

Legislative History for Connecticut Act

PA 14-30

SB323

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Human Services	698-699, 712-713, 715-716, 791-800, 804-806, 811	20

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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2014**

**VOL.57
PART 13
4098 – 4450**

pat/gbr/cd
HOUSE OF REPRESENTATIVES

284
May 1, 2014

Necessary for passage	70
Those voting Yea	139
Those voting Nay	0
Those absent and not voting	12

DEPUTY SPEAKER ALTOBELLO:

The bill passes in concurrence with the Senate.

Would the Clerk please call Calendar 444.

THE CLERK:

On page 26, Calendar 444, favorable report of the joint standing committee on Appropriations, Substitute Senate Bill 323, AN ACT CONCERNING CAPITAL

EXPENDITURES AT RESIDENTIAL CARE HOMES.

DEPUTY SPEAKER ALTOBELLO:

From the Park City of the 126th, Representative Stallworth, you have the floor.

REP. STALLWORTH (126th):

Yes, Mr. Speaker. I move for acceptance of the joint committee's favorable report and passage of the bill in concurrence with the Senate.

DEPUTY SPEAKER ALTOBELLO:

The question before the Chamber is acceptance of the joint committee's favorable report and passage of the bill in concurrence with the Senate. Please proceed, sir.

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May 1, 2014

REP. STALLWORTH (126th):

Yes, Mr. Speaker. This bill limits the time period over which the Department of Social Services can capitalize certain costs incurred by residential care homes to no more than five years. The limit applies to the capitalization costs of less than \$10,000. Mr. Speaker, I move adoption.

DEPUTY SPEAKER ALTOBELLO:

Further on the bill? Further on the bill?

Representative Wood of the 141st, you have the floor, madam.

REP. WOOD (141st):

Thank you very much, Mr. Speaker, and I also stand in support of this bill with my colleague across the aisle. It allows residential homes to recover costs incurred for minor repairs and capital expenses over no more than five years or reducing the time period and it more closely aligns with asset based lending from banks.

So I do support this. It was unanimous out of both Human Services and Appropriations.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

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HOUSE OF REPRESENTATIVES

286
May 1, 2014

Thank you very much, Representative Wood.

Further on the bill? Further on the bill?

If not, staff and guests please retire to the well of the House. Members take your seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the chamber immediately.

DEPUTY SPEAKER ALTOBELLO:

Have all the members voted? Have all the members voted? Please check the board to make sure your vote is properly cast.

If all members have voted, the machine will be locked. Will the Clerk please take the tally. And would the Clerk please announce the tally.

THE CLERK:

Senate Bill 323 in concurrence.

Total number voting	142
Necessary for passage	72
Those voting Yea	142
Those voting Nay	0
Those absent and not voting	9

DEPUTY SPEAKER ALTOBELLO:

The bill passes in concurrence with the Senate.

Would the Clerk please call Calendar 337.

THE CLERK:

On page 38, House Calendar 337, favorable report of the joint standing committee on Judiciary,

Substitute House Bill 5431, AN ACT REQUIRING THE
SUSPENSION OF ADMINISTRATIVE PENALTIES IMPOSED ON
CERTAIN BUSINESS ENTITIES.

DEPUTY SPEAKER ALTOBELLO:

Representative Jutila of the 37th District, you have the floor, sir.

REP. JUTILA (37th):

Thank you, Mr. Speaker. I move acceptance of the joint committee's favorable report and passage of the bill.

DEPUTY SPEAKER ALTOBELLO:

The question before the Chamber is acceptance of the joint committee's favorable report and passage of the bill. Please proceed, sir.

REP. JUTILA (37th):

Thank you, Mr. Speaker. This bill would allow state agencies to suspend civil penalties assessed against businesses for a first time violation of their

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**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2014**

**VOL. 57
PART 3
703 – 1013**

jmf/gbr
SENATE

74
April 22, 2014

On page 21, Calendar 375, Substitute for Senate Bill Number 323, AN ACT CONCERNING CAPITAL EXPENDITURES AT RESIDENTIAL CARE HOMES, favorable report of the Committee on Human Services.

THE CHAIR:

Senator Slossberg.

