

**Proposed Substitute  
Bill No. 6446**

LCO No. 5602

**AN ACT CONCERNING THE GOVERNOR'S BUDGET  
RECOMMENDATIONS FOR HUMAN SERVICES.**

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

1 Section 1. Section 17b-265 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2021*):

3 (a) In accordance with 42 USC 1396k, the Department of Social  
4 Services shall be subrogated to any right of recovery or indemnification  
5 that an applicant or recipient of medical assistance or any legally liable  
6 relative of such applicant or recipient has against an insurer or other  
7 legally liable third party including, but not limited to, a self-insured  
8 plan, group health plan, as defined in Section 607(1) of the Employee  
9 Retirement Income Security Act of 1974, service benefit plan, managed  
10 care organization, health care center, pharmacy benefit manager, dental  
11 benefit manager, third-party administrator or other party that is, by  
12 statute, contract or agreement, legally responsible for payment of a  
13 claim for a health care item or service, for the cost of all health care items  
14 or services furnished to the applicant or recipient, including, but not  
15 limited to, hospitalization, pharmaceutical services, physician services,  
16 nursing services, behavioral health services, long-term care services and  
17 other medical services, not to exceed the amount expended by the

18 department for such care and treatment of the applicant or recipient. In  
19 the case of such a recipient who is an enrollee in a care management  
20 organization under a Medicaid care management contract with the state  
21 or a legally liable relative of such an enrollee, the department shall be  
22 subrogated to any right of recovery or indemnification which the  
23 enrollee or legally liable relative has against such a private insurer or  
24 other third party for the medical costs incurred by the care management  
25 organization on behalf of an enrollee.

26 (b) An applicant or recipient or legally liable relative, by the act of the  
27 applicant's or recipient's receiving medical assistance, shall be deemed  
28 to have made a subrogation assignment and an assignment of claim for  
29 benefits to the department. The department shall inform an applicant of  
30 such assignments at the time of application. Any entitlements from a  
31 contractual agreement with an applicant or recipient, legally liable  
32 relative or a state or federal program for such medical services, not to  
33 exceed the amount expended by the department, shall be so assigned.  
34 Such entitlements shall be directly reimbursable to the department by  
35 third party payors. The Department of Social Services may assign its  
36 right to subrogation or its entitlement to benefits to a designee or a  
37 health care provider participating in the Medicaid program and  
38 providing services to an applicant or recipient, in order to assist the  
39 provider in obtaining payment for such services. In accordance with  
40 subsection (b) of section 38a-472, a provider that has received an  
41 assignment from the department shall notify the recipient's health  
42 insurer or other legally liable third party including, but not limited to, a  
43 self-insured plan, group health plan, as defined in Section 607(1) of the  
44 Employee Retirement Income Security Act of 1974, service benefit plan,  
45 managed care organization, health care center, pharmacy benefit  
46 manager, dental benefit manager, third-party administrator or other  
47 party that is, by statute, contract or agreement, legally responsible for  
48 payment of a claim for a health care item or service, of the assignment  
49 upon rendition of services to the applicant or recipient. Failure to so  
50 notify the health insurer or other legally liable third party shall render

51 the provider ineligible for payment from the department. The provider  
52 shall notify the department of any request by the applicant or recipient  
53 or legally liable relative or representative of such applicant or recipient  
54 for billing information. This subsection shall not be construed to affect  
55 the right of an applicant or recipient to maintain an independent cause  
56 of action against such third party tortfeasor.

57 (c) Claims for recovery or indemnification submitted by the  
58 department, or the department's designee, shall not be denied solely on  
59 the basis of the date of the submission of the claim, the type or format of  
60 the claim, the lack of prior authorization or the failure to present proper  
61 documentation at the point-of-service that is the basis of the claim, if (1)  
62 the claim is submitted by the state within the three-year period  
63 beginning on the date on which the item or service was furnished; and  
64 (2) any action by the state to enforce its rights with respect to such claim  
65 is commenced within six years of the state's submission of the claim.

66 (d) When a recipient of medical assistance has personal health  
67 insurance in force covering care or other benefits provided under such  
68 program, payment or part-payment of the premium for such insurance  
69 may be made when deemed appropriate by the Commissioner of Social  
70 Services. [Effective January 1, 1992, the] The commissioner shall limit  
71 reimbursement to medical assistance providers for coinsurance and  
72 deductible payments under Title XVIII of the Social Security Act to  
73 assure that the combined Medicare and Medicaid payment to the  
74 provider shall not exceed the maximum allowable under the Medicaid  
75 program fee schedules.

76 (e) No self-insured plan, group health plan, as defined in Section  
77 607(1) of the Employee Retirement Income Security Act of 1974, service  
78 benefit plan, managed care plan, or any plan offered or administered by  
79 a health care center, pharmacy benefit manager, dental benefit manager,  
80 third-party administrator or other party that is, by statute, contract or  
81 agreement, legally responsible for payment of a claim for a health care  
82 item or service, shall contain any provision that has the effect of denying

83 or limiting enrollment benefits or excluding coverage because services  
84 are rendered to an insured or beneficiary who is eligible for or who  
85 received medical assistance under this chapter. No insurer, as defined  
86 in section 38a-497a, shall impose requirements on the state Medicaid  
87 agency, which has been assigned the rights of an individual eligible for  
88 Medicaid and covered for health benefits from an insurer, that differ  
89 from requirements applicable to an agent or assignee of another  
90 individual so covered.

91 (f) The Commissioner of Social Services shall not pay for any services  
92 provided under this chapter if the individual eligible for medical  
93 assistance has coverage for the services under an accident or health  
94 insurance policy.

95 (g) An insurer or other legally liable third party, upon receipt of a  
96 claim submitted by the department or the department's designee, in  
97 accordance with the requirements of subsection (c) of this section, for  
98 payment of a health care item or service covered under a state medical  
99 assistance program administered by the department, shall, not later  
100 than ninety days after receipt of the claim, or not later than ninety days  
101 after the effective date of this section, whichever is later, (1) make  
102 payment on the claim, (2) request information necessary to determine  
103 its legal obligation to pay the claim, or (3) issue a written reason for  
104 denial of the claim. Failure to pay, request information necessary to  
105 determine legal obligation to pay or issue a written reason for denial of  
106 a claim not later than one hundred twenty days after receipt of the claim,  
107 or not later than one hundred twenty days after the effective date of this  
108 section, whichever is later, creates an uncontestable obligation to pay  
109 the claim. The provisions of this subsection shall apply to all claims,  
110 including claims submitted by the department or the department's  
111 designee prior to July 1, 2021.

112 (h) On and after July 1, 2021, an insurer or other legally liable third  
113 party who has reimbursed the department for a health care item or  
114 service paid for and covered under a state medical assistance program

115 administered by the department, shall, upon determining it is not liable  
116 and at risk for cost of the health care item or service, request any refund  
117 from the department not later than twelve months from the date of its  
118 reimbursement to the department.

119 Sec. 2. Section 17b-340d of the general statutes is repealed and the  
120 following is substituted in lieu thereof (*Effective October 1, 2021*):

121 (a) The Commissioner of Social Services [may] shall implement an  
122 acuity-based methodology for Medicaid reimbursement of nursing  
123 home services. [In the course of developing such a system, the  
124 commissioner shall review the skilled nursing facility prospective  
125 payment system developed by the Centers for Medicare and Medicaid  
126 Services, as well as other methodologies used nationally, and shall  
127 consider recommendations from the nursing home industry.]  
128 Notwithstanding section 17b-340, as amended by this act, beginning on  
129 October 1, 2021, and ending on June 30, 2022, and each fiscal year ending  
130 on June thirtieth thereafter, the Commissioner of Social Services shall  
131 establish Medicaid rates paid to nursing home facilities based on cost  
132 years ending on September thirtieth in accordance with the following:

133 (1) Case-mix adjustments to the direct care component shall be made  
134 or phased in effective October 1, 2021, and updated every quarter  
135 thereafter. The transition to acuity-based reimbursement shall be cost  
136 neutral and based on cost reports for the fiscal year ending June 30, 2018.

137 (2) Geographic peer groupings of facilities shall be established by the  
138 Department of Social Services pursuant to regulations adopted in  
139 accordance with subsection (b) of this section.

140 (3) Allowable costs shall be divided into the following five cost  
141 components: (A) Direct costs, which shall include salaries for nursing  
142 personnel, related fringe benefits and nursing pool costs; (B) indirect  
143 costs, which shall include professional fees, dietary expenses,  
144 housekeeping expenses, laundry expenses, supplies related to patient  
145 care, salaries for indirect care personnel and related fringe benefits; (C)

146 fair rent, which shall be defined in regulations adopted in accordance  
147 with subsection (b) of this section; (D) capital-related costs, which shall  
148 include property taxes, insurance expenses, equipment leases and  
149 equipment depreciation; and (E) administrative and general costs,  
150 which shall include maintenance and operation of plant expenses,  
151 salaries for administrative and maintenance personnel and related  
152 fringe benefits. For (i) direct costs, the maximum cost shall be equal to  
153 one hundred thirty-five per cent of the median allowable cost of that  
154 peer grouping; (ii) indirect costs, the maximum cost shall be equal to one  
155 hundred fifteen per cent of the state-wide median allowable cost; (iii)  
156 fair rent, the amount shall be calculated utilizing the amount approved  
157 pursuant to section 17b-353; (iv) capital-related costs, there shall be no  
158 maximum; and (v) administrative and general costs, the maximum shall  
159 be equal to the state-wide median allowable cost.

160 (4) For the period beginning on October 1, 2021, and ending on June  
161 30, 2022, the commissioner may, in the commissioner's discretion and  
162 within available appropriations, provide pro rata fair rent increases to  
163 facilities which have documented fair rent additions placed in service in  
164 the cost report year ending on September 30, 2019, that are not otherwise  
165 included in the rates issued.

166 (5) There shall be no increase to rates based on inflation or any  
167 inflationary factor for the period beginning on October 1, 2021, and  
168 ending on June 30, 2023.

169 (6) For purposes of computing minimum allowable patient days,  
170 utilization of a facility's certified beds shall be determined at a minimum  
171 of ninety per cent of capacity, except for new facilities and facilities  
172 which are certified for additional beds which may be permitted a lower  
173 occupancy rate for the first three months of operation after the effective  
174 date of licensure.

175 (7) Rates determined under this section shall comply with federal  
176 laws and regulations.

177 (b) The Commissioner of Social Services may implement policies as  
178 necessary to carry out the provisions of this section while in the process  
179 of adopting the policies as regulations, provided that prior to  
180 implementation the policies are posted (1) on the eRegulations System  
181 established pursuant to section 4-173b and (2) the Department of Social  
182 Services' Internet web site.

