



General Assembly

**Substitute Bill No. 5469**

*February Session, 2002*

**AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE  
LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS  
COMMITTEE RELATIVE TO MEDICAID RATE SETTING FOR NURSING  
HOMES.**

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

1 Section 1. Section 4-65a of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2002*):

3 (a) There shall be an Office of Policy and Management which shall  
4 be responsible for all aspects of state staff planning and analysis in the  
5 areas of budgeting, management, planning, energy policy  
6 determination and evaluation, intergovernmental policy, long-term  
7 care planning, criminal and juvenile justice planning and program  
8 evaluation. The department head shall be the Secretary of the Office of  
9 Policy and Management, who shall be appointed by the Governor in  
10 accordance with the provisions of sections 4-5, 4-6, 4-7 and 4-8, with all  
11 the powers and duties therein prescribed. The Secretary of the Office of  
12 Policy and Management shall be the employer representative (1) in  
13 collective bargaining negotiations concerning changes to the state  
14 employees retirement system and health and welfare benefits, and (2)  
15 in all other matters involving collective bargaining, including  
16 negotiation and administration of all collective bargaining agreements  
17 and supplemental understandings between the state and the state  
18 employee unions concerning all executive branch employees except

19 (A) employees of the Division of Criminal Justice, and (B) faculty and  
20 professional employees of boards of trustees of constituent units of the  
21 state system of higher education. The secretary may designate a  
22 member of the secretary's staff to act as the employer representative in  
23 the secretary's place.

24 (b) There shall be such undersecretaries as may be necessary for the  
25 efficient conduct of the business of the office. Each such undersecretary  
26 shall be appointed by the secretary and shall be qualified and  
27 experienced in the functions to be performed by him. The positions of  
28 each such undersecretary shall be exempt from the classified service.

29 Sec. 2. Section 17b-337 of the general statutes, as amended by section  
30 1 of public act 01-119, is repealed and the following is substituted in  
31 lieu thereof (*Effective July 1, 2002*):

32 [(a) There shall be established a Long-Term Care Planning  
33 Committee for the purpose of exchanging information on long-term  
34 care issues, coordinating policy development and establishing a long-  
35 term care plan for all persons in need of long-term care. Such plan  
36 shall integrate the three components of a long-term care system  
37 including home and community-based services, supportive housing  
38 arrangements and nursing facilities.]

39 (a) The Office of Policy and Management, in consultation with state  
40 agencies responsible for implementing long-term care programs, shall  
41 undertake a comprehensive needs plan for long-term care services. The  
42 plan shall assess the three major components of the long-term care  
43 system, home and community-based services, supportive housing  
44 arrangements and nursing home care to evaluate the need for services  
45 and the cost of providing services. Such plan shall include: (1) A vision  
46 and mission statement for a long-term care system; (2) the current  
47 number of persons receiving services; (3) demographic data  
48 concerning such persons by service type; [(4) the current aggregate  
49 cost of such system of services; (5) forecasts of future demand for  
50 services; (6)] (4) the type of services available and the amount of funds

51 necessary to meet the demand; ~~[(7)]~~ (5) projected costs for programs  
52 associated with such system; ~~[(8)]~~ (6) strategies to promote the  
53 partnership for long-term care program; ~~[(9)]~~ (7) resources necessary to  
54 accomplish goals for the future; ~~[(10)]~~ (8) funding sources available; and  
55 ~~(11)]~~ (8) the number and types of providers needed to deliver services;  
56 (9) a nursing home bed need methodology, based on demand and  
57 alternatives available, as well as demographics and the impact of  
58 changes in nursing home bed supply; (10) a comprehensive strategy to  
59 match nursing home bed supply and need by area of the state; (11) an  
60 estimate of the costs of the three component system; and (12)  
61 identification of the funding sources to be utilized to finance the three  
62 component system.

63 (b) The plan shall address how changes in one component of such  
64 long-term care system impact other components of such system. The  
65 plan shall incorporate data measuring the level of care provided to  
66 nursing home residents to gauge whether said population resides in  
67 the most appropriate, least restrictive setting. The plan shall  
68 incorporate data from the federal Centers for Medicare and Medicaid  
69 Services in order to assess and analyze the federal Minimum Data Set.  
70 Said data shall be integrated with facility inspection data derived from  
71 the Department of Public Health and nursing home cost data derived  
72 from the Department of Social Services. Data gathered shall be utilized  
73 to track and evaluate: (1) Resident acuity by facility, (2) the  
74 relationship between facility and costs, (3) acuity and staffing patterns,  
75 (4) changes in acuity over time, and (5) adequacy of the admissions  
76 assessment tool.

77 ~~[(b)]~~ (c) There is established a Long-Term Care Planning Committee  
78 to exchange information on long-term care issues, coordinate policy  
79 development and provide advice to the Office of Policy and  
80 Management on the development of the long-term care plan pursuant  
81 to subsection (a) of this section. The Long-Term Care Planning  
82 Committee shall, within available appropriations, study issues relative  
83 to long-term care including, but not limited to, [the case-mix system of  
84 Medicaid reimbursement,] community-based service options, access to

85 long-term care and geriatric psychiatric services. Such committee shall  
86 evaluate issues relative to long-term care in light of the United States  
87 Supreme Court decision, *Olmstead v. L.C.*, 119 S. Ct. 2176 (1999),  
88 requiring states to place persons with disabilities in community  
89 settings rather than in institutions when such placement is  
90 appropriate, the transfer to a less restrictive setting is not opposed by  
91 such persons and such placement can be reasonably accommodated.

92 [(c)] (d) The Long-Term Care Planning Committee shall consist of:  
93 (1) The chairpersons and ranking members of the joint standing and  
94 select committees of the General Assembly having cognizance of  
95 matters relating to human services, public health, elderly services and  
96 long-term care; (2) the Commissioner of Social Services, or the  
97 commissioner's designee; (3) one member of the Office of Policy and  
98 Management appointed by the Secretary of the Office of Policy and  
99 Management; (4) one member from the Department of Social Services  
100 appointed by the Commissioner of Social Services; (5) one member  
101 from the Department of Public Health appointed by the Commissioner  
102 of Public Health; (6) one member from the Department of Economic  
103 and Community Development appointed by the Commissioner of  
104 Economic and Community Development; (7) one member from the  
105 Office of Health Care Access appointed by the Commissioner of  
106 Health Care Access; (8) one member from the Department of Mental  
107 Retardation appointed by the Commissioner of Mental Retardation; (9)  
108 one member from the Department of Mental Health and Addiction  
109 Services appointed by the Commissioner of Mental Health and  
110 Addiction Services; (10) one member from the Department of  
111 Transportation appointed by the Commissioner of Transportation; (11)  
112 one member from the Department of Children and Families appointed  
113 by the Commissioner of Children and Families; and (12) the executive  
114 director of the Office of Protection and Advocacy for Persons with  
115 Disabilities or the executive director's designee. The committee shall  
116 convene no later than ninety days after June 4, 1998. Any vacancy shall  
117 be filled by the appointing authority. The chairperson shall be elected  
118 from among the members of the committee. The committee shall seek

119 the advice and participation of any person, organization or state or  
120 federal agency it deems necessary to carry out the provisions of this  
121 section.

