



# House of Representatives

General Assembly

**File No. 485**

January Session, 2003

Substitute House Bill No. 5936

*House of Representatives, April 22, 2003*

The Committee on Public Health reported through REP. FELTMAN of the 6th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING TREATMENT OF MENTAL ILLNESS AT CHRONIC DISEASE HOSPITALS.**

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

1 Section 1. Section 19a-490 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2003*):

3 As used in this chapter:

4 (a) "Institution" means a hospital, residential care home, health care  
5 facility for the handicapped, nursing home, rest home, home health  
6 care agency, homemaker-home health aide agency, mental health  
7 facility, substance abuse treatment facility, chronic disease hospital, an  
8 infirmary operated by an educational institution for the care of  
9 students enrolled in, and faculty and employees of, such institution; a  
10 facility engaged in providing services for the prevention, diagnosis,  
11 treatment or care of human health conditions, including facilities  
12 operated and maintained by any state agency, except facilities for the

13 care or treatment of mentally ill persons or persons with substance  
14 abuse problems; and a residential facility for the mentally retarded  
15 licensed pursuant to section 17a-227 and certified to participate in the  
16 Title XIX Medicaid program as an intermediate care facility for the  
17 mentally retarded;

18 (b) "Hospital" means an establishment for the lodging, care and  
19 treatment of persons suffering from disease or other abnormal physical  
20 or mental conditions and includes inpatient psychiatric services in  
21 general hospitals;

22 (c) "Residential care home", "nursing home" or "rest home" means an  
23 establishment which furnishes, in single or multiple facilities, food and  
24 shelter to two or more persons unrelated to the proprietor and, in  
25 addition, provides services which meet a need beyond the basic  
26 provisions of food, shelter and laundry;

27 (d) "Home health care agency" means a public or private  
28 organization, or a subdivision thereof, engaged in providing  
29 professional nursing services and the following services, available  
30 twenty-four hours per day, in the patient's home or a substantially  
31 equivalent environment: Homemaker-home health aide services as  
32 defined in this section, physical therapy, speech therapy, occupational  
33 therapy or medical social services. The agency shall provide  
34 professional nursing services and at least one additional service  
35 directly and all others directly or through contract. An agency shall be  
36 available to enroll new patients seven days a week, twenty-four hours  
37 per day;

38 (e) "Homemaker-home health aide agency" means a public or  
39 private organization, except a home health care agency, which  
40 provides in the patient's home or a substantially equivalent  
41 environment supportive services which may include, but are not  
42 limited to, assistance with personal hygiene, dressing, feeding and  
43 incidental household tasks essential to achieving adequate household  
44 and family management. Such supportive services shall be provided  
45 under the supervision of a registered nurse and, if such nurse

46 determines appropriate, shall be provided by a social worker, physical  
47 therapist, speech therapist or occupational therapist. Such supervision  
48 may be provided directly or through contract;

49 (f) "Homemaker-home health aide services" as defined in this  
50 section shall not include services provided to assist individuals with  
51 activities of daily living when such individuals have a disease or  
52 condition that is chronic and stable as determined by a physician  
53 licensed in the state of Connecticut;

54 (g) "Mental health facility" means any facility for the care or  
55 treatment of mentally ill or emotionally disturbed adults, or any  
56 mental health outpatient treatment facility that provides treatment to  
57 persons sixteen years of age or older who are receiving services from  
58 the Department of Mental Health and Addiction Services, but does not  
59 include family care homes for the mentally ill;

60 (h) "Alcohol or drug treatment facility" means any facility for the  
61 care or treatment of persons suffering from alcoholism or other drug  
62 addiction;

63 (i) "Person" means any individual, firm, partnership, corporation,  
64 limited liability company or association;

65 (j) "Commissioner" means the Commissioner of Public Health;

66 (k) "Home health agency" means an agency licensed as a home  
67 health care agency or a homemaker-home health aide agency; [and]

