

CT proposes financial penalty for nursing homes with empty beds



Stephen Busemeyer/CT Mirror

The Newtown Rehabilitation & Health Care Center in Newtown reported about 76% occupancy on Feb. 12, data show. STEPHEN BUSEMEYER / CT MIRROR

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A new bill proposed by the [Connecticut Department of Social Services](#) would financially penalize nursing homes that don't have more than 90% of their beds filled over a 12-month period.





“Essentially, we no longer want to pay for excess beds. We really want to encourage the nursing home community to delicense excess beds,” DSS Commissioner Andrea Barton-Reeves said at a public hearing on the bill on Tuesday. “They are now paid on essentially capacity basis. So there’s not an incentive to either fill the beds or delicense them.”

Barton-Reeves said if the nursing homes aren’t able to keep capacity at 90% for a 12-month period and they don’t delicense the empty beds, they would see a reduction of 10% in what the agency calls “AG costs,” which represents the portion of funding that goes to administrative and general costs, where most providers earn their profits.

“If those beds are not delicensed within a 12-month period ... we are no longer paying for empty beds that aren’t actually providing additional care and providing more capacity in the system,” Barton-Reeves said.

The commissioner said that the bill is part of the department’s ongoing efforts to “right-size” the nursing home industry as state officials transition to placing more funding into home health care options to keep people in their homes rather than placing them in nursing homes.

But for nursing home providers, the proposed bill is just the latest step by the state to reduce funding for facilities that are still struggling to recover from the pandemic.

Matthew Barrett, president and CEO of the Connecticut Association of Health Care Facilities, said the bill would “dramatically reduce Medicaid rates by \$3.50 [per patient] per day” based on recent data. He said up to 75% of the state’s roughly 200 nursing homes could be impacted.

“A policy of this type is a penalty in the rates for facilities that don’t meet the state’s aggressive rightsizing and rebalancing objectives,” Barrett said.

“This is a substantial cut at a time when nursing home operators say they are losing ground against ravaging inflation and are reporting significant higher staffing costs due to the severe shortages,” Barrett said.

Barrett said that nursing homes that are chronically below occupancy levels are already penalized by DSS by having Medicaid payments reduced. Adding a second penalty that would target administrative costs would be a double financial hit.

Barrett said taking away AG costs in addition to reducing the Medicaid rate if a home is non-compliant is “excessive and punitive.” AG costs include everything from employee benefits to social security payments to job postings and management service fees.

“In this sense, the policy to additionally reduce the administrative and general component of the rates is a doubling of a penalty,” Barrett said.

Mag Morelli, head of LeadingAge Connecticut, which represents non-profit nursing home providers, said her agency isn’t necessarily against the bill but offered some caveats.

“We are currently in a workforce crisis that is necessitating quality nursing home providers to self-impose restrictions on admissions so they can adequately staff for the resident population in their care. We do not want to see them punished for taking the appropriate steps to provide quality nursing home care,” she said.

The bill is the latest in a series filed this legislative session that focuses on how nursing homes spend money from the state. There are bills calling for more transparency on who actually owns the facilities as well as one calling for raising the minimum amount of hourly care they must provide residents.

In her testimony, the commissioner said that the proposed bill is part of another change that will be coming in July 2024.

“Starting in July of 2024, nursing homes will be placed in a peer group depending on their licensed bed capacity,” Barton-Reeves testified. “So this would allow for more fairness and ratings and payments among nursing homes within their own peer group.”

The commissioner said the bill is just the beginning of the department’s financial review of nursing homes.

“This is actually just the beginning of the work that we’re starting to do to align and better determine how rates are paid to nursing homes,” Barton-Reeves said.

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