122 [(d) Not later than January 1, 1999, and every three years thereafter,  
123 the Long-Term Care Planning Committee]

124 (e) Not later than July 1, 2003, and biennially thereafter, the Office of  
125 Policy and Management shall submit a long-term care plan pursuant  
126 to subsection (a) of this section to the joint standing and select  
127 committees of the General Assembly having cognizance of matters  
128 relating to human services, public health, elderly services and long-  
129 term care, in accordance with the provisions of section 11-4a, and such  
130 plan shall serve as a guide for the actions of state agencies in  
131 developing and modifying programs that serve persons in need of  
132 long-term care.

133 [(e)] (f) Any state agency, when developing or modifying any  
134 program that, in whole or in part, provides assistance or support to  
135 persons with long-term care needs, shall, to the maximum extent  
136 feasible, include provisions that support care-giving provided by  
137 family members and other informal caregivers and promote consumer-  
138 directed care.

139 Sec. 3. (NEW) (Effective July 1, 2002) As used in chapter 319y of the  
140 general statutes, "case-mix" means a numerical value established for  
141 each nursing facility, calculated by (1) applying case-mix weights  
142 established by the federal Centers for Medicare and Medicaid Services  
143 Thirty-Four Group Resource Utilization Group, Version III to each  
144 Medicaid resident's Resource Utilization Group by facility using the  
145 cost report period for which rates will be rebased, provided that when  
146 a Medicaid resident has more than one Resource Utilization Group for  
147 the cost report period, the case-mix weight applied to each Resource  
148 Utilization Group is weighted by the number of Medicaid days the  
149 Medicaid resident was in the group, and (2) aggregating the case-mix  
150 weights by facility and computing a mean for each facility.

151 Sec. 4. Section 17b-340 of the general statutes, as amended by  
152 sections 38, 52 and 62 of public act 01-2 of the June special session and  
153 sections 95 and 129 of public act 01-9 of the June special session, is  
154 repealed and the following is substituted in lieu thereof (*Effective July*  
155 *1, 2002*):

156 (a) The rates to be paid by or for persons aided or cared for by the  
157 state or any town in this state to licensed chronic and convalescent  
158 nursing homes, chronic disease hospitals associated with chronic and  
159 convalescent nursing homes, rest homes with nursing supervision and  
160 to licensed residential care homes, as defined by section 19a-490, as  
161 amended, and to residential facilities for the mentally retarded which  
162 are licensed pursuant to section 17a-227 and certified to participate in  
163 the Title XIX Medicaid program as intermediate care facilities for the  
164 mentally retarded, for room, board and services specified in licensing  
165 regulations issued by the licensing agency shall be determined  
166 annually, except as otherwise provided in this subsection, after a  
167 public hearing, by the Commissioner of Social Services, to be effective  
168 July first of each year except as otherwise provided in this subsection.  
169 Such rates shall be determined on a basis of a reasonable payment for  
170 such necessary services, which basis shall take into account as a factor  
171 the costs of such services and the Medicaid resident case-mix of  
172 chronic and convalescent nursing homes and rest homes with nursing  
173 supervision. Rates shall be case-mix adjusted using a resident  
174 classification system known as Resource Utilization Groups, Version  
175 III based on assessments conducted using the federal Minimum Data  
176 Set. Cost of such services shall include (1) reasonable costs mandated  
177 by collective bargaining agreements with certified collective  
178 bargaining agents or other agreements between the employer and  
179 employees, provided "employees" shall not include persons employed  
180 as managers or chief administrators or required to be licensed as  
181 nursing home administrators, and (2) compensation for services  
182 rendered by proprietors at prevailing wage rates, as determined by  
183 application of principles of accounting as prescribed by said  
184 commissioner. Cost of such services shall not include amounts paid by

185 the facilities to employees as salary, or to attorneys or consultants as  
186 fees, where the responsibility of the employees, attorneys, or  
187 consultants is to persuade or seek to persuade the other employees of  
188 the facility to support or oppose unionization. Nothing in this  
189 subsection shall prohibit inclusion of amounts paid for legal counsel  
190 related to the negotiation of collective bargaining agreements, the  
191 settlement of grievances or normal administration of labor relations.  
192 The commissioner may, in his discretion, allow the inclusion of  
193 extraordinary and unanticipated costs of providing services which  
194 were incurred to avoid an immediate negative impact on the health  
195 and safety of patients. [The commissioner may, in his discretion, based  
196 upon review of a facility's costs, direct care staff to patient ratio and  
197 any other related information, revise a facility's rate for any increases  
198 or decreases to total licensed capacity of more than ten beds or changes  
199 to its number of licensed rest home with nursing supervision beds and  
200 chronic and convalescent nursing home beds. The commissioner may  
201 so revise a facility's rate established for the fiscal year ending June 30,  
202 1993, and thereafter for any bed increases, decreases or changes in  
203 licensure effective after October 1, 1989.] Effective July 1, 1991, in  
204 facilities which have both a chronic and convalescent nursing home  
205 and a rest home with nursing supervision, the rate for the rest home  
206 with nursing supervision shall not exceed such facility's rate for its  
207 chronic and convalescent nursing home. All such facilities for which  
208 rates are determined under this subsection shall report on a fiscal year  
209 basis ending on the thirtieth day of September. Such report shall be  
210 submitted to the commissioner by the thirty-first day of December. The  
211 commissioner may reduce the rate in effect for a facility which fails to  
212 report on or before such date by an amount not to exceed ten per cent  
213 of such rate. The commissioner shall annually, on or before the  
214 fifteenth day of February, report the data contained in the reports of  
215 such facilities to the joint standing committee of the General Assembly  
216 having cognizance of matters relating to appropriations. For the cost  
217 reporting year commencing October 1, 1985, and for subsequent cost  
218 reporting years, facilities shall report the cost of using the services of  
219 any nursing pool employee by separating said cost into two categories,

220 the portion of the cost equal to the salary of the employee for whom  
221 the nursing pool employee is substituting shall be considered a  
222 nursing cost and any cost in excess of such salary shall be further  
223 divided so that seventy-five per cent of the excess cost shall be  
224 considered an administrative or general cost and twenty-five per cent  
225 of the excess cost shall be considered a nursing cost, provided if the  
226 total nursing pool costs of a facility for any cost year are equal to or  
227 exceed fifteen per cent of the total nursing expenditures of the facility  
228 for such cost year, no portion of nursing pool costs in excess of fifteen  
229 per cent shall be classified as administrative or general costs. The  
230 commissioner, in determining such rates, shall also take into account  
231 the classification of patients or boarders according to special care  
232 requirements or classification of the facility according to such factors  
233 as facilities and services and such other factors as he deems reasonable,  
234 including anticipated fluctuations in the cost of providing such  
235 services. The commissioner may establish a separate rate for a facility  
236 or a portion of a facility for traumatic brain injury patients who require  
237 extensive care but not acute general hospital care. Such separate rate  
238 shall reflect the special care requirements of such patients. If changes  
239 in federal or state laws, regulations or standards adopted subsequent  
240 to June 30, 1985, result in increased costs or expenditures in an amount  
241 exceeding one-half of one per cent of allowable costs for the most  
242 recent cost reporting year, the commissioner shall adjust rates and  
243 provide payment for any such increased reasonable costs or  
244 expenditures within a reasonable period of time retroactive to the date  
245 of enforcement. Nothing in this section shall be construed to require  
246 the Department of Social Services to adjust rates and provide payment  
247 for any increases in costs resulting from an inspection of a facility by  
248 the Department of Public Health. Such assistance as the commissioner  
249 requires from other state agencies or departments in determining rates  
250 shall be made available to him at his request. Payment of the rates  
251 established hereunder shall be conditioned on the establishment by  
252 such facilities of admissions procedures which conform with this  
253 section, section 19a-533 and all other applicable provisions of the law  
254 and the provision of equality of treatment to all persons in such