183 Sec. 3. Section 17b-340 of the general statutes is repealed and the  
184 following is substituted in lieu thereof (*Effective July 1, 2021*):

185 (a) For purposes of this subsection, (1) a "related party" includes, but  
186 is not limited to, any company related to a chronic and convalescent  
187 nursing home through family association, common ownership, control  
188 or business association with any of the owners, operators or officials of  
189 such nursing home; (2) "company" means any person, partnership,  
190 association, holding company, limited liability company or corporation;  
191 (3) "family association" means a relationship by birth, marriage or  
192 domestic partnership; and (4) "profit and loss statement" means the  
193 most recent annual statement on profits and losses finalized by a related  
194 party before the annual report mandated under this subsection. The  
195 rates to be paid by or for persons aided or cared for by the state or any  
196 town in this state to licensed chronic and convalescent nursing homes,  
197 to chronic disease hospitals associated with chronic and convalescent  
198 nursing homes, to rest homes with nursing supervision, to licensed  
199 residential care homes, as defined by section 19a-490, and to residential  
200 facilities for persons with intellectual disability that are licensed  
201 pursuant to section 17a-227 and certified to participate in the Title XIX  
202 Medicaid program as intermediate care facilities for individuals with  
203 intellectual disabilities, for room, board and services specified in  
204 licensing regulations issued by the licensing agency shall be determined  
205 annually, except as otherwise provided in this subsection [, after a  
206 public hearing,] by the Commissioner of Social Services, to be effective  
207 July first of each year except as otherwise provided in this subsection.  
208 Such rates shall be determined on a basis of a reasonable payment for  
209 such necessary services, which basis shall take into account as a factor

210 the costs of such services. Cost of such services shall include reasonable  
211 costs mandated by collective bargaining agreements with certified  
212 collective bargaining agents or other agreements between the employer  
213 and employees, provided "employees" shall not include persons  
214 employed as managers or chief administrators or required to be licensed  
215 as nursing home administrators, and compensation for services  
216 rendered by proprietors at prevailing wage rates, as determined by  
217 application of principles of accounting as prescribed by said  
218 commissioner. Cost of such services shall not include amounts paid by  
219 the facilities to employees as salary, or to attorneys or consultants as  
220 fees, where the responsibility of the employees, attorneys, or consultants  
221 is to persuade or seek to persuade the other employees of the facility to  
222 support or oppose unionization. Nothing in this subsection shall  
223 prohibit inclusion of amounts paid for legal counsel related to the  
224 negotiation of collective bargaining agreements, the settlement of  
225 grievances or normal administration of labor relations. The  
226 commissioner may, in the commissioner's discretion, allow the inclusion  
227 of extraordinary and unanticipated costs of providing services that were  
228 incurred to avoid an immediate negative impact on the health and safety  
229 of patients. The commissioner may, in the commissioner's discretion,  
230 based upon review of a facility's costs, direct care staff to patient ratio  
231 and any other related information, revise a facility's rate for any  
232 increases or decreases to total licensed capacity of more than ten beds or  
233 changes to its number of licensed rest home with nursing supervision  
234 beds and chronic and convalescent nursing home beds. The  
235 commissioner may, in the commissioner's discretion, revise the rate of a  
236 facility that is closing. An interim rate issued for the period during  
237 which a facility is closing shall be based on a review of facility costs, the  
238 expected duration of the close-down period, the anticipated impact on  
239 Medicaid costs, available appropriations and the relationship of the rate  
240 requested by the facility to the average Medicaid rate for a close-down  
241 period. The commissioner may so revise a facility's rate established for  
242 the fiscal year ending June 30, 1993, and thereafter for any bed increases,  
243 decreases or changes in licensure effective after October 1, 1989.

244 Effective July 1, 1991, in facilities that have both a chronic and  
245 convalescent nursing home and a rest home with nursing supervision,  
246 the rate for the rest home with nursing supervision shall not exceed such  
247 facility's rate for its chronic and convalescent nursing home. All such  
248 facilities for which rates are determined under this subsection shall  
249 report on a fiscal year basis ending on September thirtieth. Such report  
250 shall be submitted to the commissioner by February fifteenth. Each for-  
251 profit chronic and convalescent nursing home that receives state  
252 funding pursuant to this section shall include in such annual report a  
253 profit and loss statement from each related party that receives from such  
254 chronic and convalescent nursing home fifty thousand dollars or more  
255 per year for goods, fees and services. No cause of action or liability shall  
256 arise against the state, the Department of Social Services, any state  
257 official or agent for failure to take action based on the information  
258 required to be reported under this subsection. The commissioner may  
259 reduce the rate in effect for a facility that fails to submit a complete and  
260 accurate report on or before February fifteenth by an amount not to  
261 exceed ten per cent of such rate. If a licensed residential care home fails  
262 to submit a complete and accurate report, the department shall notify  
263 such home of the failure and the home shall have thirty days from the  
264 date the notice was issued to submit a complete and accurate report. If  
265 a licensed residential care home fails to submit a complete and accurate  
266 report not later than thirty days after the date of notice, such home may  
267 not receive a retroactive rate increase, in the commissioner's discretion.  
268 The commissioner shall, annually, on or before April first, report the  
269 data contained in the reports of such facilities [to the joint standing  
270 committee of the General Assembly having cognizance of matters  
271 relating to appropriations and the budgets of state agencies] on the  
272 department's Internet web site. For the cost reporting year commencing  
273 October 1, 1985, and for subsequent cost reporting years, facilities shall  
274 report the cost of using the services of any nursing pool employee by  
275 separating said cost into two categories, the portion of the cost equal to  
276 the salary of the employee for whom the nursing pool employee is  
277 substituting shall be considered a nursing cost and any cost in excess of

278 such salary shall be further divided so that seventy-five per cent of the  
279 excess cost shall be considered an administrative or general cost and  
280 twenty-five per cent of the excess cost shall be considered a nursing cost,  
281 provided if the total nursing pool costs of a facility for any cost year are  
282 equal to or exceed fifteen per cent of the total nursing expenditures of  
283 the facility for such cost year, no portion of nursing pool costs in excess  
284 of fifteen per cent shall be classified as administrative or general costs.  
285 The commissioner, in determining such rates, shall also take into  
286 account the classification of patients or boarders according to special  
287 care requirements or classification of the facility according to such  
288 factors as facilities and services and such other factors as the  
289 commissioner deems reasonable, including anticipated fluctuations in  
290 the cost of providing such services. The commissioner may establish a  
291 separate rate for a facility or a portion of a facility for traumatic brain  
292 injury patients who require extensive care but not acute general hospital  
293 care. Such separate rate shall reflect the special care requirements of  
294 such patients. If changes in federal or state laws, regulations or  
295 standards adopted subsequent to June 30, 1985, result in increased costs  
296 or expenditures in an amount exceeding one-half of one per cent of  
297 allowable costs for the most recent cost reporting year, the  
298 commissioner shall adjust rates and provide payment for any such  
299 increased reasonable costs or expenditures within a reasonable period  
300 of time retroactive to the date of enforcement. Nothing in this section  
301 shall be construed to require the Department of Social Services to adjust  
302 rates and provide payment for any increases in costs resulting from an  
303 inspection of a facility by the Department of Public Health. Such  
304 assistance as the commissioner requires from other state agencies or  
305 departments in determining rates shall be made available to the  
306 commissioner at the commissioner's request. Payment of the rates  
307 established pursuant to this section shall be conditioned on the  
308 establishment by such facilities of admissions procedures that conform  
309 with this section, section 19a-533 and all other applicable provisions of  
310 the law and the provision of equality of treatment to all persons in such  
311 facilities. The established rates shall be the maximum amount

312 chargeable by such facilities for care of such beneficiaries, and the  
313 acceptance by or on behalf of any such facility of any additional  
314 compensation for care of any such beneficiary from any other person or  
315 source shall constitute the offense of aiding a beneficiary to obtain aid  
316 to which the beneficiary is not entitled and shall be punishable in the  
317 same manner as is provided in subsection (b) of section 17b-97. [For the  
318 fiscal year ending June 30, 1992, rates for licensed residential care homes  
319 and intermediate care facilities for individuals with intellectual  
320 disabilities may receive an increase not to exceed the most recent annual  
321 increase in the Regional Data Resources Incorporated McGraw-Hill  
322 Health Care Costs: Consumer Price Index (all urban)-All Items. Rates  
323 for newly certified intermediate care facilities for individuals with  
324 intellectual disabilities shall not exceed one hundred fifty per cent of the  
325 median rate of rates in effect on January 31, 1991, for intermediate care  
326 facilities for individuals with intellectual disabilities certified prior to  
327 February 1, 1991.] Notwithstanding any provision of this section, the  
328 Commissioner of Social Services may, within available appropriations,  
329 provide an interim rate increase for a licensed chronic and convalescent  
330 nursing home or a rest home with nursing supervision for rate periods  
331 no earlier than April 1, 2004, only if the commissioner determines that  
332 the increase is necessary to avoid the filing of a petition for relief under  
333 Title 11 of the United States Code; imposition of receivership pursuant  
334 to sections 19a-542 and 19a-543; or substantial deterioration of the  
335 facility's financial condition that may be expected to adversely affect  
336 resident care and the continued operation of the facility, and the  
337 commissioner determines that the continued operation of the facility is  
338 in the best interest of the state. The commissioner shall consider any  
339 requests for interim rate increases on file with the department from  
340 March 30, 2004, and those submitted subsequently for rate periods no  
341 earlier than April 1, 2004. When reviewing an interim rate increase  
342 request the commissioner shall, at a minimum, consider: (A) Existing  
343 chronic and convalescent nursing home or rest home with nursing  
344 supervision utilization in the area and projected bed need; (B) physical  
345 plant long-term viability and the ability of the owner or purchaser to

346 implement any necessary property improvements; (C) licensure and  
347 certification compliance history; (D) reasonableness of actual and  
348 projected expenses; and (E) the ability of the facility to meet wage and  
349 benefit costs. No interim rate shall be increased pursuant to this  
350 subsection in excess of one hundred fifteen per cent of the median rate  
351 for the facility's peer grouping, established pursuant to subdivision (2)  
352 of subsection (f) of this section, unless recommended by the  
353 commissioner and approved by the Secretary of the Office of Policy and  
354 Management after consultation with the commissioner. Such median  
355 rates shall be published by the Department of Social Services not later  
356 than April first of each year. In the event that a facility granted an  
357 interim rate increase pursuant to this section is sold or otherwise  
358 conveyed for value to an unrelated entity less than five years after the  
359 effective date of such rate increase, the rate increase shall be deemed  
360 rescinded and the department shall recover an amount equal to the  
361 difference between payments made for all affected rate periods and  
362 payments that would have been made if the interim rate increase was  
363 not granted. The commissioner may seek recovery of such payments  
364 from any facility with common ownership. With the approval of the  
365 Secretary of the Office of Policy and Management, the commissioner  
366 may waive recovery and rescission of the interim rate for good cause  
367 shown that is not inconsistent with this section, including, but not  
368 limited to, transfers to family members that were made for no value. The  
369 commissioner shall provide written quarterly reports to the joint  
370 standing committees of the General Assembly having cognizance of  
371 matters relating to aging, human services and appropriations and the  
372 budgets of state agencies, that identify each facility requesting an  
373 interim rate increase, the amount of the requested rate increase for each  
374 facility, the action taken by the commissioner and the secretary pursuant  
375 to this subsection, and estimates of the additional cost to the state for  
376 each approved interim rate increase. Nothing in this subsection shall  
377 prohibit the commissioner from increasing the rate of a licensed chronic  
378 and convalescent nursing home or a rest home with nursing supervision  
379 for allowable costs associated with facility capital improvements or

380 increasing the rate in case of a sale of a licensed chronic and convalescent  
381 nursing home or a rest home with nursing supervision [, pursuant to  
382 subdivision (15) of subsection (f) of this section,] if receivership has been  
383 imposed on such home.

384 (b) [The Commissioner of Social Services shall adopt regulations in  
385 accordance with the provisions of chapter 54 to specify other allowable  
386 services. For purposes of this section, other allowable services means  
387 those services required by any medical assistance beneficiary residing  
388 in such home or hospital which are not already covered in the rate set  
389 by the commissioner in accordance with the provisions of subsection (a)  
390 of this section] The Commissioner of Social Services may implement  
391 policies and procedures as necessary to carry out the provisions of this  
392 section while in the process of adopting the policies and procedures as  
393 regulations, provided notice of intent to adopt the regulations is  
394 published in accordance with the provisions of section 17b-10 not later  
395 than twenty days after the date of implementation.

