

## Nursing Home Transparency

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### Issue

This report describes provisions in [PA 14-55](#), An Act Improving Transparency of Nursing Home Operations, concerning (1) cost reporting and (2) the Nursing Home Financial Advisory Committee. See also [OLR's Public Act Summary](#).

### Cost Reporting

By law, nursing homes must submit cost reports annually to the Department of Social Services (DSS), which the department generally uses to establish per diem rates for caring for Medicaid-eligible residents.

The act expanded the type of information required in cost reports from for-profit nursing homes to include information from certain related parties that conduct business with the nursing home. Specifically, under the act, cost reports must include the most recent finalized profit and loss statement from any related party that receives \$50,000 or more per year from the home for goods, fees, and services.

#### *“Related Parties”*

*Under the act, a related party is any company related to a nursing home through family association (by birth, marriage, or domestic partnership); common ownership; control; or business association with any of the home's owners, operators, or officials.*

A profit and loss statement, sometimes called an income statement or earnings statement, is generally a document identifying a business's revenues and expenses, summarizing a company's profitability for a given time period. Companies use the statements for tax purposes and general financial accounting.

The act's provisions on related party reporting do not apply to non-profit nursing homes. Additionally, the act prohibits anyone from bringing a legal action against, or holding liable, the state, DSS, or any state official or agent for failing to take an action based on information that must be submitted to DSS in the cost reports ([CGS § 17b-340](#)).

## **Nursing Home Financial Advisory Committee**

The act also made changes to the Nursing Home Financial Advisory Committee's membership and duties and required the committee to convene by August 1, 2014. (At the time of the act's passage, the committee was not meeting regularly.)

By law, as amended by the act, the committee must assess the overall infrastructure and projected needs of nursing homes operating in the state by evaluating any available information and data, including nursing homes' quality of care, acuity, census, and staffing levels. The committee must recommend to DSS and the Department of Public Health (DPH) appropriate action consistent with the goals, strategies, and long-term care needs in the state's strategic plan to rebalance Medicaid long-term care supports and services. By law, the committee includes the following members or their designees:

1. DSS commissioner (chair),
2. DPH commissioner (chair),
3. Office of Policy and Management secretary,
4. Connecticut Health and Education Facilities Authority executive director,
5. Long-Term Care Ombudsman,
6. a non-profit nursing home representative (appointed by the governor) and
7. a for-profit nursing home representative (appointed by the governor).

The law additionally allows the Labor Commissioner to appoint a nonvoting member to the committee.

Since the act's passage, the committee has generally met quarterly. The committee recently submitted [its 2019 annual report](#) to the aging, appropriations, humans service, and public health committees, as required by law ([CGS § 17b-339](#)).

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