Testimony of AARP Connecticut in support of:

**HB 5046**, *An Act Promoting Nursing Home Resident Quality of Life*

**HB 5209**, *An Act Concerning Long-Term Care Insurance Premium Rates*

**HB 5210**, *An Act Establishing an Elder Justice Unit in the Division of Criminal Justice*

and **SB 156**, *An Act Requiring Nursing Home Facilities to Spend at Least Eighty Per Cent of Medicaid Funding Provided by the State on Direct Care*

Good morning, Senator Hochadel, Representative Garibay, Vice Chairs, Ranking Members, and Members of the Aging Committee:

AARP is a nonpartisan, nonprofit organization with nearly 38 million members nationwide and nearly 600,000 here in Connecticut. We advocate on behalf of issues that are important to older adults and their loved ones, and we appreciate the opportunity to share our support, suggestions, and comments regarding each of the items on your agenda today.

**HB 5046, An Act Promoting Nursing Home Resident Quality of Life**

On any given day, there are nearly 20,000 individuals residing in Connecticut nursing homes. 1 These facilities are a critical part of Connecticut’s long-term care system, and while we are fortunate to have some very good nursing homes in our state, others are not providing the high-quality care that residents deserve and that taxpayers are paying for. HB 5046 contains several proposals, and we wish to express our support for several of them.

Section 1 would eliminate three and four-bed rooms in nursing homes beginning on July 1, 2025. We support this proposal as it would likely reduce the spread of infectious diseases. Research conducted in recent years associated higher incidence of COVID-19 infection and mortality with overcrowding in nursing home rooms. 2 This proposal implements a key recommendation of Connecticut’s Nursing Home and Assisted Living Oversight Working Group (NHALOWG), which convened in 2020 to discuss lessons learned from the COVID-19 outbreak and response and to make recommendations for the 2021 legislative session. In their final recommendations, the NHALOWG subcommittee dedicated to Infrastructure and Capital Improvements recommended that “renovations should be pursued where possible to reduce room density (1-2 residents/room)” to control the spread of COVID-19 and other illnesses.

Section 2 of HB 5046 would require the Department of Public Health to design a statewide Center of Excellence Program. The Centers of Excellence Program would incentivize the adoption of best practices and encourage dialogue between parties who are interested in quality care. A great deal of policymaking in the past few years has, appropriately, focused on addressing what is not working in nursing homes, but this proposal presents an opportunity to celebrate and replicate what is working. We support this concept and would recommend one

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2 [https://www.medrxiv.org/content/10.1101/2020.06.23.20137729v1](https://www.medrxiv.org/content/10.1101/2020.06.23.20137729v1)
suggestion for improvement: in addition to the stakeholders listed in Section 2(c)(2), family members of nursing home residents and nursing home workers should be included in planning the Center of Excellence model, as these two groups are critical to the nursing home ecosystem.

We support Section 3, which would require the Department of Public Health to develop an online nursing home “consumer report card.” Potential nursing home residents and their loved ones have many things to consider when selecting a facility. While the Centers for Medicare and Medicaid Services (CMS) provide some important information to consumers through their Care Compare website, Care Compare does not include state inspection reports, pending complaints, licensing information, and financial information such as how much revenue is being spent on direct care. Other states, including Oregon and California, have recently launched online resources that could inform the creation of a nursing home dashboard in Connecticut.

Finally, we support Section 11, which would give the Department of Social Services the ability to order a forensic audit of nursing home financials in certain circumstances. Many nursing homes operate under complicated ownership structures that limit financial transparency and make it difficult to understand how facilities are spending billions of dollars in state and federal taxpayer money each year. Nearly 75% of nursing homes regularly use related-party transactions to provide services such as property management, nursing and therapy services, consulting, and pharmacy services. “Related parties” are businesses owned by the nursing home owner or someone close to the owner that provide goods or services to the facility. Because of related-party transactions, a nursing home may appear to operate at a loss while its owner is enjoying profits from one or more of the related companies that transact with the facility.

We will not be able to improve the quality of care in nursing homes until we first address the financial practices that some nursing home owners use to divert money from patient care in order to make their facilities more profitable. Giving the Department of Social Services the option of ordering a forensic audit provides the state with an additional tool to use in its pursuit of financial transparency and fiscal accountability.

**HB 5209, An Act Concerning Long-Term Care Insurance Premium Rates**

At a median annual cost of $182,000 for a private room in a nursing home and $64,000 for a home health aide, long-term care is an expense beyond the means of most Connecticut residents. A person turning 65 today has an almost 70% chance of developing severe long-term care needs during their remaining years, and while much of this care comes in the form of unpaid care from friends and relatives, some people require a more intensive level of care. 48% of adults who survive to age 65 will receive some form of paid care, either in an institution or in the community.

Like with most forms of insurance, people who purchase long-term care insurance do so with the hope that they will never need to use it. AARP CT has heard from policyholders who have

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maintained long-term care insurance for years, but because they see almost yearly rate hikes, they are thinking about dropping their policy just as it becomes most likely that they will need to use it. We increasingly hear from people who have dropped their policies and are worried about what this means for their future financial stability. We also hear from individuals who are hesitant to purchase long-term care insurance policies because of unpredictable rate increases but who fear that they will be unable to afford needed care in the future.

