



June 19, 2017

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

Senator Blumenthal Emergency Field Hearing on Affordable Care Act Repeal

Good morning Senator Blumenthal. My name is Matthew 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 organizing this opportunity to offer testimony at this morning's Emergency Field Hearing on Affordable Care Act Repeal.

First, I am asking that the body of information you are gathering today will include the latest version of a letter expressing deep concern from a collaboration of health care provider across the continuum of care---the Connecticut Association of Health Care Facilities, the Connecticut Hospital Association, the Connecticut State Medical Society, LeadingAge Connecticut, and the Connecticut Association of Healthcare at Home--- about the negative impact the American Health Care Act (AHCA) passed by the House of Representatives will have on Connecticut patients, providers and communities. We believe that the repeal of the Affordable Care Act and the proposed changes to the Medicaid and Medicare programs contained in this bill will adversely affect our members and the people they serve.

I also enclose for the record an issue brief from the American Health Care Association (AHCA), "Preserve and Protect Medicaid Funding for Long Term Care."

Finally, I also enclose for your consideration in the field hearing record an Op-Ed contribution published in the New York Times on June 13, 2017, "You're Probably Going to Need Medicaid." The authors David Grabowski, professor of health care policy at Harvard Medical School, Jonathan Gruber, professor of economics at M.I.T. and Vincent Mor professor of health care policy at Brown, shatter the common misunderstanding that Medicaid is "somebody else's" insurance. While the piece does focus on the devastation that is caused to patients when nursing homes experience reduced Medicaid funding, the piece is also an important reminder of how Medicaid is a safety net program for low income Americans across the spectrum---older adults, persons with disabilities, families with children, and adults who are not able to afford health insurance.

Last month's action in the US House of Representatives to "repeal and replace" the Affordable Care Act was viewed by some as a victory while others claim it is a catastrophe for our nation's health care system. For the Connecticut Association of Health Care Facilities (CAHCF) and its members, skilled nursing home residents and employees, for the elder care

profession, for people with disabilities, and for the entire community of Long Term Services and Supports (LTSS) caregivers--there is nothing good---absolutely nothing---in a bill that cuts federal Medicaid spending by over \$800 billion over 10 years, jeopardizes the five decades-long Medicaid entitlement, and results in 23 million people becoming uninsured by 2018. There is no question that the House-passed American Health Care Act threatens the economic security of our nation's aging population, and the provider communities who strive to meet their aging service needs. AHCA is now concerned that the US Senate is may act on the bill in the very near future.

Here in Connecticut, a state in a period of ongoing fiscal instability with a forecasted budget deficit approaching \$5 Billion over the next two years, Governor Malloy's budget office had previously estimated the Connecticut federal revenue loss in the House repeal and replace bill at \$1 billion. Moreover, the well-documented and dramatic aging of Connecticut's population (a 51% increase in over 65-cohort by 2025), heightens the urgent need for protection and preservation of Connecticut Medicaid spending as the front and center concern of CAHCF and the entire Connecticut LTSS community. In short, Connecticut's fiscal outlook and its ability to address the ongoing health care needs of poorer residents, especially the increasing LTSS needs of our population, would be very seriously undermined if the Senate were to adopt the AHCA in its current form. The future needs of Medicaid's aging and disability populations with a Consumer Price Index plus one percent cost increase allowance will inevitably leave state's like Connecticut shouldering a significantly greater and unsustainable burden under Medicaid. Moreover, the consequences of these additional burdens should be very worrisome to Connecticut nursing home providers who now already experience a \$25 per day Medicaid reimbursement shortfall.

For these reasons, we remain opposed to adoption of the House passed American Health Care Act. Thank you for this opportunity to testify at this important field hearing. 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.

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We, the *Connecticut Hospital Association*, the *Connecticut State Medical Society*, *LeadingAge Connecticut*, *Connecticut Association of Healthcare at Home* and the *Connecticut Association of Healthcare Facilities* remain deeply concerned about the impact that the American Health Care Act (AHCA) passed by the House of Representatives will have on Connecticut patients, providers and communities. We believe that the repeal of the Affordable Care Act and the proposed changes to the Medicaid and Medicare programs contained in this bill will adversely affect our members and the people they serve.

Connecticut residents have benefitted from the Affordable Care Act and the expansion of the Medicaid program which now provides a lifeline to one out of five Connecticut citizens and is the most important financial resource available for families who need help covering the cost of long-term services and supports, whether in their homes and communities or in nursing homes.

