

STATE OF CONNECTICUT

DEPARTMENT OF SOCIAL SERVICES

Andrea Barton Reeves, J.D.
Commissioner



Ned Lamont
Governor
Susan Bysiewicz
Lt. Governor

OFFICE OF THE COMMISSIONER

February 23, 2023

Matt Barrett
President/CEO
CAHCF/CCAL
213 Court Street
Middletown, CT 06457

Mag Morelli
President
Leading Age Connecticut
110 Barnes Road
Wallingford, CT 06492

Re: Nursing Home Quality Performance Program

Dear Mr. Barrett and Ms. Morelli,

Thank you for your leadership and ongoing support in the care of Connecticut nursing facility residents. We share your commitment towards ensuring consumers have quality care options that meet their needs and preferences. We appreciate the continued collaboration and shared interest in the development of the nursing home quality program that will launch on July 1, 2023. The purpose of this letter is to outline the state's approach to this quality program. We begin by touching on the previous support the state has provided to the industry, we then outline the steps the state has taken to develop the quality policy, and we conclude by describing the details to finance the program.

Previous support for the industry.

Pandemic-Related Supports. Since the pandemic began, our total investment - through rate increases, hardship grants, testing and in-kind support - has already exceeded \$285 million to the nursing home industry and their front-line-employees. Connecticut's support for testing in nursing homes also far surpassed most states.

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- Key COVID-19 related investments included:
 - Multiple **temporary Medicaid rate increases** totaling more than \$56 million (between March 2020-June 2021);
 - **Coronavirus Relief Fund (CRF) grant payments** approximating the value of **an additional 10% increase for April 2020 and 20% increase for May and June 2020** – the total value of which was \$48.0 million;
 - **CRF hardship grant payments**, for homes determined DSS to be at risk – the total value of which was \$0.5 million;
 - **\$600 per bed per day** payments to COVID recovery facilities for the care of COVID-19 positive residents – the total value of which was \$11.3 million;
 - **CRF grant payments** approximating the value of **an additional 10% increase for November and December 2020** – the total value of which was \$19.4 million;
 - **In-kind support for testing of residents and staff** – estimated at nearly \$150 million (CRF funding less insurance billing);
 - **In-kind direct distribution of millions of pieces of PPE**, including masks, gowns, face shields and coveralls; and
 - **Crediting homes for financial incentives provided** to direct care staff since July 1, 2020, either in partial or full satisfaction of the \$500 payment that was provided to direct care staff.

Unprecedented Investment of \$301.5 Million to Enhance Quality & Stabilize Nursing Homes

- \$180.3 million to support an agreement with nursing homes (\$47.3 million in FY 2022 and \$133 million in FY 2023, \$88.8 million total state share) to help stabilize the industry, deliver higher wages and economic security to nursing home employees, and improve quality of care for residents
 - \$47.3 million in FY 2022 and \$102.2 million in FY 2023 for wage enhancements and a separate pool of \$30.8 million in FY 2023 for health and pension benefit enhancements
 - Combined, this investment has the effect of a 4.50% and 7.27% rate increase to nursing homes in FY 2022 and FY 2023, respectively—**more than four times the average rate-increase over the previous 14 years**
- \$115.2 million to support a temporary 10% rate increase for nursing homes that comply with DPH’s quality standards
 - \$85.8 million to support a 10% Medicaid rate increase for nine months – for the period July 1, 2021 through March 31, 2022 – \$37.6 million state share

- \$19.7 million to support a 10% Medicaid rate increase for an additional two months – for the period April 1, 2022 through May 31, 2022 – \$8.6 million state share
- \$9.7 million in ARPA funding to support a 10% rate increase for an additional month –for the period June 1, 2022 through June 30, 2022
- \$6.0 million to support increases in DPH minimum staffing requirements
 - \$5.0 million to support minimum social worker staffing requirement of one full time social worker per sixty beds – \$2.5 million state share
 - \$1.0 million to support minimum direct care staffing requirement of three hours of direct care per resident per day – \$0.5 million state share

Support Nursing Home Transition to Acuity-Based Rates – \$90.0 Million. The state has made unprecedented financial commitments to the industry in its transition to acuity reimbursement by approving over \$90.0 million to support a three-year phase-in to acuity-based Medicaid reimbursement effective July 1, 2022, including a stop gain, stop loss mechanism to give nursing homes predictability regarding reimbursement and allow for necessary adjustments to their business models. As part of the transition to acuity reimbursement, Connecticut Medicaid rates were further revised effective July 1, 2022, to update the inflationary factor utilizing the midpoint of the cost year and the midpoint of the rate year to recognize for increased costs and rising costs of inflation.

As you may recall, initially the transition to acuity-based reimbursement was to be implemented on a cost-neutral basis using 2018 cost reports and was not to include an inflationary increase to the rates. However, in light of the unprecedented public health emergency, the Administration fully agreed to financial supports and increases to the budget in support of nursing homes.

Steps used to develop the quality program.

Under CGS §17b-340d, Medicaid rates will receive an additional adjustment based on quality metrics. The Administration strongly supported this law. Starting July 1, 2023, Connecticut will join twenty states and the federal Medicare program in creating financial incentives for nursing homes to deliver high quality care.

As the Department described in the October 2022 MAPOC presentation,¹ quality programs can advance two key goals of the Medicaid program: (1) improving patient care by giving homes financial incentives to boost quality; and (2) lowering medical spending by preventing illness.

¹https://www.cga.ct.gov/ph/med/related/20190106_Council%20Meetings%20&%20Presentations/20221014/DSS%20Report.pdf

The Department, the nursing home industry, consumers, employees, and the Department of Public Health continue working in collaboration to develop and design the nursing home quality program. In particular, the Department has met with you on a monthly basis since July 2022, has listened carefully to your concerns and questions, and commits to continuing to do so. The conversations with the industry and others have led to several major positive model design elements, including using: nationally recognized quality measures from the Centers for Medicare and Medicaid Services (CMS); a consumer satisfaction survey tool that captures resident and family voices; and eligibility criteria which prohibit financial rewards paid to facilities with repeated deficiency citations issued by the Department of Public Health.

We believe that our nursing home quality program is in the best interests of the state's nursing home industry and, after the close collaboration between the Department and other stakeholders, including the industry, we hope that you agree and continue these efforts to provide the best quality care for our most vulnerable residents.

Details on financing the quality program.

In the context of the extraordinary levels of financial support described above, the quality program will be funded with a 5% withhold of the Medicaid nursing home rate beginning July 1, 2023. The 5% withhold will be used to fund a pool that will make quality program payments to eligible nursing homes that improve on their CMS quality measures. Further discussions will continue as the Department and industry work to collaboratively model fiscal impact to each nursing home and develop stakeholder meetings for interested parties.

In conclusion, we appreciate our honest and frank discussions. We share many of the same goals and believe that the unprecedented financial support that the Administration has provided to the industry represents our commitment to the nursing facilities. We look forward to continuing our work together in support of our nursing home industry.

Sincerely,

A handwritten signature in cursive script, appearing to read "A. Barton Reeves".

Andrea Barton Reeves
Commissioner
Department of Social Services