Informational Forum on Nursing Homes
February 6, 2020

Balancing the System of Long-Term Services and Supports

LeadingAge Connecticut and CAHCF/CCAL have both supported the State's rebalancing effort and we remain committed to working with the State on all of the various aspects of the rebalancing plan, including the need to adequately fund all sectors of the long-term services and supports continuum. It is within this context that we view the transition to a case-mix nursing home reimbursement system and continue our advocacy for a thoughtful voluntary nursing home bed reduction strategy.

Transitioning to a Case-Mix Nursing Home Reimbursement Rate System
Working Together to Make it Right

Our associations support the development of a case-mix nursing home reimbursement rate system that will include an acuity-based element to the payment rate as well as value-based performance incentives and we have been working together with the Department of Social Services and their consultants as they develop the new system. The State has a target implementation date of July 1, 2020 for the new system and it will replace the current cost-based system.

While we welcome a transition, we also realize that it will be a major change to the reimbursement system and will potentially have a significant financial impact on the nursing home sector. It is therefore vital that we work together to ensure that quality nursing home care is not disrupted in this transition.

We have two main areas of concern:

1) **This new reimbursement system will only meet its intended objectives if it is fully funded.**

   - The current cost-based system has an annual funding shortfall estimated to be $120 million. This estimate is based on the State's own calculation of the rates utilizing what the State considers to be the allowable costs of providing care.

   - This new case-mix system is currently planned to be "budget neutral" - which automatically means it too will be underfunded, but by what level we do not yet know. Therefore, if we do not increase the current level of funding, the new system will not be allowed to work as designed and will not meet the stated objective of appropriately funding high acuity care. The current funding will just be reallocated within the system, but not at the rate levels needed. As a result, we fear that many quality nursing homes may be negatively affected by a reduction in their rates and others will not receive the funding necessary to cover the cost of caring for higher acuity residents.

- Similarly, it will be essential that the performance incentive payments, which are a hallmark feature of the proposed case mix system, be funded with additional resources. Given the demonstrated underfunding now present in the system, we believe it would significantly undermine the very objective of quality improvement if incentive funds were diverted from existing underfunded resources.

2) **With a July 1, 2020 implementation date, the development of the new system is on a fast track.** We will not be able to see financial models of the new system until late March or April – and so we will not begin to have knowledge of the impact (or potential impact) of the system until that time. Because of this uncertainty, we must be prepared with the information necessary to design the right system in this limited time period.

   We therefore are requesting the following information be available and utilized to ensure that the system design will deliver the resources needed to **provide consumer access** to quality nursing home care, an ability to **retain and recruit our workforce**, and to **meet the quality of life and physical environment expectations** of consumers and regulators.

   1) A fiscal evaluation that identifies the level of funding needed to fully fund the final case-mix rate system model.
   2) A facility-by-facility impact analysis.
   3) An access to care analysis to assure a sufficient supply of nursing facility beds and services, including specialty services.

   We also ask that the new system include:

   1) A provision to adequately reimburse for the costs of providing specialty long-term care for diagnoses or behaviors that may not be captured by traditional acuity measures.
   2) A provision for value-based performance incentives funded through the allocation of new financial resources.
   3) A rate differential for nursing facilities within Fairfield County.
   4) Timely inflationary adjustments and periodic rebasing of the base rates.
   5) A phased-in implementation schedule, including a stop-loss provision.
   6) To incentivize voluntary bed reduction, the ability for nursing homes to proactively request a reduction in licensed bed size prior to the implementation of the new rate system and have the new smaller bed count be applied to their calculated base rate.
   7) Training on this new system for nursing facility staff.

We want to take this opportunity to thank Commissioner Gifford and her staff for including us in the planning process and to acknowledge the expertise provided by their consultant, Meyers and Stauffer. We look forward to receiving the draft case mix model options and backup materials as we continue to work together to develop this new reimbursement system and to ensure that quality nursing home care is not disrupted in the transition.

Matthew V. Barrett, President & CEO, CAHCF/CCAL, 860-290-9424, mbarrett@cahcf.org
Mag Morelli, President, LeadingAge Connecticut, 203-678-4477, mmorelli@leadingagect.org