Our shared goal is to ensure that all residents of Connecticut receive access to high quality and affordable healthcare and long term services and supports and that the providers who care for them are reimbursed appropriately.

We would like to outline for you our top priorities and concerns as the Senate considers a similar repeal of the Affordable Care Act, and possible changes to the Medicaid and Medicare programs:

Affordable Care Act Repeal

Patient care and access are top priorities. We are opposed to repealing the ACA without a replacement that ensures access, coverage and pathways to payment models to achieve better outcomes, higher quality and reduced cost.

Medicaid Program Restructuring

Any Medicaid restructuring should ensure that beneficiaries continue to have access to high-quality healthcare coverage. In addition, Medicaid restructuring should be designed to ensure that providers are appropriately paid for the healthcare and long-term care services provided, including mechanisms to correct the current inadequate levels of reimbursement for many Medicaid providers. Changing Medicaid to a block grant or per capita cap financing system would negatively affect access to quality hospital care, healthcare and long-term services and supports for older adults and other vulnerable populations in Connecticut. This change in the financing system will threaten the security of millions of people who count on the program throughout their life span, including in their later years, and further threatens the financial viability of many of the providers who care for them.

Medicare

Medicare must remain a strong and guaranteed health program for our seniors.

Medicare, Medicaid, CHIP and other safety net programs must be adequately funded and no further reductions to hospitals, physicians, skilled nursing facilities, home care and other safety net providers should be considered.

We continue to stand together in opposition to the AHCA and encourage the Senate to reject the elements of the bill which endanger access to quality care and which would end Medicaid as we know it.

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Preserve and Protect Medicaid Funding for Long Term Care



Medicaid is the primary payer for long term services and supports (LTSS). It covers a range of services, including those needed by people to live in the community such as home health and personal care, as well as services provided in traditional settings such as nursing centers. Many of these critical services are not covered by Medicare or private insurance. Medicaid pays for 63 percent of people receiving nursing center care and about 19 percent of assisted living residents, and this number is only expected to increase over the next few decades.

Medicaid's Chronic Underfunding of Nursing Center Care

In the absence of a federal statute requiring state Medicaid programs to reimburse for the cost of care, LTSS providers continue to struggle with operating costs such as skilled labor and increased use of medical technologies, which exceed reimbursements from Medicaid. An independent national study estimates that the national Medicaid shortfall for nursing centers was \$21.20 per Medicaid patient, per day in 2014. In other words, Medicaid reimbursed, on average, approximately 90 cents for each dollar of allowable costs nursing centers incurred caring for Medicaid patients. In fact, the Medicare Payment Advisory Commission (MedPAC) has found that Medicaid's share of patients in a center influences the overall margin: "The higher the share of Medicaid patient days in a center, the lower its total margins." Additional research suggests that higher Medicaid nursing center rates may help contribute to lower Medicare expenditures, highlighting the importance of payment adequacy.

Home & Community-Based Services Option

AHCA/NCAL believes that individuals should receive essential LTSS in the least restrictive and most appropriate care setting, including home and community-based services (HCBS), such as assisted living communities and group homes, as well as home health and personal care services. Still, we are concerned about recent research that has shown that individuals who transition from a nursing center to HCBS have a greater risk of hospitalization, highlighting the need for appropriate transition planning if such services are to be cost effective. In addition, similar payment challenges exist for HCBS services as they do for other traditional LTSS, with state Medicaid programs typically reimbursing providers below actual costs of care and providing insufficient funds to cover the cost of assisted living residents' room and board. With the implementation of a new HCBS rule by the Centers for Medicare & Medicaid Services, there are ongoing concerns with how states will define HCBS in the coming years and ensuring settings like assisted living continue to be able to be included in the Medicaid waiver programs.

Managed Care

Medicaid managed long term services and supports (MLTSS) is a rapidly growing payment and systems transformation effort, with an increasing number of states choosing to deliver LTSS through arrangements with managed care organizations. MLTSS programs differ significantly from state to state, including the populations covered, whether enrollment is mandatory or voluntary, the geographic reach of the program, and the number of contracted plans per region. There is a widely held view that providing coverage through a managed care model may lead to improved coordination and cost savings through reductions in utilization. However, research on the effects of managed care on reducing costs and improving outcomes is limited, and the few evaluations conducted to date indicate that results are mixed. As states continue to transition to this delivery system model, it is critical to ensure that states and plans are equipped and able to provide high quality and cost-effective care for complex patients with varying needs.

