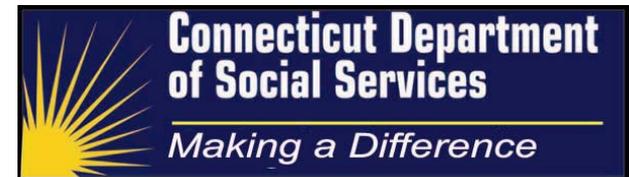


Long Term Care Financial Managers Association Meeting

Michael P. Starkowski
Commissioner, DSS
October 8, 2009



Long Term Care Financial Managers Association Meeting

- ❑ Nursing Facility Expenditures/Utilization
- ❑ Results of the 2009 Session
- ❑ General Nursing Facility and Long Term Care Issues
- ❑ Special Focus Items
 - Drug Return Program
 - Application and payment process improvements
 - Money Follows the Person

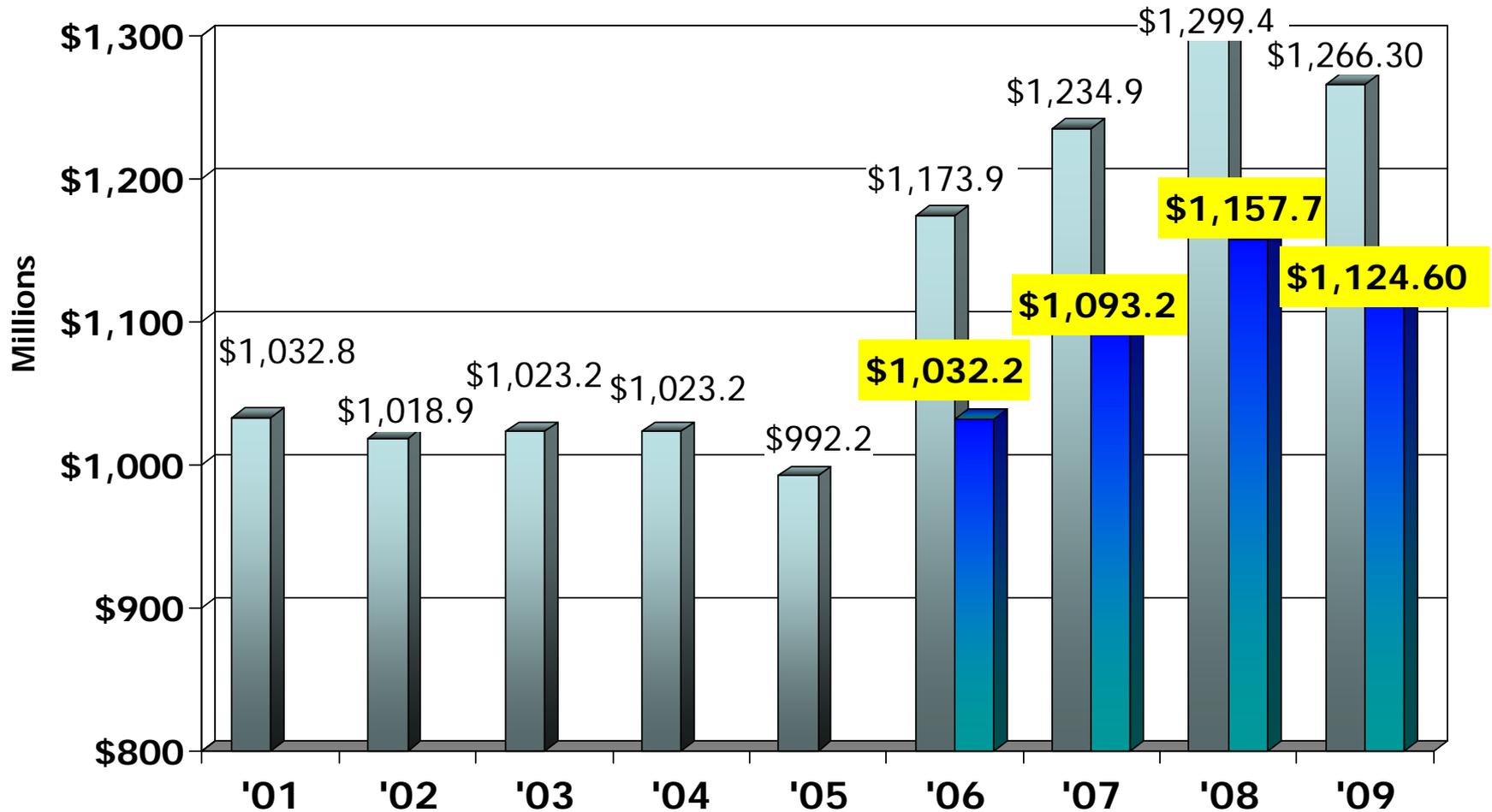
Nursing Home Expenditures

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

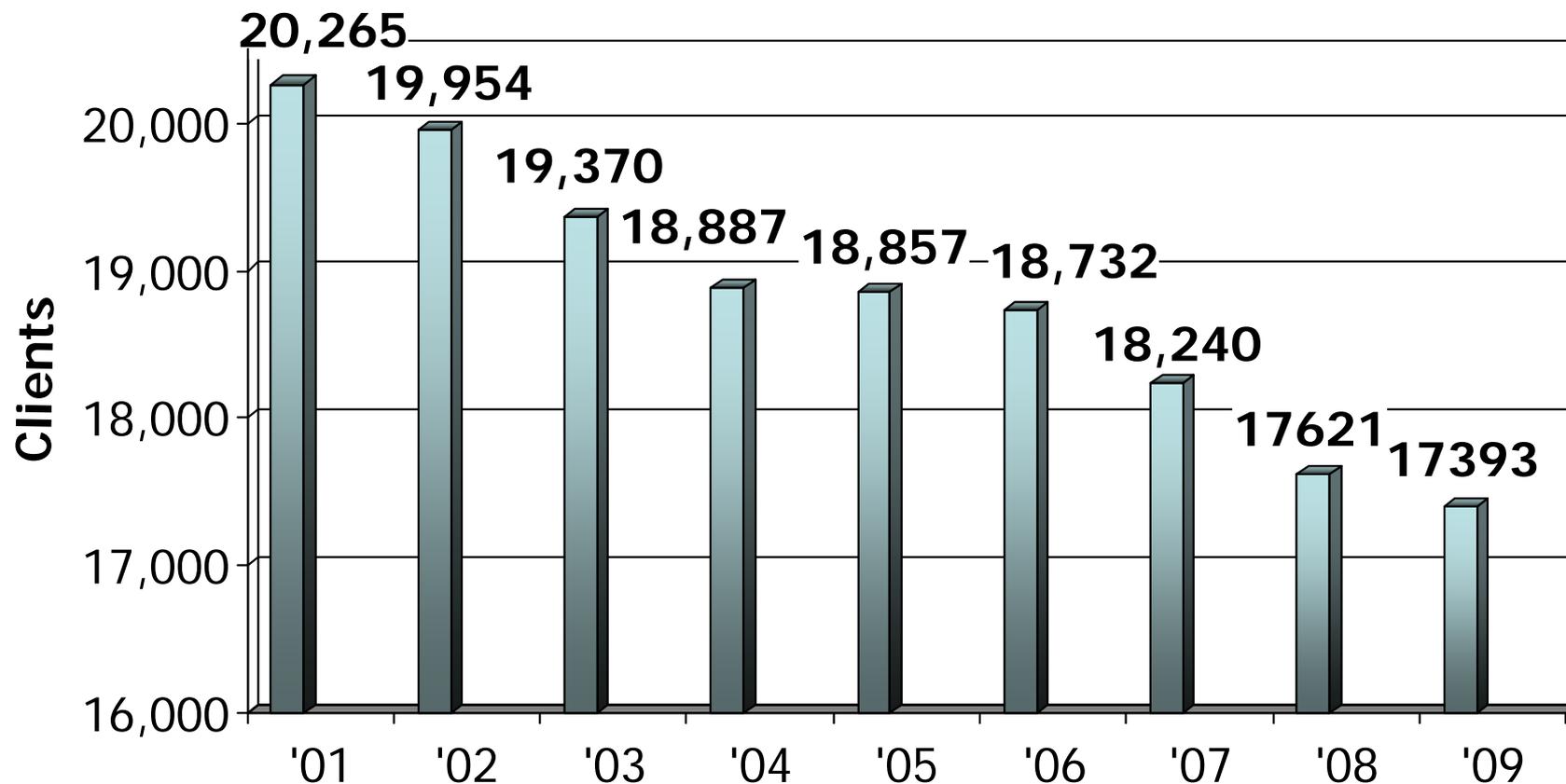
SFY 2009 Decrease Analysis

- ❑ Caseload Reduction (\$16.0)mil.
- ❑ SFY 2009 12 mos. Vs. SFY 2008 12 1/2 mos. (\$52.0)mil.
- ❑ Annualizations, FR, Interims, Receiverships \$35.0 mil.
- ❑ SFY 2009 Decrease (\$33.0)mil.

