

House of Representatives, April 1, 1998. The Committee on Human Services reported through REP. KEELEY, 125th DIST., Chairman of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CREATING THE OFFICE OF CONSUMER HEALTH CARE PROTECTION.

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

1 Section 1. (NEW) (a) There is created an
2 Office of Consumer Health Care Protection.

3 (b) The Office of Consumer Health Care
4 Protection shall regulate all aspects of health
5 care financing and the provision of health care
6 services to consumers including:

7 (1) Financial solvency of entities engaged in
8 the business of payment of or payment and
9 provision of health care services;

10 (2) Contractual and other relationships
11 between providers of health care services and
12 payors of those services;

13 (3) Relationships between consumers and
14 entities engaged in payment or provision of health
15 care services;

16 (4) Licensing of health care facilities; and

17 (5) Prevention of fraud related to health
18 care services.

19 (c) The Office of Consumer Health Care
20 Protection shall be overseen by a commission
21 consisting of seven members appointed by the
22 Governor, with approval of the General Assembly.

23 All members shall be appointed on or before July
24 1, 1998, and each shall serve for a term of six
25 years. The Governor shall establish a staggered
26 schedule for such members' terms. The members
27 shall not be compensated for their services but
28 shall be reimbursed for all necessary expenses
29 incurred in the performance of their duties. The
30 Governor shall appoint the chairman of the
31 commission. The chairman shall consult and advise
32 the Governor on all matters assigned to said
33 office. Each member shall serve until the
34 expiration of his term and until his successor has
35 qualified. The Governor may remove any member for
36 cause upon notice and an opportunity to be heard.
37 Upon the death, resignation or removal of a
38 member, the Governor shall appoint a successor or
39 serve for the unexpired portion of the vacated
40 term and until his successor is appointed and has
41 qualified.

42 (d) The chairman shall appoint an executive
43 director of said office from a list of three
44 nominees submitted by the commission. The
45 executive director shall be in the unclassified
46 service and shall receive such compensation as is
47 fixed under the provisions of section 4-40 of the
48 general statutes. The executive director shall (1)
49 possess a broad knowledge of generally accepted
50 practices in health care delivery of services and
51 health care financing in the state, and (2) be
52 well informed of the laws which govern delivery
53 and financing of health care.

54 (e) The chairman shall designate a deputy
55 chairman or other employee of the office to sign
56 any license, certificate or permit issued by said
57 office.

58 Sec. 2. (NEW) (a) The Office of Consumer
59 Health Care Protection is designated as the state
60 agency for the administration of the Medicaid
61 program pursuant to Title XIX of the Social
62 Security Act.

63 (b) Said office shall develop a state-wide
64 fraud early detection system for the purpose of
65 identifying, investigating and determining if an
66 application to the Medicaid program, pursuant to
67 Title XIX of the Social Security Act, is
68 fraudulent prior to granting assistance. The
69 chairman shall adopt regulations, in accordance
70 with chapter 54 of the general statutes, for the

71 purpose of developing and implementing said
72 system.

73 Sec. 3. (NEW) The commission overseeing the
74 Office of Consumer Health Care Protection shall
75 have the power and duty to: (1) Administer,
76 coordinate and direct the operation of the office;
77 (2) adopt and enforce regulations, in accordance
78 with chapter 54 of the general statutes, as are
79 necessary to carry out the purposes of the office;
80 (3) establish rules for the internal operation and
81 administration of the office; (4) establish and
82 develop programs and administer services to
83 achieve the purposes of the office; (5) contract
84 for facilities, services and programs to implement
85 the purposes of the office; and (6) conduct a
86 hearing, issue subpoenas, administer oaths, compel
87 testimony and render a final decision in any case
88 where a hearing is required or authorized under
89 the provisions of any section dealing with the
90 Office of Consumer Health Care Protection. The
91 chairman of said commission may designate any
92 person to perform any of the duties listed in
93 subdivision (6) of this section. The commission
94 may solicit and accept for use any gift of money
95 or property made by will or otherwise, and any
96 grant of or contract for money, services or
97 property from the federal government, the state or
98 any political subdivision thereof or any private
99 source, and do all things necessary to cooperate
100 with the federal government or any of its agencies
101 in making an application for any grant or
102 contract.

103 Sec. 4. (NEW) The General Assembly shall
104 annually appropriate such sums as necessary for
105 the payment of the salaries of the staff and for
106 the payment of office expenses and other actual
107 expenses incurred by the Office of Consumer Health
108 Care Protection.

109 Sec. 5. (NEW) (a) All entities engaged in the
110 business of payment or provision of health care
111 services shall annually pay to the chairman of the
112 Office of Consumer Health Care Protection, for
113 deposit in the Consumer Health Care Protection
114 Fund established under subsection (b) of this
115 section, an amount equal to the actual
116 expenditures made by said office during each
117 fiscal year, including the cost of fringe benefits
118 for office personnel as estimated by the State

119 Comptroller, plus the expenditures made on behalf
120 of the office from the Capital Equipment Purchase
121 Fund pursuant to section 4a-9 of the general
122 statutes for such year. Payments shall be made by
123 assessment of all such entities calculated and
124 collected in accordance with the provisions
125 specified in regulations which the chairman shall
126 adopt pursuant to chapter 54 of the general
127 statutes. Any such entity aggrieved because of any
128 assessment levied under this section may appeal
129 therefrom in accordance with the provisions of
130 subsection (c) of this section.

131 (b) There is established a fund to be known
132 as the "Consumer Health Care Protection Fund". The
133 fund may contain any moneys required by law to be
134 deposited in the fund and shall be held by the
135 State Treasurer separate and apart from all other
136 moneys, funds and accounts. The interest derived
137 from the investment of the fund shall be credited
138 to the fund. Amounts in the fund may be expended
139 only pursuant to appropriation by the General
140 Assembly. Any balance remaining in the fund at the
141 end of any fiscal year shall be carried forward in
142 the fund for the fiscal year next succeeding.

143 (c) Any entity aggrieved because of any
144 assessment levied under this section may, within
145 one month from the time provided for the payment
146 of such assessment, appeal therefrom to the
147 superior court for the judicial district of
148 Hartford-New Britain*, which appeal shall be
149 accompanied by a citation to the chairman to
150 appear before said court. Such citation shall be
151 signed by the same authority, and such appeal
152 shall be returnable at the same time and served
153 and returned in the same manner, as is required in
154 case of a summons in a civil action. The authority
155 issuing the citation shall take from the appellant
156 a bond or recognizance to the state, with surety
157 to prosecute the appeal to effect and to comply
158 with the orders and decrees of the court in the
159 premises. Such appeals shall be preferred cases,
160 to be heard, unless cause appears to the contrary,
161 at the first session, by the court or by a
162 committee appointed by the court. Said court may
163 grant such relief as may be equitable, and, if
164 such assessment has been paid prior to the
165 granting of such relief, order the State
166 Treasurer to pay the amount of such relief, with

167 interest at the rate of six per cent per annum, to
168 the aggrieved entity. If the appeal has been taken
169 without probable cause, the court may tax double
170 or triple costs, as the case demands; and, upon
171 all such appeals which may be denied, costs may be
172 taxed against the appellant at the discretion of
173 the court, but no costs shall be taxed against the
174 state.

175 Sec. 6. (NEW) (a) Any claim for damages in
176 excess of one thousand five hundred dollars on
177 account of any official act or omission of the
178 commission overseeing the Office of Consumer
179 Health Care Protection or any member of its staff,
180 shall be brought as a civil action against the
181 commission in its official capacity and said
182 commission shall be represented therein by the
183 Attorney General in the manner provided in chapter
184 35 of the general statutes. Damages recovered in
185 such action shall be a proper charge against the
186 General Fund of the state and shall be paid in the
187 manner provided in section 3-117 of the general
188 statutes. Any such claim for damages not in excess
189 of one thousand five hundred dollars shall be
190 presented to the Claims Commissioner in accordance
191 with chapter 53 of the general statutes if such
192 claim is otherwise cognizable by the Claims
193 Commissioner.

194 (b) Neither said commission nor any member of
195 its staff, shall be held personally liable in any
196 civil action for damages on account of any
197 official act or omission of any official act or
198 omission of said commission or members of its
199 staff.

200 (c) No employee or staff member of said
201 commission shall be held personally liable in any
202 civil action for damages on account of any
203 official act or omission not wanton or wilful of
204 such employee or staff member.

205 (d) Any person to whom the provisions of
206 subsection (b) or (c) of this section are
207 applicable and against whom any action shall be
208 brought on account of any act alleged to be an
209 official act or omission or any other act as to
210 which protection is afforded by the provisions of
211 this section shall be represented by the Attorney
212 General in the manner provided in chapter 35 of
213 the general statutes.

214 Sec. 7. (NEW) The Office of Consumer Health
215 Care Protection is authorized to receive, hold and
216 use real estate and to receive, hold, invest and
217 disburse money, securities, supplies or equipment
218 offered it for the protection and preservation of
219 the public health and welfare by the federal
220 government or by any person, corporation or
221 association, provided such real estate, money,
222 securities, supplies or equipment shall be used
223 only for the purposes designated by the federal
224 government or such person, corporation or
225 association. Said office shall include in its
226 annual report an account of the property so
227 received, the names of its donors, its location,
228 the use made thereof and the amount of unexpended
229 balances on hand.

230 Sec. 8. Subsection (a) of section 17a-120 of
231 the general statutes is repealed and the following
232 is substituted in lieu thereof:

233 (a) Any child who is blind or physically
234 disabled as defined by section 1-1f, mentally
235 disabled, seriously emotionally maladjusted or has
236 a recognized high risk of physical or mental
237 disability as defined in the regulations adopted
238 by the Commissioner of Children and Families
239 pursuant to section 17a-118, who is to be given or
240 has been given in adoption by a statutory parent,
241 as defined in section 45a-707, shall be eligible
242 for a one hundred per cent medical expense subsidy
243 in accordance with the fee schedule and payment
244 procedures under the state Medicaid program
245 administered by the [Department of Social
246 Services] OFFICE OF CONSUMER HEALTH CARE
247 PROTECTION where such condition existed prior to
248 such adoption, provided such expenses are not
249 reimbursed by health insurance, or federal or
250 state payments for health care. Application for
251 such subsidy shall be made to the Commissioner of
252 Children and Families by such child's adopting or
253 adoptive parent or parents. Said commissioner
254 shall adopt regulations governing the procedures
255 for application and criteria for determination of
256 the existence of such condition. A written
257 determination of eligibility shall be made by said
258 commissioner and may be made prior to or after
259 identification of the adopting parent or parents.
260 Upon a finding of eligibility, an application for
261 such medical expense subsidy by the adopting or

262 adoptive parent or parents on behalf of the child
263 shall be granted, and such adopting or adoptive
264 parent or parents shall be issued a medical
265 identification card for such child by the
266 Department of Children and Families for the
267 purpose of providing for payment for the medical
268 expense subsidy. The subsidy set forth in this
269 section shall not preclude the granting of either
270 subsidy set forth in section 17a-117 except, if
271 the child is eligible for subsidy under this
272 section, his adopting parent or parents shall not
273 be granted a subsidy or subsidies set forth in
274 section 17a-117 that would be granted for the same
275 purposes as the child's subsidy.

