



# Senate

General Assembly

**File No. 349**

January Session, 2007

Substitute Senate Bill No. 1128

*Senate, April 5, 2007*

The Committee on Human Services reported through SEN. HARRIS of the 5th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET  
RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES  
PROGRAMS.***

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

1 Section 1. Subsections (a) and (b) of section 17b-321 of the general  
2 statutes are repealed and the following is substituted in lieu thereof  
3 (*Effective July 1, 2007*):

4 (a) On or before July 1, 2005, and on or before July first biennially  
5 thereafter, the Commissioner of Social Services shall determine the  
6 amount of the user fee and promptly notify the commissioner and  
7 nursing homes of such amount. The user fee shall be (1) the sum of  
8 each nursing home's anticipated nursing home net revenue, including,  
9 but not limited to, its estimated net revenue from any increases in  
10 Medicaid payments, during the twelve-month period ending on June  
11 thirtieth of the succeeding calendar year, (2) which sum shall be  
12 multiplied by a percentage as determined by the Secretary of the Office  
13 of Policy and Management, in consultation with the Commissioner of

14 Social Services, provided before January 1, 2008, such percentage shall  
15 not exceed six per cent and on and after January 1, 2008, such  
16 percentage shall not exceed five and one-half per cent, and (3) which  
17 product shall be divided by the sum of each nursing home's  
18 anticipated resident days during the twelve-month period ending on  
19 June thirtieth of the succeeding calendar year. The Commissioner of  
20 Social Services, in anticipating nursing home net revenue and resident  
21 days, shall use the most recently available nursing home net revenue  
22 and resident day information. On or before July 1, 2007, the  
23 Commissioner of Social Services shall report, in accordance with  
24 section 11-4a, to the joint standing committees of the General  
25 Assembly having cognizance of matters relating to appropriations and  
26 the budgets of state agencies and human services on the detrimental  
27 effects, if any, that a biennial determination of the user fee may have  
28 on private payors.

29 (b) Upon approval of the waiver of federal requirements for  
30 uniform and broad-based user fees in accordance with 42 CFR 433.68  
31 pursuant to section 17b-323, the Commissioner of Social Services shall  
32 redetermine the amount of the user fee and promptly notify the  
33 commissioner and nursing homes of such amount. The user fee shall  
34 be (1) the sum of each nursing home's anticipated nursing home net  
35 revenue, including, but not limited to, its estimated net revenue from  
36 any increases in Medicaid payments, during the twelve-month period  
37 ending on June thirtieth of the succeeding calendar year but not  
38 including any such anticipated net revenue of any nursing home  
39 exempted from such user fee due to waiver of federal requirements  
40 pursuant to section 17b-323, (2) which sum shall be multiplied by a  
41 percentage as determined by the Secretary of the Office of Policy and  
42 Management, in consultation with the Commissioner of Social  
43 Services, provided before January 1, 2008, such percentage shall not  
44 exceed six per cent and on and after January 1, 2008, such percentage  
45 shall not exceed five and one-half per cent, and (3) which product shall  
46 be divided by the sum of each nursing home's anticipated resident  
47 days, but not including the anticipated resident days of any nursing  
48 home exempted from such user fee due to waiver of federal

49 requirements pursuant to section 17b-323. Notwithstanding the  
50 provisions of this subsection, the amount of the user fee for each  
51 nursing home licensed for more than two hundred thirty beds or  
52 owned by a municipality shall be equal to the amount necessary to  
53 comply with federal provider tax uniformity waiver requirements as  
54 determined by the Commissioner of Social Services. The  
55 Commissioner of Social Services may increase retroactively the user fee  
56 for nursing homes not licensed for more than two hundred thirty beds  
57 and not owned by a municipality to the effective date of waiver of said  
58 federal requirements to offset user fee reductions necessary to meet the  
59 federal waiver requirements. On or before July 1, 2005, and biennially  
60 thereafter, the Commissioner of Social Services shall determine the  
61 amount of the user fee in accordance with this subsection. The  
62 Commissioner of Social Services, in anticipating nursing home net  
63 revenue and resident days, shall use the most recently available  
64 nursing home net revenue and resident day information. On or before  
65 July 1, 2007, the Commissioner of Social Services shall report, in  
66 accordance with section 11-4a, to the joint standing committees of the  
67 General Assembly having cognizance of matters relating to  
68 appropriations and the budgets of state agencies and human services  
69 on the detrimental effects, if any, that a biennial determination of the  
70 user fee may have on private payors.