68 (l) "Assisted living services agency" means an institution that  
69 provides, among other things, nursing services and assistance with  
70 activities of daily living to a population that is chronic and stable; and

71 (m) "Chronic disease hospital" means a long-term hospital having  
72 facilities, medical staff and all necessary personnel for the diagnosis,  
73 care and treatment of chronic physical or geriatric mental conditions  
74 that require prolonged hospital or restorative care.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>

**PH**      *Joint Favorable Subst.*

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:

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**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Social Services, Dept.	GF - Cost	Significant	Significant

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

This bill will result in significant increased costs to the Department of Social Services (DSS). Under current law, the Department does not pay for psychiatric stays at a chronic disease hospital (CDH) under the Medicaid program. CDHs are considered long term care facilities, and as such generally have significantly longer lengths of stay than at acute care hospitals. This bill would allow these facilities to be reimbursed for such stays.

Currently, DSS pays for psychiatric inpatient stays only at acute care hospitals. Due to cost settlement practices with these facilities and reimbursement practices with Medicaid managed care organizations (MCOs), the length of stay (and associated costs to the Medicaid program) can be closely monitored and managed at acute care facilities. However, there is no cost settlement process involving CDHs, nor are such facilities subject to any prior authorization practices. Therefore, this bill may create an incentive for the MCOs to place patients at CDHs rather than at acute care hospitals, since Medicaid essentially has an open ended liability for the costs of such patients at CDHs.

There are currently 400 licensed Medicaid beds at Connecticut's four CDHs (for a total of 146,000 potential bed days/year). Medicaid

is billed for approximately 60,000 non-psychiatric bed days at CDHs annually, leaving a potential 86,000 bed days. Assuming that the incentive created by this bill results in ten percent of the available 86,000 CDH bed days being billed to Medicaid for psychiatric services (at \$850 per day) in excess of what Medicaid currently pays for such care at acute care facilities, a potential increased annual cost of \$7.3 million could result. Additionally, if the psychiatric census at the CDHs exceeds fifty percent, under federal law the facilities would be classified as institutions of mental disease. If this occurs, state Medicaid expenditures at the facilities would no longer be eligible for the fifty percent federal reimbursement.

No fiscal impact is anticipated to result for the Department of Public Health, as the bill's provisions do not materially alter its regulatory responsibilities.

**OLR Bill Analysis**

sHB 5936

***AN ACT CONCERNING TREATMENT OF MENTAL ILLNESS AT CHRONIC DISEASE HOSPITALS*****SUMMARY:**

This bill allows a “chronic disease hospital” to care for geriatric patients with mental conditions. It specifically defines “chronic disease hospital,” for purposes of Department of Public Health (DPH) licensure, as a long-term hospital having facilities, medical staff, and all necessary personnel for the diagnosis, care, and treatment of chronic physical or geriatric mental conditions that require prolonged hospital or restorative care. Under current law, a chronic disease hospital is included in the broader category of “hospital” for purposes of DPH licensure of health care institutions and must be licensed according to Public Health Code regulations governing chronic disease hospitals.

EFFECTIVE DATE: October 1, 2003

**BACKGROUND*****Public Health Code Regulation of Chronic Disease Hospitals***

The Public Health Code defines a chronic disease hospital as a long-term hospital having facilities, medical staff, and all necessary personnel for the diagnosis, care, and treatment of a wide range of chronic illnesses (Public Health Code, § 19-13-D1(b)(2)). It does not specifically mention care of patients with mental illness. Such hospitals must be licensed by DPH and meet a number of regulatory requirements addressing the physical plant, administration, medical staff, medical records, nursing services, pharmacy, dietary service, emergencies, infection control, and special conditions (Code, § 19-13-D5). Currently, there are six facilities in the state licensed as chronic disease hospitals.

**COMMITTEE ACTION**

Public Health Committee

Joint Favorable Substitute  
Yea 21 Nay 0