276 Sec. 9. Section 17b-2 of the general
277 statutes, as amended by section 19 of public act
278 97-2 of the June 18 special session, is repealed
279 and the following is substituted in lieu thereof:

280 The Department of Social Services is
281 designated as the state agency for the
282 administration of (1) the child care development
283 block grant pursuant to the Child Care and
284 Development Block Grant Act of 1990; (2) the
285 Connecticut energy assistance program pursuant to
286 the Low Income Home Energy Assistance Act of 1981;
287 (3) programs for the elderly pursuant to the Older
288 Americans Act; (4) the state plan for vocational
289 rehabilitation services for the fiscal year ending
290 June 30, 1994; (5) the refugee assistance program
291 pursuant to the Refugee Act of 1980; (6) the
292 legalization impact assistance grant program
293 pursuant to the Immigration Reform and Control Act
294 of 1986; (7) the temporary assistance for needy
295 families program pursuant to the Personal
296 Responsibility and Work Opportunity Reconciliation
297 Act of 1996; [(8) the Medicaid program pursuant to
298 Title XIX of the Social Security Act; (9)] (8) the
299 food stamp program pursuant to the Food Stamp Act
300 of 1977; [(10)] (9) the state supplement to the
301 Supplemental Security Income Program pursuant to
302 the Social Security Act; [(11)] (10) the state
303 child support enforcement plan pursuant to Title
304 IV-D of the Social Security Act; and [(12)] (11)
305 the state social services plan for the
306 implementation of the social services block grants
307 and community services block grants pursuant to
308 the Social Security Act. The Department of Social
309 Services is designated a public housing agency for

310 the purpose of administering the Section 8
311 existing certificate program and the housing
312 voucher program pursuant to the Housing Act of
313 1937.

314 Sec. 10. Section 17b-7a of the general
315 statutes, as amended by section 20 of public act
316 97-2 of the June 18 special session, is repealed
317 and the following is substituted in lieu thereof:

318 The Commissioner of Social Services shall
319 develop a state-wide fraud early detection system.
320 The purpose of such system shall be to identify,
321 investigate and determine if an application for
322 assistance under (1) the temporary family
323 assistance program, OR (2) the food stamp program
324 [or (3) the Medicaid program pursuant to Title XIX
325 of the Social Security Act] is fraudulent prior to
326 granting assistance. The commissioner shall adopt
327 regulations, in accordance with chapter 54, for
328 the purpose of developing and implementing said
329 system.

330 Sec. 11. Section 17b-28 of the general
331 statutes, as amended by section 18 of public act
332 97-1 of the October 29 special session, is
333 repealed and the following is substituted in lieu
334 thereof:

335 (a) There is established a council which
336 shall advise the [Commissioner of Social Services]
337 COMMISSION OVERSEEING THE OFFICE OF CONSUMER
338 HEALTH CARE PROTECTION on the planning and
339 implementation of a system of Medicaid managed
340 care and shall monitor such planning and
341 implementation and shall advise the Waiver
342 Application Development Council, established
343 pursuant to section 17b-28a, AS AMENDED BY SECTION
344 12 OF THIS ACT, on matters including, but not
345 limited to, eligibility standards, benefits,
346 access and quality assurance. The council shall be
347 composed of the chairmen and ranking members of
348 the joint standing committees of the General
349 Assembly having cognizance of matters relating to
350 human services and public health, or their
351 designees; two members of the General Assembly,
352 one to be appointed by the president pro tempore
353 of the Senate and one to be appointed by the
354 speaker of the House of Representatives; the
355 director of the Commission on Aging, or his
356 designee; the director of the Commission on
357 Children, or his designee; two community providers

358 of health care, to be appointed by the president
359 pro tempore of the Senate; two representatives of
360 the insurance industry, to be appointed by the
361 speaker of the House of Representatives; two
362 advocates for persons receiving Medicaid, one to
363 be appointed by the majority leader of the Senate
364 and one to be appointed by the minority leader of
365 the Senate; one advocate for persons with
366 substance abuse disabilities, to be appointed by
367 the majority leader of the House of
368 Representatives; one advocate for persons with
369 psychiatric disabilities, to be appointed by the
370 minority leader of the House of Representatives;
371 two advocates for the Department of Children and
372 Families foster families, one to be appointed by
373 the president pro tempore of the Senate and one to
374 be appointed by the speaker of the House of
375 Representatives; two members of the public who are
376 currently recipients of Medicaid, one to be
377 appointed by the majority leader of the House of
378 Representatives and one to be appointed by the
379 minority leader of the House of Representatives;
380 two representatives of the [Department of Social
381 Services] OFFICE OF CONSUMER HEALTH CARE
382 PROTECTION, to be appointed by the [Commissioner
383 of Social Services] CHAIRMAN OF THE OFFICE OF
384 CONSUMER HEALTH CARE PROTECTION; two
385 representatives of the Department of Public
386 Health, to be appointed by the Commissioner of
387 Public Health; two representatives of the
388 Department of Mental Health and Addiction
389 Services, to be appointed by the Commissioner of
390 Mental Health and Addiction Services; two
391 representatives of the Department of Children and
392 Families, to be appointed by the Commissioner of
393 Children and Families; two representatives of the
394 Office of Policy and Management, to be appointed
395 by the Secretary of the Office of Policy and
396 Management; one representative of the office of
397 the State Comptroller, to be appointed by the
398 State Comptroller and the members of the Health
399 Care Access Board who shall be ex-officio members
400 and who may not designate persons to serve in
401 their place. The council shall choose a chair from
402 among its members. The joint committee on
403 Legislative Management shall provide
404 administrative support to such chair. The council

405 shall convene its first meeting no later than June
406 1, 1994.

407 (b) The council shall make recommendations
408 concerning (1) guaranteed access to enrollees and
409 effective outreach and client education; (2)
410 available services comparable to those already in
411 the Medicaid state plan, including those
412 guaranteed under the federal Early and Periodic
413 Screening Diagnosis and Treatment Program; (3) the
414 sufficiency of provider networks; (4) the
415 sufficiency of capitated rates provider payments,
416 financing and staff resources to guarantee timely
417 access to services; (5) participation in managed
418 care by existing community Medicaid providers; (6)
419 the linguistic and cultural competency of
420 providers and other program facilitators; (7)
421 quality assurance; (8) timely, accessible and
422 effective client grievance procedures; (9)
423 coordination of the Medicaid managed care plan
424 with state and federal health care reforms; (10)
425 eligibility levels for inclusion in the program;
426 (11) cost-sharing provisions; (12) a benefit
427 package; (13) coordination with coverage under the
428 HUSKY Plan, Part B; and (14) other issues
429 pertaining to the development of a Medicaid
430 Research and Demonstration Waiver under Section
431 1115 of the Social Security Act.

432 (c) The [Commissioner of Social Services]
433 CHAIRMAN OF THE OFFICE OF CONSUMER HEALTH CARE
434 PROTECTION shall seek a federal waiver for the
435 Medicaid managed care plan. Implementation of the
436 Medicaid managed care plan shall not occur before
437 July 1, 1995.

438 (d) The [Commissioner of Social Services]
439 CHAIRMAN OF THE OFFICE OF CONSUMER HEALTH CARE
440 PROTECTION shall provide monthly reports on the
441 plans and implementation of the Medicaid managed
442 care system to the council.

443 (e) The council shall report its activities
444 and progress once each quarter to the General
445 Assembly.

446 Sec. 12. Section 17b-28a of the general
447 statutes, as amended by section 114 of public act
448 97-2 of the June 18 special session and section 29
449 of public act 97-8 of the June 18 special session,
450 repealed and the following is substituted in
451 lieu thereof:

452 (a) There is established a Waiver Application
453 Development Council that shall be composed of the
454 following members: The chairpersons and ranking
455 members of the joint standing committee of the
456 General Assembly having cognizance of matters
457 relating to appropriations, or their designees;
458 the chairpersons and ranking members of the joint
459 standing committee of the General Assembly having
460 cognizance of matters relating to human services,
461 or their designees; the chairpersons and ranking
462 members of the joint standing committee of the
463 General Assembly having cognizance of matters
464 relating to public health, or their designees; the
465 Commissioner of Social Services, or his designee;
466 the Commissioner of Public Health, or his
467 designee; the Commissioner of Mental Health and
468 Addiction Services, or his designee; the
469 Commissioner of Mental Retardation, or his
470 designee; the Secretary of the Office of Policy
471 and Management, or his designee; the State
472 Comptroller, or his designee; a representative of
473 advocacy for mental retardation to be appointed by
474 the president pro tempore of the Senate; a
475 representative of advocacy for the elderly to be
476 appointed by the majority leader of the Senate; a
477 representative of the nursing home industry to be
478 appointed by the minority leader of the Senate; a
479 representative of the home health care industry,
480 independent of the nursing home industry, to be
481 appointed by the speaker of the House of
482 Representatives; a representative of the mental
483 health profession to be appointed by the majority
484 leader of the House of Representatives; a
485 representative of the substance abuse profession
486 to be appointed by the minority leader of the
487 House of Representatives; a health care provider
488 to be appointed by the president pro tempore of
489 the Senate; two elderly consumers of Medicaid
490 services who are also eligible for Medicare, to be
491 appointed by the speaker of the House of
492 Representatives; a representative of the managed
493 care industry, to be appointed by the president
494 pro tempore of the Senate; a social services care
495 provider, to be appointed by the majority leader
496 of the House of Representatives; a family support
497 care provider, to be appointed by the majority
498 leader of the Senate; two persons with
499 disabilities who are consumers of Medicaid

500 services, one to be appointed by the president pro
501 tempore of the Senate and one to be appointed by
502 the minority leader of the House of
503 Representatives; a representative of legal
504 advocacy for Medicaid clients, to be appointed by
505 the minority leader of the Senate; and six members
506 of the General Assembly, one member appointed by
507 the president pro tempore of the Senate; one
508 member appointed by the majority leader of the
509 Senate; one member appointed by the minority
510 leader of the Senate; one member appointed by the
511 speaker of the House of Representatives; one
512 member appointed by the majority leader of the
513 House of Representatives; and one member appointed
514 by the minority leader of the House of
515 Representatives. The council shall be responsible
516 for advising the [Department of Social Services]
517 OFFICE OF CONSUMER HEALTH CARE PROTECTION, which
518 shall be the lead agency in the development of a
519 Medicaid Research and Demonstration Waiver under
520 Section 1115 of the Social Security Act for
521 application to the Office of State Health Reform
522 of the United States Department of Health and
523 Human Services by May 1, 1996. The council shall
524 advise the [department] OFFICE with respect to
525 specific provisions within the waiver application,
526 including but not limited to, the identification
527 of populations to be included in a managed care
528 program, a timetable for inclusion of distinct
529 populations, expansion of access to care, quality
530 assurance and grievance procedures for consumers
531 and providers. The council shall also advise the
532 [department] OFFICE with respect to the goals of
533 the waiver, including but not limited to, the
534 expansion of access and coverage, making state
535 health spending more efficient and to the
536 reduction of uncompensated care.

537 (b) There is established a Medicaid waiver
538 unit within the [Department of Social Services]
539 OFFICE OF CONSUMER HEALTH CARE PROTECTION for the
540 purposes of developing the waiver under subsection
541 (a) of this section. The Medicaid waiver unit's
542 responsibilities shall include but not be limited
543 to the following: (1) Administrating the Medicaid
544 managed care program, established pursuant to
545 section 17b-28, AS AMENDED BY SECTION 11 OF THIS
546 ACT; (2) contracting with and evaluating prepaid
547 health plans providing Medicaid services,

548 including negotiation and establishment of
549 capitated rates; (3) assessing quality assurance
550 information compiled by the federally required
551 independent quality assurance contractor; (4)
552 monitoring contractual compliance; (5) evaluating
553 enrolment broker performance; (6) providing
554 assistance to the Insurance Department for the
555 regulation of Medicaid managed care health plans;
556 and (7) developing a system to compare performance
557 levels among prepaid health plans providing
558 Medicaid services.

559 Sec. 13. Section 17b-28b of the general
560 statutes is repealed and the following is
561 substituted in lieu thereof:

562 On and after January 1, 1997, the [Department
563 of Social Services] OFFICE OF CONSUMER HEALTH CARE
564 PROTECTION may award, on the basis of a
565 competitive bidding procedure contracts for
566 Medicaid managed care health plans.