255 facilities. The established rates shall be the maximum amount  
256 chargeable by such facilities for care of such beneficiaries, and the  
257 acceptance by or on behalf of any such facility of any additional  
258 compensation for care of any such beneficiary from any other person  
259 or source shall constitute the offense of aiding a beneficiary to obtain  
260 aid to which he is not entitled and shall be punishable in the same  
261 manner as is provided in subsection (b) of section 17b-97. For the fiscal  
262 year ending June 30, 1992, rates for licensed residential care homes and  
263 intermediate care facilities for the mentally retarded may receive an  
264 increase not to exceed the most recent annual increase in the Regional  
265 Data Resources Incorporated McGraw-Hill Health Care Costs:  
266 Consumer Price Index (all urban)-All Items. Rates for newly certified  
267 intermediate care facilities for the mentally retarded shall not exceed  
268 one hundred fifty per cent of the median rate of rates in effect on  
269 January 31, 1991, for intermediate care facilities for the mentally  
270 retarded certified prior to February 1, 1991.

271 (b) The Commissioner of Social Services shall adopt regulations in  
272 accordance with the provisions of chapter 54 to establish rates of  
273 payments for nursing homes and other residential facilities and to  
274 specify other allowable services. For purposes of this section, other  
275 allowable services means those services required by any medical  
276 assistance beneficiary residing in such home or hospital which are not  
277 already covered in the rate set by the commissioner in accordance with  
278 the provisions of subsection (a) of this section.

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

289 patient who receives medical assistance from another state.

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

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

314 (f) For the fiscal year ending June 30, 1992, the rates paid by or for  
315 persons aided or cared for by the state or any town in this state to  
316 facilities for room, board and services specified in licensing regulations  
317 issued by the licensing agency, except intermediate care facilities for  
318 the mentally retarded and residential care homes, shall be based on the  
319 cost year ending September 30, 1989. For the fiscal years ending June  
320 30, 1993, and June 30, 1994, such rates shall be based on the cost year  
321 ending September 30, 1990. Notwithstanding the provisions of section

322 17b-344, 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: Direct costs, which shall include salaries for nursing  
328 personnel, related fringe benefits and nursing pool costs; indirect costs,  
329 which shall include professional fees, dietary expenses, housekeeping  
330 expenses, laundry expenses, supplies related to patient care, salaries  
331 for indirect care personnel and related fringe benefits; fair rent, which  
332 shall be defined in accordance with subsection (f) of section 17-311-52  
333 of the regulations of Connecticut state agencies; capital-related costs,  
334 which shall include property taxes, insurance expenses, equipment  
335 leases and equipment depreciation; and administrative and general  
336 costs, which shall include maintenance and operation of plant  
337 expenses, salaries for administrative and maintenance personnel and  
338 related fringe benefits. The commissioner may provide a rate  
339 adjustment for nonemergency transportation services required by  
340 nursing facility residents. Such adjustment shall be a fixed amount  
341 determined annually by the commissioner based upon a review of  
342 costs and other associated information. Allowable costs shall not  
343 include costs for ancillary services payable under Part B of the  
344 Medicare program.

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

351 (B) Chronic and convalescent nursing homes and rest homes with  
352 nursing supervision grouped pursuant to subparagraph (A) of this  
353 subdivision shall be further grouped into case-mix peer groups for  
354 purposes of determining allowable direct care costs. Said facilities

355 case-mix indices shall be arrayed and the case-mix peer groups shall be  
356 as follows (i) a low case-mix peer group shall be comprised of facilities  
357 with case-mixed indices in the lower third of the total index range; (ii)  
358 a mid case-mix peer group shall be comprised of facilities with case-  
359 mix indices in the middle third of the total index range, and (iii) a high  
360 case-mix peer group shall be comprised of three facilities with case-  
361 mix indices in the top third of the total index range.

362 (3) For the fiscal year ending June 30, 1992, per diem maximum  
363 allowable costs for each cost component shall be as follows: For direct  
364 costs, the maximum shall be equal to one hundred forty per cent of the  
365 median allowable cost of that peer grouping; for indirect costs, the  
366 maximum shall be equal to one hundred thirty per cent of the state-  
367 wide median allowable cost; for fair rent, the amount shall be  
368 calculated utilizing the amount approved by the Office of Health Care  
369 Access pursuant to section 19a-638; for capital-related costs, there shall  
370 be no maximum; and for administrative and general costs, the  
371 maximum shall be equal to one hundred twenty-five per cent of the  
372 state-wide median allowable cost. For the fiscal year ending June 30,  
373 1993, per diem maximum allowable costs for each cost component  
374 shall be as follows: For direct costs, the maximum shall be equal to one  
375 hundred forty per cent of the median allowable cost of that peer  
376 grouping; for indirect costs, the maximum shall be equal to one  
377 hundred twenty-five per cent of the state-wide median allowable cost;  
378 for fair rent, the amount shall be calculated utilizing the amount  
379 approved by the Office of Health Care Access pursuant to section 19a-  
380 638; for capital-related costs, there shall be no maximum; and for  
381 administrative and general costs the maximum shall be equal to one  
382 hundred fifteen per cent of the state-wide median allowable cost. For  
383 the fiscal year ending June 30, 1994, per diem maximum allowable  
384 costs for each cost component shall be as follows: For direct costs, the  
385 maximum shall be equal to one hundred thirty-five per cent of the  
386 median allowable cost of that peer grouping; for indirect costs, the  
387 maximum shall be equal to one hundred twenty per cent of the state-  
388 wide median allowable cost; for fair rent, the amount shall be

