

The Alliance for Senior Care Communities SFY 2023-24 State Health Budget Testimony

Joint Legislative Hearing of the Senate
Finance and Assembly Ways and Means
Committees

February 28, 2023

On behalf of The Alliance for Senior Care Communities, a coalition of over 25 not-for-profit nursing homes across upstate New York, urges the Legislature to modify the Executive's proposed "5 percent" Medicaid Rate increase for nursing homes to include a true 20 percent increase as part of the final Enacted Budget agreement. Additionally, we strongly believe that the Enacted Budget must include language that would provide for rebasing of nursing home rates starting in CY 2025 that adequately reflects the true cost of providing services.

In New York, the predominate payer for care in nursing homes is the Medicaid program, which pays for more than 75 percent of all resident days. Over the past 15 years, the nursing home industry has faced significant financial challenges caused by years of cuts and a lack of investments by the State, despite rising costs and costly statutory changes. As an example, if Medicaid rates just kept up with inflation, rates would be approximately 44.3 percent higher than they are today. Further compounding the issue has been the dramatic increase in costs driven by the COVID-19 pandemic, which now puts the viability of many providers at risk.

Additionally, New York has distinguished itself nationally as ranking last in what it reimburses nursing homes when compared to actual costs, according to studies comparing nursing home rates across states. New York was alone in enacting rate reductions, while many other states provided double digit increases to their nursing homes during the pandemic.

The financial hardships faced by nursing homes has a direct impact on nursing home residents who depend on us for custodial care (e.g., bathing, dressing, eating) and skilled care. This crisis has resulted in a reduction of nursing home beds, the inability of hospitals to discharge to nursing homes, and for-profits purchasing not-for-profits which instantly decrease the quality of care provided to residents.

A recent survey conducted by the Alliance showed that the average staff vacancy rate is 26 percent, which has resulted in more than 66 percent of the Alliance members having to reduce capacity in the past 12 months.

This alarm has been sounding for years. Today, the shortfall between what it costs to provide care for one day to one resident and what we are paid by the State exceeds \$125.

The Governor's Executive Budget proposal for SFY 2023-24 *appears* as a 5 percent Medicaid rate increase for nursing homes, totaling \$315 million (All Funds). However, while the budget provides an "increase" on one line of the budget, it simultaneously eliminates the "Nursing Home Staffing Pool" by \$187 million (All Funds) that was established by the Legislature and the Executive to providing nursing homes with funding to comply with the recently enacted staffing level law. Combined, these two actions result in a net increase of \$128 million - which is closer to a 2 percent increase and not 5 percent.

The proposed budget also fails to address nursing home rate rebasing, which is essential to address these issues moving forward.

To address the issues outlined above, the Alliance is requesting the following actions:

- **Discontinue the nursing home staffing pool.** These dollars have never been distributed, and federal share approvals have never been received from CMS. *We support the discontinuation of the staffing pool IF the budget includes a 20% Medicaid rate increase;*
- **Provide a total of 20% Medicaid Rate Increase for Nursing Homes.**
- **Include NH rebasing in the Article VII bill, effective 2025.**

Nursing Home Actions	State Share	All Funds	Alliance Proposal
Remove nursing home staffing pool	\$ (93,500,000)	\$ (187,000,000)	Discontinue the NH staffing pool (in exchange a 20% rate increase)
Increase NH reimbursement by 5%	\$ 157,500,000	\$ 315,000,000	Accept
Add additional 15% (20% Total)	\$ 472,500,000	\$ 945,000,000	Add 15%
Add Rebasing to Article VII Bill	TBD	TBD	No costs in FY 2024

Since the start of the pandemic, nursing homes have been there for New Yorkers. Now is the time to invest in our nursing homes to ensure that they remain open to take care of our most vulnerable individuals.

We urge the Governor and the Legislature to include a 20 percent Medicaid rate increase for nursing homes in the enacted budget for FY2024. The enacted budget must also include language to rebase nursing home rates beginning in 2025.