

Testimony of Elaine M. Cole

Mystic River Residential Care, Owner, Executive Director

Re: HB. 5055-H.B.#5005 AN ACT ADJUSTING THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2021

Concerning

Department of Social Services Budget – Residential Care Home Funding

Appropriations Subcommittee on Human Services Public Hearing February 19, 2020

Senator Osten, Representative Walker and Members of the Appropriations Committee on Human Services, Thank you for the opportunity to offer testimony specifically on the Department of Social Services Budget related to Residential Care Home Funding.

My name is Elaine M. Cole and I purchased MRRC in 2003 and have been operating it since. There is an urgent and immediate need for a rate increase in the RCH industry which has been under a virtual rate freeze for over a decade. The serious financial situation means the most cost-effective services to the state – RCH's. Buyers will not be interested in purchasing underfunded facilities reduce cost to stay alive, or possibly close.

The governor's proposal represents a fundamental change to this small struggling industry. It makes a decision without material information – that is RCH's are to bill T19 and it cuts money from the budget dedicated to RCH's without knowledge of how much or what services we will be able to have covered by T19. Cuts are made without consideration for RCH owners, despite consistent testimony that we are underfunded. Medicaid funding is insecure and fraught with problems but that's no reason to move to the .UNKNOWN. (frying pan to fire).

I have a 25-bed home for people with a primary diagnosis of mental illness age 23 to 67. Upon purchase in 2003 was required by DPH to build or discharge residents. A contractor recommended by my account was engaged for the project, but this individual could not handle the project and simply deserted after Phase I. The Bond had to be called and during past 2 – 3 I was forced to pay interest only on large loans (3.5 Million) after interest reserve and contingency were exhausted. Every month is a struggle robbing Peter to pay Paul. Further DSS raised my rate long after it was due. From a fairly stable financial situation in 2003 I have progress to ¾ million debt and 3.2 million in loans.

We do an amazing job with people we care for utilizing professional resources and holistic methods. We seek the best in strategies and medication for residents. This is

done at a low cost to the State and because our residents are funded by T19 cost shifts cannot accrue.

We have lost two employees in the past six months due to low wages.

Our businesses are extremely difficult to run financially! Before I had this home, my residence was fully paid and I had some liquid assets. I now owe 200K on my home and have utilized all my liquid assets for a "leaky boat" that is not sustainable. I borrowed 120K from a private investor whom I have not been able to pay back so the interest paid in four years is more than expected.

We need a system that functions in a financially healthy manner. Our future is up to you!!

Elaine M. Cole

Executive Director

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