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February 19, 2020

Written testimony of Russell Schwartz, VP/Director of Operations of Avon Health Center and West Hartford Health & Rehabilitation Center, Concerning the Governor's Recommended FY 2020 and FY 2021 Proposed Budget

Good evening Senator Osten, Representative Walker and to the members of the Appropriations Committee. My name is ***Russell Schwartz***, I am ***VP/Director of Operations of Avon Health Center and West Hartford Health & Rehabilitation Center*** in Avon and West Hartford, Connecticut. My family's facilities have been providing nursing home care in our communities for **more than 40 years**. We care for up to 280 residents and employ are **more than 400 staff members** at or facilities.

The Appropriations Committee's support for wage and benefit increases for our employees in the past session is greatly appreciated. Recruitment and retention of staff continues to be a major challenge for our facilities. This challenge will even be more difficult as the Connecticut minimum wage continues to rise. It will be imperative for the legislature to continue to fund these mandated wage increases, otherwise risk putting facilities into further financial distress. Please know that the new wage enhancement dollars will help us in this ongoing struggle to assure quality care to our residents.

I am a second-generation nursing home operator. Our devoted caregivers strive to deliver the highest quality care to all patients and residents we serve at our facilities. We have succeeded in reducing our hospital readmission rates below 15%, and lengths of stay for our short-term patients below 20 days. Most recently Avon Health Center has a deficiency free State survey, and both facilities are Medicare 5-star rated facilities. We continue to celebrate the long tenure of staff; some having more than 35 years of service.

I am afraid that my facilities are at a critical juncture in their operations in 2020. A new Case Mix reimbursement system is being developed, that will change the way Medicaid reimburses our nursing homes. Conceptually I agree with a Case Mix system, that reimburses homes based on the acuity of the residents. However, this new system ignores the systemic Medicaid funding shortfalls over the past decade, equaling close to \$125 million, and consequently quality will suffer with insufficient Medicaid funding. In addition to normal operating expenses (e.g. insurance, utilities, food, supplies, equipment) having increased over the past decade, my West Hartford facility realized a \$50,000 per year increase real estate taxes, and the imposition of the CT sales tax on inhouse laundry services, that will cost \$25,000 per year. Neither of these added expenses are being reimbursed as mandated costs. A value-based reimbursement system cannot be successful in Connecticut with resolving both the accumulated funding shortfall, and the additional funds needed to incentivize quality.

Providing the level of quality care that Policy makers and the public demand is getting increasingly harder to provide in Connecticut. The obvious reason is that there has been virtually no additional Medicaid reimbursement in the state budget for over a decade. However, the costs to deliver quality care to our older and sicker residents continues to increase. As the population ages, we have seen a dramatic increase in residents with dementia and Alzheimer's disease. While they may not be clinically complex, and may score a low case mix index, they require more supervision than ever before. Today's nursing home residents have greater behavioral and mental health needs. There has been a growth of residents with substance use disorders. A Case Mix reimbursement system could work if we fix the underlying structural problem of underfunding allowable costs.

We need your help to make long overdue nursing home funding a priority in this year's budget.

Thank you for the opportunity to present my testimony. I am happy to answer any questions you may have.