567 Sec. 14. Subsection (a) of section 17b-103 of
568 the general statutes is repealed and the following
569 is substituted in lieu thereof:

570 (a) Any payment made by or on behalf of an
571 individual who is subsequently found eligible for
572 the Title XIX Medicaid program shall be refunded
573 to the payor (1) to the extent that eligibility
574 under the program overlaps the period for which
575 payment was made, and (2) goods and services for
576 which payment was made are covered by Medicaid.
577 Any vendor who is a provider of goods or services
578 in the medical assistance program shall, upon
579 receiving notice of an individual's eligibility
580 for the Title XIX Medicaid program, refund any
581 such sums received or accepted. The [Department of
582 Social Services] OFFICE OF CONSUMER HEALTH CARE
583 PROTECTION shall reimburse the vendor at the state
584 rate of payment.

585 Sec. 15. Subsection (d) of section 17b-112 of
586 the general statutes, as amended by section 1 of
587 public act 97-2 of the June 18 special session, is
588 repealed and the following is substituted in lieu
589 thereof:

590 (d) [Medicaid eligibility shall be extended]
591 THE OFFICE OF CONSUMER HEALTH CARE PROTECTION
592 SHALL EXTEND MEDICAID ELIGIBILITY for two years to
593 a family who becomes ineligible for cash
594 assistance while employed or a family with an

595 adult who, within six months of becoming
596 ineligible, becomes employed.

597 Sec. 16. Section 17b-238 of the general
598 statutes is repealed and the following is
599 substituted in lieu thereof:

600 (a) The [Commissioner of Social Services]
601 **CHAIRMAN OF THE OFFICE OF CONSUMER HEALTH CARE**
602 **PROTECTION** shall establish annually the cost of
603 services for which payment is to be made under the
604 provisions of section 17b-239, AS AMENDED BY
605 SECTION 17 OF THIS ACT. All hospitals receiving
606 state aid shall submit their cost data under oath
607 on forms approved by the [commissioner] CHAIRMAN.
608 The [commissioner] CHAIRMAN may adopt REGULATIONS,
609 in accordance with the provisions of chapter 54,
610 [regulations] concerning the submission of data by
611 institutions and agencies to which payments are to
612 be made under sections 17b-239, AS AMENDED BY
613 SECTION 17 OF THIS ACT, 17b-243, AS AMENDED BY
614 SECTION 20 OF THIS ACT, 17b-244, AS AMENDED BY
615 SECTION 21 OF THIS ACT, 17b-340, 17b-341 and
616 section 17b-343, and the defining of policies
617 utilized by the [commissioner] CHAIRMAN in
618 establishing rates under said sections, which data
619 and policies are necessary for the efficient
620 administration of said sections. The
621 [commissioner] CHAIRMAN shall provide, upon
622 request, a statement of interpretation of the
623 Medicaid cost-related reimbursement system
624 regulations for long-term care facilities
625 reimbursed under section 17b-340 concerning
626 allowable and unallowable costs or expenditures.
627 Such statement of interpretation shall not be
628 construed to constitute a regulation violative of
629 chapter 54. Failure of such statement of
630 interpretation to address a specific unallowable
631 cost or expenditure fact pattern shall in no way
632 prevent the [commissioner] CHAIRMAN from enforcing
633 all applicable laws and regulations.

634 (b) Any institution or agency to which
635 payments are to be made under sections 17b-239 to
636 17b-246, inclusive, AS AMENDED BY THIS ACT, and
637 sections 17b-340 and 17b-343 which is aggrieved by
638 any decision of said [commissioner] CHAIRMAN may,
639 within ten days after written notice thereof from
640 the [commissioner] CHAIRMAN, obtain, by written
641 request to the [commissioner] CHAIRMAN, a
642 rehearing on all items of aggrievement. On and

643 after July 1, 1996, a rehearing shall be held by
644 the [commissioner] CHAIRMAN or his designee,
645 provided a detailed written description of all
646 such items is filed within ninety days of written
647 notice of the [commissioner's] CHAIRMAN'S
648 decision. The rehearing shall be held within
649 thirty days of the filing of the detailed written
650 description of each specific item of aggrievement.
651 The [commissioner] CHAIRMAN shall issue a final
652 decision within sixty days of the close of
653 evidence or the date on which final briefs are
654 filed, whichever occurs later. Any designee of the
655 [commissioner] CHAIRMAN who presides over such
656 rehearing shall be impartial and shall not be
657 employed within the [Department of Social
658 Services] OFFICE OF CONSUMER HEALTH CARE
659 PROTECTION office of certificate of need and rate
660 setting. Any such items not resolved at such
661 rehearing to the satisfaction of either such
662 institution or agency or said [commissioner]
663 CHAIRMAN shall be submitted to binding arbitration
664 to an arbitration board consisting of one member
665 appointed by the institution or agency, one member
666 appointed by the [commissioner] CHAIRMAN and one
667 member appointed by the Chief Court Administrator
668 from among the retired judges of the Superior
669 Court, which retired judge shall be compensated
670 for his services on such board in the same manner
671 as a state referee is compensated for his services
672 under section 52-434. The proceedings of the
673 arbitration board and any decisions rendered by
674 such board shall be conducted in accordance with
675 the provisions of the Social Security Act, 49
676 Stat. 620 (1935), 42 USC 1396, as amended from
677 time to time, and chapter 54.

678 (c) The submission of any false or misleading
679 fiscal information or data to said [commissioner]
680 CHAIRMAN shall be grounds for suspension of
681 payments by the state under sections 17b-239 to
682 17b-246, inclusive, AS AMENDED BY THIS ACT, and
683 sections 17b-340 and 17b-343, AS AMENDED BY
684 SECTION 25 OF THIS ACT, in accordance with
685 regulations adopted by said [commissioner]
686 CHAIRMAN. In addition, any person, including any
687 corporation, who knowingly makes or causes to be
688 made any false or misleading statement or who
689 knowingly submits false or misleading fiscal
690 information or data on the forms approved by the

691 [commissioner] CHAIRMAN shall be guilty of a class
692 D felony.

693 (d) Said [commissioner] CHAIRMAN, or any
694 agent authorized by the [commissioner] CHAIRMAN to
695 conduct any inquiry, investigation or hearing
696 under the provisions of this section, shall have
697 power to administer oaths and take testimony under
698 oath relative to the matter of inquiry or
699 investigation. At any hearing ordered by the
700 [commissioner, the commissioner] CHAIRMAN, THE
701 CHAIRMAN or such agent having authority by law to
702 issue such process may subpoena witnesses and
703 require the production of records, papers and
704 documents pertinent to such inquiry. If any person
705 disobeys such process or, having appeared in
706 obedience thereto, refuses to answer any pertinent
707 question put to him by the [commissioner] CHAIRMAN
708 or his authorized agent or to produce any records
709 and papers pursuant thereto, the [commissioner]
710 CHAIRMAN or his agent may apply to the superior
711 court for the judicial district of Hartford-New
712 Britain* or for the judicial district wherein the
713 person resides or wherein the business has been
714 conducted, or to any judge of said court if the
715 same is not in session, setting forth such
716 disobedience to process or refusal to answer, and
717 said court or such judge shall cite such person to
718 appear before said court or such judge to answer
719 such question or to produce such records and
720 papers.

721 Sec. 17. Section 17b-239 of the general
722 statutes is repealed and the following is
723 substituted in lieu thereof:

724 (a) The rate to be paid by the state to
725 hospitals receiving appropriations granted by the
726 General Assembly and to freestanding chronic
727 disease hospitals, providing services to persons
728 aided or cared for by the state for routine
729 services furnished to state patients, shall be
730 based upon reasonable cost to such hospital, or
731 the charge to the general public for ward services
732 or the lowest charge for semiprivate services if
733 the hospital has no ward facilities, imposed by
734 such hospital, whichever is lowest, except to the
735 extent, if any, that the [commissioner] CHAIRMAN
736 in his discretion determines that a greater amount
737 is appropriate in the case of hospitals serving a
738 disproportionate share of indigent patients. Such

739 rate shall be promulgated annually by the
740 [Commissioner of Social Services] CHAIRMAN OF THE
741 OFFICE OF CONSUMER HEALTH CARE PROTECTION. Nothing
742 contained herein shall authorize a payment by the
743 state for such services to any such hospital in
744 excess of the charges made by such hospital for
745 comparable services to the general public.
746 Notwithstanding the provisions of this section, on
747 and after July 1, 1995, rates paid to freestanding
748 chronic disease hospitals shall not exceed rates
749 paid in rate periods ending in 1995 plus the
750 inflation factor annually applied in determining
751 acute care inpatient hospital rates under the
752 Medicaid program. A freestanding chronic disease
753 hospital having more than an average of fifty per
754 cent of its inpatient days paid for by the
755 [department] OFFICE may request that the
756 [commissioner] CHAIRMAN use the actual charge
757 based on utilized service for the rate period
758 ending in 1995 in lieu of the rate paid for the
759 period when determining the rates to be paid on
760 and after July 1, 1995.

761 (b) Effective October 1, 1991, the rate to be
762 paid by the state for the cost of special services
763 rendered by such hospitals shall be established
764 annually by the [commissioner] CHAIRMAN for each
765 such hospital based on the reasonable cost to each
766 hospital of such services furnished to state
767 patients. Nothing contained herein shall authorize
768 a payment by the state for such services to any
769 such hospital in excess of the charges made by
770 such hospital for comparable services to the
771 general public.

772 (c) The term "reasonable cost" as used in
773 this section means the cost of care furnished such
774 patients by an efficient and economically operated
775 facility, computed in accordance with accepted
776 principles of hospital cost reimbursement. The
777 [commissioner] CHAIRMAN may adjust the rate of
778 payment established under the provisions of this
779 section for the year during which services are
780 furnished to reflect fluctuations in hospital
781 costs. Such adjustment may be made prospectively
782 to cover anticipated fluctuations or may be made
783 retroactive to any date subsequent to the date of
784 the initial rate determination for such year or in
785 such other manner as may be determined by the
786 [commissioner] CHAIRMAN. In determining

787 "reasonable cost" the [commissioner] CHAIRMAN may
788 give due consideration to allowances for fully or
789 partially unpaid bills, reasonable costs mandated
790 by collective bargaining agreements with certified
791 collective bargaining agents or other agreements
792 between the employer and employees, provided
793 "employees" shall not include persons employed as
794 managers or chief administrators, requirements for
795 working capital and cost of development of new
796 services, including additions to and replacement
797 of facilities and equipment. The [commissioner]
798 CHAIRMAN shall not give consideration to amounts
799 paid by the facilities to employees as salary, or
800 to attorneys or consultants as fees, where the
801 responsibility of the employees, attorneys or
802 consultants is to persuade or seek to persuade the
803 other employees of the facility to support or
804 oppose unionization. Nothing in this subsection
805 shall prohibit the [commissioner] CHAIRMAN from
806 considering amounts paid for legal counsel related
807 to the negotiation of collective bargaining
808 agreements, the settlement of grievances or normal
809 administration of labor relations.

810 (d) The state shall also pay to such
811 hospitals for each outpatient clinic and emergency
812 room visit a reasonable rate to be established
813 annually by the [commissioner] CHAIRMAN for each
814 hospital, such rate to be determined by the
815 reasonable cost of such services, but the
816 established rate for an outpatient clinic visit
817 shall not exceed one hundred sixteen per cent of
818 the combined average fee of the general
819 practitioner and specialist for an office visit
820 according to the fee schedule for practitioners of
821 the healing arts approved under section 4-67c,
a22 except that the outpatient clinic rate in effect
a23 June 30, 1992, shall increase July 1, 1992, and
824 each July first thereafter by no more than the
825 most recent annual increase in the consumer price
826 index for medical care. The emergency room visit
827 rates in effect June 30, 1991, shall remain in
828 effect through June 30, 1993, except those which
829 would have been decreased effective July 1, 1991,
a30 or July 1, 1992, shall be decreased. To the extent
831 that the [commissioner] CHAIRMAN receives approval
832 for a disproportionate share exemption pursuant to
833 federal regulations, the [commissioner] CHAIRMAN
a34 may establish a rate cap for qualifying hospital

835 outpatient clinics up to one hundred seventy-five
836 per cent of the combined average fee of the
837 general practitioner and specialist for an office
838 visit according to the fee schedule for
839 practitioners of the healing arts approved under
840 section 4-67c. Nothing contained herein shall
841 authorize a payment by the state for such services
842 to any hospital in excess of the charges made by
843 such hospital for comparable services to the
844 general public. For those outpatient hospital
845 services paid on the basis of a ratio of cost to
846 charges, the ratios in effect June 30, 1991, shall
847 be reduced effective July 1, 1991, by the most
848 recent annual increase in the consumer price index
849 for medical care. For those outpatient hospital
850 services paid on the basis of a ratio of cost to
851 charges, the ratios computed to be effective July
852 1, 1994, shall be reduced by the most recent
853 annual increase in the consumer price index for
854 medical care. The emergency room visit rates in
855 effect June 30, 1994, shall remain in effect
856 through December 31, 1994. The [Commissioner of
857 Social Services] CHAIRMAN OF THE OFFICE OF
858 CONSUMER HEALTH CARE PROTECTION shall establish a
859 fee schedule for outpatient hospital services to
860 be effective on and after January 1, 1995. Such
861 fee schedule shall be adjusted annually beginning
862 July 1, 1996, to reflect necessary increases in
863 the cost of services.

