STATE OF CONNECTICUT

QUI TRANSTULIT SUSTINET

Senate

General Assembly

File No. 78

February Session, 2010

Senate Bill No. 355

Senate, March 18, 2010

The Committee on Appropriations reported through SEN. HARP of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING CAPITAL IMPROVEMENTS REQUIRED BY THE DEPARTMENT OF DEVELOPMENTAL SERVICES.

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

Section 1. Subsection (a) of section 17b-244 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) The room and board component of the rates to be paid by the state to private facilities and facilities operated by regional education service centers which are licensed to provide residential care pursuant to section 17a-227, but not certified to participate in the Title XIX Medicaid program as intermediate care facilities for persons with mental retardation, shall be determined annually by the Commissioner of Social Services, except that rates effective April 30, 1989, shall remain in effect through October 31, 1989. Any facility with real property other than land placed in service prior to July 1, 1991, shall, for the fiscal year ending June 30, 1995, receive a rate of return on real property equal to the average of the rates of return applied to real property other than land placed in service for the five years preceding July 1, 1993. For the fiscal year ending June 30, 1996, and any succeeding fiscal year, the rate of return on real property for property items shall be revised every five years. The commissioner shall, upon submission of a request by such facility, allow actual debt service, comprised of principal and interest, on the loan or loans in lieu of property costs allowed pursuant to section 17-313b-5 of the regulations of Connecticut state agencies, whether actual debt service is higher or lower than such allowed property costs, provided such debt service terms and amounts are reasonable in relation to the useful life and the base value of the property. In the case of facilities financed through the Connecticut Housing Finance Authority, the commissioner shall allow actual debt service, comprised of principal, interest and a reasonable repair and replacement reserve on the loan or loans in lieu of property costs allowed pursuant to section 17-313b-5 of the regulations of Connecticut state agencies, whether actual debt service is higher or lower than such allowed property costs, provided such debt service terms and amounts are determined by the commissioner at the time the loan is entered into to be reasonable in relation to the useful life and base value of the property. The commissioner may allow fees associated with mortgage refinancing provided such refinancing will result in state reimbursement savings, after comparing costs over the terms of the existing proposed loans. For the fiscal year ending June 30, 1992, the inflation factor used to determine rates shall be one-half of the gross national product percentage increase for the period between the midpoint of the cost year through the midpoint of the rate year. For fiscal year ending June 30, 1993, the inflation factor used to determine rates shall be two-thirds of the gross national product percentage increase from the midpoint of the cost year to the midpoint of the rate year. For the fiscal years ending June 30, 1996, and June 30, 1997, no inflation factor shall be applied in determining rates. The Commissioner of Social Services shall prescribe uniform forms on which such facilities shall report their costs. Such rates shall be determined on the basis of a reasonable payment for necessary services. Any increase in grants, gifts, fund-raising or endowment income used for the payment of operating costs by a private facility in the fiscal year ending June 30, 1992, shall be excluded by the commissioner from the income of the facility in determining the rates to be paid to the facility for the fiscal year ending June 30, 1993, provided any operating costs funded by such increase shall not obligate the state to increase expenditures in subsequent fiscal years. Nothing contained in this section shall authorize a payment by the state to any such facility in excess of the charges made by the facility for comparable services to the general public. The service component of the rates to be paid by the state to private facilities and facilities operated by regional education service centers which are licensed to provide residential care pursuant to section 17a-227, but not certified to participate in the Title XIX Medicaid programs as intermediate care facilities for persons with mental retardation, shall be determined annually by the Commissioner of Developmental Services in accordance with section 17b-244a. For the fiscal year ending June 30, 2008, no facility shall receive a rate that is more than two per cent greater than the rate in effect for the facility on June 30, 2007, except any facility that would have been issued a lower rate effective July 1, 2007, due to interim rate status or agreement with the department, shall be issued such lower rate effective July 1, 2007. For the fiscal year ending June 30, 2009, no facility shall receive a rate that is more than two per cent greater than the rate in effect for the facility on June 30, 2008, except any facility that would have been issued a lower rate effective July 1, 2008, due to interim rate status or agreement with the department, shall be issued such lower rate effective July 1, 2008. For the fiscal years ending June 30, 2010, and June 30, 2011, rates in effect for the period ending June 30, 2009, shall remain in effect until June 30, 2011, except that <u>(1) the rate paid to a facility may be higher than the rate paid to the facility for the period ending June 30, 2009, if a capital improvement required by the Commissioner of Developmental Services for the health or safety of the residents was made to the facility during the fiscal years ending June 30, 2010, or June 30, 2011, and (2)</u> any facility that would have been issued a lower rate for the fiscal years ending June 30, 2010, or June 30, 2011, due to interim rate status or agreement with the department, shall be issued such lower rate.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*July 1, 2010*	17b-244(a)

APP *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 11 $	FY 12 $
Social Services, Dept.	GF - Cost	300,0000 - 350,000	300,0000 - 350,000
Department of Developmental Services	GF - None	None	None

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill allows the Department of Social Services (DSS) to adjust the room and board rates paid to group home providers under contract with the Department of Developmental Services (DDS) to reflect the costs of required capital improvements. The FY 10 – FY 11 biennial budget included a room and board rate freeze for all such providers. The bill allows adjustments only when capital improvements for the health and safety of residents are required by the Commissioner of DDS and made during FY 10 and FY 11.

If such improvements are required, DSS would fund the increased room and board costs through the Aid to the Disabled account. DSS and DDS jointly approve on average $2.5 to $3.0 million in capital improvements for homes each year, involving 125 to 175 group homes. Assuming that the majority of projects relate to safety corrections or improvements ($2.5 million) and using an average useful life of 10 years and an interest rate of 4.5%, the estimated cost of this bill ranges from $300,000 to $350,000 annually.

The Out Years

The annualized ongoing fiscal impact identified above would continue over ten year amortization.

OFA Bill Analysis

SB 355

AN ACT CONCERNING CAPITAL IMPROVEMENTS REQUIRED BY THE DEPARTMENT OF DEVELOPMENTAL SERVICES.

SUMMARY:

The bill allows the Department of Social Services (DSS) to provide higher room and board rates to providers of Community Living Arrangements (CLAs) when capital improvements are required by the Department of Developmental Services (DDS) for the health and safety of its residents.

DDS contracts with private providers for the residential care of persons with mental retardation in CLAs. There are 704 such group homes licensed by DDS, serving approximately 2,400 individuals. DSS funds the room and board costs of these facilities through the Aid to the Disabled account while DDS funds the staffing and services costs for the consumers living in the group homes. PA 09-5, SSS froze the FY 09 room and board rates provided by DSS for FY 10 and FY 11.

EFFECTIVE DATE: July 1, 2010

COMMITTEE ACTION

Appropriations Committee

Joint Favorable
Yea 52 Nay 0 (03/08/2010)