



General Assembly

Substitute Bill No. 5285

February Session, 2012

* HB05285HS 032612 *

AN ACT ADJUSTING COMMUNITY HEALTH CENTER RATES FOR CAPITAL INVESTMENTS.

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

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2 repealed and the following is substituted in lieu thereof (*Effective*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

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

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

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2012	17b-349(a)
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HS *Joint Favorable Subst.*