

April 17, 2020

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 letter of April 14 to Governor Lamont requesting the plan of fiscal action for the state's system of nursing home care. As the nursing home surge and operations plan has unfolded, a corresponding financial plan has been underway as well. On behalf of Governor Lamont, I want to extend the administration's profound gratitude to nursing home operators and, most importantly, the workers in those facilities that selflessly serve more than 22,000 residents on a daily basis. The unprecedented COVID-19 global pandemic has affected our state and our nation and is having a particularly adverse impact on the elderly and disabled individuals residing in long-term care settings. As a result, our partnership with the industry you represent is critical in ensuring the continuity of needed care to our state's most vulnerable residents in skilled nursing facilities.

We have appreciated our ongoing dialogue with you regarding the needs of Connecticut's nursing homes and their extraordinary workers during this public health emergency and would like to take the opportunity to recap state and federal measures that have been taken recently to provide financial support to the industry as you navigate this crisis.

Federal Relief

First, on the federal level, it is our understanding that recent CMS changes will significantly increase Medicare funding for nursing homes. Specifically, Medicare has [waived](#) the requirement for a three-day prior hospitalization for coverage of skilled

nursing facility services. Based on industry feedback, the Department of Social Services (DSS) anticipates that 75% of symptomatic COVID positive nursing home residents will now be able to shift over to Medicare coverage at the Medicare per diem (estimated at \$536) providing financial relief to the nursing home industry.

In addition, the federal government is providing general relief for all Medicare providers under the Coronavirus Aid, Relief, and Economic Security (CARES) Act that is expected to provide substantial resources to skilled nursing facilities. As part of the distribution of the \$100 billion Provider Relief Fund provided for under the CARES Act, the Department of Health and Human Services has released the initial \$30 billion in relief funding to providers in support of the national response to COVID-19. This initial pool of funding was issued to health care providers across the nation that are enrolled in Medicare based on their share of 2019 Medicare fee-for-service reimbursements. While the full impact of this action is not yet known, preliminary estimates indicate that this initial round of funding could result in as much as \$27 million in additional funding for the industry.

We understand that further CARES Act relief is under federal review and is likely to have a focus on supporting Medicaid providers. We are hopeful for more positive news for the industry from this pending federal action.

Medicaid Rate Relief

Regarding state financial relief, nursing homes were notified on April 3 that the state had implemented a 10% Medicaid rate increase effective for the period April 1 through June 30. DSS provided guidance that the additional reimbursement is to be applied towards: (a) employee wages, including staff retention bonuses, overtime, and shift incentive payments; (b) new costs related to screening of visitors, personal protective equipment (PPE) and cleaning and housekeeping supplies; and (c) other COVID-related costs. On April 7, the state advanced \$11.6 million, representing one month of the estimated rate increase to nursing homes to assist with cash flow. In addition, nursing home providers that are designated by the Department of Public Health (DPH) to be COVID Recovery Facilities or Alternate COVID Recovery Facilities will receive a COVID-specific, cost-adjusted Medicaid reimbursement rate of \$600 per bed per day for the care of COVID-19 positive residents. This rate is more than double the current average nursing home rate.

In recognition of continuing needs of nursing homes, the administration is now announcing implementation of the following additional measures in the state's Medicaid program:

1. The state will provide an across-the-board rate increase of 10% for non-COVID beds retroactive to March 1. This additional reimbursement is to be applied

towards: (a) employee wages, including staff retention bonuses, overtime, and shift incentive; (b) new costs related to screening of visitors, PPE, and cleaning and housekeeping supplies; and (c) other COVID-related costs.

2. The state will provide an additional across-the-board rate increase of 5% for non-COVID beds for the period of April 1 through June 30 -- for a total increase during this period of 15%. This additional reimbursement is again to be applied towards: (a) employee wages, including staff retention bonuses, overtime, and shift incentive; (b) new costs related to screening of visitors, PPE, and cleaning and housekeeping supplies; and (c) other COVID-related costs.
3. The state will reimburse at \$400 per day for COVID-positive residents in non-COVID recovery facilities. This rate is in effect for a maximum of 30 days per bed.

Please note that nursing homes will be expected to track both expenditures and enhanced income from all sources as there will be an enhanced level of reporting – potentially through COVID-specific cost reports – to confirm COVID-related costs. This process will allow both the nursing homes and the state to fully appreciate the extent to which costs have been covered when taking into consideration all sources of revenue, inclusive of direct federal stimulus, state funding and the ability to further leverage Medicare reimbursement noted above.

The Department of Social Services will issue additional guidance regarding these new financial relief measures next week.

Nursing Home Provider Tax

As we have indicated to you previously, the administration will not delay nor forbear the provider tax to all nursing homes as a general relief measure. A blanket extension for all health care providers is not the best course of action as there are statutory provisions for providers to receive an extension if a financial hardship can be demonstrated. The Department of Revenue Services is prepared to evaluate each request to determine if a financial hardship does in fact exist. Before any determination is made, the request will be reviewed with the Office of Policy and Management and the Department of Social Services (DSS) regarding the fiscal impact to the state as well as the level of financial hardship that has been documented by each provider. For example, nursing homes can provide a current cash on hand report as compared to the prior year period, along with most recent average payrolls to demonstrate cashflow challenges. Requests for forbearance will be reviewed expeditiously. In addition, the 10% rate increase advance of \$11.6 million, which was received by skilled nursing facilities on Tuesday, April 7 is expected to assist nursing homes with cashflow, as will any advance of Medicare funding.

With the newest financial adjustments we are implementing as detailed above, we believe the state's financial action plan is responsive to the needs of nursing home providers, workers and residents.

We very much appreciate our continued partnership with your associations representing the interest of the nursing home industry, the skill nursing facility providers, and most especially the state's nursing home workers dedicated to caring for our most vulnerable population during this global pandemic.

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



Renee Coleman-Mitchell
Commissioner
Department of Public Health