



# Senate

General Assembly

**File No. 461**

January Session, 2009

Substitute Senate Bill No. 843

*Senate, April 6, 2009*

The Committee on Human Services reported through SEN. DOYLE of the 9th 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 CONCERNING SOCIAL SERVICES.***

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

1 Section 1. Section 17a-485e of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2009*):

3 (a) For purposes of this section "state assistance" means a payment  
4 by the state of actual debt service, comprised of principal, interest,  
5 interest rate swap payments, liquidity fees, letter of credit fees, trustee  
6 fees, and other similar bond-related expenses.

7 (b) The State Bond Commission may authorize the State Treasurer  
8 and the Secretary of the Office of Policy and Management to enter into  
9 a contract or contracts to provide state assistance on bonds issued by  
10 the Connecticut Housing Finance Authority as provided in this  
11 section. If so authorized by the State Bond Commission, the state,  
12 acting by and through the Secretary of the Office of Policy and  
13 Management and State Treasurer, shall enter into a contract or

14 contracts with the Connecticut Housing Finance Authority that  
15 provide the state shall pay to said authority state assistance on bonds  
16 issued by said authority for purposes of providing funds for mortgage  
17 loans made by said authority pursuant to the provisions of section 17a-  
18 485c, funds for reasonable repair and replacement reserves and costs of  
19 issuance in an aggregate principal amount not to exceed [one hundred  
20 five] seventy million dollars. Any provision of such a contract entered  
21 into providing for payments equal to annual debt service shall  
22 constitute a full faith and credit obligation of the state and as part of  
23 the contract of the state with the holders of any bonds or refunding  
24 bonds, as applicable, appropriation of all amounts necessary to meet  
25 punctually the terms of such contract is hereby made and the State  
26 Treasurer shall pay such amounts as the same become due. The  
27 Connecticut Housing Finance Authority may pledge such state  
28 assistance as security for the payment of such bonds or refunding  
29 bonds issued by said authority. Any bonds so issued for the  
30 Supportive Housing Initiative by the Connecticut Housing Finance  
31 Authority and at any time outstanding may at any time or from time to  
32 time be refunded, in whole or in part, by the Connecticut Housing  
33 Finance Authority by the issuance of its refunding bonds in such  
34 amounts as the authority may deem necessary or appropriate but not  
35 exceeding an amount sufficient to refund the principal amount of the  
36 bonds to be so refunded, any unpaid interest thereon, and any  
37 premiums, commissions and costs of issuance necessary to be paid in  
38 connection therewith. The state, acting by and through the Office of  
39 Policy and Management and the State Treasurer and without further  
40 authorization, may execute an amendment to any contract providing  
41 state assistance as required in connection with such refunding bonds.

42 (c) Notwithstanding any contract entered into by the state with the  
43 Connecticut Housing Finance Authority for state assistance the bonds  
44 or refunding bonds to which such state assistance applies shall not  
45 constitute bonds or notes issued or guaranteed by the state within the  
46 meaning of section 3-21.

47 Sec. 2. Subdivision (4) of subsection (f) of section 17b-340 of the

48 general statutes is repealed and the following is substituted in lieu  
49 thereof (*Effective July 1, 2009*):

50 (4) For the fiscal year ending June 30, 1992, (A) no facility shall  
51 receive a rate that is less than the rate it received for the rate year  
52 ending June 30, 1991; (B) no facility whose rate, if determined pursuant  
53 to this subsection, would exceed one hundred twenty per cent of the  
54 state-wide median rate, as determined pursuant to this subsection,  
55 shall receive a rate which is five and one-half per cent more than the  
56 rate it received for the rate year ending June 30, 1991; and (C) no  
57 facility whose rate, if determined pursuant to this subsection, would be  
58 less than one hundred twenty per cent of the state-wide median rate,  
59 as determined pursuant to this subsection, shall receive a rate which is  
60 six and one-half per cent more than the rate it received for the rate year  
61 ending June 30, 1991. For the fiscal year ending June 30, 1993, no  
62 facility shall receive a rate that is less than the rate it received for the  
63 rate year ending June 30, 1992, or six per cent more than the rate it  
64 received for the rate year ending June 30, 1992. For the fiscal year  
65 ending June 30, 1994, no facility shall receive a rate that is less than the  
66 rate it received for the rate year ending June 30, 1993, or six per cent  
67 more than the rate it received for the rate year ending June 30, 1993.  
68 For the fiscal year ending June 30, 1995, no facility shall receive a rate  
69 that is more than five per cent less than the rate it received for the rate  
70 year ending June 30, 1994, or six per cent more than the rate it received  
71 for the rate year ending June 30, 1994. For the fiscal years ending June  
72 30, 1996, and June 30, 1997, no facility shall receive a rate that is more  
73 than three per cent more than the rate it received for the prior rate  
74 year. For the fiscal year ending June 30, 1998, a facility shall receive a  
75 rate increase that is not more than two per cent more than the rate that  
76 the facility received in the prior year. For the fiscal year ending June  
77 30, 1999, a facility shall receive a rate increase that is not more than  
78 three per cent more than the rate that the facility received in the prior  
79 year and that is not less than one per cent more than the rate that the  
80 facility received in the prior year, exclusive of rate increases associated  
81 with a wage, benefit and staffing enhancement rate adjustment added  
82 for the period from April 1, 1999, to June 30, 1999, inclusive. For the

83 fiscal year ending June 30, 2000, each facility, except a facility with an  
84 interim rate or replaced interim rate for the fiscal year ending June 30,  
85 1999, and a facility having a certificate of need or other agreement  
86 specifying rate adjustments for the fiscal year ending June 30, 2000,  
87 shall receive a rate increase equal to one per cent applied to the rate the  
88 facility received for the fiscal year ending June 30, 1999, exclusive of  
89 the facility's wage, benefit and staffing enhancement rate adjustment.  
90 For the fiscal year ending June 30, 2000, no facility with an interim rate,  
91 replaced interim rate or scheduled rate adjustment specified in a  
92 certificate of need or other agreement for the fiscal year ending June  
93 30, 2000, shall receive a rate increase that is more than one per cent  
94 more than the rate the facility received in the fiscal year ending June  
95 30, 1999. For the fiscal year ending June 30, 2001, each facility, except a  
96 facility with an interim rate or replaced interim rate for the fiscal year  
97 ending June 30, 2000, and a facility having a certificate of need or other  
98 agreement specifying rate adjustments for the fiscal year ending June  
99 30, 2001, shall receive a rate increase equal to two per cent applied to  
100 the rate the facility received for the fiscal year ending June 30, 2000,  
101 subject to verification of wage enhancement adjustments pursuant to  
102 subdivision (15) of this subsection. For the fiscal year ending June 30,  
103 2001, no facility with an interim rate, replaced interim rate or  
104 scheduled rate adjustment specified in a certificate of need or other  
105 agreement for the fiscal year ending June 30, 2001, shall receive a rate  
106 increase that is more than two per cent more than the rate the facility  
107 received for the fiscal year ending June 30, 2000. For the fiscal year  
108 ending June 30, 2002, each facility shall receive a rate that is two and  
109 one-half per cent more than the rate the facility received in the prior  
110 fiscal year. For the fiscal year ending June 30, 2003, each facility shall  
111 receive a rate that is two per cent more than the rate the facility  
112 received in the prior fiscal year, except that such increase shall be  
113 effective January 1, 2003, and such facility rate in effect for the fiscal  
114 year ending June 30, 2002, shall be paid for services provided until  
115 December 31, 2002, except any facility that would have been issued a  
116 lower rate effective July 1, 2002, than for the fiscal year ending June 30,  
117 2002, due to interim rate status or agreement with the department shall

