 

November 30, 2022

The Honorable Deidre S. Gifford, MD, MPH

Senior Advisor on Health and Human Services to Governor Lamont

Commissioner, Connecticut Department of Social Services

55 Farmington Avenue

Hartford, CT 06106

Re: Recommendation to Revise the SFY 23 Nursing Home Rates by Appropriately Applying the Recently Updated Inflationary Factor Of 16.19% To All Skilled Nursing Facilities Regardless of the $6.50 Rate Cap

Dear Commissioner Gifford:

We would like to begin by again thanking you for the ongoing collaboration and dialog you have provided to Connecticut’s skilled nursing facilities during the almost three-years long COVID-19 pandemic. This collaboration has been a hallmark feature of our state’s successful public health and financial relief response to the COVID-19 public health emergency and is greatly appreciated by the entire sector.

On behalf of the Connecticut Association of Health Care Facilities and LeadingAge Connecticut, we are writing to you once more to ask you to provide additional financial relief to our state’s skilled nursing facilities as they endeavor to provide quality care during this now elongated and unrelenting environment of double-digit inflation and increasing staffing costs.

We are grateful that the state has this month implemented a policy that recognizes the growing inflationary pressures faced by our providers by updating the inflationary factor from 5.50% to 16.19% in the SFY 2023 rate calculation. However, due to the imposed SFY 2023 $6.50 overall rate cap, **fewer than sixty skilled nursing facilities** will receive financial relief in this fiscal year from this critically-important revision to the rates **when all nursing facilities** are being ravaged by these costs. **We therefore are requesting that you lift the rate cap and apply the 16.19% inflationary update to all Connecticut skilled nursing facilities’ paid rates in this current fiscal year.**

We believe that this request is in exact alignment with the public policy that initiated the state’s recent inflationary update within the base SFY 2023 rate calculation. The update reflects *actual inflation[[1]](#footnote-1) as of July 1, 2022* compared with the 2019 base year costs and is critically important given the double-digit inflation, escalating staffing related costs and rising nursing pool agency costs that providers are experiencing, but which were not reflected in the initial SFY 2023 rates. Unfortunately, as we said, the updated inflationary factor will only impact the actual paid rates of less than 60 skilled nursing facilities with initial SFY 2023 rates that fell below the imposed $6.50 rate cap, also referred to as the “stop-gain.” We are requesting that the updated inflationary factor be applied to all of the current paid rates and this request is consistent with CAHCF’s July 28, 2022 Nursing Facility Reimbursement Medicaid State Plan Amendment (SPA) comments, and with LeadingAge Connecticut in concurrence.

The urgent need to provide inflationary relief to our 2019 base year rate calculations is a clear example of how our Connecticut cost-based rate-setting system was not designed to be responsive to sector wide extraordinary inflationary increases or unanticipated costs experienced between rebasing years. The rare and extraordinary interim hardship rate relief process is considered only on a case-by-case basis and does not satisfactorily address an issue that is impacting the entire sector. And while it is true that a future rebasing of the rates will eventually reconcile these increased costs into the rates, that could be several years away and immediate financial assistance is needed. We therefore also request that a policy of accurately and appropriately reflecting an inflationary factor be continued in the upcoming biennial budget period (SFY 2024 and SFY 2025).

Since the expiration of a temporary 10% Medicaid rate increase on June 30, 2022, the situation has worsened for our state’s skilled nursing facilities, so much so that some providers are reverting to the extraordinary measure of seeking interim hardship rate relief. Put simply, the existing rates, even with the recent increases associated with wage, pension and health care enhancement, are clearly falling considerably behind the double-digit inflation. It is for this reason that we are requesting increased financial support in SFY 2023 rates retroactive to July 1, 2022 reflecting the 16.19% inflationary factor without the $6.50 stop gain. Many states are recognizing the need to provide additional support to their hard-hit skilling nursing facilities at this stage in the elongated pandemic. The Commonwealth of Massachusetts days ago announced a new $165 million relief package for reasons on par with the needs here in Connecticut.

Once more we want to express our gratitude for your support during these extraordinary times and for the opportunity to keep you apprised of the needs of all Connecticut nursing facilities. CAHCF and LeadingAge Connecticut ’s leadership will provide your office with any additional information needed in support of the request, and would welcome the opportunity to discuss this matter with you and your staff at your convenience.

Sincerely,



Mag Morelli, President, LeadingAge Connecticut,



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

1. Inflation rates are adjusted using a Bureau of Labor Statistics metric that is a general measure of regional inflation experiences by all industries but may not reflect extraordinary costs incurred by skilled nursing facilities in the area of nursing agency price premiums. [↑](#footnote-ref-1)