396 (c) No facility subject to the requirements of this section shall accept  
397 payment in excess of the rate set by the commissioner pursuant to  
398 subsection (a) of this section for any medical assistance patient from this  
399 or any other state. No facility shall accept payment in excess of the  
400 reasonable and necessary costs of other allowable services as specified  
401 by the commissioner pursuant to the regulations adopted under  
402 subsection (b) of this section for any public assistance patient from this  
403 or any other state. Notwithstanding the provisions of this subsection,  
404 the commissioner may authorize a facility to accept payment in excess  
405 of the rate paid for a medical assistance patient in this state for a patient  
406 who receives medical assistance from another state.

407 (d) In any instance where the Commissioner of Social Services finds  
408 that a facility subject to the requirements of this section is accepting  
409 payment for a medical assistance beneficiary in violation of subsection  
410 (c) of this section, the commissioner shall proceed to recover through the  
411 rate set for the facility any sum in excess of the stipulated per diem and

412 other allowable costs, as provided for in regulations adopted pursuant  
413 to subsections (a) and (b) of this section. The commissioner shall make  
414 the recovery prospectively at the time of the next annual rate  
415 redetermination.

416 (e) Except as provided in this subsection, the provisions of  
417 subsections (c) and (d) of this section shall not apply to any facility  
418 subject to the requirements of this section, which on October 1, 1981, (1)  
419 was accepting payments from the commissioner in accordance with the  
420 provisions of subsection (a) of this section, (2) was accepting medical  
421 assistance payments from another state for at least twenty per cent of its  
422 patients, and (3) had not notified the commissioner of any intent to  
423 terminate its provider agreement, in accordance with section 17b-271,  
424 provided no patient residing in any such facility on May 22, 1984, shall  
425 be removed from such facility for purposes of meeting the requirements  
426 of this subsection. If the commissioner finds that the number of beds  
427 available to medical assistance patients from this state in any such  
428 facility is less than fifteen per cent the provisions of subsections (c) and  
429 (d) of this section shall apply to that number of beds which is less than  
430 said percentage.

431 (f) For the fiscal years ending on or before June 30, 2021, and for the  
432 period beginning on July 1, 2021, and ending on September 30, 2021,  
433 rates for nursing home facilities shall be set in accordance with this  
434 subsection. On and after October 1, 2021, such rates shall be set in  
435 accordance with section 17b-340d, as amended by this act. For the fiscal  
436 year ending June 30, 1992, the rates paid by or for persons aided or cared  
437 for by the state or any town in this state to facilities for room, board and  
438 services specified in licensing regulations issued by the licensing  
439 agency, except intermediate care facilities for individuals with  
440 intellectual disabilities and residential care homes, shall be based on the  
441 cost year ending September 30, 1989. For the fiscal years ending June 30,  
442 1993, and June 30, 1994, such rates shall be based on the cost year ending  
443 September 30, 1990. Such rates shall be determined by the  
444 Commissioner of Social Services in accordance with this section and the

445 regulations of Connecticut state agencies promulgated by the  
446 commissioner and in effect on April 1, 1991, except that:

447 (1) Allowable costs shall be divided into the following five cost  
448 components: (A) Direct costs, which shall include salaries for nursing  
449 personnel, related fringe benefits and nursing pool costs; (B) indirect  
450 costs, which shall include professional fees, dietary expenses,  
451 housekeeping expenses, laundry expenses, supplies related to patient  
452 care, salaries for indirect care personnel and related fringe benefits; (C)  
453 fair rent, which shall be defined in accordance with subsection (f) of  
454 section 17-311-52 of the regulations of Connecticut state agencies; (D)  
455 capital-related costs, which shall include property taxes, insurance  
456 expenses, equipment leases and equipment depreciation; and (E)  
457 administrative and general costs, which shall include (i) maintenance  
458 and operation of plant expenses, (ii) salaries for administrative and  
459 maintenance personnel, and (iii) related fringe benefits. The  
460 commissioner may provide a rate adjustment for nonemergency  
461 transportation services required by nursing facility residents. Such  
462 adjustment shall be a fixed amount determined annually by the  
463 commissioner based upon a review of costs and other associated  
464 information. Allowable costs shall not include costs for ancillary  
465 services payable under Part B of the Medicare program.

466 (2) Two geographic peer groupings of facilities shall be established  
467 for each level of care, as defined by the Department of Social Services  
468 for the determination of rates, for the purpose of determining allowable  
469 direct costs. One peer grouping shall be comprised of those facilities  
470 located in Fairfield County. The other peer grouping shall be comprised  
471 of facilities located in all other counties.

472 (3) For the fiscal year ending June 30, 1992, per diem maximum  
473 allowable costs for each cost component shall be as follows: For direct  
474 costs, the maximum shall be equal to one hundred forty per cent of the  
475 median allowable cost of that peer grouping; for indirect costs, the  
476 maximum shall be equal to one hundred thirty per cent of the state-wide

477 median allowable cost; for fair rent, the amount shall be calculated  
478 utilizing the amount approved by the Office of Health Care Access  
479 pursuant to section 19a-638; for capital-related costs, there shall be no  
480 maximum; and for administrative and general costs, the maximum shall  
481 be equal to one hundred twenty-five per cent of the state-wide median  
482 allowable cost. For the fiscal year ending June 30, 1993, per diem  
483 maximum allowable costs for each cost component shall be as follows:  
484 For direct costs, the maximum shall be equal to one hundred forty per  
485 cent of the median allowable cost of that peer grouping; for indirect  
486 costs, the maximum shall be equal to one hundred twenty-five per cent  
487 of the state-wide median allowable cost; for fair rent, the amount shall  
488 be calculated utilizing the amount approved by the Office of Health  
489 Care Access pursuant to section 19a-638; for capital-related costs, there  
490 shall be no maximum; and for administrative and general costs the  
491 maximum shall be equal to one hundred fifteen per cent of the state-  
492 wide median allowable cost. For the fiscal year ending June 30, 1994, per  
493 diem maximum allowable costs for each cost component shall be as  
494 follows: For direct costs, the maximum shall be equal to one hundred  
495 thirty-five per cent of the median allowable cost of that peer grouping;  
496 for indirect costs, the maximum shall be equal to one hundred twenty  
497 per cent of the state-wide median allowable cost; for fair rent, the  
498 amount shall be calculated utilizing the amount approved by the Office  
499 of Health Care Access pursuant to section 19a-638; for capital-related  
500 costs, there shall be no maximum; and for administrative and general  
501 costs the maximum shall be equal to one hundred ten per cent of the  
502 state-wide median allowable cost. For the fiscal year ending June 30,  
503 1995, per diem maximum allowable costs for each cost component shall  
504 be as follows: For direct costs, the maximum shall be equal to one  
505 hundred thirty-five per cent of the median allowable cost of that peer  
506 grouping; for indirect costs, the maximum shall be equal to one hundred  
507 twenty per cent of the state-wide median allowable cost; for fair rent,  
508 the amount shall be calculated utilizing the amount approved by the  
509 Office of Health Care Access pursuant to section 19a-638; for capital-  
510 related costs, there shall be no maximum; and for administrative and

511 general costs the maximum shall be equal to one hundred five per cent  
512 of the state-wide median allowable cost. For the fiscal year ending June  
513 30, 1996, and any succeeding fiscal year, except for the fiscal years  
514 ending June 30, 2000, and June 30, 2001, for facilities with an interim rate  
515 in one or both periods, per diem maximum allowable costs for each cost  
516 component shall be as follows: For direct costs, the maximum shall be  
517 equal to one hundred thirty-five per cent of the median allowable cost  
518 of that peer grouping; for indirect costs, the maximum shall be equal to  
519 one hundred fifteen per cent of the state-wide median allowable cost;  
520 for fair rent, the amount shall be calculated utilizing the amount  
521 approved pursuant to section 19a-638; for capital-related costs, there  
522 shall be no maximum; and for administrative and general costs the  
523 maximum shall be equal to the state-wide median allowable cost. For  
524 the fiscal years ending June 30, 2000, and June 30, 2001, for facilities with  
525 an interim rate in one or both periods, per diem maximum allowable  
526 costs for each cost component shall be as follows: For direct costs, the  
527 maximum shall be equal to one hundred forty-five per cent of the  
528 median allowable cost of that peer grouping; for indirect costs, the  
529 maximum shall be equal to one hundred twenty-five per cent of the  
530 state-wide median allowable cost; for fair rent, the amount shall be  
531 calculated utilizing the amount approved pursuant to section 19a-638;  
532 for capital-related costs, there shall be no maximum; and for  
533 administrative and general costs, the maximum shall be equal to the  
534 state-wide median allowable cost and such medians shall be based upon  
535 the same cost year used to set rates for facilities with prospective rates.  
536 Costs in excess of the maximum amounts established under this  
537 subsection shall not be recognized as allowable costs, except that the  
538 Commissioner of Social Services (A) may allow costs in excess of  
539 maximum amounts for any facility with patient days covered by  
540 Medicare, including days requiring coinsurance, in excess of twelve per  
541 cent of annual patient days which also has patient days covered by  
542 Medicaid in excess of fifty per cent of annual patient days; (B) may  
543 establish a pilot program whereby costs in excess of maximum amounts  
544 shall be allowed for beds in a nursing home which has a managed care

545 program and is affiliated with a hospital licensed under chapter 368v;  
546 and (C) may establish rates whereby allowable costs may exceed such  
547 maximum amounts for beds approved on or after July 1, 1991, which are  
548 restricted to use by patients with acquired immune deficiency syndrome  
549 or traumatic brain injury.

550 (4) For the fiscal year ending June 30, 1992, (A) no facility shall receive  
551 a rate that is less than the rate it received for the rate year ending June  
552 30, 1991; (B) no facility whose rate, if determined pursuant to this  
553 subsection, would exceed one hundred twenty per cent of the state-wide  
554 median rate, as determined pursuant to this subsection, shall receive a  
555 rate which is five and one-half per cent more than the rate it received for  
556 the rate year ending June 30, 1991; and (C) no facility whose rate, if  
557 determined pursuant to this subsection, would be less than one hundred  
558 twenty per cent of the state-wide median rate, as determined pursuant  
559 to this subsection, shall receive a rate which is six and one-half per cent  
560 more than the rate it received for the rate year ending June 30, 1991. For  
561 the fiscal year ending June 30, 1993, no facility shall receive a rate that is  
562 less than the rate it received for the rate year ending June 30, 1992, or six  
563 per cent more than the rate it received for the rate year ending June 30,  
564 1992. For the fiscal year ending June 30, 1994, no facility shall receive a  
565 rate that is less than the rate it received for the rate year ending June 30,  
566 1993, or six per cent more than the rate it received for the rate year  
567 ending June 30, 1993. For the fiscal year ending June 30, 1995, no facility  
568 shall receive a rate that is more than five per cent less than the rate it  
569 received for the rate year ending June 30, 1994, or six per cent more than  
570 the rate it received for the rate year ending June 30, 1994. For the fiscal  
571 years ending June 30, 1996, and June 30, 1997, no facility shall receive a  
572 rate that is more than three per cent more than the rate it received for  
573 the prior rate year. For the fiscal year ending June 30, 1998, a facility shall  
574 receive a rate increase that is not more than two per cent more than the  
575 rate that the facility received in the prior year. For the fiscal year ending  
576 June 30, 1999, a facility shall receive a rate increase that is not more than  
577 three per cent more than the rate that the facility received in the prior

