



February 28, 2023

Testimony of Matt Barrett, President and CEO of the Connecticut Association of Health Care Facilities / Connecticut Center For Assisted Living (CAHCF/CCAL).

S.B. No. 1109 (RAISED) AN ACT CONCERNING MEDICAID REIMBURSEMENT TO COMMUNITY LIVING ARRANGEMENTS, INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES, RESIDENTIAL CARE HOMES AND NURSING FACILITIES:

CAHCF has concerns about several provisions in this Bill and seeks the opportunity to inquire with the Connecticut Department of Social Services as to their intent and objectives in offering these measures for adoption this session. Additionally, CAHCF includes below a range of recommendations to the enabling rate setting statute (17b-340d) as our state moves forward with modernizing the rates.

QUESTIONS AND CONCERNS ABOUT THE DSS PROPOSAL IN SB 1109

Rate Rebasing Schedule in (9) Questions

(9) On and after July 1, 2025, costs shall be rebased no more frequently than every two years and no less frequently than every four years, as determined by the commissioner. There shall be no inflation adjustment during a year in which a facility's rates are rebased. The commissioner shall determine whether and to what extent a change in ownership of a facility shall occasion the rebasing of the facility's costs.

As to subdivision (9), CAHCF would be very concerned about excluding costs of the base not being inflated in the rates for that year and needs to understand from DSS what policy objective would be achieved by such a provision, or is this a provision simply designed to limit budgetary growth. Similarly, CAHCF does not understand what policy objective is achieved by prohibiting an interim rate as such generally assures a new owner spends must make expenditures for facility operations based on the current rates they are receiving.

New Facility Rates Question about Definition of New Facilities

As to this provision: (10) The method of establishing rates for new facilities shall be determined by the commissioner in accordance with the provisions of this subsection. CAHCF is not aware of what the definition of New Facilities

Inflation Adjustment Policy Concerns and Questions

[(6)] (11) There shall be no increase to rates based on inflation or any inflationary factor for the fiscal years ending June 30, 2022, and June 30, 2023, unless otherwise authorized under subdivision (1) of this subsection. Notwithstanding any other provisions of the general statutes or regulations adopted thereunder, any subsequent increase to rates based on inflation as authorized for any succeeding fiscal year shall be adjusted as determined by the commissioner. The rate of inflation shall be computed based on the percentage increase, if any, in the most recent calendar year average in the gross domestic product deflator over the average for the previous calendar year. Any increase to rates based on inflation shall be applied prior to the application of any other budget adjustment factors that may impact such rates.

CAHCF is concerned that this provision in providing DSS with authority to adjust inflation unilaterally removes predictability in the rates and undermines facility planning and budgeting in key areas, such as establishing employee pay scales and wage increase, and collective bargaining. The association also has questions related to “lag time” implications and calendar year timelines in the proposal.

CAHCF RECOMMENDATION FOR ADDITIONAL REVISIONS TO THE RATE-SETTING ENABLING LAW

Finally, CAHCF has recommendations for additional revisions to this critically important nursing home rate enabling law as our state moves forward with proposal to modernize rates in subject matter areas unaddressed in the DSS proposal, such a policy development, legislative approval, rate withhold prohibition, and implementation process in the developing value based payment component in the rates; acuity based adjustments and growth limitations in the rates; a schedule of rebasing of the rates; annual inflationary adjustments to the rates; an interim rate process for extraordinary and unanticipated costs; special Medicaid rates for providing services to address special needs related to hospital discharges and capacity; and rate additions in the implementation of federal or state mandates.