864 (e) The [commissioner] CHAIRMAN shall adopt
865 regulations, in accordance with the provisions of
866 chapter 54, establishing criteria for defining
867 emergency and nonemergency visits to hospital
868 emergency rooms. All nonemergency visits to
869 hospital emergency rooms shall be paid at the
870 hospital's outpatient clinic services rate.
871 Nothing contained in this subsection or the
872 regulations adopted hereunder shall authorize a
873 payment by the state for such services to any
874 hospital in excess of the charges made by such
875 hospital for comparable services to the general
876 public.

877 (f) On and after October 1, 1984, the state
878 shall pay to an acute care general hospital for
879 the inpatient care of a patient who no longer
880 requires acute care a rate determined by the
881 following schedule: For the first seven days
882 following certification that the patient no longer

883 requires acute care the state shall pay the
884 hospital at a rate of fifty per cent of the
885 hospital's actual cost; for the second seven-day
886 period following certification that the patient no
887 longer requires acute care the state shall pay
888 seventy-five per cent of the hospital's actual
889 cost; for the third seven-day period following
890 certification that the patient no longer requires
891 acute care and for any period of time thereafter,
892 the state shall pay the hospital at a rate of one
893 hundred per cent of the hospital's actual cost. On
894 and after July 1, 1995, no payment shall be made
895 by the state to an acute care general hospital for
896 the inpatient care of a patient who no longer
897 requires acute care and is eligible for Medicare
898 unless the hospital does not obtain reimbursement
899 from Medicare for that stay.

900 Sec. 18. Section 17b-241 of the general
901 statutes is repealed and the following is
902 substituted in lieu thereof:

903 (a) Any rates established by the
904 [Commissioner of Social Services] CHAIRMAN OF THE
905 OFFICE OF CONSUMER HEALTH CARE PROTECTION in
906 effect February 1, 1991, for mental health and
907 substance abuse residential facilities shall
908 remain in effect through June 30, 1992, except
909 those which would have been decreased effective
910 July 1, 1991, shall be decreased. Any rate
911 increases made during the fiscal year ending June
912 30, 1993, shall not exceed the most recent annual
913 increase in the consumer price index for urban
914 consumers.

915 (b) Any rates established by the
916 [Commissioner of Social Services] CHAIRMAN OF THE
917 OFFICE OF CONSUMER HEALTH CARE PROTECTION in
918 effect February 1, 1991, for free-standing
919 detoxification centers shall remain in effect
920 through June 30, 1992, except those which would
921 have been decreased effective July 1, 1991, shall
922 be decreased. Any rate increases made during the
923 fiscal years ending June 30, 1993, June 30, 1994,
924 and June 30, 1995, shall not exceed the most
925 recent annual increase in the consumer price index
926 for urban consumers. Any free-standing
927 detoxification center which has an established
928 rate below the average and, due to a material
929 change in circumstances resulting in financial
930 hardship, is aggrieved by a rate determined

931 pursuant to this subsection may, within ten days
932 of receipt of written notice of such rate from the
933 [commissioner] CHAIRMAN, request in writing a
934 hearing on such rate. The [commissioner] CHAIRMAN
935 shall, upon the receipt of all documentation
936 necessary to evaluate the request, determine
937 whether there has been such a change in
938 circumstances and shall conduct a hearing if
939 appropriate.

940 Sec. 19. Section 17b-242 of the general
941 statutes is repealed and the following is
942 substituted in lieu thereof:

943 The [Department of Social Services] OFFICE OF
944 CONSUMER HEALTH CARE PROTECTION shall determine
945 the rates to be charged by home health care
946 agencies and homemaker-home health aide agencies
947 and the rates to be paid to such agencies by the
948 state or any town in the state for persons aided
949 or cared for by the state or any such town. For
950 the period from February 1, 1991, to January 31,
951 1992, inclusive, payment for each service to the
952 state shall be based upon the rate for such
953 service as determined by the Office of Health Care
954 Access, except that for those providers whose
955 Medicaid rates for the year ending January 31,
956 1991, exceed the median rate, no increase shall be
957 allowed. For those providers whose rates for the
958 year ending January 31, 1991, are below the median
959 rate, increases shall not exceed the lower of the
960 prior rate increased by the most recent annual
961 increase in the consumer price index for urban
962 consumers or the median rate. In no case shall any
963 such rate exceed the eightieth percentile of rates
964 in effect January 31, 1991, nor shall any rate
965 exceed the charge to the general public for
966 similar services. Rates effective February 1,
967 1992, shall be based upon rates as determined by
968 the Office of Health Care Access, except that
969 increases shall not exceed the prior year's rate
970 increased by the most recent annual increase in
971 the consumer price index for urban consumers and
972 rates effective February 1, 1992, shall remain in
973 effect through June 30, 1993. Rates effective July
974 1, 1993, shall be based upon rates as determined
975 by the Office of Health Care Access pursuant to
976 the provisions of subsection (b) of section
977 19a-635, except if the Medicaid rates for any
978 service for the period ending June 30, 1993,

979 exceeds the median rate for such service, the
980 increase effective July 1, 1993, shall not exceed
981 one per cent. If the Medicaid rate for any service
982 for the period ending June 30, 1993, is below the
983 median rate, the increase effective July 1, 1993,
984 shall not exceed the lower of the prior rate
985 increased by one and one-half times the most
986 recent annual increase in the consumer price index
987 for urban consumers or the median rate plus one
988 per cent. The [Commissioner of Social Services]
989 CHAIRMAN OF THE OFFICE OF CONSUMER HEALTH CARE
990 PROTECTION shall establish a fee schedule for home
991 health services to be effective on and after July
992 1, 1994. The [commissioner] CHAIRMAN may annually
993 increase any fee in the fee schedule based on an
994 increase in the cost of services. The fee schedule
995 may be phased in over a two-year period during
996 which no agency shall be paid for a service in an
997 amount which varies by more than ten per cent from
998 the payment made for the service in the preceding
999 fiscal year. The [commissioner] CHAIRMAN may
1000 increase any fee payable to a home health care
1001 agency or homemaker-home health aide agency upon
1002 the application of such an agency evidencing
1003 extraordinary costs related to (1) serving persons
1004 with AIDS; (2) high-risk maternal and child health
1005 care; (3) escort services; or (4) extended hour
1006 services. In no case shall any rate or fee exceed
1007 the charge to the general public for similar
1008 services. A home health care agency or
1009 homemaker-home health aide agency which, due to
1010 any material change in circumstances, is aggrieved
1011 by a rate determined pursuant to this section may,
1012 within ten days of receipt of written notice of
1013 such rate from the [Commissioner of Social
1014 Services] CHAIRMAN OF THE OFFICE OF CONSUMER
1015 HEALTH CARE PROTECTION, request in writing a
1016 hearing on all items of aggrievement. The
1017 [commissioner] CHAIRMAN shall, upon the receipt of
1018 all documentation necessary to evaluate the
1019 request, determine whether there has been such a
1020 change in circumstances and shall conduct a
1021 hearing if appropriate. The [Commissioner of
1022 Social Services] CHAIRMAN OF THE OFFICE OF
1023 CONSUMER HEALTH CARE PROTECTION shall adopt
1024 regulations, in accordance with chapter 54, to
1025 implement the provisions of this section. The
1026 [commissioner] CHAIRMAN may implement policies and

1027 procedures to carry out the provisions of this
1028 section while in the process of adopting
1029 regulations, provided notice of intent to adopt
1030 the regulations is published in the Connecticut
1031 Law Journal within twenty days of implementing the
1032 policies and procedures. Such policies and
1033 procedures shall be valid for not longer than nine
1034 months.

1035 Sec. 20. Subsection (a) of section 17b-243 of
1036 the general statutes is repealed and the following
1037 is substituted in lieu thereof:

1038 (a) The rate to be paid by the state to
1039 rehabilitation centers, including but not limited
1040 to, centers affiliated with the Easter Seal
1041 Society of Connecticut, Inc., for services to
1042 patients referred by any state agency, except
1043 employment opportunities and day services, as
1044 defined in section 17a-246, shall be determined
1045 annually by the [Commissioner of Social Services]
1046 CHAIRMAN OF THE OFFICE OF CONSUMER HEALTH CARE
1047 PROTECTION who shall prescribe uniform forms on
1048 which such rehabilitation centers shall report
1049 their costs, except that rates effective April 30,
1050 1989, shall remain in effect through May 31, 1990,
1051 and rates in effect February 1, 1991, shall remain
1052 in effect through December 31, 1992, except those
1053 which would be decreased effective January 1,
1054 1992, shall be decreased. For the rate years
1055 beginning January 1, 1993, through December 31,
1056 1995, any rate increase shall not exceed the most
1057 recent annual increase in the consumer price index
1058 for urban consumers. Such rates shall be
1059 determined on the basis of a reasonable payment
1060 for necessary services rendered. Nothing contained
1061 herein shall authorize a payment by the state to
1062 any such rehabilitation center in excess of the
1063 charges made by such center for comparable
1064 services to the general public. The [Commissioner
1065 of Social Services] CHAIRMAN OF THE OFFICE OF
1066 CONSUMER HEALTH CARE PROTECTION shall establish a
1067 fee schedule for rehabilitation services to be
1068 effective on and after January 1, 1996. The fee
1069 schedule may be adjusted annually beginning July
1070 1, 1997, to reflect necessary increases in the
1071 cost of services.