578 year and that is not less than one per cent more than the rate that the  
579 facility received in the prior year, exclusive of rate increases associated  
580 with a wage, benefit and staffing enhancement rate adjustment added  
581 for the period from April 1, 1999, to June 30, 1999, inclusive. For the fiscal  
582 year ending June 30, 2000, each facility, except a facility with an interim  
583 rate or replaced interim rate for the fiscal year ending June 30, 1999, and  
584 a facility having a certificate of need or other agreement specifying rate  
585 adjustments for the fiscal year ending June 30, 2000, shall receive a rate  
586 increase equal to one per cent applied to the rate the facility received for  
587 the fiscal year ending June 30, 1999, exclusive of the facility's wage,  
588 benefit and staffing enhancement rate adjustment. For the fiscal year  
589 ending June 30, 2000, no facility with an interim rate, replaced interim  
590 rate or scheduled rate adjustment specified in a certificate of need or  
591 other agreement for the fiscal year ending June 30, 2000, shall receive a  
592 rate increase that is more than one per cent more than the rate the facility  
593 received in the fiscal year ending June 30, 1999. For the fiscal year ending  
594 June 30, 2001, each facility, except a facility with an interim rate or  
595 replaced interim rate for the fiscal year ending June 30, 2000, and a  
596 facility having a certificate of need or other agreement specifying rate  
597 adjustments for the fiscal year ending June 30, 2001, shall receive a rate  
598 increase equal to two per cent applied to the rate the facility received for  
599 the fiscal year ending June 30, 2000, subject to verification of wage  
600 enhancement adjustments pursuant to subdivision (14) of this  
601 subsection. For the fiscal year ending June 30, 2001, no facility with an  
602 interim rate, replaced interim rate or scheduled rate adjustment  
603 specified in a certificate of need or other agreement for the fiscal year  
604 ending June 30, 2001, shall receive a rate increase that is more than two  
605 per cent more than the rate the facility received for the fiscal year ending  
606 June 30, 2000. For the fiscal year ending June 30, 2002, each facility shall  
607 receive a rate that is two and one-half per cent more than the rate the  
608 facility received in the prior fiscal year. For the fiscal year ending June  
609 30, 2003, each facility shall receive a rate that is two per cent more than  
610 the rate the facility received in the prior fiscal year, except that such  
611 increase shall be effective January 1, 2003, and such facility rate in effect

612 for the fiscal year ending June 30, 2002, shall be paid for services  
613 provided until December 31, 2002, except any facility that would have  
614 been issued a lower rate effective July 1, 2002, than for the fiscal year  
615 ending June 30, 2002, due to interim rate status or agreement with the  
616 department shall be issued such lower rate effective July 1, 2002, and  
617 have such rate increased two per cent effective June 1, 2003. For the fiscal  
618 year ending June 30, 2004, rates in effect for the period ending June 30,  
619 2003, shall remain in effect, except any facility that would have been  
620 issued a lower rate effective July 1, 2003, than for the fiscal year ending  
621 June 30, 2003, due to interim rate status or agreement with the  
622 department shall be issued such lower rate effective July 1, 2003. For the  
623 fiscal year ending June 30, 2005, rates in effect for the period ending June  
624 30, 2004, shall remain in effect until December 31, 2004, except any  
625 facility that would have been issued a lower rate effective July 1, 2004,  
626 than for the fiscal year ending June 30, 2004, due to interim rate status  
627 or agreement with the department shall be issued such lower rate  
628 effective July 1, 2004. Effective January 1, 2005, each facility shall receive  
629 a rate that is one per cent greater than the rate in effect December 31,  
630 2004. Effective upon receipt of all the necessary federal approvals to  
631 secure federal financial participation matching funds associated with  
632 the rate increase provided in this subdivision, but in no event earlier  
633 than July 1, 2005, and provided the user fee imposed under section 17b-  
634 320 is required to be collected, for the fiscal year ending June 30, 2006,  
635 the department shall compute the rate for each facility based upon its  
636 2003 cost report filing or a subsequent cost year filing for facilities  
637 having an interim rate for the period ending June 30, 2005, as provided  
638 under section 17-311-55 of the regulations of Connecticut state agencies.  
639 For each facility not having an interim rate for the period ending June  
640 30, 2005, the rate for the period ending June 30, 2006, shall be determined  
641 beginning with the higher of the computed rate based upon its 2003 cost  
642 report filing or the rate in effect for the period ending June 30, 2005. Such  
643 rate shall then be increased by eleven dollars and eighty cents per day  
644 except that in no event shall the rate for the period ending June 30, 2006,  
645 be thirty-two dollars more than the rate in effect for the period ending

646 June 30, 2005, and for any facility with a rate below one hundred ninety-  
647 five dollars per day for the period ending June 30, 2005, such rate for the  
648 period ending June 30, 2006, shall not be greater than two hundred  
649 seventeen dollars and forty-three cents per day and for any facility with  
650 a rate equal to or greater than one hundred ninety-five dollars per day  
651 for the period ending June 30, 2005, such rate for the period ending June  
652 30, 2006, shall not exceed the rate in effect for the period ending June 30,  
653 2005, increased by eleven and one-half per cent. For each facility with  
654 an interim rate for the period ending June 30, 2005, the interim  
655 replacement rate for the period ending June 30, 2006, shall not exceed  
656 the rate in effect for the period ending June 30, 2005, increased by eleven  
657 dollars and eighty cents per day plus the per day cost of the user fee  
658 payments made pursuant to section 17b-320 divided by annual resident  
659 service days, except for any facility with an interim rate below one  
660 hundred ninety-five dollars per day for the period ending June 30, 2005,  
661 the interim replacement rate for the period ending June 30, 2006, shall  
662 not be greater than two hundred seventeen dollars and forty-three cents  
663 per day and for any facility with an interim rate equal to or greater than  
664 one hundred ninety-five dollars per day for the period ending June 30,  
665 2005, the interim replacement rate for the period ending June 30, 2006,  
666 shall not exceed the rate in effect for the period ending June 30, 2005,  
667 increased by eleven and one-half per cent. Such July 1, 2005, rate  
668 adjustments shall remain in effect unless (i) the federal financial  
669 participation matching funds associated with the rate increase are no  
670 longer available; or (ii) the user fee created pursuant to section 17b-320  
671 is not in effect. For the fiscal year ending June 30, 2007, each facility shall  
672 receive a rate that is three per cent greater than the rate in effect for the  
673 period ending June 30, 2006, except any facility that would have been  
674 issued a lower rate effective July 1, 2006, than for the rate period ending  
675 June 30, 2006, due to interim rate status or agreement with the  
676 department, shall be issued such lower rate effective July 1, 2006. For the  
677 fiscal year ending June 30, 2008, each facility shall receive a rate that is  
678 two and nine-tenths per cent greater than the rate in effect for the period  
679 ending June 30, 2007, except any facility that would have been issued a

680 lower rate effective July 1, 2007, than for the rate period ending June 30,  
681 2007, due to interim rate status or agreement with the department, shall  
682 be issued such lower rate effective July 1, 2007. For the fiscal year ending  
683 June 30, 2009, rates in effect for the period ending June 30, 2008, shall  
684 remain in effect until June 30, 2009, except any facility that would have  
685 been issued a lower rate for the fiscal year ending June 30, 2009, due to  
686 interim rate status or agreement with the department shall be issued  
687 such lower rate. For the fiscal years ending June 30, 2010, and June 30,  
688 2011, rates in effect for the period ending June 30, 2009, shall remain in  
689 effect until June 30, 2011, except any facility that would have been issued  
690 a lower rate for the fiscal year ending June 30, 2010, or the fiscal year  
691 ending June 30, 2011, due to interim rate status or agreement with the  
692 department, shall be issued such lower rate. For the fiscal years ending  
693 June 30, 2012, and June 30, 2013, rates in effect for the period ending June  
694 30, 2011, shall remain in effect until June 30, 2013, except any facility that  
695 would have been issued a lower rate for the fiscal year ending June 30,  
696 2012, or the fiscal year ending June 30, 2013, due to interim rate status  
697 or agreement with the department, shall be issued such lower rate. For  
698 the fiscal year ending June 30, 2014, the department shall determine  
699 facility rates based upon 2011 cost report filings subject to the provisions  
700 of this section and applicable regulations except: (I) A ninety per cent  
701 minimum occupancy standard shall be applied; (II) no facility shall  
702 receive a rate that is higher than the rate in effect on June 30, 2013; and  
703 (III) no facility shall receive a rate that is more than four per cent lower  
704 than the rate in effect on June 30, 2013, except that any facility that would  
705 have been issued a lower rate effective July 1, 2013, than for the rate  
706 period ending June 30, 2013, due to interim rate status or agreement  
707 with the department, shall be issued such lower rate effective July 1,  
708 2013. For the fiscal year ending June 30, 2015, rates in effect for the  
709 period ending June 30, 2014, shall remain in effect until June 30, 2015,  
710 except any facility that would have been issued a lower rate effective  
711 July 1, 2014, than for the rate period ending June 30, 2014, due to interim  
712 rate status or agreement with the department, shall be issued such lower  
713 rate effective July 1, 2014. For the fiscal years ending June 30, 2016, and

714 June 30, 2017, rates shall not exceed those in effect for the period ending  
715 June 30, 2015, except the rate paid to a facility may be higher than the  
716 rate paid to the facility for the period ending June 30, 2015, if the  
717 commissioner provides, within available appropriations, pro rata fair  
718 rent increases, which may, at the discretion of the commissioner, include  
719 increases for facilities which have undergone a material change in  
720 circumstances related to fair rent additions or moveable equipment  
721 placed in service in cost report years ending September 30, 2014, and  
722 September 30, 2015, and not otherwise included in rates issued. For the  
723 fiscal years ending June 30, 2016, and June 30, 2017, and each succeeding  
724 fiscal year, any facility that would have been issued a lower rate, due to  
725 interim rate status or agreement with the department, shall be issued  
726 such lower rate. For the fiscal year ending June 30, 2018, facilities that  
727 received a rate decrease due to the expiration of a 2015 fair rent asset  
728 shall receive a rate increase of an equivalent amount effective July 1,  
729 2017. For the fiscal year ending June 30, 2018, the department shall  
730 determine facility rates based upon 2016 cost report filings subject to the  
731 provisions of this section and applicable regulations, provided no  
732 facility shall receive a rate that is higher than the rate in effect on  
733 December 31, 2016, and no facility shall receive a rate that is more than  
734 two per cent lower than the rate in effect on December 31, 2016. For the  
735 fiscal year ending June 30, 2019, no facility shall receive a rate that is  
736 higher than the rate in effect on June 30, 2018, except the rate paid to a  
737 facility may be higher than the rate paid to the facility for the period  
738 ending June 30, 2018, if the commissioner provides, within available  
739 appropriations, pro rata fair rent increases, which may, at the discretion  
740 of the commissioner, include increases for facilities which have  
741 undergone a material change in circumstances related to fair rent  
742 additions or moveable equipment placed in service in the cost report  
743 year ending September 30, 2017, and not otherwise included in rates  
744 issued. For the fiscal year ending June 30, 2020, the department shall  
745 determine facility rates based upon 2018 cost report filings subject to the  
746 provisions of this section, adjusted to reflect any rate increases provided  
747 after the cost report year ending September 30, 2018, and applicable