SENATOR SLOSSBERG:

Thank you, Madam President.

I move acceptance of the Joint Committee's Favorable report and passage of the bill.

THE CHAIR:

The motion is on acceptance and passage. Will you remark, ma'am?

SENATOR SLOSSBERG:

Yes. Thank you. This bill limits the time period over which the Department of Social Services capitalizes certain costs incurred by residential care homes to no more than five years.

THE CHAIR:

Will you remark? Will you remark?

Seeing none, Senator Slossberg.

SENATOR SLOSSBERG:

If there is no objection, Madam President, I'd ask that this bill be placed on the Consent Calendar as well.

THE CHAIR:

Seeing no objection, so ordered.

Keep this going. Go ahead, Mr. Clerk.

jmf/gbr
SENATE

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April 22, 2014

Excuse me, Madam President.

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Yes, thank you, Madam President.

I apologize for the interruption. Before moving to that bill, if the Clerk would call the items on the Consent Calendar so that we might move to a vote on the first Consent Calendar.

THE CHAIR:

Absolutely.

Mr. Clerk, will you please call the Consent Calendar.

THE CLERK:

On today's first Consent Calendar, page 4, Calendar 413, House Joint Resolution Number 73, page 6, Calendar 142, Senate Bill Number 324, on page 7, Calendar 176, Senate Bill 267, on page 10, Calendar 228, Senate Bill Number 299, and on page 21, Calendar 375, Senate Bill 323, page 23, Calendar 389, Senate Bill 52, on page 36, Calendar 139, Senate Bill 252, page 37, Calendar 154, Senate Bill 83, page 37 again, Calendar 157, Senate Bill 208, and also on page 37, Calendar 158, Senate Bill 209.

THE CHAIR:

Mr. Clerk, did you miss page 36, Calendar 139?

THE CLERK:

No, I got it.

THE CHAIR:

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SENATE

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April 22, 2014

You got it. Thank you very much, sorry. At this time, Mr. Clerk, will you call for a roll call vote on the first Consent Calendar, the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate. Immediate roll call on Consent Calendar Number One has been ordered in the Senate.

THE CHAIR:

If all members have voted, if all members have voted, the machine will be closed. Mr. Clerk, will you please call the tally.

THE CLERK:

On today's first Consent Calendar.

Total Number Voting	35
Necessary for Adoption	18
Those voting Yea	35
Those voting Nay	0
Those absent and not voting	1

THE CHAIR:

The Consent Calendar passes.

Mr. Clerk, I think we go back to the roll call vote -- I mean the vote on --

THE CLERK:

Calendar page 14, Calendar 311, Substitute for Senate Bill Number 332, AN ACT AMENDING THE CHARTER OF THE METROPOLITAN DISTRICT IN HARTFORD COUNTY, favorable report of the Committee on Planning and Development.

THE CHAIR:

Senator Osten, let's try this again.

SENATOR OSTEN:

**JOINT
STANDING
COMMITTEE
HEARINGS**

**HUMAN
SERVICES
PART 2
505 – 933**

2014

amendment to it. Could you just, in a Readers Digest version, tell me what the difference is from the existing and how it would help this piece of legislation on that definition?

COMMISSIONER BREMBY: How it will help is that it will help to make consistent the terminology throughout the statutes. The language varies in so many different places. This consolidates one use, one definition, and helps to refine and make clear that it applies to boarding homes in this context. That's what we're trying to do is to clean up as much as much as possible.

REP. ACKERT: Thank you, Commissioner. I appreciate that. I will read through that as I go through it a little bit more. I just happened to see that for the first time.

And then one last question on Senate Bill 323, the act concerning capital expenditures for residential care homes. Is there an amount now that you can reimburse for these services? I do see your comments regarding the maintenance, and I can understand that component because that could be anything. But is there -- do you know -- is this a practice now, or is there a new number to this or just completely a new piece of legislation?

COMMISSIONER BREMBY: Chris does lead this.

REP. ACKERT: Good to see you, Chris.

CHRIS LAVIGNE: Thank you. My name is Chris Lavigne. I'm the director of reimbursement at the Department.