1072 Sec. 21. Section 17b-244 of the general
1073 statutes is repealed and the following is
1074 substituted in lieu thereof:

1075 (a) The room and board component of the rates
1076 to be paid by the state to private facilities and
1077 facilities operated by regional education service
1078 centers which are licensed to provide residential
1079 care pursuant to section 17a-227, but not
1080 certified to participate in the Title XIX Medicaid
1081 program as intermediate care facilities for
1082 persons with mental retardation, shall be
1083 determined annually by the [Commissioner of Social
1084 Services] CHAIRMAN OF THE OFFICE OF CONSUMER
1085 HEALTH CARE PROTECTION, except that rates
1086 effective April 30, 1989, shall remain in effect
1087 through October 31, 1989. Any facility with real
1088 property other than land placed in service prior
1089 to July 1, 1991, shall, for the fiscal year ending
1090 June 30, 1995, receive a rate of return on real
1091 property equal to the average of the rates of
1092 return applied to real property other than land
1093 placed in service for the five years preceding
1094 July 1, 1993. For the fiscal year ending June 30,
1095 1996, and any succeeding fiscal year, the rate of
1096 return on real property for property items shall
1097 be revised every five years. The [commissioner]
1098 CHAIRMAN shall, upon submission of a request by
1099 such facility, allow actual debt service,
1100 comprised of principal and interest, on the loan
1101 or loans in lieu of property costs allowed
1102 pursuant to section 17-313b-5 of the regulations
1103 of Connecticut state agencies, whether actual debt
1104 service is higher or lower than such allowed
1105 property costs, provided such debt service terms
1106 and amounts are reasonable in relation to the
1107 useful life and the base value of the property. In
1108 the case of facilities financed through the
1109 Connecticut Housing Finance Authority, the
1110 [commissioner] CHAIRMAN shall allow actual debt
1111 service, comprised of principal, interest and a
1112 reasonable repair and replacement reserve on the
1113 loan or loans in lieu of property costs allowed
1114 pursuant to section 17-313b-5 of the regulations
1115 of Connecticut state agencies, whether actual debt
1116 service is higher or lower than such allowed
1117 property costs, provided such debt service terms
1118 and amounts are determined by the [commissioner]
1119 CHAIRMAN at the time the loan is entered into to
1120 be reasonable in relation to the useful life and
1121 base value of the property. For the fiscal year
1122 ending June 30, 1992, the inflation factor used to

1123 determine rates shall be one-half of the gross
1124 national product percentage increase for the
1125 period between the midpoint of the cost year
1126 through the midpoint of the rate year. For fiscal
1127 year ending June 30, 1993, the inflation factor
1128 used to determine rates shall be two-thirds of the
1129 gross national product percentage increase from
1130 the midpoint of the cost year to the midpoint of
1131 the rate year. For the fiscal years ending June
1132 30, 1996, and June 30, 1997, no inflation factor
1133 shall be applied in determining rates. The
1134 [Commissioner of Social Services] CHAIRMAN OF THE
1135 OFFICE OF CONSUMER HEALTH CARE PROTECTION shall
1136 prescribe uniform forms on which such facilities
1137 shall report their costs. Such rates shall be
1138 determined on the basis of a reasonable payment
1139 for necessary services. Any increase in grants,
1140 gifts, fund-raising or endowment income used for
1141 the payment of operating costs by a private
1142 facility in the fiscal year ending June 30, 1992,
1143 shall be excluded by the [commissioner] CHAIRMAN
1144 from the income of the facility in determining the
1145 rates to be paid to the facility for the fiscal
1146 year ending June 30, 1993, provided any operating
1147 costs funded by such increase shall not obligate
1148 the state to increase expenditures in subsequent
1149 fiscal years. Nothing contained in this section
1150 shall authorize a payment by the state to any such
1151 facility in excess of the charges made by the
1152 facility for comparable services to the general
1153 public. The service component of the rates to be
1154 paid by the state to private facilities and
1155 facilities operated by regional education service
1156 centers which are licensed to provide residential
1157 care pursuant to section 17a-227, but not
1158 certified to participate in the Title XIX Medicaid
1159 programs as intermediate care facilities for
1160 persons with mental retardation, shall be
1161 determined annually by the [Commissioner of Mental
1162 Retardation] CHAIRMAN OF THE OFFICE OF CONSUMER
1163 HEALTH CARE PROTECTION.

1164 (b) The [Commissioner of Social Services and
1165 the Commissioner of Mental Retardation] CHAIRMAN
1166 OF THE OFFICE OF CONSUMER HEALTH CARE PROTECTION
1167 shall adopt regulations in accordance with the
1168 provisions of chapter 54 to implement the
1169 provisions of this section.

1170 Sec. 22. Section 17b-252 of the general
1171 statutes is repealed and the following is
1172 substituted in lieu thereof:

1173 The Office of [Policy and Management]
1174 CONSUMER HEALTH CARE PROTECTION shall coordinate a
1175 program entitled the Connecticut Partnership for
1176 Long-Term Care whereby private insurance and
1177 Medicaid, or its successor program, funds shall be
1178 combined to finance long-term care. Under such
1179 program, an individual may purchase a precertified
1180 long-term care insurance policy in an amount
1181 commensurate with his assets. Notwithstanding any
1182 provision of the general statutes, the resources
1183 of such an individual, to the extent such
1184 resources are equal to the amount of long-term
1185 care insurance benefit payments as provided in
1186 section 17b-253, AS AMENDED BY SECTION 23 OF THIS
1187 ACT, shall not be considered by the [Department of
1188 Social Services] SAID OFFICE in a determination of
1189 his eligibility for Medicaid, or its successor
1190 program, or in any subsequent recovery by the
1191 state of a payment for medical services.

1192 Sec. 23. Section 17b-253 of the general
1193 statutes is repealed and the following is
1194 substituted in lieu thereof:

1195 The [Department of Social Services] OFFICE OF
1196 CONSUMER HEALTH CARE PROTECTION shall seek
1197 appropriate amendments to its Medicaid regulations
1198 and state plan to allow protection of resources
1199 and income pursuant to section 17b-252, AS AMENDED
1200 BY SECTION 22 OF THIS ACT. Such protection shall
1201 be provided, to the extent approved by the federal
1202 Health Care Financing Administration, for any
1203 purchaser of a precertified long-term care policy
1204 and shall last for the life of the purchaser. Such
1205 protection shall be provided under the Medicaid
1206 program or its successor program. Any purchaser of
1207 a precertified long-term care policy shall be
1208 guaranteed coverage under the Medicaid program or
1209 its successor program, to the extent the
1210 individual meets all applicable eligibility
1211 requirements for the Medicaid program or its
1212 successor program. Until such time as eligibility
1213 requirements are prescribed for Medicaid's
1214 successor program, for the purposes of this
1215 section, the applicable eligibility requirements
1216 shall be the Medicaid program's requirements as of
1217 the date its successor program was enacted. The

1218 [Department of Social Services] OFFICE OF CONSUMER
1219 HEALTH CARE PROTECTION shall count insurance
1220 benefit payments toward resource exclusion to the
1221 extent such payments (1) are for services paid for
1222 by a precertified long-term care policy; (2) are
1223 for the lower of the actual charge and the amount
1224 paid by the insurance company; (3) are for nursing
1225 home care, or formal services delivered to
1226 insureds in the community as part of a care plan
1227 approved by an access agency approved by the
1228 [Office of Policy and Management and the
1229 Department of Social Services] OFFICE OF CONSUMER
1230 HEALTH CARE PROTECTION as meeting the requirements
1231 for such agency as defined in regulations adopted
1232 pursuant to subsection (e) of section 17b-342; and
1233 (4) are for services provided after the individual
1234 meets the coverage requirements for long-term care
1235 benefits established by the [Department of Social
1236 Services] SAID OFFICE for this program. The
1237 [Commissioner of Social Services] CHAIRMAN OF THE
1238 OFFICE OF CONSUMER HEALTH CARE PROTECTION shall
1239 adopt regulations, in accordance with chapter 54,
1240 to implement the provisions of this section and
1241 sections 17b-251, 17b-252, AS AMENDED BY SECTION
1242 22 OF THIS ACT, 17b-254, AS AMENDED BY SECTION 24
1243 OF THIS ACT, and 38a-475 relating to determining
1244 eligibility of applicants for Medicaid, or its
1245 successor program, and the coverage requirements
1246 for long-term care benefits.

1247 Sec. 24. Section 17b-254 of the general
1248 statutes is repealed and the following is
1249 substituted in lieu thereof:

1250 The Office of [Policy and Management]
1251 CONSUMER HEALTH CARE PROTECTION shall seek the
1252 foundation funds and federal approvals necessary
1253 to carry out the purposes of this section and
1254 sections 17b-251 to 17b-253, inclusive, AS AMENDED
1255 BY THIS ACT, and 38a-475. Each year, on January
1256 first, the [Secretary of the Office of Policy and
1257 Management] CHAIRMAN OF THE OFFICE OF CONSUMER
1258 HEALTH CARE PROTECTION shall report to the General
1259 Assembly on the progress of the program. Such
1260 report shall include: (1) The success in
1261 implementing the public and private partnership;
1262 (2) the number of policies precertified; (3) the
1263 number, age and financial circumstances of
1264 individuals purchasing precertified policies; (4)
1265 the number of individuals seeking consumer

1266 information services; (5) the extent and type of
1267 benefits paid under **precertified** policies that
1268 could count toward Medicaid resource protection;
1269 (6) estimates of impact on present and future
1270 Medicaid expenditures; (7) the cost effectiveness
1271 of the program; and (8) a determination regarding
1272 the appropriateness of continuing the program.

1273 Sec. 25. (NEW) (a) The Office of Consumer
1274 Health Care Protection shall constitute a
1275 successor agency, in certain functions, to the
1276 Department of Social Services, in accordance with
1277 the provisions of sections 4-38d, 4-38e and 4-39
1278 of the general statutes.

1279 (b) On and after July 1, 1997, whenever the
1280 word "department" is used or referred to in the
1281 following sections of the general statutes, the
1282 word "office" shall be substituted in lieu
1283 thereof, whenever the word "commissioner" is used
1284 or referred to in the following sections of the
1285 general statutes, the word "chairman" shall be
1286 substituted in lieu thereof and whenever the words
1287 "Department of Social Services" are used or
1288 referred to' in the following sections of the
1289 general statutes, the words "Office of Consumer
1290 Health Care Protection" shall be substituted in
1291 lieu thereof: 17b-260 to 17b-412, inclusive.

1292 (c) Any order, decision, agreed settlement or
1293 regulation of the Department of Social Services
1294 made pursuant to the sections listed in subsection
1295 (b) of this section, which are in force on June
1296 30, 1997, shall continue in force and effect as an
1297 order of the Office of Consumer Health Care
1298 Protection until amended, repealed or superseded
1299 pursuant to law.

1300 Sec. 26. Section 19a-2b of the general
1301 statutes is repealed and the following is
1302 substituted in lieu thereof:

1303 The [Commissioner of Public Health] CHAIRMAN
1304 OF THE OFFICE OF CONSUMER HEALTH CARE PROTECTION
1305 **may** appear and participate as an intervenor at any
1306 hearing or proceeding conducted by the Office of
1307 Health Care Access or **any** other state agency
1308 concerning certificate of need or rate or budget
1309 review of any health care facility or institution
1310 for the purpose of determining compliance with the
1311 state health plan.

1312 Sec. 27. Section 19a-7b of the general

1313 statutes is repealed and the following is
1314 substituted in lieu thereof:

1315 (a) There is established a Health Care Access
1316 Commission, within the legislative department,
1317 which shall be comprised of: The [Commissioners of
1318 Public Health and Social Services, the Insurance
1319 Commissioner] CHAIRMAN OF THE OFFICE OF CONSUMER
1320 HEALTH CARE PROTECTION, the chairman of the Office
1321 of Health Care Access, three members appointed by
1322 the president pro tempore of the Senate, one of
1323 whom shall be a member of the joint standing
1324 committee of the General Assembly having
1325 cognizance of matters relating to public health,
1326 one of whom shall represent community health
1327 centers and one of whom shall represent mental
1328 health services; two members appointed by the
1329 majority leader of the Senate one of whom shall
1330 represent commercial insurance companies and one
1331 of whom shall represent the disabled; three
1332 members appointed by the minority leader of the
1333 Senate, one of whom shall be a member of the joint
1334 standing committee of the General Assembly having
1335 cognizance of matters relating to appropriations
1336 and the budgets of state agencies, one of whom
1337 shall represent Blue Cross and Blue Shield of
1338 Connecticut, Inc., and one of whom shall represent
1339 small business; three members appointed by the
1340 speaker of the House of Representatives, one of
1341 whom shall be a member of the joint standing
1342 committee of the General Assembly having
1343 cognizance of matters relating to human services,
1344 one of whom shall represent consumers and one of
1345 whom shall represent labor; two members appointed
1346 by the majority leader of the House of
1347 Representatives one of whom shall represent large
1348 business and one of whom shall represent children;
1349 three members appointed by the minority leader of
1350 the House of Representatives, one of whom shall be
1351 a member of the joint standing committee of the
1352 General Assembly having cognizance of matters
1353 relating to insurance and real estate, one of whom
1354 shall represent hospitals and one of whom shall be
1355 a pediatric primary care physician. All members of
1356 the commission may be represented by designees.

