



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT
AND
DEPARTMENT OF SOCIAL SERVICES

Ned Lamont
Governor

Melissa McCaw, Secretary
Office of Policy and Management

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

May 13, 2021

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

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

Dear Mr. Barrett and Ms. Morelli,

Thank you for your continued leadership and ongoing support as we work together, in partnership with the industry and the nursing home employees, to ensure that our state's most vulnerable residents have access to continuity of care and quality care overall in nursing homes. As a result of the impact of the pandemic, this is a transformative time for the nursing home industry that must do more than just survive but become stronger through improved quality of care and greater alignment with consumer preferences and needs. In recognition of this, Governor Lamont is proposing a number of steps to help improve the industry's overall financial condition while also enhancing quality and ensuring that nursing home workers receive the critical support they need.

We also appreciate the added challenge of negotiating a long-term labor contract under the uncertainty of a pandemic that has transformed the nursing home industry. While the State of Connecticut is not a party to these negotiations between two private parties, the State is a financial payor for Medicaid residents and multiple state agencies play a significant role in the oversight and regulation of this industry. The package below includes almost \$300 million in support stabilization funds, wage and benefit enhancements, investments in workforce development, and enhanced access to affordable child care, all in support of residents and also nursing home workers, which is recognition of the sacrifice and dedication not only during the pandemic, but year-round. This is an unprecedented amount of financial support in a two-year period

never seen in Connecticut's history. I am writing to outline Governor Lamont's proposals to help stabilize the industry, deliver higher wages and economic security to nursing home employees, and improve quality of care for residents. It is imperative that parties return to negotiate a four-year agreement to protect the health of the residents for whom nursing home workers care so deeply.

First, we will be providing \$85.8 million to support a temporary 10% Medicaid rate increase for nine months –for the period July 1, 2021 through March 31, 2022 – for nursing homes that meet the following conditions:

- Compliance with Department of Public Health (DPH) quality standards, including:
 - Reduction of 3 and 4-bed rooms to single or double rooms;
 - Full-time infection preventionists; and
 - Continued compliance with DPH infection prevention requirements.
- In preparation for the transition to an acuity-based payment system that incorporates quality of care, use this time to plan for and be prepared for the implementation of the following by October 1, 2021:
 - Measurement and reporting of staff influenza and COVID-19 vaccination rates;
 - Measurement and reporting of resident/family satisfaction using a validated tool to be defined by mutual agreement between DPH and the industry; and
 - Reporting of standardized, validated quality measures as defined by the Department of Social Services (DSS) and DPH, such as falls, pressure ulcers, anti-psychotic use and hospital readmissions.

Nursing homes are to assume responsibility for all testing of staff and residents in accordance with DPH requirements beginning July 1, 2021. Connecticut's support of nursing home testing costs has far surpassed that of most states and, with widespread availability of vaccines, it is now time to transition the testing costs to nursing homes as part of their business practice without passing these costs on to workers.

To secure a four-year labor management agreement, we are also providing additional permanent Medicaid rate increases to the industry of \$47.3 million in FY 2022 and \$125.0 million in FY 2023. When annualized at \$129.5 million in FYs 2024 and 2025, this represents the state's ongoing commitment to secure this four-year agreement. The total investment of \$172.3 million over the biennium, which includes \$22.8 million in FY 2023 for health and pension enhancements, has the combined effect of a 4.50% and 6.55% rate increase to nursing homes in FY 2022 and FY 2023, respectively. To be clear, this is comprised of \$47.3 million in FY 2022 and \$102.2 million in FY 2023 for wage enhancements and a separate pool of \$22.8 million in FY 2023 for health and pension benefit enhancements. With this funding, nursing homes will be required to increase employee wages through cost of living adjustments and/or adjustments to hourly rates

where necessary. For comparison—over the last fourteen years—rates have increased by an average of just 1.1%. **This proposal is more than four times the average rate increase over that period and would be unprecedented.**

As noted above, in recognition of the importance of health care and retirement security, the Administration is providing \$22.8 million in FY 2023 for a pool to fund enhanced benefits. These funds can be structured in many ways to help achieve health care and pension benefit consistency across the workforce, make health care more affordable, expand access to pensions, and/or increase contributions to the pension plan through an application process. As was done in FY 2016, the Department will issue a request to the nursing home industry for specific information about anticipated health care and pension benefit enhancement costs. Should requests for benefit enhancements exceed available funding, the amount distributed to homes will be pro-rated consistent with prior practice.