Residential care homes can put into service upgrades, you know, anything over \$2,500, and they'll get built into the rate the following

year once fair end gets pushed into the rate. So the \$10,000 limit will just allow the Department to use five years as the pay down period rather than the IRS book that we use. So, for example, if we put in a new boiler -- if a home puts in a new boiler for \$8,000, typically we'll look it up in the IRS book, and it may be a 15-year pay down. So this will tell us to put it in for 5 years, which lets the money flow out.

So we don't see a really large financial impact because for \$10,000 and below, five years is probably what we use the majority of the time anyways.

REP. ACKERT: Excellent. Thank you for the clarification. Thank you, Madam Chair.

REP. ABERCROMBIE: Thank you. Further questions? Representative Bowles.

REP. BOWLES: Thank you, Madam Chair. Good to see you again, Commissioner.

COMMISSIONER BREMBY: Good morning.

REP. BOWLES: You certainly have a lot of perseverance, but very thoughtful and well written comments regarding legislation.

I just have questions concerning two particular pieces of legislation. A number of my colleagues have asked here about House Bill 5440 in terms of the reimbursement for emergency department physicians. I had the privilege of working for the Department for a number of years and actually was involved in CPT codes. It was the most brain-numbing stuff I've worked on in my life, very difficult to (inaudible) a lot of it, but it was relatively straightforward. It's actually good to see a

we had. Thank you very much.

Unfortunately, we have run past our first hour, which means we have to go to the public portion of the hearing.

With that, anyone that's coming up now to testify has three minutes. Please announce your name, and there will be a buzzer that will go off that will time you, and then we will go back to the -- and then we'll go back to the public officials.

So with that, our first bill that we will be calling is House Bill 5441, an act concerning direct payment of residential care homes.

Peter Mackay. Is he here? Peter? Sorry. Followed by Elaine Cole.

Good afternoon, sir. Thank you for being here. Please just put on your buzzer.

PETER MACKAY: Good afternoon. Excuse me. I'd like to testify in support of Senate Bill 323 with some changes in an act concerning the capital expenditures in the residential care homes and also in support of House Bill 5441, concerning direct payments to the residential care homes.

Senator Slossberg, Representative Abercrombie, members of the Human Services Committee, my name is Peter C. MacKay. I am the Treasurer of Connecticut Association of Residential Care Home Owners, which represents 70 percent of the RCHs in Connecticut. I am also the administrator and the owner of the Roseland in Brooklyn, Connecticut.

I am in support of Senate Bill 323 with the follow changes. I would rather see language that addresses where the money is coming from.

This is in reference to the capital expenditures. If an expense is paid for with a loan, it should be capitalized over the life of the loan. If a home lends out cash for something, why can't the state speed up the repayment or repay us interest on our loan to the state?

I don't feel it is appropriate that a private entity should have to give the state a free loan of our personal assets to do repairs on a building that is actually the state's responsibility. Considering the state has no issue with paying the interest on a bank loan, maybe the state can pay us interest on the money that we lay out for them.

So if we are required to dump thousands of dollars of our own money to address mandates and regulations developed by the state, why shouldn't the state pay us at least for the money that we are losing because we cannot use those funds elsewhere?

The present system has the state making unfunded mandates on our facilities, which we are required by law to implement. Sometimes costing us thousands of dollars, and then we have to fight with DSS to have our interest-free loan to the state repaid in our rates, completely at their discretion.

And I also am in support of House Bill 5441 with some changes. The resident rent checks have to be made out and sent to the home. These funds are instrumental in the smooth operation of the facility.

We are continuously chasing residents that have moved out into the community. The state pays their portion of the rent 30 days in arrears. Thus, when a resident moves out, the state

Thank you for taking the time to listen to my concerns.

REP. ABERCROMBIE: Thank you for your testimony. We do appreciate it. Questions from committee members? Thank you, sir. Have a great day.

Elaine Cole followed by Commissioner Rehmer.

Good afternoon: Can you just put your microphone on, ma'am? There you go.

ELAINE COLE: Thank you. Senator Slossberg, Representative Abercrombie, and members of the Human Services Committee, my name is Elaine Cole. I am past President of the Connecticut Association of Residential Care Homes and owner of Mystic River Residential Care, located in Mystic, Connecticut.

