



General Assembly

February Session, 2020

**Raised Bill No. 5235**

LCO No. 1664



Referred to Committee on HUMAN SERVICES

Introduced by:  
(HS)

***AN ACT CONCERNING NURSING FACILITY REIMBURSEMENT.***

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

1 Section 1. Section 17b-340d of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) The Commissioner of Social Services [may] shall implement an  
4 acuity-based methodology for Medicaid reimbursement of nursing  
5 home services. [In the course of developing such a system, the  
6 commissioner shall review the skilled nursing facility prospective  
7 payment system developed by the Centers for Medicare and Medicaid  
8 Services, as well as other methodologies used nationally, and shall  
9 consider recommendations from the nursing home industry.]  
10 Notwithstanding section 17b-340, as amended by this act, for the fiscal  
11 year ending June 30, 2021, and annually thereafter, the Commissioner of  
12 Social Services shall establish Medicaid rates paid to nursing home  
13 facilities based on cost years ending on September thirtieth in  
14 accordance with the following:

15 (1) Case-mix adjustments to the direct care component shall be made

16 or phased in effective beginning July 1, 2020, and updated every quarter  
17 thereafter. The transition to acuity-based reimbursement shall be cost  
18 neutral and based on cost reports for the fiscal year ending June 30, 2018.  
19 There shall be no inflationary increase to the rates for the fiscal year  
20 ending June 30, 2021.

21 (2) Geographic peer groupings of facilities shall be established by the  
22 Department of Social Services pursuant to regulations implemented in  
23 accordance with subsection (b) of this section.

24 (3) Allowable costs shall be divided into the following five cost  
25 components: (A) Direct costs, which shall include salaries for nursing  
26 personnel, related fringe benefits and nursing pool costs; (B) indirect  
27 costs, which shall include professional fees, dietary expenses,  
28 housekeeping expenses, laundry expenses, supplies related to patient  
29 care, salaries for indirect care personnel and related fringe benefits; (C)  
30 fair rent, which shall be defined in accordance with subsection (f) of  
31 section 17-311-52 of the regulations of Connecticut state agencies; (D)  
32 capital-related costs, which shall include property taxes, insurance  
33 expenses, equipment leases and equipment depreciation; and (E)  
34 administrative and general costs, which shall include maintenance and  
35 operation of plant expenses, salaries for administrative and  
36 maintenance personnel and related fringe benefits. For (i) direct costs,  
37 the maximum shall be equal to one hundred thirty-five per cent of the  
38 median allowable cost of that peer grouping; (ii) indirect costs, the  
39 maximum shall be equal to one hundred fifteen per cent of the state-  
40 wide median allowable cost; (iii) fair rent, the amount shall be calculated  
41 utilizing the amount approved pursuant to section 19a-638; (iv) capital-  
42 related costs, there shall be no maximum; and (v) administrative and  
43 general costs, the maximum shall be equal to the state-wide median  
44 allowable cost.

45 (4) For the fiscal year ending June 30, 2021, the commissioner may, in  
46 the commissioner's discretion and within available appropriations,  
47 provide pro rata fair rent increases to facilities which have documented  
48 fair rent additions placed in service in the cost report year ending

49 September 30, 2019, that are not otherwise included in the rates issued.

50 (5) For purposes of computing minimum allowable patient days,  
51 utilization of a facility's certified beds shall be determined at a minimum  
52 of ninety per cent of capacity, except for new facilities and facilities  
53 which are certified for additional beds which may be permitted a lower  
54 occupancy rate for the first three months of operation after the effective  
55 date of licensure.

56 (6) Rates determined under this section shall comply with federal  
57 laws and regulations.

58 (b) The Commissioner of Social Services may implement policies as  
59 necessary to carry out the provisions of this section while in the process  
60 of adopting the policies as regulations, provided that prior to  
61 implementation the policies are posted on the eRegulations System  
62 established pursuant to section 4-173b and the Department of Social  
63 Services' Internet web site.

64 Sec. 2. Section 17b-340 of the 2020 supplement to the general statutes  
65 is repealed and the following is substituted in lieu thereof (*Effective from*  
66 *passage*):

67 (a) For purposes of this subsection, (1) a "related party" includes, but  
68 is not limited to, any company related to a chronic and convalescent  
69 nursing home through family association, common ownership, control  
70 or business association with any of the owners, operators or officials of  
71 such nursing home; (2) "company" means any person, partnership,  
72 association, holding company, limited liability company or corporation;  
73 (3) "family association" means a relationship by birth, marriage or  
74 domestic partnership; and (4) "profit and loss statement" means the  
75 most recent annual statement on profits and losses finalized by a related  
76 party before the annual report mandated under this subsection. The  
77 rates to be paid by or for persons aided or cared for by the state or any  
78 town in this state to licensed chronic and convalescent nursing homes,  
79 to chronic disease hospitals associated with chronic and convalescent  
80 nursing homes, to rest homes with nursing supervision, to licensed

81 residential care homes, as defined by section 19a-490, and to residential  
82 facilities for persons with intellectual disability that are licensed  
83 pursuant to section 17a-227 and certified to participate in the Title XIX  
84 Medicaid program as intermediate care facilities for individuals with  
85 intellectual disabilities, for room, board and services specified in  
86 licensing regulations issued by the licensing agency shall be determined  
87 annually, except as otherwise provided in this subsection [, after a  
88 public hearing,] by the Commissioner of Social Services, to be effective  
89 July first of each year except as otherwise provided in this subsection.  
90 Such rates shall be determined on a basis of a reasonable payment for  
91 such necessary services, which basis shall take into account as a factor  
92 the costs of such services. Cost of such services shall include reasonable  
93 costs mandated by collective bargaining agreements with certified  
94 collective bargaining agents or other agreements between the employer  
95 and employees, provided "employees" shall not include persons  
96 employed as managers or chief administrators or required to be licensed  
97 as nursing home administrators, and compensation for services  
98 rendered by proprietors at prevailing wage rates, as determined by  
99 application of principles of accounting as prescribed by said  
100 commissioner. Cost of such services shall not include amounts paid by  
101 the facilities to employees as salary, or to attorneys or consultants as  
102 fees, where the responsibility of the employees, attorneys, or consultants  
103 is to persuade or seek to persuade the other employees of the facility to  
104 support or oppose unionization. Nothing in this subsection shall  
105 prohibit inclusion of amounts paid for legal counsel related to the  
106 negotiation of collective bargaining agreements, the settlement of  
107 grievances or normal administration of labor relations. The  
108 commissioner may, in the commissioner's discretion, allow the inclusion  
109 of extraordinary and unanticipated costs of providing services that were  
110 incurred to avoid an immediate negative impact on the health and safety  
111 of patients. The commissioner may, in the commissioner's discretion,  
112 based upon review of a facility's costs, direct care staff to patient ratio  
113 and any other related information, revise a facility's rate for any  
114 increases or decreases to total licensed capacity of more than ten beds or  
115 changes to its number of licensed rest home with nursing supervision

116 beds and chronic and convalescent nursing home beds. The  
117 commissioner may, in the commissioner's discretion, revise the rate of a  
118 facility that is closing. An interim rate issued for the period during  
119 which a facility is closing shall be based on a review of facility costs, the  
120 expected duration of the close-down period, the anticipated impact on  
121 Medicaid costs, available appropriations and the relationship of the rate  
122 requested by the facility to the average Medicaid rate for a close-down  
123 period. The commissioner may so revise a facility's rate established for  
124 the fiscal year ending June 30, 1993, and thereafter for any bed increases,  
125 decreases or changes in licensure effective after October 1, 1989.  
126 Effective July 1, 1991, in facilities that have both a chronic and  
127 convalescent nursing home and a rest home with nursing supervision,  
128 the rate for the rest home with nursing supervision shall not exceed such  
129 facility's rate for its chronic and convalescent nursing home. All such  
130 facilities for which rates are determined under this subsection shall  
131 report on a fiscal year basis ending on September thirtieth. Such report  
132 shall be submitted to the commissioner by February fifteenth. Each for-  
133 profit chronic and convalescent nursing home that receives state  
134 funding pursuant to this section shall include in such annual report a  
135 profit and loss statement from each related party that receives from such  
136 chronic and convalescent nursing home fifty thousand dollars or more  
137 per year for goods, fees and services. No cause of action or liability shall  
138 arise against the state, the Department of Social Services, any state  
139 official or agent for failure to take action based on the information  
140 required to be reported under this subsection. The commissioner may  
141 reduce the rate in effect for a facility that fails to submit a complete and  
142 accurate report on or before February fifteenth by an amount not to  
143 exceed ten per cent of such rate. If a licensed residential care home fails  
144 to submit a complete and accurate report, the department shall notify  
145 such home of the failure and the home shall have thirty days from the  
146 date the notice was issued to submit a complete and accurate report. If  
147 a licensed residential care home fails to submit a complete and accurate  
148 report not later than thirty days after the date of notice, such home may  
149 not receive a retroactive rate increase, in the commissioner's discretion.  
150 The commissioner shall, annually, on or before April first, report the

151 data contained in the reports of such facilities [to the joint standing  
152 committee of the General Assembly having cognizance of matters  
153 relating to appropriations and the budgets of state agencies] on the  
154 department's Internet web site. For the cost reporting year commencing  
155 October 1, 1985, and for subsequent cost reporting years, facilities shall  
156 report the cost of using the services of any nursing pool employee by  
157 separating said cost into two categories, the portion of the cost equal to  
158 the salary of the employee for whom the nursing pool employee is  
159 substituting shall be considered a nursing cost and any cost in excess of  
160 such salary shall be further divided so that seventy-five per cent of the  
161 excess cost shall be considered an administrative or general cost and  
162 twenty-five per cent of the excess cost shall be considered a nursing cost,  
163 provided if the total nursing pool costs of a facility for any cost year are  
164 equal to or exceed fifteen per cent of the total nursing expenditures of  
165 the facility for such cost year, no portion of nursing pool costs in excess  
166 of fifteen per cent shall be classified as administrative or general costs.  
167 The commissioner, in determining such rates, shall also take into  
168 account the classification of patients or boarders according to special  
169 care requirements or classification of the facility according to such  
170 factors as facilities and services and such other factors as the  
171 commissioner deems reasonable, including anticipated fluctuations in  
172 the cost of providing such services. The commissioner may establish a  
173 separate rate for a facility or a portion of a facility for traumatic brain  
174 injury patients who require extensive care but not acute general hospital  
175 care. Such separate rate shall reflect the special care requirements of  
176 such patients. If changes in federal or state laws, regulations or  
177 standards adopted subsequent to June 30, 1985, result in increased costs  
178 or expenditures in an amount exceeding one-half of one per cent of  
179 allowable costs for the most recent cost reporting year, the  
180 commissioner shall adjust rates and provide payment for any such  
181 increased reasonable costs or expenditures within a reasonable period  
182 of time retroactive to the date of enforcement. Nothing in this section  
183 shall be construed to require the Department of Social Services to adjust  
184 rates and provide payment for any increases in costs resulting from an  
185 inspection of a facility by the Department of Public Health. Such

