



State of Connecticut
Office of Policy and Management &
Department of Social Services

Melissa McCaw
Secretary

Deidre S. Gifford, MD, MPH
Commissioner

February 3, 2022

Matthew V. Barrett
President / Chief Executive Officer
Connecticut Association of Health Care Facilities
213 Court Street, Suite 202
Middletown, CT 06457

Dear Mr. Barrett,

Thank you for continuing to prioritize high-quality support for Connecticut's nursing home residents. Working in partnership and in shared collaboration, we will continue to address the difficult challenges the public health emergency has placed on the nursing home industry and develop paths forward that deliver high-quality care for our nursing home residents.

The Administration recognizes the financial challenges associated with the costs of the public health emergency and has reviewed the concerns outlined in your letter dated January 19, 2022. Specifically, you raised four points: (1) a 25% ARPA-funded rate increase for nursing homes for the period April 1, 2022 to September 30, 2022; (2) a delay of the April 1, 2022 plans due to the Department of Social Services; (3) reform of nursing pool fees; and (4) rightsizing/rebalancing policy in relation to reimbursement. We would like to take this opportunity to address each of these points below.

ARPA-Funded Recovery Rate Increase

We understand that many nursing homes continue to face challenges with staffing costs and agree that continued rate supports would benefit many nursing homes at this time. The Administration does not, however, agree with your proposed 25% increase and instead proposes to extend the current temporary 10% rate increase through June 30, 2022 by utilizing the \$10 million in ARPA funding for Nursing Home Facility Support under section 306 and 321 of PA 21-2, June special session, and covering the balance under Medicaid. Specifically, the rate increase for April and May 2022 will be covered under Medicaid while the increase for June 2022 will be funded through the utilization of the \$10 million in ARPA funding that was allocated for Nursing Home Facility Support. As you know, the temporary 10% rate increase was to cover a nine-month period and is slated to end on March 31, 2022. Extending this support through the end of the state fiscal year will provide nursing homes over \$29 million to support staffing costs and other expenses related to the public health emergency.

April 1, 2022 Submissions

Connecticut's Strategic Rebalancing Plan is the culmination of a multi-year process which aims to increase choice regarding long-term services and supports while helping the nursing home industry diversify its business model to meet changing service needs. To understand the current landscape and challenges, the April 1, 2022 submission is an opportunity for the industry to present possibilities, suggestions, and advancements that support efficiency and quality. Each building knows their business structure best and homes are encouraged to submit plans if they: (1) do not reach 85% occupancy by April 1, 2022; (2) have excess beds in their region; or (3) determine the acuity-based payment system will result in substantial deterioration of the home's financial position. We invite nursing homes to submit plans with

the goal to maximize the quality of care for residents. Plans will be unique to each building and business model, and we look forward to an open dialogue and to continue to work collaboratively with the industry.

Nursing Pool Fees

The Administration recognizes the challenges you identified regarding the cost premium and temporary inflation of nursing pool hourly rates. The obligation of nursing homes to ensure adequate staffing is a crucial requirement for patient care and safety. As correctly outlined in your letter, the Connecticut Office of the Attorney General is the appropriate entity to review and oversee staffing agencies; the Administration does not have the authority to regulate the fees charged by staffing agencies. This is a complex topic that warrants further discussion among multiple state agencies and legislative stakeholders.

Rightsizing/Rebalancing Policy Related to Reimbursement

Payment reform that allows for reimbursement of costs for unused space would be concerning given the federal provision for the rebasing of rates as it relates to occupancy. Federal regulations limit Medicaid reimbursement for idle capacity (Title 2 CFR 200.466) and require that Medicaid reimbursement methodologies remove costs related to excess capacity since excess capacity is not directly related to actual services provided. Reimbursement for unused space would not be supported under the Medicaid State Plan and thus risks loss of federal match.

We do agree that support of policies for capital improvements, quality strategies, and value-based reimbursement would benefit high-quality homes. As we approach the July 1, 2022 launch of acuity-based reimbursement, we look forward to the discussion of supporting quality through value-based payment methodologies. This will be developed in conjunction with the associations and through multiple stakeholder meetings with the industry. Homes are encouraged to include in their April 1, 2022 plan submissions, capital improvement options and other proposals that support increased quality for nursing home residents.

In conclusion, we believe the approach outlined here will provide nursing homes the short-term financial stability through Medicaid and designated ARPA funding to support the ongoing impact of the pandemic and establish a pathway for long-term sustainability and quality care.

Sincerely,



Melissa McCaw
Secretary
Office of Policy and Management



Deidre S. Gifford, MD, MPH
Commissioner
Department of Social Services

cc: Governor Ned Lamont
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