CASE MIX AND PDPM RECOMMENDATIONS:

(1) Case-mix adjustments to the direct care component, which will be based on Minimum Data Set resident assessment data as well as cost data reported for the cost year ending September 30,

2019, shall be made effective beginning July 1, 2022, and updated every quarter thereafter. **On and after July 1 2023, there shall be no limitation on case mix index (CMI) growth and no imposition of rate stop gain corridors in the rates. The Commissioner shall evaluate using a Patient Driven Payment Model (PDPM) compared to the use of the Resource Utilization (RUGS) prior to the first rebasing of the rates.** After modeling such case-mix adjustments, the Commissioner of Social Services shall evaluate impact on a facility by facility basis and, not later than October 1, 2021, (A) make recommendations to the Secretary of the Office of Policy and Management, and (B) submit a report on the recommendations, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies and human services on any adjustments needed to facilitate the transition to the new methodology on July 1, 2022. This evaluation may include a review of inflationary allowances, case mix and budget adjustment factors and stop loss and stop gain corridors and the ability to make such adjustments within available appropriations.

FAIR RENT RETROACTIVE REVISION

(5) For the fiscal year ending June 30, 2022, the commissioner may, in the commissioner's discretion and within available appropriations, provide pro rata fair rent increases to facilities which have documented fair rent additions placed in service in the cost report year ending September 30, 2020, that are not otherwise included in the rates issued. **Retroactive for the fiscal year ending June 30, 2023 the commissioner shall provide, within available appropriations, pro rata fair rent increases, which may, at the discretion of the commissioner, include increases for facilities which have undergone a material change in circumstances related to fair rent additions in the cost report year ending September 30, 2021, and are not otherwise included in rates issued.**

FAIR RENT POLICY

(6) There shall be no increase to rates based on inflation or any inflationary factor for the fiscal years ending June 30, 2022, and June 30, 2023, unless otherwise authorized under [subdivision (1) of] this subsection. **Retroactive for the fiscal year ending June 30, 2023, and for the for the fiscal year ending June 30, 2024, and any succeeding fiscal year, without the imposition of any rate stop gain corridor, allowable operating costs, excluding fair rent, shall be inflated using the Regional Data Resources Incorporated McGraw-Hill Health Care Costs: Consumer Price Index (all urban)-All Items. The inflation index to be used pursuant to this subsection shall be computed to reflect inflation between the midpoint of the cost year through the midpoint of the rate year.**

FEDERAL AND STATE MANDATES

(8) Rates determined under this section shall comply with federal laws and regulations. **Rates determined under this section shall provide for a Medicaid rate add-on to cover any increased costs associated with the implementation of federal or state mandates, including**

but not limited to minimum staffing requirements, electronic health records, or infrastructure cost mandates.

RATE REBASING SCHEDULE

(9) On and after July 1, 2023, costs shall be rebased no more frequently than every two years and no less frequently than every four years, as determined by the commissioner.

RATES FOR SPECIAL SERVICES

(10) The commissioner of social services, within available appropriations, may establish a per diem specialized services Medicaid rate for designated beds licensed as chronic and convalescent nursing home or rest home with nursing supervision as defined in section 19a-490 of the general statutes to reflect the additional costs of providing any specialized services, including but not limited to increased personnel resources, equipment, therapies, ancillary costs or other supports, provided to address the needs of residents served with specialized needs.

NEW INTERIM RATE POLICY

(11) The commissioner of social services may authorize an interim rate for a facility demonstrating a significant change in operating costs, including but not limited to inflationary cost increases or staffing cost increase not reflected in the underlying rates.

VALUE BASED PAYMENT POLICY DEVELOPMENT, LEGISLATIVE OVERSIGHT AND IMPLEMENTATION PROCESS

(12) The commissioner of social services may implement a value based payment component in the Medicaid reimbursement of nursing home services no sooner than July 1, 2024. Such value based component shall include, but not be limited to: (A) a phase-in of the value based rates for a period of at least one year that will include a model showing a facility by facility impact and (B) the submission of a report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies and human services on the value based payment methodology and sufficiency of available new state appropriations prior to implementation; and (C) a federal state plan amendment submission to the to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies in accordance with 17b-8 of the general statutes prior to implementation. In no event shall the value-based payment program include a policy that includes a percentage rate reduction in the form a payment withhold.

For additional information, please contact Matthew Barrett at mbarrett@cahcf.org