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Testimony to the Appropriations Committee

Submitted by Andrew H. Banoff, President & CEO, Jewish Senior Services

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

My name is Andrew H. Banoff, President & CEO at Jewish Senior Services, a 294 bed non-profit nursing home in Bridgeport.

1) Transition to an Acuity-based Nursing Home Rate System

I am submitting the following testimony on the Governor's proposed budget adjustments as they relate to nursing homes and *specifically to request full funding for the state's new, acuity-based Medicaid reimbursement system for nursing homes which is currently being designed by the Department of Social Services.*

Our association, LeadingAge Connecticut, 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, but we are all still awaiting the details. It is our understanding that the State has a target implementation date of July 1, 2020 and it will replace the current cost-based system.

We are urging the state legislature to stay involved in the process. This will be a major change to our reimbursement system and will potentially have a significant financial impact on the nursing home sector. It is therefore vital that we all work together to ensure that quality nursing home care is not disrupted in this transition.

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As a non-profit, high quality, well-staffed nursing home, our priority is that the system be fully funded. The new reimbursement system will only work to meet its intended objectives if it is fully funded. *We therefore 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 until as late as April or May of this year when DSS begins to finalize the financial models of the new system.*

We are asking for full funding because this new reimbursement system 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.
- This new case-mix system is currently planned to be "budget neutral" - which automatically 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.**
- 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 individual rate levels needed. **As a result, we fear that many quality, well-staffed nursing homes like ours may be negatively affected by not receiving a high enough rate to cover the cost of caring for higher acuity residents.**

We therefore 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 until as late as April or May of this year when we see the models of the new system.

2) 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.

I am also respectfully requesting that the Committee consider instituting an *annual increase* to the rates for the 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.

3) Increase in Licensed Home Health Care Medicaid Rates

As a non-profit provider of licensed home health care, I respectfully request that the Committee recommend a rate increase for the licensed agencies that are providing medical home health skilled services to clients in the Medicaid program.

Unlike the unlicensed providers in the Connecticut Home Care Program for Elders, licensed home health agencies have not received an increase in rates for skilled services in several years. The inability of the rate structure to keep up with the cost of provider services is causing many agencies to consider limiting their Medicaid case load and this is not the outcome we want to see. As a state that is working vigorously to balance our system of long-term care, we must invest in our licensed home health care network so that older adults can maintain the ability to choose to live and receive skilled nursing services in their home.

Thank you for your consideration of this testimony.

Respectfully submitted,



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