1357 (b) The commission shall develop the design,
1358 administrative, actuarial and financing details of
1359 program initiatives necessary to attain the goal
1360 described in section 19a-7a. The commission shall

1361 study the experience of the state under the
1362 programs and policies developed pursuant to
1363 sections 12-201, 12-211, 12-212a, 17b-277, 17b-282
1364 to 17b-284, inclusive, 17b-611, 19a-7a to 19a-7d,
1365 inclusive, **AS AMENDED BY THIS ACT**, subsection (a)
1366 of **SECTION 19a-59b**, subsection (b) of section
1367 38a-552, subsection (d) of section 38a-556 and
1368 sections 38a-564 to 38a-573, inclusive, and shall
1369 make interim reports to the General Assembly on
1370 its findings by [January 15, 1991, and by February
1371 1, 1992] FEBRUARY 1, 1998, and a final report on
1372 such findings by February 1, [1993] 1999. The
1373 commission shall make recommendations to the
1374 General Assembly on any legislation necessary to
1375 further the attainment of the goal described in
1376 section 19a-7a.

1377 (c) The commission may request from all state
1378 agencies such information and assistance as it may
1379 require.

1380 (d) The commission may accept any gifts,
1381 donations or bequests for any of the purposes of
1382 this section and for the achievement of the goal
1383 described in section 19a-7a.

1384 Sec. 28. Section 19a-7c of the general
1385 statutes, as amended by section 90 of public act
1386 97-2 of the June 18 special session, is repealed
1387 and the following is substituted in lieu thereof:

1388 (a) The [Commissioner of Public Health]
1389 CHAIRMAN OF THE OFFICE OF CONSUMER HEALTH CARE
1390 PROTECTION, in consultation with the Department of
1391 Social Services, may contract, within available
1392 appropriations, to provide a subsidized nongroup
1393 health insurance product for pregnant women who
1394 are not eligible for Medicaid and have incomes
1395 under two hundred fifty per cent of the federal
1396 poverty level. The [Commissioner of Public Health]
1397 CHAIRMAN OF THE OFFICE OF CONSUMER HEALTH CARE
1398 PROTECTION, in consultation with the Department of
1399 Social Services, may contract, within available
1400 appropriations, to provide a subsidized nongroup
1401 health insurance product for children under
1402 eighteen years of age who are not eligible for
1403 such medical assistance and whose families have
1404 incomes under two hundred per cent of the federal
1405 poverty level. For any children enrolled as of
1406 December 31, 1994, in a program established by
1407 this section, the commissioner shall contract
1408 within available appropriations to extend the

1409 program to children up to and including age
1410 seventeen who were enrolled on that date. The
1411 products shall be available to such pregnant women
1412 and children (1) for whom employer-based insurance
1413 is not available or (2) who have employer-based
1414 insurance (A) to cover the cost of the premiums,
1415 copayments and deductibles of the employer-based
1416 plan provided the cost of the employer-based plan
1417 is less than the nongroup product and (B) to
1418 provide coverage for benefits not covered by the
1419 employer-based plan which are covered under the
1420 subsidized nongroup product. The [Department of
1421 Public Health] OFFICE OF CONSUMER HEALTH CARE
1422 PROTECTION may make such products available to
1423 limited populations, as pilot programs, initially
1424 to test the impact of program design and
1425 administration. [The Department of Social Services
1426 shall assist in the administration of the
1427 programs.] The contract may include but not be
1428 limited to, provisions for coinsurance and
1429 copayment and a sliding scale based on income for
1430 premiums and shall provide for the use of
1431 mechanisms to control costs.

1432 (b) The contract for pregnant women shall
1433 include coverage for: (1) Physician visits for
1434 diagnosis and treatment; (2) prenatal and
1435 postnatal care; and (3) outpatient hospital care;
1436 and may include coverage for: (A) Labor and
1437 delivery; (B) laboratory and diagnostic tests; (C)
1438 prescription drugs; (D) physical therapy; (E)
1439 mental health and substance abuse visits; and (F)
1440 inpatient care, including mental health and
1441 substance abuse treatment, subject to eighty per
1442 cent coinsurance on the first two thousand five
1443 hundred dollars of expenses.

1444 (c) The contract for children shall include
1445 coverage for: (1) Physician visits for diagnosis
1446 and treatment; (2) well baby care, immunizations
1447 and child health supervision; (3) prenatal and
1448 postnatal care; and (4) outpatient hospital care;
1449 and may include coverage for: (A) Dental care; (B)
1450 laboratory and diagnostic tests; (C) prescription
1451 drugs; (D) physical therapy; (E) outpatient mental
1452 health and substance abuse visits; and (F)
1453 inpatient care.

1454 (d) The [commissioner] CHAIRMAN shall
1455 establish an outreach program to ensure that

1456 eligible persons are aware of the health insurance
1457 available pursuant to this section.

1458 (e) The [commissioner] CHAIRMAN may adopt
1459 regulations, in accordance with the provisions of
1460 chapter 54, for purposes of this section.

1461 Sec. 29. Section 19a-7d of the general
1462 statutes is repealed and the following is
1463 substituted in lieu thereof:

1464 (a) The [Commissioner of Public Health]
1465 CHAIRMAN OF THE OFFICE OF CONSUMER HEALTH CARE
1466 PROTECTION may establish, within available
1467 appropriations, a program to provide three-year
1468 grants to community-based providers of primary
1469 care services in order to expand access to health
1470 care for the uninsured. The grants may be awarded
1471 to community-based providers of primary care for
1472 (1) funding for direct services, (2) recruitment
1473 and retention of primary care clinicians through
1474 subsidizing of salaries or through a loan
1475 repayment program, and (3) capital expenditures.
1476 The community-based providers of primary care
1477 under the direct service program shall provide, or
1478 arrange access to, primary and preventive
1479 services, referrals to specialty services,
1480 including rehabilitative and mental health
1481 services, inpatient care, prescription drugs,
1482 basic diagnostic laboratory services, health
1483 education and outreach to alert people to the
1484 availability of services. Primary care clinicians
1485 participating in the state loan repayment program
1486 or receiving subsidies shall provide services to
1487 the uninsured based on a sliding fee schedule,
1488 provide free care if necessary, accept Medicare
1489 assignment and participate as a Medicaid provider.
1490 The [commissioner] CHAIRMAN may adopt regulations,
1491 in accordance with the provisions of chapter 54,
1492 to establish eligibility criteria, services to be
1493 provided by participants, the sliding fee
1494 schedule, reporting requirements and the loan
1495 repayment program. For the purposes of this
1496 section "primary care clinicians" includes family
1497 practice physicians, general practice osteopaths,
1498 obstetricians and gynecologists, internal medicine
1499 physicians, pediatricians, dentists, certified
1500 nurse midwives, nurse practitioners and physician
1501 assistants.

1502 (b) Funds appropriated for the state loan
1503 repayment program shall not lapse until fifteen

1504 months following the end of the fiscal year for
1505 which such funds were appropriated.

1506 Sec. 30. Section 19a-7e of the general
1507 statutes is repealed and the following is
1508 substituted in lieu thereof:

1509 The [Department of Public Health and the
1510 Office of Health Care Access, in consultation with
1511 the Department of Social Services,] OFFICE OF
1512 CONSUMER HEALTH CARE PROTECTION shall establish a
1513 three-year demonstration program to improve access
1514 to health care for uninsured pregnant women under
1515 two hundred fifty per cent of the poverty level.
1516 Services to be covered by the program shall
1517 include, but not be limited to, the professional
1518 services of obstetricians, dental care providers,
1519 physician assistants or midwives on the staff of
1520 the sponsoring hospital and community-based
1521 providers; services of pediatricians for purposes
1522 of assistance in delivery and postnatal care;
1523 dietary counseling; dental care; substance abuse
1524 counseling, and other ancillary services which may
1525 include substance abuse treatment and mental
1526 health services, as required by the patient's
1527 condition, history or circumstances; necessary
1528 pharmaceutical and other durable medical equipment
1529 during the prenatal period; postnatal care, as
1530 well as preventative and primary care for children
1531 up to age six in families in the eligible income
1532 level. The program shall encourage the
1533 acquisition, sponsorship and extension of existing
1534 outreach activities and the activities of mobile,
1535 satellite and other outreach units. The
1536 [Commissioner of Public Health] CHAIRMAN OF THE
1537 OFFICE OF CONSUMER HEALTH CARE PROTECTION, in
1538 consultation with the chairman of the Office of
1539 Health Care Access or his designee, shall issue a
1540 request for proposals to Connecticut hospitals.
1541 Such request shall require: (1) An interactive
1542 relationship between the hospital, community
1543 health centers, community-based providers and the
1544 healthy start program; (2) provisions for case
1545 management; (3) provisions for financial
1546 eligibility screening, referrals and enrolment
1547 assistance where appropriate to the medical
1548 assistance program, the healthy start program or
1549 private insurance; and (4) provisions for a formal
1550 liaison function between hospitals, community
1551 health centers and other health care providers.

1552 The Office of Health Care Access is authorized,
1553 through the hospital rate setting process, to fund
1554 specific additions to fiscal years 1992 to 1994,
1555 inclusive, budgets for hospitals chosen for
1556 participation in the program. In requesting
1557 additions to their budgets, each hospital shall
1558 address specific program elements including
1559 adjustments to the hospital's expense base, as
1560 well as adjustments to its revenues, in a manner
1561 which will produce income sufficient to offset the
1562 adjustment in expenses. The office shall insure
1563 that the network of hospital providers will serve
1564 the greatest number of people, while not exceeding
1565 a state-wide cost increase of three million
1566 dollars per year. Hospitals participating in the
1567 program shall report monthly to the [Departments
1568 of Public Health and Social Services or their
1569 designees] OFFICE OF CONSUMER HEALTH CARE
1570 PROTECTION and annually to the joint standing
1571 committees of the General Assembly having
1572 cognizance of matters relating to public health
1573 and human services such information as the
1574 departments and the committees deem necessary.

1575 Sec. 31. Section 19a-17m of the general
1576 statutes is repealed and the following is
1577 substituted in lieu thereof:

1578 (a) The [Department of Public Health] OFFICE
1579 OF CONSUMER **HEALTH CARE PROTECTION** shall, within
1580 available appropriations, establish a program to
1581 purchase and maintain malpractice liability
1582 insurance for the following professionals and
1583 retired professionals who have been licensed by
1584 the state of Connecticut for a minimum of one
1585 year, whose licenses are in good standing and who
1586 provide primary health care services at community
1587 health centers and at other locations authorized
1588 by the [department] OFFICE: Physicians, dentists,
1589 chiropractors, optometrists, podiatrists,
1590 natureopaths, psychologists, dental hygienists,
1591 physicians assistants and nurse practitioners. The
1592 following conditions shall apply to the program:

1593 (1) Primary health care services shall only
1594 be provided at community health centers or at
1595 other locations as determined by the [department]
1596 OFFICE, located in public investment communities,
1597 as defined in subdivision (9) of subsection (a) of
1598 section 7-545;

1599 (2) Primary health care services provided
1600 shall be offered to low-income patients based on
1601 their ability to pay;

1602 (3) Professionals providing health care
1603 services shall not receive compensation for their
1604 services;

1605 (4) Professionals must provide not less than
1606 one hundred fifty hours per year of such primary
1607 health care services; and

1608 (5) The [department] OFFICE shall contract
1609 with a liability insurer authorized to offer
1610 malpractice liability insurance in this state or
1611 with the Connecticut Primary Care Association or
1612 other eligible primary health care providers to
1613 purchase insurance for professionals working in
1614 primary health care settings. The Connecticut
1615 Primary Care Association may subcontract with
1616 community health centers to purchase malpractice
1617 liability insurance for eligible professionals
1618 providing primary care services at the community
1619 health centers. Liability insurance shall be
1620 purchased only from a provider authorized to offer
1621 malpractice liability insurance in this state.

1622 (b) Nothing in this section or section
1623 19a-17n, AS AMENDED BY SECTION 32 OF THIS ACT,
1624 shall be interpreted to require a liability
1625 insurer to provide coverage to a professional
1626 should the insurer determine that coverage should
1627 not be offered to a professional because of past
1628 claims experience or for other appropriate
1629 reasons.