118 be issued such lower rate effective July 1, 2002, and have such rate  
119 increased two per cent effective June 1, 2003. For the fiscal year ending  
120 June 30, 2004, rates in effect for the period ending June 30, 2003, shall  
121 remain in effect, except any facility that would have been issued a  
122 lower rate effective July 1, 2003, than for the fiscal year ending June 30,  
123 2003, due to interim rate status or agreement with the department shall  
124 be issued such lower rate effective July 1, 2003. For the fiscal year  
125 ending June 30, 2005, rates in effect for the period ending June 30, 2004,  
126 shall remain in effect until December 31, 2004, except any facility that  
127 would have been issued a lower rate effective July 1, 2004, than for the  
128 fiscal year ending June 30, 2004, due to interim rate status or  
129 agreement with the department shall be issued such lower rate  
130 effective July 1, 2004. Effective January 1, 2005, each facility shall  
131 receive a rate that is one per cent greater than the rate in effect  
132 December 31, 2004. Effective upon receipt of all the necessary federal  
133 approvals to secure federal financial participation matching funds  
134 associated with the rate increase provided in this subdivision, but in  
135 no event earlier than July 1, 2005, and provided the user fee imposed  
136 under section 17b-320 is required to be collected, for the fiscal year  
137 ending June 30, 2006, the department shall compute the rate for each  
138 facility based upon its 2003 cost report filing or a subsequent cost year  
139 filing for facilities having an interim rate for the period ending June 30,  
140 2005, as provided under section 17-311-55 of the regulations of  
141 Connecticut state agencies. For each facility not having an interim rate  
142 for the period ending June 30, 2005, the rate for the period ending June  
143 30, 2006, shall be determined beginning with the higher of the  
144 computed rate based upon its 2003 cost report filing or the rate in  
145 effect for the period ending June 30, 2005. Such rate shall then be  
146 increased by eleven dollars and eighty cents per day except that in no  
147 event shall the rate for the period ending June 30, 2006, be thirty-two  
148 dollars more than the rate in effect for the period ending June 30, 2005,  
149 and for any facility with a rate below one hundred ninety-five dollars  
150 per day for the period ending June 30, 2005, such rate for the period  
151 ending June 30, 2006, shall not be greater than two hundred seventeen  
152 dollars and forty-three cents per day and for any facility with a rate

153 equal to or greater than one hundred ninety-five dollars per day for  
154 the period ending June 30, 2005, such rate for the period ending June  
155 30, 2006, shall not exceed the rate in effect for the period ending June  
156 30, 2005, increased by eleven and one-half per cent. For each facility  
157 with an interim rate for the period ending June 30, 2005, the interim  
158 replacement rate for the period ending June 30, 2006, shall not exceed  
159 the rate in effect for the period ending June 30, 2005, increased by  
160 eleven dollars and eighty cents per day plus the per day cost of the  
161 user fee payments made pursuant to section 17b-320 divided by  
162 annual resident service days, except for any facility with an interim  
163 rate below one hundred ninety-five dollars per day for the period  
164 ending June 30, 2005, the interim replacement rate for the period  
165 ending June 30, 2006, shall not be greater than two hundred seventeen  
166 dollars and forty-three cents per day and for any facility with an  
167 interim rate equal to or greater than one hundred ninety-five dollars  
168 per day for the period ending June 30, 2005, the interim replacement  
169 rate for the period ending June 30, 2006, shall not exceed the rate in  
170 effect for the period ending June 30, 2005, increased by eleven and one-  
171 half per cent. Such July 1, 2005, rate adjustments shall remain in effect  
172 unless (i) the federal financial participation matching funds associated  
173 with the rate increase are no longer available; or (ii) the user fee  
174 created pursuant to section 17b-320 is not in effect. For the fiscal year  
175 ending June 30, 2007, each facility shall receive a rate that is three per  
176 cent greater than the rate in effect for the period ending June 30, 2006,  
177 except any facility that would have been issued a lower rate effective  
178 July 1, 2006, than for the rate period ending June 30, 2006, due to  
179 interim rate status or agreement with the department, shall be issued  
180 such lower rate effective July 1, 2006. For the fiscal year ending June  
181 30, 2008, each facility shall receive a rate that is two and nine-tenths  
182 per cent greater than the rate in effect for the period ending June 30,  
183 2007, except any facility that would have been issued a lower rate  
184 effective July 1, 2007, than for the rate period ending June 30, 2007, due  
185 to interim rate status or agreement with the department, shall be  
186 issued such lower rate effective July 1, 2007. For the fiscal year ending  
187 June 30, 2009, rates in effect for the period ending June 30, 2008, shall

188 remain in effect until June 30, 2009, except any facility that would have  
189 been issued a lower rate for the fiscal year ending June 30, 2009, due to  
190 interim rate status or agreement with the department shall be issued  
191 such lower rate. For the fiscal years ending June 30, 2010, and June 30,  
192 2011, rates in effect for the period ending June 30, 2009, shall remain in  
193 effect until June 30, 2011, except any facility that would have been  
194 issued a lower rate for the fiscal year ending June 30, 2010, or the fiscal  
195 year ending June 30, 2011, due to interim rate status or agreement with  
196 the department, shall be issued such lower rate. The Commissioner of  
197 Social Services shall add fair rent increases to any other rate increases  
198 established pursuant to this subdivision for a facility which has  
199 undergone a material change in circumstances related to fair rent,  
200 except for the fiscal year ending June 30, 2010, and the fiscal year  
201 ending June 30, 2011. Interim rates may take into account reasonable  
202 costs incurred by a facility, including wages and benefits.

203 Sec. 3. Section 19a-507 of the general statutes is repealed and the  
204 following is substituted in lieu thereof (*Effective July 1, 2009*):

205 (a) Notwithstanding the provisions of chapter 368z, New Horizons,  
206 Inc., a nonprofit, nonsectarian organization, or a subsidiary  
207 organization controlled by New Horizons, Inc., is authorized to  
208 construct and operate an independent living facility for severely  
209 physically disabled adults, in the town of Farmington, provided such  
210 facility shall be constructed in accordance with applicable building  
211 codes. The Farmington Housing Authority, or any issuer acting on  
212 behalf of said authority, subject to the provisions of this section, may  
213 issue tax-exempt revenue bonds on a competitive or negotiated basis  
214 for the purpose of providing construction and permanent mortgage  
215 financing for the facility in accordance with Section 103 of the Internal  
216 Revenue Code. Prior to the issuance of such bonds, plans for the  
217 construction of the facility shall be submitted to and approved by the  
218 Office of Health Care Access. The office shall approve or disapprove  
219 such plans within thirty days of receipt thereof. If the plans are  
220 disapproved they may be resubmitted. Failure of the office to act on  
221 the plans within such thirty-day period shall be deemed approval

222 thereof. The payments to residents of the facility who are eligible for  
223 assistance under the state supplement program for room and board  
224 and necessary services, shall be determined annually to be effective  
225 July first of each year. Such payments shall be determined on a basis of  
226 a reasonable payment for necessary services, which basis shall take  
227 into account as a factor the costs of providing those services and such  
228 other factors as the commissioner deems reasonable, including  
229 anticipated fluctuations in the cost of providing services. Such  
230 payments shall be calculated in accordance with the manner in which  
231 rates are calculated pursuant to subsection (h) of section 17b-340, as  
232 amended by this act, and the cost related reimbursement system  
233 pursuant to said section except that efficiency incentives shall not be  
234 granted. The commissioner may adjust such rates to account for the  
235 availability of personal care services for residents under the Medicaid  
236 program. The commissioner shall, upon submission of a request, allow  
237 actual debt service, comprised of principal and interest, in excess of  
238 property costs allowed pursuant to section 17-313b-5 of the regulations  
239 of Connecticut state agencies, provided such debt service terms and  
240 amounts are reasonable in relation to the useful life and the base value  
241 of the property. The cost basis for such payment shall be subject to  
242 audit, and a recomputation of the rate shall be made based upon such  
243 audit. [The rate in effect June 30, 1991, shall remain in effect through  
244 June 30, 1992, except that if the rate would have been decreased  
245 effective July 1, 1991, it shall be decreased.] The facility shall report on  
246 a fiscal year ending on the thirtieth day of September on forms  
247 provided by the commissioner. The required report shall be received  
248 by the commissioner no later than December thirty-first of each year.  
249 The Department of Social Services may use its existing utilization  
250 review procedures to monitor utilization of the facility. If the facility is  
251 aggrieved by any decision of the commissioner, the facility may,  
252 within ten days, after written notice thereof from the commissioner,  
253 obtain by written request to the commissioner, a hearing on all items of  
254 aggrievement. If the facility is aggrieved by the decision of the  
255 commissioner after such hearing, the facility may appeal to the  
256 Superior Court in accordance with the provisions of section 4-183.

257 (b) The Commissioner of Social Services may provide for work  
258 incentive programs for residents of the facility.

259 Sec. 4. Subsection (b) of section 17b-104 of the general statutes is  
260 repealed and the following is substituted in lieu thereof (*Effective July*  
261 *1, 2009*):

262 (b) On July 1, 2007, and annually thereafter, the commissioner shall  
263 increase the payment standards over those of the previous fiscal year  
264 under the temporary family assistance program and the  
265 state-administered general assistance program by the percentage  
266 increase, if any, in the most recent calendar year average in the  
267 consumer price index for urban consumers over the average for the  
268 previous calendar year, provided the annual increase, if any, shall not  
269 exceed five per cent, except that the payment standards for the fiscal  
270 years ending June 30, 2010, and June 30, 2011, shall not be increased.

