annual Report of the Connecticut Home Care Program for Elders
- Medicaid Reporting and Trend Review 10/10/14
- State of Connecticut Strategic Rebalancing Plan: A Plan to Rebalance Long Term Services and Supports 2013-2015
- Medicaid Rate Setting Nursing Home Overview

LeadingAge Connecticut Members

ALZHEIMER'S RESOURCE CENTER OF CONNECTICUT
ALZHEIMER'S RESOURCE CENTER OF CONNECTICUT, ADULT DAY CENTER AT JEAN STOLBA CENTER
AVERY HEIGHTS HOME HEALTH AGENCY & ALSA
AVERY HEIGHTS VILLAGE
BETTY LARUS AT AVERY HEIGHTS
BISHOP WICKE HEALTH CENTER
THE BRADLEY HOME
CEDAR MOUNTAIN COMMONS
CHERRY BROOK HEALTH CARE CENTER
CHURCH HOMES
CONNECTICUT BAPTIST HOMES
COVENANT VILLAGE OF CROMWELL
CROSBY COMMONS, INC.
DUNCASTER
ELIM PARK BAPTIST HOME
FAIRVIEW ODD FELLOWS HOME OF CT
FEDERATION HOMES
FELICIAN ADULT DAY CENTER
GRASMERE BY THE SEA
HARBOURSITE
HEBREW HEALTH ADULT DAY SERVICES
HEBREW HEALTH CARE
HEBREW HEATLH VISITING NURSES
HOFFMAN SUMMERWOOD COMMUNITY
HOLY SPIRIT HEALTH CARE CENTER
IMMANUEL HOUSE
INGRAHAM MANOR
JEFFERSON HOUSE
JEROME HOME
JEWISH SENIOR SERVICES
JUNIPER HILL VILLAGE
KING'S DAUGHTERS AND SONS HOUSING
LEEWAY
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
MARY WADE ADULT DAY CENTER
MARY WADE HOME
MASONICARE
MASONICARE AT ASHLAR VILLAGE
MASONICARE AT NEWTOWN
MASONICARE HEALTH CENTER
MASONICARE HOME HEALTH & HOSPICE
THE MCAULEY
MCLEAN
MCLEAN ADULT DAY HEALTH CARE
MCLEAN HOME CARE & HOSPICE
MERCY COMMUNITY HEALTH
MISS LAURA M. RAYMOND HOMES
MONSIGNOR BOJNOWSKI MANOR
MOUNTAIN VALLEY PLACE
MULBERRY GARDENS ADULT DAY CENTER AT MARIAN HEIGHTS
MULBERRY GARDENS OF SOUTHINGTON
MULBREERY GARDENS OF SOUTHINGTON ADULT DAY CENTER
NATHANIEL WITHERELL
NEW INN
NEW HORIZONS VILLAGE
NEW SAMARITAN CORPORATION
NOBLE HORIZONS
NOTRE DAME CONVALESCENT HOME
OGDEN HOUSE
ORCHARDS AT SOUTHINGTON
ORMONT COURT, INC.
PIERCE MEMORIAL BAPTIST HOME
POMPERAUG WOODS
POND RIDGE
THE RETREAT
SAINT JOSEPH LIVING CENTER
SAINT JOSEPH'S RESIDENCE
SAINT MARY HOME
SAINT MARY HOME ADULT DAY CARE CENTER
SCHOOLHOUSE APARTMENTS
SEABURY MEADOWS
SEABURY LIFE
SEABURY VISITING NURSES-SEABURY CARE NOW
SEYMOUR I. HOLLANDER APARTMENTS
SMITH HOUSE
SOUTHINGTON CARE CENTER
SOUTHMAYD HOME
STEVENS WOODS ELDERLY HOUSING
STONINGTON ARMS
SULLIVAN-MCKINNEY ELDER HOUSING
TORRINGFORD APARTMENTS
TOWER ONE/TOWER EAST
UNITED METHODIST HOMES
VICTORY CATHEDRAL APARTMENTS
VICTORY GARDENS
VILLAGE AT WAVENY CARE CENTER
WAVENY ADULT DAY PROGRAM
WAVENY LIFECARE NETWORK
WELLES COUNTRY VILLAGE
WESLEY HEIGHTS
WHITNEY CENTER
WOODLAKE AT TOLLAND/
ECHN ELDERCARE SERVICES
WESTVIEW HEALTH CARE CENTER