



Substitute House Bill No. 5285

Public Act No. 12-85

AN ACT ADJUSTING COMMUNITY HEALTH CENTER RATES FOR CAPITAL INVESTMENTS.

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

Section 1. Subsection (a) of section 17b-349 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2012*):

(a) The rates paid by the state to community health centers and free-standing medical clinics participating in the Medicaid program may be adjusted annually on the basis of the cost reports submitted to the Commissioner of Social Services, except that rates effective July 1, 1989, shall remain in effect through June 30, 1990. (1) Beginning with the one-year rate period commencing on October 1, 2012, and annually thereafter, the Commissioner of Social Services may add to a community health center's rates, if applicable, a capital cost rate adjustment that is equivalent to the center's actual or projected year-to-year increase in total allowable depreciation and interest expenses associated with major capital projects divided by the projected service visit volume. For the purposes of this subsection, "capital costs" means expenditures for land or building purchases, fixed assets, movable equipment, capitalized financing fees and capitalized construction period interest and "major capital projects" means projects with costs

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exceeding two million dollars. The commissioner may revise such capital cost rate adjustment retroactively based on actual allowable depreciation and interest expenses or actual service visit volume for the rate period. (2) The commissioner shall establish separate capital cost rate adjustments for each Medicaid service provided by a center. (3) The commissioner shall not grant a capital cost rate adjustment to a community health center for any depreciation or interest expenses associated with capital costs that were disapproved by the federal Department of Health and Human Services or another federal or state government agency with capital expenditure approval authority related to health care services. (4) The commissioner may allow actual debt service in lieu of allowable depreciation and interest expenses associated with capital items funded with a debt obligation, provided debt service amounts are deemed reasonable in consideration of the interest rate and other loan terms. (5) The commissioner shall implement policies and procedures necessary to carry out the provisions of this subsection while in the process of adopting such policies and procedures in regulation form, provided notice of intent to adopt such regulations is published in the Connecticut Law Journal not later than twenty days after implementation. Such policies and procedures shall be valid until the time final regulations are effective.