



General Assembly

**Substitute Bill No. 978**

January Session, 2015



**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2 general statutes is repealed and the following is substituted in lieu  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 may, within available appropriations, establish a minimum  
155 rate of return applied to real property of five per cent inclusive of assets  
156 placed in service [during] prior to cost year [2013;] 2014 and increase the  
157 minimum reimbursement for real property of three dollars and ten cents  
158 per resident day to five dollars and ten cents, except for any residential  
159 care home that completed a full facility renovation or received certificate  
160 of need approval for a full renovation as determined by the

161 commissioner. The commissioner may, within available appropriations,  
162 [waive] eliminate the [standard] rate of return adjustment under  
163 subsection (f) of section 17-311-52 of the regulations of Connecticut  
164 state agencies, [for ownership changes or health and safety  
165 improvements that exceed one hundred thousand dollars and that are  
166 required under a consent order from the Department of Public Health;  
167 and waive the rate of return adjustment under subsection (f) of section  
168 17-311-52 of the regulations of Connecticut state agencies to avoid  
169 financial hardship.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2015</i>	17b-340(h)(1)

**HS**

*Joint Favorable Subst. C/R*

**APP**