

# Long Term Care Financial Managers Association Meeting

**Gary M. Richter**  
**Director Office of CON and Rate Setting**  
**November 12, 2009**



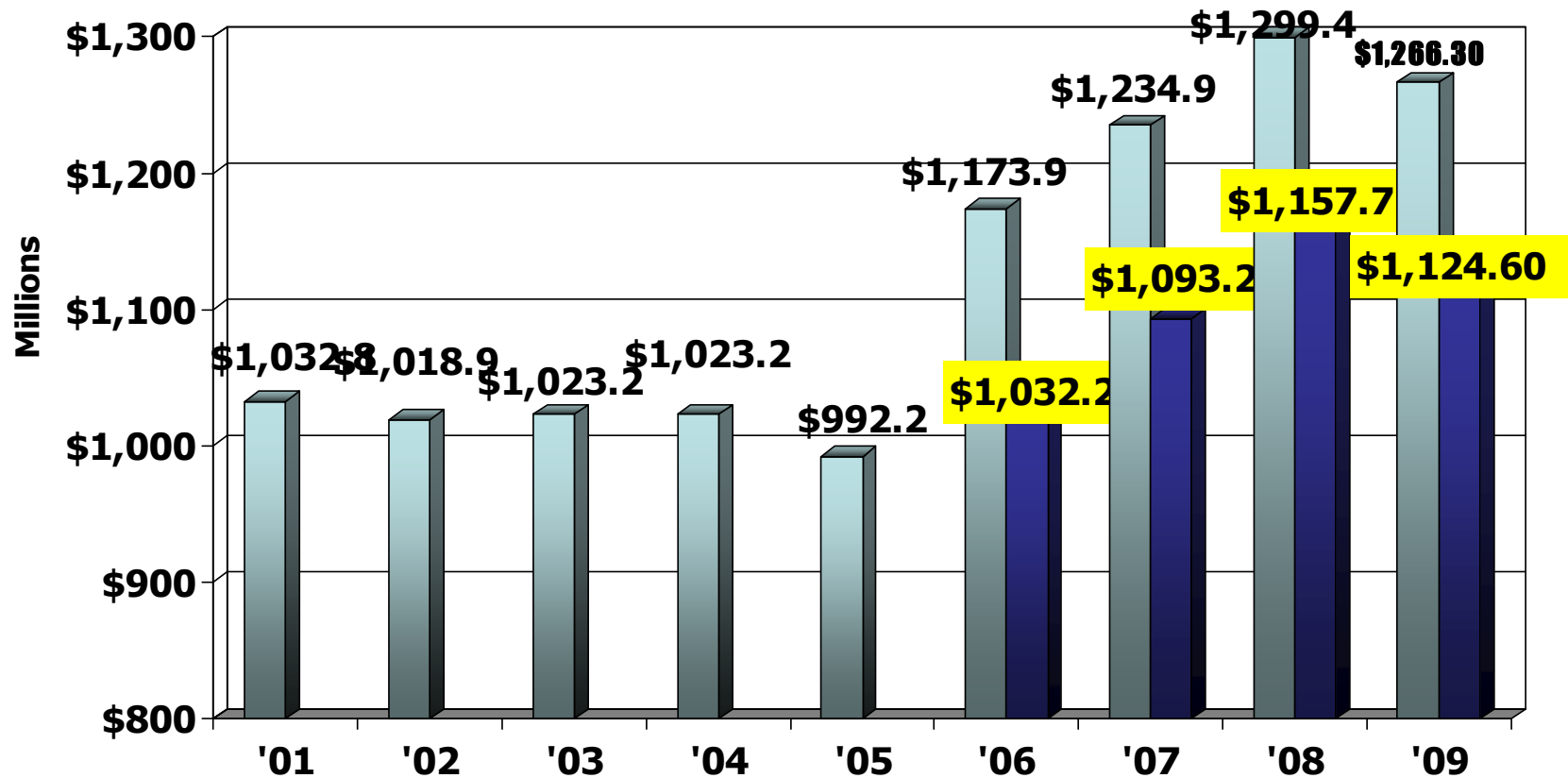
# 2009 Annual Cost Report Filings

- Letters mailed November 3, 2009. No paper copy.
- Due Thursday, December 31, 2009 by 1:00 p.m.
- Do not request extensions, no formal approval will be given.
- 10% rate penalties will be issued for non-filers as of 1/22/10 (Section 17b-340 CGS)
- Restored rate differential payments will be processed in the next mass adjustment. No interim payments.
- DSS will be closed on Friday 11/27/09 and Thursday 12/24/09 due to furlough savings.

