Testimony before the Aging Committee
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Department of Social Services
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Good morning, Chairs Hochadel and Garibay, Ranking Members Hwang and Bolinsky; and distinguished members of the Aging Committee. I am Shantelle Varrs, Deputy Commissioner of the Department of Social Services.

SENATE BILL 286: AN ACT INCREASING FINANCIAL ASSISTANCE FOR GRANDPARENTS AND OTHER NONPARENT RELATIVES RAISING CERTAIN CHILDREN.

This bill would increase the Temporary Family Assistance (TFA) payment standard for child-only cases headed by a nonparent caretaker relative who is the child's legal guardian to equate to the foster care rate paid by the Department of Children and Families.

A similar bill was introduced in 2023. At that time, the Office of Fiscal Analysis' estimate of costs associated with this change was approximately $16.7 million. As with the 2023 bill, the current bill does not specify which category of foster care reimbursement rate the TFA payment standard will be indexed to. The 2023 estimate assumed an average monthly foster care rate of $819. The cost to the state will be more if the foster care rate is based on the need of the child. The foster care rate for children requiring more intensive care would be appreciably higher. In April 2024, foster care rates range from $819 to $928 while those rates for medically complex cases range from $914 to $2,669 meaning the costs associated with this change may be higher than the 2023 estimate[1]. The actual cost will depend on: (1) the number of individuals impacted and (2) the foster care rate used as the basis for the TFA payment. The Department would require further review to update this estimate once legislative intent is fully understood. Given the significant unbudgeted costs, however, the Department cannot support this bill.

SENATE BILL 288: AN ACT CONCERNING THE DEPARTMENT OF SOCIAL SERVICES' RECOMMENDATIONS REGARDING EXCEPTIONS TO THE NURSING HOME BED MORATORIUM, NURSING HOME RESIDENT DATA AND NURSING HOME REIMBURSEMENT RATE CAPS FOR RELATED PARTY EMPLOYEES.

The Department stands in strong support of Senate Bill 288.

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1 https://www.cga.ct.gov/app/related/20250226_2025%20Subcommittee%20Documents/20250310_Human%20Services/Attachment%20F%20Foster%20Care%20Maintenance%20Payment%20Rates.pdf

This bill will provide vital support and care for our most vulnerable residents. This bill will also allow the Department to better serve residents in their communities by ensuring access to nursing home services in the communities residents live, ensure Medicaid funding is used to support nursing home resident care, and ensure the Department has the necessary tools to audit nursing homes to protect limited Medicaid dollars.

With regards to **sections 1 and 2**, the Department seeks to build on years of right-sizing and rebalancing of long-term care supports. The Department believes it is very important to ensure that the state does not have too many nursing home beds and that resources are used to keep residents in their homes, or in a nursing home should they need that level of care. The long-standing moratorium on any new nursing home beds has been an effective tool in right-sizing, ensuring a proper rebalancing of long-term care supports. The Department wishes to keep these controls in place. Due to the residual effects of the global pandemic, however, the need for additional nursing home bed capacity may arise in the future in certain rural areas of the state where the number of available beds may no longer be adequate to support demand.

To address this, sections 1 and 2 of the bill provide DSS the ability to recognize an exception under certain circumstances, the current moratorium on new nursing home beds in order to ensure the state's vulnerable residents continue to have sufficient access to nursing home care when it is needed.

Since 1991, the State of Connecticut has had a moratorium on the addition of new skilled nursing home facilities and the addition of beds to a current facility. The goal of this moratorium has been to right-size the state's nursing home population and excess bed capacity by redirecting individuals into the community rather than into institutional care settings. DSS has been successful in both reducing costs as a result of keeping individuals out of institutional settings and, more importantly, keeping our members in their homes and in their communities.

The Department's proposal allows for the addition of new nursing home beds – with an emphasis on nontraditional, small-house style facilities – into specific geographic areas to address acute access concerns. The language in part aims to update the right-sizing and rebalancing goals to ensure the state does not encounter a scenario where there are not an adequate number of beds for our members.

The legislation provides the Department with flexibility to assess the bed-capacity need in the state to determine whether allowances should be made for the addition of new beds. The proposal contains criteria and requirements that ensure beds are only added when needed and will prevent the unnecessary expansion of beds. Specifically, if a geographic region reaches occupancy above 96% for a minimum of two quarters, the Department will then be able to explore adding beds to meet anticipated demand.

The Department wants to be clear that this limited exception to the moratorium is not intended to be an often-used mechanism. Rather, the state would only authorize new beds under extreme need and circumstances. Further, DSS will retain authority to use the Certificate of Need (CON) process to carefully evaluate geographic need for new beds and to permit such beds only if absolutely necessary to maintain access for Medicaid members. This controlled process will ensure the state does not overbed certain areas or add too many beds to the overall system that cannot be filled. Mechanisms to right-size will also remain in place should too many beds be added through this exception. DSS will continue to have levers through the rate setting system to ensure that the state maintains the right balance of nursing home beds needed to meet local demand.