Medicaid Nursing Home Expenditure Comparison



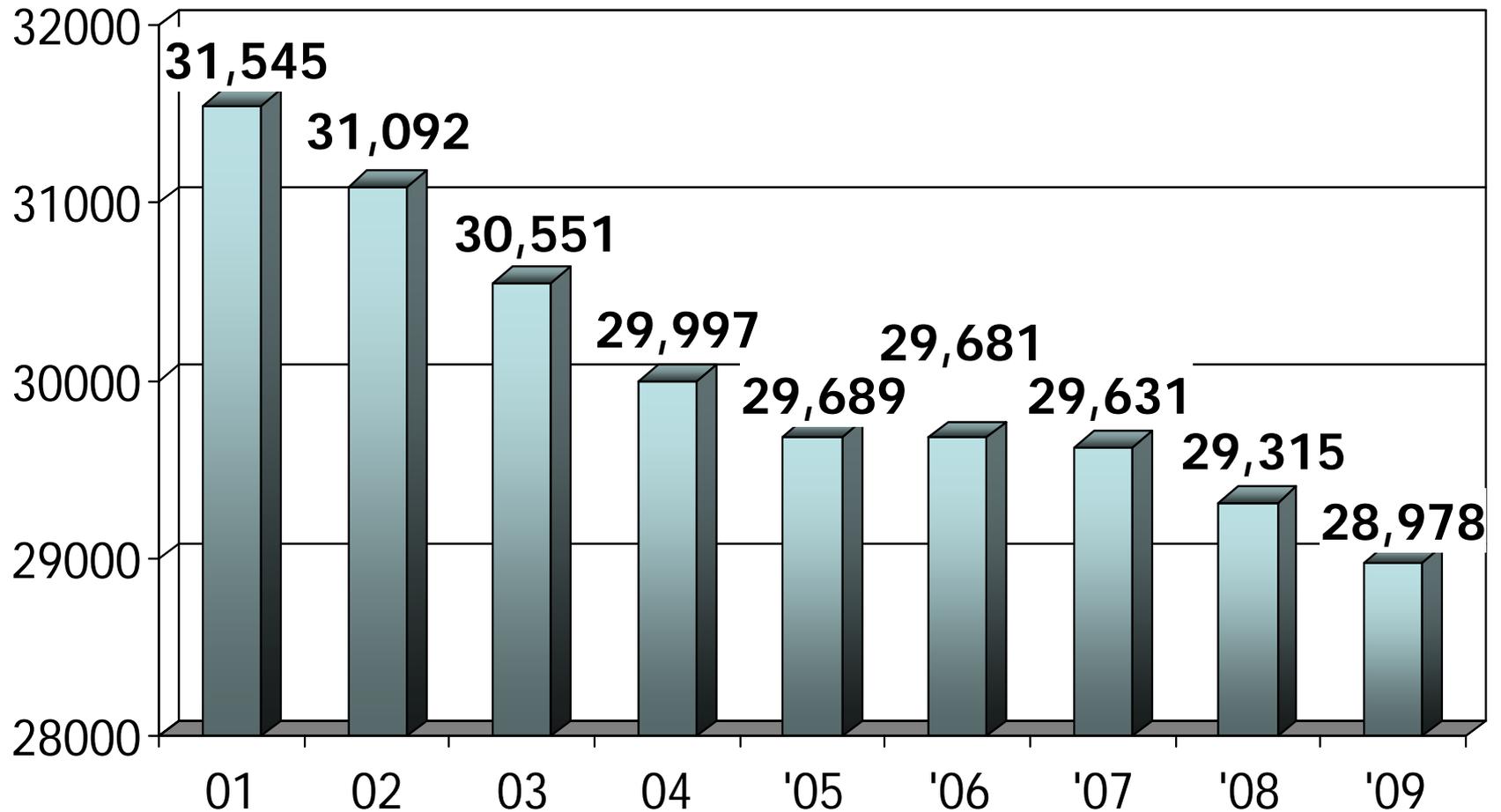
Medicaid Nursing Home Client Comparison



Connecticut Nursing Facility Payer Mix (by days)

❑ Medicaid	68%
❑ Private Pay	15%
❑ Medicare	14%
❑ Other (Veterans, NY Medicaid)	3%

