



House of Representatives

General Assembly

File No. 641

January Session, 2001

House Bill No. 6020

House of Representatives, May 7, 2001

The Committee on Appropriations reported through REP. DYSON of the 94th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING RATE RELIEF FOR RESIDENTIAL CARE HOMES.

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

1 Section 1. Subsection (h) of section 17b-340 of the general statutes is
2 repealed and the following is substituted in lieu thereof:

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

14 cost component shall not exceed one hundred thirty per cent of the
15 median of operating cost components in effect January 1, 1992.
16 Beginning with the fiscal year ending June 30, 1993, for the purpose of
17 determining allowable fair rent, a residential care home with allowable
18 fair rent less than the twenty-fifth percentile of the state-wide
19 allowable fair rent shall be reimbursed as having allowable fair rent
20 equal to the twenty-fifth percentile of the state-wide allowable fair
21 rent. Beginning with the fiscal year ending June 30, [1997] 2001, a
22 residential care home with allowable fair rent less than [three dollars
23 and ten cents] four dollars per day shall be reimbursed as having
24 allowable fair rent equal to [three dollars and ten cents] four dollars
25 per day. Property additions placed in service during the cost year
26 ending September 30, 1996, or any succeeding cost year shall receive a
27 fair rent allowance for such additions as an addition to [three dollars
28 and ten cents] four dollars per day if the fair rent for the facility for
29 property placed in service prior to September 30, 1995, is less than or
30 equal to [three dollars and ten cents] four dollars per day. For the fiscal
31 year ending June 30, 1996, and any succeeding fiscal year, the
32 allowance for real wage growth, as determined in accordance with
33 subsection (q) of section 17-311-52 of the regulations of Connecticut
34 state agencies shall not be applied. For the fiscal year ending June 30,
35 1996, and any succeeding fiscal year, the inflation adjustment made in
36 accordance with subsection (p) of section 17-311-52 of the regulations
37 of Connecticut state agencies shall not be applied to real property
38 costs. Beginning with the fiscal year ending June 30, 1997, minimum
39 allowable patient days for rate computation purposes for a residential
40 care home with twenty-five beds or less shall be eighty-five per cent of
41 licensed capacity. Beginning with the fiscal year ending June 30, [1998]
42 2002, for the purposes of determining the allowable salary of an
43 administrator of a residential care home with sixty beds or less the
44 department shall revise the allowable base salary to [thirty] thirty-nine
45 thousand dollars and beginning with the fiscal year ending June 30,
46 2003, such salary shall be revised to forty-five thousand dollars, to be

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Significant Cost

Affected Agencies: Department of Social Services

Municipal Impact: None

Explanation

State Impact:

This bill increases the allowable fair rent for residential care homes for \$3 to \$4 per day, makes various adjustments to the rates provided to residential care homes and increases the allowable base salary for administrators of residential care homes. These changes will result in significant increased costs to the Department of Social Services. The Appropriations Act, sHB 6668 (as favorably approved by the Appropriations Committee) includes \$500,000 in each year of the biennium to implement these policies.

OLR BILL ANALYSIS

HB 6020

AN ACT CONCERNING RATE RELIEF FOR RESIDENTIAL CARE HOMES.**SUMMARY:**

This bill increases financial support to residential care homes (RCH), mostly through adjustments in their State Supplement Program (SSP) rates by:

1. increasing the minimum a home receives for fair rent and property addition costs from \$3 to \$4 per day;
2. increasing the allowable base salary for administrators in homes with 60 or fewer beds, from \$30,000 to \$39,000 for FY 2001-02, and to \$45,000 in FY 2002-03;
3. increasing by 2% the amount the state inflates RCHs' dietary, laundry, housekeeping, and related wage costs;
4. adding \$1 to a home's per diem rate if its operating costs are below the median and at least 90% of its residents are SSP recipients; and
5. allowing homes to recoup certain capital improvements and equipment purchases sooner.

EFFECTIVE DATE: July 1, 2001

RCH RATES***Capital Improvements and Equipment Purchases***

The bill allows homes that make improvements or purchase equipment costing up to \$5,000 to be reimbursed for these costs during the next fiscal year. Currently, homes can receive no more than \$1,000

per year for these costs, which means that it could take several years for more expensive procurements to be recouped.

BACKGROUND

RCH—Rate-Setting and State Supplement

State law and regulations contain a SSP rate-setting formula for RCHs that factors in such things as employee salaries and property costs. Homes submit cost reports to DSS, which in turn sets a prospective daily rate, based on the reported allowable costs.

The rates are used to determine the amount of SSP benefit, which also factors in a client's income and needs. DSS pays the SSP benefit to the recipient, who in turn pays the RCH. To qualify for SSP, an individual must be aged, blind, or disabled; have no more than \$1,600 in assets; and have gross income that does not exceed 300% of the maximum federal Supplemental Security Income benefit, which is currently \$1,590 per month.

Residential care homes provide a single or double furnished room and shared common areas, such as a lounge or recreation area. They provide residents with three meals a day in a common dining area and some limited personal services. Residential care homes have no legal age requirement. They set their own policies and can also include people with physical or mental disabilities. There are also no income limits for residents (although many receive some type of public assistance).

Related Bill

SB 1321, which the Appropriations Committee reported favorably on April 19, requires the DSS commissioner to increase the amount of unearned income she disregards in SSP eligibility and benefit determinations.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Change of Reference
Yea 17 Nay 0

Appropriations Committee

Joint Favorable Report
Yea 51 Nay 0