

CONNECTICUT ASSOCIATION OF HEALTH CARE FACILITIES, INC.

February 16, 2010

Re: Connecticut Association of Health Care Facilities, Inc. v. Rell
Case 3:10-cv-00136-RNC

Dear

I am writing to keep you apprised of the latest events in our lawsuit against the State of Connecticut, now commonly referred to as *CAHCF v. Rell*.

Today CAHCF is pressing its case against the State of Connecticut further by requesting that the federal district court grant an expedited hearing on CAHCF's claim that the state's system for paying Medicaid-participating nursing homes conflicts with federal law.

As you know, on January 28, 2010, CAHCF filed a lawsuit in the United States District Court for the District of Connecticut (*CAHCF v. Rell*), naming Governor Rell as the sole defendant in her role as the state's chief executive officer, and seeking an injunction to require the state to comply with federal law.

Today's request for expedited judicial relief is in the form of a Motion for a Preliminary Injunction, and, if granted, would stop implementation of harmful rate cuts and signal the Court's view that CAHCF is more than likely to succeed on the merits of its case and that the court's intervention is necessary to prevent CAHCF members from experiencing irreparable harm.

CAHCF believes that today's new action for a preliminary injunction is necessary to immediately protect CAHCF member nursing homes, their employees and the residents they serve, from the harmful effects of the state's current nursing home funding formula, which cuts nursing home funding by almost \$300 million in the two-year budget cycle and threatens the high quality care provided to 28,000 frail and elderly residents.

Today's Motion for a Preliminary Injunction includes evidence of the significant per day Medicaid funding shortfall and expert evaluations on how the shortfall guarantees that the state's rate setting system violates federal law.

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CAHCF's underlying case against Governor Rell asserts that Connecticut's Medicaid rate-setting system violates very clear rules found in federal law. The federal law that Connecticut ignores is supposed to assure that payments to Connecticut nursing facilities are consistent with efficiency, economy, quality and equality of access to care. However, by using payment methodologies that assure that payments bear little or no relationship to the cost of care, Connecticut guarantees that the requirements of the federal law will not be met. In fact, there is no evidence that Connecticut sets payment rates to nursing facilities on an objective, reasonable and principled basis. Instead, payment rates are set based solely on state budgetary considerations.

In addition to expert testimony, CAHCF's Motion for a Preliminary Injunction cites various state-sponsored studies that have found that the reimbursement system does not adequately reflect the actual costs of wages, benefits and staffing. It also demonstrates that Governor Rell has allowed state budget considerations to trump all other considerations, even the guarantees of federal law.

As we have stated previously, CAHCF has filed this lawsuit as a last resort to compel the state to comply with federal law. Today's Motion for Preliminary Injunction is the next step to compel the state do the right and lawful thing by the United States District Court.

Please do not hesitate to contact me should you have any questions or concerns regarding this matter.

Sincerely,

A handwritten signature in blue ink that reads "Matthew V. Barrett". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Matthew V. Barrett
Executive Vice President

cc: CAHCF Board of Directors