Licensed Nursing Home Beds

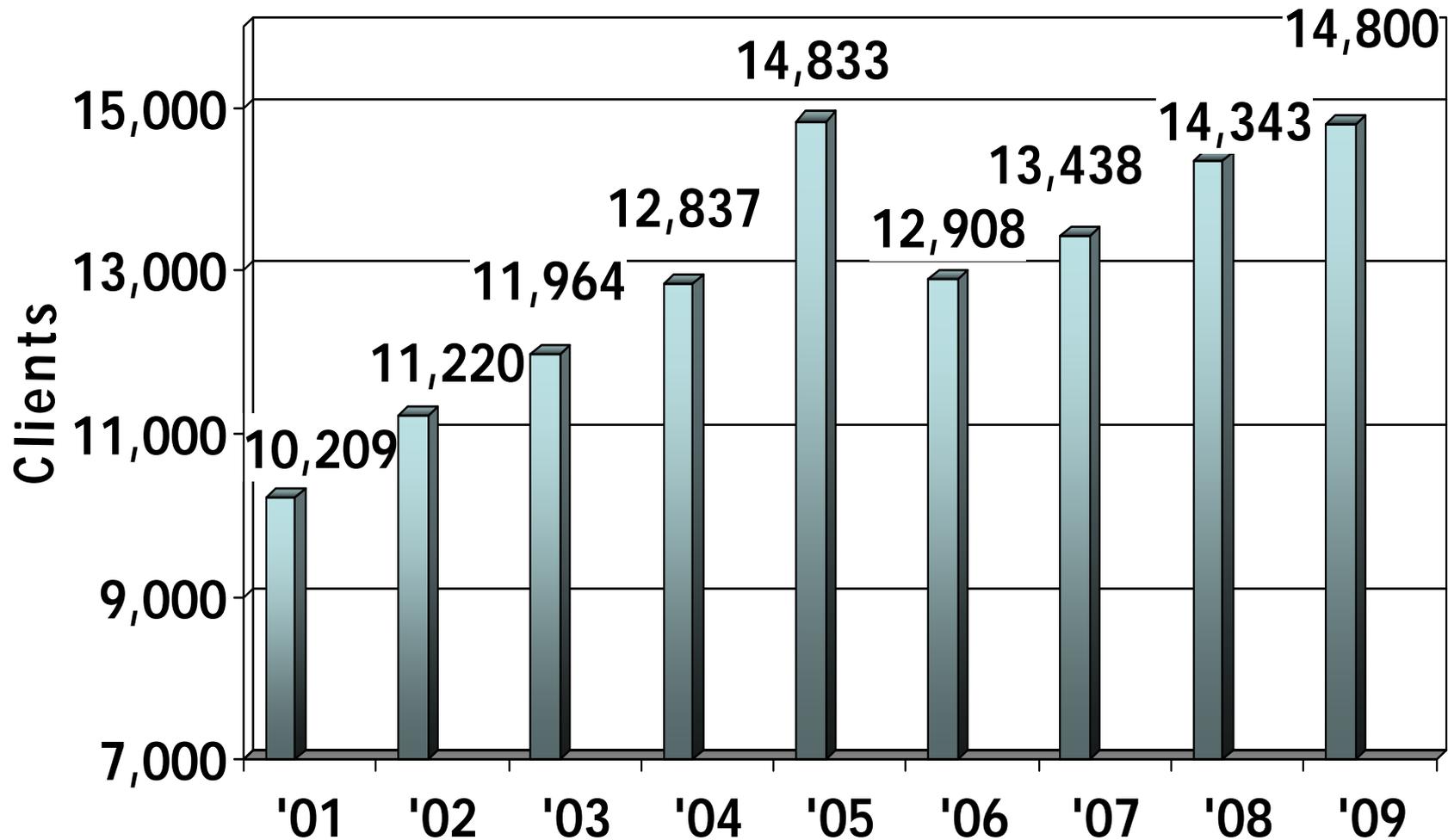


Reasons for Reductions in NF Beds

- ❑ Assisted Living-Private Sector Development
- ❑ DSS Home Care Program
- ❑ Elders with higher income/assets
- ❑ Unemployment high, family available

New initiatives- MFP and Mental Health Waiver

Homecare Client Comparison



Results of 2009 Legislative Regular Session

The legislative session began with several proposals related to nursing homes, including enhancing nursing home oversight, increasing statutory staffing levels and reimbursement methodology. However, due to the budgetary constraints most of these bills were not acted upon.

Results of 2009 Legislative Regular Session

- **PA 09-168 AN ACT CONCERNING THE NURSING HOME BILL OF RIGHTS**

This act adds third-party payment guarantees to this prohibition and extends this right to all patients, not just those entitled to receive Medicaid. The act also specifies that the rights and benefits conferred in the patients' bill of rights may not be reduced, rescinded, or abrogated by contract.

- **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

Bill 7005 (Implementer)

- ❑ 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 ½ 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

Bill 7005 (Implementer)

- ❑ 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

Fair Rent Changes

- Pre Bill 7005 (DSS Implementer)
 - Any Increase in Computed Fair Rent was added to Rate for non-CON projects

2007 FR	\$9.00
2008 FR	\$9.40
SFY 2010 Rate	+ \$.40
SFY 2010 w/Bill 7005	+ \$.00

RCH Medication Administration

- ❑ To reduce number of costly nursing visits for medication administration
- ❑ Allows trained RCH personnel to administer approved medications
- ❑ Approved medications will be approved by prescribing physician
- ❑ Nurse medication administration will continue based on prescriber's instruction
- ❑ RCHs will receive rate adjustment for additional cost of medication administration
- ❑ DSS to coordinate with DPH on training; funds for training in DSS budget

Restructure Medicaid Continuum of Care

- ❑ Integrated Care Initiative-Special Needs Plans (SNPs)- Managed Care for dual Medicare/Medicaid eligibles
- ❑ SFY 2010 (\$52.8m)
- ❑ SFY 2011 (\$155.0m)

