



General Assembly

January Session, 2015

Raised Bill No. 978

LCO No. 3765



Referred to Committee on HUMAN SERVICES

Introduced by:
(HS)

AN ACT CONCERNING RESIDENTIAL CARE HOMES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (1) of subsection (h) of section 17b-340 of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective July 1, 2015*):

4 (h) (1) For the fiscal year ending June 30, 1993, any residential care
5 home with an operating cost component of its rate in excess of one
6 hundred thirty per cent of the median of operating cost components of
7 rates in effect January 1, 1992, shall not receive an operating cost
8 component increase. For the fiscal year ending June 30, 1993, any
9 residential care home with an operating cost component of its rate that
10 is less than one hundred thirty per cent of the median of operating cost
11 components of rates in effect January 1, 1992, shall have an allowance
12 for real wage growth equal to sixty-five per cent of the increase
13 determined in accordance with subsection (q) of section 17-311-52 of
14 the regulations of Connecticut state agencies, provided such operating
15 cost component shall not exceed one hundred thirty per cent of the
16 median of operating cost components in effect January 1, 1992.

17 Beginning with the fiscal year ending June 30, 1993, for the purpose of
18 determining allowable fair rent, a residential care home with allowable
19 fair rent less than the twenty-fifth percentile of the state-wide
20 allowable fair rent shall be reimbursed as having allowable fair rent
21 equal to the twenty-fifth percentile of the state-wide allowable fair
22 rent. Beginning with the fiscal year ending June 30, 1997, a residential
23 care home with allowable fair rent less than three dollars and ten cents
24 per day shall be reimbursed as having allowable fair rent equal to
25 three dollars and ten cents per day. Property additions placed in
26 service during the cost year ending September 30, 1996, or any
27 succeeding cost year shall receive a fair rent allowance for such
28 additions as an addition to three dollars and ten cents per day if the
29 fair rent for the facility for property placed in service prior to
30 September 30, 1995, is less than or equal to three dollars and ten cents
31 per day. For the fiscal year ending June 30, 1996, and any succeeding
32 fiscal year, the allowance for real wage growth, as determined in
33 accordance with subsection (q) of section 17-311-52 of the regulations
34 of Connecticut state agencies, shall not be applied. For the fiscal year
35 ending June 30, 1996, and any succeeding fiscal year, the inflation
36 adjustment made in accordance with subsection (p) of section 17-311-
37 52 of the regulations of Connecticut state agencies shall not be applied
38 to real property costs. Beginning with the fiscal year ending June 30,
39 1997, minimum allowable patient days for rate computation purposes
40 for a residential care home with twenty-five beds or less shall be
41 eighty-five per cent of licensed capacity. Beginning with the fiscal year
42 ending June 30, 2002, for the purposes of determining the allowable
43 salary of an administrator of a residential care home with sixty beds or
44 less the department shall revise the allowable base salary to thirty-
45 seven thousand dollars to be annually inflated thereafter in accordance
46 with section 17-311-52 of the regulations of Connecticut state agencies.
47 The rates for the fiscal year ending June 30, 2002, shall be based upon
48 the increased allowable salary of an administrator, regardless of
49 whether such amount was expended in the 2000 cost report period
50 upon which the rates are based. Beginning with the fiscal year ending

51 June 30, 2000, and until the fiscal year ending June 30, 2009, inclusive,
52 the inflation adjustment for rates made in accordance with subsection
53 (p) of section 17-311-52 of the regulations of Connecticut state agencies
54 shall be increased by two per cent, and beginning with the fiscal year
55 ending June 30, 2002, the inflation adjustment for rates made in
56 accordance with subsection (c) of said section shall be increased by one
57 per cent. Beginning with the fiscal year ending June 30, 1999, for the
58 purpose of determining the allowable salary of a related party, the
59 department shall revise the maximum salary to twenty-seven
60 thousand eight hundred fifty-six dollars to be annually inflated
61 thereafter in accordance with section 17-311-52 of the regulations of
62 Connecticut state agencies and beginning with the fiscal year ending
63 June 30, 2001, such allowable salary shall be computed on an hourly
64 basis and the maximum number of hours allowed for a related party
65 other than the proprietor shall be increased from forty hours to forty-
66 eight hours per work week. For the fiscal year ending June 30, 2005,
67 each facility shall receive a rate that is two and one-quarter per cent
68 more than the rate the facility received in the prior fiscal year, except
69 any facility that would have been issued a lower rate effective July 1,
70 2004, than for the fiscal year ending June 30, 2004, due to interim rate
71 status or agreement with the department shall be issued such lower
72 rate effective July 1, 2004. Effective upon receipt of all the necessary
73 federal approvals to secure federal financial participation matching
74 funds associated with the rate increase provided in subdivision (4) of
75 subsection (f) of this section, but in no event earlier than October 1,
76 2005, and provided the user fee imposed under section 17b-320 is
77 required to be collected, each facility shall receive a rate that is
78 determined in accordance with applicable law and subject to
79 appropriations, except any facility that would have been issued a
80 lower rate effective October 1, 2005, than for the fiscal year ending June
81 30, 2005, due to interim rate status or agreement with the department,
82 shall be issued such lower rate effective October 1, 2005. Such rate
83 increase shall remain in effect unless: (A) The federal financial
84 participation matching funds associated with the rate increase are no