389 calculated utilizing the amount approved by the Office of Health Care  
390 Access pursuant to section 19a-638; for capital-related costs, there shall  
391 be no maximum; and for administrative and general costs the  
392 maximum shall be equal to one hundred ten per cent of the state-wide  
393 median allowable cost. For the fiscal year ending June 30, 1995, per  
394 diem maximum allowable costs for each cost component shall be as  
395 follows: For direct costs, the maximum shall be equal to one hundred  
396 thirty-five per cent of the median allowable cost of that peer grouping;  
397 for indirect costs, the maximum shall be equal to one hundred twenty  
398 per cent of the state-wide median allowable cost; for fair rent, the  
399 amount shall be calculated utilizing the amount approved by the  
400 Office of Health Care Access pursuant to section 19a-638; for capital-  
401 related costs, there shall be no maximum; and for administrative and  
402 general costs the maximum shall be equal to one hundred five per cent  
403 of the state-wide median allowable cost. For the fiscal year ending June  
404 30, 1996, and any succeeding fiscal year, except for the fiscal years  
405 ending June 30, 2000, and June 30, 2001, for facilities with an interim  
406 rate in one or both periods, per diem maximum allowable costs for  
407 each cost component shall be as follows: For direct costs, the maximum  
408 shall be equal to one hundred thirty-five per cent of the median  
409 allowable cost of that peer grouping; for indirect costs, the maximum  
410 shall be equal to one hundred fifteen per cent of the state-wide median  
411 allowable cost; for fair rent, the amount shall be calculated utilizing the  
412 amount approved pursuant to section 19a-638; for capital-related costs,  
413 there shall be no maximum; and for administrative and general costs  
414 the maximum shall be equal to the state-wide median allowable cost.  
415 For the fiscal years ending June 30, 2000, and June 30, 2001, for  
416 facilities with an interim rate in one or both periods, per diem  
417 maximum allowable costs for each cost component shall be as follows:  
418 For direct costs, the maximum shall be equal to one hundred forty-five  
419 per cent of the median allowable cost of that peer grouping; for  
420 indirect costs, the maximum shall be equal to one hundred twenty-five  
421 per cent of the state-wide median allowable cost; for fair rent, the  
422 amount shall be calculated utilizing the amount approved pursuant to  
423 section 19a-638; for capital-related costs, there shall be no maximum;

424 and for administrative and general costs, the maximum shall be equal  
425 to the state-wide median allowable cost and such medians shall be  
426 based upon the same cost year used to set rates for facilities with  
427 prospective rates. For the fiscal year ending June 30, 2004, and each  
428 fiscal year thereafter, direct care costs within each peer group shall be  
429 weighted by a facility's case-mix index to yield the case-mix adjusted  
430 cost per diem. The case-mix adjusted cost per diem shall be arrayed for  
431 each case-mix peer group, per diem maximum allowable direct care  
432 costs for each group shall be equal to one hundred fifteen per cent of  
433 median costs for the low case-mix peer group, one hundred twenty per  
434 cent of median costs for the middle case-mix peer group and one  
435 hundred twenty-five per cent of median costs for the high case-mix  
436 peer group. Costs in excess of the maximum [amounts established  
437 under this subsection] allowable case-mix adjusted direct care costs  
438 established under this subsection shall be multiplied by a facility's  
439 applicable case-mix index and the resulting excess costs shall not be  
440 recognized as allowable costs, except that the Commissioner of Social  
441 Services (A) may allow costs in excess of maximum amounts for any  
442 facility with patient days covered by Medicare, including days  
443 requiring coinsurance, in excess of twelve per cent of annual patient  
444 days which also has patient days covered by Medicaid in excess of fifty  
445 per cent of annual patient days; (B) may establish a pilot program  
446 whereby costs in excess of maximum amounts shall be allowed for  
447 beds in a nursing home which has a managed care program and is  
448 affiliated with a hospital licensed under chapter 368v; and (C) may  
449 establish rates whereby allowable costs may exceed such maximum  
450 amounts for beds approved on or after July 1, 1991, which are  
451 restricted to use by patients with acquired immune deficiency  
452 syndrome or traumatic brain injury.

453 [(4) For the fiscal year ending June 30, 1992, (A) no facility shall  
454 receive a rate that is less than the rate it received for the rate year  
455 ending June 30, 1991; (B) no facility whose rate, if determined pursuant  
456 to this subsection, would exceed one hundred twenty per cent of the  
457 state-wide median rate, as determined pursuant to this subsection,

458 shall receive a rate which is five and one-half per cent more than the  
459 rate it received for the rate year ending June 30, 1991; and (C) no  
460 facility whose rate, if determined pursuant to this subsection, would be  
461 less than one hundred twenty per cent of the state-wide median rate,  
462 as determined pursuant to this subsection, shall receive a rate which is  
463 six and one-half per cent more than the rate it received for the rate year  
464 ending June 30, 1991. For the fiscal year ending June 30, 1993, no  
465 facility shall receive a rate that is less than the rate it received for the  
466 rate year ending June 30, 1992, or six per cent more than the rate it  
467 received for the rate year ending June 30, 1992. For the fiscal year  
468 ending June 30, 1994, no facility shall receive a rate that is less than the  
469 rate it received for the rate year ending June 30, 1993, or six per cent  
470 more than the rate it received for the rate year ending June 30, 1993.  
471 For the fiscal year ending June 30, 1995, no facility shall receive a rate  
472 that is more than five per cent less than the rate it received for the rate  
473 year ending June 30, 1994, or six per cent more than the rate it received  
474 for the rate year ending June 30, 1994. For the fiscal years ending June  
475 30, 1996, and June 30, 1997, no facility shall receive a rate that is more  
476 than three per cent more than the rate it received for the prior rate  
477 year. For the fiscal year ending June 30, 1998, a facility shall receive a  
478 rate increase that is not more than two per cent more than the rate that  
479 the facility received in the prior year. For the fiscal year ending June  
480 30, 1999, a facility shall receive a rate increase that is not more than  
481 three per cent more than the rate that the facility received in the prior  
482 year and that is not less than one per cent more than the rate that the  
483 facility received in the prior year, exclusive of rate increases associated  
484 with a wage, benefit and staffing enhancement rate adjustment added  
485 for the period from April 1, 1999, to June 30, 1999, inclusive. For the  
486 fiscal year ending June 30, 2000, each facility, except a facility with an  
487 interim rate or replaced interim rate for the fiscal year ending June 30,  
488 1999, and a facility having a certificate of need or other agreement  
489 specifying rate adjustments for the fiscal year ending June 30, 2000,  
490 shall receive a rate increase equal to one per cent applied to the rate the  
491 facility received for the fiscal year ending June 30, 1999, exclusive of  
492 the facility's wage, benefit and staffing enhancement rate adjustment.

493 For the fiscal year ending June 30, 2000, no facility with an interim rate,  
494 replaced interim rate or scheduled rate adjustment specified in a  
495 certificate of need or other agreement for the fiscal year ending June  
496 30, 2000, shall receive a rate increase that is more than one per cent  
497 more than the rate the facility received in the fiscal year ending June  
498 30, 1999. For the fiscal year ending June 30, 2001, each facility, except a  
499 facility with an interim rate or replaced interim rate for the fiscal year  
500 ending June 30, 2000, and a facility having a certificate of need or other  
501 agreement specifying rate adjustments for the fiscal year ending June  
502 30, 2001, shall receive a rate increase equal to two per cent applied to  
503 the rate the facility received for the fiscal year ending June 30, 2000,  
504 subject to verification of wage enhancement adjustments pursuant to  
505 subdivision (15) of this subsection. For the fiscal year ending June 30,  
506 2001, no facility with an interim rate, replaced interim rate or  
507 scheduled rate adjustment specified in a certificate of need or other  
508 agreement for the fiscal year ending June 30, 2001, shall receive a rate  
509 increase that is more than two per cent more than the rate the facility  
510 received for the fiscal year ending June 30, 2000. For the fiscal year  
511 ending June 30, 2002, each facility shall receive a rate that is two and  
512 one-half per cent more than the rate the facility received in the prior  
513 fiscal year. For the fiscal year ending June 30, 2003, each facility shall  
514 receive a rate that is two per cent more than the rate the facility  
515 received in the prior fiscal year.] (4) The Commissioner of Social  
516 Services shall add fair rent increases to any other rate increases  
517 established pursuant to [this] subdivision (7) of this subsection for a  
518 facility which has undergone a material change in circumstances  
519 related to fair rent.

