

CONNECTICUT ASSOCIATION OF HEALTH CARE FACILITIES, INC.

March 20, 2017

Written testimony of Matthew V. Barrett, President/CEO of the Connecticut Association of Health Care Facilities (CAHCF), Inc.

S.B. No. 797 AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS FOR PUBLIC HEALTH PROGRAMS.

Good afternoon Senator Gerratana, Senator Markley, Representative Steinberg and to the members of the Public Health Committee. My name is Matthew V. Barrett, President and CEO of the Connecticut Association of Health Care Facilities (CAHCF), our state's one hundred and sixty- member trade association of skilled nursing facilities and rehabilitation centers. Thank you for this opportunity to offer testimony in opposition to Section 1 of **S.B. No. 797 AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS FOR PUBLIC HEALTH PROGRAMS.**

This provisions in Section 1 will increase civil monetary penalties issued to nursing homes as follows: (1) Class A violations will be quadrupled from not more than five thousand dollars (\$5,000) to twenty thousand dollars (\$20,000) and (2) Class B violations increased almost as much from not more than three thousand dollars (\$3,000) to ten thousand dollars (\$10,000).

This provision appears to be introduced for the sole purpose of increasing revenue during these difficult budget times. The state Office of Policy and Management estimates increased revenue associated with this provision of \$300,000 beginning July 1, 2017. Simultaneously, in this regard, it is important to point out that the FY 2018 and FY 2019 proposed budget before the Appropriations for ten years now, removes all statutory and regulatory inflationary increases for nursing homes. For the upcoming biennial budget period, this amounts to \$144 million completely lined out of the nursing

home Medicaid line item. As drafted, Section 27 of H.B. No. 7040 AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS FOR HUMAN SERVICE PROGRAMS includes a significant rate decrease if the rates do not include a customary stop loss in the rebasing of the rates.

We ask that the Public Health Committee consider that the proposed dramatic and unprecedented state level increase in the civil monetary penalties come on the heels of a dramatic increase in the federal civil monetary penalties that are also imposed on Connecticut nursing homes by the Center for Medicare and Medicaid Services (CMS). As of September 6, 2016, federal civil penalties are up in most cases over one hundred percent (100%). Under the existing rules, nursing homes can, and often are, fined both at the state and federal level at the discretion of DPH. Accordingly, Connecticut nursing homes are effectively double penalized under current rules and those fines have increased dramatically just six months ago.

Finally, Section 1 of the bill includes a subtle but significant change in altering the definition of a Class B citation from a "probability" to a "potential for" death or serious harm. This is a much broader standard for enforcement. We are not aware of any increase in the incidences of these Class B citations or other reasons to warrant this significant change in policy.

For these reasons, we urge no action on Section 1 of S.B 797.

Thank you for this opportunity to testify. I would be happy to answer any questions you may have.

For additional information, contact Matthew Barrett, at mbarrett@cahcf.org or at (860) 290-9424.