186 assistance as the commissioner requires from other state agencies or  
187 departments in determining rates shall be made available to the  
188 commissioner at the commissioner's request. Payment of the rates  
189 established pursuant to this section shall be conditioned on the  
190 establishment by such facilities of admissions procedures that conform  
191 with this section, section 19a-533 and all other applicable provisions of  
192 the law and the provision of equality of treatment to all persons in such  
193 facilities. The established rates shall be the maximum amount  
194 chargeable by such facilities for care of such beneficiaries, and the  
195 acceptance by or on behalf of any such facility of any additional  
196 compensation for care of any such beneficiary from any other person or  
197 source shall constitute the offense of aiding a beneficiary to obtain aid  
198 to which the beneficiary is not entitled and shall be punishable in the  
199 same manner as is provided in subsection (b) of section 17b-97. [For the  
200 fiscal year ending June 30, 1992, rates for licensed residential care homes  
201 and intermediate care facilities for individuals with intellectual  
202 disabilities may receive an increase not to exceed the most recent annual  
203 increase in the Regional Data Resources Incorporated McGraw-Hill  
204 Health Care Costs: Consumer Price Index (all urban)-All Items. Rates  
205 for newly certified intermediate care facilities for individuals with  
206 intellectual disabilities shall not exceed one hundred fifty per cent of the  
207 median rate of rates in effect on January 31, 1991, for intermediate care  
208 facilities for individuals with intellectual disabilities certified prior to  
209 February 1, 1991.] Notwithstanding any provision of this section, the  
210 Commissioner of Social Services may, within available appropriations,  
211 provide an interim rate increase for a licensed chronic and convalescent  
212 nursing home or a rest home with nursing supervision for rate periods  
213 no earlier than April 1, 2004, only if the commissioner determines that  
214 the increase is necessary to avoid the filing of a petition for relief under  
215 Title 11 of the United States Code; imposition of receivership pursuant  
216 to sections 19a-542 and 19a-543; or substantial deterioration of the  
217 facility's financial condition that may be expected to adversely affect  
218 resident care and the continued operation of the facility, and the  
219 commissioner determines that the continued operation of the facility is  
220 in the best interest of the state. The commissioner shall consider any

221 requests for interim rate increases on file with the department from  
222 March 30, 2004, and those submitted subsequently for rate periods no  
223 earlier than April 1, 2004. When reviewing an interim rate increase  
224 request the commissioner shall, at a minimum, consider: (A) Existing  
225 chronic and convalescent nursing home or rest home with nursing  
226 supervision utilization in the area and projected bed need; (B) physical  
227 plant long-term viability and the ability of the owner or purchaser to  
228 implement any necessary property improvements; (C) licensure and  
229 certification compliance history; (D) reasonableness of actual and  
230 projected expenses; and (E) the ability of the facility to meet wage and  
231 benefit costs. No interim rate shall be increased pursuant to this  
232 subsection in excess of one hundred fifteen per cent of the median rate  
233 for the facility's peer grouping, established pursuant to subdivision (2)  
234 of subsection (f) of this section, unless recommended by the  
235 commissioner and approved by the Secretary of the Office of Policy and  
236 Management after consultation with the commissioner. Such median  
237 rates shall be published by the Department of Social Services not later  
238 than April first of each year. In the event that a facility granted an  
239 interim rate increase pursuant to this section is sold or otherwise  
240 conveyed for value to an unrelated entity less than five years after the  
241 effective date of such rate increase, the rate increase shall be deemed  
242 rescinded and the department shall recover an amount equal to the  
243 difference between payments made for all affected rate periods and  
244 payments that would have been made if the interim rate increase was  
245 not granted. The commissioner may seek recovery of such payments  
246 from any facility with common ownership. With the approval of the  
247 Secretary of the Office of Policy and Management, the commissioner  
248 may waive recovery and rescission of the interim rate for good cause  
249 shown that is not inconsistent with this section, including, but not  
250 limited to, transfers to family members that were made for no value. The  
251 commissioner shall provide written quarterly reports to the joint  
252 standing committees of the General Assembly having cognizance of  
253 matters relating to aging, human services and appropriations and the  
254 budgets of state agencies, that identify each facility requesting an  
255 interim rate increase, the amount of the requested rate increase for each



256 facility, the action taken by the commissioner and the secretary pursuant  
257 to this subsection, and estimates of the additional cost to the state for  
258 each approved interim rate increase. Nothing in this subsection shall  
259 prohibit the commissioner from increasing the rate of a licensed chronic  
260 and convalescent nursing home or a rest home with nursing supervision  
261 for allowable costs associated with facility capital improvements or  
262 increasing the rate in case of a sale of a licensed chronic and convalescent  
263 nursing home or a rest home with nursing supervision [, pursuant to  
264 subdivision (15) of subsection (f) of this section,] if receivership has been  
265 imposed on such home.

266 (b) [The Commissioner of Social Services shall adopt regulations in  
267 accordance with the provisions of chapter 54 to specify other allowable  
268 services. For purposes of this section, other allowable services means  
269 those services required by any medical assistance beneficiary residing  
270 in such home or hospital which are not already covered in the rate set  
271 by the commissioner in accordance with the provisions of subsection (a)  
272 of this section.] The Commissioner of Social Services may implement  
273 policies and procedures as necessary to carry out the provisions of this  
274 section while in the process of adopting the policies and procedures as  
275 regulations, provided notice of intent to adopt the regulations is  
276 published in accordance with the provisions of section 17b-10 not later  
277 than twenty days after the date of implementation.

278 (c) No facility subject to the requirements of this section shall accept  
279 payment in excess of the rate set by the commissioner pursuant to  
280 subsection (a) of this section for any medical assistance patient from this  
281 or any other state. No facility shall accept payment in excess of the  
282 reasonable and necessary costs of other allowable services as specified  
283 by the commissioner pursuant to the regulations adopted under  
284 subsection (b) of this section for any public assistance patient from this  
285 or any other state. Notwithstanding the provisions of this subsection,  
286 the commissioner may authorize a facility to accept payment in excess  
287 of the rate paid for a medical assistance patient in this state for a patient  
288 who receives medical assistance from another state.

289 (d) In any instance where the Commissioner of Social Services finds  
290 that a facility subject to the requirements of this section is accepting  
291 payment for a medical assistance beneficiary in violation of subsection  
292 (c) of this section, the commissioner shall proceed to recover through the  
293 rate set for the facility any sum in excess of the stipulated per diem and  
294 other allowable costs, as provided for in regulations adopted pursuant  
295 to subsections (a) and (b) of this section. The commissioner shall make  
296 the recovery prospectively at the time of the next annual rate  
297 redetermination.

298 (e) Except as provided in this subsection, the provisions of  
299 subsections (c) and (d) of this section shall not apply to any facility  
300 subject to the requirements of this section, which on October 1, 1981, (1)  
301 was accepting payments from the commissioner in accordance with the  
302 provisions of subsection (a) of this section, (2) was accepting medical  
303 assistance payments from another state for at least twenty per cent of its  
304 patients, and (3) had not notified the commissioner of any intent to  
305 terminate its provider agreement, in accordance with section 17b-271,  
306 provided no patient residing in any such facility on May 22, 1984, shall  
307 be removed from such facility for purposes of meeting the requirements  
308 of this subsection. If the commissioner finds that the number of beds  
309 available to medical assistance patients from this state in any such  
310 facility is less than fifteen per cent the provisions of subsections (c) and  
311 (d) of this section shall apply to that number of beds which is less than  
312 said percentage.

313 (f) On or before July 1, 2020, rates for nursing home facilities shall be  
314 set in accordance with this subsection. For the fiscal year ending June  
315 30, 1992, the rates paid by or for persons aided or cared for by the state  
316 or any town in this state to facilities for room, board and services  
317 specified in licensing regulations issued by the licensing agency, except  
318 intermediate care facilities for individuals with intellectual disabilities  
319 and residential care homes, shall be based on the cost year ending  
320 September 30, 1989. For the fiscal years ending June 30, 1993, and June  
321 30, 1994, such rates shall be based on the cost year ending September 30,  
322 1990. Such rates shall be determined by the Commissioner of Social

323 Services in accordance with this section and the regulations of  
324 Connecticut state agencies promulgated by the commissioner and in  
325 effect on April 1, 1991, except that:

326 (1) Allowable costs shall be divided into the following five cost  
327 components: (A) Direct costs, which shall include salaries for nursing  
328 personnel, related fringe benefits and nursing pool costs; (B) indirect  
329 costs, which shall include professional fees, dietary expenses,  
330 housekeeping expenses, laundry expenses, supplies related to patient  
331 care, salaries for indirect care personnel and related fringe benefits; (C)  
332 fair rent, which shall be defined in accordance with subsection (f) of  
333 section 17-311-52 of the regulations of Connecticut state agencies; (D)  
334 capital-related costs, which shall include property taxes, insurance  
335 expenses, equipment leases and equipment depreciation; and (E)  
336 administrative and general costs, which shall include (i) maintenance  
337 and operation of plant expenses, (ii) salaries for administrative and  
338 maintenance personnel, and (iii) related fringe benefits. The  
339 commissioner may provide a rate adjustment for nonemergency  
340 transportation services required by nursing facility residents. Such  
341 adjustment shall be a fixed amount determined annually by the  
342 commissioner based upon a review of costs and other associated  
343 information. Allowable costs shall not include costs for ancillary  
344 services payable under Part B of the Medicare program.

345 (2) Two geographic peer groupings of facilities shall be established  
346 for each level of care, as defined by the Department of Social Services  
347 for the determination of rates, for the purpose of determining allowable  
348 direct costs. One peer grouping shall be comprised of those facilities  
349 located in Fairfield County. The other peer grouping shall be comprised  
350 of facilities located in all other counties.