This proposal is not expected to have any immediate fiscal impact to the state. If a decision is made that new beds are needed for a particular geographic area, the Department will thoroughly review each request, and the CON process will be used to make a final determination on how to proceed. Medicaid will not see an increase in costs due to the addition of beds to a region because costs associated with members needing care will already be reflected in the system – if a resident needs nursing home level of care, they will require that care no matter where the bed is located. Any addition of beds to a geographic area will simply be to ensure residents can stay within their communities should the need arise. Any fiscal impact for the building of a new facility will be reviewed through the CON process and only costs applicable to Medicaid will be considered. Any costs not associated with direct care or not allowable under Medicaid reimbursement rules would be disallowed.

While there is currently no anticipated need for additional beds in the state, and no imminent expansions planned were this proposal to pass, this proposal allows DSS to be proactive and forward thinking to develop a process for expansion of nursing home beds should a region of the state experience access needs.

Section 3 requires nursing homes to timely submit resident data to DSS within 10 days, to ensure the agency is accurately capturing information and that reimbursement rates properly reflect census data. Nursing homes are required by federal law to complete a health assessment, called a "minimum data set" or "MDS," for each nursing home resident annually and whenever there is a change in the resident's condition. DSS uses the MDS when calculating the rate of reimbursement for acuity Medicaid rates.

The nursing home acuity model provides for increased Medicaid reimbursement to nursing homes that have a population of residents with higher health needs. States that have implemented an acuity system have often seen an increase in upcoding and questionable data submission. Upcoding is a process where nursing homes may artificially enhance the health needs of residents in order to increase the level of their reimbursement. After a full year of conducting audits, the Department has found MDS data is not submitted timely upon request and data is often lacking in completeness.

As Connecticut continues to implement and refine its acuity-based reimbursement model, timely access to data is essential to ensuring the Department is providing accurate reimbursement. By reinforcing timely submission of resident assessment data, this section supports a reimbursement system that is aligned with resident needs and is consistent with existing federal requirements. This language does not introduce new reporting obligations, nor should it result in any greater burden on nursing homes. Rather, it ensures information is available in a timely manner, aligned with federal requirements, so reimbursement calculations can be administered efficiently and consistently in order to avoid improper use of state funds.

Section 4 caps the Medicaid reimbursement rate of pay for union employees who are related to the owner of a nursing home to ensure state funds are used efficiently and appropriately.

Current statute caps the rate of Medicaid funding that is paid to non-union family members or related parties that work in nursing homes. This section will also limit Medicaid funds used for related parties that are part of a collective bargaining unit.

Currently, a union employee who is a "related party" of an owner of a nursing home, broadly defined as someone related through marriage or family, does not have a cap on the amount Medicaid would pay for the salary they receive from the nursing home, and the amount that the nursing home can be reimbursed through Medicaid. This proposal will limit the *Medicaid* reimbursement a nursing home can receive for said employee to no more than the average salary across that particular job classification or union salary.

To be clear, this language does not prohibit related party transactions outright, nor does it prohibit that person from receiving their salary. Nursing homes will continue to have purview over the salary of related party employees above the average salary across their job classification. This proposal will clarify that salary above the union-negotiated rates will not be reimbursed through Medicaid and will need to be paid for by the nursing home owner separately.

This section establishes a balanced framework that allows continued related party arrangements while maintaining accountability, transparency, and fiscal responsibility. By preventing the state from paying for inflated or unreasonable costs, this section will help preserve limited Medicaid resources and ensure funding is directed towards resident care. This proposal promotes fairness across providers and supports the sustainability of the Medicaid program as a whole.

DSS urges passage of this legislation.

SENATE BILL 289: AN ACT CONCERNING FUNDING OF THE QUALITY METRICS PROGRAM FOR NURSING HOMES.

The Department stands in strong support of this bill.

This bill provides necessary funding to nursing homes that make quality improvements on the care delivered to nursing home residents. Beginning in FY 2029, eligible homes that improve their federal Centers for Medicare & Medicaid Services quality measures and have positive consumer satisfaction surveys will be awarded funds from a $10 million pool. This bill is necessary to provide funding supports and award those homes that improve the care of their residents.

This bill also supports nursing homes with Medicaid utilization above 75%. Eligible homes may be awarded funding from a pool of $2.5 million in FY 2027 and $5 million in FY 2028 and subsequent years. Rewarding those nursing homes that provide greater Medicaid access allows for more options for Medicaid members and improved living conditions as those dollars are then reinvested into the facility. Ensuring access to our members is important to the Department since Medicaid utilization in nursing homes in 2024 was 71%. As the largest payor of nursing homes, the Department wants to ensure that this funding is being directly targeted to the care of our members and improved access.

Lastly, this bill provides for a three-year phase-in to the federally required Patient Driven Payment Model (PDPM) for nursing home resident assessments. The PDPM is designed to ensure more accurate and appropriate payment for residents by using standardized ICD-10 diagnosis codes and individual resident characteristics focusing on each resident's individual care needs rather than the volume of services provided to that resident. The transition to PDPM over three years will give nursing homes time to understand the changes in reimbursement and to make necessary operational adjustments. This bill provides not only predictability in nursing home reimbursement but also supports continuity of care for nursing home residents as homes adjust operations and develop best practices under PDPM.