# Nursing Home Expenditures

- SFY 2008 Expenditures
  - \$ 1,299,358,420
- SFY 2009 Expenditures
  - \$1,266,349,290
  - (Decrease of 2.6%)

# Medicaid Nursing Home Expenditure Comparison



# SFY 2009 Decrease Analysis

- ❑ Caseload Reduction (\$16.0)mil.
- ❑ SFY 2009 12 mos. Vs. SFY 2008 12.5 mos. (\$52.0)mil.
- ❑ Annualizations, FR, Interims, Receiverships \$35.0 mil.
- ❑ SFY 2009 Decrease (\$33.0)mil.

# Results of 2009 Legislative Regular Session

- ❑ **PA 09-3, June Special Session** – permits payment advances to nursing facilities for up to 2 months of Medicaid claims. Recovery of advances must be made within 90 days

# PA 09-5, September Special Session

- ❑ Sec. 32 Nursing Facility rate freeze to 6/30/11 except fair rent add-on for approved CONs
- ❑ Sec. 35 Rate Freeze- New Horizons
- ❑ Sec. 39 Re-instate 1/2 month June payment 6/2011
- ❑ Sec. 40 ICF/MR rate freeze to 6/30/11
- ❑ Sec. 41 RCH rate freeze to 6/30/11 (exc. Med. Administration)
- ❑ Sec. 42 DDS Group Homes (room & board) rate freeze to 6/30/11

# PA 09-5, September Special Session

- ❑ Sec. 43 Small House – one project limit.
- ❑ Sec. 44 RCH Medication Administration-Intent to reduce number of costly nursing visits
- ❑ Sec. 77 Adult Day Service rate increase (4.2%)
- ❑ Sec. 86 New Nursing Home Financial Advisory Committee
  - DSS
  - DPH
  - OPM
  - CHEFA
  - CANFA ( Non Profit Assoc.)
  - CAHCF (For Profit Assoc.)Quarterly reports to legislative committees (Appropriations, Public Health, Human Services) starting January 1, 2010.

# Certificate of Need

- CON required for:
  - Proposed capital expenditure over \$2,000,000
  - Proposed capital expenditure over \$1,000,000 and expansions of more than 5,000 sq. ft.
  - Any additional function or service into program of care or expansion of existing – bed additions
  - Proposed termination of service (includes closure) or substantial decrease to total bed capacity
  - RHNS to CCNH licensure

# CON Fair Rent

❑ CON	\$7,000,000
❑ Completion Date	1/1/2010
❑ Rate of Return	5.8125%
❑ Useful Life	25 years
❑ Fair Rent	\$538,000
❑ Resident Days (120 beds x 95%)	41,610
❑ Fair Rent Add-On/Day	\$12.93
❑ SFY 2010 (1/2 year/6 months)	\$6.47
❑ SFY 2011	\$12.93

# CON/Fair Rent Issues

- ❑ Per PA 09-5, Sept. Session, Fair Rent add-on's limited to CON's
- ❑ Question of whether only Pre 9/09 CON's (7 for \$79.8 million in renovations)
- ❑ CON Extension requests may be reviewed with OPM. Re-evaluate need/costs.
- ❑ Commissioner Starkowski would like change for FR related to DPH ownership requirements and rate agreements.

# RCH Medication Administration

- ❑ To reduce number of costly nursing visits for medication administration
- ❑ Nurse medication administration will continue based on prescriber's instruction- DSS letter to M.D.'s
- ❑ DPH is revising the certification program- will include on-site trainee review
- ❑ RCH rate adjustments for related costs
- ❑ DSS to coordinate with DPH on training; DSS may issue RFP and manage contract(s)

# CON and Rate Setting- Int. Rate Requests

- ❑ SFY 2008
  - 16 facilities
  - Annual impact \$4.6 million- requested \$11.2 million
- ❑ SFY 2009
  - 41 facilities
  - Annual Impact \$12.2 million– requested \$31.0 million
- ❑ SFY 2010
  - 7 approved, Annual Impact \$2.2 million– requested \$9.3 million
  - 26 pending, Requested Annual Impact \$14.8 million

# Medicare Payment System

- ❑ CT average if Medicare Rates for Medicaid cases
  - \$235.00 vs. \$218.00
  
- ❑ Average Revenue/Day for Medicare cases –2008
  - \$416.19 (2005 Avg. \$343.60/day)
  - Increase of 21.1% over 3 years
  
- ❑ Example Review Facility A
  - Medicaid rate over \$245
  - Medicare System \$225