748 regulations, provided no facility shall receive a rate that is higher than  
749 the rate in effect on June 30, 2019, except the rate paid to a facility may  
750 be higher than the rate paid to the facility for the fiscal year ending June  
751 30, 2019, if the commissioner provides, within available appropriations,  
752 pro rata fair rent increases, which may, at the discretion of the  
753 commissioner, include increases for facilities which have undergone a  
754 material change in circumstances related to fair rent additions in the cost  
755 report year ending September 30, 2018, and are not otherwise included  
756 in rates issued. For the fiscal year ending June 30, 2020, no facility shall  
757 receive a rate that is more than two per cent lower than the rate in effect  
758 on June 30, 2019, unless the facility has an occupancy level of less than  
759 seventy per cent, as reported in the 2018 cost report, or an overall rating  
760 on Medicare's Nursing Home Compare of one star for the three most  
761 recent reporting periods as of July 1, 2019, unless the facility is under an  
762 interim rate due to new ownership. For the fiscal year ending June 30,  
763 2021, no facility shall receive a rate that is higher than the rate in effect  
764 on June 30, 2020, except the rate paid to a facility may be higher than the  
765 rate paid to the facility for the fiscal year ending June 30, 2020, if the  
766 commissioner provides, within available appropriations, pro rata fair  
767 rent increases, which may, at the discretion of the commissioner, include  
768 increases for facilities which have undergone a material change in  
769 circumstances related to fair rent additions in the cost report year  
770 ending September 30, 2019, and are not otherwise included in rates  
771 issued. The Commissioner of Social Services shall add fair rent increases  
772 to any other rate increases established pursuant to this subdivision for a  
773 facility which has undergone a material change in circumstances related  
774 to fair rent, except for the fiscal years ending June 30, 2010, June 30, 2011,  
775 and June 30, 2012, such fair rent increases shall only be provided to  
776 facilities with an approved certificate of need pursuant to section 17b-  
777 352, 17b-353, 17b-354 or 17b-355. For the fiscal year ending June 30, 2013,  
778 the commissioner may, within available appropriations, provide pro  
779 rata fair rent increases for facilities which have undergone a material  
780 change in circumstances related to fair rent additions placed in service  
781 in cost report years ending September 30, 2008, to September 30, 2011,

782 inclusive, and not otherwise included in rates issued. For the fiscal years  
783 ending June 30, 2014, and June 30, 2015, the commissioner may, within  
784 available appropriations, provide pro rata fair rent increases, which may  
785 include moveable equipment at the discretion of the commissioner, for  
786 facilities which have undergone a material change in circumstances  
787 related to fair rent additions or moveable equipment placed in service  
788 in cost report years ending September 30, 2012, and September 30, 2013,  
789 and not otherwise included in rates issued. The commissioner shall add  
790 fair rent increases associated with an approved certificate of need  
791 pursuant to section 17b-352, 17b-353, 17b-354 or 17b-355. Interim rates  
792 may take into account reasonable costs incurred by a facility, including  
793 wages and benefits. Notwithstanding the provisions of this section, the  
794 Commissioner of Social Services may, subject to available  
795 appropriations, increase or decrease rates issued to licensed chronic and  
796 convalescent nursing homes and licensed rest homes with nursing  
797 supervision. Notwithstanding any provision of this section, the  
798 Commissioner of Social Services shall, effective July 1, 2015, within  
799 available appropriations, adjust facility rates in accordance with the  
800 application of standard accounting principles as prescribed by the  
801 commissioner, for each facility subject to subsection (a) of this section.  
802 Such adjustment shall provide a pro-rata increase based on direct and  
803 indirect care employee salaries reported in the 2014 annual cost report,  
804 and adjusted to reflect subsequent salary increases, to reflect reasonable  
805 costs mandated by collective bargaining agreements with certified  
806 collective bargaining agents, or otherwise provided by a facility to its  
807 employees. For purposes of this subsection, "employee" shall not  
808 include a person employed as a facility's manager, chief administrator,  
809 a person required to be licensed as a nursing home administrator or any  
810 individual who receives compensation for services pursuant to a  
811 contractual arrangement and who is not directly employed by the  
812 facility. The commissioner may establish an upper limit for reasonable  
813 costs associated with salary adjustments beyond which the adjustment  
814 shall not apply. Nothing in this section shall require the commissioner  
815 to distribute such adjustments in a way that jeopardizes anticipated

816 federal reimbursement. Facilities that receive such adjustment but do  
817 not provide increases in employee salaries as described in this  
818 subsection on or before July 31, 2015, may be subject to a rate decrease  
819 in the same amount as the adjustment by the commissioner. Of the  
820 amount appropriated for this purpose, no more than nine million  
821 dollars shall go to increases based on reasonable costs mandated by  
822 collective bargaining agreements. Notwithstanding the provisions of  
823 this subsection, effective July 1, 2019, October 1, 2020, and January 1,  
824 2021, the commissioner shall, within available appropriations, increase  
825 rates for the purpose of wage and benefit enhancements for facility  
826 employees. The commissioner shall adjust the rate paid to the facility in  
827 the form of a rate adjustment to reflect any rate increases paid after the  
828 cost report year ending September 30, 2018. Facilities that receive a rate  
829 adjustment for the purpose of wage and benefit enhancements but do  
830 not provide increases in employee salaries as described in this  
831 subsection on or before September 30, 2019, October 31, 2020, and  
832 January 31, 2021, respectively, may be subject to a rate decrease in the  
833 same amount as the adjustment by the commissioner.

834 (5) For the purpose of determining allowable fair rent, a facility with  
835 allowable fair rent less than the twenty-fifth percentile of the state-wide  
836 allowable fair rent shall be reimbursed as having allowable fair rent  
837 equal to the twenty-fifth percentile of the state-wide allowable fair rent,  
838 provided for the fiscal years ending June 30, 1996, and June 30, 1997, the  
839 reimbursement may not exceed the twenty-fifth percentile of the state-  
840 wide allowable fair rent for the fiscal year ending June 30, 1995. On and  
841 after July 1, 1998, the Commissioner of Social Services may allow  
842 minimum fair rent as the basis upon which reimbursement associated  
843 with improvements to real property is added. Beginning with the fiscal  
844 year ending June 30, 1996, any facility with a rate of return on real  
845 property other than land in excess of eleven per cent shall have such  
846 allowance revised to eleven per cent. Any facility or its related realty  
847 affiliate which finances or refinances debt through bonds issued by the  
848 State of Connecticut Health and Education Facilities Authority shall

849 report the terms and conditions of such financing or refinancing to the  
850 Commissioner of Social Services within thirty days of completing such  
851 financing or refinancing. The Commissioner of Social Services may  
852 revise the facility's fair rent component of its rate to reflect any financial  
853 benefit the facility or its related realty affiliate received as a result of such  
854 financing or refinancing, including but not limited to, reductions in the  
855 amount of debt service payments or period of debt repayment. The  
856 commissioner shall allow actual debt service costs for bonds issued by  
857 the State of Connecticut Health and Educational Facilities Authority if  
858 such costs do not exceed property costs allowed pursuant to subsection  
859 (f) of section 17-311-52 of the regulations of Connecticut state agencies,  
860 provided the commissioner may allow higher debt service costs for such  
861 bonds for good cause. For facilities which first open on or after October  
862 1, 1992, the commissioner shall determine allowable fair rent for real  
863 property other than land based on the rate of return for the cost year in  
864 which such bonds were issued. The financial benefit resulting from a  
865 facility financing or refinancing debt through such bonds shall be shared  
866 between the state and the facility to an extent determined by the  
867 commissioner on a case-by-case basis and shall be reflected in an  
868 adjustment to the facility's allowable fair rent.

869 (6) A facility shall receive cost efficiency adjustments for indirect costs  
870 and for administrative and general costs if such costs are below the  
871 state-wide median costs. The cost efficiency adjustments shall equal  
872 twenty-five per cent of the difference between allowable reported costs  
873 and the applicable median allowable cost established pursuant to this  
874 subdivision.

875 (7) For the fiscal year ending June 30, 1992, allowable operating costs,  
876 excluding fair rent, shall be inflated using the Regional Data Resources  
877 Incorporated McGraw-Hill Health Care Costs: Consumer Price Index  
878 (all urban)-All Items minus one and one-half per cent. For the fiscal year  
879 ending June 30, 1993, allowable operating costs, excluding fair rent, shall  
880 be inflated using the Regional Data Resources Incorporated McGraw-  
881 Hill Health Care Costs: Consumer Price Index (all urban)-All Items

882 minus one and three-quarters per cent. For the fiscal years ending June  
883 30, 1994, and June 30, 1995, allowable operating costs, excluding fair  
884 rent, shall be inflated using the Regional Data Resources Incorporated  
885 McGraw-Hill Health Care Costs: Consumer Price Index (all urban)-All  
886 Items minus two per cent. For the fiscal year ending June 30, 1996,  
887 allowable operating costs, excluding fair rent, shall be inflated using the  
888 Regional Data Resources Incorporated McGraw-Hill Health Care Costs:  
889 Consumer Price Index (all urban)-All Items minus two and one-half per  
890 cent. For the fiscal year ending June 30, 1997, allowable operating costs,  
891 excluding fair rent, shall be inflated using the Regional Data Resources  
892 Incorporated McGraw-Hill Health Care Costs: Consumer Price Index  
893 (all urban)-All Items minus three and one-half per cent. For the fiscal  
894 year ending June 30, 1992, and any succeeding fiscal year, allowable fair  
895 rent shall be those reported in the annual report of long-term care  
896 facilities for the cost year ending the immediately preceding September  
897 thirtieth. The inflation index to be used pursuant to this subsection shall  
898 be computed to reflect inflation between the midpoint of the cost year  
899 through the midpoint of the rate year. The Department of Social Services  
900 shall study methods of reimbursement for fair rent and shall report its  
901 findings and recommendations to the joint standing committee of the  
902 General Assembly having cognizance of matters relating to human  
903 services on or before January 15, 1993.

904 (8) On and after July 1, 1994, costs shall be rebased no more frequently  
905 than every two years and no less frequently than every four years, as  
906 determined by the commissioner. The commissioner shall determine  
907 whether and to what extent a change in ownership of a facility shall  
908 occasion the rebasing of the facility's costs.

909 (9) The method of establishing rates for new facilities shall be  
910 determined by the commissioner in accordance with the provisions of  
911 this subsection until September 30, 2021.

912 (10) Rates determined under this section shall comply with federal  
913 laws and regulations.

914 (11) Notwithstanding the provisions of this subsection, interim rates  
915 issued for facilities on and after July 1, 1991, shall be subject to applicable  
916 fiscal year cost component limitations established pursuant to  
917 subdivision (3) of this subsection.

918 (12) A chronic and convalescent nursing home having an ownership  
919 affiliation with and operated at the same location as a chronic disease  
920 hospital may request that the commissioner approve an exception to  
921 applicable rate-setting provisions for chronic and convalescent nursing  
922 homes and establish a rate for the fiscal years ending June 30, 1992, and  
923 June 30, 1993, in accordance with regulations in effect June 30, 1991. Any  
924 such rate shall not exceed one hundred sixty-five per cent of the median  
925 rate established for chronic and convalescent nursing homes established  
926 under this section for the applicable fiscal year.

927 (13) For the fiscal year ending June 30, 2014, and any succeeding fiscal  
928 year, for purposes of computing minimum allowable patient days,  
929 utilization of a facility's certified beds shall be determined at a minimum  
930 of ninety per cent of capacity, except for new facilities and facilities  
931 which are certified for additional beds which may be permitted a lower  
932 occupancy rate for the first three months of operation after the effective  
933 date of licensure.