I am here to testify in favor of Senate Bill 323, an act concerning capital expenditures at residential care facilities and offer testimony concerning House Bill 5441, an act concerning direct payment.

I am going to summarize this because I know the time is short. But the Connecticut Association of Residential Care Homes supports Senate Bill 323, which would allow homes to receive reimbursement adjustments for capital expenditures such as roof replacement and heating, air condition upgrades over five or fewer years.

We strongly believe that adoption of the minor reimbursement change proposed under this bill will greatly assist many homes that provide a needed and cost-effective services to elderly and disabled individuals. The support services provided by residential care homes often help

to avoid the need for costly medical services, including inpatient hospital stays and outpatient utilization.

Currently, the RCH rate setting method depreciates the cost of each asset based upon its estimated useful life, as published in the American Hospital Guide for Estimated Useful Lives, and in many cases this exceeds 10 years.

I am going to skip some of this, but basically we're asking that it be limited to a five-year period. And there are many reasons for this, and as a small business owner, I can say that I have had to several times borrow money in the amounts of \$5,000 from my mother, who was able to do it. And at this point in time, she is 96 and has stopped loaning me money.

However, I have had to take out a line of credit on my home in order to meet expenses, and this is really above and beyond what someone should be expected to do. So this change really could help and make a difference.

The second thing is we are -- CARCH is supporting the direct payment to residential care facilities, and this may seem strange, but what I've had happen in my facility is that a check came in for a young woman; and she was scheduled to leave. She was going to another residential care home, which was fine. It was agreed upon. So feeling she had nothing to lose, she cashed in the last check herself for her own situation.

HB5441

And the facility is basically defenseless with this, you know. I mean, I can't discharge her, but she's going anyway. And it's basically that she would have the right to do something that, you know -- or that it's made easy for her to do something that is not okay. So we

Testimony of Peter C. MacKay

The Roseland Management Group, LLC.

In support of SB 323 with changes to An act Concerning Capital Expenditures at Residential Care Homes and in support with changes of HB 5441 An act concerning Direct payment of Residential Care Facilities

Senator Slossberg, Representative Abercrombie and Members of the Human Services Committee, my name is Peter C. MacKay, I am the Treasurer of The Connecticut Association of Residential Care Home Owners which represents 70% of the RCH's in Connecticut. I am also the Administrator and owner of The Roseland in Brooklyn, Ct.

I am in support of SB 323 with the following changes;

I would rather see language that addresses WHERE the monies come from. If an expense is paid for with a loan, it should be capitalized over the life of the loan. If a home lays out cash for something, then why can't the State speed up the repayment or pay us interest on our loan to the State? I don't feel it is appropriate that a private entity should have to give the State a free loan of our personal assets to do repairs on a building that is actually the State's responsibility. Considering the State has no issue with paying the interest on a bank loan, maybe the State can pay us interest on the money we lay out for them. So, if we are required to dump thousands of dollars of OUR own money to address mandates and regulations developed by the State, why shouldn't the State pay us at least for the money we are losing because we cannot use those funds elsewhere? The present system has the State making unfunded mandates on our facilities which we are required by law to implement, sometimes costing us thousands of dollars and then we have to fight with DSS to have our interest free loan to the State repaid in our rates, completely at their discretion.

I am in support of HB 5441 with the following changes;

The resident's rent checks HAVE to be made out and sent to the home. These funds are instrumental in the smooth operation of the facility. We are continuously chasing resident that have moved out to the community. The State pays their portion of the rent 30 days in arrears. Thus, when a resident moves out, the State sends our last rent check to a Resident that no longer lives at the facility. We have to chase this person down and hope that they give it to us. They can and have in the past declined and we are told by DSS that it is between us and the Resident and the State will not help in this situation.

F2
page 4, line 21

Under the section for late cost reports, I understand the need of DSS to be able to hold someone's feet to the fire and get our reports in on time. I am concerned that the regulation has no room for flexibility. I quote;

"If a licensed residential care home fails to submit a complete and accurate report within thirty days from the date of notice, such home shall not receive a retroactive rate increase."