1630 (c) The [department] OFFICE may provide
1631 liability insurance under this section only to the
1632 extent funds are appropriated for this purpose by
1633 the General Assembly.

1634 Sec. 32. Subsection (a) of section 19a-17n of
1635 the general statutes is repealed and the following
1636 is substituted in lieu thereof:

1637 (a) The [Department of Public Health] OFFICE
1638 OF CONSUMER HEALTH CARE PROTECTION shall adopt
1639 regulations concerning the conditions of
1640 participation in the liability insurance program
1641 by physicians pursuant to section 19a-17m, AS
1642 AMENDED BY SECTION 31 OF THIS ACT, at clinics
1643 utilizing such physicians for the purposes of this
1644 section and section 19a-17m, AS AMENDED BY SECTION
1645 31 OF THIS ACT. These conditions shall include,
1646 but are not limited to, the following:

1647 (1) The participating physician associated
1648 with the clinic shall hold a valid license to
1649 practice medicine and surgery in this state and
1650 otherwise be in conformity with current
1651 requirements for licensure as a physician,
1652 including any continuing education required by the
1653 Medical Examining Board;

1654 (2) The participating physician shall limit
1655 the scope of practice in the clinic to primary
1656 care. Primary care shall be limited to noninvasive
1657 procedures and shall not include obstetrical care
1658 or any specialized care or treatment. Noninvasive
1659 procedures include injections, suturing of minor
1660 lacerations and incisions of boils or superficial
1661 abscesses;

1662 (3) The provision of liability insurance
1663 coverage shall not extend to acts outside the
1664 scope of rendering medical services pursuant to
1665 this section and section 19a-17m, AS AMENDED BY
1666 SECTION 31 OF THIS ACT;

1667 (4) The participating physician shall limit
1668 the provision of health care services to
1669 low-income persons provided clinics may, but are
1670 not required to, provide means tests for
1671 eligibility as a condition for obtaining health
1672 care services.

1673 Sec. 33. Section 19a-34 of the general
1674 statutes is repealed and the following is
1675 substituted in lieu thereof:

1676 The [Department of Public Health] OFFICE OF
1677 CONSUMER HEALTH CARE PROTECTION is designated as
1678 the state agency to administer the Hospital Survey
1679 and Construction Act authorized under Title VI,
1680 Construction of Hospitals, of the Public Health
1681 Service Act, as amended, and shall receive and
1682 distribute federal, state and other funds which
1683 may become available for such services.

1684 Sec. 34. Section 19a-35 of the general
1685 statutes is repealed and the following is
1686 substituted in lieu thereof:

1687 (a) The [Department of Public Health] OFFICE
1688 OF CONSUMER HEALTH CARE PROTECTION is designated
1689 as the state agency to receive and administer
1690 federal funds which may become available for
1691 health services to children.

1692 (b) The [Commissioner of Public Health]
1693 CHAIRMAN OF THE OFFICE OF CONSUMER HEALTH CARE
1694 PROTECTION may create an advisory board composed

1695 of representatives of public departments and
1696 private agencies concerned with welfare and
1697 educational interests and individuals to assist
1698 him in making plans and allotting funds.

1699 Sec. 35. (NEW) The Office of Health Care
1700 Access shall be terminated and its functions
1701 transferred to a successor agency and all budget
1702 provisions of said office shall be transferred to
1703 the Office of Consumer Health Care Protection.

1704 Sec. 36. (NEW) (a) The Office of Consumer
1705 Health Care Protection shall constitute a
1706 successor agency, in certain functions, to the
1707 Department of Public Health, in accordance with
1708 the provisions of sections 4-38d and 4-39 of the
1709 general statutes.

1710 (b) On and after July 1, 1997, whenever the
1711 word "department" is used or referred to in the
1712 following sections of the general statutes, the
1713 word "office" shall be substituted in lieu
1714 thereof, whenever the word "commissioner" is used
1715 or referred to in the following sections of the
1716 general statutes, the word "chairman" shall be
1717 substituted in lieu thereof and whenever the words
1718 "Department of Public Health" are used or referred
1719 to in the following sections of the general
1720 statutes, the words "Office of Consumer Health
1721 Care Protection" shall be substituted in lieu
1722 thereof: 19a-175 to 19a-196b, inclusive, and
1723 19a-490 to 19a-560, inclusive.

1724 (c) Any order, decision, agreed settlement or
1725 regulation of the Department of Public Health made
1726 pursuant to the sections listed in subsection (b)
1727 of this section, which are in force June 30, 1998,
1728 shall continue in force and effect as an order of
1729 the Office of Consumer Health Care Protection
1730 until amended, repealed or superseded pursuant to
1731 law.

1732 Sec. 37. (NEW) (a) The Office of Consumer
1733 Health Care Protection shall constitute a
1734 successor agency, in certain functions, to the
1735 Insurance Department, in accordance with the
1736 provisions of sections 4-38d and 4-39 of the
1737 general statutes.

1738 (b) On and after July 1, 1998, whenever the
1739 word "department" is used or referred to in the
1740 following sections of the general statutes, the
1741 word "office" shall be substituted in lieu
1742 thereof, whenever the word "commissioner" is used

1743 or referred to in the following sections of the
1744 general statutes, the word "chairman" shall be
1745 substituted in lieu thereof and whenever the words
1746 "Insurance Department" are used or referred to in
1747 the following sections of the general statutes,
1748 the words "Office of Consumer Health Care
1749 Protection" shall be substituted in lieu thereof:
1750 38a-469 to 38a-590, inclusive.

1751 (c) Any order, decision, agreed settlement or
1752 regulation of the Insurance Department made
1753 pursuant to the sections listed in subsection (b)
1754 of this section, which are in force June 30, 1998,
1755 shall continue in force and effect as an order of
1756 the Office of Consumer Health Care Protection
1757 until amended, repealed or superseded pursuant to
1758 law.

1759 Sec. 38. This act shall take effect July 1,
1760 1998.

1761 HS COMMITTEE VOTE: YEA 11 NAY 5 JFS

* * * * *

"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

* * * * *

FISCAL IMPACT STATEMENT - BILL NUMBER sHB 5246

| | |
|------------------|---|
| STATE IMPACT | See Explanation Below |
| MUNICIPAL IMPACT | None |
| STATE AGENCY(S) | Departments of Social Services, Public Health, Insurance, the Office of Policy and Management, and the Office of Health Care Access |

EXPLANATION OF ESTIMATES:

This bill creates a new state agency: the Office of Consumer Health Care Protection (OCHCP). Among the responsibilities transferred to OCHCP are 1) all aspects of the state Medicaid program from the Department of Social Services (DSS); 2) all aspects of health care administration from the Department of Insurance; 3) several health care access programs, responsibility for the statewide emergency medical system, and license and regulation of health care facilities from the Department of Public Health; 4) all current responsibilities of the Office of Health Care Access (OHCA), which is eliminated; 5) administration of the Connecticut Partnership for Long Term Care from the Office of Policy and Management (OPM).

The bill also creates a Consumer Health Care Protection Fund. This fund is to be supported by levies upon all agencies engaged in the payment or provision of health care services. This fund is intended to cover all ongoing costs of the Office of Consumer Health Care Protection. However, as the assessment of these levies is the responsibility of OCHCP, the new department will require a significant initial appropriation to cover

costs related to the establishment and operation of the department prior to receiving any revenue from this assessment.

Office of Consumer Health Care Protection

This bill authorizes the appointment of seven commissioners to oversee the OCHCP. Although these commissioners will be unpaid, OCHCP will be responsible for the payment of any expenses incurred by the commissioners during the execution of their duties, which are anticipated to be \$3,500 per commissioner, per year. The commission is required to appoint a director of OCHCP, who shall be compensated in the unclassified service with an anticipated starting salary range of \$65,000 to \$75,000. Therefore, the total anticipated increased costs related to the administration of OCHCP, including one time start up costs such as stationary and signage, are estimated to be approximately \$100,000. Although additional staff for the office is not specified in the bill, it is anticipated that the staff associated with the functions transferred from other state agencies will be transferred into OCHCP as well.

In addition to the above administrative costs, significant costs will be incurred due to the physical transfer of staff from DSS, DPH, OCHA and the Department of Insurance. These costs can be attributed to the location and rental of a new facility for OCHCP, as well as the relocation of the staff, equipment, and various technical changes such as rewiring computer local area networks (LANs) and relocating the telephone exchanges. There is also a potential significant cost associated with the coordination and integration of the various computer systems and databases that currently exist in the departments involved with this merger into a unified system for OCHCP. This cost can't currently be quantified, as the degree of compatibility of the existing systems is unknown.

It should be noted that Section 6 of the bill grants anyone with a legal claim of greater than \$1,500 to the right to bring a civil action against OCHCP or OPC. This explicit allowance of civil actions may result in increased litigation. This litigation could potentially lead to significant costs for OCHCP.

Department of Social Services

Medicaid is currently the largest single budget item in the Connecticut State budget, with a recommended FY98 appropriation of \$2,074,284,600. The entire program, along with the Connecticut Home Care program, budgeted at \$14,601,835 for FY98, would be transferred to OCHCP. Approximately \$40 million in administrative costs would also be transferred to OCHCP in order to operate the Medicaid program.

Department of Public Health

Section 36 of the bill transfers responsibility for the regulation of emergency health services and health facilities from the Department of Public Health to OCHCP. A transfer of a significant number of staff and appropriated funding between the agencies will result. The exact staffing contingent and associated appropriation cannot be quantified at this time.

Department of Insurance

All powers, duties and responsibilities of the Department of Insurance's (DOI) health insurance division would be transferred to OCHCP. The current estimate of the costs associated with this function is approximately \$100,000. There are three positions associated with this function. It should be noted that DOI currently receives funds for its operations from the Insurance Fund through an assessment upon the insurance companies.

Office of Health Care Access

This bill terminates the Office of Health Care Access (OHCA). Although the bill is not specific, it is presumed that these functions are transferred to OCHCP. The total current cost for OHCA that would be transferred to OCHCP is approximately \$3 million. It should be noted, however, that OHCA currently receives funds from an assessment on hospitals.

Office of Policy and Management

The Office of Policy and Management (OPM) will transfer control of the Connecticut Partnership for Long-Term

Care database to OCHCP. There are currently four OPM staff assigned to this project with total costs of approximately \$235,000 per year.

Consumer Health Care Protection Fund

The bill creates the Consumer Health Care Protection Fund. This fund will attain its revenue from levies on all entities engaged in the payment or provision of health care services. The commissioner of consumer Health Care Protection will determine the assessment amounts through regulations adopted by the department.

* * * * *

OLR BILL ANALYSIS

sHB 5246

AN ACT CREATING THE OFFICE OF CONSUMER HEALTH CARE PROTECTION

SUMMARY: This bill creates the Office of Consumer Health Care Protection (OCHCP) and requires it to regulate all aspects of financing health care and providing health care services to consumers. It creates a seven-member gubernatorially appointed commission to oversee the office.

Specifically, the bill:

1. enumerates the OCHCP's powers, duties, and responsibilities;
2. assesses all entities that pay for or provide health care for OCHCP costs;
3. requires the legislature to appropriate funds for OCHCP;
4. eliminates the Office of Health Care Access (OHCA) and transfers its budget to OCHCP;
5. designates OCHCP as the lead agency to receive federal funds under the Hill-Burton Act for hospital surveys, construction, and children's health services; and

6. makes numerous conforming, technical changes.

The bill transfers many functions performed by other departments to OCHCP. It transfers all aspects of health care insurance from the Insurance Department to OCHCP. It transfers the following functions from the Department of Social Services (DSS) to OCHCP:

1. the administration of the Medicaid program and the Medicaid early fraud detection program,
2. Medicaid rate setting and reimbursement, and
3. regulation of long-term health care facilities.

The bill transfers the following programs and functions from the Department of Public Health (DPH) to OCHCP:

1. several health care access programs,
2. intervenor status for certain proceedings,
3. licensing and regulation of health care facilities, and
4. responsibility for establishing and monitoring statewide emergency medical systems.

