



General Assembly

January Session, 2015

Raised Bill No. 897

LCO No. 3142



Referred to Committee on HUMAN SERVICES

Introduced by:
(HS)

AN ACT CONCERNING FAIR RENT FOR RESIDENTIAL CARE HOMES.

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

1 Section 1. Subsection (h) of section 17b-340 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2015*):

4 (h) (1) For the fiscal year ending June 30, 1993, any residential care
5 home with an operating cost component of its rate in excess of one
6 hundred thirty per cent of the median of operating cost components of
7 rates in effect January 1, 1992, shall not receive an operating cost
8 component increase. For the fiscal year ending June 30, 1993, any
9 residential care home with an operating cost component of its rate that
10 is less than one hundred thirty per cent of the median of operating cost
11 components of rates in effect January 1, 1992, shall have an allowance
12 for real wage growth equal to sixty-five per cent of the increase
13 determined in accordance with subsection (q) of section 17-311-52 of
14 the regulations of Connecticut state agencies, provided such operating
15 cost component shall not exceed one hundred thirty per cent of the
16 median of operating cost components in effect January 1, 1992.

17 Beginning with the fiscal year ending June 30, 1993, for the purpose of
18 determining allowable fair rent, a residential care home with allowable
19 fair rent less than the twenty-fifth percentile of the state-wide
20 allowable fair rent shall be reimbursed as having allowable fair rent
21 equal to the twenty-fifth percentile of the state-wide allowable fair
22 rent. Beginning with the fiscal year ending June 30, 1997, a residential
23 care home with allowable fair rent less than three dollars and ten cents
24 per day shall be reimbursed as having allowable fair rent equal to
25 three dollars and ten cents per day. [Property additions placed in
26 service during the cost year ending September 30, 1996, or any
27 succeeding cost year shall receive a fair rent allowance for such
28 additions as an addition to three dollars and ten cents per day if the
29 fair rent for the facility for property placed in service prior to
30 September 30, 1995, is less than or equal to three dollars and ten cents
31 per day.] Beginning with the fiscal year ending June 30, 2016, a
32 residential care home with allowable accumulated fair rent
33 reimbursement associated with real property and land that is less than
34 three dollars and ten cents per day shall be reimbursed as having fair
35 rent equal to three dollars and ten cents per day. For the fiscal year
36 ending June 30, 1996, and any succeeding fiscal year, the allowance for
37 real wage growth, as determined in accordance with subsection (q) of
38 section 17-311-52 of the regulations of Connecticut state agencies, shall
39 not be applied. For the fiscal year ending June 30, 1996, and any
40 succeeding fiscal year, the inflation adjustment made in accordance
41 with subsection (p) of section 17-311-52 of the regulations of
42 Connecticut state agencies shall not be applied to real property costs.
43 Beginning with the fiscal year ending June 30, 1997, minimum
44 allowable patient days for rate computation purposes for a residential
45 care home with twenty-five beds or less shall be eighty-five per cent of
46 licensed capacity. Beginning with the fiscal year ending June 30, 2002,
47 for the purposes of determining the allowable salary of an
48 administrator of a residential care home with sixty beds or less the
49 department shall revise the allowable base salary to thirty-seven
50 thousand dollars to be annually inflated thereafter in accordance with

51 section 17-311-52 of the regulations of Connecticut state agencies. The
52 rates for the fiscal year ending June 30, 2002, shall be based upon the
53 increased allowable salary of an administrator, regardless of whether
54 such amount was expended in the 2000 cost report period upon which
55 the rates are based. Beginning with the fiscal year ending June 30, 2000,
56 and until the fiscal year ending June 30, 2009, inclusive, the inflation
57 adjustment for rates made in accordance with subsection (p) of section
58 17-311-52 of the regulations of Connecticut state agencies shall be
59 increased by two per cent, and beginning with the fiscal year ending
60 June 30, 2002, the inflation adjustment for rates made in accordance
61 with subsection (c) of said section shall be increased by one per cent.
62 Beginning with the fiscal year ending June 30, 1999, for the purpose of
63 determining the allowable salary of a related party, the department
64 shall revise the maximum salary to twenty-seven thousand eight
65 hundred fifty-six dollars to be annually inflated thereafter in
66 accordance with section 17-311-52 of the regulations of Connecticut
67 state agencies and beginning with the fiscal year ending June 30, 2001,
68 such allowable salary shall be computed on an hourly basis and the
69 maximum number of hours allowed for a related party other than the
70 proprietor shall be increased from forty hours to forty-eight hours per
71 work week. For the fiscal year ending June 30, 2005, each facility shall
72 receive a rate that is two and one-quarter per cent more than the rate
73 the facility received in the prior fiscal year, except any facility that
74 would have been issued a lower rate effective July 1, 2004, than for the
75 fiscal year ending June 30, 2004, due to interim rate status or
76 agreement with the department shall be issued such lower rate
77 effective July 1, 2004. Effective upon receipt of all the necessary federal
78 approvals to secure federal financial participation matching funds
79 associated with the rate increase provided in subdivision (4) of
80 subsection (f) of this section, but in no event earlier than October 1,
81 2005, and provided the user fee imposed under section 17b-320 is
82 required to be collected, each facility shall receive a rate that is
83 determined in accordance with applicable law and subject to
84 appropriations, except any facility that would have been issued a