NF Savings SFY 2010

- Limit Inappropriate Nursing Home Placements
 - \$3,800,000 Net Savings-
 - (\$5,500,000) gross savings
 - \$1,700,000 increases for expenses related to development and administration of web-based screening system (enhanced W10 Process)

Nursing Facility Rate Setting

□ Medicaid Rates- SFY 2009

- Average \$217.00
- Range (CCNH) High \$270.40
(RHNS) Low \$124.52

CON and Rate Setting- Int. Rate Requests

- SFY 2008
 - 16 facilities
 - Annual impact \$4.6 million- requested \$11.2 million
- SFY 2009
 - 35 facilities
 - Annual Impact \$10.7 million– requested \$27.9 million

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-Court closure hearing 10/14/09

❑ Bankruptcies –

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

Nursing Facility Closures

<u>SFY</u>	<u># Facilities</u>	<u># Beds</u>	<u>Avg. Size</u>
2002	3	267	89
2003	4	324	81
2004	5	498	100
2005	3	487	162
2006	1	59	59
2007	2	180	90
2008	0	0	0
2009	4	370	93

Nursing Facility Closures

- ❑ 2007 Closures
 - Darien Health Center 120
 - Oakcliff, Waterbury 60
- ❑ 2008 0
- ❑ 2009
 - New Coleman Park 100
 - Haven –Waterford 90
 - Griswold Health 90
 - Sterling Manor 90

Nursing Home Drug Return Program – Section 17b-363a

Objective: The objective of the program is to help reduce overall pharmacy expenditures by allowing the return of unused patient medications being dispensed to long-term care facilities, as well as reduce waste.

Initial Program Criteria:

- ❑ Implemented on a voluntary basis
- ❑ Top 25 Drugs prescribed in the LTC setting
- ❑ Ingredient cost greater than \$10.00
- ❑ No Expired Products
- ❑ No controlled substances
- ❑ Sealed in individually packaged units
- ❑ Pharmacy reimbursed a \$5.00 participation fee with a handling/return fee



Nursing Home Drug Return Program

Initially Implemented as a Pilot Program in January, 1998

- ❑ Per Public Act 97-2
- ❑ Initiated in two phases - interim & long-term solutions
- ❑ 13 pharmacies signed up for participation/4 actually participated
- ❑ A handful of long-term care facilities returned unused medications during this time
- ❑ Transactions were processed manually - providers were required to submit actual hard-copy checks & diskettes directly to EDS



Nursing Home Drug Return Program

- ❑ Mandatory Implementation Per Public Act 00-2
 - Initiated in two phases - 11/00 and 1/01
 - Soft-Implementation November, 2000
 - Full Implementation January 1, 2001
 - Top 50 Drugs prescribed in the LTC setting
 - All other criteria as previously mentioned still applies
 - Approximately 8 pharmacies and approximately 154 long-term care facilities were participating as of 5/02
 - 8/01 - transactions processed systematically through the electronic reversal process – elimination of the manual process



Nursing Home Drug Return Program

SFY2010-2011 budget predicated on savings increase of \$1.5 M each year

Actual Savings Generated – 7/1/08 thru 6/30/09

o Q3 '08	\$ 407,991
o Q4 '08	\$ 503,671
o Q1 '09	\$ 211,538
o Q2 '09	<u>\$ 150,575</u>
	\$1,273,775



Nursing Home Drug Return Program

Public Act 02-1, Section 119 of House Bill 6002

- ❑ Requires that the Department can impose up to a \$30,000 penalty on any long term care facility who fails to comply with the provisions of the Nursing Home Drug Return Program – Refer to Section 17b-363a(f).
- ❑ In 2003 a meeting was held with representatives from the profit and not-for-profit associations to:
 - clarify policies/procedures of the program
 - educate all participants
 - address any issues prior to implementation of any sanctions
 - ensure compliance by all participants