This in essence is a penalty for not filing in a timely manner and I am agreeable to it, but it leaves no room for a legitimate issue that might face a facility. A majority of the homes are small family run facilities and there are instances that could make it very difficult if not impossible to get a report done on time. A death in the family, a fire at the facility, or something as simple as a crashed computer or an issue at the accountant's office that is beyond our control could easily keep the report from being done on time. If there is no back door to this regulation, and you had one of these types of issues, this regulation and the loss of funds associated, might just be the thing that pushes your facility over the edge and into the abyss.

I think some language that allows this regulation to be implemented at the discretion of the Commissioner, with the ability of the facility to contest his decision would be would be appropriate.

Thank You, for taking the time to hear my concerns.

Sincerely,

Peter C. MacKay

The Roseland Management Group, LLC.

T3
 pag 4, line 23

TESTIMONY OF Elaine Cole, Connecticut Association of Residential Care Homes

**IN SUPPORT OF SB323- AN ACT CONCERNING CAPITAL EXPENDITURES AT
 RESIDENTIAL CARE HOMES.**

&

**CONCERNING HB5441- AN ACT CONCERNING DIRECT PAYMENT OF
 RESIDENTIAL CARE FACILITIES.**

Human Services Committee Public Hearing, March 6, 2014

Senator Slossberg, Representative Abercrombie and members of the Human Services Committee, my name is Elaine Cole. I am a board member of the CT Association of Residential Care Home (CARCH) and the owner of Mystic River Residential Care. I am here to testify in favor of SB323- An Act Concerning Capital Expenditures at Residential Care Facilities and offer testimony concerning House Bill 5441- An Act Concerning Direct Payment Of Residential Care Facilities.

Support of SB323- Capital Expenditures at Residential Care Homes

The Connecticut Association of Residential Care Homes (CARCH) supports Senate Bill 323 which would allow homes to receive reimbursement adjustments for capital expenditures, such as roof replacements and heating/air conditioning upgrades, over five or fewer years. We strongly believe that adoption of the minor reimbursement change proposed under this bill will greatly assist many homes that provide needed and cost-effective services to elderly and disabled individuals. The support services provided by Residential Care Homes (RCHs) often helps avoid the need for costly medical services including hospital inpatient and outpatient utilization.

Currently, the RCH rate-setting method depreciates the cost of each asset based upon its estimated useful life as published in the American Hospital Association Guide for Estimated Useful Lives. The established useful life of many assets exceeds ten years.

As small businesses that rely on state payments for residential and support services provided to individuals eligible for the Aid to the Aged, Blind and Disabled (AABD)/State Supplement program, most RCHs are not financially strong enough to self-fund significant capital outlays. RCHs generally fund necessary repairs and improvements with short-term credit lines, when available, or seek bank loans. Banks are often unwilling to amortize small fixed payment loans for more than five years. As a result, RCHs that make needed capital improvements to maintain physical plant and assure the health and safety of their residents, can face cash shortfalls when the useful life used for rate-setting is longer than the pay-back term associated the renovation/improvement financing.

While SB 323 would not solve the capital funding challenges of all RCHs, it would be of great assistance to many homes. CARCH expects that adoption of SB 323 has the potential for state savings over the long term.

The availability of rate reimbursement over a shorter period should enable more homes to obtain loan approvals and make needed repairs and renovations in a timely fashion and avoid higher costs associated with delays. The change would also improve the financial viability of many homes which could avoid the need for costly state receiverships.

Further, the state can save rate of return (ROR) and interest expense allowance costs related to RCH assets under \$10,000 with lives of six or more years that would now be limited to five year allowance periods. For example, under the state's capital reimbursement system (fair rental allowance), a \$9,000 capital cost having a ten year useful life with a 3% ROR results in a rate-setting allowance of \$1,055 per year for a total of \$10,550 over ten years. If the \$9,000 capital cost is reimbursed over five years with a 3% ROR, the total allowance over the shorter period is \$9,825 (\$1,965/year) resulting in a state savings of \$725.

CARCH requests your support for this bill and would add that SB 323 would complement a recently adopted IRS regulation that allows small businesses with buildings having an unadjusted basis of under \$1.0 million to expense capital repair and maintenance costs of up to \$10,000 in certain circumstances.

