



Connecticut Association of Health Care Facilities
Connecticut Center for Assisted Living

March 4, 2021

Written testimony of Matthew V. Barrett, President and CEO of the Connecticut Association of Health Care Facilities / Connecticut Center For Assisted Living (CAHCF/CCAL) concerning H.B. No. 6446 AN ACT CONCERNING THE GOVERNOR'S BUDGET RECOMMENDATIONS FOR HUMAN SERVICES / Section 7

Good afternoon Senator Moore, Representative Abercrombie and to the distinguished members of the Human Services Committee. My name is Matt Barrett. I am President and CEO of the Connecticut Association of Health Care Facilities and the Connecticut Center For Assisted Living (CAHCF/CCAL). CAHCF/CCAL is a one-hundred and sixty member trade association of skilled nursing facilities and assisted living communities. Thank you for this opportunity to offer comments in opposition to the July 1, 2021 initial transition to a Medicaid acuity-based payment system in Section 7 of the bill.

A Budget Neutral Transition to a Medicaid Acuity Based Payment System Won't Achieve Higher Quality, Adequacy of Staffing, and Improved Resident Outcomes

CAHCF is supportive of a transition to a cost-based acuity payment system. However, such a system will not support improvement in quality, adequacy of staffing and resident outcomes unless it is adequately funded and is not based upon budget neutrality as proposed. Therefore, CAHCF recommends that this major reform in the nursing home rates be postponed until SFY 2023. Instead, the focus, attention and resources of the state and our nursing homes must remain on getting to the other side of the COVID-19 pandemic through policies and resources to rebuild nursing home census and financial stability. As background, CAHCF estimates the longstanding Medicaid funding shortfall to nursing homes is now \$135 million. Further, CAHCF estimates that to address the unprecedented 14% occupancy decline now being experienced due to the pandemic would require bridge funding in the amount of \$177 million.

Moreover, no new state resources are recommended for the acuity-based payment system in the Governor's proposed budget recommendation, let alone resources to address these longstanding and current underlying funding issues. Regrettably, nursing home funding is flat in the Governor's biennial budget recommendation now before the Appropriations Committee.

CAHCF believe that in order for an acuity-based system to improve quality, adequacy of staffing and resident outcomes, it must be adequately funded, it must be based upon cost data, census information, and acuity scores reflective of nursing home operations post COVID. It cannot be based upon data trended from 2018. Occupancy in nursing homes is down 14 percentage points from FY19 meaning per diem costs are much higher in FY20 and FY21 than per diem costs from 2018 trended to FY22.

The new case-mix system is currently planned to be “budget neutral” - which we believe automatically means it too will be underfunded, but by what level we do not yet know. Therefore, if we do not increase the current level of funding, the new system will not be allowed to work as designed and will not meet the stated objective of appropriately funding high acuity care. The current funding will just be reallocated within the system, but not at the rate levels needed. As a result, we fear that many quality nursing homes may be negatively affected by a reduction in their rates and others will not receive the funding necessary to cover the cost of caring for higher acuity residents.

Similarly, it will be essential that the performance incentive payments, which are a hallmark feature of the proposed case mix system, be funded with additional resources. Given the demonstrated underfunding now present in the system, we believe it would significantly undermine the very objective of quality improvement if incentive funds were diverted from existing underfunded resources.

Once more, it is imperative to use the most current post-COVID data in acuity-based rate setting. Using outdated cost, census and payer mix information to establish acuity-based payment will result in nursing rates that are not commensurate with facilities’ current cost structures and payer mix and is not going to improve quality, adequacy of staffing and resident outcomes.

CAHCF has the following additional recommendations in addition to the delay until SFY 2023:

State Legislative Committees of Cognizance Oversight and Approval Process. The submission and approval of the Connecticut General Assembly’s legislative committees of cognizance (Appropriations, Human Services and Public Health Committees) of a case mix Medicaid state plan amendment (SPA) to CMS, and the adoption of state regulations, before the Department of Social Services (DSS) may implement a Medicaid case mix based payment system for Connecticut nursing facilities.

Requirement Components of the Case Mix SPA. A requirement that the SPA submission to the legislative committees and to CMS to include the major components of the case mix system and the assurance that the case mix system is adequately funded to assure access and quality nursing facility care.

For additional and more detailed analysis please see the attached presentation: *CAHCF Recommendations of Transitioning to an Acuity-Based System* (March 1, 2021).

For these reasons, CAHCF recommends the case mix reforms be delayed until SFY 2023

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

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