

STATE OF CONNECTICUT
ANNUAL NURSING FACILITY CENSUS
SEPTEMBER 30, 2004

BACKGROUND

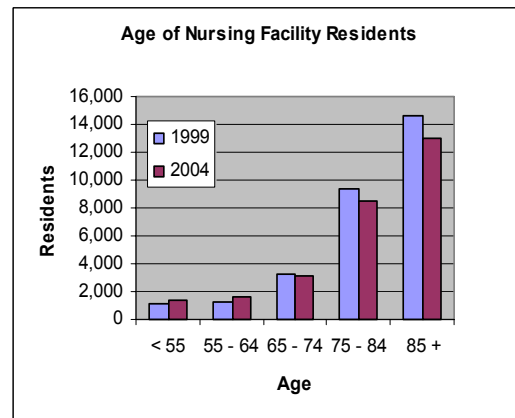
Over the last decade, Medicaid expenditures for nursing home care in Connecticut have more than doubled, from approximately \$500 million in State Fiscal Year (SFY) 1990 to over \$1.023 billion in SFY 2004. Of the \$3.5 billion spent by the Connecticut Medicaid program in SFY 2004, almost 30 percent was spent on care in nursing facilities. In order to better understand the dynamics underlying this large public investment in nursing facilities, the State of Connecticut requires all nursing facility administrators to maintain and submit an annual census of all clients admitted or discharged by the facility for each year ending September 30.

From 1977 until 2003, the State of Connecticut Nursing Facility Registry provided a longitudinal database of demographic and health data for all Connecticut nursing facility residents. Beginning in 2004, this registry was modified and renamed. Instead of collecting detailed information on each nursing facility resident over the course of

the year, the new Annual Connecticut Nursing Facility Census provides aggregate information on the status of nursing facilities and their residents for the specific date of September 30th of each year.

RESIDENT DEMOGRAPHICS

A total of 27,796 individuals were residing in Connecticut nursing

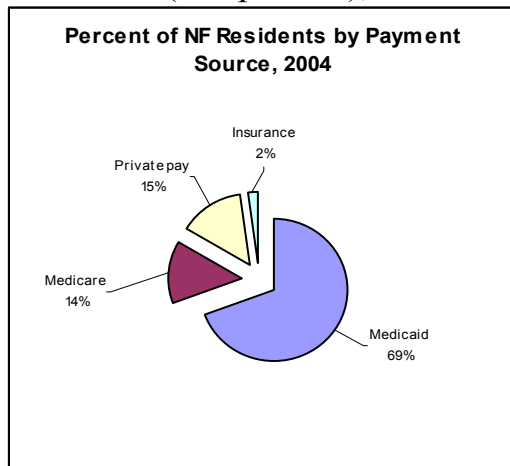


facilities on September 30, 2004, a six percent decrease from the 29,650 individuals receiving care in a nursing facility on the same date in 1999. In 2004, residents were predominantly white (89 percent), female (72 percent), widowed (55 percent), and age 75 and older (78 percent). Only 10 percent were younger than age 65.

Between 1999 and 2004 there was an increase in residents under age 55 (25 percent) and a decrease in older residents, particularly among those age 75 and older (10 percent). In 2004, only 17 percent of nursing home residents were married, the remaining 83 percent were either never married or were widowed, separated or divorced.

PAYMENT SOURCE

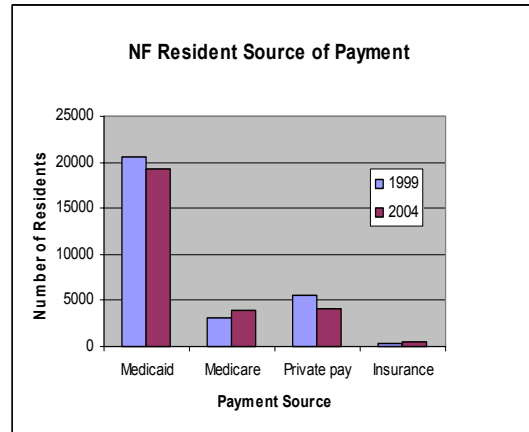
On September 30, 2004, the primary payment source for nursing facility residents was Medicaid (69 percent), followed



by Medicare (15 percent) and private pay, where the resident pays out of pocket (15 percent). The remaining one percent of residents was covered by either private medical insurance (341) or long-term care insurance (164). Approximately one-quarter of the long-term care insurance coverage was through Connecticut

Partnership for Long-Term Care policies.

Although Medicaid has persisted in being the major source of financing for nursing facility care, the number of residents relying on Medicaid as their primary source



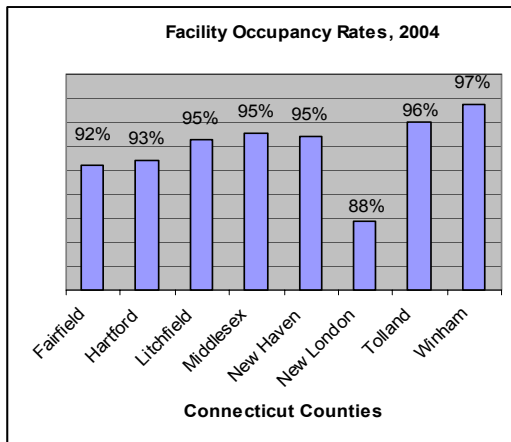
of payment decreased by six percent between 1999 and 2004. In contrast, reliance on Medicare increased by 31 percent. Also in 2004, 26 percent fewer nursing facility residents paid out of pocket (private pay) for their care than did in 1999, while an additional two percent were covered by private insurance, which included both medical insurance and long-term care insurance.

NURSING FACILITIES

On September 30, 2004 there were 246 licensed nursing facilities in Connecticut, nearly three-quarters of which were for-profit organizations.

Connecticut nursing facilities are licensed by the Department of Public Health as Chronic and Convalescent Nursing Homes (CCNH) or Rest Homes with Nursing Supervision (RHNS). A CCNH is commonly referred to as a Skilled Nursing Facility (SNF) and a RHNS as an Intermediate Care Facility (ICF). The vast majority of these homes, 84 percent (205), had a CCNH license, four percent (9) had a RHNS license and 13 percent (32) had both.

There were 29,801 nursing facility beds in Connecticut -- 28,254 CCNH beds and 1,547 RHNS beds. In 2004 there were approximately 1,800 fewer licensed beds in the state than there were in 1999, a decrease of nearly 6 percent. Ninety-three percent of nursing home beds were occupied in 2004, virtually the same percentage that were occupied in 1999, despite the decline in the total number of licensed beds. In fact, fully 10 percent, or 25 out of 246 facilities, were operating at full capacity on September 30, 2004.



Among the eight counties in Connecticut in 2004, Windham County, with a total of 979 licensed beds, had the highest nursing facility bed occupancy rate (97 percent), and New London County, with 2,190 beds, had the lowest (88 percent) in the state.