Nursing Home Drug Return Program

Nursing Home Drug Return as of 10/1/09:

- ❑ Even with extensive outreach, some pharmacies and long term care facilities are still not participating
- ❑ As of 10/1/09, only a handful of pharmacies are **not** participating out of approximately 610 pharmacies; and 70 long term care facilities were **not** participating out of the 238 in the State. This number can change on a monthly basis
- ❑ The Department tracks on a monthly basis those providers who do not participate in a given month



Nursing Home Drug Return Program

Nursing Home Drug Return as of 10/1/09 (continued):

- ❑ Although there is a top 50 drug list, the Department continues to accept **all** drugs for return as long as all other criteria is met – please refer to Provider Bulletin #2001-3 and 2002-1.
- ❑ All program criteria remains in place:
 - No expired products
 - No controlled substances
 - Sealed individual units
 - \$5.00 return fee paid
 - Ingredient cost greater then \$10



Original List of Top 50 Drugs Returned – Please note: The Department will accept any drugs for return as long as applicable criteria outlined in the bulletins are met)

Adalat CC	Effexor	Paxil	Vasotec
Aricept	Fosamax	Pepcid	Warfarin Sod
Buspar	Furosemide	Plavix	Zestril
Carbidopa/Levodopa	Glucophage	Prevacid	Zoloft
Celebrex	Glyburide	Prilosec	Zyprexa
Celexa	Isosoribide Mono.	Prinivil	
Cipro	K-DUR	Procrit	
Claritin	Lanoxin	Prozac	
Clozapine	Levaquin	Ranitidine HCL	
Clozaril	Lipitor	Remeron	
Coumadin	Megace	Risperdal	
Depakote	Neurontin	Seroquel	
Depakote Sprinkle	Nitrek	Sinemet CR	
Detrol	Novladex	Synthroid	
Dilantin	Norvasc	Ultram	



Medicaid Title XIX Application and Payment Process

- ❑ Eligibility process – begins at one of 12 Regional Offices
 - ❑ W10 Process – Level of Care - including MIMR - (Central Office)
 - ❑ Case Granted
 - ❑ W9 (bill) submitted to Pay Start (Central Office)
 - ❑ Payment
- *W-352 and W-353 Processes - Admission and discharge can happen anytime during this process, due to changes in health, rehab, hospital stays.

Medicaid Pay Start and Application Process Improvement Recommendations

- ❑ Informal workgroup established between DSS and CAHCF – meeting monthly (started July, 2009) to make improvements in timeliness of payments by improving processes, and identifying and removing barriers

Medicaid Pay Start and Application Process Improvement Recommendations

- Initial Recommendations:
 - Dedicated convalescent eligibility determination
 - Develop electronic system to track (W352/353) and monitor the process - accessible to all involved parties for viewing
- Additional Process Improvements
 - New expedited W10 Process to begin early 2010 through subcontracting process
 - Web-based system with real time turnaround
 - Information can be viewed by all partners
 - Removes level 2 eval. from Hosp and gives to Ind. Contractors

Medicaid Pay Start

- ❑ W9 (bill) submitted to Pay Start (Central Office Fiscal)
 - Insuring that the nursing home has utilized all Medicare and/or insurance benefits (CT payer of last resort)
 - Resolving pay start and billing issues
 - If admits & discharges not entered into EMS by regional office, payment is delayed
 - Recommendation – automated tracking system of W352/353 process accessible by all parties involved

Convalescent Accounting Unit Staffing

- ❑ Prior to April 2009, the Convalescent Unit consisted of six claims processing staff and one claims supervisor.
- ❑ Due to a significant number of retirements, the unit is now down to three claims processing staff.
- ❑ While our prior staff to nursing home ratio was approximately 35 homes per staff, we are now at 85 homes per staff.