351 (3) For the fiscal year ending June 30, 1992, per diem maximum  
352 allowable costs for each cost component shall be as follows: For direct  
353 costs, the maximum shall be equal to one hundred forty per cent of the  
354 median allowable cost of that peer grouping; for indirect costs, the  
355 maximum shall be equal to one hundred thirty per cent of the state-wide

356 median allowable cost; for fair rent, the amount shall be calculated  
357 utilizing the amount approved by the Office of Health Care Access  
358 pursuant to section 19a-638; for capital-related costs, there shall be no  
359 maximum; and for administrative and general costs, the maximum shall  
360 be equal to one hundred twenty-five per cent of the state-wide median  
361 allowable cost. For the fiscal year ending June 30, 1993, per diem  
362 maximum allowable costs for each cost component shall be as follows:  
363 For direct costs, the maximum shall be equal to one hundred forty per  
364 cent of the median allowable cost of that peer grouping; for indirect  
365 costs, the maximum shall be equal to one hundred twenty-five per cent  
366 of the state-wide median allowable cost; for fair rent, the amount shall  
367 be calculated utilizing the amount approved by the Office of Health  
368 Care Access pursuant to section 19a-638; for capital-related costs, there  
369 shall be no maximum; and for administrative and general costs the  
370 maximum shall be equal to one hundred fifteen per cent of the state-  
371 wide median allowable cost. For the fiscal year ending June 30, 1994, per  
372 diem maximum allowable costs for each cost component shall be as  
373 follows: For direct costs, the maximum shall be equal to one hundred  
374 thirty-five per cent of the median allowable cost of that peer grouping;  
375 for indirect costs, the maximum shall be equal to one hundred twenty  
376 per cent of the state-wide median allowable cost; for fair rent, the  
377 amount shall be calculated utilizing the amount approved by the Office  
378 of Health Care Access pursuant to section 19a-638; for capital-related  
379 costs, there shall be no maximum; and for administrative and general  
380 costs the maximum shall be equal to one hundred ten per cent of the  
381 state-wide median allowable cost. For the fiscal year ending June 30,  
382 1995, per diem maximum allowable costs for each cost component shall  
383 be as follows: For direct costs, the maximum shall be equal to one  
384 hundred thirty-five per cent of the median allowable cost of that peer  
385 grouping; for indirect costs, the maximum shall be equal to one hundred  
386 twenty per cent of the state-wide median allowable cost; for fair rent,  
387 the amount shall be calculated utilizing the amount approved by the  
388 Office of Health Care Access pursuant to section 19a-638; for capital-  
389 related costs, there shall be no maximum; and for administrative and  
390 general costs the maximum shall be equal to one hundred five per cent

391 of the state-wide median allowable cost. For the fiscal year ending June  
392 30, 1996, and any succeeding fiscal year, except for the fiscal years  
393 ending June 30, 2000, and June 30, 2001, for facilities with an interim rate  
394 in one or both periods, per diem maximum allowable costs for each cost  
395 component shall be as follows: For direct costs, the maximum shall be  
396 equal to one hundred thirty-five per cent of the median allowable cost  
397 of that peer grouping; for indirect costs, the maximum shall be equal to  
398 one hundred fifteen per cent of the state-wide median allowable cost;  
399 for fair rent, the amount shall be calculated utilizing the amount  
400 approved pursuant to section 19a-638; for capital-related costs, there  
401 shall be no maximum; and for administrative and general costs the  
402 maximum shall be equal to the state-wide median allowable cost. For  
403 the fiscal years ending June 30, 2000, and June 30, 2001, for facilities with  
404 an interim rate in one or both periods, per diem maximum allowable  
405 costs for each cost component shall be as follows: For direct costs, the  
406 maximum shall be equal to one hundred forty-five per cent of the  
407 median allowable cost of that peer grouping; for indirect costs, the  
408 maximum shall be equal to one hundred twenty-five per cent of the  
409 state-wide median allowable cost; for fair rent, the amount shall be  
410 calculated utilizing the amount approved pursuant to section 19a-638;  
411 for capital-related costs, there shall be no maximum; and for  
412 administrative and general costs, the maximum shall be equal to the  
413 state-wide median allowable cost and such medians shall be based upon  
414 the same cost year used to set rates for facilities with prospective rates.  
415 Costs in excess of the maximum amounts established under this  
416 subsection shall not be recognized as allowable costs, except that the  
417 Commissioner of Social Services (A) may allow costs in excess of  
418 maximum amounts for any facility with patient days covered by  
419 Medicare, including days requiring coinsurance, in excess of twelve per  
420 cent of annual patient days which also has patient days covered by  
421 Medicaid in excess of fifty per cent of annual patient days; (B) may  
422 establish a pilot program whereby costs in excess of maximum amounts  
423 shall be allowed for beds in a nursing home which has a managed care  
424 program and is affiliated with a hospital licensed under chapter 368v;  
425 and (C) may establish rates whereby allowable costs may exceed such

426 maximum amounts for beds approved on or after July 1, 1991, which are  
427 restricted to use by patients with acquired immune deficiency syndrome  
428 or traumatic brain injury.

429 (4) For the fiscal year ending June 30, 1992, (A) no facility shall receive  
430 a rate that is less than the rate it received for the rate year ending June  
431 30, 1991; (B) no facility whose rate, if determined pursuant to this  
432 subsection, would exceed one hundred twenty per cent of the state-wide  
433 median rate, as determined pursuant to this subsection, shall receive a  
434 rate which is five and one-half per cent more than the rate it received for  
435 the rate year ending June 30, 1991; and (C) no facility whose rate, if  
436 determined pursuant to this subsection, would be less than one hundred  
437 twenty per cent of the state-wide median rate, as determined pursuant  
438 to this subsection, shall receive a rate which is six and one-half per cent  
439 more than the rate it received for the rate year ending June 30, 1991. For  
440 the fiscal year ending June 30, 1993, no facility shall receive a rate that is  
441 less than the rate it received for the rate year ending June 30, 1992, or six  
442 per cent more than the rate it received for the rate year ending June 30,  
443 1992. For the fiscal year ending June 30, 1994, no facility shall receive a  
444 rate that is less than the rate it received for the rate year ending June 30,  
445 1993, or six per cent more than the rate it received for the rate year  
446 ending June 30, 1993. For the fiscal year ending June 30, 1995, no facility  
447 shall receive a rate that is more than five per cent less than the rate it  
448 received for the rate year ending June 30, 1994, or six per cent more than  
449 the rate it received for the rate year ending June 30, 1994. For the fiscal  
450 years ending June 30, 1996, and June 30, 1997, no facility shall receive a  
451 rate that is more than three per cent more than the rate it received for  
452 the prior rate year. For the fiscal year ending June 30, 1998, a facility shall  
453 receive a rate increase that is not more than two per cent more than the  
454 rate that the facility received in the prior year. For the fiscal year ending  
455 June 30, 1999, a facility shall receive a rate increase that is not more than  
456 three per cent more than the rate that the facility received in the prior  
457 year and that is not less than one per cent more than the rate that the  
458 facility received in the prior year, exclusive of rate increases associated  
459 with a wage, benefit and staffing enhancement rate adjustment added

460 for the period from April 1, 1999, to June 30, 1999, inclusive. For the fiscal  
461 year ending June 30, 2000, each facility, except a facility with an interim  
462 rate or replaced interim rate for the fiscal year ending June 30, 1999, and  
463 a facility having a certificate of need or other agreement specifying rate  
464 adjustments for the fiscal year ending June 30, 2000, shall receive a rate  
465 increase equal to one per cent applied to the rate the facility received for  
466 the fiscal year ending June 30, 1999, exclusive of the facility's wage,  
467 benefit and staffing enhancement rate adjustment. For the fiscal year  
468 ending June 30, 2000, no facility with an interim rate, replaced interim  
469 rate or scheduled rate adjustment specified in a certificate of need or  
470 other agreement for the fiscal year ending June 30, 2000, shall receive a  
471 rate increase that is more than one per cent more than the rate the facility  
472 received in the fiscal year ending June 30, 1999. For the fiscal year ending  
473 June 30, 2001, each facility, except a facility with an interim rate or  
474 replaced interim rate for the fiscal year ending June 30, 2000, and a  
475 facility having a certificate of need or other agreement specifying rate  
476 adjustments for the fiscal year ending June 30, 2001, shall receive a rate  
477 increase equal to two per cent applied to the rate the facility received for  
478 the fiscal year ending June 30, 2000, subject to verification of wage  
479 enhancement adjustments pursuant to subdivision (14) of this  
480 subsection. For the fiscal year ending June 30, 2001, no facility with an  
481 interim rate, replaced interim rate or scheduled rate adjustment  
482 specified in a certificate of need or other agreement for the fiscal year  
483 ending June 30, 2001, shall receive a rate increase that is more than two  
484 per cent more than the rate the facility received for the fiscal year ending  
485 June 30, 2000. For the fiscal year ending June 30, 2002, each facility shall  
486 receive a rate that is two and one-half per cent more than the rate the  
487 facility received in the prior fiscal year. For the fiscal year ending June  
488 30, 2003, each facility shall receive a rate that is two per cent more than  
489 the rate the facility received in the prior fiscal year, except that such  
490 increase shall be effective January 1, 2003, and such facility rate in effect  
491 for the fiscal year ending June 30, 2002, shall be paid for services  
492 provided until December 31, 2002, except any facility that would have  
493 been issued a lower rate effective July 1, 2002, than for the fiscal year  
494 ending June 30, 2002, due to interim rate status or agreement with the

495 department shall be issued such lower rate effective July 1, 2002, and  
496 have such rate increased two per cent effective June 1, 2003. For the fiscal  
497 year ending June 30, 2004, rates in effect for the period ending June 30,  
498 2003, shall remain in effect, except any facility that would have been  
499 issued a lower rate effective July 1, 2003, than for the fiscal year ending  
500 June 30, 2003, due to interim rate status or agreement with the  
501 department shall be issued such lower rate effective July 1, 2003. For the  
502 fiscal year ending June 30, 2005, rates in effect for the period ending June  
503 30, 2004, shall remain in effect until December 31, 2004, except any  
504 facility that would have been issued a lower rate effective July 1, 2004,  
505 than for the fiscal year ending June 30, 2004, due to interim rate status  
506 or agreement with the department shall be issued such lower rate  
507 effective July 1, 2004. Effective January 1, 2005, each facility shall receive  
508 a rate that is one per cent greater than the rate in effect December 31,  
509 2004. Effective upon receipt of all the necessary federal approvals to  
510 secure federal financial participation matching funds associated with  
511 the rate increase provided in this subdivision, but in no event earlier  
512 than July 1, 2005, and provided the user fee imposed under section 17b-  
513 320, as amended by this act, is required to be collected, for the fiscal year  
514 ending June 30, 2006, the department shall compute the rate for each  
515 facility based upon its 2003 cost report filing or a subsequent cost year  
516 filing for facilities having an interim rate for the period ending June 30,  
517 2005, as provided under section 17-311-55 of the regulations of  
518 Connecticut state agencies. For each facility not having an interim rate  
519 for the period ending June 30, 2005, the rate for the period ending June  
520 30, 2006, shall be determined beginning with the higher of the computed  
521 rate based upon its 2003 cost report filing or the rate in effect for the  
522 period ending June 30, 2005. Such rate shall then be increased by eleven  
523 dollars and eighty cents per day except that in no event shall the rate for  
524 the period ending June 30, 2006, be thirty-two dollars more than the rate  
525 in effect for the period ending June 30, 2005, and for any facility with a  
526 rate below one hundred ninety-five dollars per day for the period  
527 ending June 30, 2005, such rate for the period ending June 30, 2006, shall  
528 not be greater than two hundred seventeen dollars and forty-three cents  
529 per day and for any facility with a rate equal to or greater than one