934 (14) The Commissioner of Social Services shall adjust facility rates  
935 from April 1, 1999, to June 30, 1999, inclusive, by a per diem amount  
936 representing each facility's allocation of funds appropriated for the  
937 purpose of wage, benefit and staffing enhancement. A facility's per diem  
938 allocation of such funding shall be computed as follows: (A) The  
939 facility's direct and indirect component salary, wage, nursing pool and  
940 allocated fringe benefit costs as filed for the 1998 cost report period  
941 deemed allowable in accordance with this section and applicable  
942 regulations without application of cost component maximums specified  
943 in subdivision (3) of this subsection shall be totalled; (B) such total shall  
944 be multiplied by the facility's Medicaid utilization based on the 1998 cost  
945 report; (C) the resulting amount for the facility shall be divided by the

946 sum of the calculations specified in subparagraphs (A) and (B) of this  
947 subdivision for all facilities to determine the facility's percentage share  
948 of appropriated wage, benefit and staffing enhancement funding; (D)  
949 the facility's percentage share shall be multiplied by the amount of  
950 appropriated wage, benefit and staffing enhancement funding to  
951 determine the facility's allocated amount; and (E) such allocated amount  
952 shall be divided by the number of days of care paid for by Medicaid on  
953 an annual basis including days for reserved beds specified in the 1998  
954 cost report to determine the per diem wage and benefit rate adjustment  
955 amount. The commissioner may adjust a facility's reported 1998 cost and  
956 utilization data for the purposes of determining a facility's share of  
957 wage, benefit and staffing enhancement funding when reported 1998  
958 information is not substantially representative of estimated cost and  
959 utilization data for the fiscal year ending June 30, 2000, due to special  
960 circumstances during the 1998 cost report period including change of  
961 ownership with a part year cost filing or reductions in facility capacity  
962 due to facility renovation projects. Upon completion of the calculation  
963 of the allocation of wage, benefit and staffing enhancement funding, the  
964 commissioner shall not adjust the allocations due to revisions submitted  
965 to previously filed 1998 annual cost reports. In the event that a facility's  
966 rate for the fiscal year ending June 30, 1999, is an interim rate or the rate  
967 includes an increase adjustment due to a rate request to the  
968 commissioner or other reasons, the commissioner may reduce or  
969 withhold the per diem wage, benefit and staffing enhancement  
970 allocation computed for the facility. Any enhancement allocations not  
971 applied to facility rates shall not be reallocated to other facilities and  
972 such unallocated amounts shall be available for the costs associated with  
973 interim rates and other Medicaid expenditures. The wage, benefit and  
974 staffing enhancement per diem adjustment for the period from April 1,  
975 1999, to June 30, 1999, inclusive, shall also be applied to rates for the  
976 fiscal years ending June 30, 2000, and June 30, 2001, except that the  
977 commissioner may increase or decrease the adjustment to account for  
978 changes in facility capacity or operations. Any facility accepting a rate  
979 adjustment for wage, benefit and staffing enhancements shall apply

980 payments made as a result of such rate adjustment for increased  
981 allowable employee wage rates and benefits and additional direct and  
982 indirect component staffing. Adjustment funding shall not be applied to  
983 wage and salary increases provided to the administrator, assistant  
984 administrator, owners or related party employees. Enhancement  
985 payments may be applied to increases in costs associated with staffing  
986 purchased from staffing agencies provided such costs are deemed  
987 necessary and reasonable by the commissioner. The commissioner shall  
988 compare expenditures for wages, benefits and staffing for the 1998 cost  
989 report period to such expenditures in the 1999, 2000 and 2001 cost report  
990 periods to verify whether a facility has applied additional payments to  
991 specified enhancements. In the event that the commissioner determines  
992 that a facility did not apply additional payments to specified  
993 enhancements, the commissioner shall recover such amounts from the  
994 facility through rate adjustments or other means. The commissioner  
995 may require facilities to file cost reporting forms, in addition to the  
996 annual cost report, as may be necessary, to verify the appropriate  
997 application of wage, benefit and staffing enhancement rate adjustment  
998 payments. For the purposes of this subdivision, "Medicaid utilization"  
999 means the number of days of care paid for by Medicaid on an annual  
1000 basis including days for reserved beds as a percentage of total resident  
1001 days.

1002 [(15) The interim rate established to become effective upon sale of any  
1003 licensed chronic and convalescent home or rest home with nursing  
1004 supervision for which a receivership has been imposed pursuant to  
1005 sections 19a-541 to 19a-549, inclusive, shall not exceed the rate in effect  
1006 for the facility at the time of the imposition of the receivership, subject  
1007 to any annual increases permitted by this section; provided the  
1008 Commissioner of Social Services may, in the commissioner's discretion,  
1009 and after consultation with the receiver, establish an increased rate for  
1010 the facility if the commissioner with approval of the Secretary of the  
1011 Office of Policy and Management determines that such higher rate is  
1012 needed to keep the facility open and to ensure the health, safety and

1013 welfare of the residents at such facility.]

1014 (g) The established interim rate to become effective upon sale of any  
1015 licensed chronic and convalescent home or rest home with nursing  
1016 supervision for which a receivership has been imposed pursuant to  
1017 sections 19a-541 to 19a-549, inclusive, shall not exceed the rate in effect  
1018 for the facility at the time of the imposition of the receivership, subject  
1019 to any annual increases permitted by this section, provided the  
1020 Commissioner of Social Services may, in the commissioner's discretion  
1021 and after consultation with the receiver, establish an increased rate for  
1022 the facility if the commissioner, with the approval of the Secretary of the  
1023 Office of Policy and Management, determines that such higher rate is  
1024 needed to keep the facility open and to ensure the health, safety and  
1025 welfare of the residents at such facility.

1026 [(g)] (h) For the fiscal year ending June 30, 1993, any intermediate care  
1027 facility for individuals with intellectual disabilities with an operating  
1028 cost component of its rate in excess of one hundred forty per cent of the  
1029 median of operating cost components of rates in effect January 1, 1992,  
1030 shall not receive an operating cost component increase. For the fiscal  
1031 year ending June 30, 1993, any intermediate care facility for individuals  
1032 with intellectual disabilities with an operating cost component of its rate  
1033 that is less than one hundred forty per cent of the median of operating  
1034 cost components of rates in effect January 1, 1992, shall have an  
1035 allowance for real wage growth equal to thirty per cent of the increase  
1036 determined in accordance with subsection (q) of section 17-311-52 of the  
1037 regulations of Connecticut state agencies, provided such operating cost  
1038 component shall not exceed one hundred forty per cent of the median  
1039 of operating cost components in effect January 1, 1992. Any facility with  
1040 real property other than land placed in service prior to October 1, 1991,  
1041 shall, for the fiscal year ending June 30, 1995, receive a rate of return on  
1042 real property equal to the average of the rates of return applied to real  
1043 property other than land placed in service for the five years preceding  
1044 October 1, 1993. For the fiscal year ending June 30, 1996, and any  
1045 succeeding fiscal year, the rate of return on real property for property

1046 items shall be revised every five years. The commissioner shall, upon  
1047 submission of a request, allow actual debt service, comprised of  
1048 principal and interest, in excess of property costs allowed pursuant to  
1049 section 17-311-52 of the regulations of Connecticut state agencies,  
1050 provided such debt service terms and amounts are reasonable in  
1051 relation to the useful life and the base value of the property. For the fiscal  
1052 year ending June 30, 1995, and any succeeding fiscal year, the inflation  
1053 adjustment made in accordance with subsection (p) of section 17-311-52  
1054 of the regulations of Connecticut state agencies shall not be applied to  
1055 real property costs. For the fiscal year ending June 30, 1996, and any  
1056 succeeding fiscal year, the allowance for real wage growth, as  
1057 determined in accordance with subsection (q) of section 17-311-52 of the  
1058 regulations of Connecticut state agencies, shall not be applied. For the  
1059 fiscal year ending June 30, 1996, and any succeeding fiscal year, no rate  
1060 shall exceed three hundred seventy-five dollars per day unless the  
1061 commissioner, in consultation with the Commissioner of  
1062 Developmental Services, determines after a review of program and  
1063 management costs, that a rate in excess of this amount is necessary for  
1064 care and treatment of facility residents. For the fiscal year ending June  
1065 30, 2002, rate period, the Commissioner of Social Services shall increase  
1066 the inflation adjustment for rates made in accordance with subsection  
1067 (p) of section 17-311-52 of the regulations of Connecticut state agencies  
1068 to update allowable fiscal year 2000 costs to include a three and one-half  
1069 per cent inflation factor. For the fiscal year ending June 30, 2003, rate  
1070 period, the commissioner shall increase the inflation adjustment for  
1071 rates made in accordance with subsection (p) of section 17-311-52 of the  
1072 regulations of Connecticut state agencies to update allowable fiscal year  
1073 2001 costs to include a one and one-half per cent inflation factor, except  
1074 that such increase shall be effective November 1, 2002, and such facility  
1075 rate in effect for the fiscal year ending June 30, 2002, shall be paid for  
1076 services provided until October 31, 2002, except any facility that would  
1077 have been issued a lower rate effective July 1, 2002, than for the fiscal  
1078 year ending June 30, 2002, due to interim rate status or agreement with  
1079 the department shall be issued such lower rate effective July 1, 2002, and

1080 have such rate updated effective November 1, 2002, in accordance with  
1081 applicable statutes and regulations. For the fiscal year ending June 30,  
1082 2004, rates in effect for the period ending June 30, 2003, shall remain in  
1083 effect, except any facility that would have been issued a lower rate  
1084 effective July 1, 2003, than for the fiscal year ending June 30, 2003, due  
1085 to interim rate status or agreement with the department shall be issued  
1086 such lower rate effective July 1, 2003. For the fiscal year ending June 30,  
1087 2005, rates in effect for the period ending June 30, 2004, shall remain in  
1088 effect until September 30, 2004. Effective October 1, 2004, each facility  
1089 shall receive a rate that is five per cent greater than the rate in effect  
1090 September 30, 2004. Effective upon receipt of all the necessary federal  
1091 approvals to secure federal financial participation matching funds  
1092 associated with the rate increase provided in subdivision (4) of  
1093 subsection (f) of this section, but in no event earlier than October 1, 2005,  
1094 and provided the user fee imposed under section 17b-320 is required to  
1095 be collected, each facility shall receive a rate that is four per cent more  
1096 than the rate the facility received in the prior fiscal year, except any  
1097 facility that would have been issued a lower rate effective October 1,  
1098 2005, than for the fiscal year ending June 30, 2005, due to interim rate  
1099 status or agreement with the department, shall be issued such lower rate  
1100 effective October 1, 2005. Such rate increase shall remain in effect unless:  
1101 (1) The federal financial participation matching funds associated with  
1102 the rate increase are no longer available; or (2) the user fee created  
1103 pursuant to section 17b-320 is not in effect. For the fiscal year ending  
1104 June 30, 2007, rates in effect for the period ending June 30, 2006, shall  
1105 remain in effect until September 30, 2006, except any facility that would  
1106 have been issued a lower rate effective July 1, 2006, than for the fiscal  
1107 year ending June 30, 2006, due to interim rate status or agreement with  
1108 the department, shall be issued such lower rate effective July 1, 2006.  
1109 Effective October 1, 2006, no facility shall receive a rate that is more than  
1110 three per cent greater than the rate in effect for the facility on September  
1111 30, 2006, except any facility that would have been issued a lower rate  
1112 effective October 1, 2006, due to interim rate status or agreement with  
1113 the department, shall be issued such lower rate effective October 1, 2006.