271 Sec. 5. Subsection (d) of section 17b-112 of the general statutes is  
272 repealed and the following is substituted in lieu thereof (*Effective July*  
273 *1, 2009*):

274 (d) Under said program (1) no family shall be eligible that has total  
275 gross earnings exceeding the federal poverty level, however, in the  
276 calculation of the benefit amount for eligible families and previously  
277 eligible families that become ineligible temporarily because of receipt  
278 of workers' compensation benefits by a family member who  
279 subsequently returns to work immediately after the period of receipt of  
280 such benefits, earned income shall be disregarded up to the federal  
281 poverty level; (2) the increase in benefits to a family in which an infant  
282 is born after the initial ten months of participation in the program shall  
283 be limited to an amount equal to fifty per cent of the average  
284 incremental difference between the amounts paid per each family size;  
285 and (3) a disqualification penalty shall be established for failure to  
286 cooperate with the biometric identifier system. Except when  
287 determining eligibility for a six-month extension of benefits pursuant  
288 to subsection (c) of this section, the commissioner shall disregard the  
289 first [fifty] one hundred dollars per month of income attributable to

290 current child support that a family receives in determining eligibility  
291 and benefit levels for temporary family assistance. Any current child  
292 support in excess of [fifty] one hundred dollars per month collected by  
293 the department on behalf of an eligible child shall be considered in  
294 determining eligibility but shall not be considered when calculating  
295 benefits and shall be taken as reimbursement for assistance paid under  
296 this section, except that when the current child support collected  
297 exceeds the family's monthly award of temporary family assistance  
298 benefits plus [fifty] one hundred dollars, the current child support  
299 shall be paid to the family and shall be considered when calculating  
300 benefits.

301 Sec. 6. Subsection (g) of section 17b-340 of the general statutes is  
302 repealed and the following is substituted in lieu thereof (*Effective July*  
303 *1, 2009*):

304 (g) For the fiscal year ending June 30, 1993, any intermediate care  
305 facility for the mentally retarded with an operating cost component of  
306 its rate in excess of one hundred forty per cent of the median of  
307 operating cost components of rates in effect January 1, 1992, shall not  
308 receive an operating cost component increase. For the fiscal year  
309 ending June 30, 1993, any intermediate care facility for the mentally  
310 retarded with an operating cost component of its rate that is less than  
311 one hundred forty per cent of the median of operating cost  
312 components of rates in effect January 1, 1992, shall have an allowance  
313 for real wage growth equal to thirty per cent of the increase  
314 determined in accordance with subsection (q) of section 17-311-52 of  
315 the regulations of Connecticut state agencies, provided such operating  
316 cost component shall not exceed one hundred forty per cent of the  
317 median of operating cost components in effect January 1, 1992. Any  
318 facility with real property other than land placed in service prior to  
319 October 1, 1991, shall, for the fiscal year ending June 30, 1995, receive a  
320 rate of return on real property equal to the average of the rates of  
321 return applied to real property other than land placed in service for the  
322 five years preceding October 1, 1993. For the fiscal year ending June 30,  
323 1996, and any succeeding fiscal year, the rate of return on real property

324 for property items shall be revised every five years. The commissioner  
325 shall, upon submission of a request, allow actual debt service,  
326 comprised of principal and interest, in excess of property costs allowed  
327 pursuant to section 17-311-52 of the regulations of Connecticut state  
328 agencies, provided such debt service terms and amounts are  
329 reasonable in relation to the useful life and the base value of the  
330 property. For the fiscal year ending June 30, 1995, and any succeeding  
331 fiscal year, the inflation adjustment made in accordance with  
332 subsection (p) of section 17-311-52 of the regulations of Connecticut  
333 state agencies shall not be applied to real property costs. For the fiscal  
334 year ending June 30, 1996, and any succeeding fiscal year, the  
335 allowance for real wage growth, as determined in accordance with  
336 subsection (q) of section 17-311-52 of the regulations of Connecticut  
337 state agencies, shall not be applied. For the fiscal year ending June 30,  
338 1996, and any succeeding fiscal year, no rate shall exceed three  
339 hundred seventy-five dollars per day unless the commissioner, in  
340 consultation with the Commissioner of Developmental Services,  
341 determines after a review of program and management costs, that a  
342 rate in excess of this amount is necessary for care and treatment of  
343 facility residents. For the fiscal year ending June 30, 2002, rate period,  
344 the Commissioner of Social Services shall increase the inflation  
345 adjustment for rates made in accordance with subsection (p) of section  
346 17-311-52 of the regulations of Connecticut state agencies to update  
347 allowable fiscal year 2000 costs to include a three and one-half per cent  
348 inflation factor. For the fiscal year ending June 30, 2003, rate period, the  
349 commissioner shall increase the inflation adjustment for rates made in  
350 accordance with subsection (p) of section 17-311-52 of the regulations  
351 of Connecticut state agencies to update allowable fiscal year 2001 costs  
352 to include a one and one-half per cent inflation factor, except that such  
353 increase shall be effective November 1, 2002, and such facility rate in  
354 effect for the fiscal year ending June 30, 2002, shall be paid for services  
355 provided until October 31, 2002, except any facility that would have  
356 been issued a lower rate effective July 1, 2002, than for the fiscal year  
357 ending June 30, 2002, due to interim rate status or agreement with the  
358 department shall be issued such lower rate effective July 1, 2002, and

359 have such rate updated effective November 1, 2002, in accordance with  
360 applicable statutes and regulations. For the fiscal year ending June 30,  
361 2004, rates in effect for the period ending June 30, 2003, shall remain in  
362 effect, except any facility that would have been issued a lower rate  
363 effective July 1, 2003, than for the fiscal year ending June 30, 2003, due  
364 to interim rate status or agreement with the department shall be issued  
365 such lower rate effective July 1, 2003. For the fiscal year ending June  
366 30, 2005, rates in effect for the period ending June 30, 2004, shall  
367 remain in effect until September 30, 2004. Effective October 1, 2004,  
368 each facility shall receive a rate that is five per cent greater than the  
369 rate in effect September 30, 2004. Effective upon receipt of all the  
370 necessary federal approvals to secure federal financial participation  
371 matching funds associated with the rate increase provided in  
372 subdivision (4) of subsection (f) of this section, but in no event earlier  
373 than October 1, 2005, and provided the user fee imposed under section  
374 17b-320 is required to be collected, each facility shall receive a rate that  
375 is four per cent more than the rate the facility received in the prior  
376 fiscal year, except any facility that would have been issued a lower rate  
377 effective October 1, 2005, than for the fiscal year ending June 30, 2005,  
378 due to interim rate status or agreement with the department, shall be  
379 issued such lower rate effective October 1, 2005. Such rate increase  
380 shall remain in effect unless: (A) The federal financial participation  
381 matching funds associated with the rate increase are no longer  
382 available; or (B) the user fee created pursuant to section 17b-320 is not  
383 in effect. For the fiscal year ending June 30, 2007, rates in effect for the  
384 period ending June 30, 2006, shall remain in effect until September 30,  
385 2006, except any facility that would have been issued a lower rate  
386 effective July 1, 2006, than for the fiscal year ending June 30, 2006, due  
387 to interim rate status or agreement with the department, shall be  
388 issued such lower rate effective July 1, 2006. Effective October 1, 2006,  
389 no facility shall receive a rate that is more than three per cent greater  
390 than the rate in effect for the facility on September 30, 2006, except any  
391 facility that would have been issued a lower rate effective October 1,  
392 2006, due to interim rate status or agreement with the department,  
393 shall be issued such lower rate effective October 1, 2006. For the fiscal

394 year ending June 30, 2008, each facility shall receive a rate that is two  
395 and nine-tenths per cent greater than the rate in effect for the period  
396 ending June 30, 2007, except any facility that would have been issued a  
397 lower rate effective July 1, 2007, than for the rate period ending June  
398 30, 2007, due to interim rate status, or agreement with the department,  
399 shall be issued such lower rate effective July 1, 2007. For the fiscal year  
400 ending June 30, 2009, rates in effect for the period ending June 30, 2008,  
401 shall remain in effect until June 30, 2009, except any facility that would  
402 have been issued a lower rate for the fiscal year ending June 30, 2009,  
403 due to interim rate status or agreement with the department, shall be  
404 issued such lower rate. For the fiscal years ending June 30, 2010, and  
405 June 30, 2011, rates in effect for the period ending June 30, 2009, shall  
406 remain in effect until June 30, 2011, except any facility that would have  
407 been issued a lower rate for the fiscal year ending June 30, 2010, or the  
408 fiscal year ending June 30, 2011, due to interim rate status or  
409 agreement with the department, shall be issued such lower rate.