85 lower rate effective October 1, 2005, than for the fiscal year ending June
86 30, 2005, due to interim rate status or agreement with the department,
87 shall be issued such lower rate effective October 1, 2005. Such rate
88 increase shall remain in effect unless: (A) The federal financial
89 participation matching funds associated with the rate increase are no
90 longer available; or (B) the user fee created pursuant to section 17b-320
91 is not in effect. For the fiscal year ending June 30, 2007, rates in effect
92 for the period ending June 30, 2006, shall remain in effect until
93 September 30, 2006, except any facility that would have been issued a
94 lower rate effective July 1, 2006, than for the fiscal year ending June 30,
95 2006, due to interim rate status or agreement with the department,
96 shall be issued such lower rate effective July 1, 2006. Effective October
97 1, 2006, no facility shall receive a rate that is more than four per cent
98 greater than the rate in effect for the facility on September 30, 2006,
99 except for any facility that would have been issued a lower rate
100 effective October 1, 2006, due to interim rate status or agreement with
101 the department, shall be issued such lower rate effective October 1,
102 2006. For the fiscal years ending June 30, 2010, and June 30, 2011, rates
103 in effect for the period ending June 30, 2009, shall remain in effect until
104 June 30, 2011, except any facility that would have been issued a lower
105 rate for the fiscal year ending June 30, 2010, or the fiscal year ending
106 June 30, 2011, due to interim rate status or agreement with the
107 department, shall be issued such lower rate, except (i) any facility that
108 would have been issued a lower rate for the fiscal year ending June 30,
109 2010, or the fiscal year ending June 30, 2011, due to interim rate status
110 or agreement with the Commissioner of Social Services shall be issued
111 such lower rate; and (ii) the commissioner may increase a facility's rate
112 for reasonable costs associated with such facility's compliance with the
113 provisions of section 19a-495a concerning the administration of
114 medication by unlicensed personnel. For the fiscal year ending June 30,
115 2012, rates in effect for the period ending June 30, 2011, shall remain in
116 effect until June 30, 2012, except that (I) any facility that would have
117 been issued a lower rate for the fiscal year ending June 30, 2012, due to
118 interim rate status or agreement with the Commissioner of Social

119 Services shall be issued such lower rate; and (II) the commissioner may
120 increase a facility's rate for reasonable costs associated with such
121 facility's compliance with the provisions of section 19a-495a
122 concerning the administration of medication by unlicensed personnel.
123 For the fiscal year ending June 30, 2013, the Commissioner of Social
124 Services may, within available appropriations, provide a rate increase
125 to a residential care home. Any facility that would have been issued a
126 lower rate for the fiscal year ending June 30, 2013, due to interim rate
127 status or agreement with the Commissioner of Social Services shall be
128 issued such lower rate. For the fiscal years ending June 30, 2012, and
129 June 30, 2013, the Commissioner of Social Services may provide fair
130 rent increases to any facility that has undergone a material change in
131 circumstances related to fair rent and has an approved certificate of
132 need pursuant to section 17b-352, 17b-353, 17b-354 or 17b-355. For the
133 fiscal years ending June 30, 2014, and June 30, 2015, for those facilities
134 that have a calculated rate greater than the rate in effect for the fiscal
135 year ending June 30, 2013, the commissioner may increase facility rates
136 based upon available appropriations up to a stop gain as determined
137 by the commissioner. No facility shall be issued a rate that is lower
138 than the rate in effect on June 30, 2013, except that any facility that
139 would have been issued a lower rate for the fiscal year ending June 30,
140 2014, or the fiscal year ending June 30, 2015, due to interim rate status
141 or agreement with the commissioner, shall be issued such lower rate.
142 For the fiscal year ending June 30, 2014, and each fiscal year thereafter,
143 a residential care home shall receive a rate increase for any capital
144 improvement made during the fiscal year for the health and safety of
145 residents and approved by the Department of Social Services,
146 provided such rate increase is within available appropriations. For the
147 fiscal year ending June 30, 2015, and each succeeding fiscal year
148 thereafter, costs of less than ten thousand dollars that are incurred by a
149 facility and are associated with any land, building or nonmovable
150 equipment repair or improvement that are reported in the cost year
151 used to establish the facility's rate shall not be capitalized for a period
152 of more than five years for rate-setting purposes. For the fiscal year

153 ending June 30, 2015, subject to available appropriations, the
154 commissioner may, at the commissioner's discretion: Increase the
155 inflation cost limitation under subsection (c) of section 17-311-52 of the
156 regulations of Connecticut state agencies, provided such inflation
157 allowance factor does not exceed a maximum of five per cent; establish
158 a minimum rate of return applied to real property of five per cent
159 inclusive of assets placed in service during cost year 2013; waive the
160 standard rate of return under subsection (f) of section 17-311-52 of the
161 regulations of Connecticut state agencies for ownership changes or
162 health and safety improvements that exceed one hundred thousand
163 dollars and that are required under a consent order from the
164 Department of Public Health; and waive the rate of return adjustment
165 under subsection (f) of section 17-311-52 of the regulations of
166 Connecticut state agencies to avoid financial hardship.

167 (2) The commissioner shall, upon determining that a loan to be
168 issued to a residential care home by the Connecticut Housing Finance
169 Authority is reasonable in relation to the useful life and property cost
170 allowance pursuant to section 17-311-52 of the regulations of
171 Connecticut state agencies, allow actual debt service, comprised of
172 principal, interest and a repair and replacement reserve on the loan, in
173 lieu of allowed property costs whether actual debt service is higher or
174 lower than such allowed property costs.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2015	17b-340(h)

Statement of Purpose:

To update the formula for state reimbursement to residential care homes for fair rent expenses associated with real property and land.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]