530 hundred ninety-five dollars per day for the period ending June 30, 2005,  
531 such rate for the period ending June 30, 2006, shall not exceed the rate  
532 in effect for the period ending June 30, 2005, increased by eleven and  
533 one-half per cent. For each facility with an interim rate for the period  
534 ending June 30, 2005, the interim replacement rate for the period ending  
535 June 30, 2006, shall not exceed the rate in effect for the period ending  
536 June 30, 2005, increased by eleven dollars and eighty cents per day plus  
537 the per day cost of the user fee payments made pursuant to section 17b-  
538 320, as amended by this act, divided by annual resident service days,  
539 except for any facility with an interim rate below one hundred ninety-  
540 five dollars per day for the period ending June 30, 2005, the interim  
541 replacement rate for the period ending June 30, 2006, shall not be greater  
542 than two hundred seventeen dollars and forty-three cents per day and  
543 for any facility with an interim rate equal to or greater than one hundred  
544 ninety-five dollars per day for the period ending June 30, 2005, the  
545 interim replacement rate for the period ending June 30, 2006, shall not  
546 exceed the rate in effect for the period ending June 30, 2005, increased  
547 by eleven and one-half per cent. Such July 1, 2005, rate adjustments shall  
548 remain in effect unless (i) the federal financial participation matching  
549 funds associated with the rate increase are no longer available; or (ii) the  
550 user fee created pursuant to section 17b-320, as amended by this act, is  
551 not in effect. For the fiscal year ending June 30, 2007, each facility shall  
552 receive a rate that is three per cent greater than the rate in effect for the  
553 period ending June 30, 2006, except any facility that would have been  
554 issued a lower rate effective July 1, 2006, than for the rate period ending  
555 June 30, 2006, due to interim rate status or agreement with the  
556 department, shall be issued such lower rate effective July 1, 2006. For the  
557 fiscal year ending June 30, 2008, each facility shall receive a rate that is  
558 two and nine-tenths per cent greater than the rate in effect for the period  
559 ending June 30, 2007, except any facility that would have been issued a  
560 lower rate effective July 1, 2007, than for the rate period ending June 30,  
561 2007, due to interim rate status or agreement with the department, shall  
562 be issued such lower rate effective July 1, 2007. For the fiscal year ending  
563 June 30, 2009, rates in effect for the period ending June 30, 2008, shall  
564 remain in effect until June 30, 2009, except any facility that would have

565 been issued a lower rate for the fiscal year ending June 30, 2009, due to  
566 interim rate status or agreement with the department shall be issued  
567 such lower rate. For the fiscal years ending June 30, 2010, and June 30,  
568 2011, rates in effect for the period ending June 30, 2009, shall remain in  
569 effect until June 30, 2011, except any facility that would have been issued  
570 a lower rate for the fiscal year ending June 30, 2010, or the fiscal year  
571 ending June 30, 2011, due to interim rate status or agreement with the  
572 department, shall be issued such lower rate. For the fiscal years ending  
573 June 30, 2012, and June 30, 2013, rates in effect for the period ending June  
574 30, 2011, shall remain in effect until June 30, 2013, except any facility that  
575 would have been issued a lower rate for the fiscal year ending June 30,  
576 2012, or the fiscal year ending June 30, 2013, due to interim rate status  
577 or agreement with the department, shall be issued such lower rate. For  
578 the fiscal year ending June 30, 2014, the department shall determine  
579 facility rates based upon 2011 cost report filings subject to the provisions  
580 of this section and applicable regulations except: (I) A ninety per cent  
581 minimum occupancy standard shall be applied; (II) no facility shall  
582 receive a rate that is higher than the rate in effect on June 30, 2013; and  
583 (III) no facility shall receive a rate that is more than four per cent lower  
584 than the rate in effect on June 30, 2013, except that any facility that would  
585 have been issued a lower rate effective July 1, 2013, than for the rate  
586 period ending June 30, 2013, due to interim rate status or agreement  
587 with the department, shall be issued such lower rate effective July 1,  
588 2013. For the fiscal year ending June 30, 2015, rates in effect for the  
589 period ending June 30, 2014, shall remain in effect until June 30, 2015,  
590 except any facility that would have been issued a lower rate effective  
591 July 1, 2014, than for the rate period ending June 30, 2014, due to interim  
592 rate status or agreement with the department, shall be issued such lower  
593 rate effective July 1, 2014. For the fiscal years ending June 30, 2016, and  
594 June 30, 2017, rates shall not exceed those in effect for the period ending  
595 June 30, 2015, except the rate paid to a facility may be higher than the  
596 rate paid to the facility for the period ending June 30, 2015, if the  
597 commissioner provides, within available appropriations, pro rata fair  
598 rent increases, which may, at the discretion of the commissioner, include  
599 increases for facilities which have undergone a material change in

600 circumstances related to fair rent additions or moveable equipment  
601 placed in service in cost report years ending September 30, 2014, and  
602 September 30, 2015, and not otherwise included in rates issued. For the  
603 fiscal years ending June 30, 2016, and June 30, 2017, and each succeeding  
604 fiscal year, any facility that would have been issued a lower rate, due to  
605 interim rate status or agreement with the department, shall be issued  
606 such lower rate. For the fiscal year ending June 30, 2018, facilities that  
607 received a rate decrease due to the expiration of a 2015 fair rent asset  
608 shall receive a rate increase of an equivalent amount effective July 1,  
609 2017. For the fiscal year ending June 30, 2018, the department shall  
610 determine facility rates based upon 2016 cost report filings subject to the  
611 provisions of this section and applicable regulations, provided no  
612 facility shall receive a rate that is higher than the rate in effect on  
613 December 31, 2016, and no facility shall receive a rate that is more than  
614 two per cent lower than the rate in effect on December 31, 2016. For the  
615 fiscal year ending June 30, 2019, no facility shall receive a rate that is  
616 higher than the rate in effect on June 30, 2018, except the rate paid to a  
617 facility may be higher than the rate paid to the facility for the period  
618 ending June 30, 2018, if the commissioner provides, within available  
619 appropriations, pro rata fair rent increases, which may, at the discretion  
620 of the commissioner, include increases for facilities which have  
621 undergone a material change in circumstances related to fair rent  
622 additions or moveable equipment placed in service in the cost report  
623 year ending September 30, 2017, and not otherwise included in rates  
624 issued. For the fiscal year ending June 30, 2020, the department shall  
625 determine facility rates based upon 2018 cost report filings subject to the  
626 provisions of this section, adjusted to reflect any rate increases provided  
627 after the cost report year ending September 30, 2018, and applicable  
628 regulations, provided no facility shall receive a rate that is higher than  
629 the rate in effect on June 30, 2019, except the rate paid to a facility may  
630 be higher than the rate paid to the facility for the fiscal year ending June  
631 30, 2019, if the commissioner provides, within available appropriations,  
632 pro rata fair rent increases, which may, at the discretion of the  
633 commissioner, include increases for facilities which have undergone a  
634 material change in circumstances related to fair rent additions in the cost

635 report year ending September 30, 2018, and are not otherwise included  
636 in rates issued. For the fiscal year ending June 30, 2020, no facility shall  
637 receive a rate that is more than two per cent lower than the rate in effect  
638 on June 30, 2019, unless the facility has an occupancy level of less than  
639 seventy per cent, as reported in the 2018 cost report, or an overall rating  
640 on Medicare's Nursing Home Compare of one star for the three most  
641 recent reporting periods as of July 1, 2019, unless the facility is under an  
642 interim rate due to new ownership. For the fiscal year ending June 30,  
643 2021, no facility shall receive a rate that is higher than the rate in effect  
644 on June 30, 2020, except the rate paid to a facility may be higher than the  
645 rate paid to the facility for the fiscal year ending June 30, 2020, if the  
646 commissioner provides, within available appropriations, pro rata fair  
647 rent increases, which may, at the discretion of the commissioner, include  
648 increases for facilities which have undergone a material change in  
649 circumstances related to fair rent additions in the cost report year  
650 ending September 30, 2019, and are not otherwise included in rates  
651 issued. The Commissioner of Social Services shall add fair rent increases  
652 to any other rate increases established pursuant to this subdivision for a  
653 facility which has undergone a material change in circumstances related  
654 to fair rent, except for the fiscal years ending June 30, 2010, June 30, 2011,  
655 and June 30, 2012, such fair rent increases shall only be provided to  
656 facilities with an approved certificate of need pursuant to section 17b-  
657 352, 17b-353, 17b-354 or 17b-355. For the fiscal year ending June 30, 2013,  
658 the commissioner may, within available appropriations, provide pro  
659 rata fair rent increases for facilities which have undergone a material  
660 change in circumstances related to fair rent additions placed in service  
661 in cost report years ending September 30, 2008, to September 30, 2011,  
662 inclusive, and not otherwise included in rates issued. For the fiscal years  
663 ending June 30, 2014, and June 30, 2015, the commissioner may, within  
664 available appropriations, provide pro rata fair rent increases, which may  
665 include moveable equipment at the discretion of the commissioner, for  
666 facilities which have undergone a material change in circumstances  
667 related to fair rent additions or moveable equipment placed in service  
668 in cost report years ending September 30, 2012, and September 30, 2013,  
669 and not otherwise included in rates issued. The commissioner shall add

