



Testimony to the Human Services Committee

Presented by Mag Morelli, President of LeadingAge Connecticut

March 8, 2016

Regarding

SB 111, An Act Concerning Nursing Homes

HB 5248, An Act Concerning Long-term Care

HB 5251, An Act Concerning Medicaid

HB 5589, An Act Concerning an Acuity Based System for Medicaid Reimbursement

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 association 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 on several bills before you today that are related to long term services and supports and aging services.

SB 111, An Act Concerning Nursing Homes

HB 5248, An Act Concerning Long-term Care

HB 5251, An Act Concerning Medicaid

These proposed bills call for new studies in several areas related to aging services. LeadingAge Connecticut would be pleased to assist with such studies should the Committee choose to move forward with any one of them.

HB 5589, An Act Concerning an Acuity Based System for Medicaid Reimbursement

LeadingAge Connecticut thanks the Committee for raising this bill which would establish a framework within which the Department of Social Services (the Department) would develop an acuity-based methodology for Medicaid reimbursement of nursing home services.

Public Act 15-5 allows for the implementation of such an acuity-based reimbursement system and the statute requires the Department to consider recommendations from the nursing home industry when developing the methodology. We have been in early discussions with the Department regarding a plan to develop this system and greatly appreciate their willingness to work with us. We would also encourage the Committee to implement additional oversight of the process by requiring Legislative approval of the final methodology before it is submitted to the Centers for Medicare and Medicaid Services for their approval.

The development of a new reimbursement methodology must be done in a thoughtful manner and not rushed nor implemented before adequate resources are available. As we stated, the bill before you today would establish a framework of issues that we believe must be taken into consideration when

developing the new methodology. While not an exhaustive list, it highlights several key concepts and would be an excellent guide for the discussion and the development process.

For instance, one subsection of the bill discusses special needs rate adjustment add-on categories to be considered in the new acuity based system. The special needs that are listed in this subsection are very important to consider in the development of a nursing home acuity-based methodology because they reflect areas of nursing home resident need that require intensive resources to care for, but which may not be captured in traditional acuity ratings. Such resources may include additional staff, specially trained staff, assistive technology, or special equipment. These resources raise the cost of caring for these special need residents, but as we said, the related diagnoses may not be valued in a traditional acuity rating. This is why we ask that the acuity based system incorporate nursing home specific rate adjustments.

The bill also asks for a phased in implementation of any new reimbursement system with limits placed on the impact of reductions. This is extremely important because the transition to an acuity-based system has historically resulted in a reapportionment of existing resources so that some nursing homes increase their reimbursement rates while others have their rates reduced. We support a phased in implementation that would prevent devastating rate reductions within the system.

Medicaid is the single most important public source of funding for nursing home care. 70% of residents living in nursing homes count on Medicaid to pay for their care. Yet the current Medicaid rates (which are calculated on a cost based system) do not meet the cost of providing this care and the average daily Medicaid rate that is paid to a nursing home is *significantly* lower than the cost of providing that care. And year after year the statutory rate structure is ignored and nursing home Medicaid rates are left stagnant. This makes us very cautious about a change to the rate structure.

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 now would not be the time to reduce the rates of Medicaid reimbursement even further than they are now. Therefore we urge the Committee to insist that the transition to an acuity based system be done in a very thoughtful manner that includes the goal of providing adequate rates to all nursing homes. This will require adequate funding for the transition.

Connecticut is seeking to rebalance our system of long term services and we want our 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. While we anticipate the need for fewer nursing homes, we must invest in the nursing homes that will still be desperately needed by those who cannot be cared for at home. That is why we ask that the acuity based reimbursement system we design meet the needs of all nursing homes and be adequately funded to do so.

Thank you for the opportunity to testify. I would be happy to answer any questions.

Mag Morelli, President



(203) 678-4477, mmorelli@leadingagect.org
110 Barnes Road, Wallingford, CT 06492 www.leadingagect.org