



# House of Representatives

General Assembly

**File No. 688**

January Session, 2005

House Bill No. 5693

*House of Representatives, May 4, 2005*

The Committee on Appropriations reported through REP. MERRILL of the 54th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## **AN ACT CONCERNING RATES PAID BY THE DEPARTMENT OF SOCIAL SERVICES FOR RESIDENTIAL CARE HOMES.**

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

1 Section 1. Subdivision (1) of subsection (h) of section 17b-340 of the  
2 general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective July 1, 2005*):

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

14 the regulations of Connecticut state agencies, provided such operating  
15 cost component shall not exceed one hundred thirty per cent of the  
16 median of operating cost components in effect January 1, 1992. (C)  
17 Beginning with the fiscal year ending June 30, 1993, for the purpose of  
18 determining allowable fair rent, a residential care home with allowable  
19 fair rent less than the twenty-fifth percentile of the state-wide  
20 allowable fair rent shall be reimbursed as having allowable fair rent  
21 equal to the twenty-fifth percentile of the state-wide allowable fair  
22 rent. [Beginning with the fiscal year ending June 30, 1997, a] A  
23 residential care home with allowable fair rent less than [three] five  
24 dollars and ten cents per day shall be reimbursed as having allowable  
25 fair rent equal to [three] five dollars and ten cents per day. Property  
26 additions placed in service during the cost year ending September 30,  
27 [1996] 2005, or any succeeding cost year shall receive a fair rent  
28 allowance for such additions as an addition to [three] five dollars and  
29 ten cents per day if the fair rent for the facility for property placed in  
30 service prior to September 30, [1995] 2004, is less than or equal to  
31 [three] five dollars and ten cents per day. (D) For the fiscal year ending  
32 June 30, 1996, and any succeeding fiscal year, the allowance for real  
33 wage growth, as determined in accordance with subsection (q) of  
34 section 17-311-52 of the regulations of Connecticut state agencies, shall  
35 not be applied. (E) For the fiscal year ending June 30, 1996, and any  
36 succeeding fiscal year, the inflation adjustment made in accordance  
37 with subsection (p) of section 17-311-52 of the regulations of  
38 Connecticut state agencies shall not be applied to real property costs.  
39 (F) Beginning with the fiscal year ending June 30, 1997, minimum  
40 allowable patient days for rate computation purposes for a residential  
41 care home with twenty-five beds or less shall be eighty-five per cent of  
42 licensed capacity. (G) Beginning with the fiscal year ending June 30,  
43 [2002] 2006, for the purposes of determining the allowable salary of an  
44 administrator of a residential care home with sixty beds or less the  
45 department shall revise the allowable base salary to [thirty-seven]  
46 forty-eight thousand dollars to be annually inflated thereafter in  
47 accordance with section 17-311-52 of the regulations of Connecticut  
48 state agencies. The rates for the fiscal year ending June 30, 2002, shall

49 be based upon the increased allowable salary of an administrator,  
50 regardless of whether such amount was expended in the 2000 cost  
51 report period upon which the rates are based. (H) Beginning with the  
52 fiscal year ending June 30, 2000, the inflation adjustment for rates  
53 made in accordance with subsection (p) of section 17-311-52 of the  
54 regulations of Connecticut state agencies shall be increased by two per  
55 cent, and beginning with the fiscal year ending June 30, 2002, the  
56 inflation adjustment for rates made in accordance with subsection (c)  
57 of said section shall be increased by one per cent. (I) Beginning with  
58 the fiscal year ending June 30, 1999, for the purpose of determining the  
59 allowable salary of a related party, the department shall revise the  
60 maximum salary to twenty-seven thousand eight hundred fifty-six  
61 dollars to be annually inflated thereafter in accordance with section  
62 17-311-52 of the regulations of Connecticut state agencies and  
63 beginning with the fiscal year ending June 30, 2001, such allowable  
64 salary shall be computed on an hourly basis and the maximum  
65 number of hours allowed for a related party other than the proprietor  
66 shall be increased from forty hours to forty-eight hours per work week.  
67 (J) For the fiscal year ending June 30, 2005, each facility shall receive a  
68 rate that is two and one-quarter per cent more than the rate the facility  
69 received in the prior fiscal year, except any facility that would have  
70 been issued a lower rate effective July 1, 2004, than for the fiscal year  
71 ending June 30, 2004, due to interim rate status or agreement with the  
72 department shall be issued such lower rate effective July 1, 2004. (K)  
73 For the fiscal year ending June 30, 2006, the per diem rate that each  
74 residential care facility is to receive based on the cost report of  
75 September 30, 2004, shall be increased in accordance with this  
76 subparagraph. The Commissioner of Social Services, shall rank each  
77 residential care home rate based on the cost report of September 30,  
78 2004, from the residential care home that receives the highest rate to  
79 the residential care home that receives the lowest rate. The  
80 commissioner shall divide the residential care homes into three equal  
81 groups based on such ranking and shall increase the per diem rate for  
82 each residential care home as follows: For the group of residential care  
83 homes with the highest rates, a fifty cent per diem increase; for the



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:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 06 \$</b>	<b>FY 07 \$</b>
Department of Social Services	GF - Cost	\$3 million to \$4 million	\$3 million to \$4 million

**Municipal Impact:** None

**Explanation**

This bill would revise residential care home rate-setting by increasing the minimum allowance for property reimbursement, increasing the allowable administrator salary, and providing per diem add-ons to compound cost-based rates. It is estimated that these combined changes would increase residential care home rates by 6% to 8% annually, for a cost to the Department of Social Services of \$3 million to \$4 million.

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**OLR Bill Analysis**

HB 5693

**AN ACT CONCERNING RATES PAID BY THE DEPARTMENT OF SOCIAL SERVICES FOR RESIDENTIAL CARE HOMES****SUMMARY:**

This bill increases several factors the Department of Social Services (DSS) uses to calculate its reimbursement to residential care homes (RCHs).

It increases RCHs' per diem rates for FY 06 by 50 cents for the one-third of homes that already have the highest rates, \$1 for the middle third, and \$2 for the lowest third. Using RCHs' cost reports for the 2004 cost year (October 1, 2003 to September 30, 2004), the DSS commissioner must rank the homes' rates from highest to lowest and divide them into three equal groups on that basis.

The bill increases, from \$3.10 a day to \$5.10 a day, the minimum allowable fair rent (a reimbursement factor based on property cost). It applies this floor to property placed in service prior to September 30, 2004. For property placed in service after that date, the bill permits a fair rent allowance in addition to the \$5.10 floor for those RCHs whose allowable fair rent was at or below the \$5.10 for the cost year ending September 30, 2004.

The bill also increases the statutorily allowable base salary for an administrator of an RCH with 60 or fewer beds from \$37,000 to \$48,000. Since this limit is adjusted annually for inflation, the actual current limit is \$40,776 for FY 05.

RCHs (formerly known as homes for the aged) provide room and board in the form of single or shared rooms, meals in a common area, and some personal care for seniors and disabled people who can no longer live in their own homes. For FY 05, all RCHs received a flat 2.25% increase in reimbursement in place of using the existing reimbursement formulas.

EFFECTIVE DATE: July 1, 2005

**COMMITTEE ACTION**

Human Services Committee

Joint Favorable Change of Reference

Yea 15    Nay 1

Appropriations Committee

Joint Favorable Report

Yea 37    Nay 12