410 Sec. 7. Subdivision (1) of subsection (h) of section 17b-340 of the  
411 general statutes is repealed and the following is substituted in lieu  
412 thereof (*Effective July 1, 2009*):

413 (h) (1) For the fiscal year ending June 30, 1993, any residential care  
414 home with an operating cost component of its rate in excess of one  
415 hundred thirty per cent of the median of operating cost components of  
416 rates in effect January 1, 1992, shall not receive an operating cost  
417 component increase. For the fiscal year ending June 30, 1993, any  
418 residential care home with an operating cost component of its rate that  
419 is less than one hundred thirty per cent of the median of operating cost  
420 components of rates in effect January 1, 1992, shall have an allowance  
421 for real wage growth equal to sixty-five per cent of the increase  
422 determined in accordance with subsection (q) of section 17-311-52 of  
423 the regulations of Connecticut state agencies, provided such operating  
424 cost component shall not exceed one hundred thirty per cent of the  
425 median of operating cost components in effect January 1, 1992.  
426 Beginning with the fiscal year ending June 30, 1993, for the purpose of  
427 determining allowable fair rent, a residential care home with allowable

428 fair rent less than the twenty-fifth percentile of the state-wide  
429 allowable fair rent shall be reimbursed as having allowable fair rent  
430 equal to the twenty-fifth percentile of the state-wide allowable fair  
431 rent. Beginning with the fiscal year ending June 30, 1997, a residential  
432 care home with allowable fair rent less than three dollars and ten cents  
433 per day shall be reimbursed as having allowable fair rent equal to  
434 three dollars and ten cents per day. Property additions placed in  
435 service during the cost year ending September 30, 1996, or any  
436 succeeding cost year shall receive a fair rent allowance for such  
437 additions as an addition to three dollars and ten cents per day if the  
438 fair rent for the facility for property placed in service prior to  
439 September 30, 1995, is less than or equal to three dollars and ten cents  
440 per day. For the fiscal year ending June 30, 1996, and any succeeding  
441 fiscal year, the allowance for real wage growth, as determined in  
442 accordance with subsection (q) of section 17-311-52 of the regulations  
443 of Connecticut state agencies, shall not be applied. For the fiscal year  
444 ending June 30, 1996, and any succeeding fiscal year, the inflation  
445 adjustment made in accordance with subsection (p) of section  
446 17-311-52 of the regulations of Connecticut state agencies shall not be  
447 applied to real property costs. Beginning with the fiscal year ending  
448 June 30, 1997, minimum allowable patient days for rate computation  
449 purposes for a residential care home with twenty-five beds or less shall  
450 be eighty-five per cent of licensed capacity. Beginning with the fiscal  
451 year ending June 30, 2002, for the purposes of determining the  
452 allowable salary of an administrator of a residential care home with  
453 sixty beds or less the department shall revise the allowable base salary  
454 to thirty-seven thousand dollars to be annually inflated thereafter in  
455 accordance with section 17-311-52 of the regulations of Connecticut  
456 state agencies. The rates for the fiscal year ending June 30, 2002, shall  
457 be based upon the increased allowable salary of an administrator,  
458 regardless of whether such amount was expended in the 2000 cost  
459 report period upon which the rates are based. Beginning with the fiscal  
460 year ending June 30, 2000, the inflation adjustment for rates made in  
461 accordance with subsection (p) of section 17-311-52 of the regulations  
462 of Connecticut state agencies shall be increased by two per cent, and

463 beginning with the fiscal year ending June 30, 2002, the inflation  
464 adjustment for rates made in accordance with subsection (c) of said  
465 section shall be increased by one per cent. Beginning with the fiscal  
466 year ending June 30, 1999, for the purpose of determining the  
467 allowable salary of a related party, the department shall revise the  
468 maximum salary to twenty-seven thousand eight hundred fifty-six  
469 dollars to be annually inflated thereafter in accordance with section  
470 17-311-52 of the regulations of Connecticut state agencies and  
471 beginning with the fiscal year ending June 30, 2001, such allowable  
472 salary shall be computed on an hourly basis and the maximum  
473 number of hours allowed for a related party other than the proprietor  
474 shall be increased from forty hours to forty-eight hours per work week.  
475 For the fiscal year ending June 30, 2005, each facility shall receive a rate  
476 that is two and one-quarter per cent more than the rate the facility  
477 received in the prior fiscal year, except any facility that would have  
478 been issued a lower rate effective July 1, 2004, than for the fiscal year  
479 ending June 30, 2004, due to interim rate status or agreement with the  
480 department shall be issued such lower rate effective July 1, 2004.  
481 Effective upon receipt of all the necessary federal approvals to secure  
482 federal financial participation matching funds associated with the rate  
483 increase provided in subdivision (4) of subsection (f) of this section,  
484 but in no event earlier than October 1, 2005, and provided the user fee  
485 imposed under section 17b-320 is required to be collected, each facility  
486 shall receive a rate that is determined in accordance with applicable  
487 law and subject to appropriations, except any facility that would have  
488 been issued a lower rate effective October 1, 2005, than for the fiscal  
489 year ending June 30, 2005, due to interim rate status or agreement with  
490 the department, shall be issued such lower rate effective October 1,  
491 2005. Such rate increase shall remain in effect unless: (A) The federal  
492 financial participation matching funds associated with the rate increase  
493 are no longer available; or (B) the user fee created pursuant to section  
494 17b-320 is not in effect. For the fiscal year ending June 30, 2007, rates in  
495 effect for the period ending June 30, 2006, shall remain in effect until  
496 September 30, 2006, except any facility that would have been issued a  
497 lower rate effective July 1, 2006, than for the fiscal year ending June 30,

498 2006, due to interim rate status or agreement with the department,  
499 shall be issued such lower rate effective July 1, 2006. Effective October  
500 1, 2006, no facility shall receive a rate that is more than four per cent  
501 greater than the rate in effect for the facility on September 30, 2006,  
502 except for any facility that would have been issued a lower rate  
503 effective October 1, 2006, due to interim rate status or agreement with  
504 the department, shall be issued such lower rate effective October 1,  
505 2006. For the fiscal years ending June 30, 2010, and June 30, 2011, rates  
506 in effect for the period ending June 30, 2009, shall remain in effect until  
507 June 30, 2011, except any facility that would have been issued a lower  
508 rate for the fiscal year ending June 30, 2010, or the fiscal year ending  
509 June 30, 2011, due to interim rate status or agreement with the  
510 department, shall be issued such lower rate.

511 Sec. 8. Subsection (a) of section 17b-244 of the general statutes is  
512 repealed and the following is substituted in lieu thereof (*Effective July*  
513 *1, 2009*):

514 (a) The room and board component of the rates to be paid by the  
515 state to private facilities and facilities operated by regional education  
516 service centers which are licensed to provide residential care pursuant  
517 to section 17a-227, but not certified to participate in the Title XIX  
518 Medicaid program as intermediate care facilities for persons with  
519 mental retardation, shall be determined annually by the Commissioner  
520 of Social Services, except that rates effective April 30, 1989, shall  
521 remain in effect through October 31, 1989. Any facility with real  
522 property other than land placed in service prior to July 1, 1991, shall,  
523 for the fiscal year ending June 30, 1995, receive a rate of return on real  
524 property equal to the average of the rates of return applied to real  
525 property other than land placed in service for the five years preceding  
526 July 1, 1993. For the fiscal year ending June 30, 1996, and any  
527 succeeding fiscal year, the rate of return on real property for property  
528 items shall be revised every five years. The commissioner shall, upon  
529 submission of a request by such facility, allow actual debt service,  
530 comprised of principal and interest, on the loan or loans in lieu of  
531 property costs allowed pursuant to section 17-313b-5 of the regulations

532 of Connecticut state agencies, whether actual debt service is higher or  
533 lower than such allowed property costs, provided such debt service  
534 terms and amounts are reasonable in relation to the useful life and the  
535 base value of the property. In the case of facilities financed through the  
536 Connecticut Housing Finance Authority, the commissioner shall allow  
537 actual debt service, comprised of principal, interest and a reasonable  
538 repair and replacement reserve on the loan or loans in lieu of property  
539 costs allowed pursuant to section 17-313b-5 of the regulations of  
540 Connecticut state agencies, whether actual debt service is higher or  
541 lower than such allowed property costs, provided such debt service  
542 terms and amounts are determined by the commissioner at the time  
543 the loan is entered into to be reasonable in relation to the useful life  
544 and base value of the property. The commissioner may allow fees  
545 associated with mortgage refinancing provided such refinancing will  
546 result in state reimbursement savings, after comparing costs over the  
547 terms of the existing proposed loans. For the fiscal year ending June 30,  
548 1992, the inflation factor used to determine rates shall be one-half of  
549 the gross national product percentage increase for the period between  
550 the midpoint of the cost year through the midpoint of the rate year. For  
551 fiscal year ending June 30, 1993, the inflation factor used to determine  
552 rates shall be two-thirds of the gross national product percentage  
553 increase from the midpoint of the cost year to the midpoint of the rate  
554 year. For the fiscal years ending June 30, 1996, and June 30, 1997, no  
555 inflation factor shall be applied in determining rates. The  
556 Commissioner of Social Services shall prescribe uniform forms on  
557 which such facilities shall report their costs. Such rates shall be  
558 determined on the basis of a reasonable payment for necessary  
559 services. Any increase in grants, gifts, fund-raising or endowment  
560 income used for the payment of operating costs by a private facility in  
561 the fiscal year ending June 30, 1992, shall be excluded by the  
562 commissioner from the income of the facility in determining the rates  
563 to be paid to the facility for the fiscal year ending June 30, 1993,  
564 provided any operating costs funded by such increase shall not  
565 obligate the state to increase expenditures in subsequent fiscal years.  
566 Nothing contained in this section shall authorize a payment by the