1114 For the fiscal year ending June 30, 2008, each facility shall receive a rate  
1115 that is two and nine-tenths per cent greater than the rate in effect for the  
1116 period ending June 30, 2007, except any facility that would have been  
1117 issued a lower rate effective July 1, 2007, than for the rate period ending  
1118 June 30, 2007, due to interim rate status, or agreement with the  
1119 department, shall be issued such lower rate effective July 1, 2007. For the  
1120 fiscal year ending June 30, 2009, rates in effect for the period ending June  
1121 30, 2008, shall remain in effect until June 30, 2009, except any facility that  
1122 would have been issued a lower rate for the fiscal year ending June 30,  
1123 2009, due to interim rate status or agreement with the department, shall  
1124 be issued such lower rate. For the fiscal years ending June 30, 2010, and  
1125 June 30, 2011, rates in effect for the period ending June 30, 2009, shall  
1126 remain in effect until June 30, 2011, except any facility that would have  
1127 been issued a lower rate for the fiscal year ending June 30, 2010, or the  
1128 fiscal year ending June 30, 2011, due to interim rate status or agreement  
1129 with the department, shall be issued such lower rate. For the fiscal year  
1130 ending June 30, 2012, rates in effect for the period ending June 30, 2011,  
1131 shall remain in effect until June 30, 2012, except any facility that would  
1132 have been issued a lower rate for the fiscal year ending June 30, 2012,  
1133 due to interim rate status or agreement with the department, shall be  
1134 issued such lower rate. For the fiscal years ending June 30, 2014, and  
1135 June 30, 2015, rates shall not exceed those in effect for the period ending  
1136 June 30, 2013, except the rate paid to a facility may be higher than the  
1137 rate paid to the facility for the period ending June 30, 2013, if a capital  
1138 improvement approved by the Department of Developmental Services,  
1139 in consultation with the Department of Social Services, for the health or  
1140 safety of the residents was made to the facility during the fiscal year  
1141 ending June 30, 2014, or June 30, 2015, to the extent such rate increases  
1142 are within available appropriations. Any facility that would have been  
1143 issued a lower rate for the fiscal year ending June 30, 2014, or the fiscal  
1144 year ending June 30, 2015, due to interim rate status or agreement with  
1145 the department, shall be issued such lower rate. For the fiscal years  
1146 ending June 30, 2016, and June 30, 2017, rates shall not exceed those in  
1147 effect for the period ending June 30, 2015, except the rate paid to a

1148 facility may be higher than the rate paid to the facility for the period  
1149 ending June 30, 2015, if a capital improvement approved by the  
1150 Department of Developmental Services, in consultation with the  
1151 Department of Social Services, for the health or safety of the residents  
1152 was made to the facility during the fiscal year ending June 30, 2016, or  
1153 June 30, 2017, to the extent such rate increases are within available  
1154 appropriations. For the fiscal years ending June 30, 2016, and June 30,  
1155 2017, and each succeeding fiscal year, any facility that would have been  
1156 issued a lower rate, due to interim rate status, a change in allowable fair  
1157 rent or agreement with the department, shall be issued such lower rate.  
1158 For the fiscal years ending June 30, 2018, and June 30, 2019, rates shall  
1159 not exceed those in effect for the period ending June 30, 2017, except the  
1160 rate paid to a facility may be higher than the rate paid to the facility for  
1161 the period ending June 30, 2017, if a capital improvement approved by  
1162 the Department of Developmental Services, in consultation with the  
1163 Department of Social Services, for the health or safety of the residents  
1164 was made to the facility during the fiscal year ending June 30, 2018, or  
1165 June 30, 2019, only to the extent such rate increases are within available  
1166 appropriations. For the fiscal years ending June 30, 2020, and June 30,  
1167 2021, rates shall not exceed those in effect for the fiscal year ending June  
1168 30, 2019, except the rate paid to a facility may be higher than the rate  
1169 paid to the facility for the fiscal year ending June 30, 2019, if a capital  
1170 improvement approved by the Department of Developmental Services,  
1171 in consultation with the Department of Social Services, for the health or  
1172 safety of the residents was made to the facility during the fiscal year  
1173 ending June 30, 2020, or June 30, 2021, only to the extent such rate  
1174 increases are within available appropriations. Any facility that has a  
1175 significant decrease in land and building costs shall receive a reduced  
1176 rate to reflect such decrease in land and building costs. For the fiscal  
1177 years ending June 30, 2012, June 30, 2013, June 30, 2014, June 30, 2015,  
1178 June 30, 2016, June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020,  
1179 [and] June 30, 2021, June 30, 2022, and June 30, 2023, the Commissioner  
1180 of Social Services may provide fair rent increases to any facility that has  
1181 undergone a material change in circumstances related to fair rent and

1182 has an approved certificate of need pursuant to section 17b-352, 17b-353,  
1183 17b-354 or 17b-355. Notwithstanding the provisions of this section, the  
1184 Commissioner of Social Services may, within available appropriations,  
1185 increase or decrease rates issued to intermediate care facilities for  
1186 individuals with intellectual disabilities to reflect a reduction in  
1187 available appropriations as provided in subsection (a) of this section.  
1188 For the fiscal years ending June 30, 2014, and June 30, 2015, the  
1189 commissioner shall not consider rebasing in determining rates.

1190 [(h) (1)] (i) For the fiscal year ending June 30, 1993, any residential  
1191 care home with an operating cost component of its rate in excess of one  
1192 hundred thirty per cent of the median of operating cost components of  
1193 rates in effect January 1, 1992, shall not receive an operating cost  
1194 component increase. For the fiscal year ending June 30, 1993, any  
1195 residential care home with an operating cost component of its rate that  
1196 is less than one hundred thirty per cent of the median of operating cost  
1197 components of rates in effect January 1, 1992, shall have an allowance  
1198 for real wage growth equal to sixty-five per cent of the increase  
1199 determined in accordance with subsection (q) of section 17-311-52 of the  
1200 regulations of Connecticut state agencies, provided such operating cost  
1201 component shall not exceed one hundred thirty per cent of the median  
1202 of operating cost components in effect January 1, 1992. Beginning with  
1203 the fiscal year ending June 30, 1993, for the purpose of determining  
1204 allowable fair rent, a residential care home with allowable fair rent less  
1205 than the twenty-fifth percentile of the state-wide allowable fair rent shall  
1206 be reimbursed as having allowable fair rent equal to the twenty-fifth  
1207 percentile of the state-wide allowable fair rent. Beginning with the fiscal  
1208 year ending June 30, 1997, a residential care home with allowable fair  
1209 rent less than three dollars and ten cents per day shall be reimbursed as  
1210 having allowable fair rent equal to three dollars and ten cents per day.  
1211 Property additions placed in service during the cost year ending  
1212 September 30, 1996, or any succeeding cost year shall receive a fair rent  
1213 allowance for such additions as an addition to three dollars and ten  
1214 cents per day if the fair rent for the facility for property placed in service

1215 prior to September 30, 1995, is less than or equal to three dollars and ten  
1216 cents per day. Beginning with the fiscal year ending June 30, 2016, a  
1217 residential care home shall be reimbursed the greater of the allowable  
1218 accumulated fair rent reimbursement associated with real property  
1219 additions and land as calculated on a per day basis or three dollars and  
1220 ten cents per day if the allowable reimbursement associated with real  
1221 property additions and land is less than three dollars and ten cents per  
1222 day. For the fiscal year ending June 30, 1996, and any succeeding fiscal  
1223 year, the allowance for real wage growth, as determined in accordance  
1224 with subsection (q) of section 17-311-52 of the regulations of Connecticut  
1225 state agencies, shall not be applied. For the fiscal year ending June 30,  
1226 1996, and any succeeding fiscal year, the inflation adjustment made in  
1227 accordance with subsection (p) of section 17-311-52 of the regulations of  
1228 Connecticut state agencies shall not be applied to real property costs.  
1229 Beginning with the fiscal year ending June 30, 1997, minimum allowable  
1230 patient days for rate computation purposes for a residential care home  
1231 with twenty-five beds or less shall be eighty-five per cent of licensed  
1232 capacity. Beginning with the fiscal year ending June 30, 2002, for the  
1233 purposes of determining the allowable salary of an administrator of a  
1234 residential care home with sixty beds or less the department shall revise  
1235 the allowable base salary to thirty-seven thousand dollars to be annually  
1236 inflated thereafter in accordance with section 17-311-52 of the  
1237 regulations of Connecticut state agencies. The rates for the fiscal year  
1238 ending June 30, 2002, shall be based upon the increased allowable salary  
1239 of an administrator, regardless of whether such amount was expended  
1240 in the 2000 cost report period upon which the rates are based. Beginning  
1241 with the fiscal year ending June 30, 2000, and until the fiscal year ending  
1242 June 30, 2009, inclusive, the inflation adjustment for rates made in  
1243 accordance with subsection (p) of section 17-311-52 of the regulations of  
1244 Connecticut state agencies shall be increased by two per cent, and  
1245 beginning with the fiscal year ending June 30, 2002, the inflation  
1246 adjustment for rates made in accordance with subsection (c) of said  
1247 section shall be increased by one per cent. Beginning with the fiscal year  
1248 ending June 30, 1999, for the purpose of determining the allowable

1249 salary of a related party, the department shall revise the maximum  
1250 salary to twenty-seven thousand eight hundred fifty-six dollars to be  
1251 annually inflated thereafter in accordance with section 17-311-52 of the  
1252 regulations of Connecticut state agencies and beginning with the fiscal  
1253 year ending June 30, 2001, such allowable salary shall be computed on  
1254 an hourly basis and the maximum number of hours allowed for a related  
1255 party other than the proprietor shall be increased from forty hours to  
1256 forty-eight hours per work week. For the fiscal year ending June 30,  
1257 2005, each facility shall receive a rate that is two and one-quarter per  
1258 cent more than the rate the facility received in the prior fiscal year,  
1259 except any facility that would have been issued a lower rate effective  
1260 July 1, 2004, than for the fiscal year ending June 30, 2004, due to interim  
1261 rate status or agreement with the department shall be issued such lower  
1262 rate effective July 1, 2004. Effective upon receipt of all the necessary  
1263 federal approvals to secure federal financial participation matching  
1264 funds associated with the rate increase provided in subdivision (4) of  
1265 subsection (f) of this section, but in no event earlier than October 1, 2005,  
1266 and provided the user fee imposed under section 17b-320 is required to  
1267 be collected, each facility shall receive a rate that is determined in  
1268 accordance with applicable law and subject to appropriations, except  
1269 any facility that would have been issued a lower rate effective October  
1270 1, 2005, than for the fiscal year ending June 30, 2005, due to interim rate  
1271 status or agreement with the department, shall be issued such lower rate  
1272 effective October 1, 2005. Such rate increase shall remain in effect unless:  
1273 [(A)] (1) The federal financial participation matching funds associated  
1274 with the rate increase are no longer available; or [(B)] (2) the user fee  
1275 created pursuant to section 17b-320 is not in effect. For the fiscal year  
1276 ending June 30, 2007, rates in effect for the period ending June 30, 2006,  
1277 shall remain in effect until September 30, 2006, except any facility that  
1278 would have been issued a lower rate effective July 1, 2006, than for the  
1279 fiscal year ending June 30, 2006, due to interim rate status or agreement  
1280 with the department, shall be issued such lower rate effective July 1,  
1281 2006. Effective October 1, 2006, no facility shall receive a rate that is more  
1282 than four per cent greater than the rate in effect for the facility on

