

Testimony to the Appropriations Committee

Submitted by David V. Hunter

February 19, 2020

HB 5005, An Act Adjusting the State Budget for the Biennium Ending June 30, 2021 Governor's Budget Adjustment Proposals Related to the Department of Social Services

I am unable to testify before the Appropriations Committee today, but am concerned enough to submit this written testimony on the Governor's proposed budget adjustments, to members of the Appropriations Committee. I am David V. Hunter, the President & CEO of The Mary Wade Home, a nonprofit senior care community located in New Haven. We were founded, and continue serving the community, in our same location 154 years ago, and have developed into a continuum of long term care and home and community-based services, that includes a Skilled Nursing Center with both short term rehab and long term care, a Residential Care Home (RCH), an Adult Day Health Center, Outpatient Rehabilitation Center, Primary Care and a transportation program serving the senior population and families in the Greater New Haven Region who need transportation to and from medical visits and for social needs. We are currently embarking on the construction of 84 units of an Assisted Living and Memory Care building.

The concerns I will address involve (1) a major transition in the CT Nursing Home Medicaid System which is the largest payer of long term care services, (2) a revision in the reimbursement structure for Residential Care Homes, (3) and increases in the rates for Home and Community-Based Services, and in particular the Adult Day Centers. All of these issues will have direct bearing on the services provided by Mary Wade.

Transition to an Acuity-based Nursing Home Rate System

I am concerned with the Governor's proposal concerning nursing homes and request full funding for the state's new and projected acuity-based Medicaid reimbursement system for nursing homes which is currently being planned by the Department of Social Services (DSS).

I am aware that LeadingAge Connecticut, an association which represents nonprofit senior living communities, has been supportive of the concept of the new nursing home reimbursement rate system that will add an acuity-based rate component and value-based performance incentives to the reimbursement system. However, we also know that details of the plan are currently unavailable. I am advised that the State has a target implementation date of July 1, 2020 and it will replace the current cost-based system, five months from now!

This will be a major change to our reimbursement system, will have a significant financial impact on the nursing home sector, with very little time for implementation. It is essential for the safety and health of seniors who require 24-hour nursing services and for the viability of this segment of senior care for the legislature to maintain vigilant oversight with this project through the design and implementation phases. With the closing of nursing homes in recent history, and the announcement of future closings, it is imperative that Connecticut provide leadership in the oversight of such a major change in the nursing home reimbursement system with very little lead time.

As a long-standing, non-profit nursing home providing high quality through a well-staffed team of professional health care providers, we request assurance that the system be fully funded. The new reimbursement system will only work to meet its anticipated objectives if it is fully funded. I believe it is both responsible and prudent that the Committee establish reserve funding in the budget to meet the funding needs of the new system, because at the present time, no one is able to accurately project the impact of this new and untested system. We have been told, that answers to the new model will not be known until the end of April or early in May of this year when DSS begins to finalize the financial models of the new system.

Without full funding this untried reimbursement system in Connecticut will only meet its intended objectives if it is fully funded. The current cost-based system has an annual funding shortfall estimated to be between \$90 and 120 million. This estimate is based on the State's own calculation of the rates utilizing what the State considers to be the allowable costs of providing care. For Example, the result of Mary Wade's Annual Cost Report for 2018 is a Medicaid fee of \$289.97 after disallowances, however, due to cuts in Medicaid Rates, our rate was calculated at \$259.56, \$30.41 less than actual costs in the previous year. Based on the Medicaid occupancy in 2019 this deficit of \$30.41 per day resulted in net loss of more than \$645,000 for the year. It is impossible to meet current staffing patterns, to compete for care-givers, and pay for increased costs while DSS is reducing our rates.

This new case-mix system is currently planned to be budget neutral, which inevitably means it too will be underfunded, but by what level we do not yet know. There is no additional funding in the current budget for the new system.

Without an increase in the current level of funding, this new system will not be authorized to work as designed and will not meet the stated objective of correctly funding high acuity care. The current funding will just be reallocated within the system, but not at the individual rate levels needed. As a result, we are concerned that many quality, well-staffed nursing homes like Mary Wade may be negatively affected by not receiving a high enough rate to cover the cost of caring for higher acuity residents.

For these reasons, I request that the Committee reserve funding in the budget to meet the funding needs of the new system, the level of which will not be identified by DSS until as later this Spring of this year when the new models are introduced.

Residential Care Home Reimbursement Policy Change

As a non-profit Residential Care Home (RCH) serving older adults in our community, we support the Governor's proposed new method of structuring reimbursement rates which will recognize and separate out the personal care services provided to our RCH residents from the current daily rate and will allow the state to receive federal matching funds on that service portion of the reimbursement. This will be the first time the State will receive any federal funding on these expenditures and a portion of the State's savings is promised to be reinvested into the RCHs.

This policy change shows a confidence in this model of community-based living and reaffirms its crucial role in the continuum of aging services. We are hopeful that the ability to access federal funding for the RCH sector will encourage its growth and help existing providers maintain and improve their physical plant as well as keep up with the costs of providing room, board and services.

We are, however, cautious in our optimism as the details of how this new rate structure will impact existing homes is not yet known and we ask that safeguards be put in place so that quality residential care homes are not negatively impacted in the transition. We ask that the state legislature remain involved in the transition so as to advocate for homes like ours and the residents who live here.

Request for Annual Increase in CTHCPE Rates

As a provider of services within the Connecticut Home Care Program for Elders (CTHCPE), I would like to first express appreciation for the 2% rate increase that was provided on January 1 and the 1% increase provided on October 1 of last year. These much-needed increases were provided to most of the providers in the Connecticut Home Care Program for Elders (CTHCPE) with the condition that they be applied to direct care labor costs. It certainly benefitted Mary Wade's Adult Day Center and transportation services.

Both the policies of the State of Connecticut aimed at supporting seniors to live in their homes, and the increase in this population it is essential for the Committee to take into consideration instituting an annual increase to the rates for the Adult Day Centers and other home and community-based providers serving the Connecticut Home Care Program for Elders clients. Community based providers like adult day centers, home makers and companions, and adult family living are meeting the growing needs of Connecticut's older adults while 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 [annual report](#) of the Connecticut Home Care Program for Elders (CHCPE) outlines the savings that were generated as a result of the Program.

An annual investment in the CHCPE provider rates will strengthen the community-based provider network, enable a successful rebalancing of the long-term services and supports system, and ultimately save the state money.

Please continue to support this provider network by instituting an annual increase in the home and community-based Medicaid provider rates.

I am available should you have questions, or would like further discussion on these important matters.

Respectfully submitted,

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