567 state to any such facility in excess of the charges made by the facility  
568 for comparable services to the general public. The service component  
569 of the rates to be paid by the state to private facilities and facilities  
570 operated by regional education service centers which are licensed to  
571 provide residential care pursuant to section 17a-227, but not certified  
572 to participate in the Title XIX Medicaid programs as intermediate care  
573 facilities for persons with mental retardation, shall be determined  
574 annually by the Commissioner of Developmental Services in  
575 accordance with section 17b-244a. For the fiscal year ending June 30,  
576 2008, no facility shall receive a rate that is more than two per cent  
577 greater than the rate in effect for the facility on June 30, 2007, except  
578 any facility that would have been issued a lower rate effective July 1,  
579 2007, due to interim rate status or agreement with the department,  
580 shall be issued such lower rate effective July 1, 2007. For the fiscal year  
581 ending June 30, 2009, no facility shall receive a rate that is more than  
582 two per cent greater than the rate in effect for the facility on June 30,  
583 2008, except any facility that would have been issued a lower rate  
584 effective July 1, 2008, due to interim rate status or agreement with the  
585 department, shall be issued such lower rate effective July 1, 2008. For  
586 the fiscal years ending June 30, 2010, and June 30, 2011, rates in effect  
587 for the period ending June 30, 2009, shall remain in effect until June 30,  
588 2011, except that any facility that would have been issued a lower rate  
589 for the fiscal years ending June 30, 2010, or June 30, 2011, due to  
590 interim rate status or agreement with the department, shall be issued  
591 such lower rate.

592 Sec. 9. Subdivision (1) of subsection (i) of section 17b-342 of the  
593 general statutes is repealed and the following is substituted in lieu  
594 thereof (*Effective July 1, 2009*):

595 (i) (1) On and after July 1, 1992, the Commissioner of Social Services  
596 shall, within available appropriations, administer a state-funded  
597 portion of the program for persons (A) who are sixty-five years of age  
598 and older; (B) who are inappropriately institutionalized or at risk of  
599 inappropriate institutionalization; (C) whose income is less than or  
600 equal to the amount allowed under subdivision (3) of subsection (a) of

601 this section; and (D) whose assets, if single, do not exceed the  
602 minimum community spouse protected amount pursuant to Section  
603 4022.05 of the department's uniform policy manual or, if married, the  
604 couple's assets do not exceed one hundred fifty per cent of said  
605 community spouse protected amount and on and after April 1, 2007,  
606 whose assets, if single, do not exceed one hundred fifty per cent of the  
607 minimum community spouse protected amount pursuant to Section  
608 4022.05 of the department's uniform policy manual or, if married, the  
609 couple's assets do not exceed two hundred per cent of said community  
610 spouse protected amount. For the fiscal years ending June 30, 2010,  
611 and June 30, 2011, the caseload for the state-funded portion of the  
612 program shall not exceed the caseload level on June 30, 2009.

613 Sec. 10. Subsection (a) of section 17b-371 of the general statutes, as  
614 amended by section 1 of public act 09-1, is repealed and the following  
615 is substituted in lieu thereof (*Effective July 1, 2009*):

616 (a) On July 1, [2009] 2011, to the extent permitted by federal law,  
617 there shall be established within the General Fund, a separate,  
618 nonlapsing account which shall be known as the "Long-Term Care  
619 Reinvestment account". The account shall contain any moneys  
620 required by law and this section to be deposited in the account. Any  
621 funds resulting from the enhanced federal medical assistance  
622 percentage received by the state under the Money Follows the Person  
623 demonstration project pursuant to Section 6071 of the Deficit  
624 Reduction Act of 2005 shall be deposited in the account.

625 Sec. 11. Subsection (d) of section 17b-371 of the general statutes, as  
626 amended by section 1 of public act 09-1, is repealed and the following  
627 is substituted in lieu thereof (*Effective July 1, 2009*):

628 (d) On or before January 1, [2010] 2012, and annually thereafter, the  
629 Commissioner of Social Services shall submit a report, in accordance  
630 with section 11-4a, to the Governor and to the joint standing  
631 committees of the General Assembly having cognizance of matters  
632 relating to human services and appropriations and the budgets of state  
633 agencies concerning the long-term care reinvestment account

634 established under this section. The report shall include financial  
635 information concerning the money in the account, including, but not  
636 limited to, information on the number, amount and type of  
637 expenditures from the fund during the prior calendar year and  
638 estimates of the impact of the fund on present and future Medicaid  
639 expenditures.

640 Sec. 12. Section 17b-372 of the general statutes is repealed and the  
641 following is substituted in lieu thereof (*Effective July 1, 2009*):

642 (a) As used in this section, "small house nursing home" means an  
643 alternative nursing home facility that (1) consists of one or more units  
644 that are designed and modeled as a private home, (2) houses no more  
645 than ten individuals in each unit, (3) includes private rooms and  
646 bathrooms, (4) provides for an increased role for support staff in the  
647 care of residents, (5) incorporates a philosophy of individualized care,  
648 and (6) is licensed as a nursing home under chapter 368v.

649 (b) The Commissioner of Social Services shall establish, within  
650 available appropriations, a pilot program to support the development  
651 of up to ten small house nursing homes in the state in order to improve  
652 the quality of life for nursing home residents and to support a goal of  
653 providing nursing home care in a more home-like and less institution-  
654 like setting.

655 (c) Any existing chronic and convalescent nursing home or rest  
656 home with nursing supervision may apply to the commissioner for  
657 approval of a proposal to develop a small house nursing home and to  
658 relocate Medicaid certified beds from its facility to such small house  
659 nursing home. The commissioner shall require each small house  
660 nursing home under the pilot program to seek certification to  
661 participate in the Title XVIII and Title XIX programs and may establish  
662 additional requirements for such small house nursing homes. Not later  
663 than October 1, 2008, the commissioner shall develop guidelines  
664 relating to the design specifications and requirements for small house  
665 nursing homes for purposes of the pilot program, and shall submit a  
666 copy of the guidelines to the joint standing committee of the General

667 Assembly having cognizance of matters relating to human services.  
668 Not later than thirty days after receipt of such guidelines, said joint  
669 standing committee may advise the commissioner of its approval,  
670 denial or modifications, if any, of such guidelines. If said joint standing  
671 committee does not act during such thirty-day period, such guidelines  
672 shall be deemed approved. If approved, the commissioner shall make  
673 such guidelines available to applicants. Each chronic and convalescent  
674 nursing home or rest home with nursing supervision submitting a  
675 proposal shall provide: (1) A description of the proposed project; (2)  
676 information concerning the financial and technical capacity of the  
677 applicant to undertake the proposed project; (3) a project budget; (4)  
678 information that the relocation of beds shall result in a reduction in the  
679 number of nursing facility beds in the state; and (5) any additional  
680 information the commissioner deems necessary.

681 (d) The commissioner, in consultation with the Long-Term Care  
682 Planning Committee, established pursuant to section 17b-337, shall  
683 evaluate proposals received pursuant to subsection (c) of this section  
684 and may approve, after consultation with and approval of the  
685 Secretary of the Office of Policy and Management, up to ten proposals.  
686 The commissioner shall give preference to proposals that include the  
687 use of fuel cells or other energy technologies that promote energy  
688 efficiency in such small house nursing home. The commissioner [shall  
689 reserve two out of the ten approvals for] may give preference to  
690 proposals to develop a small house nursing home in a distressed  
691 municipality, as defined in section 32-9p, with a population greater  
692 than one hundred thousand persons.

693 (e) Notwithstanding the provisions of subsection (d) of this section,  
694 the commissioner shall approve no more than one project through June  
695 30, 2011. The total number of beds under such project shall not exceed  
696 two hundred eighty beds.

