

CONNECTICUT ASSOCIATION OF HEALTH CARE FACILITIES, INC.

February 5, 2015

Written testimony of Matthew V. Barrett, Executive Vice President of the Connecticut Association of Health Care Facilities (CAHCF) Re:

***Proposed H.B. No. 5586 AN ACT INCREASING NURSING FACILITY RATES.**

***Proposed H.B. No. 5812 AN ACT CONCERNING A COST OF LIVING INCREASE FOR NURSING FACILITIES.**

***Proposed S.B. No. 231 AN ACT CONCERNING COST-OF-LIVING INCREASES FOR NURSING HOMES.**

Good afternoon Senator Moore, Representative Abercrombie and to the members of the Human Services Committee. My name is Matthew V. Barrett. As the Executive Vice President of the one-hundred an sixty member CAHCF, I am pleased to offer testimony in support of HB 5586, HB 5812, and SB 231.

First I want to join the chorus of skilled nursing facilities publicly thanking the state legislators who introduced these badly needed bills---House Republican Leader Klarides, and Representatives Perillo and Gentile, and State Senator Crisco. And also thank you also to the Human Services Committee for including these bills at this public hearing.

The bills all get to the same issue. Medicaid Nursing facility rates have been basically flat since 2007, but costs have been dramatically rising. The bills address the fundamental problem of the escalating cost of providing high quality health care by increasing payments based on a cost of living adjustment. Dozens of skilled nursing facilities from all across Connecticut have submitted testimony or have appeared in person at today's public hearing to express what this dilemma means where the care is actually delivered---at the skilled nursing facility.

The message from the operator's point of view is simple----they need your help. The skilled nursing facilities just can't continue on a path where no help is provided without strapping our employees and jeopardizing quality.

In late 2014 the CAHCF formed a workgroup consisting of individuals in the following disciplines: legal, operational, clinical, finance and reimbursement from the skilled nursing facility sector . Over the course of several weeks the workgroup collaborated to identify and quantify uncontrollable annual cost increases incurred from October 1, 2011 by a typical 120-bed nursing facility located in Connecticut. The date of

October 1, 2011 was chosen as it represents periods subsequent to the latest period used to rebase Medicaid rates for the nursing facilities.

Preliminary findings indicate that, with respect to the uncontrollable annual cost increases, the typical 120-bed nursing facility would incur approximately \$89,500, consisting of:

- Electricity Rates - \$17,000
- Natural Gas Rates – \$12,000
- FUTA Credit Reduction - \$16,000
- Affordable Care Act - \$39,000
- Encryption Software (HIPPA) - \$500
- Criminal Background Checks - \$5,000

The workgroup has not finished its analysis as of the date of this report. Additional identifiable and quantifiable costs are anticipated which are likely to include those associated with the following:

- PA 13-70 Training staff about fear of retaliation
- PA 14-194 Dementia training
- PA 14-231 Oral health and hygiene training
- PA 13-208 Section 3 Background checks for volunteers

CAHCF will share its final findings with the Human Services. CAHCF believes the uncontrollable cost increase facts make the case for advancing HB 5586, HB 5812, and SB 231.

Thank you and I would be happy to answer any questions you may have.