Concerning HB5441- Direct Payment of Residential Care Facilities

The Connecticut Association of Residential Care Homes (CARCH) supports legislation that would enable the Department of Social Services (DSS) to make direct payments, under the Aid to the Aged, Blind and Disabled (AABD) / State Supplement program to the residential care home (RCH).

Presently, AABD payments for RCH services are issued to recipients and homes regularly experience instances, particularly in the first month of stay, when residents do not apply their benefits to the cost of care. The proposed change by DSS assures that state funds are directed as intended under the AABD program. It is unfair for RCH operators to provide services without payment. The majority of residents use the funds appropriately but because RCHs serve some of the most vulnerable in the state, including individuals with mental health and substance abuse issues, there are occasions when residents refuse to pay. This puts homes in a difficult and unnecessary position of having to try to recoup the funds with little recourse.

However, we cannot support Section 4 of HB 5441 which would unfairly penalize homes for any delay no matter what the reason. The proposed section leaves no room for flexibility even in cases of hardship on the part of the home. RCHs are for the most part small family run facilities that often face legitimate issues such as a family illness, issue with the accountant's office or a host of other reasons. The proposed language does not provide the Commissioner latitude and could punitively impact homes who made best efforts to complete their cost reports.

We would ask that you remove Section 4 from the bill or at the very least ask that the language be permissive by changing "shall" to "may" so that the department would have the discretion to consider extraordinary circumstances such as the death of an owner or cost report preparer. As small businesses, RCHs do not have a depth of management and accounting resources.

In total, we would ask you to support Sections 1-3 of the bill which would increase efficiency and remove section 4 or at the very least provide flexibility with the language.

I thank you for the opportunity to speak today and would be happy to answer any questions.

**TESTIMONY OF DR. KULDIP S BHOGAL, ADMINISTRATOR AND OWNER OF
APRIL TIME RCH, MANCHESTER**

**IN SUPPORT OF SB323- AN ACT CONCERNING CAPITAL EXPENDITURES AT
RESIDENTIAL CARE HOMES.**

&

**CONCERNING HB5441 - AN ACT CONCERNING DIRECT PAYMENT OF
RESIDENTIAL CARE FACILITIES.**

Human Services Committee Public Hearing, March 6, 2014

Senator Slossberg, Representative Abercrombie and members of the Human Services Committee, my name is Dr. Kuldip Singh Bhogal. I am an executive Board member of the CT Association of Residential Care Home (CARCH) and the owner and Administrator of April Time Residential Care Home located in Manchester. I am writing to testify in favor of SB323- An Act Concerning Capital Expenditures at Residential Care Facilities and offer testimony concerning House Bill 5441- An Act Concerning Direct Payment Of Residential Care Facilities.

Support of SB323- Capital Expenditures at Residential Care Homes

The Connecticut Association of Residential Care Homes (CARCH) supports Senate Bill 323 which would allow homes to receive reimbursement adjustments for capital expenditures, such as roof replacements and heating/air conditioning upgrades, over five or fewer years. We strongly believe that adoption of the minor reimbursement change proposed under this bill will greatly assist many homes that provide needed and cost-effective services to elderly and disabled individuals. The support services provided by Residential Care Homes (RCHs) often helps avoid the need for costly medical services including hospital inpatient and outpatient utilization.

Currently, the RCH rate-setting method depreciates the cost of each asset based upon its estimated useful life as published in the American Hospital Association Guide for Estimated Useful Lives. The established useful life of many assets exceeds ten years.

As small businesses that rely on state payments for residential and support services provided to individuals eligible for the Aid to the Aged, Blind and Disabled (AABD)/State Supplement program, most RCHs are not financially strong enough to self-fund significant capital outlays. RCHs generally fund necessary repairs and improvements with short-term credit lines, when available, or seek bank loans. Banks are often unwilling to amortize small fixed payment loans for more than five years. As a result, RCHs that make needed capital improvements to maintain physical plant and assure the health and safety of their residents, can face cash shortfalls when the useful life used for rate-setting is longer than the pay-back term associated the renovation/improvement financing.