85 longer available; or (B) the user fee created pursuant to section 17b-320
86 is not in effect. For the fiscal year ending June 30, 2007, rates in effect
87 for the period ending June 30, 2006, shall remain in effect until
88 September 30, 2006, except any facility that would have been issued a
89 lower rate effective July 1, 2006, than for the fiscal year ending June 30,
90 2006, due to interim rate status or agreement with the department,
91 shall be issued such lower rate effective July 1, 2006. Effective October
92 1, 2006, no facility shall receive a rate that is more than four per cent
93 greater than the rate in effect for the facility on September 30, 2006,
94 except for any facility that would have been issued a lower rate
95 effective October 1, 2006, due to interim rate status or agreement with
96 the department, shall be issued such lower rate effective October 1,
97 2006. For the fiscal years ending June 30, 2010, and June 30, 2011, rates
98 in effect for the period ending June 30, 2009, shall remain in effect until
99 June 30, 2011, except any facility that would have been issued a lower
100 rate for the fiscal year ending June 30, 2010, or the fiscal year ending
101 June 30, 2011, due to interim rate status or agreement with the
102 department, shall be issued such lower rate, except (i) any facility that
103 would have been issued a lower rate for the fiscal year ending June 30,
104 2010, or the fiscal year ending June 30, 2011, due to interim rate status
105 or agreement with the Commissioner of Social Services shall be issued
106 such lower rate; and (ii) the commissioner may increase a facility's rate
107 for reasonable costs associated with such facility's compliance with the
108 provisions of section 19a-495a concerning the administration of
109 medication by unlicensed personnel. For the fiscal year ending June 30,
110 2012, rates in effect for the period ending June 30, 2011, shall remain in
111 effect until June 30, 2012, except that (I) any facility that would have
112 been issued a lower rate for the fiscal year ending June 30, 2012, due to
113 interim rate status or agreement with the Commissioner of Social
114 Services shall be issued such lower rate; and (II) the commissioner may
115 increase a facility's rate for reasonable costs associated with such
116 facility's compliance with the provisions of section 19a-495a
117 concerning the administration of medication by unlicensed personnel.
118 For the fiscal year ending June 30, 2013, the Commissioner of Social

119 Services may, within available appropriations, provide a rate increase
120 to a residential care home. Any facility that would have been issued a
121 lower rate for the fiscal year ending June 30, 2013, due to interim rate
122 status or agreement with the Commissioner of Social Services shall be
123 issued such lower rate. For the fiscal years ending June 30, 2012, and
124 June 30, 2013, the Commissioner of Social Services may provide fair
125 rent increases to any facility that has undergone a material change in
126 circumstances related to fair rent and has an approved certificate of
127 need pursuant to section 17b-352, 17b-353, 17b-354 or 17b-355. For the
128 fiscal years ending June 30, 2014, and June 30, 2015, for those facilities
129 that have a calculated rate greater than the rate in effect for the fiscal
130 year ending June 30, 2013, the commissioner may increase facility rates
131 based upon available appropriations up to a stop gain as determined
132 by the commissioner. No facility shall be issued a rate that is lower
133 than the rate in effect on June 30, 2013, except that any facility that
134 would have been issued a lower rate for the fiscal year ending June 30,
135 2014, or the fiscal year ending June 30, 2015, due to interim rate status
136 or agreement with the commissioner, shall be issued such lower rate.
137 For the fiscal year ending June 30, 2014, and each fiscal year thereafter,
138 a residential care home shall receive a rate increase for any capital
139 improvement made during the fiscal year for the health and safety of
140 residents and approved by the Department of Social Services,
141 provided such rate increase is within available appropriations. For the
142 fiscal year ending June 30, 2015, and each succeeding fiscal year
143 thereafter, costs of less than ten thousand dollars that are incurred by a
144 facility and are associated with any land, building or nonmovable
145 equipment repair or improvement that are reported in the cost year
146 used to establish the facility's rate shall not be capitalized for a period
147 of more than five years for rate-setting purposes. [For] Beginning with
148 the fiscal year ending June 30, [2015, subject to available
149 appropriations] 2016, the commissioner [may, at the commissioner's
150 discretion: Increase the] shall not apply an inflation cost limitation
151 under subsection (c) of section 17-311-52 of the regulations of
152 Connecticut state agencies [, provided such inflation allowance factor

