



General Assembly

February Session, 2022

Raised Bill No. 5310

LCO No. 1613



Referred to Committee on AGING

Introduced by:
(AGE)

AN ACT REQUIRING NURSING HOME FACILITIES TO SPEND AT LEAST NINETY PER CENT OF MEDICAID FUNDING PROVIDED BY THE STATE ON DIRECT CARE.

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

1 Section 1. Subsection (a) of section 17b-340d of the 2022 supplement
2 to the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective July 1, 2022*):

4 (a) The Commissioner of Social Services shall implement an acuity-
5 based methodology for Medicaid reimbursement of nursing home
6 services effective July 1, 2022. Notwithstanding section 17b-340, for the
7 fiscal year ending June 30, 2023, and annually thereafter, the
8 Commissioner of Social Services shall establish Medicaid rates paid to
9 nursing home facilities based on cost years ending on September
10 thirtieth in accordance with the following:

11 (1) Case-mix adjustments to the direct care component, which will be
12 based on Minimum Data Set resident assessment data as well as cost
13 data reported for the cost year ending September 30, 2019, shall be made
14 effective beginning July 1, 2022, and updated every quarter thereafter.

15 After modeling such case-mix adjustments, the Commissioner of Social
16 Services shall evaluate impact on a facility by facility basis and, not later
17 than October 1, 2021, (A) make recommendations to the Secretary of the
18 Office of Policy and Management, and (B) submit a report on the
19 recommendations, in accordance with the provisions of section 11-4a, to
20 the joint standing committees of the General Assembly having
21 cognizance of matters relating to appropriations and the budgets of state
22 agencies and human services on any adjustments needed to facilitate the
23 transition to the new methodology on July 1, 2022. This evaluation may
24 include a review of inflationary allowances, case mix and budget
25 adjustment factors and stop loss and stop gain corridors and the ability
26 to make such adjustments within available appropriations.

27 (2) Beginning July 1, 2022, facilities [will be required to] shall comply
28 with collection and reporting of quality metrics as specified by the
29 Department of Social Services, after consultation with the nursing home
30 industry, consumers, employees and the Department of Public Health.
31 Rate adjustments based on performance on quality metrics [will] shall
32 be phased in, beginning July 1, 2022, with a period of reporting only.

33 (3) Geographic peer groupings of facilities shall be established by the
34 Department of Social Services pursuant to regulations adopted in
35 accordance with subsection (b) of this section.

36 (4) Allowable costs shall be divided into the following five cost
37 components: (A) Direct costs, which shall include salaries for nursing
38 personnel, related fringe benefits and nursing pool costs; (B) indirect
39 costs, which shall include professional fees, dietary expenses,
40 housekeeping expenses, laundry expenses, supplies related to patient
41 care, salaries for indirect care personnel and related fringe benefits; (C)
42 fair rent, which shall be defined in regulations adopted in accordance
43 with subsection (b) of this section; (D) capital-related costs, which shall
44 include property taxes, insurance expenses, equipment leases and
45 equipment depreciation; and (E) administrative and general costs,
46 which shall include maintenance and operation of plant expenses,
47 salaries for administrative and maintenance personnel and related

48 fringe benefits. For (i) direct costs, the maximum cost shall be equal to
49 one hundred thirty-five per cent of the median allowable cost of that
50 peer grouping; (ii) indirect costs, the maximum cost shall be equal to one
51 hundred fifteen per cent of the state-wide median allowable cost; (iii)
52 fair rent, the amount shall be calculated utilizing the amount approved
53 pursuant to section 17b-353; (iv) capital-related costs, there shall be no
54 maximum; and (v) administrative and general costs, the maximum shall
55 be equal to the state-wide median allowable cost. Beginning with the
56 cost report year ending on September 30, 2022, and annually thereafter,
57 each nursing home facility shall submit to the commissioner plain
58 language summaries with annual cost reports. The summaries shall
59 include the percentage of Medicaid funding allocated to (I) the five cost
60 components of allowable costs described in this subdivision, and (II) any
61 related party, as defined in section 17b-340. Not later than January 1,
62 2023, and annually thereafter, the commissioner shall post on the
63 department's Internet web site a link to the annual cost report and the
64 summaries provided by each nursing home facility.

65 (5) For the fiscal year ending June 30, 2022, the commissioner may, in
66 the commissioner's discretion and within available appropriations,
67 provide pro rata fair rent increases to facilities which have documented
68 fair rent additions placed in service in the cost report year ending
69 September 30, 2020, that are not otherwise included in the rates issued.

70 (6) For the fiscal year beginning July 1, 2022, and each fiscal year
71 thereafter, the commissioner shall require a nursing home facility to
72 spend not less than ninety per cent of Medicaid funding received from
73 the state on direct care of residents, provided the commissioner may
74 adjust the percentage spent on direct care for a nursing home facility
75 with a capital improvement project or a fair rent increase approved by
76 the commissioner. For the fiscal year beginning July 1, 2024, and each
77 fiscal year thereafter, the commissioner may decrease rates of
78 reimbursement for any nursing home that does not comply with the
79 provisions of this subdivision. For purposes of this subdivision, (A)
80 "direct care" means hands-on care provided to a facility resident by
81 nursing personnel, including, but not limited to, assistance with feeding,

82 bathing, toileting, dressing, lifting or moving residents, medication
83 administration and salary, fringe benefits and supplies related to direct
84 care; and (B) "nursing personnel" means an advanced practice registered
85 nurse, licensed pursuant to chapter 378, a registered nurse or practical
86 nurse, licensed pursuant to chapter 378, or a nurse's aide, registered
87 pursuant to chapter 378a.

88 [(6)] (7) There shall be no increase to rates based on inflation or any
89 inflationary factor for the fiscal years ending June 30, 2022, and June 30,
90 2023, unless otherwise authorized under subdivision (1) of this
91 subsection.

92 [(7)] (8) For purposes of computing minimum allowable patient days,
93 utilization of a facility's certified beds shall be determined at a minimum
94 of ninety per cent of capacity, except for facilities that have undergone
95 a change in ownership, new facilities, and facilities which are certified
96 for additional beds which may be permitted a lower occupancy rate for
97 the first three months of operation after the effective date of licensure.

98 [(8)] (9) Rates determined under this section shall comply with
99 federal laws and regulations.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2022	17b-340d(a)

Statement of Purpose:

To require nursing home facilities to spend at least ninety per cent of Medicaid funding provided by the state on direct care.

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