520 (5) For the purpose of determining allowable fair rent, a facility with  
521 allowable fair rent less than the twenty-fifth percentile of the state-  
522 wide allowable fair rent shall be reimbursed as having allowable fair  
523 rent equal to the twenty-fifth percentile of the state-wide allowable fair  
524 rent, provided for the fiscal years ending June 30, 1996, and June 30,  
525 1997, the reimbursement may not exceed the twenty-fifth percentile of  
526 the state-wide allowable fair rent for the fiscal year ending June 30,

527 1995. On and after July 1, 1998, the Commissioner of Social Services  
528 may allow minimum fair rent as the basis upon which reimbursement  
529 associated with improvements to real property is added. Beginning  
530 with the fiscal year ending June 30, 1996, any facility with a rate of  
531 return on real property other than land in excess of eleven per cent  
532 shall have such allowance revised to eleven per cent. Any facility or its  
533 related realty affiliate which finances or refinances debt through bonds  
534 issued by the State of Connecticut Health and Education Facilities  
535 Authority shall report the terms and conditions of such financing or  
536 refinancing to the Commissioner of Social Services within thirty days  
537 of completing such financing or refinancing. The Commissioner of  
538 Social Services may revise the facility's fair rent component of its rate  
539 to reflect any financial benefit the facility or its related realty affiliate  
540 received as a result of such financing or refinancing, including but not  
541 limited to, reductions in the amount of debt service payments or  
542 period of debt repayment. The commissioner shall allow actual debt  
543 service costs for bonds issued by the State of Connecticut Health and  
544 Educational Facilities Authority if such costs do not exceed property  
545 costs allowed pursuant to subsection (f) of section 17-311-52 of the  
546 regulations of Connecticut state agencies, provided the commissioner  
547 may allow higher debt service costs for such bonds for good cause. For  
548 facilities which first open on or after October 1, 1992, the commissioner  
549 shall determine allowable fair rent for real property other than land  
550 based on the rate of return for the cost year in which such bonds were  
551 issued. The financial benefit resulting from a facility financing or  
552 refinancing debt through such bonds shall be shared between the state  
553 and the facility to an extent determined by the commissioner on a case-  
554 by-case basis and shall be reflected in an adjustment to the facility's  
555 allowable fair rent.

556 (6) A facility shall receive cost efficiency adjustments for indirect  
557 costs and for administrative and general costs if such costs are below  
558 the state-wide median costs. The cost efficiency adjustments shall  
559 equal twenty-five per cent of the difference between allowable  
560 reported costs and the applicable median allowable cost established

561 pursuant to this subdivision.

562 (7) ~~(A)~~ For the fiscal year ending June 30, [1992] 2004, allowable  
563 operating costs, excluding fair rent, shall be inflated using the  
564 [Regional Data Resources Incorporated McGraw-Hill Health Care  
565 Costs: Consumer Price Index (all urban)-All Items minus one and one-  
566 half per cent. For the fiscal year ending June 30, 1993, allowable  
567 operating costs, excluding fair rent, shall be inflated using the Regional  
568 Data Resources Incorporated McGraw-Hill Health Care Costs:  
569 Consumer Price Index (all urban)-All Items minus one and three-  
570 quarters per cent. For the fiscal years ending June 30, 1994, and June  
571 30, 1995, allowable operating costs, excluding fair rent, shall be inflated  
572 using the Regional Data Resources Incorporated McGraw-Hill Health  
573 Care Costs: Consumer Price Index (all urban)-All Items minus two per  
574 cent. For the fiscal year ending June 30, 1996, allowable operating  
575 costs, excluding fair rent, shall be inflated using the Regional Data  
576 Resources Incorporated McGraw-Hill Health Care Costs: Consumer  
577 Price Index (all urban)-All Items minus two and one-half per cent. For  
578 the fiscal year ending June 30, 1997, allowable operating costs,  
579 excluding fair rent, shall be inflated using the Regional Data Resources  
580 Incorporated McGraw-Hill Health Care Costs: Consumer Price Index  
581 (all urban)-All Items minus three and one-half per cent] skilled nursing  
582 facility market basket inflation index. For the fiscal year ending June  
583 30, 2004, and each fiscal year thereafter in which costs are rebased, the  
584 skilled nursing facility market basket inflation index projected by Data  
585 Resources Incorporated-Wharton Econometric Forecasting Association  
586 shall be used to inflate costs from the midpoint of the cost year to the  
587 midpoint of the rate year. For the fiscal year ending June 30, 1992, and  
588 any succeeding fiscal year, allowable fair rent shall be those reported  
589 in the annual report of long-term care facilities for the cost year ending  
590 the immediately preceding September thirtieth. [The inflation index to  
591 be used pursuant to this subsection shall be computed to reflect  
592 inflation between the midpoint of the cost year through the midpoint  
593 of the rate year. The Department of Social Services shall study methods  
594 of reimbursement for fair rent and shall report its findings and

595 recommendations to the joint standing committee of the General  
596 Assembly having cognizance of matters relating to human services on  
597 or before January 15, 1993.]

598 (B) For the fiscal year ending June 30, 2005, and each fiscal year  
599 thereafter in which costs are not rebased, rates shall be inflated using  
600 the skilled nursing facility market basket inflation index annual  
601 increase.

602 (8) On and after July 1, [1994] 2003, costs shall be rebased [no more  
603 frequently than every two years and no less frequently than every four  
604 years, as determined by the commissioner. The commissioner shall  
605 determine whether and to what extent a change in ownership of a  
606 facility shall occasion the rebasing of the facility's costs] every three  
607 years.

608 (9) The method of establishing rates for new facilities shall be  
609 determined by the commissioner in accordance with the provisions of  
610 this subsection.

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

613 (11) For the fiscal year ending June 30, 1992, and any succeeding  
614 fiscal year, one-half of the initial amount payable in June by the state to  
615 a facility pursuant to this subsection shall be paid to the facility in June  
616 and the balance of such amount shall be paid in July.

617 (12) Notwithstanding the provisions of this subsection, interim rates  
618 issued for facilities on and after July 1, 1991, shall be subject to  
619 applicable fiscal year cost component limitations established pursuant  
620 to subdivision (3) of this subsection.