DSS urges passage of this legislation.

HOUSE BILL 5300: AN ACT CONCERNING COST OF LIVING ADJUSTMENTS TO LONG-TERM CARE FACILITY RESIDENTS' PERSONAL NEEDS ALLOWANCE

This bill provides for annual increases to the personal needs allowance (PNA) for residents of long-term care facilities in an amount equal to 25% of the annual cost of living adjustment to Supplemental Security Income. The Department appreciates the intent and impact of this legislation, but due to the expected costs to implement that are not currently contemplated in the Governor's budget, DSS cannot support this bill at this time.

In 2021, Connecticut increased the personal needs allowance from $60 to $75. Currently, the State of Connecticut's personal needs allowance is as high, or higher, than the majority of the states in the Northeast and is significantly above the federal minimum of $30:

State	Monthly PNA
Connecticut	$75
Maine	$40
Massachusetts	$73
New Hampshire	$93
New Jersey	$50
New York	$50
Pennsylvania	$60
Rhode Island	$75
Vermont	$80
Northeast Average	**$66**

DSS expects that raising the personal needs allowance, and indexing it to annual increases, will have significant impacts on the Department's budget. Using data from the past five years, DSS estimates that increasing the personal need allowance would lead to a cost increase of approximately $1.75 million to the Medicaid program in the first year, of which the state share will be approximately $860,000. This cost is expected to increase progressively each year, with an estimated total cost of $25.5 million over the next five years, of which the state share will be approximately $12.5 million.

As these costs are not included in the Governor's recommended budget, the Department cannot support this proposal at this time.

HOUSE BILL 5301: AN ACT EXCLUDING SPOUSAL INCOME FROM CERTAIN RENT, FEE AND COST-SHARING CALCULATIONS RELATING TO HOME AND COMMUNITY-BASED SERVICES.

The Department is unclear about the intent of this bill. Currently, spousal income is excluded from eligibility determinations for Medicaid waiver applicants and participants.

The Department looks forward to the opportunity to hear the public testimony and discussion during the public hearing and welcomes further feedback about the goals of the Aging Committee.

HOUSE BILL 5302: AN ACT CONCERNING ASSET LIMITS FOR HUSKY C BENEFICIARIES.

This bill requires the Department of Social Services to increase the asset limits for HUSKY C. HUSKY C provides health coverage to Connecticut residents who are 65 years of age or older, and/or who are blind or have a disability. The asset limits are currently $1,600 for a single adult and $2,400 for a married couple. This legislation would increase asset limits to $5,000 for a single adult, and $7,500 for a married couple. The bill also requires DSS to report to the legislature on the number of individuals eligible for HUSKY C and the increased costs incurred as a result of this change.

While the Department is generally supportive of the Committee's efforts to address the affordability of health care coverage and the overall goals, this expansion of Medicaid would require a significant amount of funding that is not contemplated in the Governor's recommended budget. The Department estimates that this bill will cost the state approximately $97.0 million in FY 2027 and $232.9 million when fully annualized for state plan services plus there will be additional administrative costs.

These increased Medicaid costs are not included in the Governor's recommended budget and the Department, therefore, cannot support this bill at this time.

HOUSE BILL 5303: AN ACT ALLOWING DENTAL HYGIENISTS TO PROVIDE DENTAL HYGIENE SERVICES IN PRIVATE RESIDENCES.

This bill adds private home residences within the Public Health Registered Dental Hygienist (PH-RDH) scope of practice as another public health facility setting in which dental hygienists can practice. These providers currently can, and do, practice and bill Medicaid for preventive services in schools, nursing homes, and substance use and behavioral health treatment centers. This bill does not change the work that the PH-RDH can and cannot do. Adding "home" adds another opportunity to increase access points for PH-RDHs, particularly for older adults and homebound patients who would otherwise not get services until an acute/emergency treatment need is identified.

Operationally, the only change for DSS would be to add another place of service code to the policy to indicate the service was provided in a patient's home. DSS supports this legislation.

HOUSE BILL 5305: AN ACT CONCERNING ADULT DAY CENTER TRANSPORTATION.

This bill would increase the fee schedule, effective July 1, 2026, for adult day services by 10% over the prior year for the purpose of providing increased funding for adult day center transportation.

The Department estimates that this rate increase will result in additional costs of $1.2 million in SFY 2027 and $1.6 million in SFY 2028 with the state share being 50% of these costs. There would be an additional fiscal impact to sustain the annual cost of living adjustment.

The administration supports examining provider rates in a comprehensive fashion based on the results of the recently completed rate study. Adult day services recently received a rate increase of 4.9%. However, specific funding to enhance transportation is not included in the Governor's recommended budget.

Because the increases proposed in this bill are not included in the Governor's recommended budget, the Department cannot support this change.