Convalescent Accounting Unit

Pending Pay Start

- ❑ In April 2009, before the recent retirements, pending pay start cases were minimal.
- ❑ All resources have been focused on pay start pending cases, leaving applied income dispositions with a growing backlog.
- ❑ Applied income is not critical to pay starts for the homes but does have a negative impact on the bottom line total for State nursing home expenses.

Pay Start Enhancements – Convalescent Accounting Unit

□ Current Actions

- \$300,000 to address the pending Applications & Pay Starts
 - Regional Office staff overtime for pending applications
 - Central Office overtime for Convalescent staff for pending Pay Starts
- Reviewing the use of alternate staff who may be available to assist
- In the process of refilling three positions

MFP – Transition Status

- ❑ **946 Applications received representing participation of 157 (70%) nursing homes;**
- ❑ **801 Applications screened;**
- ❑ **601 Applicants initiated care planning;**
- ❑ **211 Care plans in development;**
- ❑ **248 Care plans approved;**
 - **167 Eligible for target waivers with MFP enhanced match;**
 - **81 Eligible for community services, not eligible for enhanced match;**
- ❑ **95 Persons transitioned from 54 different nursing homes. The highest number of persons transitioned from any single nursing home is 4.**
 - **65 persons transitioned to target waivers with MFP enhanced match**
 - **30 persons transitioned to community services, not eligible for enhanced match;**
- ❑ **164 cases closed**

Total Monthly Cost of Institution vs. Community Care Plan

- ❑ 65 MFP participants eligible for enhanced match
 - Monthly community care plans total – \$238,950
 - Monthly service plans total \$220,200
 - Monthly rent costs for 25 of the 65 participants – \$18,749
 - Monthly institutional cost for the same people – \$432,780
- ❑ 30 MFP participants not eligible for enhanced match
 - Monthly community care plans total – \$71,696 (17 participants did not require a care plan upon transition)
 - Monthly service plans total -\$67,946
 - Monthly rent costs for 5 of the participants - \$3,750
 - Monthly institutional cost for the same people – \$179,874

*Note: Actual service utilization of an approved care plan is estimated at 80% of the actual care plan cost. The group of MFP participants not eligible for enhanced match includes 3 persons who transitioned to group homes. Their costs are not included in the analysis. All participants are eligible for services under the Medicaid State Plan.

MFP Rebalancing Target by December 2011

- **Increase probability of returning to community within first 6 months of admission to institution.**

<p>Calendar Year</p>	<p>Ratio (percentage) of Medicaid beneficiaries who move back to the community from a nursing facility within six months of institutionalization to total number admitted to nursing facilities. (Percentages will be calculated as a quarterly average)</p>		
	<p>Target</p>	<p>Actual</p>	<p>% Achieved</p>
<p>2008</p>	<p>39</p>	<p>34</p>	<p>87</p>
<p>2009</p>	<p>40</p>	<p>32</p>	<p>80</p>
<p>2010</p>	<p>41</p>		
<p>2011</p>	<p>42</p>		

Source: Department of Social Services

MFP Rebalancing Target by December 2011

- Decrease hospital discharges to nursing facilities among those requiring care after discharge.

	Percentage of persons discharged to the community		
	Target	Actual	% Achieved
2008	49	47	96%
2009	50	47	94%
2010	52		
2011	54		

Source: Office of Health Care Access

65 MFP Enhanced Match Transitions by Target Waiver

- ❑ ABI – 2
- ❑ DDS – 2
- ❑ Elder – 21
- ❑ Elder PCA – 9
- ❑ Mental Health – 10
- ❑ PCA - 21

Thanks To

- ❑ Gary Richter, Kathy Bruni, Kathy Shaughnessy, Lee Voghel, Fran Freer Kathleen Kabara, Heather Severance, and the dedicated staff of DSS for contributing to this presentation.
- ❑ The presentation will be available on our website at www.ct.gov/dss