CAHCF/CCAL
Connecticut Association of Health Care Facilities
Connecticut Center for Assisted Living

March 8, 2022

Written testimony of Matt Barrett, President/CEO of the Connecticut Association of Health Care Facilities and the Connecticut Center For Assisted Living (CAHCF/CCAL) in opposition to H.B. No. 5310 AN ACT REQUIRING NURSING HOME FACILITIES TO SPEND AT LEAST NINETY PER CENT OF MEDICAID FUNDING PROVIDED BY THE STATE ON DIRECT CARE.

Good morning Senator Miller, Representative Garibay, and to the distinguished members of the Aging Committee. My name is Matt Barrett. I am the President and CEO of the Connecticut Association of Health Care Facilities (CAHCF), a state trade association and advocacy organization of one-hundred and sixty skilled nursing facilities and assisted living communities. Thank you for this opportunity to testify in opposition to H.B. No. 5310 AN ACT REQUIRING NURSING HOME FACILITIES TO SPEND AT LEAST NINETY PER CENT OF MEDICAID FUNDING PROVIDED BY THE STATE ON DIRECT CARE.

H.B. No. 5310 would require in nursing home annual cost report filings beginning with the cost report year ending on September 30, 2022, additionally prepare and submit pain language summaries with annual cost reports. The summaries would be required to include the percentage of Medicaid funding allocated to (I) the five cost components of allowable costs, and (II) any related party information. Further, the bill would require the Department of Social Services annually, starting January 1, 2023 post on the department's Internet web site a link to the annual cost report and the summaries.

H.B. No. 5310 would also mandate the Department of Social Services, annually and beginning on July 1, 2022, to require nursing homes to spend not less than ninety per cent of Medicaid funding received from the state on direct care of residents, provided DSS may adjust the percentage spent on direct care for approved nursing home capital improvement projects or a fair rent increases.

Further, the bill provides that beginning annually on July 1, 2024 that DSS may decrease rates of reimbursement for any nursing home that does not comply with these new requirements. H.B. 5310 includes the following definitions concerning these new provisions: (A) "direct care" means hands-on care provided to a facility resident by nursing personnel, including, but not limited to, assistance with feeding, bathing, toileting, dressing, lifting or moving residents, medication administration and salary, fringe benefits and supplies related to direct care; and (B) "nursing personnel" means an advanced practice registered nurse, licensed pursuant to chapter 378, a registered nurse or practical nurse, licensed pursuant to chapter 378, or a nurse's aide, registered pursuant to chapter 378a.

Mandating 90% of Medicaid Funding on Direct Care Leaves only 10% for all other nursing homes services and supports

There are five costs categories with allowable cost maximums: 1. Direct - Nursing and nurse aide personnel salaries, related fringe benefits and nursing pool costs. 2. Indirect - Professional fees, dietary, housekeeping, laundry personnel costs and expenses and supplies related to patient care. 3. Administrative and General - Maintenance and plant operation expenses, and salaries and related fringe benefits for administrative and maintenance personnel. 4. Property (Fair Rent) - A fair rental value allowance is calculated to yield a constant amount each year in lieu of

interest and depreciation costs. 5. Capital Related - Property taxes, insurance expenses, moveable equipment leases and moveable equipment depreciation. *See also* *https://portal.ct.gov/DSS/Health-And-Home-Care/Medicaid-Nursing-Home-Reimbursement/Nursing-Facility-Cost-Reportsports*.

We are opposed to this provision because all five of the cost components used in setting nursing home rates are essential and mandating 90% of Medicaid funding be spent on direct care would unsatisfactorily leave only 10% of the overall Medicaid funding for all other nursing homes services and supports.

Transparency: Nursing Home Costs Have Allowable Cost Maximums, Public Cost Reporting and State Audits.

Presently, nursing home financial information such as expenditures, revenue and balance sheet data are submitted annually to the Department of Social Services for per diem rate-setting purposes. Nursing home submit annual cost reports annually for these purposes. DSS conducts annual audits of nursing homes. Facility costs, calculated on a per diem basis by category, are limited to maximums established as percentages of median costs in the Direct, Indirect and Administrative/General categories. In addition, all for for-profit nursing homes must also include in their annual reports to DSS a profit and loss statement from each related party that receives from the nursing home fifty thousand dollars or more per year for goods, fees and services. We are opposed to the additional and burdensome reporting proposed in the bill as it duplicates the considerable reporting and oversight that nursing homes now produce and report to DSS.

Conclusion: Focus on Historic Nursing Home Staffing Shortages

CAHCF/CCAL supports the effort to ensure adequate staffing at all nursing homes and to compensate all nursing home caregivers and employees at a level that recognizes their value. However, we favor a focus on elevating the status and importance of long-term care staff through recruitment and retention strategies and providing long underfunded nursing homes with the financial resources needed to address these staffing issues. A significant state and federal investment will be required to increase staffing requirements, minimum staffing ratios, or to increase nursing home employee wages during or after the pandemic when there are limited trained individuals to fill the positions and not enough resources to cover additional, unfunded costs.

Thank you again for this opportunity to testify on the bill as drafted. I would be happy to answer any questions you may have.

For additional information, contact: Matt Barrett, mbarrett@cahcf.org or 860-290-9424.