



General Assembly

January Session, 2023

Raised Bill No. 1111

LCO No. 4577



Referred to Committee on HUMAN SERVICES

Introduced by:
(HS)

**AN ACT CONCERNING EXCESS NURSING HOME BEDS AND
PAYMENT FOR NONPATIENT CARE IN NURSING HOMES.**

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

1 Section 1. Section 17b-340d of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

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

10 (1) Case-mix adjustments to the direct care component, which will be
11 based on Minimum Data Set resident assessment data as well as cost
12 data reported for the cost year ending September 30, 2019, shall be made
13 effective beginning July 1, 2022, and updated every quarter thereafter.
14 After modeling such case-mix adjustments, the Commissioner of Social
15 Services shall evaluate impact on a facility by facility basis and, not later

16 than October 1, 2021, (A) make recommendations to the Secretary of the
17 Office of Policy and Management, and (B) submit a report on the
18 recommendations, in accordance with the provisions of section 11-4a, to
19 the joint standing committees of the General Assembly having
20 cognizance of matters relating to appropriations and the budgets of state
21 agencies and human services on any adjustments needed to facilitate the
22 transition to the new methodology on July 1, 2022. This evaluation may
23 include a review of inflationary allowances, case mix and budget
24 adjustment factors and stop loss and stop gain corridors and the ability
25 to make such adjustments within available appropriations.

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

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

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

49 thirty-five per cent of the median allowable cost of that peer grouping;
50 (ii) indirect costs, the maximum cost shall be equal to one hundred
51 fifteen per cent of the state-wide median allowable cost; (iii) fair rent,
52 the amount shall be calculated utilizing the amount approved pursuant
53 to section 17b-353; (iv) capital-related costs, there shall be no maximum;
54 and (v) administrative and general costs, the maximum shall be equal to
55 the state-wide median allowable cost. For purposes of this subdivision,
56 "temporary nursing services agency" and "nursing personnel" have the
57 same meaning as provided in section 19a-118.

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

63 (6) There shall be no increase to rates based on inflation or any
64 inflationary factor for the fiscal years ending June 30, 2022, and June 30,
65 2023, unless otherwise authorized under subdivision (1) of this
66 subsection.

67 (7) For purposes of computing minimum allowable patient days,
68 utilization of a facility's certified beds shall be determined at a minimum
69 of ninety per cent of capacity, except for facilities that have undergone
70 a change in ownership, new facilities, and facilities which are certified
71 for additional beds which may be permitted a lower occupancy rate for
72 the first three months of operation after the effective date of licensure.

73 (8) Rates determined under this section shall comply with federal
74 laws and regulations.

75 (b) On and after April 1, 2025, administrative and general-related
76 costs shall be adjusted for a nursing home facility with beds that remain
77 unoccupied for more than twelve months in the period beginning
78 October first at facilities that have fallen below the minimum ninety per
79 cent occupancy threshold. If the facility does not relinquish its license
80 for unoccupied beds or does not increase occupancy percentages to

81 greater than ninety per cent, then the facility's reimbursement for
82 administrative and general-related costs shall be reduced to ninety per
83 cent of the median of the cost maximums for the administrative and
84 general component of allowable costs, as described in subdivision (4) of
85 subsection (a) of this section.

86 (c) On and after July 1, 2024, the Department of Social Services shall
87 establish peer group medians and prices for nursing home facilities by
88 using data from the most recent annual cost reports filed by the nursing
89 home facilities. Peer groups shall be based on the bed capacity and
90 location of the nursing home facility. The department shall classify the
91 nursing home facilities into mutually exclusive peer groups to establish
92 a price-based component for the administrative and general component
93 of reimbursement and pay based on the median of the peer group
94 spending. The Department of Social Services shall consult with entities
95 and persons involved in the operation of nursing home facilities,
96 including, but not limited to, the Department of Public Health,
97 regarding the establishment of peer groupings to ensure geographic
98 access and available capacity. A nursing home facility that is licensed as
99 a specialized long-term care facility or unit with specialized rates,
100 including, but not limited to, a unit providing ventilator services or
101 services to persons with acquired immune deficiency syndrome, shall
102 be classified into mutually exclusive peer group classifications.
103 Following such classification, nursing home facility costs shall remain
104 in that peer group until such prices are rebased. The department shall
105 use the bed complement of the nursing home facility on the final day of
106 the reporting period of the most recent audited cost report filing by the
107 facility. A peer group with fewer than five nursing home facilities shall
108 be included in the adjacent peer group with the same bed number or, if
109 there are two peer groups with which to merge, the peer group with the
110 larger population. The department shall limit the total amount for
111 administrative and general costs for nursing home facilities owned by
112 the same owner and within the same peer group to the median of the
113 total administrative and general costs of all nursing home facilities not
114 owned by the same owner in that peer group. Peer group medians and

115 prices established pursuant to this section shall be budget neutral for the
116 state.

117 [(b)] (d) The Commissioner of Social Services may implement policies
118 as necessary to carry out the provisions of this section while in the
119 process of adopting the policies as regulations, provided that prior to
120 implementation the policies are posted (1) on the eRegulations System
121 established pursuant to section 4-173b, and (2) the Department of Social
122 Services' Internet web site.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	17b-340d

Statement of Purpose:

To reduce rates of reimbursement for empty beds in nursing homes below a minimum occupancy threshold and establish a new payment system for management and other costs not directly related to patient 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.]