

CAHCF/CCAL

Connecticut Association of Health Care Facilities
Connecticut Center for Assisted Living

MEMORANDUM

TO: The Hon. Mae Flexer, Senate Subcommittee Chair
The Hon. Catherine Abercrombie, House Subcommittee Chair
Members of the Appropriations Subcommittee on Human Services

FROM: Matthew V. Barrett, President/CEO, CAHCF/CCAL

DATE: March 28, 2019

RE: Making The Needs of Connecticut's Aging Population in Skilled Nursing Homes a Priority / 4% Medicaid Rate Increase (2% State Impact of \$24 Million)

The one hundred and sixty skilled nursing homes and assisted living community members of CAHCF/CCAL remain grateful for the opportunity to have previously testified before the Appropriations Committee on the Governor's FY 2020 and FY 2021 Budget Recommendation and to the Human Services Committee on H.B. No. 7164 AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS FOR HUMAN SERVICES. As the Appropriations Subcommittee on Human Services continues to deliberate on the biennial budget recommendation, CAHCF/CCAL is once more asking that you make a substantial increase in Medicaid funding to skilled nursing homes a priority. Please continue to consider the following:

SUPPORT A FOUR PERCENT (4%) GENERAL MEDICAID RATE INCREASE FOR NURSING HOMES. A long overdue increase in Medicaid rates is essential in 2019 to address the cumulative impact of chronic underfunding and to address the nursing home staffing issues and minimum wage pressure now being experienced.

TWELVE YEARS OF FLAT MEDICAID FUNDING IS ENOUGH. Medicaid payments for Skilled Nursing Facilities have been almost completely flat since 2007 while inflationary increases amounting to hundreds of millions have been eliminated in the Connecticut state budget over the last decade.

COSTS RISING. The cost of providing high quality skilled nursing facility care in almost all areas is rising dramatically. Operators are losing ground every year while Medicaid funding is stagnant for facility operations, equipment and physical plant has been neglected for over a decade.

NURSING HOME STAFFING IS A MAJOR CONCERN IN 2019. With unprecedented low unemployment, the recruitment and retention of nursing home staff is nearing a crisis in Connecticut.

INCREASING THE MINIMUM WAGE WILL HAVE SIGNIFICANT IMPACT ON NURSING HOMES. Significant Medicaid resources will be needed to comply with new requirements and upward wage pressure as seventy percent (70%) of nursing home residents rely on Medicaid.

NURSING HOME RESIDENT CARE IS MORE COMPLEX. With more and more residents with lower care needs appropriately receiving care in home and community based settings, our skilled nursing facilities are now providing services to residents with the highest level of care needs and those challenged by dementia or Alzheimer's disease. Residents with a substance use disorder in addition to the typical skilled nursing resident needs are presenting additional unfunded challenges in 2019.

MEDICAID AND EMPLOYEES. Skilled Nursing Facilities have given raises and entered into collective bargaining agreements with employee unions in the past when adequate Medicaid resources have been available.

MEDICAID FUNDING SHORTFALL. Connecticut Medicaid currently underfunds the cost of providing care by more than \$25 per patient day. The average Medicaid census in nursing homes is approximately 70% of its residents, and this can be well over 90% in many urban facilities.

LOWEST COST PER HOUR. On an hourly basis, comprehensive skilled nursing care including all costs (nursing care, housing, dietary, personal needs, etc.) is less than \$ 10.00 per hour.

PROVIDER TAXES. Skilled nursing and rehabilitation centers pay provider taxes totaling over \$ 150 million annually. These revenues significantly increase the federal Medicaid matching revenue for Connecticut receives which supports increased Connecticut General Fund expenditures in the state budget.

LONG-TERM CARE REBALANCING. Connecticut can save Medicaid dollars and accelerate its policy goal to serve more individuals in home and community based settings by adopting a responsible nursing home voluntary bed reduction policy, and implementing cost effective policies to repurpose and diversify the nursing home care model.

Once more, CAHCF/CCAL appreciates the consideration of the Appropriations Subcommittee on Human Services. Please do not hesitate to contact me if I can provide any additional information.

Thank you.

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