621 (13) A chronic and convalescent nursing home having an ownership  
622 affiliation with and operated at the same location as a chronic disease  
623 hospital may request that the commissioner approve an exception to  
624 applicable rate-setting provisions for chronic and convalescent nursing

625 homes and establish a rate for the fiscal years ending June 30, 1992,  
626 and June 30, 1993, in accordance with regulations in effect June 30,  
627 1991. Any such rate shall not exceed one hundred sixty-five per cent of  
628 the median rate established for chronic and convalescent nursing  
629 homes established under this section for the applicable fiscal year.

630 (14) For the fiscal year ending June 30, 1994, and any succeeding  
631 fiscal year, for purposes of computing minimum allowable patient  
632 days, utilization of a facility's certified beds shall be determined at a  
633 minimum of ninety-five per cent of capacity, except for new facilities  
634 and facilities which are certified for additional beds which may be  
635 permitted a lower occupancy rate for the first three months of  
636 operation after the effective date of licensure.

637 (15) The Commissioner of Social Services shall adjust facility rates  
638 from April 1, 1999, to June 30, 1999, inclusive, by a per diem amount  
639 representing each facility's allocation of funds appropriated for the  
640 purpose of wage, benefit and staffing enhancement. A facility's per  
641 diem allocation of such funding shall be computed as follows: (A) The  
642 facility's direct and indirect component salary, wage, nursing pool and  
643 allocated fringe benefit costs as filed for the 1998 cost report period  
644 deemed allowable in accordance with this section and applicable  
645 regulations without application of cost component maximums  
646 specified in subdivision (3) of this subsection shall be totalled; (B) such  
647 total shall be multiplied by the facility's Medicaid utilization based on  
648 the 1998 cost report; (C) the resulting amount for the facility shall be  
649 divided by the sum of the calculations specified in subparagraphs (A)  
650 and (B) of this subdivision for all facilities to determine the facility's  
651 percentage share of appropriated wage, benefit and staffing  
652 enhancement funding; (D) the facility's percentage share shall be  
653 multiplied by the amount of appropriated wage, benefit and staffing  
654 enhancement funding to determine the facility's allocated amount; and  
655 (E) such allocated amount shall be divided by the number of days of  
656 care paid for by Medicaid on an annual basis including days for  
657 reserved beds specified in the 1998 cost report to determine the per  
658 diem wage and benefit rate adjustment amount. The commissioner

659 may adjust a facility's reported 1998 cost and utilization data for the  
660 purposes of determining a facility's share of wage, benefit and staffing  
661 enhancement funding when reported 1998 information is not  
662 substantially representative of estimated cost and utilization data for  
663 the fiscal year ending June 30, 2000, due to special circumstances  
664 during the 1998 cost report period including change of ownership with  
665 a part year cost filing or reductions in facility capacity due to facility  
666 renovation projects. Upon completion of the calculation of the  
667 allocation of wage, benefit and staffing enhancement funding, the  
668 commissioner shall not adjust the allocations due to revisions  
669 submitted to previously filed 1998 annual cost reports. In the event  
670 that a facility's rate for the fiscal year ending June 30, 1999, is an  
671 interim rate or the rate includes an increase adjustment due to a rate  
672 request to the commissioner or other reasons, the commissioner may  
673 reduce or withhold the per diem wage, benefit and staffing  
674 enhancement allocation computed for the facility. Any enhancement  
675 allocations not applied to facility rates shall not be reallocated to other  
676 facilities and such unallocated amounts shall be available for the costs  
677 associated with interim rates and other Medicaid expenditures. The  
678 wage, benefit and staffing enhancement per diem adjustment for the  
679 period from April 1, 1999, to June 30, 1999, inclusive, shall also be  
680 applied to rates for the fiscal years ending June 30, 2000, and June 30,  
681 2001, except that the commissioner may increase or decrease the  
682 adjustment to account for changes in facility capacity or operations.  
683 Any facility accepting a rate adjustment for wage, benefit and staffing  
684 enhancements shall apply payments made as a result of such rate  
685 adjustment for increased allowable employee wage rates and benefits  
686 and additional direct and indirect component staffing. Adjustment  
687 funding shall not be applied to wage and salary increases provided to  
688 the administrator, assistant administrator, owners or related party  
689 employees. Enhancement payments may be applied to increases in  
690 costs associated with staffing purchased from staffing agencies  
691 provided such costs are deemed necessary and reasonable by the  
692 commissioner. The commissioner shall compare expenditures for  
693 wages, benefits and staffing for the 1998 cost report period to such

694 expenditures in the 1999, 2000 and 2001 cost report periods to verify  
695 whether a facility has applied additional payments to specified  
696 enhancements. In the event that the commissioner determines that a  
697 facility did not apply additional payments to specified enhancements,  
698 the commissioner shall recover such amounts from the facility through  
699 rate adjustments or other means. The commissioner may require  
700 facilities to file cost reporting forms, in addition to the annual cost  
701 report, as may be necessary, to verify the appropriate application of  
702 wage, benefit and staffing enhancement rate adjustment payments. For  
703 the purposes of this subdivision, "Medicaid utilization" means the  
704 number of days of care paid for by Medicaid on an annual basis  
705 including days for reserved beds as a percentage of total resident days.

706 (16) On and after July 1, 2002, there shall be a unit within the  
707 Department of Social Services for matters relating to certificate of need,  
708 rate setting, and financial stability of nursing facilities. Said unit shall  
709 have a staff of thirteen persons responsible for (A) establishing rates in  
710 accordance with this section, to include maintaining, analyzing, and  
711 calculating case-mix indices for each nursing facility to adjust rates in  
712 accordance with this section, (B) overseeing audits in accordance with  
713 this section, and (C) developing information needed for the interim  
714 rate panel established pursuant to this section. The director of such  
715 unit shall develop a plan to oversee and improve the financial stability  
716 of nursing homes. Such plan shall be developed by July 1, 2003, and  
717 submitted to the joint standing committees of the General Assembly  
718 having cognizance of matters relating to human services and public  
719 health and to the select committee of the General Assembly having  
720 cognizance of matters relating to aging, in accordance with the  
721 provisions of section 11-4a.

722 (17) (A) There is established a rate review panel comprised of five  
723 members, one from the Office of Policy and Management, one each  
724 from the Department of Social Services and the Department of Public  
725 Health, a health care economist or similar health care expert appointed  
726 by the Governor, and a financial management expert appointed by the  
727 Governor. (B) The panel shall meet quarterly to consider requests from

728 nursing facilities for interim rates or special adjustments. Such requests  
729 from facilities shall be acted upon within six months' time of the date  
730 on which the request was filed with the panel. (C) The panel shall  
731 establish its criteria in writing, including standards for requests.  
732 Criteria shall be based solely on financial hardship; change of  
733 ownership alone shall not be a criterion. Facilities shall provide  
734 supporting documentation of financial hardship, including the results  
735 of any independent audit. (D) The panel shall establish criteria to limit  
736 the number of interim rates or special adjustments granted to one  
737 facility. Decisions shall be made on the established criteria, based on  
738 the comprehensive plan for long-term care established pursuant to  
739 subsection (a) of section 17b-337, as amended by this act, and shall  
740 include the need for beds in nursing facilities. The panel, in granting  
741 an interim rate on special adjustment, may impose conditions of the  
742 facility's operation.