670 fair rent increases associated with an approved certificate of need  
671 pursuant to section 17b-352, 17b-353, 17b-354 or 17b-355. Interim rates  
672 may take into account reasonable costs incurred by a facility, including  
673 wages and benefits. Notwithstanding the provisions of this section, the  
674 Commissioner of Social Services may, subject to available  
675 appropriations, increase or decrease rates issued to licensed chronic and  
676 convalescent nursing homes and licensed rest homes with nursing  
677 supervision. Notwithstanding any provision of this section, the  
678 Commissioner of Social Services shall, effective July 1, 2015, within  
679 available appropriations, adjust facility rates in accordance with the  
680 application of standard accounting principles as prescribed by the  
681 commissioner, for each facility subject to subsection (a) of this section.  
682 Such adjustment shall provide a pro-rata increase based on direct and  
683 indirect care employee salaries reported in the 2014 annual cost report,  
684 and adjusted to reflect subsequent salary increases, to reflect reasonable  
685 costs mandated by collective bargaining agreements with certified  
686 collective bargaining agents, or otherwise provided by a facility to its  
687 employees. For purposes of this subsection, "employee" shall not  
688 include a person employed as a facility's manager, chief administrator,  
689 a person required to be licensed as a nursing home administrator or any  
690 individual who receives compensation for services pursuant to a  
691 contractual arrangement and who is not directly employed by the  
692 facility. The commissioner may establish an upper limit for reasonable  
693 costs associated with salary adjustments beyond which the adjustment  
694 shall not apply. Nothing in this section shall require the commissioner  
695 to distribute such adjustments in a way that jeopardizes anticipated  
696 federal reimbursement. Facilities that receive such adjustment but do  
697 not provide increases in employee salaries as described in this  
698 subsection on or before July 31, 2015, may be subject to a rate decrease  
699 in the same amount as the adjustment by the commissioner. Of the  
700 amount appropriated for this purpose, no more than nine million  
701 dollars shall go to increases based on reasonable costs mandated by  
702 collective bargaining agreements. Notwithstanding the provisions of  
703 this subsection, effective July 1, 2019, October 1, 2020, and January 1,  
704 2021, the commissioner shall, within available appropriations, increase

705 rates for the purpose of wage and benefit enhancements for facility  
706 employees. The commissioner shall adjust the rate paid to the facility in  
707 the form of a rate adjustment to reflect any rate increases paid after the  
708 cost report year ending September 30, 2018. Facilities that receive a rate  
709 adjustment for the purpose of wage and benefit enhancements but do  
710 not provide increases in employee salaries as described in this  
711 subsection on or before September 30, 2019, October 31, 2020, and  
712 January 31, 2021, respectively, may be subject to a rate decrease in the  
713 same amount as the adjustment by the commissioner.

714 (5) For the purpose of determining allowable fair rent, a facility with  
715 allowable fair rent less than the twenty-fifth percentile of the state-wide  
716 allowable fair rent shall be reimbursed as having allowable fair rent  
717 equal to the twenty-fifth percentile of the state-wide allowable fair rent,  
718 provided for the fiscal years ending June 30, 1996, and June 30, 1997, the  
719 reimbursement may not exceed the twenty-fifth percentile of the state-  
720 wide allowable fair rent for the fiscal year ending June 30, 1995. On and  
721 after July 1, 1998, the Commissioner of Social Services may allow  
722 minimum fair rent as the basis upon which reimbursement associated  
723 with improvements to real property is added. Beginning with the fiscal  
724 year ending June 30, 1996, any facility with a rate of return on real  
725 property other than land in excess of eleven per cent shall have such  
726 allowance revised to eleven per cent. Any facility or its related realty  
727 affiliate which finances or refinances debt through bonds issued by the  
728 State of Connecticut Health and Education Facilities Authority shall  
729 report the terms and conditions of such financing or refinancing to the  
730 Commissioner of Social Services within thirty days of completing such  
731 financing or refinancing. The Commissioner of Social Services may  
732 revise the facility's fair rent component of its rate to reflect any financial  
733 benefit the facility or its related realty affiliate received as a result of such  
734 financing or refinancing, including but not limited to, reductions in the  
735 amount of debt service payments or period of debt repayment. The  
736 commissioner shall allow actual debt service costs for bonds issued by  
737 the State of Connecticut Health and Educational Facilities Authority if  
738 such costs do not exceed property costs allowed pursuant to subsection

739 (f) of section 17-311-52 of the regulations of Connecticut state agencies,  
740 provided the commissioner may allow higher debt service costs for such  
741 bonds for good cause. For facilities which first open on or after October  
742 1, 1992, the commissioner shall determine allowable fair rent for real  
743 property other than land based on the rate of return for the cost year in  
744 which such bonds were issued. The financial benefit resulting from a  
745 facility financing or refinancing debt through such bonds shall be shared  
746 between the state and the facility to an extent determined by the  
747 commissioner on a case-by-case basis and shall be reflected in an  
748 adjustment to the facility's allowable fair rent.

749 (6) A facility shall receive cost efficiency adjustments for indirect costs  
750 and for administrative and general costs if such costs are below the  
751 state-wide median costs. The cost efficiency adjustments shall equal  
752 twenty-five per cent of the difference between allowable reported costs  
753 and the applicable median allowable cost established pursuant to this  
754 subdivision.

755 (7) For the fiscal year ending June 30, 1992, allowable operating costs,  
756 excluding fair rent, shall be inflated using the Regional Data Resources  
757 Incorporated McGraw-Hill Health Care Costs: Consumer Price Index  
758 (all urban)-All Items minus one and one-half per cent. For the fiscal year  
759 ending June 30, 1993, allowable operating costs, excluding fair rent, shall  
760 be inflated using the Regional Data Resources Incorporated McGraw-  
761 Hill Health Care Costs: Consumer Price Index (all urban)-All Items  
762 minus one and three-quarters per cent. For the fiscal years ending June  
763 30, 1994, and June 30, 1995, allowable operating costs, excluding fair  
764 rent, shall be inflated using the Regional Data Resources Incorporated  
765 McGraw-Hill Health Care Costs: Consumer Price Index (all urban)-All  
766 Items minus two per cent. For the fiscal year ending June 30, 1996,  
767 allowable operating costs, excluding fair rent, shall be inflated using the  
768 Regional Data Resources Incorporated McGraw-Hill Health Care Costs:  
769 Consumer Price Index (all urban)-All Items minus two and one-half per  
770 cent. For the fiscal year ending June 30, 1997, allowable operating costs,  
771 excluding fair rent, shall be inflated using the Regional Data Resources  
772 Incorporated McGraw-Hill Health Care Costs: Consumer Price Index

773 (all urban)-All Items minus three and one-half per cent. For the fiscal  
774 year ending June 30, 1992, and any succeeding fiscal year, allowable fair  
775 rent shall be those reported in the annual report of long-term care  
776 facilities for the cost year ending the immediately preceding September  
777 thirtieth. The inflation index to be used pursuant to this subsection shall  
778 be computed to reflect inflation between the midpoint of the cost year  
779 through the midpoint of the rate year. The Department of Social Services  
780 shall study methods of reimbursement for fair rent and shall report its  
781 findings and recommendations to the joint standing committee of the  
782 General Assembly having cognizance of matters relating to human  
783 services on or before January 15, 1993.

784 (8) On and after July 1, 1994, costs shall be rebased no more frequently  
785 than every two years and no less frequently than every four years, as  
786 determined by the commissioner. The commissioner shall determine  
787 whether and to what extent a change in ownership of a facility shall  
788 occasion the rebasing of the facility's costs.

789 (9) The method of establishing rates for new facilities shall be  
790 determined by the commissioner in accordance with the provisions of  
791 this subsection until June 30, 2020.

792 (10) Rates determined under this section shall comply with federal  
793 laws and regulations.

794 (11) Notwithstanding the provisions of this subsection, interim rates  
795 issued for facilities on and after July 1, 1991, shall be subject to applicable  
796 fiscal year cost component limitations established pursuant to  
797 subdivision (3) of this subsection.

798 (12) A chronic and convalescent nursing home having an ownership  
799 affiliation with and operated at the same location as a chronic disease  
800 hospital may request that the commissioner approve an exception to  
801 applicable rate-setting provisions for chronic and convalescent nursing  
802 homes and establish a rate for the fiscal years ending June 30, 1992, and  
803 June 30, 1993, in accordance with regulations in effect June 30, 1991. Any  
804 such rate shall not exceed one hundred sixty-five per cent of the median



805 rate established for chronic and convalescent nursing homes established  
806 under this section for the applicable fiscal year.

807 (13) For the fiscal year ending June 30, 2014, and any succeeding fiscal  
808 year, for purposes of computing minimum allowable patient days,  
809 utilization of a facility's certified beds shall be determined at a minimum  
810 of ninety per cent of capacity, except for new facilities and facilities  
811 which are certified for additional beds which may be permitted a lower  
812 occupancy rate for the first three months of operation after the effective  
813 date of licensure.

814 (14) The Commissioner of Social Services shall adjust facility rates  
815 from April 1, 1999, to June 30, 1999, inclusive, by a per diem amount  
816 representing each facility's allocation of funds appropriated for the  
817 purpose of wage, benefit and staffing enhancement. A facility's per diem  
818 allocation of such funding shall be computed as follows: (A) The  
819 facility's direct and indirect component salary, wage, nursing pool and  
820 allocated fringe benefit costs as filed for the 1998 cost report period  
821 deemed allowable in accordance with this section and applicable  
822 regulations without application of cost component maximums specified  
823 in subdivision (3) of this subsection shall be totalled; (B) such total shall  
824 be multiplied by the facility's Medicaid utilization based on the 1998 cost  
825 report; (C) the resulting amount for the facility shall be divided by the  
826 sum of the calculations specified in subparagraphs (A) and (B) of this  
827 subdivision for all facilities to determine the facility's percentage share  
828 of appropriated wage, benefit and staffing enhancement funding; (D)  
829 the facility's percentage share shall be multiplied by the amount of  
830 appropriated wage, benefit and staffing enhancement funding to  
831 determine the facility's allocated amount; and (E) such allocated amount  
832 shall be divided by the number of days of care paid for by Medicaid on  
833 an annual basis including days for reserved beds specified in the 1998  
834 cost report to determine the per diem wage and benefit rate adjustment  
835 amount. The commissioner may adjust a facility's reported 1998 cost and  
836 utilization data for the purposes of determining a facility's share of  
837 wage, benefit and staffing enhancement funding when reported 1998  
838 information is not substantially representative of estimated cost and