71 Sec. 2. Section 17b-369 of the general statutes is repealed and the  
72 following is substituted in lieu thereof (*Effective July 1, 2007*):

73 The Commissioner of Social Services, pursuant to Section 6071 of  
74 the Deficit Reduction Act of 2005, may submit an application to the  
75 Secretary of Health and Human Services to establish a Money Follows  
76 the Person demonstration project. [In the event the state is selected to  
77 participate in the demonstration project and the Department of Social  
78 Services elects to participate in such project, such] Such project shall  
79 serve not more than [one] seven hundred persons and shall be  
80 designed to achieve the objectives set forth in Section 6071(a) of the  
81 Deficit Reduction Act of 2005. Services available under the  
82 demonstration project shall include, but not be limited to, personal

83 care assistance services. The commissioner may apply for a Medicaid  
84 research and demonstration waiver under Section 1115 of the Social  
85 Security Act, if such waiver is necessary to implement the  
86 demonstration project. The commissioner may, if necessary, modify  
87 any existing Medicaid home or community-based waiver if such  
88 modification is required to implement the demonstration project.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007</i>	17b-321(a) and (b)
Sec. 2	<i>July 1, 2007</i>	17b-369

**HS**            *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 chamber thereof for any purpose:

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### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Department of Social Services	GF - Cost	See Below	See Below

**Municipal Impact:** None

#### **Explanation**

This bill lowers the maximum nursing home provider tax from 6% to 5.5%, effective January 1, 2008, and allows the Department of Social Services (DSS) to use a rate determined biennially by the Office of Policy and Management. This change brings the state into compliance with federal law, and has no fiscal impact as the effective tax rate collected under current practice is 5.5%.

The bill also raises the number of approved slots under the Money-Follows-the-Person grant from 100 to 700, to bring the statutes into compliance with a demonstration grant received from the federal government. The federal grant, as well as funding included in HB 7077 (the Governor's budget bill), anticipate that 700 slots will be filled over the 5 year period of the federal grant. HB 7077 includes \$2,720,800 in FY08 and \$5,630,700 in FY09 under DSS to implement the program.

#### **The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

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**OLR Bill Analysis****sSB 1128*****AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET  
RECOMMENDATIONS WITH RESPECT TO SOCIAL SERVICES  
PROGRAMS.*****SUMMARY:**

Beginning January 1, 2008, this bill (1) lowers the maximum nursing home provider tax from 6% to 5.5% of the home's net revenue, consistent with a recent change in federal law (PL 109-432) and (2) requires the Department of Social Services commissioner, when setting the amount of the tax every two years, to use a percentage rate as determined by the Office of Policy and Management (OPM) secretary. (The actual tax is currently just under 5.5%.)

The bill also increases the maximum number of participants in the new "Money Follows the Person" demonstration program from 100 to 700. The state has received funding for this demonstration from a new federal grant program that helps states move people who have been inappropriately institutionalized in a nursing home or other institution for six months or more back into the community (PL 109-171, § 6071). The federal grant is for five years and the expansion to 700 participants would take place gradually over that five-year period.

EFFECTIVE DATE: July 1, 2007

**BACKGROUND*****Nursing Home Provider Tax***

PA 05-251 and PA 05-280 created the nursing home provider tax (also called a "resident user fee") as a way of providing more state matching funds to increase federal Medicaid funding for nursing homes and certain other providers. Under a federal waiver, the state exempts from the tax nursing homes owned by continuing care

retirement communities.

The user fee is calculated by multiplying each home's anticipated non-Medicare net revenue, including estimated revenue from any increases in Medicaid payments, during the 12-month period ending on June 30<sup>th</sup> of the succeeding calendar year by the provider tax rate. The product is then divided by the sum of each nursing home's anticipated non-Medicare resident days during that same 12-month period.

Currently, the tax is \$15.90 per resident day for homes with 230 or fewer beds and \$12.20 a day for those with more than 230 beds or owned by municipalities.

The nursing homes must pay the tax quarterly to the Department of Revenue Services (DRS).

**COMMITTEE ACTION**

Human Services Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/22/2007)