1283 September 30, 2006, except for any facility that would have been issued  
1284 a lower rate effective October 1, 2006, due to interim rate status or  
1285 agreement with the department, shall be issued such lower rate effective  
1286 October 1, 2006. For the fiscal years ending June 30, 2010, and June 30,  
1287 2011, rates in effect for the period ending June 30, 2009, shall remain in  
1288 effect until June 30, 2011, except any facility that would have been issued  
1289 a lower rate for the fiscal year ending June 30, 2010, or the fiscal year  
1290 ending June 30, 2011, due to interim rate status or agreement with the  
1291 department, shall be issued such lower rate, except [(i)] (A) any facility  
1292 that would have been issued a lower rate for the fiscal year ending June  
1293 30, 2010, or the fiscal year ending June 30, 2011, due to interim rate status  
1294 or agreement with the Commissioner of Social Services shall be issued  
1295 such lower rate; and [(ii)] (B) the commissioner may increase a facility's  
1296 rate for reasonable costs associated with such facility's compliance with  
1297 the provisions of section 19a-495a concerning the administration of  
1298 medication by unlicensed personnel. For the fiscal year ending June 30,  
1299 2012, rates in effect for the period ending June 30, 2011, shall remain in  
1300 effect until June 30, 2012, except that [(I)] (i) any facility that would have  
1301 been issued a lower rate for the fiscal year ending June 30, 2012, due to  
1302 interim rate status or agreement with the Commissioner of Social  
1303 Services shall be issued such lower rate; and [(II)] (ii) the commissioner  
1304 may increase a facility's rate for reasonable costs associated with such  
1305 facility's compliance with the provisions of section 19a-495a concerning  
1306 the administration of medication by unlicensed personnel. For the fiscal  
1307 year ending June 30, 2013, the Commissioner of Social Services may,  
1308 within available appropriations, provide a rate increase to a residential  
1309 care home. Any facility that would have been issued a lower rate for the  
1310 fiscal year ending June 30, 2013, due to interim rate status or agreement  
1311 with the Commissioner of Social Services shall be issued such lower  
1312 rate. For the fiscal years ending June 30, 2012, and June 30, 2013, the  
1313 Commissioner of Social Services may provide fair rent increases to any  
1314 facility that has undergone a material change in circumstances related  
1315 to fair rent and has an approved certificate of need pursuant to section  
1316 17b-352, 17b-353, 17b-354 or 17b-355. For the fiscal years ending June 30,

1317 2014, and June 30, 2015, for those facilities that have a calculated rate  
1318 greater than the rate in effect for the fiscal year ending June 30, 2013, the  
1319 commissioner may increase facility rates based upon available  
1320 appropriations up to a stop gain as determined by the commissioner.  
1321 No facility shall be issued a rate that is lower than the rate in effect on  
1322 June 30, 2013, except that any facility that would have been issued a  
1323 lower rate for the fiscal year ending June 30, 2014, or the fiscal year  
1324 ending June 30, 2015, due to interim rate status or agreement with the  
1325 commissioner, shall be issued such lower rate. For the fiscal year ending  
1326 June 30, 2014, and each fiscal year thereafter, a residential care home  
1327 shall receive a rate increase for any capital improvement made during  
1328 the fiscal year for the health and safety of residents and approved by the  
1329 Department of Social Services, provided such rate increase is within  
1330 available appropriations. For the fiscal year ending June 30, 2015, and  
1331 each succeeding fiscal year thereafter, costs of less than ten thousand  
1332 dollars that are incurred by a facility and are associated with any land,  
1333 building or nonmovable equipment repair or improvement that are  
1334 reported in the cost year used to establish the facility's rate shall not be  
1335 capitalized for a period of more than five years for rate-setting purposes.  
1336 For the fiscal year ending June 30, 2015, subject to available  
1337 appropriations, the commissioner may, at the commissioner's  
1338 discretion: Increase the inflation cost limitation under subsection (c) of  
1339 section 17-311-52 of the regulations of Connecticut state agencies,  
1340 provided such inflation allowance factor does not exceed a maximum of  
1341 five per cent; establish a minimum rate of return applied to real property  
1342 of five per cent inclusive of assets placed in service during cost year  
1343 2013; waive the standard rate of return under subsection (f) of section  
1344 17-311-52 of the regulations of Connecticut state agencies for ownership  
1345 changes or health and safety improvements that exceed one hundred  
1346 thousand dollars and that are required under a consent order from the  
1347 Department of Public Health; and waive the rate of return adjustment  
1348 under subsection (f) of section 17-311-52 of the regulations of  
1349 Connecticut state agencies to avoid financial hardship. For the fiscal  
1350 years ending June 30, 2016, and June 30, 2017, rates shall not exceed

1351 those in effect for the period ending June 30, 2015, except the  
1352 commissioner may, in the commissioner's discretion and within  
1353 available appropriations, provide pro rata fair rent increases to facilities  
1354 which have documented fair rent additions placed in service in cost  
1355 report years ending September 30, 2014, and September 30, 2015, that  
1356 are not otherwise included in rates issued. For the fiscal years ending  
1357 June 30, 2016, and June 30, 2017, and each succeeding fiscal year, any  
1358 facility that would have been issued a lower rate, due to interim rate  
1359 status, a change in allowable fair rent or agreement with the department,  
1360 shall be issued such lower rate. For the fiscal year ending June 30, 2018,  
1361 rates shall not exceed those in effect for the period ending June 30, 2017,  
1362 except the commissioner may, in the commissioner's discretion and  
1363 within available appropriations, provide pro rata fair rent increases to  
1364 facilities which have documented fair rent additions placed in service in  
1365 the cost report year ending September 30, 2016, that are not otherwise  
1366 included in rates issued. For the fiscal year ending June 30, 2019, rates  
1367 shall not exceed those in effect for the period ending June 30, 2018,  
1368 except the commissioner may, in the commissioner's discretion and  
1369 within available appropriations, provide pro rata fair rent increases to  
1370 facilities which have documented fair rent additions placed in service in  
1371 the cost report year ending September 30, 2017, that are not otherwise  
1372 included in rates issued. For the fiscal year ending June 30, 2020, rates  
1373 shall not exceed those in effect for the fiscal year ending June 30, 2019,  
1374 except the commissioner may, in the commissioner's discretion and  
1375 within available appropriations, provide pro rata fair rent increases to  
1376 facilities which have documented fair rent additions placed in service in  
1377 the cost report year ending September 30, 2018, that are not otherwise  
1378 included in rates issued. For the fiscal year ending June 30, 2021, rates  
1379 shall not exceed those in effect for the fiscal year ending June 30, 2020,  
1380 except the commissioner may, in the commissioner's discretion and  
1381 within available appropriations, provide pro rata fair rent increases to  
1382 facilities which have documented fair rent additions placed in service in  
1383 the cost report year ending September 30, 2019, that are not otherwise  
1384 included in rates issued. For the fiscal year ending June 30, 2022, the

1385 commissioner may, in the commissioner's discretion and within  
1386 available appropriations, provide pro rata fair rent increases to facilities  
1387 which have documented fair rent additions placed in service in the cost  
1388 report year ending September 30, 2020, that are not otherwise included  
1389 in rates issued. For the fiscal year ending June 30, 2023, the  
1390 commissioner may, in the commissioner's discretion and within  
1391 available appropriations, provide pro rata fair rent increases to facilities  
1392 which have documented fair rent additions placed in service in the cost  
1393 report year ending September 30, 2021, that are not otherwise included  
1394 in rates issued.

1395 [(2) The commissioner shall, upon determining that a loan to be  
1396 issued to a residential care home by the Connecticut Housing Finance  
1397 Authority is reasonable in relation to the useful life and property cost  
1398 allowance pursuant to section 17-311-52 of the regulations of  
1399 Connecticut state agencies, allow actual debt service, comprised of  
1400 principal, interest and a repair and replacement reserve on the loan, in  
1401 lieu of allowed property costs whether actual debt service is higher or  
1402 lower than such allowed property costs.

1403 (i) Notwithstanding the provisions of this section, the Commissioner  
1404 of Social Services shall establish a fee schedule for payments to be made  
1405 to chronic disease hospitals associated with chronic and convalescent  
1406 nursing homes to be effective on and after July 1, 1995. The fee schedule  
1407 may be adjusted annually beginning July 1, 1997, to reflect necessary  
1408 increases in the cost of services.]

1409 (j) Notwithstanding the provisions of this section, state rates of  
1410 payment for the fiscal years ending June 30, 2018, June 30, 2019, June 30,  
1411 2020, and June 30, 2021, for residential care homes and community  
1412 living arrangements that receive the flat rate for residential services  
1413 under section 17-311-54 of the regulations of Connecticut state agencies  
1414 shall be set in accordance with section 298 of public act 19-117.

1415 Sec. 4. Subsection (a) of section 19a-507 of the general statutes is

1416 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
1417 *2021*):

1418 (a) Notwithstanding the provisions of chapter 368z, New Horizons,  
1419 Inc., a nonprofit, nonsectarian organization, or a subsidiary  
1420 organization controlled by New Horizons, Inc., is authorized to  
1421 construct and operate an independent living facility for severely  
1422 physically disabled adults, in the town of Farmington, provided such  
1423 facility shall be constructed in accordance with applicable building  
1424 codes. The Farmington Housing Authority, or any issuer acting on  
1425 behalf of said authority, subject to the provisions of this section, may  
1426 issue tax-exempt revenue bonds on a competitive or negotiated basis for  
1427 the purpose of providing construction and permanent mortgage  
1428 financing for the facility in accordance with Section 103 of the Internal  
1429 Revenue Code. Prior to the issuance of such bonds, plans for the  
1430 construction of the facility shall be submitted to and approved by the  
1431 Health Systems Planning Unit of the Office of Health Strategy. The unit  
1432 shall approve or disapprove such plans within thirty days of receipt  
1433 thereof. If the plans are disapproved they may be resubmitted. Failure  
1434 of the unit to act on the plans within such thirty-day period shall be  
1435 deemed approval thereof. The payments to residents of the facility who  
1436 are eligible for assistance under the state supplement program for room  
1437 and board and necessary services, shall be determined annually to be  
1438 effective July first of each year. Such payments shall be determined on a  
1439 basis of a reasonable payment for necessary services, which basis shall  
1440 take into account as a factor the costs of providing those services and  
1441 such other factors as the commissioner deems reasonable, including  
1442 anticipated fluctuations in the cost of providing services. Such payments  
1443 shall be calculated in accordance with the manner in which rates are  
1444 calculated pursuant to subsection [(h)] (i) of section 17b-340, as amended  
1445 by this act, and the cost-related reimbursement system pursuant to said  
1446 section except that efficiency incentives shall not be granted. The  
1447 commissioner may adjust such rates to account for the availability of  
1448 personal care services for residents under the Medicaid program. The

1449 commissioner shall, upon submission of a request, allow actual debt  
1450 service, comprised of principal and interest, in excess of property costs  
1451 allowed pursuant to section 17-313b-5 of the regulations of Connecticut  
1452 state agencies, provided such debt service terms and amounts are  
1453 reasonable in relation to the useful life and the base value of the  
1454 property. The cost basis for such payment shall be subject to audit, and  
1455 a recomputation of the rate shall be made based upon such audit. The  
1456 facility shall report on a fiscal year ending on the thirtieth day of  
1457 September on forms provided by the commissioner. The required report  
1458 shall be received by the commissioner no later than December thirty-  
1459 first of each year. The Department of Social Services may use its existing  
1460 utilization review procedures to monitor utilization of the facility. If the  
1461 facility is aggrieved by any decision of the commissioner, the facility  
1462 may, within ten days, after written notice thereof from the  
1463 commissioner, obtain by written request to the commissioner, a hearing  
1464 on all items of aggrievement. If the facility is aggrieved by the decision  
1465 of the commissioner after such hearing, the facility may appeal to the  
1466 Superior Court in accordance with the provisions of section 4-183.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2021</i>	17b-265
Sec. 2	<i>October 1, 2021</i>	17b-340d
Sec. 3	<i>July 1, 2021</i>	17b-340
Sec. 4	<i>July 1, 2021</i>	19a-507(a)