March 8, 2016

Written testimony of Matthew V. Barrett, Executive Vice President of the Connecticut Association of Health Care Facilities (CAHCF):

Good afternoon Senator Moore, Representative Abercrombie and to the members of the Human Services Committee. My name is Matthew V. Barrett, Executive Vice President of the Connecticut Association of Health Care Facilities (CAHCF), our state's one hundred and sixty (160) member trade association of skilled nursing facilities and rehabilitation centers (SNFs). Thank you for this opportunity to offer testimony this morning.

H.B. No. 5589 (RAISED) AN ACT CONCERNING AN ACUITY-BASED SYSTEM FOR MEDICAID REIMBURSEMENT.

This bill expands on the general acuity based payment system policy for Connecticut nursing homes adopted last session now codified under Section 17b-340d of the supplement to the general statutes. Last session, the Connecticut General Assembly broadly authorized the acuity based Medicaid reimbursement system. Acuity based payment systems are often called "case mix" systems. They measure the intensity of care and services required for each individual in the nursing home and translate those measures into groupings. In short, acuity is the commonly used term used to describe the measurable amount of nursing care required for a nursing facility resident. These grouping form the basis of the nursing home Medicaid payments. The groupings have a payment hierarchy where the groupings representing the highest level of care and services appropriately receive the highest payment. Accordingly, as the services and care are less intense in lower acuity groupings, the reimbursement is less.

Thirty-five states include an acuity adjustment in their nursing facility Medicaid rates, including all the New England states and neighboring New York. An acuity based payment system will advance Connecticut's goal of rebalancing in the area long term services and supports. A 2010 Rhode Island Department of Human Services report to the Rhode Island state legislature provides that when paying a flat per diem rate without an acuity factor, "there is no incentive for nursing homes to seek or to serve more costly (higher acuity) residents and that moving in this policy direction "should also facilitate the placement of lower acuity patients in home and community based settings" (Acuity Adjusted Rates for Rhode Island Nursing Facilities: A Report to the Rhode Island State Legislature. Department of Human Services, June 23, 2010).

H.B. 5589 recommends the additional components that should be authorized as the acuity-based payment system develops further. In this regard, the bill further defines the basic components of a prospective case mix system of reimbursement, where the basis for a portion of the reimbursement includes a classification system that groups assessed conditions, diagnoses or both and takes into consideration the resources required to provide care, services and supports for residents with such conditions, diagnoses or both.

The bill qualifies that a standard resident assessment instrument, common in case-mix systems be utilized. The bill addresses rate adjustment add-ons for special needs residents, including, but not limited to: "(A) Residents with a diagnosis of dementia, Alzheimer's disease or

similar cognitive condition who may have more complex care needs and higher staffing requirements than is reflected on federally mandated clinical assessments, (B) ventilator dependent residents, (C) residents with developmental disabilities, (D) residents with behavioral health needs, and (E) bariatric residents who require special care for obesity-related conditions." A rate differential accounting for cost differences among counties of the state and revisions to the property reimbursement component to the rates are also included in the bill. The legislation recommends a phased in approach over at least four years with provisions to limit decreases in Medicaid per diem rates for nursing home facilities during the phase-in period.

Finally, the bill requires the Department of Social Services to report on the implementation of the methodology to the joint standing committee of the General Assembly having cognizance of matters relating to human services before than December thirty-first of each year of the implementation, including the impact of the rate change on each facility. Finally, the bill requires that any state plan amendment needed to implement the acuity based payments system follow the statutory process of 17b-8 of the general statutes, including the submission of the state plan amendment to the Appropriations and Human Services Committees.

This payment policy is consistent with the state's policy goals in the area of long term services and supports. As our state continues to build a stronger system of home and community based supports for persons with less complex care needs, the result will be that older and higher acuity individuals will be served in greater numbers in Connecticut nursing homes. Nursing homes report that this is now being experienced. However, the Medicaid rate-setting system is not responsive to this dynamic. Connecticut should implement an acuity based payment system to address this issue.

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

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