While SB 323 would not solve the capital funding challenges of all RCHs, it would be of great assistance to many homes. CARCH expects that adoption of SB 323 has the potential for state savings over the long term.

Many RCH facilities are in need of urgent and necessary repair. The availability of rate reimbursement over a shorter period would encourage and enable more homes to obtain loan approvals and make needed repairs and renovations in a timely fashion and avoid higher costs associated with delays. The change would also improve the financial viability of many homes which could avoid the need for costly state receiverships.

Further, the state can save rate of return (ROR) and interest expense allowance costs related to RCH assets under \$10,000 with lives of six or more years that would now be limited to five year allowance periods. For example, under the state's capital reimbursement system (fair rental allowance), a \$9,000 capital cost having a ten year useful life with a 3% ROR results in a rate-setting allowance of \$1,055 per year for a total of \$10,550 over ten years. If the \$9,000 capital cost is reimbursed over five years with a 3% ROR, the total allowance over the shorter period is \$9,825 (\$1,965/year) resulting in a state savings of \$725. April Time has recently spent over \$17,000 to repair its sewer line, relay its driveway and removed its old 2000 gallon buried oil tank. A shorter reimbursement period will certainly help with our cash flow and at the same time save the State on the interest it would pay.

CARCH requests your support for this bill and would add that SB 323 would complement a recently adopted IRS regulation that allows small businesses with buildings having an unadjusted basis of under \$1.0 million to expense capital repair and maintenance costs of up to \$10,000 in certain circumstances.

Concerning HB5441- Direct Payment of Residential Care Facilities

The Connecticut Association of Residential Care Homes (CARCH) supports legislation that would enable the Department of Social Services (DSS) to make direct payments, under the Aid to the Aged, Blind and Disabled (AABD) / State Supplement program to the residential care home (RCH).

Presently, AABD payments for RCH services are issued to recipients and homes regularly experience instances, particularly in the first few months of stay, when residents do not apply their benefits to the cost of care. The proposed change by DSS assures that state funds are directed as intended under the AABD program. It is unfair for RCH operators to provide services without payment as both the Social Security and the DSS will not pay this lost money again. A resident of April Time had over \$10,000 paid into his EBT card. He was ready to go to the Mohegan Sun when he was overheard by a member of Staff. We alerted the DSS and managed to get the funds diverted to April Time albeit \$1100 short. We are still trying to recoup this shortfall from the resident!! We have had several incidences when the residents have already spent

the moneys wrongly credited to their EBT cards and most times it has been impossible to fully retrieve these moneys from the residents.

However, we cannot support Section 4 of HB 5441 which would unfairly penalize homes for any delay no matter what the reason. The proposed section leaves no room for flexibility even in cases of hardship on the part of the home. RCHs are for the most part small family run facilities that often face legitimate issues such as a family illness, issue with the accountant's office or a host of other reasons. The proposed language does not provide the Commissioner latitude and could punitively impact homes who made best efforts to complete their cost reports.

We would ask that you remove Section 4 from the bill or at the very least ask that the language be permissive by changing "shall" to "may" so that the department would have the discretion to consider extraordinary circumstances such as the death of an owner or cost report preparer. As small businesses, RCHs do not have a depth of management and accounting resources.

In total, we would ask you to support Sections 1-3 of the bill which would increase efficiency and remove section 4 or at the very least provide flexibility with the language.

I thank you for the opportunity to speak today and would be happy to answer any questions.

TESTIMONY OF Janis Davis, Sheltering Arms , VP of Eldercare Services
**IN SUPPORT OF SB323- AN ACT CONCERNING CAPITAL EXPENDITURES AT
RESIDENTIAL CARE HOMES.
&
CONCERNING HB5441- AN ACT CONCERNING DIRECT PAYMENT OF
RESIDENTIAL CARE FACILITIES.
Human Services Committee Public Hearing, March 6, 2014**

Senator Slossberg, Representative Abercrombie and members of the Human Services Committee, my name is Janis Davis. I am a member of the CT Association of Residential Care Home (CARCH) and VP of Eldercare Services at UCFS/Sheltering Arms located in Norwich. I am here to testify in favor of SB323- An Act Concerning Capital Expenditures at Residential Care Facilities and offer testimony concerning House Bill 5441- An Act Concerning Direct Payment Of Residential Care Facilities.

