

February 8, 2023

The Honorable, Senator Bob Keenan
Chair and Member of the Joint Appropriations Subcommittee on Health and Human Services
P.O. Box 697
Bigfork, MT 59911-0697

Dear Chairman Keenan and Members of the Subcommittee,

The American Health Care Association and National Center for Assisted Living (AHCA/NCAL) represent more than 14,500 non-profit and proprietary skilled nursing centers, assisted living communities, sub-acute centers, and homes for individuals with intellectual and developmental disabilities. On behalf of AHCA/NCAL, we appreciate the opportunity to collaborate with the Montana Department of Public Health and Human Services (DPHHS) and the Montana Legislative Joint Appropriations Subcommittee on Health and Human Services to provide a national perspective on:

- addressing the needs of older vulnerable and disadvantaged populations disproportionately affected by COVID-19;
- ensuring health equity and increasing transparency;
- addressing skilled nursing centers' needs, especially as these providers were negatively affected by COVID-19; and
- developing reimbursement rates for skilled nursing centers in an effort to support their ability to continue serving vulnerable and disadvantaged populations while maintaining and improving access to health care and human/social services for these populations.

We believe the solutions presented below are essential to stabilizing the long term care system in Montana and securing greater opportunities for our seniors to access long term care services across the state.

Like skilled nursing and assisted living providers across the country, providers in Montana have been significantly impacted by the COVID-19 pandemic. Combined with unprecedented inflation, increasing labor costs and workforce challenges, the sector remains in crisis.

We appreciate the DPHHS contracting with Guidehouse Inc. to conduct a rate study for nursing facilities in Montana. Guidehouse gathered cost, occupancy, utilization and wage data from Montana nursing facility providers and other state and national data sources to establish a cost-based rate methodology. Upon review, we believe the Guidehouse rate study

provides a starting point for discussion of both short- and long-term steps that will improve the stability of the sector.

We believe the rate recommendation appropriately reflects the trended costs of providing nursing home care in Montana, except for application of the occupancy factor. The occupancy recommendation, which is set at 10 percent above the current average occupancy, discusses the need to avoid paying for excess capacity. However, we believe the ongoing effects of COVID-19, current conditions in Montana and nationally related to workforce and inflation, and most importantly, the impact of limited access to care in rural communities, weigh against the use of a minimum occupancy factor.

To stabilize the sector in Montana, we recommend:

1. Implementing the recommended base rate as part of emergency funding to be made available as soon as possible to bring immediate relief to distressed providers that are at risk of closure.
2. For state fiscal year 2024 and 2025, implementing the Guidehouse recommended base rate modified to remove the occupancy adjustment. This action would allow providers to maintain a base rate that covers the cost of care and provides stability over the short term. It also allows time for creation of a task force comprised of DPHHS and provider stakeholders to identify alternative strategies to address access and efficiency in rural areas and throughout the sector.

We believe these immediate steps will help stabilize the long term care system in the short term and significantly slow the flow of nursing home closures.

To ensure long-term stability of the sector, we also recommend the following based on effective systems established in other states:

Ongoing Rate Adequacy

1. Adopt a system using an annual inflation adjustment factor such as IHS Global Insights Skilled Nursing Facility Market Basket.
2. Adopt a process for cost report analysis at least every 4 years with rebase when required.
3. Reform direct care wage add-on program to ensure it takes into account current labor need and costs.
4. Establish criteria for nursing home reimbursement rates that incorporates quality and performance incentives, resident acuity, access, and other appropriate factors and incentives.

Accountability

1. Establish a collaborative Value Based Care (VBC) task force/advisory group comprised of providers, long term care physicians/medical directors, DPHHS representatives and other stake holders to develop a comprehensive VBC program

that takes into account the need for rate adequacy, quality of care, fiscal accountability and access.

2. Task force/advisory group to establish a pay for performance (P4P) program, which includes identifying VBC metrics and performance thresholds by Q4 of SFY 2024 and implementing the P4P program no sooner than 12 months after VBC metrics and thresholds are identified. This gives all stakeholders an opportunity to build the infrastructure to support a sustainable value based care system.

Access and Care Delivery Task Force / Advisory Group

1. Establish a collaborative task force/advisory group comprised of providers and provider association representatives, DPHHS representatives, clinicians, and other stakeholders to address issues related to care delivery and access to care. Issues to be addressed include:
 - a. Identify high need/high risk populations in Montana (i.e., memory care, behavior management, bariatric care, etc.).
 - b. Re-evaluate current acuity add-on's to ensure all identified high need/high risk populations are included and add-on's incentivize care delivery by covering the cost of routine care and services delivered.
2. Evaluate level of care in nursing homes and other post-acute care settings to maximize scope of practice for registered nurses, licensed practical nurses and certified nursing assistants.
3. Utilize Task Force to evaluate access to care in rural areas and establish options to improve efficient care delivery in rural areas.

Thank you for your commitment to nursing homes and your collaborative effort to ensuring quality care for the seniors of Montana.

Sincerely,



Mark Parkinson
President & CEO
AHCA/NCAL