743 (18) The Commissioner of Social Services, or a designated  
744 representative, shall conduct desk and field audits of facility cost  
745 reports submitted to the commissioner pursuant to subsection (a) of  
746 this section in order to establish a facility's Medicaid rate. The  
747 commissioner, or a designated representative, shall conduct a desk  
748 audit of each annual facility cost report submitted. The commissioner  
749 shall conduct random field audits of the cost reports of any facility.  
750 Such field audits shall occur at the commissioner's discretion and shall  
751 not be limited to cost year reports on which a facility's costs are  
752 rebased but may include any or all years from the facility's last full  
753 field audit. Such field audits shall verify reasonable costs used to  
754 establish the facility's Medicaid rate, verify direct care hours worked,  
755 detect any early signs of financial distress and substantiate the facility's  
756 case-mix peer grouping when such grouping has changed and  
757 impacted the facility's rate. Such audit may include a nurse  
758 consultation to review the facility's change in case-mix peer grouping.

759 (g) For the fiscal year ending June 30, 1993, any intermediate care  
760 facility for the mentally retarded with an operating cost component of  
761 its rate in excess of one hundred forty per cent of the median of

762 operating cost components of rates in effect January 1, 1992, shall not  
763 receive an operating cost component increase. For the fiscal year  
764 ending June 30, 1993, any intermediate care facility for the mentally  
765 retarded with an operating cost component of its rate that is less than  
766 one hundred forty per cent of the median of operating cost  
767 components of rates in effect January 1, 1992, shall have an allowance  
768 for real wage growth equal to thirty per cent of the increase  
769 determined in accordance with subsection (q) of section 17-311-52 of  
770 the regulations of Connecticut state agencies, provided such operating  
771 cost component shall not exceed one hundred forty per cent of the  
772 median of operating cost components in effect January 1, 1992. Any  
773 facility with real property other than land placed in service prior to  
774 October 1, 1991, shall, for the fiscal year ending June 30, 1995, receive a  
775 rate of return on real property equal to the average of the rates of  
776 return applied to real property other than land placed in service for the  
777 five years preceding October 1, 1993. For the fiscal year ending June 30,  
778 1996, and any succeeding fiscal year, the rate of return on real property  
779 for property items shall be revised every five years. The commissioner  
780 shall, upon submission of a request, allow actual debt service,  
781 comprised of principal and interest, in excess of property costs allowed  
782 pursuant to section 17-311-52 of the regulations of Connecticut state  
783 agencies, provided such debt service terms and amounts are  
784 reasonable in relation to the useful life and the base value of the  
785 property. For the fiscal year ending June 30, 1995, and any succeeding  
786 fiscal year, the inflation adjustment made in accordance with  
787 subsection (p) of section 17-311-52 of the regulations of Connecticut  
788 state agencies, shall not be applied to real property costs. For the fiscal  
789 year ending June 30, 1996, and any succeeding fiscal year, the  
790 allowance for real wage growth as determined in accordance with  
791 subsection (q) of section 17-311-52 of the regulations of Connecticut  
792 state agencies, shall not be applied. For the fiscal year ending June 30,  
793 1996, and any succeeding fiscal year, no rate shall exceed three  
794 hundred seventy-five dollars per day unless the commissioner, in  
795 consultation with the Commissioner of Mental Retardation,  
796 determines after a review of program and management costs, that a

797 rate in excess of this amount is necessary for care and treatment of  
798 facility residents. For the fiscal year ending June 30, 2002, rate period,  
799 the Commissioner of Social Services shall increase the inflation  
800 adjustment for rates made in accordance with subsection (p) of section  
801 17-311-52 of the Regulations of State Agencies to update allowable  
802 fiscal year 2000 costs to include a three and one-half per cent inflation  
803 factor. For the fiscal year ending June 30, 2003, rate period, the  
804 commissioner shall increase the inflation adjustment for rates made in  
805 accordance with subsection (p) of section 17-311-52 of the Regulations  
806 of State Agencies to update allowable fiscal year 2001 costs to include a  
807 one and one-half per cent inflation factor.

808 (h) For the fiscal year ending June 30, 1993, any residential care  
809 home with an operating cost component of its rate in excess of one  
810 hundred thirty per cent of the median of operating cost components of  
811 rates in effect January 1, 1992, shall not receive an operating cost  
812 component increase. For the fiscal year ending June 30, 1993, any  
813 residential care home with an operating cost component of its rate that  
814 is less than one hundred thirty per cent of the median of operating cost  
815 components of rates in effect January 1, 1992, shall have an allowance  
816 for real wage growth equal to sixty-five per cent of the increase  
817 determined in accordance with subsection (q) of section 17-311-52 of  
818 the regulations of Connecticut state agencies, provided such operating  
819 cost component shall not exceed one hundred thirty per cent of the  
820 median of operating cost components in effect January 1, 1992.  
821 Beginning with the fiscal year ending June 30, 1993, for the purpose of  
822 determining allowable fair rent, a residential care home with allowable  
823 fair rent less than the twenty-fifth percentile of the state-wide  
824 allowable fair rent shall be reimbursed as having allowable fair rent  
825 equal to the twenty-fifth percentile of the state-wide allowable fair  
826 rent. Beginning with the fiscal year ending June 30, 1997, a residential  
827 care home with allowable fair rent less than three dollars and ten cents  
828 per day shall be reimbursed as having allowable fair rent equal to  
829 three dollars and ten cents per day. Property additions placed in  
830 service during the cost year ending September 30, 1996, or any

831 succeeding cost year shall receive a fair rent allowance for such  
832 additions as an addition to three dollars and ten cents per day if the  
833 fair rent for the facility for property placed in service prior to  
834 September 30, 1995, is less than or equal to three dollars and ten cents  
835 per day. For the fiscal year ending June 30, 1996, and any succeeding  
836 fiscal year, the allowance for real wage growth, as determined in  
837 accordance with subsection (q) of section 17-311-52 of the regulations  
838 of Connecticut state agencies shall not be applied. For the fiscal year  
839 ending June 30, 1996, and any succeeding fiscal year, the inflation  
840 adjustment made in accordance with subsection (p) of section  
841 17-311-52 of the regulations of Connecticut state agencies shall not be  
842 applied to real property costs. Beginning with the fiscal year ending  
843 June 30, 1997, minimum allowable patient days for rate computation  
844 purposes for a residential care home with twenty-five beds or less shall  
845 be eighty-five per cent of licensed capacity. Beginning with the fiscal  
846 year ending June 30, 2002, for the purposes of determining the  
847 allowable salary of an administrator of a residential care home with  
848 sixty beds or less the department shall revise the allowable base salary  
849 to thirty-seven thousand dollars to be annually inflated thereafter in  
850 accordance with section 17-311-52 of the regulations of Connecticut  
851 state agencies. The rates for the fiscal year ending June 30, 2002, shall  
852 be based upon the increased allowable salary of an administrator,  
853 regardless of whether such amount was expended in the 2000 cost  
854 report period upon which the rates are based. Beginning with the fiscal  
855 year ending June 30, 2000, the inflation adjustment for rates made in  
856 accordance with subsection (p) of section 17-311-52 of the regulations  
857 of state agencies shall be increased by two per cent, and beginning  
858 with the fiscal year ending June 30, 2002, the inflation adjustment for  
859 rates made in accordance with subsection (c) of said section shall be  
860 increased by one per cent. Beginning with the fiscal year ending June  
861 30, 1999, for the purpose of determining the allowable salary of a  
862 related party, the department shall revise the maximum salary to  
863 twenty-seven thousand eight hundred fifty-six dollars to be annually  
864 inflated thereafter in accordance with section 17-311-52 of the  
865 regulations of Connecticut state agencies and beginning with the fiscal

866 year ending June 30, 2001, such allowable salary shall be computed on  
867 an hourly basis and the maximum number of hours allowed for a  
868 related party other than the proprietor shall be increased from forty  
869 hours to forty-eight hours per work week.

