

STATE OF CONNECTICUT

DEPARTMENT OF SOCIAL SERVICES

Andrea Barton Reeves, J.D.
Commissioner



Ned Lamont
Governor
Susan Bysiewicz
Lt. Governor

OFFICE OF THE COMMISSIONER

January 11, 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: 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 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 to ensuring consumers have quality care options that meet their needs and preferences. We appreciate the open and honest dialogue with you and your membership and wish to invite continued discussions as we collectively work to support Connecticut nursing home residents. The state has made unprecedented financial supports to the industry including, but not limited to, over \$30.8 million to support health and pension enhancements, over \$102.2 million for a 4.5% Medicaid rate increase for wage enhancement for nursing home employees, and over \$90.0 million to support a three-year phase-in to acuity-based Medicaid reimbursement effective July 1, 2022.

The Department has also considered, in collaboration with the Office of Policy and Management, and agreed with your previous recommendations to rebase the July 1, 2022 Medicaid rates to the 2019 cost year. Under acuity reimbursement, the Department also agreed with the industry that nursing homes will see a change to the direct care component of the Medicaid rate which will align the anticipated resource need of each provider based on the acuity of the resident. As part of the transition to acuity reimbursement, rates were 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.

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To implement acuity reimbursement, Public Act 21-2, June special session, enabled the Department to phase-in acuity reimbursement over a three-year transition period. The transition was designed with a stop gain, stop loss mechanism to give nursing homes predictability regarding reimbursement and allow for necessary adjustments to their business models. A stop gain, stop loss provision is not a rate cap but instead provides budget predictability to the state and \$45 million (\$90 million total, including the federal share) was approved to support the three-year transition period. This information has been discussed and shared publicly at various webinars and stakeholder meetings hosted by the Department and agreed upon by the industry. As you may recall, acuity reimbursement was to be implemented on a cost-neutral basis related to cost reports submitted by nursing homes for the fiscal year ending June 30, 2018 and was not to include an inflationary increase to the rates. However, in light of the unprecedented public health emergency, the Department fully agreed to financial supports and increases to the budget to support nursing homes.

Monthly stakeholder discussions between the Department and the industry continue as we collectively work to develop the quality program. We look forward to continued discussions as we work to improve the lives of Connecticut nursing home residents.

Your letter also mentioned increased staffing costs. The Departments of Public Health (DPH) and Social Services are working to implement new law, supported with leadership from the nursing home industry, nursing home workers, and consumers, to bring greater transparency and oversight of temporary nursing services agencies. Under Public Act 22-57, DPH will establish an annual registration system for temporary nursing services agencies. Those agencies will also submit reports including itemized revenues and costs, average number of nurses employed, average fees charged, and state of residency of nursing personnel. Based on data collected by DPH, the Department will evaluate and make recommendations concerning the rates temporary nursing services agencies charge nursing homes and publish a report in the fall of 2023 after a period of review.

In conclusion, we appreciate the honest and frank discussions we have had. We share many of the same goals and believe that the unprecedented financial support that the Administration has provided the industry represents our commitment and presents an opportunity to transform. In the months ahead, we look forward to working with you to continue the transformation in our nursing home industry.

Sincerely,

A handwritten signature in dark ink, appearing to read "AB Reeves", is written over a light gray rectangular background.

Andrea Barton Reeves, J.D.
Commissioner, CT Department of Social Services