839 utilization data for the fiscal year ending June 30, 2000, due to special  
840 circumstances during the 1998 cost report period including change of  
841 ownership with a part year cost filing or reductions in facility capacity  
842 due to facility renovation projects. Upon completion of the calculation  
843 of the allocation of wage, benefit and staffing enhancement funding, the  
844 commissioner shall not adjust the allocations due to revisions submitted  
845 to previously filed 1998 annual cost reports. In the event that a facility's  
846 rate for the fiscal year ending June 30, 1999, is an interim rate or the rate  
847 includes an increase adjustment due to a rate request to the  
848 commissioner or other reasons, the commissioner may reduce or  
849 withhold the per diem wage, benefit and staffing enhancement  
850 allocation computed for the facility. Any enhancement allocations not  
851 applied to facility rates shall not be reallocated to other facilities and  
852 such unallocated amounts shall be available for the costs associated with  
853 interim rates and other Medicaid expenditures. The wage, benefit and  
854 staffing enhancement per diem adjustment for the period from April 1,  
855 1999, to June 30, 1999, inclusive, shall also be applied to rates for the  
856 fiscal years ending June 30, 2000, and June 30, 2001, except that the  
857 commissioner may increase or decrease the adjustment to account for  
858 changes in facility capacity or operations. Any facility accepting a rate  
859 adjustment for wage, benefit and staffing enhancements shall apply  
860 payments made as a result of such rate adjustment for increased  
861 allowable employee wage rates and benefits and additional direct and  
862 indirect component staffing. Adjustment funding shall not be applied to  
863 wage and salary increases provided to the administrator, assistant  
864 administrator, owners or related party employees. Enhancement  
865 payments may be applied to increases in costs associated with staffing  
866 purchased from staffing agencies provided such costs are deemed  
867 necessary and reasonable by the commissioner. The commissioner shall  
868 compare expenditures for wages, benefits and staffing for the 1998 cost  
869 report period to such expenditures in the 1999, 2000 and 2001 cost report  
870 periods to verify whether a facility has applied additional payments to  
871 specified enhancements. In the event that the commissioner determines  
872 that a facility did not apply additional payments to specified  
873 enhancements, the commissioner shall recover such amounts from the

874 facility through rate adjustments or other means. The commissioner  
875 may require facilities to file cost reporting forms, in addition to the  
876 annual cost report, as may be necessary, to verify the appropriate  
877 application of wage, benefit and staffing enhancement rate adjustment  
878 payments. For the purposes of this subdivision, "Medicaid utilization"  
879 means the number of days of care paid for by Medicaid on an annual  
880 basis including days for reserved beds as a percentage of total resident  
881 days.

882 [(15) The interim rate established to become effective upon sale of any  
883 licensed chronic and convalescent home or rest home with nursing  
884 supervision for which a receivership has been imposed pursuant to  
885 sections 19a-541 to 19a-549, inclusive, shall not exceed the rate in effect  
886 for the facility at the time of the imposition of the receivership, subject  
887 to any annual increases permitted by this section; provided the  
888 Commissioner of Social Services may, in the commissioner's discretion,  
889 and after consultation with the receiver, establish an increased rate for  
890 the facility if the commissioner with approval of the Secretary of the  
891 Office of Policy and Management determines that such higher rate is  
892 needed to keep the facility open and to ensure the health, safety and  
893 welfare of the residents at such facility.]

894 (g) The established interim rate to become effective upon sale of any  
895 licensed chronic and convalescent home or rest home with nursing  
896 supervision for which a receivership has been imposed pursuant to  
897 sections 19a-541 to 19a-549, inclusive, shall not exceed the rate in effect  
898 for the facility at the time of the imposition of the receivership, subject  
899 to any annual increases permitted by this section, provided the  
900 Commissioner of Social Services may, in the commissioner's discretion  
901 and after consultation with the receiver, establish an increased rate for  
902 the facility if the commissioner, with the approval of the Secretary of the  
903 Office of Policy and Management, determines that such higher rate is  
904 needed to keep the facility open and to ensure the health, safety and  
905 welfare of the residents at such facility.

906 [(g)] (h) For the fiscal year ending June 30, 1993, any intermediate care

907 facility for individuals with intellectual disabilities with an operating  
908 cost component of its rate in excess of one hundred forty per cent of the  
909 median of operating cost components of rates in effect January 1, 1992,  
910 shall not receive an operating cost component increase. For the fiscal  
911 year ending June 30, 1993, any intermediate care facility for individuals  
912 with intellectual disabilities with an operating cost component of its rate  
913 that is less than one hundred forty per cent of the median of operating  
914 cost components of rates in effect January 1, 1992, shall have an  
915 allowance for real wage growth equal to thirty per cent of the increase  
916 determined in accordance with subsection (q) of section 17-311-52 of the  
917 regulations of Connecticut state agencies, provided such operating cost  
918 component shall not exceed one hundred forty per cent of the median  
919 of operating cost components in effect January 1, 1992. Any facility with  
920 real property other than land placed in service prior to October 1, 1991,  
921 shall, for the fiscal year ending June 30, 1995, receive a rate of return on  
922 real property equal to the average of the rates of return applied to real  
923 property other than land placed in service for the five years preceding  
924 October 1, 1993. For the fiscal year ending June 30, 1996, and any  
925 succeeding fiscal year, the rate of return on real property for property  
926 items shall be revised every five years. The commissioner shall, upon  
927 submission of a request, allow actual debt service, comprised of  
928 principal and interest, in excess of property costs allowed pursuant to  
929 section 17-311-52 of the regulations of Connecticut state agencies,  
930 provided such debt service terms and amounts are reasonable in  
931 relation to the useful life and the base value of the property. For the fiscal  
932 year ending June 30, 1995, and any succeeding fiscal year, the inflation  
933 adjustment made in accordance with subsection (p) of section 17-311-52  
934 of the regulations of Connecticut state agencies shall not be applied to  
935 real property costs. For the fiscal year ending June 30, 1996, and any  
936 succeeding fiscal year, the allowance for real wage growth, as  
937 determined in accordance with subsection (q) of section 17-311-52 of the  
938 regulations of Connecticut state agencies, shall not be applied. For the  
939 fiscal year ending June 30, 1996, and any succeeding fiscal year, no rate  
940 shall exceed three hundred seventy-five dollars per day unless the  
941 commissioner, in consultation with the Commissioner of

942 Developmental Services, determines after a review of program and  
943 management costs, that a rate in excess of this amount is necessary for  
944 care and treatment of facility residents. For the fiscal year ending June  
945 30, 2002, rate period, the Commissioner of Social Services shall increase  
946 the inflation adjustment for rates made in accordance with subsection  
947 (p) of section 17-311-52 of the regulations of Connecticut state agencies  
948 to update allowable fiscal year 2000 costs to include a three and one-half  
949 per cent inflation factor. For the fiscal year ending June 30, 2003, rate  
950 period, the commissioner shall increase the inflation adjustment for  
951 rates made in accordance with subsection (p) of section 17-311-52 of the  
952 regulations of Connecticut state agencies to update allowable fiscal year  
953 2001 costs to include a one and one-half per cent inflation factor, except  
954 that such increase shall be effective November 1, 2002, and such facility  
955 rate in effect for the fiscal year ending June 30, 2002, shall be paid for  
956 services provided until October 31, 2002, except any facility that would  
957 have been issued a lower rate effective July 1, 2002, than for the fiscal  
958 year ending June 30, 2002, due to interim rate status or agreement with  
959 the department shall be issued such lower rate effective July 1, 2002, and  
960 have such rate updated effective November 1, 2002, in accordance with  
961 applicable statutes and regulations. For the fiscal year ending June 30,  
962 2004, rates in effect for the period ending June 30, 2003, shall remain in  
963 effect, except any facility that would have been issued a lower rate  
964 effective July 1, 2003, than for the fiscal year ending June 30, 2003, due  
965 to interim rate status or agreement with the department shall be issued  
966 such lower rate effective July 1, 2003. For the fiscal year ending June 30,  
967 2005, rates in effect for the period ending June 30, 2004, shall remain in  
968 effect until September 30, 2004. Effective October 1, 2004, each facility  
969 shall receive a rate that is five per cent greater than the rate in effect  
970 September 30, 2004. Effective upon receipt of all the necessary federal  
971 approvals to secure federal financial participation matching funds  
972 associated with the rate increase provided in subdivision (4) of  
973 subsection (f) of this section, but in no event earlier than October 1, 2005,  
974 and provided the user fee imposed under section 17b-320, as amended  
975 by this act, is required to be collected, each facility shall receive a rate  
976 that is four per cent more than the rate the facility received in the prior

977 fiscal year, except any facility that would have been issued a lower rate  
978 effective October 1, 2005, than for the fiscal year ending June 30, 2005,  
979 due to interim rate status or agreement with the department, shall be  
980 issued such lower rate effective October 1, 2005. Such rate increase shall  
981 remain in effect unless: (1) The federal financial participation matching  
982 funds associated with the rate increase are no longer available; or (2) the  
983 user fee created pursuant to section 17b-320, as amended by this act, is  
984 not in effect. For the fiscal year ending June 30, 2007, rates in effect for  
985 the period ending June 30, 2006, shall remain in effect until September  
986 30, 2006, except any facility that would have been issued a lower rate  
987 effective July 1, 2006, than for the fiscal year ending June 30, 2006, due  
988 to interim rate status or agreement with the department, shall be issued  
989 such lower rate effective July 1, 2006. Effective October 1, 2006, no  
990 facility shall receive a rate that is more than three per cent greater than  
991 the rate in effect for the facility on September 30, 2006, except any facility  
992 that would have been issued a lower rate effective October 1, 2006, due  
993 to interim rate status or agreement with the department, shall be issued  
994 such lower rate effective October 1, 2006. For the fiscal year ending June  
995 30, 2008, each facility shall receive a rate that is two and nine-tenths per  
996 cent greater than the rate in effect for the period ending June 30, 2007,  
997 except any facility that would have been issued a lower rate effective  
998 July 1, 2007, than for the rate period ending June 30, 2007, due to interim  
999 rate status, or agreement with the department, shall be issued such  
1000 lower rate effective July 1, 2007. For the fiscal year ending June 30, 2009,  
1001 rates in effect for the period ending June 30, 2008, shall remain in effect  
1002 until June 30, 2009, except any facility that would have been issued a  
1003 lower rate for the fiscal year ending June 30, 2009, due to interim rate  
1004 status or agreement with the department, shall be issued such lower  
1005 rate. For the fiscal years ending June 30, 2010, and June 30, 2011, rates in  
1006 effect for the period ending June 30, 2009, shall remain in effect until  
1007 June 30, 2011, except any facility that would have been issued a lower  
1008 rate for the fiscal year ending June 30, 2010, or the fiscal year ending  
1009 June 30, 2011, due to interim rate status or agreement with the  
1010 department, shall be issued such lower rate. For the fiscal year ending  
1011 June 30, 2012, rates in effect for the period ending June 30, 2011, shall

