

# CONNECTICUT ASSOCIATION OF HEALTH CARE FACILITIES, INC.

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November 15, 2016

## **Written testimony of Matthew V. Barrett, President/CEO of the Connecticut Association of Health Care Facilities (CAHCF), concerning the Health Care Cabinet's Cost Containment Study Required by Public Act 15-146 and the Consultant's (Baillet Health) Recommendations**

Thank you Lt. Governor Wyman and Members of the Health Care Cabinet for this opportunity to submit written testimony on the important work of the Cabinet in implementing the statutory charge of Public Act 15-146.

### **A Medicaid Statewide Cost Growth Cap Will Harm Long Term Services and Support Recipients, Providers and Employees.**

Launching a Medicaid statewide healthcare cost growth cap when there has been a longstanding period of flat Medicaid reimbursement below the cost of care for skilled nursing facilities and rehabilitation centers will undermine quality of care, accelerate instability in the health care sector, and jeopardize nursing home jobs as revenues will inevitably decline as demand for services rises.

As background, Connecticut nursing facilities and rehabilitation centers remain in a period of challenging times. The Medicaid funding gap between providing care and its costs is widening dramatically. In 2015, nursing home providers were on average reimbursed \$25.43 per patient day less than what it costs to care for their residents. For the typical nursing facility, this represents over \$500,000 per year in unfunded costs. As the cost of providing care to an older and more complex nursing home population has been on the rise, there has been no general Medicaid rate increases in the system since 2007. Expecting nursing homes to shoulder the consequences of the Medicaid shortfall through Medicare revenues and other private paying sources is unrealistic given the simultaneously diminishing revenues from those payment sources.

Connecticut has already seen the consequences of underfunding nursing homes. There has been a sustained period of nursing facility receiverships, bankruptcies and facility closures. Moreover, there are 600,000 residents in Connecticut over the age of 60. Connecticut's aging population is among the oldest in the nation with over 160,000 Connecticut citizens over the age of 80 according to a December 2012 report issued by the U.S. Census Bureau. Much is being asked of our nursing facilities today, and more will be asked in the future, given the dramatic aging of our population. Investing in nursing homes is imperative in a state with one

million baby boomers. For these reasons, we are urging the Cabinet to reject the imposition of a Medicaid statewide healthcare cost growth cap at this time.

### **Opposition to Medicaid Shared Risk Models for Long Term Services and Supports**

While Connecticut has moved away from the Medicaid risk model for Husky recipients implemented in the 1990s, some states today are unwisely and rapidly choosing to deliver much more complicated Medicaid LTSS through arrangements with managed care organizations. Regrettably there is an untested but emerging view that providing coverage through a managed care model may lead to improved coordination and cost savings through reductions in utilization. This is not the overall Connecticut experience with Husky managed care, and there is every reason to believe that the outcome would be worse in a much more complex LTSS environment. Indeed, the national research on managed care on reducing costs is limited, and the few evaluations conducted to date indicate that results are mixed. For this reason, we urge the Cabinet to oppose moving in the direction of risk based models of care in the area of LTSS.

CAHCF welcomes the opportunity to work with the Cabinet on innovative solutions that address the real challenges ahead in terms of providing quality LTSS while adequately funding Medicaid so that it can be available to meet the challenges of delivering high quality care to Connecticut aging population

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