



TESTIMONY BEFORE THE HEALTH AND HUMAN RESOURCES
SUBCOMMITTEE OF THE HOUSE APPROPRIATIONS COMMITTEE

Budget Hearing: DHR - Family Investment Administration

Request: Support the freeze exemptions requesting by DHR to create and staff a new, centralized unit for long-term care medical assistance eligibility and include long-term care caseworkers under the blanket exemption being recommended.

LifeSpan Network would like to thank you for the opportunity to testify on the Department of Human Resources – Family Investment Administration’s budget on behalf of our nursing home members. Over the past year, our nursing home members have seen a sharp decline in the number of caseworkers available to determine financial eligibility for medical assistance in long-term care. As a result, not only is the backlog of eligibility cases increasing but the time it takes for an individual to be deemed eligible is also increasing. As you know, medical assistance is an entitlement program. As long as an individual meets financial and medical criteria, he/she is deemed eligible for medical assistance. However, the majority of these individuals begin receiving services in nursing homes prior to an eligibility determination. As such, these services are being provided without payment to the nursing home. These individuals are often admitted to the nursing home from a hospital after an acute episode and therefore in profound need of costly skilled nursing services. Therefore, it is critical that eligibility determinations are made expeditiously in order to provide the funds to allow the nursing home to care for the individual.

Recent budget cuts are further exacerbating this problem. The nursing home industry has experienced a \$125 million dollar total fund reduction in reimbursement for FY09 and FY2010, which doesn’t take into account the loss of an inflationary adjustment in FY2010. This decline in revenue coupled with the increasing number of individuals being cared for without payment is having a profound and negative affect on the nursing home industry, especially cash flow and the ability of nursing homes to be able to satisfy monthly operating obligations. The associations are now hearing that member communities are implementing hiring freezes to try to address financial issues and we are concerned that some nursing homes may be forced to limit new admissions to only those individuals that have already been determined eligible for medical assistance. To illustrate the need for caseworkers, one nursing facility in Anne Arundel County has

eleven (11) cases waiting for an eligibility determination. These eleven cases equal \$276,604, which represent 40% of the facility's account receivables. In a similar situation in Baltimore City, one facility's applications total \$253,000 in account receivables. These types of account receivables are now becoming the rule rather than the exception for the nursing home industry.

LifeSpan has been working with the Department of Human Resources and the Department of Health and Mental Hygiene on a plan to consolidate the eligibility functions for Baltimore City, Baltimore County, Anne Arundel County and Prince George's County into one centralized unit to address the shortages in these areas. Under this plan, the centralized unit would also perform certain functions on a statewide basis, thereby, allowing caseworkers to focus more of their time on eligibility determinations for long-term care.

We believe that the formation of this centralized unit will increase efficiency in the long-term care eligibility system and thereby reduce cost to the State. However, it is our understanding that this plan cannot be successful without providing DHR with a freeze exemption for the pins needed to staff this unit. It is important to note that this unit would only be staffed by forty (40) employees, which is less than the number of pins currently allocated to perform these functions under the current system.

Again, LifeSpan urges the committee to support the freeze exemptions being requested by DHR to staff this new, centralized unit. While we appreciate the economic pressures currently being faced by the State, it is important to note that the State is currently unable to satisfy its obligations under the current structure, e.g., providing timely eligibility determinations to Maryland seniors. In addition, to avoid future delays, we also ask that long-term care eligibility workers be included under the blanket freeze exemption also being requested by DHR.

###

LifeSpan Network is a senior care provider association representing approximately 300 providers, including nursing homes, assisted living facilities, medical adult day care providers, continuing care retirement communities and senior housing communities. Our members provide care to approximately 45,000 seniors.

Submitted by:

Danna Kauffman
Senior Vice President of Public Policy
dkauffman@lifespan-network.org
410-279-5572