1012 remain in effect until June 30, 2012, except any facility that would have  
1013 been issued a lower rate for the fiscal year ending June 30, 2012, due to  
1014 interim rate status or agreement with the department, shall be issued  
1015 such lower rate. For the fiscal years ending June 30, 2014, and June 30,  
1016 2015, rates shall not exceed those in effect for the period ending June 30,  
1017 2013, except the rate paid to a facility may be higher than the rate paid  
1018 to the facility for the period ending June 30, 2013, if a capital  
1019 improvement approved by the Department of Developmental Services,  
1020 in consultation with the Department of Social Services, for the health or  
1021 safety of the residents was made to the facility during the fiscal year  
1022 ending June 30, 2014, or June 30, 2015, to the extent such rate increases  
1023 are within available appropriations. Any facility that would have been  
1024 issued a lower rate for the fiscal year ending June 30, 2014, or the fiscal  
1025 year ending June 30, 2015, due to interim rate status or agreement with  
1026 the department, shall be issued such lower rate. For the fiscal years  
1027 ending June 30, 2016, and June 30, 2017, rates shall not exceed those in  
1028 effect for the period ending June 30, 2015, except the rate paid to a  
1029 facility may be higher than the rate paid to the facility for the period  
1030 ending June 30, 2015, if a capital improvement approved by the  
1031 Department of Developmental Services, in consultation with the  
1032 Department of Social Services, for the health or safety of the residents  
1033 was made to the facility during the fiscal year ending June 30, 2016, or  
1034 June 30, 2017, to the extent such rate increases are within available  
1035 appropriations. For the fiscal years ending June 30, 2016, and June 30,  
1036 2017, and each succeeding fiscal year, any facility that would have been  
1037 issued a lower rate, due to interim rate status, a change in allowable fair  
1038 rent or agreement with the department, shall be issued such lower rate.  
1039 For the fiscal years ending June 30, 2018, and June 30, 2019, rates shall  
1040 not exceed those in effect for the period ending June 30, 2017, except the  
1041 rate paid to a facility may be higher than the rate paid to the facility for  
1042 the period ending June 30, 2017, if a capital improvement approved by  
1043 the Department of Developmental Services, in consultation with the  
1044 Department of Social Services, for the health or safety of the residents  
1045 was made to the facility during the fiscal year ending June 30, 2018, or  
1046 June 30, 2019, only to the extent such rate increases are within available

1047 appropriations. For the fiscal years ending June 30, 2020, and June 30,  
1048 2021, rates shall not exceed those in effect for the fiscal year ending June  
1049 30, 2019, except the rate paid to a facility may be higher than the rate  
1050 paid to the facility for the fiscal year ending June 30, 2019, if a capital  
1051 improvement approved by the Department of Developmental Services,  
1052 in consultation with the Department of Social Services, for the health or  
1053 safety of the residents was made to the facility during the fiscal year  
1054 ending June 30, 2020, or June 30, 2021, only to the extent such rate  
1055 increases are within available appropriations. Any facility that has a  
1056 significant decrease in land and building costs shall receive a reduced  
1057 rate to reflect such decrease in land and building costs. For the fiscal  
1058 years ending June 30, 2012, June 30, 2013, June 30, 2014, June 30, 2015,  
1059 June 30, 2016, June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020,  
1060 and June 30, 2021, the Commissioner of Social Services may provide fair  
1061 rent increases to any facility that has undergone a material change in  
1062 circumstances related to fair rent and has an approved certificate of need  
1063 pursuant to section 17b-352, 17b-353, 17b-354 or 17b-355.  
1064 Notwithstanding the provisions of this section, the Commissioner of  
1065 Social Services may, within available appropriations, increase or  
1066 decrease rates issued to intermediate care facilities for individuals with  
1067 intellectual disabilities to reflect a reduction in available appropriations  
1068 as provided in subsection (a) of this section. For the fiscal years ending  
1069 June 30, 2014, and June 30, 2015, the commissioner shall not consider  
1070 rebasing in determining rates.

1071 [(h) (1)] (i) For the fiscal year ending June 30, 1993, any residential  
1072 care home with an operating cost component of its rate in excess of one  
1073 hundred thirty per cent of the median of operating cost components of  
1074 rates in effect January 1, 1992, shall not receive an operating cost  
1075 component increase. For the fiscal year ending June 30, 1993, any  
1076 residential care home with an operating cost component of its rate that  
1077 is less than one hundred thirty per cent of the median of operating cost  
1078 components of rates in effect January 1, 1992, shall have an allowance  
1079 for real wage growth equal to sixty-five per cent of the increase  
1080 determined in accordance with subsection (q) of section 17-311-52 of the



1081 regulations of Connecticut state agencies, provided such operating cost  
1082 component shall not exceed one hundred thirty per cent of the median  
1083 of operating cost components in effect January 1, 1992. Beginning with  
1084 the fiscal year ending June 30, 1993, for the purpose of determining  
1085 allowable fair rent, a residential care home with allowable fair rent less  
1086 than the twenty-fifth percentile of the state-wide allowable fair rent shall  
1087 be reimbursed as having allowable fair rent equal to the twenty-fifth  
1088 percentile of the state-wide allowable fair rent. Beginning with the fiscal  
1089 year ending June 30, 1997, a residential care home with allowable fair  
1090 rent less than three dollars and ten cents per day shall be reimbursed as  
1091 having allowable fair rent equal to three dollars and ten cents per day.  
1092 Property additions placed in service during the cost year ending  
1093 September 30, 1996, or any succeeding cost year shall receive a fair rent  
1094 allowance for such additions as an addition to three dollars and ten  
1095 cents per day if the fair rent for the facility for property placed in service  
1096 prior to September 30, 1995, is less than or equal to three dollars and ten  
1097 cents per day. Beginning with the fiscal year ending June 30, 2016, a  
1098 residential care home shall be reimbursed the greater of the allowable  
1099 accumulated fair rent reimbursement associated with real property  
1100 additions and land as calculated on a per day basis or three dollars and  
1101 ten cents per day if the allowable reimbursement associated with real  
1102 property additions and land is less than three dollars and ten cents per  
1103 day. For the fiscal year ending June 30, 1996, and any succeeding fiscal  
1104 year, the allowance for real wage growth, as determined in accordance  
1105 with subsection (q) of section 17-311-52 of the regulations of Connecticut  
1106 state agencies, shall not be applied. For the fiscal year ending June 30,  
1107 1996, and any succeeding fiscal year, the inflation adjustment made in  
1108 accordance with subsection (p) of section 17-311-52 of the regulations of  
1109 Connecticut state agencies shall not be applied to real property costs.  
1110 Beginning with the fiscal year ending June 30, 1997, minimum allowable  
1111 patient days for rate computation purposes for a residential care home  
1112 with twenty-five beds or less shall be eighty-five per cent of licensed  
1113 capacity. Beginning with the fiscal year ending June 30, 2002, for the  
1114 purposes of determining the allowable salary of an administrator of a  
1115 residential care home with sixty beds or less the department shall revise

1116 the allowable base salary to thirty-seven thousand dollars to be annually  
1117 inflated thereafter in accordance with section 17-311-52 of the  
1118 regulations of Connecticut state agencies. The rates for the fiscal year  
1119 ending June 30, 2002, shall be based upon the increased allowable salary  
1120 of an administrator, regardless of whether such amount was expended  
1121 in the 2000 cost report period upon which the rates are based. Beginning  
1122 with the fiscal year ending June 30, 2000, and until the fiscal year ending  
1123 June 30, 2009, inclusive, the inflation adjustment for rates made in  
1124 accordance with subsection (p) of section 17-311-52 of the regulations of  
1125 Connecticut state agencies shall be increased by two per cent, and  
1126 beginning with the fiscal year ending June 30, 2002, the inflation  
1127 adjustment for rates made in accordance with subsection (c) of said  
1128 section shall be increased by one per cent. Beginning with the fiscal year  
1129 ending June 30, 1999, for the purpose of determining the allowable  
1130 salary of a related party, the department shall revise the maximum  
1131 salary to twenty-seven thousand eight hundred fifty-six dollars to be  
1132 annually inflated thereafter in accordance with section 17-311-52 of the  
1133 regulations of Connecticut state agencies and beginning with the fiscal  
1134 year ending June 30, 2001, such allowable salary shall be computed on  
1135 an hourly basis and the maximum number of hours allowed for a related  
1136 party other than the proprietor shall be increased from forty hours to  
1137 forty-eight hours per work week. For the fiscal year ending June 30,  
1138 2005, each facility shall receive a rate that is two and one-quarter per  
1139 cent more than the rate the facility received in the prior fiscal year,  
1140 except any facility that would have been issued a lower rate effective  
1141 July 1, 2004, than for the fiscal year ending June 30, 2004, due to interim  
1142 rate status or agreement with the department shall be issued such lower  
1143 rate effective July 1, 2004. Effective upon receipt of all the necessary  
1144 federal approvals to secure federal financial participation matching  
1145 funds associated with the rate increase provided in subdivision (4) of  
1146 subsection (f) of this section, but in no event earlier than October 1, 2005,  
1147 and provided the user fee imposed under section 17b-320, as amended  
1148 by this act, is required to be collected, each facility shall receive a rate  
1149 that is determined in accordance with applicable law and subject to  
1150 appropriations, except any facility that would have been issued a lower

1151 rate effective October 1, 2005, than for the fiscal year ending June 30,  
1152 2005, due to interim rate status or agreement with the department, shall  
1153 be issued such lower rate effective October 1, 2005. Such rate increase  
1154 shall remain in effect unless: (A) The federal financial participation  
1155 matching funds associated with the rate increase are no longer available;  
1156 or (B) the user fee created pursuant to section 17b-320, as amended by  
1157 this act, is not in effect. For the fiscal year ending June 30, 2007, rates in  
1158 effect for the period ending June 30, 2006, shall remain in effect until  
1159 September 30, 2006, except any facility that would have been issued a  
1160 lower rate effective July 1, 2006, than for the fiscal year ending June 30,  
1161 2006, due to interim rate status or agreement with the department, shall  
1162 be issued such lower rate effective July 1, 2006. Effective October 1, 2006,  
1163 no facility shall receive a rate that is more than four per cent greater than  
1164 the rate in effect for the facility on September 30, 2006, except for any  
1165 facility that would have been issued a lower rate effective October 1,  
1166 2006, due to interim rate status or agreement with the department, shall  
1167 be issued such lower rate effective October 1, 2006. For the fiscal years  
1168 ending June 30, 2010, and June 30, 2011, rates in effect for the period  
1169 ending June 30, 2009, shall remain in effect until June 30, 2011, except  
1170 any facility that would have been issued a lower rate for the fiscal year  
1171 ending June 30, 2010, or the fiscal year ending June 30, 2011, due to  
1172 interim rate status or agreement with the department, shall be issued  
1173 such lower rate, except (i) any facility that would have been issued a  
1174 lower rate for the fiscal year ending June 30, 2010, or the fiscal year  
1175 ending June 30, 2011, due to interim rate status or agreement with the  
1176 Commissioner of Social Services shall be issued such lower rate; and (ii)  
1177 the commissioner may increase a facility's rate for reasonable costs  
1178 associated with such facility's compliance with the provisions of section  
1179 19a-495a concerning the administration of medication by unlicensed  
1180 personnel. For the fiscal year ending June 30, 2012, rates in effect for the  
1181 period ending June 30, 2011, shall remain in effect until June 30, 2012,  
1182 except that (I) any facility that would have been issued a lower rate for  
1183 the fiscal year ending June 30, 2012, due to interim rate status or  
1184 agreement with the Commissioner of Social Services shall be issued  
1185 such lower rate; and (II) the commissioner may increase a facility's rate