# Comparison of Per Day Costs -2008

<b>Cost Category</b>	<b>Facility A</b>	<b>State Avg.</b>	<b>Difference</b>
Direct Care (Nurses and CNA's)	\$126.38	\$118.86	\$7.52/ +6.3%
Indirect (Dietary, laundry, Housekeeping)	\$62.96	\$49.33	\$13.63/ +27.6%
Admin. And General (Office, Maint., Util.)	\$39.85	\$33.28	\$6.57/ +19.7%
Capital (Insurance, User Fee, Equip.)	\$18.41	\$18.73	(\$0.32)/ -1.7%
Property (Depreciation, Int.)	\$8.27	\$11.31	(\$3.04)/ -27%

# Comparison of Costs

	<b>Facility A</b>	<b>State Avg.</b>	<b>\$ Above</b>	<b>% Above</b>
Heat	\$3.68	\$2.38	\$1.30	54.6%
Light & Power	\$6.05	\$3.52	\$2.53	71.9%
Raw Food	\$10.07	\$6.71	\$3.36	50.1%
Dietary exc. Wages	\$17.24	\$8.36	\$8.88	106.2%
Dietary (total)	\$27.31	\$19.50	\$7.81	40.1%
Housekeeping exc. Wages	\$.93	\$1.90	(\$ .97)	-51.1%
Housekeeping (total)	\$10.55	\$7.46	\$3.09	41.4%
Laundry Excluding Wages	\$1.69	\$1.83	(\$ .14)	-7.7%
Laundry (total)	\$4.90	\$4.00	\$.90	22.5%
Fringe Benefits over Median	\$50.91	\$35.23	\$15.68	44.5%
Percent of Payroll	38%		26%	

# Cost Year 2008

	<b>Per Hour</b>	<b>State Avg.</b>	<b>Fac. A/Avg.</b>
Other Admin	\$ 24.26	\$ 20.96	\$ 3.30
Dietary Workers	\$ 19.12	\$ 14.46*	\$ 4.66
Head Housekeeping	\$ 25.25	\$ 22.93	\$ 2.32
Housekeeping	\$ 17.54	\$ 13.57	\$ 3.97
Head Main	\$ 37.70	\$ 26.96	\$ 10.74
Maint Workers	\$ 15.26	\$ 18.48	\$ (3.22)
Laundry Workers	\$ 22.97	\$ 13.90**	\$ 9.07
Protective Services	\$ 16.21	\$ 15.60	\$ 0.61
Head Accountant	\$ 59.69	\$ 45.87	\$ 13.82
Other Accountant	\$ 22.78	\$ 22.81	\$ (0.03)
Head Nursing	\$ 47.21	\$ 41.34	\$ 5.88
Register Nurses	\$ 39.57	\$ 35.53	\$ 4.04
RN Admin	\$ 40.65	\$ 31.96	\$ 8.70
LPN	\$ 29.04	\$ 27.80	\$ 1.24
Certified Nurse Aides	\$ 18.74	\$ 15.66	\$ 3.08
Recreation Workers	\$ 20.97	\$ 18.06	\$ 2.91
Social Service	\$ 29.46	\$ 24.48	\$ 4.98
Other	\$ 22.11	\$ 18.50	\$ 3.61

\* Facility A did not report Food Service Supervisor or Head Dietician costs/hours (\$15.54 is the state avg with these positions).

\*\* Facility A did not report Laundry Supervisor costs/hours (\$14.14 is the state avg with these positions).

# CON and Rate Setting- Rec./Bankruptcies

## □ Receiverships –

- Haven 3 facilities (Danielson, Norwich, Waterford-closed, Windham)-Sold to Ciena (MI) 9/16/09
- Marathon 6 facilities (Prospect, Torrington, Norwalk, West Haven, Waterbury, New Haven)-Sold to Paradigm 7/1/09
- Crescent Manor-Closure in process

## □ Bankruptcies –

- Affinity Healthcare 4 facilities (Alexandria, Blair, Douglas, Ellis Manor)
- Village Manor
- Evergreen Healthcare (Johnson Memorial Hospital)

# Push for Budget Cuts/Containment

- ❑ Home Health add-ons: Security Escort, Extended hours, Maternal/Child costs, AIDS. Change from provider specific to payment adjustment
- ❑ Outpatient Hospital- % of charge (hospital specific) to fixed fees
- ❑ NOT EXPECTED, BUT- Personal Needs Allowance \$69/month (Federal Minimum \$30/month) \$8.4 million