LeadingAge Connecticut

Testimony to the Human Services Committee

Presented by Mag Morelli, President of LeadingAge Connecticut

February 18, 2016

SB 17, An Act Implementing the Governor's Budget Recommendations for Human Services

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 of 130 not-for-profit organizations representing the entire field of aging services and senior housing. On behalf of LeadingAge Connecticut, I would like to testify today on long term services and supports and aging services as they are addressed in the Governor's budget adjustment recommendations for the Human Services.

I am pleased to be testifying in support of something that is not mentioned in the bill before you, and that is no proposed cut to Medicaid funding for long term services, supports and care for older adults. In fact, when the Governor proposed to maintain the current levels of Medicaid funding, he specifically pointed out that Connecticut is successfully transitioning the Medicaid program through several initiatives, including a rebalancing of the long term services and supports system so that more people can receive long term services and supports in community based settings.

We are pleased that the Governor is supporting the state's rebalancing policy for long term services and supports. This long standing policy has provided older adults the right care, at the right time, and in the location of their choice – while saving the state millions of dollars and slowing the increase in Medicaid expenditures for long term care, services and supports. The Governor's proposal recognizes that success and maintains the funding to continue the progress.

While we support the proposal to maintain current funding levels, we do so in the face of the state's financial crisis. We realize the budget situation, but we want to make it clear that quality aging services and supports cannot be sustained without adequate rates of reimbursement. And the demand for aging services will only continue to grow as our state population ages. In the face of this reality we must continue to work together to ensure that our state is equipped to meet the demands of an aging population and the financial needs of a quality provider network.

Connecticut is not alone in facing the increasing demands and rising costs of long term services and supports. The increasing burden of this core function of state government is impacting every state's Medicaid program. This needs to be a bigger conversation. Together with our national partner, LeadingAge, we are ready to begin this conversation so that the state and the nation can address the issue of how we will finance long term services and supports and ensure that we can provide services for future generations.

We do want to make the Committee aware of proposed cuts to other funding related to aging services that is very concerning. In the Department on Aging, the *Statewide Respite Program* and *Fall Prevention* funding are threatened with line item cuts and other funding for senior citizen programs within the Department of Aging would be part of the proposed consolidation of operating funds and subjected to the across-the-board cut.

Experience in the field tells us that these cuts do not make sense. Respite care is cost effective to the state and invaluable to family caregivers. And we know that falls are a leading cause of injury among older adults. The prevention of falls is a critical intervention that helps older adults maintain their independence in the community and avoid the trauma and cost of a resulting injury.

Our closing message is this. Please stay committed to the vision and progress we have made in the area of long term services and supports. Continue our Medicaid initiatives; maintain the rates of reimbursement to ensure a strong network of providers; and expand the conversation to the larger concept of how we can finance long term services and supports in order to meet the future demand.

Thank you for the opportunity to testify. We have provided the Committee with additional written testimony and I would be happy to answer any questions.

The New Reality of Health Care

The aging services and health care delivery systems in Connecticut and across the country are in the midst of positive transformational change. 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. The goal is that by providing better, more efficient and effective care, it will, in turn, slow the future growth of healthcare costs. 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. And it is working.

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.

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. We urge the members of this Committee 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.

The Continuum of Core Long Term Services, Supports and Health Care

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 many providers find it increasingly 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

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.)*

We are extremely grateful that the state provided wage enhancement funding for direct care employees of all nursing homes last session. We are working with the Department of Social Services to implement the distribution of that funding. Prior to this wage enhancement, 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; in 2013 the nursing homes sustained a rate cut; and in 2014 there was a no rate increase. Meanwhile the cost of providing high quality nursing home care continued 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 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 and the state will move toward an acuity based rate system for nursing homes.

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
7/1/15-6/30/16	$26 million wage enhancement	2011

Nursing Home Moratorium

The nursing home moratorium was originally set in statute in 1991 on a temporary basis, but last session it was made permanent. The moratorium sets restrictions on nursing home bed supply and bed placement throughout the state. While the state may never need to increase the supply of beds, we may need to redistribute beds or create new nursing home services that this moratorium may prevent. We therefore believe the moratorium restrictions should be revisited periodically and included in the scope of planning for long term services and supports.

Residential Care Homes

The residential care home setting is both supportive and affordable and is a setting of choice for many older adults. It can be a valuable community based housing choice for those choosing to receive Medicaid funded home and community based services and supports and therefore we are currently working with the state agencies to ensure that residential care homes can choose to can qualify as a community based setting for the purpose of Medicaid funding.

Home and Community Based Services

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.

Community based providers are meeting the growing needs of Connecticut's older adults and their caregivers while preventing or delaying placements in skilled nursing facilities and helping to prevent the need for more expensive health care settings such as emergency rooms and acute care hospitals. The latest available annual report of the Connecticut Home Care Program for Elders indicated that in state fiscal year 2014, $87,662,725 in net savings were generated as a result of the reduced utilization of nursing facility beds due to the Connecticut Home Care Program. These community based services should be encouraged and we ask for your continued support.

Previous Cut to the State-funded portion of the Connecticut Home Care Program for Elders

Intake into the Category 1 level of the *state-funded portion* of the Connecticut Home Care Program for Elders was frozen for two years in the current state budget. 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. The budget also increased the co-pay for individuals remaining in the state-funded portion of the program from a 7% cost share to a 9% cost share.

Previous Cut to the Alzheimer's Respite Program

The current state budget funding for the Alzheimer's Respite Program reflects a 5% cut from previous years. 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. It is both the elder and the caregiver who are served by the respite program. Family 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. We must not stop now. This systems change is not only the right thing to do, but it is slowing the 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.

LeadingAge Connecticut

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Resources of Potential Interest to the Committee

- Aging Services: The Not-for-Profit Difference
- www.LeadingAgeCT.org
- 2014 Annual Report of the Connecticut Home Care Program for Elders
- State of Connecticut Strategic Rebalancing Plan: A Plan to Rebalance Long Term Services and Supports 2013-2015
- 2016 State Long Term Services and Supports Plan
- Medicaid Rate Setting Nursing Home Overview
- LeadingAge Article on the Financing of LTSS
- 2016 Pathways Report: Perspectives on the Challenges of Financing Long-Term Services and Supports

Thank you for your consideration of this testimony.

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AVERY HEIGHTS HOME HEALTH AGENCY & ALSA
AVERY HEIGHTS VILLAGE
BISHOP WICKE HEALTH CENTER
THE BRADLEY HOME
CAPITOL TOWERS
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
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THE MCAULEY
MCLEAN
MCLEAN ADULT DAY HEALTH CARE
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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
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