

## 2016-17 Long-Term & Post-Acute Care (LTPAC) and Senior Housing Budget Initiatives

### Fund Infrastructure Investment in Senior Services

Allocate \$100 million in funding for LTPAC infrastructure, including health IT and health information exchange, telehealth, and a nursing home renovation and reconfiguration program aimed at upgrading the State's outdated infrastructure and improving quality of life for residents. LTPAC providers have not received state financial support for the critical infrastructure needed to survive in today's changing health care environment. The vast majority of funds made available through DSRIP, HEAL, Essential Health Care Providers, and other state and federal infrastructure programs have been made available to acute and primary care providers. Figure 1 below illustrates this point relative to DSRIP funding.

Figure 1



### Fully Fund Minimum Wage Increase

A \$15 per hour minimum wage would increase compensation costs for health care providers by \$3 billion annually when fully implemented. Of this amount, nursing homes would incur an additional \$600 million cost, and home care/personal care agencies would incur a \$1.72 billion cost. Even if the minimum wage increase were limited to specific sectors, such as fast food enterprises, health care providers would struggle to maintain quality staff as they compete with other sectors that are paying \$15 minimum wages. Because LTPAC providers rely almost exclusively on public funds to cover their costs (with Medicaid paying for the majority of services), they cannot shift the cost of new mandates to private payers. Thus, the costs of increased wages that will be incurred by LTPAC providers must be covered through the State budget.

### Invest in Senior Housing and Support Services

Investing in affordable housing with support services will provide low-income seniors with access to safe places to live and basic supports in the community, allowing them to age-in-place and delaying or preventing the need for high-cost services funded by Medicaid. The Legislature should build on the successful HUD service coordinator model by allocating \$10 million for a State Resident Advisor Program. In addition, a \$50 million annual capital investment over the next five years, along with \$4.5 million to create and fund a rental assistance component, are needed to accelerate development of affordable rental units for seniors. With current waiting lists for affordable senior housing of 7 to 11 years in many communities, a substantial expansion is needed to address growing demand as the Baby Boomer generation ages.

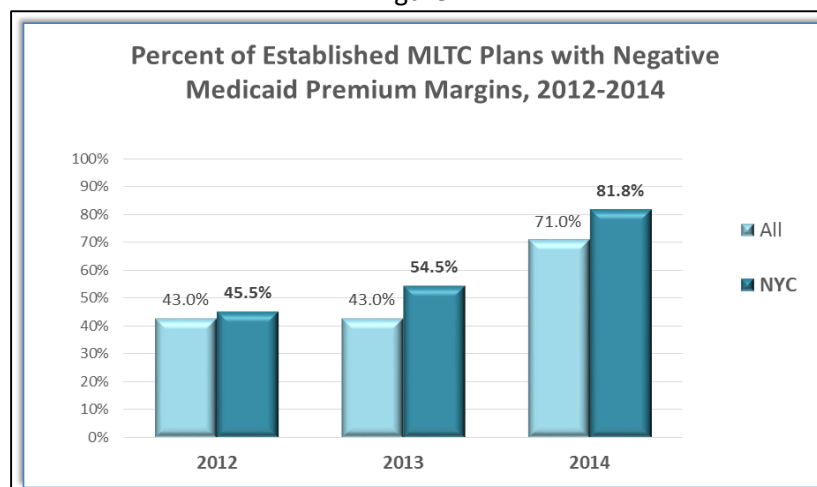
### **Invest in Adult Care & Assisted Living Services**

Increase the State's Congregate Care Level 3 Supplemental Security Income (SSI) rate for low-income seniors living in Adult Care Facilities (ACFs) and assisted living settings. We request an increase of at least \$15 per day to bring the rate up to an adequate level. The State's portion of the current rate of \$41 per day, per person, has not been increased in nine years, leaving the ACFs that serve SSI-level residents to operate without adequate funding. These cost-effective investments will also save Medicaid dollars by maintaining ACFs and assisted living facilities as financially-viable alternatives to nursing home placement and enabling frail elderly beneficiaries to remain in community-based settings.

### **Ensure Medicaid and MLTC Rate Adequacy**

Reject the Governor's proposed \$23 million in cuts to Managed Long Term Care (MLTC) plan premiums and allocate an additional \$90 million to support payment of MLTC premiums that are aligned with the costs of delivering care (subject to further increases associated with the minimum wage increase). With the enrollment of nursing home residents, the expansion of benefits and new wage mandates, the expenses of delivering care have outpaced premium revenue. As a result, the aggregate premium margin among MLTC plans has plummeted from +3 percent in 2012 to -4 percent for the fourth quarter of 2014, and the percent of plans incurring negative margins has also increased (see Figure 2 below). The insufficiency of MLTC rates likewise poses a threat to the viability of providers, many of whom serve primarily Medicaid patients and rely on MLTC plans for the majority of their revenue.

Figure 2



### **Reject Transportation Carve-Outs**

Reject the proposed carve-out of transportation services from the MLTC benefit package, from Adult Day Health Care Program rates, and from nursing home rates. Many of these providers have invested in their own vehicles to deliver transportation services, and others have long-standing contracts with high-quality transportation providers. They are able to deliver personally-tailored transportation to the frail elderly and disabled individuals whom they serve. The State's contractors are often unable to deliver the same level of service, resulting in lengthy waits, stranded clients, and missed medical appointments.

### **Fund Nursing Home Supplemental Advanced Training Initiative (ATI)**

Expand the ATI program to additional nursing homes to train direct care workers to detect early changes in a resident's physical, mental or functional status that could lead to health declines and/or avoidable hospital use. We recommend \$13 million in additional State funding. Addressing resident decline and avoiding hospital use will reduce the overall cost of care and improve residents' quality of life.