870 (i) Notwithstanding the provisions of this section, the  
871 Commissioner of Social Services shall establish a fee schedule for  
872 payments to be made to chronic disease hospitals associated with  
873 chronic and convalescent nursing homes to be effective on and after  
874 July 1, 1995. The fee schedule may be adjusted annually beginning July  
875 1, 1997, to reflect necessary increases in the cost of services.

876 Sec. 5. Subsection (b) of section 17b-352 of the general statutes is  
877 repealed and the following is substituted in lieu thereof (*Effective July*  
878 *1, 2002*):

879 (b) Any facility which intends to (1) transfer all or part of its  
880 ownership or control; [prior to being initially licensed;] (2) introduce  
881 any additional function or service into its program of care or expand  
882 an existing function or service; or (3) terminate a service or decrease  
883 substantially its total bed capacity, shall submit a complete request for  
884 permission to implement such transfer, addition, expansion, increase,  
885 termination or decrease with such information as the department  
886 requires to the Department of Social Services.

887 Sec. 6. Section 17b-355 of the general statutes, as amended by section  
888 63 of public act 01-2 of the June special session and section 129 of  
889 public act 01-9 of the June special session, is repealed and the following  
890 is substituted in lieu thereof (*Effective July 1, 2003*):

891 In determining whether a request submitted pursuant to sections  
892 17b-352 to 17b-354, inclusive, will be granted, modified or denied, the  
893 Commissioner of Social Services shall consider the following: The  
894 relationship of the request to the [state health plan] long-term care plan  
895 established pursuant to section 17b-337, as amended by this act, the  
896 financial feasibility of the request and its impact on the applicant's  
897 rates and financial condition, the contribution of the request to the

898 quality, accessibility and cost-effectiveness of health care delivery in  
899 the region, whether there is clear public need for the request, the  
900 relationship of any proposed change to the applicant's current  
901 utilization statistics, the business interests of all owners, partners,  
902 associates, incorporators, directors, sponsors, stockholders and  
903 operators and the personal background of such persons, and any other  
904 factor which the department deems relevant. Whenever the granting,  
905 modification or denial of a request is inconsistent with the [state  
906 health] long-term care plan, a written explanation of the reasons for  
907 the inconsistency shall be included in the decision. In considering  
908 whether there is clear public need for any request for additional  
909 nursing home beds associated with a continuing care facility submitted  
910 pursuant to section 17b-354, as amended, the commissioner shall only  
911 consider the need for beds for current and prospective residents of the  
912 continuing care facility. In considering whether there is clear public  
913 need for any request for the relocation of beds, the commissioner shall  
914 consider whether there is a demonstrated bed need in the towns  
915 within a fifteen-mile radius of the town in which the beds are  
916 proposed to be located. Bed need shall be based on the long-term care  
917 plan, the recent occupancy percentage of area nursing facilities, and  
918 the projected bed need for no more than five years into the future at  
919 ninety-seven and one-half per cent occupancy using the latest official  
920 population projections by town and age as published by the Office of  
921 Policy and Management and the latest available state-wide nursing  
922 facility utilization statistics by age cohort from the Department of  
923 Public Health. The commissioner may also consider area specific  
924 utilization and reductions in utilization rates to account for the  
925 increased use of less institutional alternatives.

926       Sec. 7. (NEW) (*Effective from passage*) On or before July 1, 2003, the  
927 Commissioner of Social Services shall amend regulations adopted  
928 pursuant to subsection (b) of section 17b-340, as amended by this act,  
929 so that said regulations are consistent with the general statutes.

930       Sec. 8. Section 19a-1c of the general statutes is repealed and the  
931 following is substituted in lieu thereof (*Effective July 1, 2002*):

932 (a) Whenever the words "Commissioner of Public Health and  
933 Addiction Services" are used or referred to in the following sections of  
934 the general statutes, the words "Commissioner of Public Health" shall  
935 be substituted in lieu thereof and whenever the words "Department of  
936 Public Health and Addiction Services" are used or referred to in the  
937 following sections of the general statutes, the words "Department of  
938 Public Health" shall be substituted in lieu thereof: 1-21b, 2-20a, 3-129,  
939 4-5, 4-38c, 4-60i, 4-67e, 4a-12, 4a-16, 4a-51, 5-169, 7-22a, 7-42, 7-44, 7-45,  
940 7-48, 7-49, 7-51, 7-52, 7-53, 7-54, 7-55, 7-59, 7-60, 7-62a, 7-62b, 7-62c, 7-  
941 65, 7-70, 7-72, 7-73, 7-74, 7-127e, 7-504, 7-536, 8-159a, 8-206d, 8-210, 10-  
942 19, 10-71, 10-76d, 10-203, 10-204a, 10-207, 10-212, 10-212a, 10-214, 10-  
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1009 22a-356, 22a-358, 22a-361, 22a-363b, 22a-371, 22a-378, 22a-423, 22a-424,  
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1021 557b, 53-332, 54-102a, 54-102b, 54-142k, 54-203.

1022 (b) If the term "Department of Public Health and Addiction  
1023 Services" is used or referred to in any public or special act of 1995 or  
1024 1996, or in any section of the general statutes which is amended in 1995  
1025 or 1996, it shall be deemed to mean or refer to the Department of  
1026 Public Health.

1027 (c) If the term "Commissioner of Public Health and Addiction  
1028 Services" is used or referred to in any public or special act of 1995 or  
1029 1996, or in any section of the general statutes which is amended in 1995  
1030 or 1996, it shall be deemed to mean or refer to the Commissioner of  
1031 Public Health.

1032 Sec. 9. (*Effective July 1, 2002*) Section 19a-538 of the general statutes is  
1033 repealed

This act shall take effect as follows:	
Section 1	<i>July 1, 2002</i>
Sec. 2	<i>July 1, 2002</i>
Sec. 3	<i>July 1, 2002</i>
Sec. 4	<i>July 1, 2002</i>
Sec. 5	<i>July 1, 2002</i>
Sec. 6	<i>July 1, 2003</i>
Sec. 7	<i>from passage</i>
Sec. 8	<i>July 1, 2002</i>
Sec. 9	<i>July 1, 2002</i>

**PRI**

*Joint Favorable Subst. C/R*

HS