
OLR Bill Analysis

sHB 6678

AN ACT CONCERNING NURSING HOME TRANSPARENCY.

SUMMARY

This bill makes various changes related to nursing home oversight and the information they must provide to state agencies. It requires (1) nursing homes to submit to the Department of Social Services (DSS) narrative summaries of certain expenditures, in addition to their annually required cost reports, and (2) DSS to post this information on its website. The bill subjects nursing homes that fail to do so to a fine of up to \$10,000 per incident.

The bill expands the information that nursing home licensure applicants must provide to the Department of Public Health (DPH) to include (1) information on any private equity fund that owns any part of the home, the name of the fund's investment advisor, and a copy of the most recent quarterly statement given to the private fund's investors, and (2) the owner's audited and certified financial statements. Under current law, these statements are only required if requested by DPH. The financial statement must include a balance sheet from the end of the most recent fiscal year and income statements from the most recent fiscal year (or an applicable shorter period if the owner has not existed for a full fiscal year).

The bill also broadens certain reporting requirements for chronic and convalescent nursing homes that receive Medicaid funding. Current law requires these types of for-profit homes to include in their annual reports a profit and loss statement from each related party (i.e., a company related to the home through family association, common ownership, control, or business association with the home's owners or operators) that receives at least \$50,000 of income from the home per year. The bill (1) removes the income threshold, requiring statements

from each related party that received any income from the home, and (2) extends the requirement to all of these types of nursing homes, not just for-profits.

EFFECTIVE DATE: July 1, 2023

COST REPORTING REQUIREMENTS

Beginning with the current cost reporting year, the bill requires nursing homes to annually submit narrative summaries of cost expenditures to the DSS commissioner, alongside their statutorily required cost reports. The summaries must include the percentage of Medicaid funding allocated to, and expenditures in, (1) direct costs, (2) indirect costs, (3) fair rent, (4) capital-related costs, and (5) administrative and general costs. They must also include expenditures for each allowable cost component by the nursing home and any related party.

Starting by January 1, 2024, the DSS commissioner must annually post on the agency's website (1) these cost reports and summaries for each nursing home, (2) comparisons between individual nursing homes by expenditures, and (3) a summary of average reported expenditures by facility for each category. Any cost report forms DSS uses must include a glossary, an explanation of the terms used, a description of the reported categories, and a plain language explanation of the formulas used to determine costs for the five allowable cost components.

The bill requires a nursing home that fails to comply with this reporting requirement to be fined up to \$10,000. Before imposing a penalty, the social services commissioner must notify the nursing home about the violation and allow it to request a review. The home must request a review within 15 days after receiving the notice, and DSS cannot impose the penalty while the review is pending.

Under the bill, the penalty may be imposed even if the nursing home's ownership changes after the violation takes place, as long as DSS issued the notice about the violation before the change in ownership became effective and the record of the notice is readily available in a

central registry maintained by DSS. The DSS commissioner may collect the penalty by offsetting payments due to the facility. Payments made for these penalties must be deposited in the General Fund and credited to the Medicaid account.

COMMITTEE ACTION

Aging Committee

Joint Favorable Substitute

Yea 15 Nay 0 (02/28/2023)