



Testimony to the Program Review and Investigations Committee

Submitted by Mag Morelli, President of LeadingAge Connecticut

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Regarding

The Program Review and Investigations' Study "Factors Influencing Receipt of Long Term Care Services and Supports in Home and Community Based Settings"

As the President of LeadingAge Connecticut, a membership association representing the entire field of not-for-profit providers of aging services and senior housing, I would like to submit the following testify on the scope of the study entitled **"Factors Influencing Receipt of Long Term Care Services and Supports in Home and Community Based Settings"**

This study was established to examine what differentiates Connecticut residents who receive long-term services and supports (LTSS) in the community versus in nursing homes, and identify ways these findings may be used to increase efficiency and potentially reduce costs. It specifies possible influences including characteristics of the individuals and the nursing homes; services available in the community, including informal family supports; and payer source of LTSS. We would like to provide our perspective on these influences so as to assist the investigation. We have also already provided information to the Committee's staff and we would like to offer our continued assistance to the Committee on this important study.

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.

Connecticut residents who receive long-term services and supports (LTSS) in the community versus in nursing homes

The state's long term care plan calls for the rebalancing of long term services and supports which is being done through several Medicaid initiatives and state programs. This long standing state 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 [Report of the Long Term Care Planning Committee presented in January](#) details the ongoing success of the rebalancing plan.

We have made strides in transforming our system of aging services through our Medicaid initiatives. More of our elderly are receiving long term services and supports in the community and we are lowering our reliance on long term nursing home placement. We support this systems change not only because it is the right thing to do, but also because it is slowing the growth in Medicaid expenditures for long term services and supports. **But we caution against assuming cost savings based on the current rates of reimbursement for community based providers.** The growth of this sector of providers will require an investment into the current rate structure to increase the reimbursement rates so that they will support the cost of providing the level and quality of home and community based services we anticipate needing. If we do not make the investment in the community based provider network, our efforts to rebalance will fail.

Characteristics of the individuals and the nursing homes

The Connecticut Home Care Program for Elders (CHCPE) is the primary Medicaid waiver 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 CHCPE, 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.

To be eligible, applicants must be 65 years of age or older, be at risk of nursing home placement and meet the program's stringent financial eligibility criteria. To be at risk of nursing home placement means that the applicant needs assistance with critical needs such as bathing, dressing, eating, taking medications, and toileting. Every applicant is assessed for both financial and medical necessity.

All long term nursing home residents must also be assessed prior to admission and periodically thereafter to ensure that they require nursing home level of care. This assessment process is done by a third party and is accomplished in a timely manner through a web based system. This screening verifies medical necessity for the nursing home stay, but does not disqualify the person from seeking home and community based long term services and supports instead of a nursing home stay.

As a result of the success of our state's rebalancing efforts, today's nursing homes are caring for an increasingly frail, older resident population that is in need of more care, not less. At the same time, nursing homes are embracing culture change and person-centered care in redesigned environments that more closely resemble a home than an institution. But resources for capital improvements are very limited as nursing home Medicaid reimbursement rates remain inadequate and the proportion of Medicaid residents grows. 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.

Nursing Home Moratorium

The nursing home moratorium was originally set in statute in 1991 on a temporary basis, but in the 2015 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.

Increase efficiency and potentially reduce costs

A rebalanced system of long term services and supports cannot be achieved without a strong network of quality home and community based providers of aging services. Unfortunately, we do not believe that the state has invested the resources necessary to build that network. One key aspect of that investment is to increase the reimbursement rates.

In 2014, 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 CHCPE. The CHCPE rates were increased by 1% effective January 1, 2015. Since then there have been required adjustments to some of the state rates due to the federal labor rule changes affecting overtime payment for live-in positions, but there have been no other rate increases for this network of providers.

Despite the inadequate rates of reimbursement, community based providers are working very hard to meet the growing needs of Connecticut's older adults while often 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 CHCPE indicates 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 CHCPE. These community based services should be encouraged to continue their involvement in the program and we suggest reinvesting a portion of those savings into community based provider rate increases.

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. The state must take into consideration the real cost of providing long term services and supports and plan for how we are going to adequately reimburse providers, both in the community and the nursing home, before we calculate the potential savings.

Services available in the community, including informal family supports

As we stated, the Connecticut Home Care Program for Elders (CHCPE) is at the primary community based program for aging services and supports. 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 CHCPE, packaged in an individualized 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.

CHCPE Services may include:

- Conflict Care Management Services
- Companion Services
- Homemaker Services
- Personal Care Attendant Services
- Adult Family Living (new service)
- Emergency Response Systems
- Adult Day Health Services
- Home Delivered Meals
- Assisted Living Services
- Chore Assistance
- Home Health Nursing
- Home Health Nursing Aides

In addition to CHCPE, the Department of Social Services administers several other Medicaid waiver initiatives that assist individuals with receiving long term services and supports in the community.

The State Department on Aging implements federal funding provided through the Old Age Assistance program as well as statewide respite and fall prevention programs. These type of services and supports are extremely important. 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.

Family caregiving for those living with dementia is extremely important and must be supported by the state. Many elders living with dementia reside in 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.

Payer source of LTSS

The Medicaid program, including the home and community based Medicaid waivers, is the main source of public funding for all long term services and supports. Prior to financially qualifying for Medicaid services, many families and individuals pay privately for these services. Relatively few have long term care insurance coverage.

For nursing home care, Medicaid is the single most important public source of funding. Medicare only pays for short-term, qualifying post-acute rehabilitation. 70% of residents living in nursing homes count on Medicaid to pay for their long term care, but the average daily Medicaid rate that is paid to a nursing home is significantly lower than the actual cost of providing that care. Connecticut's current Medicaid rate structure is outlined in statute. ([Follow this link](#) for an overview of Medicaid rate setting for nursing homes.)

We are extremely grateful that the state appropriated wage enhancement funding for direct care employees of all nursing homes in the 2015 session. The Department of Social Services implemented the distribution of that funding in July of 2016. 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 nursing home costs are related to direct care personnel. Our other cost centers are heat, utilities, food and medical supplies – costs that continue to increase beyond the control of the nursing home providers.

Nursing Home Bed Tax

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.

In conclusion, we realize the state budget situation and the desire to reduce costs, 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.

Thank you for the opportunity to submit this testimony.

Respectfully submitted by Mag Morelli, President



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