153 does not exceed a maximum] of less than five per cent. [;] The
154 commissioner shall establish a minimum rate of return applied to real
155 property of five per cent inclusive of assets placed in service [during]
156 prior to cost year [2013;] 2014; increase the minimum reimbursement
157 for real property of three dollars and ten cents per resident day to five
158 dollars and ten cents, except for any residential care home that
159 completed a full facility renovation or received certificate of need
160 approval for a full renovation as determined by the commissioner; and
161 [waive] eliminate the [standard] rate of return adjustment under
162 subsection (f) of section 17-311-52 of the regulations of Connecticut
163 state agencies. [for ownership changes or health and safety
164 improvements that exceed one hundred thousand dollars and that are
165 required under a consent order from the Department of Public Health;
166 and waive the rate of return adjustment under subsection (f) of section
167 17-311-52 of the regulations of Connecticut state agencies to avoid
168 financial hardship.]

169 Sec. 2. (NEW) (*Effective July 1, 2015*) (a) For purposes of this section:
170 (1) "cost report" means the annual report for the 2014 cost year filed
171 pursuant to subsection (a) of section 17b-340 of the general statutes
172 with the Department of Social Services by a residential care home; (2)
173 "eligible salaries and wages" means the total of salaries and wages
174 reported by a residential care home exclusive of salaries and wages
175 reported in the cost report categories for owner, administrator,
176 assistant administrator, nurse, therapy, medical director, physician,
177 dentist, pharmacist and podiatrist positions; (3) "facility average cost
178 per hour" means the total eligible salaries and wages divided by the
179 total of reported hours for eligible salaries and wages at a residential
180 care home; (4) "average cost per hour" means the total of eligible
181 salaries and wages reported by residential care homes divided by the
182 total of reported hours associated with eligible salaries and wages; (5)
183 "qualifying residential care home" means a residential care home with
184 an average cost per hour below the average cost per hour for
185 residential care homes; (6) "retention and recruitment allowance"

186 means the difference between the average cost per hour for residential
187 care homes and the average cost per hour for a qualifying residential
188 care home multiplied by the home's total hours associated with eligible
189 salaries and wages; (7) "retention and recruitment rate adjustment"
190 means the retention and recruitment allowance divided by total
191 resident days reported in the cost report filed by the qualifying
192 residential care home; and (8) "rate adjustment funding" means
193 additional payments provided by the Department of Social Services to
194 a qualifying residential care home for services provided between July
195 1, 2015, and June 30, 2016, that are associated with the retention and
196 recruitment rate adjustment.

197 (b) For the fiscal year ending June 30, 2016, the Commissioner of
198 Social Services shall provide a retention and recruitment rate
199 adjustment to qualifying residential care homes. Any residential care
200 home accepting a retention and recruitment rate adjustment shall only
201 apply rate adjustment funding to eligible salaries and wages and shall
202 provide greater wage increases, on a percentage basis, to positions
203 with lower wages than the percentage increases applied to higher
204 salary and wage positions. The commissioner may require a residential
205 care home to submit wage and salary information, in addition to the
206 annual cost report, to verify the appropriate application of rate
207 adjustment funding. In the event that the commissioner determines
208 that a residential care home did not apply rate adjustment funding in
209 accordance with the requirements of this section, the commissioner
210 shall recover the amount of the misapplied rate adjustment funding
211 through rate reductions or other payment recovery means. The
212 commissioner shall exempt rate adjustment funding from the inflation
213 cost limitation under subsection (c) of section 17-311-52 of the
214 Regulations of Connecticut State Agencies for rates set for periods on
215 and after July 1, 2016.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2015</i>	17b-340(h)(1)
Sec. 2	<i>July 1, 2015</i>	New section

Statement of Purpose:

To provide additional funding to residential care homes to retain staff and cover property costs.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]