Working Toward Longer-term Solutions

AHCA/NCAL welcomes the opportunity to work with Congress and the Administration on innovative solutions that address the real challenges ahead in terms of providing quality LTSS, while preserving the Medicaid safety net – especially as new health care insurance reforms expand access to, and reliance on the Medicaid program for millions of Americans.

Key Facts

- ▶ 63% of nursing center patients & 19% of assisted living residents rely on Medicaid on any given day for their care.
- ▶ Medicaid is the largest payor of long term services and supports.
- ▶ Medicaid reimburses 90 cents for each dollar of allowable costs nursing centers incurred in 2014, on average.
- ▶ The share of Medicaid payment directly affects nursing centers' overall margins—the higher the share of Medicaid, the lower the overall margin.



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You're Probably Going to Need Medicaid

By DAVID GRABOWSKI, JONATHAN GRUBER and VINCENT MOR JUNE 13, 2017

Imagine your mother needs to move into a nursing home. It's going to cost her almost \$100,000 a year. Very few people have private insurance to cover this. Your mother will most likely run out her savings until she qualifies for Medicaid.

This is not a rare event. Roughly one in three people now turning 65 will require nursing home care at some point during his or her life. Over three-quarters of long-stay nursing home residents will eventually be covered by Medicaid. Many American voters think Medicaid is only for low-income adults and their children — for people who aren't “like them.” But Medicaid is not “somebody else's” insurance. It is insurance for all of our mothers and fathers and, eventually, for ourselves.

The American Health Care Act that passed the House and is now being debated by the Senate would reduce spending on Medicaid by over \$800 billion, the largest single reduction in a social insurance program in our nation's history. The budget released by President Trump last month would up the ante by slashing another \$600 billion over 10 years from the program. Whether the Senate adopts cuts of quite this magnitude or not, any legislation that passes the Republican Congress is likely to include the largest cuts to the Medicaid program since its inception.

Much focus has rightly been placed on the enormous damage this would do to lower-income families and youth. But what has been largely missing from public discussion is the radical implications that such cuts would have for older and disabled Americans.

Medicaid is our nation's largest safety net for low-income people, accounting for one-sixth of all health care spending in the United States. But few people seem to know that nearly two-thirds of that spending is focused on older and disabled adults — primarily through spending on long-term care services such as nursing homes.

Indeed, Medicaid pays nearly half of nursing home costs for those who need assistance because of medical conditions like Alzheimer's or stroke. In some states, overall spending on older and disabled adults amounts to as much as three-quarters of Medicaid spending. As a result, there is no way that the program can shrink by 25 percent (as under the A.H.C.A.) or almost 50 percent (as under the Trump budget), without hurting these people.

A large body of research, some of it by us, has shown that cuts to nursing home reimbursement can have devastating effects on vulnerable patients. Many nursing homes would stop admitting Medicaid recipients and those who don't have enough assets to ensure that they won't eventually end up on Medicaid. Older and disabled Medicaid beneficiaries can't pay out of pocket for services and they do not typically have family members able to care for them. The nursing home is a last resort. Where will they go instead?

Those who are admitted to a nursing home may not fare much better. Lowering Medicaid reimbursement rates lead to reductions in staffing, particularly of nurses. Research by one of us shows that a cut in the reimbursement rate of around 10 percent leads to a functional decline of nursing home residents (that is, a decline in their ability to walk or use the bathroom by themselves) of almost 10 percent. It also raises the odds that they will be in persistent pain by 5 percent, and the odds of getting a bed sore by 2 percent.

Finally, these cuts would just shift costs to the rest of the government. Lower-quality nursing home care leads to more hospitalizations, and for Americans over 65, these are paid for by another government program, Medicare. One-quarter of

nursing home residents are hospitalized each year, and the daily cost of caring for them more than quadruples when they move to the hospital. Research shows that a reduction in nursing home reimbursements of around 10 percent leads to a 5 percent rise in the odds that residents will be hospitalized. So care for seniors suffers, and the taxpayer pays.

Mr. Trump and the Republicans would lower spending on the frailest and most vulnerable people in our health care system. They would like most Americans to believe that these cuts will not affect them, only their “undeserving” neighbors. But that hides the truth that draconian cuts to Medicaid affect all of our families. They are a direct attack on our elderly, our disabled and our dignity.

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A version of this op-ed appears in print on June 13, 2017, on Page A27 of the New York edition with the headline: Medicaid Is for Everyone.

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