697 [(e)] (f) A small house nursing home developed under this section  
698 shall comply with the provisions of sections 17b-352 to 17b-354,  
699 inclusive.

700 Sec. 13. Section 17b-600 of the general statutes is repealed and the  
701 following is substituted in lieu thereof (*Effective July 1, 2009*):

702 The Commissioner of Social Services shall administer a program of  
703 optional state supplementation as provided for by Title XVI of the  
704 Social Security Act, as amended, and shall administer the program in  
705 accordance with the requirements provided therein. In accordance  
706 with the requirements of Title XVI of said Social Security Act, optional  
707 state supplementation may be provided to aged, blind and disabled  
708 individuals who receive supplemental security income benefits or who  
709 would be eligible to receive such benefits except for income, provided  
710 that any applicant or recipient of optional state supplementation shall  
711 be ineligible for such supplementary assistance if such person has  
712 made, within twenty-four months prior to the date of application for  
713 such aid, an assignment or transfer or other disposition of property for  
714 less than fair market value, for the purpose of establishing eligibility  
715 for benefits or assistance under this section, provided ineligibility  
716 because of such disposition shall continue only for either (1) twenty-  
717 four months after the date of disposition or (2) that period of time from  
718 date of disposition over which the fair market value of such property,  
719 less any consideration received in exchange for its disposition, together  
720 with all other income and resources, would furnish support on a  
721 reasonable standard of health and decency, whichever period is  
722 shorter, except that in any case where the uncompensated value of  
723 disposed of resources exceeds twelve thousand dollars, the  
724 Commissioner of Social Services shall provide for a period of  
725 ineligibility based on the uncompensated value which exceeds twenty-  
726 four months. Any disposition shall be presumed to have been made  
727 for the purpose of establishing eligibility for benefits or assistance  
728 unless the individual furnishes convincing evidence to establish that  
729 the transaction was exclusively for some other purpose or the  
730 disposition was made to a trust that complies with Section 1917(d)(4)  
731 of the Social Security Act, 42 USC 1396p(d)(4), as amended from time  
732 to time, and (A) the individual resides in a residential care home, as  
733 defined in subdivision (17) of subsection (a) of section 19-13-D6 of the  
734 regulations of Connecticut state agencies or resides in the facility

735 established by New Horizons, Inc. pursuant to section 19a-507, as  
736 amended by this act; (B) the individual's available income, as defined  
737 in section 5000.01 of the department's uniform policy manual (i)  
738 exceeds three hundred per cent of the maximum Supplemental  
739 Security Income program benefit for an individual, and (ii) is below  
740 the private rate for the residential care home in which the individual  
741 resides or for the facility established by New Horizons, Inc., as  
742 applicable; (C) the trust is funded solely with the excess income  
743 described in subparagraph (B) of this subdivision; and (D) the trust  
744 provides that the state will receive, after repayment of Medicaid  
745 assistance paid to or on behalf of the individual as set forth in Section  
746 1917(d)(4) of the Social Security Act, as amended from time to time, all  
747 amounts remaining in the trust upon the death of such individual up  
748 to an amount equal to the total state supplemental assistance paid on  
749 behalf of the individual under this section. Property which is exempted  
750 from consideration in determining the financial eligibility of an  
751 individual for benefits or assistance, such as a house in which the  
752 individual resides, shall not be subject to the provisions of this section  
753 regarding transfers of property if such property is disposed of while an  
754 individual is receiving benefits or assistance under this section. The  
755 program of optional state supplementation shall be administered in  
756 accordance with regulations to be adopted by the Department of Social  
757 Services, which regulations shall be consistent with the requirements  
758 of Title XVI of the Social Security Act pertaining to programs of  
759 optional state supplementation. Until such time as regulations are  
760 adopted by the department governing the program of optional state  
761 supplementation, the department is authorized to administer said  
762 program in accordance with the regulations and departmental policy  
763 manual provisions applicable to the aid to the elderly, aid to the blind  
764 and aid to the disabled programs, which regulations and policy  
765 manual provisions shall be fully applicable to the program of optional  
766 state supplementation, except that in no event shall optional state  
767 supplementation be given to persons who either are not recipients of  
768 federal supplemental security income benefits or are not persons who,  
769 except for income, would be eligible for supplemental security income

770 benefits.

771 Sec. 14. Section 17b-265e of the general statutes is repealed and the  
772 following is substituted in lieu thereof (*Effective July 1, 2009*):

773 (a) There is established a fund to be known as the "Medicare Part D  
774 Supplemental Needs Fund" which shall be an account within the  
775 General Fund under the Department of Social Services. Moneys  
776 available in said fund shall be utilized by the Department of Social  
777 Services to provide assistance to Medicare Part D beneficiaries who are  
778 enrolled in the ConnPACE program or who are full benefit dually  
779 eligible Medicare Part D beneficiaries, as defined in section 17b-265d,  
780 and whose medical needs require that they obtain nonformulary  
781 prescription drugs. A beneficiary requesting such assistance from the  
782 department shall be required to make a satisfactory showing of the  
783 medical necessity of obtaining such nonformulary prescription drug to  
784 the department. If the department, in consultation with the prescribing  
785 physician, determines that the prescription is medically necessary, the  
786 department shall cover the cost of the original prescription and any  
787 prescribed refills of the original prescription, less any applicable  
788 copayments. The department shall require as a condition of receiving  
789 such assistance that a beneficiary establish, to the satisfaction of the  
790 department, that the beneficiary has made good faith efforts to: (1)  
791 Enroll in a Medicare Part D plan recommended by the commissioner  
792 or the commissioner's agent; and (2) utilize the exception process  
793 established by the prescription drug plan in which the beneficiary is  
794 enrolled. The commissioner shall implement policies and procedures  
795 to administer the provisions of this section and to ensure that all  
796 requests for, and determinations made concerning assistance available  
797 pursuant to this section are expeditiously processed. The fund  
798 established pursuant to this subsection shall expire on July 1, 2009.

799 [(b) Assistance provided in accordance with the provisions of  
800 subsection (a) of this section shall be subject to available funds. All  
801 expenditures for prescription drugs under subsection (a) of this section  
802 shall be charged to the Medicare Part D Supplemental Needs Fund.

803 (c) The Department of Social Services shall, in accordance with the  
804 provisions of this section, pay claims for prescription drugs for  
805 Medicare Part D beneficiaries, who are also either Medicaid or  
806 ConnPACE recipients and who are denied coverage by the Medicare  
807 Part D plan in which such beneficiary is enrolled because a prescribed  
808 drug is not on the formulary utilized by such Medicare Part D plan.  
809 Payment shall initially be made by the department for a thirty-day  
810 supply, subject to any applicable copayment.]

811 (b) Pharmaceutical manufacturers shall pay rebate amounts  
812 established pursuant to section 17b-491 to the department for  
813 prescriptions paid by the department pursuant to this section on or  
814 after January 1, 2007. The beneficiary shall appoint the commissioner  
815 as such beneficiary's representative for the purpose of appealing any  
816 denial of Medicare Part D benefits and for any other purpose allowed  
817 under [said act] federal law and deemed necessary by the  
818 commissioner.

819 [(d)] (c) Notwithstanding any provision of the general statutes, [not  
820 later than July 1, 2006,] the Commissioner of Social Services [shall  
821 implement a plan for pursuing] may pursue payment under Medicare  
822 Part D by Part D plans for prescriptions denied as nonformulary  
823 drugs, including remedies available through reconsideration by an  
824 independent review entity, review by an administrative law judge, the  
825 Medicare Appeals Council or Federal District Court. Reimbursement  
826 secured from the Medicare Part D plan shall be returned to the  
827 Department of Social Services.

828 [(e)] (d) The Department of Social Services, pursuant to subsection  
829 [(d)] (c) of this section, may authorize appeals beyond the independent  
830 review entity. [Upon determination by the department that it is not  
831 cost-effective to pursue further appeals, the department shall pay for  
832 the denied nonformulary drug for the remainder of the calendar year,  
833 provided the beneficiary remains enrolled in the Part D plan that  
834 denied coverage. Pending the outcome of the appeals process, the  
835 department shall continue to pay claims for the nonformulary drug

836 denied by the Part D plan until the earlier of approval of such drug by  
837 the Part D plan or for the remainder of the calendar year.]