Given the importance of health care and the need for affordable options for workers and their families, in addition to the resources provided above, we are actively exploring ways with the legislature to build on existing federal Advance Premium Tax Credits and recent ARPA enhanced subsidies with a Medicaid wraparound. For individuals who enroll in Access Health CT plans, this wraparound benefit would provide additional state-funded assistance to reduce premiums and out-of-pocket expenses and expand health services for individuals who exceed the income limits for Medicaid. If implemented, this package may represent a more affordable option for nursing home employees and their families.

Further, you have requested additional funding of \$741,000 towards your training and upgrading fund. In recognition of the need for workforce development, we will explore the feasibility of providing \$9.0 million over three years in programmatic resources under ARPA to help advance health care training, for instance assisting CNAs to become LPNs or RNs if they desire to advance their careers and build a stronger financial future. This reflects an average investment of \$8,000 per participant. This funding would be dedicated to the nursing home industry to support education and training but eliminating the financial barriers to participation. In addition, the Governor is proposing dedicating approximately \$20 million to support emergency scholarship needs for students at community colleges.

In addition, we want to highlight expanded opportunities for eligible workers to access child care and reduce their financial overhead in the near term. Beginning this summer, more families can access Care4Kids to help make child care affordable through the Governor's expansion for eligible families. Under this initiative, eligibility for Care4Kids will expand to families whose incomes are up to 60% of the state median income (\$60,810 for a family of three) through the use of ARPA funds. This will extend coverage to many nursing home workers who were not previously eligible for a subsidy

and represents an average additional benefit of approximately \$14,000 per worker who participates. Effective June 15, 2021, the State will make a special child care support line available through 2-1-1 for nursing home workers. We will also have the call line connect callers with information about other state and federally-funded early childhood programs in their communities, including School Readiness, Head Start and child day care. This will give workers special support finding child care, applying for subsidies, reducing their financial costs and improving their family's quality of life.

Furthermore, if there is a desire to expand child care within facilities, nursing homes can apply for Office of Early Childhood ARPA funding – a pool of \$2 million statewide – to support facility development for child care and/or for family child care, including areas near nursing homes to add to the child care supply for where nursing homes identify child care as a challenge for their employees or to enhance employee recruitment efforts. Priority can be given to facility development of child care programs near nursing homes by providing extra points on facility grant applications, subject to federal approval.

As a condition of this plan, beginning October 1, 2021, and quarterly thereafter, DSS will notify homes of the expected home-by-home impact of the transition to an acuity-based reimbursement. Rate adjustments associated with acuity and associated quality metrics will be effective July 1, 2022. Therefore, the rate increase mentioned above for FY 2023 may be applied to a revised base given implementation of the acuity-based system.

Any nursing home that (1) does not reach 85% occupancy by April 1, 2022, (2) has excess beds in their region, or (3) determines the acuity-based payment system will result in substantial deterioration of the home's financial condition that may be expected to adversely affect resident care and the continued operation of the home, will be required to submit a plan to the Department of Social Services on efficiency, quality of care and consolidation of facilities. The review of such plans will include consideration of the need for nursing home beds within a 15-mile radius of the home. Nursing homes must then start acting on the plan within three months of approval.

The COVID-19 pandemic has had significant impacts on the nursing home industry and the frontline workers that served and worked during a difficult time. We recognize the impact that the pandemic has had on workers, residents and on the industry as a whole. As a State and industry, we are at a critical moment to address the long-term viability and stability of the nursing home industry with a goal to maximize the quality of care and the quality of work life for the employees that provide this care for our residents in need.

The Administration is proposing an unprecedented amount of funding, summarized below. Over the biennium, we will nearly quadruple the Medicaid increases recommended for nursing homes in the Appropriations Committee budget.

	Total Funding	Funding Source
10% Rate Increase (9 Months)	\$85,800,000	Medicaid
Wage Enhancements (4.5% FY 2022 / 4.5% FY 2023) **	149,500,000	Medicaid
Health and Pension Enhancements (FY 2023)	22,800,000	Medicaid
Workforce Development (Total over Three Years)	9,000,000	ARPA
Expanded Child Care Options	*	ARPA
Total	\$267,100,000	

* Average of \$14,000 for those who are newly eligible for this expanded benefit

** Represents permanent Medicaid rate increases

As always, we value our continued partnership with your associations representing not only the nursing home industry but also the nursing home workers dedicated to caring for one of our most vulnerable populations. Now is the moment to return to the negotiating table to achieve the security needed by our residents and workers.

Thank you for your work and your service to our State.

Sincerely,



Melissa McCaw
Secretary
Office of Policy and Management



Deidre Gifford
Commissioner
Department of Social Services

cc: Paul Mounds, Chief of Staff, Governor Lamont