HB 5209 would allow an income tax deduction for long-term care insurance premiums, which would bring some relief to consumers who have been paying into policies for many years but feel the pinch of ever-increasing premiums. In the absence of long-term care insurance, many individuals eventually rely on Medicaid to pay for their long-term care; Medicaid is the primary payer of long-term care expenses, and Medicaid long-term services and supports account for a significant portion of the state budget. In the absence of significant long-term care payment reform and other options for helping older adults and people with disabilities pay for long-term care, it is in the State’s interest to help residents maintain long-term care policies that would allow them to privately pay for needed care. We also support efforts to help consumers to be fully informed about rate increases along with all of their options to make informed choices about their coverage.

While AARP supports HB 5209, we believe that efforts to incentivize the purchase of long-term care insurance policies should be paired with stronger consumer protections for policy holders, many of whom have fixed incomes and could easily be taken advantage of if premiums increase sharply from year to year, as well as efforts to reduce the overall cost of long-term care.

**HB 5210, An Act Establishing an Elder Justice Unit in the Division of Criminal Justice**

Elder abuse takes many forms. It can be financial, physical, psychological, or a combination of these. It can take place at home or in an institutional setting. When it does occur, the consequences can be devastating.

One of our AARP CT volunteers was financially exploited by a paid caregiver and lost approximately $25,000. She didn’t know where to turn for help, and when she tried to reach out for help, she was – in her words – “treated as a little old lady.” The woman who stole from her was arrested in 2022, but the case is still in court; in the meantime, her caregiver is out on bond, and the caregiving agency that employed her received an A+ rating from the Better Business Bureau and was able to open a new branch.

This volunteer is not alone. In 2022, 2.4 million consumers lost $8.8 billion to scams and fraud, and at least one in ten adults over the age of 60 who live in the community experience some form of abuse each year. Like other forms of abuse, this often occurs in hidden circumstances and is underreported. A study sponsored by the National Institutes of Health estimated that only 1 in 14

8 https://www.kff.org/infographic/medicaids-role-in-nursing-home-care/
10 https://ncea.acl.gov/prevalenceofeldermistreatment#gsc.tab=0
cases of abuse is reported, making older adults who experience elder abuse likely to number in the hundreds of thousands.

America’s aging population presents unique challenges for the criminal justice system, including developing the capacity to detect, investigate, and prosecute abuse, neglect, and fraud aimed at older adults. Creating an Elder Justice Unit in the Division of Criminal Justice is a step toward acknowledging the unique dynamics of crimes committed against older adults and making sure that all older adults receive justice when they are victimized.

**SB 156, An Act Requiring Nursing Home Facilities to Spend at Least Eighty Per Cent of Medicaid Funding Provided by the State on Direct Care**

Over the past few years, advocates and legislators have worked hard to develop policies that will make quality, person-centered care available to everyone who chooses to receive care in a nursing home. Most of this legislation has centered on two main areas of reform: strengthening the direct care workforce and ensuring financial accountability. SB 156 looks to do both by requiring nursing home facilities to spend at least eighty percent of their State Medicaid funding on direct care for residents.

To date, six states – Illinois, Pennsylvania, Massachusetts, California, New Jersey, and New York – have set requirements for the minimum percentage of nursing home payments that must be spent on direct resident care, with varying percentages at or higher than 70%. Direct care payment ratios are like Medical Loss Ratios (MLR) that are used to create accountability for health insurance providers. Just as Medical Loss Ratios are intended to direct health insurance premiums to claims and expenses, the goal of direct care payment ratios is to improve the overall quality of life for nursing home residents by directing more state funding to hands-on care.

We strongly support the intent of this bill and believe that all nursing homes need to adequately fund quality resident care. We understand there are concerns about how the definition of “direct care” in the legislation would align with existing allowable cost categories, and we are open to additional conversations with state agencies and other stakeholders to work out how a direct care payment ratio could work with Connecticut’s allowable cost categories and the state’s transition to an acuity-based payment model. We would also note that, as written, SB 156 would only apply to Medicaid funding received from the State, excluding the federal cost share, effectively ensuring that only forty percent of total Medicaid funding (just the state’s portion) be spent on direct care.

Finally, the bill as drafted would only apply to Medicaid revenue, while Veterans, private pay, and Medicare recipients would not necessarily be assured that any set percentage of their payments would go to direct care. This could lead to unintended consequences and result in unequal treatment of residents based on how their bills are paid. One way to level the playing field would be to apply a direct care payment ratio to all forms of revenue.

While we see areas for improvement and ongoing conversation related to SB 156, AARP is supportive of efforts to create a direct care payment ratio. We appreciate the committee’s
consideration of this issue in Connecticut and welcome the opportunity for ongoing conversation.

Thank you for the opportunity to share our support and suggestions for the items on your agenda today.

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