1186 for reasonable costs associated with such facility's compliance with the  
1187 provisions of section 19a-495a concerning the administration of  
1188 medication by unlicensed personnel. For the fiscal year ending June 30,  
1189 2013, the Commissioner of Social Services may, within available  
1190 appropriations, provide a rate increase to a residential care home. Any  
1191 facility that would have been issued a lower rate for the fiscal year  
1192 ending June 30, 2013, due to interim rate status or agreement with the  
1193 Commissioner of Social Services shall be issued such lower rate. For the  
1194 fiscal years ending June 30, 2012, and June 30, 2013, the Commissioner  
1195 of Social Services may provide fair rent increases to any facility that has  
1196 undergone a material change in circumstances related to fair rent and  
1197 has an approved certificate of need pursuant to section 17b-352, 17b-353,  
1198 17b-354 or 17b-355. For the fiscal years ending June 30, 2014, and June  
1199 30, 2015, for those facilities that have a calculated rate greater than the  
1200 rate in effect for the fiscal year ending June 30, 2013, the commissioner  
1201 may increase facility rates based upon available appropriations up to a  
1202 stop gain as determined by the commissioner. No facility shall be issued  
1203 a rate that is lower than the rate in effect on June 30, 2013, except that  
1204 any facility that would have been issued a lower rate for the fiscal year  
1205 ending June 30, 2014, or the fiscal year ending June 30, 2015, due to  
1206 interim rate status or agreement with the commissioner, shall be issued  
1207 such lower rate. For the fiscal year ending June 30, 2014, and each fiscal  
1208 year thereafter, a residential care home shall receive a rate increase for  
1209 any capital improvement made during the fiscal year for the health and  
1210 safety of residents and approved by the Department of Social Services,  
1211 provided such rate increase is within available appropriations. For the  
1212 fiscal year ending June 30, 2015, and each succeeding fiscal year  
1213 thereafter, costs of less than ten thousand dollars that are incurred by a  
1214 facility and are associated with any land, building or nonmovable  
1215 equipment repair or improvement that are reported in the cost year used  
1216 to establish the facility's rate shall not be capitalized for a period of more  
1217 than five years for rate-setting purposes. For the fiscal year ending June  
1218 30, 2015, subject to available appropriations, the commissioner may, at  
1219 the commissioner's discretion: Increase the inflation cost limitation  
1220 under subsection (c) of section 17-311-52 of the regulations of

1221 Connecticut state agencies, provided such inflation allowance factor  
1222 does not exceed a maximum of five per cent; establish a minimum rate  
1223 of return applied to real property of five per cent inclusive of assets  
1224 placed in service during cost year 2013; waive the standard rate of return  
1225 under subsection (f) of section 17-311-52 of the regulations of  
1226 Connecticut state agencies for ownership changes or health and safety  
1227 improvements that exceed one hundred thousand dollars and that are  
1228 required under a consent order from the Department of Public Health;  
1229 and waive the rate of return adjustment under subsection (f) of section  
1230 17-311-52 of the regulations of Connecticut state agencies to avoid  
1231 financial hardship. For the fiscal years ending June 30, 2016, and June  
1232 30, 2017, rates shall not exceed those in effect for the period ending June  
1233 30, 2015, except the commissioner may, in the commissioner's discretion  
1234 and within available appropriations, provide pro rata fair rent increases  
1235 to facilities which have documented fair rent additions placed in service  
1236 in cost report years ending September 30, 2014, and September 30, 2015,  
1237 that are not otherwise included in rates issued. For the fiscal years  
1238 ending June 30, 2016, and June 30, 2017, and each succeeding fiscal year,  
1239 any facility that would have been issued a lower rate, due to interim rate  
1240 status, a change in allowable fair rent or agreement with the department,  
1241 shall be issued such lower rate. For the fiscal year ending June 30, 2018,  
1242 rates shall not exceed those in effect for the period ending June 30, 2017,  
1243 except the commissioner may, in the commissioner's discretion and  
1244 within available appropriations, provide pro rata fair rent increases to  
1245 facilities which have documented fair rent additions placed in service in  
1246 the cost report year ending September 30, 2016, that are not otherwise  
1247 included in rates issued. For the fiscal year ending June 30, 2019, rates  
1248 shall not exceed those in effect for the period ending June 30, 2018,  
1249 except the commissioner may, in the commissioner's discretion and  
1250 within available appropriations, provide pro rata fair rent increases to  
1251 facilities which have documented fair rent additions placed in service in  
1252 the cost report year ending September 30, 2017, that are not otherwise  
1253 included in rates issued. For the fiscal year ending June 30, 2020, rates  
1254 shall not exceed those in effect for the fiscal year ending June 30, 2019,  
1255 except the commissioner may, in the commissioner's discretion and

1256 within available appropriations, provide pro rata fair rent increases to  
1257 facilities which have documented fair rent additions placed in service in  
1258 the cost report year ending September 30, 2018, that are not otherwise  
1259 included in rates issued. For the fiscal year ending June 30, 2021, rates  
1260 shall not exceed those in effect for the fiscal year ending June 30, 2020,  
1261 except the commissioner may, in the commissioner's discretion and  
1262 within available appropriations, provide pro rata fair rent increases to  
1263 facilities which have documented fair rent additions placed in service in  
1264 the cost report year ending September 30, 2019, that are not otherwise  
1265 included in rates issued.

1266 [(2) The commissioner shall, upon determining that a loan to be  
1267 issued to a residential care home by the Connecticut Housing Finance  
1268 Authority is reasonable in relation to the useful life and property cost  
1269 allowance pursuant to section 17-311-52 of the regulations of  
1270 Connecticut state agencies, allow actual debt service, comprised of  
1271 principal, interest and a repair and replacement reserve on the loan, in  
1272 lieu of allowed property costs whether actual debt service is higher or  
1273 lower than such allowed property costs.

1274 (i) Notwithstanding the provisions of this section, the Commissioner  
1275 of Social Services shall establish a fee schedule for payments to be made  
1276 to chronic disease hospitals associated with chronic and convalescent  
1277 nursing homes to be effective on and after July 1, 1995. The fee schedule  
1278 may be adjusted annually beginning July 1, 1997, to reflect necessary  
1279 increases in the cost of services.]

1280 (j) Notwithstanding the provisions of this section, state rates of  
1281 payment for the fiscal years ending June 30, 2018, June 30, 2019, June 30,  
1282 2020, and June 30, 2021, for residential care homes and community  
1283 living arrangements that receive the flat rate for residential services  
1284 under section 17-311-54 of the regulations of Connecticut state agencies  
1285 shall be set in accordance with section 298 of public act 19-117.

1286 Sec. 3. Subsection (a) of section 19a-507 of the general statutes is  
1287 repealed and the following is substituted in lieu thereof (*Effective from*

1288 *passage*):

1289 (a) Notwithstanding the provisions of chapter 368z, New Horizons,  
1290 Inc., a nonprofit, nonsectarian organization, or a subsidiary  
1291 organization controlled by New Horizons, Inc., is authorized to  
1292 construct and operate an independent living facility for severely  
1293 physically disabled adults, in the town of Farmington, provided such  
1294 facility shall be constructed in accordance with applicable building  
1295 codes. The Farmington Housing Authority, or any issuer acting on  
1296 behalf of said authority, subject to the provisions of this section, may  
1297 issue tax-exempt revenue bonds on a competitive or negotiated basis for  
1298 the purpose of providing construction and permanent mortgage  
1299 financing for the facility in accordance with Section 103 of the Internal  
1300 Revenue Code. Prior to the issuance of such bonds, plans for the  
1301 construction of the facility shall be submitted to and approved by the  
1302 Health Systems Planning Unit of the Office of Health Strategy. The unit  
1303 shall approve or disapprove such plans within thirty days of receipt  
1304 thereof. If the plans are disapproved they may be resubmitted. Failure  
1305 of the unit to act on the plans within such thirty-day period shall be  
1306 deemed approval thereof. The payments to residents of the facility who  
1307 are eligible for assistance under the state supplement program for room  
1308 and board and necessary services, shall be determined annually to be  
1309 effective July first of each year. Such payments shall be determined on a  
1310 basis of a reasonable payment for necessary services, which basis shall  
1311 take into account as a factor the costs of providing those services and  
1312 such other factors as the commissioner deems reasonable, including  
1313 anticipated fluctuations in the cost of providing services. Such payments  
1314 shall be calculated in accordance with the manner in which rates are  
1315 calculated pursuant to subsection [(h)] (i) of section 17b-340, as amended  
1316 by this act, and the cost-related reimbursement system pursuant to said  
1317 section except that efficiency incentives shall not be granted. The  
1318 commissioner may adjust such rates to account for the availability of  
1319 personal care services for residents under the Medicaid program. The  
1320 commissioner shall, upon submission of a request, allow actual debt  
1321 service, comprised of principal and interest, in excess of property costs

1322 allowed pursuant to section 17-313b-5 of the regulations of Connecticut  
 1323 state agencies, provided such debt service terms and amounts are  
 1324 reasonable in relation to the useful life and the base value of the  
 1325 property. The cost basis for such payment shall be subject to audit, and  
 1326 a recomputation of the rate shall be made based upon such audit. The  
 1327 facility shall report on a fiscal year ending on the thirtieth day of  
 1328 September on forms provided by the commissioner. The required report  
 1329 shall be received by the commissioner no later than December thirty-  
 1330 first of each year. The Department of Social Services may use its existing  
 1331 utilization review procedures to monitor utilization of the facility. If the  
 1332 facility is aggrieved by any decision of the commissioner, the facility  
 1333 may, within ten days, after written notice thereof from the  
 1334 commissioner, obtain by written request to the commissioner, a hearing  
 1335 on all items of aggrievement. If the facility is aggrieved by the decision  
 1336 of the commissioner after such hearing, the facility may appeal to the  
 1337 Superior Court in accordance with the provisions of section 4-183.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	17b-340d
Sec. 2	<i>from passage</i>	17b-340
Sec. 3	<i>from passage</i>	19a-507(a)

**Statement of Purpose:**

To implement an acuity-based payment reimbursement system under the medical assistance program for nursing facilities.

*[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.]*