838 Sec. 15. Subsection (e) of section 17b-491 of the general statutes is  
839 repealed and the following is substituted in lieu thereof (*Effective July*  
840 *1, 2009*):

841 (e) The commissioner shall establish an application form whereby a  
842 pharmaceutical manufacturer may apply to participate in the program.  
843 Upon receipt of a completed application, the department shall issue a  
844 certificate of participation to the manufacturer. Participation by a  
845 pharmaceutical manufacturer shall require that the department shall  
846 receive a rebate from the pharmaceutical manufacturer for  
847 prescriptions covered under the program, [and for prescriptions  
848 covered by the department pursuant to subsection (c) of section 17b-  
849 265e.] Rebate amounts for brand name prescription drugs shall be  
850 equal to those under the Medicaid program. Rebate amounts for  
851 generic prescription drugs shall be established by the commissioner,  
852 provided such amounts may not be less than those under the Medicaid  
853 program. A participating pharmaceutical manufacturer shall make  
854 quarterly rebate payments to the department for the total number of  
855 dosage units of each form and strength of a prescription drug which  
856 the department reports as reimbursed to providers of prescription  
857 drugs, provided such payments shall not be due until thirty days  
858 following the manufacturer's receipt of utilization data from the  
859 department including the number of dosage units reimbursed to  
860 providers of prescription drugs during the quarter for which payment  
861 is due.

862 Sec. 16. Section 17b-491c of the general statutes is repealed and the  
863 following is substituted in lieu thereof (*Effective July 1, 2009*):

864 [Except as provided in subsection (c) of section 17b-265e, any] Any  
865 pharmaceutical manufacturer of a prescription drug covered by the  
866 Department of Social Services under any of the state medical assistance  
867 programs administered by the department shall provide rebates to the  
868 department for prescription drugs paid for by the department on or

869 after February 1, 2008. The amount of rebates and the administration of  
 870 the program shall be in accordance with subsections (e) and (f) of  
 871 section 17b-491, as amended by this act.

872 Sec. 17. Section 17b-492d of the general statutes is repealed. (*Effective*  
 873 *July 1, 2009*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2009</i>	17a-485e
Sec. 2	<i>July 1, 2009</i>	17b-340(f)(4)
Sec. 3	<i>July 1, 2009</i>	19a-507
Sec. 4	<i>July 1, 2009</i>	17b-104(b)
Sec. 5	<i>July 1, 2009</i>	17b-112(d)
Sec. 6	<i>July 1, 2009</i>	17b-340(g)
Sec. 7	<i>July 1, 2009</i>	17b-340(h)(1)
Sec. 8	<i>July 1, 2009</i>	17b-244(a)
Sec. 9	<i>July 1, 2009</i>	17b-342(i)(1)
Sec. 10	<i>July 1, 2009</i>	17b-371(a)
Sec. 11	<i>July 1, 2009</i>	17b-371(d)
Sec. 12	<i>July 1, 2009</i>	17b-372
Sec. 13	<i>July 1, 2009</i>	17b-600
Sec. 14	<i>July 1, 2009</i>	17b-265e
Sec. 15	<i>July 1, 2009</i>	17b-491(e)
Sec. 16	<i>July 1, 2009</i>	17b-491c
Sec. 17	<i>July 1, 2009</i>	Repealer section

**Statement of Legislative Commissioners:**

Section 3 was removed because it is identical to section 8 of Public Act 09-2, An Act Concerning Deficit Mitigation Measures for the Fiscal Year Ending June 30, 2009. Sections 15 and 16 were added to make technical changes required by the bracketing of the existing subsection (c) of section 14 for accuracy.

**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 House thereof for any purpose:

### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$
Social Services, Dept.	GF - Savings	Significant	Significant

Note: GF=General Fund

**Municipal Impact:** None

#### **Explanation**

The bill makes changes to various social services.

Section 1 reduces the amount of annual debt service payments issued by the Connecticut Housing Finance Authority to support the state's Next Steps Supportive Housing Initiative from \$105 million to \$70 million.

Section 2 freezes at FY 09 levels Medicaid rates the state pays to nursing homes and intermediate care facilities for people with mental retardation in FY 10 and FY 11. This will result in a reduction of \$118,175,690 in FY 10 and \$172,595,400 in FY 11 to state Medicaid costs. This section also eliminates fair rent increases to nursing home rates in FY 10 and FY 11. Section 6 makes an exception to the freeze for facilities that have received interim rates. If that interim rate would have resulted in a lower rate on July 1, 2009, they will receive that lower rate.

Sections 3, 7 and 8 freeze the rates the state pays to residential care homes and facilities and New Horizons, Inc. at FY 09 levels in FY 10 and FY 11. Under current statute, the Department of Social Services (DSS) is required to annually determine rates for various boarding homes. Per DSS regulations, these rate increases are based on actual cost reports submitted by facilities. This bill removes these rate increases for FY 10 and FY 11, which results in the state avoiding a cost

of \$4.5 million in FY 10 and \$9.3 million in FY 11.

Section 4 freezes at FY 09 levels, the benefit levels in the Temporary Family Assistance (TFA) and State-Administered General Assistance (SAGA) programs in FY 10 and FY 11. Under current law, recipients of TFA and SAGA are scheduled to receive a state-funded cost of living adjustment based on the percentage increase in the Consumer Price Index - Urban (CPI-U), assumed to be 6.0% in FY 10 and 3.5% in FY 11. These increases would total \$7.7 million in FY 10 and \$11.8 million in FY 11. Freezing the benefit levels will result in the state to avoid these costs associated with the benefit level increases.

Section 5 increases, from the first \$50 to \$100, the child support income received that the DSS commissioner must disregard when determining a family's TFA eligibility and benefit levels. Increasing the disregard provides families with additional financial support and a greater incentive to cooperate in securing child support for their children. Increasing the disregard will also result in fewer families being discontinued from TFA each month because of child support income as they will now have to have at least \$100, rather than \$50, above the payment standard before losing eligibility. Effective 10/2/08, the Deficit Reduction Act no longer requires states to "share" 50% of child support payments collected and disregarded. Due to this change in federal law, the child support pass-through can be increased to \$100 at no cost to the state.

Section 9 freezes the caseload for the state-funded portion of the Connecticut Homecare Program for Elders (CHCPE). This would result in a savings of \$4,790,000 in FY 10 and \$14,540,000 in FY 11.

Sections 10 and 11 postpones from July 1, 2009 until July 1, 2011, the establishment of a nonlapsing Long Term Care Reinvestment account in the General Fund to hold the enhanced federal matching funds the state receives for the Money Follows the Person (MFP) demonstration program. This will allow additional revenue from MFP clients to be deposited into the General Fund.

Section 12 prohibits the DSS commissioner from approving more than one project under the Small House Nursing Home pilot program through June 30, 2011 and limits the number of beds under this project to 280. This will result in a savings of \$1.5 million in FY 11.

Section 12 also requires the DSS commissioner, when reviewing and selecting proposals, to consult and receive approval from the OPM secretary. This will not result in a fiscal impact.

Section 13 allows Special Needs Trusts in State Supplement. When recipients of Aid to the Aged, Blind and Disabled (AABD) receive Supplemental Security income (SSI) and/or Social Security (SSA) benefits, their income may, over time, reach levels which make them ineligible for further AABD assistance. When this occurs, they are likely to move into a higher cost nursing home setting. This section allows special needs trusts to be used to reduce the countable income of those boarding home residents whose increased income would have made them ineligible for AABD. This change will enable them to remain in a boarding home and avoid nursing home placement. It is anticipated that this change will affect approximately 25 residents, and result in a savings to the state of \$918,153 in FY 10 and \$1.2 million in FY 11.

Sections 14 through 16 eliminate the Medicare Part D Supplemental Needs Fund on July 1, 2009. Currently DSS uses this General Fund account to pay for drugs that are not on formularies for the Medicare-Medicaid dually eligible and ConnPACE recipients' Part D plans when the recipients can show the medical necessity for obtaining them. This section eliminates the requirement that if DSS must pay for the denied nonformulary drugs for the rest of the calendar year, provided the beneficiary remains enrolled in the Part D plan that denied the coverage. This will result in a savings of \$26,400,000 in FY 10 and \$28,660,000 in FY 11.

Section 17 repeals the law establishing a council to advise the DSS commissioner on matters relating to administering and implementing the Medicare Part D program. This will not result in a fiscal impact.