Lastly, it transfers administration of the Connecticut Partnership for Long-Term Care program from the Office of Policy and Management (OPM) to OCHCP.

EFFECTIVE DATE: July 1, 1998

FURTHER EXPLANATION

Structure of OCHCP

Oversight Commission. The bill requires the governor to appoint by July 1, 1998 (although it does not take effect until that date), with the legislature's approval, seven commissioners to oversee OCHCP. The commissioners serve six-year, staggered terms. They serve without pay but may be reimbursed for necessary expenses.

Each member remains in office until a successor is

appointed and approved. The governor may remove members for cause after notice and a hearing. In cases where a member does not serve an entire term, the governor must appoint a successor to serve the remainder of the term and until his successor has been appointed and approved.

The governor appoints the chairman who must consult and advise him about the office's business. The chairman appoints OCHCP's executive director from a list of three nominees the commission submits. The executive director (1) is in the unclassified service and (2) must be knowledgeable about health care provision and financing in Connecticut and the laws governing these activities.

The chairman must appoint a deputy chairman or other employee to sign licenses, certificates, or permits issued by OCHCP.

Oversight Commission Powers and Duties. The bill empowers the commission to: (1) administer OCHCP, (2) adopt and enforce regulations; (3) establish internal office rules; (4) develop programs and administer services to carry out OCHCP's purposes; (5) contract for facilities, services, and programs; (6) conduct hearings, administer oaths, issue subpoenas, compel testimony, and render decisions in any OCHCP proceeding (the chairman may designate any person to perform these functions); and (7) solicit and accept property or funds from public and private sources. The commission must cooperate with the federal government and its agencies when applying for grants or contracts.

OCHCP Responsibilities

OCHCP's responsibilities include regulating the: (1) financial solvency of health care insurance companies and other companies that pay for and provide health care services, (2) contractual relations between health care providers and payors, (3) relationships between consumers and insurance companies or health care institutions and providers, (4) licensing health care facilities, and (5) health care fraud prevention.

Funding

The bill requires the legislature to appropriate funds

annually to pay for the salaries and expenses of OCHCP. In addition to funding received by the state, the bill authorizes OCHCP to receive, invest, and manage any federal and private funds and assets, including real estate. OCHCP must annually account for its management of these funds and assets.

The bill assesses all entities that pay for or provide health care for OCHCP costs. The OCHCP chairman must adopt regulations for determining each entity's assessment. The payments must go into the Consumer Health Care Protection Fund, which the bill creates. The state treasurer must keep this fund separate and apart from all other accounts. Interest from fund investments must be returned to the fund and funds must only be spent pursuant to General Assembly appropriations. At the end of a fiscal year, any remaining funds must be carried forward into the next year.

An entity that disagrees with its assessment can appeal, within one month from the time the assessment is due, to the Superior Court for the Judicial District of Hartford-New Britain. The appeal must include a citation to the OCHCP chairman to appear before the court. The citation must be signed by a court official, and the appeal must be returnable at the same time and served and returned in the same manner as a summons in a civil action. The court must require a bond or recognizance to the state, with surety to prosecute the appeal and to comply with the court's orders and decrees. The appeal must be heard at the court's first session, except for good cause, or by a committee appointed by the court. The court can grant any relief. If the entity paid the assessment before the court grants relief, the court can order the state treasurer to pay the amount of the relief, with 6% annual interest. If the entity appeals without probable cause, the court can impose double or triple costs. The court can, at its discretion, assess the appellant for costs, but not the state.

Legal Liability of OCHCP

The bill requires that claims greater than \$1,500 against OCHCP, its commissioners, or staff be brought in civil action. Any damages obtained against them are to be paid from the General Fund. Claims of \$1,500 or

less must be presented to the claims commissioner. No OCHCP commissioner or staff member can be held personally liable for official acts or omissions unless they were willful or wanton. The bill requires the attorney general to represent OCHCP and its staff against such claims.

Elimination of the Office of Health Care Access

The bill eliminates OHCA and transfers its functions to an unnamed successor agency (see COMMENT). It requires all OHCA budget functions to be transferred to OCHCP.

Under current law, OHCA's powers and responsibilities include collecting health care data, investigating health care facilities, and administering the certificate of need program for most health care institutions.

Transfer of Health Insurance Provisions

The bill transfers the powers, duties, and responsibilities of the Insurance Department's Health Insurance Division to OCHCP. This includes all aspects of regulating health insurance in general, individual and group health insurance, comprehensive health care plans, blue ribbon health care plans, and consumer dental health plans.

The bill establishes OCHCP as a successor agency for these regulatory responsibilities. It makes any order, decision, agreed settlement, or regulation of the department under the transferred provisions an OCHCP order until amended, repealed, or superseded by law.

Despite eliminating OHCA, the bill apparently requires it to adopt regulations concerning state professional review organizations' extension of certain reviews.

Medicaid Administration

The bill transfers the administration of Medicaid from DSS to OCHCP. (But it does not transfer DSS Medicaid staff or funding.) It requires OCHCP, instead of DSS, to implement a statewide fraud early detection (FRED) system. It requires the OCHCP chairman to adopt regulations to develop and implement this system. (DSS currently administers the FRED program for the

Medicaid, Food Stamps, and Temporary Family Assistance programs.)

The bill transfers many miscellaneous provisions from DSS to OCHCP that concern various subjects such as Medicaid eligibility, acceptance of federal grants for Medicaid, prescription drug use review, and use of fiscal intermediaries.

Medicaid Managed Care

Managed Care Advisory Council. The bill requires the Medicaid Managed Care Advisory Council to advise OCHCP instead of DSS on the state's Medicaid managed care program. It replaces the two DSS representatives on the advisory council with two OCHCP representatives, whom the OCHCP chairman appoints.

The bill requires the OCHCP chairman, instead of the DSS commissioner, to seek a federal waiver for a Medicaid managed care plan. (The state already has a waiver to run managed care.) It transfers the monthly progress reporting requirement from the DSS commissioner to the OCHCP chairman.

It apparently leaves OHCA's board members on the council.

Authority to Award Contracts for Medicaid Managed Care. The bill permits OCHCP, instead of DSS, to award contracts for Medicaid managed care plans after January 1, 1997.

Section 1115 Waiver Application Development Council. By law, the Waiver Application Development Council is responsible for advising DSS on the planning and development of a Medicaid research and demonstration waiver under section 1115 of the Social Security Act. The bill (1) requires the council to advise the OCHCP chairman; (2) designates OCHCP as the lead agency responsible for the waiver development, rather than DSS; and (3) moves the 1115 waiver unit from DSS to OCHCP.

It also apparently requires the Medicaid waiver unit transferred into OCHCP to consult with the Insurance Department on its regulation of Medicaid managed care health plans (see COMMENT).

Medicaid Rate Reimbursement

The bill transfers the state's responsibility to set rates for, make Medicaid payments to, and hold hearings on rate appeals from certain health care facilities from DSS to OCHCP. The bill apparently refers to OHCA in obsolete rate setting language.

Private Facility Rates

The bill transfers from the DSS commissioner to the OCHCP chairman the requirement to annually set rates for the room and board component of certain public and private facilities serving mentally retarded people. The OCHCP chairman, rather than the DSS commissioner, must develop uniform cost-reporting forms. The bill requires the OCHCP chairman, instead of the Department of Mental Retardation (DMR) commissioner, to set the service component of the rates. The OCHCP chairman instead of the DMR and DSS commissioners must adopt implementing regulations.

Health Care Access Programs

Health Care Access Commission. The legislative Health Care Access Commission was established in 1990 to study ways to assure appropriate health care to all state residents and report its findings to the legislature. It has been inactive for several years. The bill removes the commissioners of public health, social services, and insurance from the commission and replaces them with the OCHCP chairman. It requires the commission to submit an interim report on February 1, 1998, which is before the bill's effective date, and a final report on February 1, 1999.

The bill apparently retains OHCA's chairman as a member of the commission.

Subsidized Non-Group Health Insurance Products for Women and Children. This program provides health insurance to uninsured pregnant women and certain children who are ineligible for Medicaid and have incomes under certain percentages of the federal poverty level. The bill transfers the various powers and responsibilities for administering the program from the DPH and DSS commissioners to the OCHCP chairman.

Health Care for Uninsured Women Demonstration Project.

Current law requires DPH and OHCA to establish a three-year demonstration program to improve access to health care for uninsured pregnant women with incomes up to 250% of the federal poverty level and to provide primary care for children up to age six in families meeting the criteria. The demonstration program ended on September 30, 1996 and is not currently funded. The bill transfers the various responsibilities for administering the program from DPH, DSS, and OHCA to the OCHCP chairman.

The bill apparently requires OCHCP's chairman to consult with OHCA's chairman before issuing a request for proposals to hospitals.

Primary Care Direct Services Program. The law permits the DPH commissioner to give three-year grants to certain community-based health care providers. The bill transfers this responsibility to the OCHCP chairman.

Malpractice Insurance Purchase Program. Under this program, the state buys medical malpractice insurance on behalf of certain physicians who provide low-income people with health care services. The bill transfers the administration of the program and regulation requirements from DPH to OCHCP.

Long-Term Care

The bill makes OCHCP the successor agency to DSS in administering all Medicaid long-term care functions. This includes nursing home rate setting; the Connecticut Home Care Program for Elders, including the state-funded portion of the program; certificates of need for nursing homes; and the nursing home ombudsman's office.

The bill makes several references to OHCA in this section: some are to obsolete language. It apparently requires health care facilities proposing to buy certain equipment to obtain OHCA approval after obtaining DSS approval. It also apparently requires certain health care facilities to seek OHCA approval to add new nursing home beds.

Intervenor Status

The bill transfers the DPH commissioner's intervenor status rights to the OCHCP chairman. This gives the chairman the right to participate in proceedings dealing with certificate of need, rate, or budget review of any health care facility.

Connecticut Partnership for Long-Term Care

The bill requires OCHCP, instead of OPM, to coordinate the Connecticut Partnership for Long-Term Care program. Under this program individuals may purchase private long-term care insurance that pays for nursing home and home care services and allows them to protect some of their assets if they eventually need Medicaid.

Health Care Institution

The bill transfers to OCHCP all of DPH's licensing and regulating health care institutions functions. Health care institutions include hospitals, homes for the aged, health care facilities for the handicapped, nursing homes, rest homes, home health care agencies, mental health facilities, substance abuse treatment facilities, and infirmaries operated by educational institutions. The transferred powers include initial licensing and license renewal, inspections, annual reports, and disciplinary actions.

It makes any DPH order, decision, agreed settlement or regulation pursuant to the transferred provisions continue in effect as an OCHCP order until amended, repealed, or superseded by law.

Emergency Medical Services

The bill transfers the powers, duties, and responsibilities to plan, coordinate, and administer a statewide emergency medical care service system from DPH to OCHCP. This includes licensing and certifying ambulance operations and ambulance drivers, emergency medical technicians, and communications personnel. It also transfers the responsibility for inspecting transportation equipment for land, sea, and air vehicles used for transporting patients to emergency facilities and establishing and maintaining regional emergency medical services councils.

It makes any DPH order, decision, agreed settlement or

regulation pursuant to the transferred provisions continue in force and effect as an OCHCP order until amended, repealed, or superseded by law.

Provisions under the Hill-Burton Act

The bill designates OCHCP, rather than DPH, as the agency to administer the Hospital Survey and Construction Act and to receive federal funds for health services to children, both of which are authorized under the Hill-Burton Act of 1949. The state is not currently receiving federal funds for hospital construction, but it does receive funds for child health care through the Maternal and Child Health Block Grant.

COMMENT

References to OHCA

The bill eliminates OHCA and transfers its functions to an unnamed successor agency but does not delete references to OHCA in several statutes it amends.

Medicaid Managed Care Council

The bill requires OCHCP, through its medicaid waiver unit, to provide assistance to the Insurance Department for the regulation of Medicaid managed care health plans. However, the bill transfers all health insurance regulation out of the department and into OCHCP.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Substitute
Yea 11 Nay 5