***The Out Years***

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

**OLR Bill Analysis****sSB 843*****AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET  
RECOMMENDATIONS CONCERNING SOCIAL SERVICES.*****SUMMARY:**

This bill makes changes in the laws governing numerous Department of Social Services (DSS)-administered programs. It:

1. reduces the amount of Connecticut Housing Finance Authority (CHFA) bonds on which the state can make annual debt service payments to finance the state's Next Steps Supportive Housing Initiative;
2. freezes rates for nursing homes, ICF-MRs, residential care homes and facilities and New Horizons, Inc. at FY 09 levels in FY 10 and FY 11;
3. eliminates fair rent increases to nursing home rates in FY 10 and FY 11;
4. freezes, at FY 09 levels, the benefit levels in the Temporary Family Assistance (TFA) and State-Administered General Assistance (SAGA) cash assistance programs in FY 10 and FY 11;
5. increases the child support income disregard DSS uses to determine a family's TFA eligibility and benefit levels;
6. freezes the caseload for the state-funded portion of the Connecticut Home Care Program for Elders (CHCPE) at FY 09 levels in FY 10 and FY 11;
7. postpones the establishment of the long-term care reinvestment

- account in the General Fund by two years;
8. makes changes to the Small House Nursing Home Pilot Program;
  9. allows certain State Supplement applicants to transfer assets to “special needs trusts” within 24 months before applying for assistance without affecting their eligibility;
  10. eliminates the Medicare Part D Supplemental Needs Fund on July 1, 2009;
  11. repeals the law establishing the Medicare Part D implementation council; and
  12. makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2009

### **§ 1 — NEXT STEPS SUPPORTIVE HOUSING INITIATIVE**

Current law authorizes the state to provide annual debt service payments on \$105 million in bonds issued by the Connecticut Housing Finance Authority (CHFA) to finance the state’s Next Steps Supportive Housing Initiative. The bill reduces this amount from \$105 million to \$70 million. (PA 08-123 increased the amount from \$70 million to \$105 million to fund an additional 150 housing units.) This initiative provides housing for people and families affected by psychiatric disabilities and chemical dependencies who are homeless or risk homelessness, and for supervised ex-offenders with mental health needs.

### **§§ 2, 6 — NURSING HOME AND ICF-MR RATE FREEZES**

The bill freezes, at FY 09 levels, the Medicaid rates the state pays in FY 10 and FY 11 to nursing homes and intermediate care facilities for people with mental retardation (ICF-MR). It makes an exception to the freeze for facilities that have received interim rates. If that interim rate would have resulted in a lower rate on July 1, 2009, they will receive that lower rate.

The bill also eliminates fair rent increases to nursing home rates in FY 10 and FY 11. Current law requires DSS to add a fair rent increase to nursing home rates for homes that have undergone a material change in circumstances related to fair rent.

#### **§ 4 — BENEFIT LEVEL FREEZES IN TFA AND SAGA**

The bill freezes at FY 09 levels, the benefit levels in the TFA and SAGA cash assistance programs in FY 10 and FY 11.

#### **§§ 3, 7, & 8 — RATE FREEZES FOR RESIDENTIAL CARE HOMES AND FACILITIES AND NEW HORIZONS, INC.**

The bill freezes, at FY 09 levels, the rates the state pays in FY 10 and FY 11 to residential care homes and facilities and New Horizons, Inc. (a state-subsidized, independent living facility for people with severe physical disabilities, located in Farmington). It makes an exception to the freeze for facilities that have interim rates. If such facilities would have received a lower rate on July 1, 2009 because of their interim rate status, they will receive that lower rate. Current law requires DSS to determine rates for these facilities annually.

#### **§ 5 — PASS-THROUGH OF CHILD SUPPORT FOR TFA PARENTS**

The bill increases, from the first \$50 to \$100, the child support income received that the DSS commissioner must disregard when determining a family's TFA eligibility and benefit levels. By law, applicants for TFA must have monthly income less than 100% of the federal poverty level plus \$90. DSS must consider any child support income above that level (first \$100 under the bill) it collects when determining eligibility but not when calculating benefit levels. DSS considers the excess reimbursement for assistance paid. But when the amount of current support collected exceeds the family's monthly TFA benefit plus the \$100 (instead of \$50 under current law), the current child support must be paid directly to the family and is counted when determining the benefit level.

Effective October 1, 2008, federal law no longer requires states to reimburse the federal government for one-half of the child support it

collects and disregards on behalf of these families.

### **§ 9 — STATE-FUNDED CONNECTICUT HOMECARE PROGRAM FOR ELDERLY (CHCPE) CASELOAD FREEZE**

For FY 10 and FY 11, the bill freezes the caseload for the state-funded portion of CHCPE at FY 09 levels. CHCPE has both Medicaid- and state-funded components that pay for home- and community-based services for infirm elderly individuals who might otherwise require nursing home care.

### **§§ 10-11 — LONG-TERM CARE REINVESTMENT ACCOUNT**

To the extent permitted by federal law, the bill postpones, from July 1, 2009 until July 1, 2011, the establishment of a nonlapsing long term care reinvestment account in the General Fund to hold the enhanced federal matching funds the state receives for the Money Follows the Person (MFP) demonstration program. (MFP matching funds will go into the General Fund without restriction.)

The bill also postpones, from January 1, 2010 to January 1, 2012, the date by which the DSS commissioner must begin reporting annually on expenditures from the account to the Human Services and Appropriations committees.

### **§ 12 — SMALL HOUSE NURSING HOMES**

The bill prohibits the DSS commissioner from approving more than one project under the Small House Nursing Home pilot program through June 30, 2011 and limits the number of beds under this project to 280. Current law requires the DSS commissioner to establish a pilot program, within existing appropriations, to help develop up to 10 small house nursing homes in the state.

The bill also requires the commissioner, when reviewing and selecting proposals, to consult with and receive approval from the OPM secretary. Currently, he must consult only with the Long-Term Care Planning Committee. The bill also allows rather than requires him to approve up to 10 proposals. And it removes the requirement that two of the 10 proposals selected must develop a small housing

nursing home in a distressed municipality with more than 100,000 people. It instead allows the commissioner to give preference to such proposals.

### **§ 13 — TRUSTS FOR STATE SUPPLEMENT APPLICANTS AND RECIPIENTS**

In general, State Supplement applicants who transfer assets within 24 months before applying for assistance are presumed to have done so to qualify. Such transfers generally render the transferor ineligible for State Supplement for a period of time based on the value of the asset. But if the applicant can provide convincing evidence that the transfer was made for another reason, eligibility is not affected.

The bill adds a second exception by allowing transfers to “special needs trusts” by individuals who (1) are living in residential care homes (RCH) or New Horizons, Inc. and (2) have available income above 300% of the maximum federal Supplemental Security Income (SSI) program benefit for an individual (\$2,022 per month in 2009) and below the private rate that the RCH or New Horizons charges. Currently, an individual whose income exceeds 300% of the SSI benefit cannot qualify for State Supplement benefits.

The bill does not explicitly provide that individuals can have the excess income they deposit into such trusts disregarded for purposes of State Supplement eligibility. So it appears that individuals who create these trusts could lose their eligibility on that basis.

The bill requires the trust to be funded solely with the individual’s excess income. The trust must provide that once the individual dies, the state will receive all amounts remaining in it after the Medicaid program is reimbursed for Medicaid-funded services the individual received, up to an amount equaling the amount of State Supplement provided. The type of trust someone may establish is the same that deferral law allows for purposes of Medicaid eligibility (42 USC §1396 p(d)(4)).

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**§ 14 — EXPIRATION OF MEDICARE SUPPLEMENTAL NEEDS FUND**

The bill eliminates the Medicare Part D Supplemental Needs Fund on July 1, 2009. DSS uses this fund, which is a General Fund account, to pay for drugs that are not on formularies for the Medicare-Medicaid dually eligible and ConnPACE recipients' Part D plans when the recipients can show the medical necessity for obtaining them. It also makes a technical, conforming change.

The bill also allows DSS to pursue Medicare payment for prescriptions denied by Part D plans because they are not on the plan's formulary. Currently, DSS must implement a plan for pursuing these payments. By law, this remedy can include an independent review.

By law, DSS can authorize appeals beyond the independent review. The bill eliminates the requirement that if DSS determines that it is not cost effective to pursue these additional appeals, it must pay for the denied nonformulary drugs for the rest of the calendar year provided the beneficiary remains enrolled in the Part D plan that denied the coverage. It also eliminates a requirement that DSS pay for coverage pending appeal outcomes.

**§§ 15 & 16 — TECHNICAL REVISIONS**

The bill makes technical and conforming changes related to the expiration of the Medicare Supplemental Needs Fund

**§ 17 — ELIMINATION OF MEDICARE PART D IMPLEMENTATION COUNCIL**

The bill repeals the law establishing a council to advise the DSS commissioner on matters relating to administering and implementing the Medicare Part D program.

**BACKGROUND*****Related Bills***

sSB 957, reported favorably by the Human Services Committee, allows State Supplement applicants and recipients to transfer excess income into special needs trusts.

HB 1122, reported favorably by the Human Services Committee, expands the funding sources for the long-term care reinvestment account.

**COMMITTEE ACTION**

Human Services Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/19/2009)