Support of SB323- Capital Expenditures at Residential Care Homes

The Connecticut Association of Residential Care Homes (CARCH) supports Senate Bill 323 which would allow homes to receive reimbursement adjustments for capital expenditures, such as roof replacements and heating/air conditioning upgrades, over five or fewer years. We strongly believe that adoption of the minor reimbursement change proposed under this bill will greatly assist many homes that provide needed and cost-effective services to elderly and disabled individuals. The support services provided by Residential Care Homes (RCHs) often helps avoid the need for costly medical services including hospital inpatient and outpatient utilization.

Currently, the RCH rate-setting method depreciates the cost of each asset based upon its estimated useful life as published in the American Hospital Association Guide for Estimated Useful Lives. The established useful life of many assets exceeds ten years.

While SB 323 would be of great assistance to many homes, CARCH expects that adoption of SB 323 has the potential for state savings over the long term.

With the adoption of SB 323 the state can save rate of return (ROR) and interest expense allowance costs related to RCH assets under \$10,000 with lives of six or more years that would now be limited to five year allowance periods. For example, under the state's capital reimbursement system (fair rental allowance), a \$9,000 capital cost having a ten year useful life with a 3% ROR results in a rate-setting allowance of \$1,055 per year for a total of \$10,550 over ten years. If the \$9,000 capital cost is reimbursed over five years with a 3% ROR, the total allowance over the shorter period is \$9,825 (\$1,965/year) resulting in a state savings of \$725.

CARCH requests your support for this bill and would add that SB 323 would complement a recently adopted IRS regulation that allows small businesses with

buildings having an unadjusted basis of under \$1.0 million to expense capital repair and maintenance costs of up to \$10,000 in certain circumstances.

Concerning HB5441- Direct Payment of Residential Care Facilities

The Connecticut Association of Residential Care Homes (CARCH) supports legislation that would enable the Department of Social Services (DSS) to make direct payments, under the Aid to the Aged, Blind and Disabled (AABD) / State Supplement program to the residential care home (RCH).

Presently, AABD payments for RCH services are issued to recipients and homes regularly experience instances, particularly in the first month of stay, when residents do not apply their benefits to the cost of care. The proposed change by DSS assures that state funds are directed as intended under the AABD program. It is unfair for RCH operators to provide services without payment. We have experienced situations where the resident has received; cashed and spent the check and not provided the funds to us for payment. In another situation the resident has moved and the check for prior months payment was forwarded to the resident's new address due to post office forwarding or change of address in the DSS system because of receipt of DSS Admission and Discharge Form # W-265. The check, which was for several months was in excess of \$7,000 and was cashed by the resident and their family member, without any funds being paid to our home.

Your support of these bills would be greatly appreciated.

Respectfully,



Janis Davis

From: Gary Faraci <thegarsman@yahoo.com>
Sent: Thursday, March 06, 2014 11:04 AM
To: HSTestimony
Subject: bill hb5441

Bill hb5441 regarding boarding homes be paid directly:

Regarding testimony to get direct payment is a great policy, after all, convalescent homes receive direct payment, the reason we cannot is because we are community based. however, we know it can be done, I have good conservators and had many bad ones, the good ones prefer we get paid directly, and somehow they made me and the facility the "A-Rep" therefore the check is payable to me, no endorsement required, even of a lost check, I can handle it myself with the client having to go to the state office and file affidavits. This is very time consuming. also we would receive all redetermination forms, failure file these forms results in a discontinuance of benefits, whereas conservators often overlook filing these very important forms, discontinuance of benefits results in lost medical coverage to the clients and boarding homes do not get paid, it is very time consuming to get the clients reinstated when this happens. Interruption of benefits is crucial, it is not something a client should have to go through and either should the boarding homes. Also the fact that a savy resident will somehow manage to get the check and spend it without paying the facility, this has happened to me for the sum of over \$2,800, and more recently happened to shailorville manor, our recourse to recover these funds is minimal, best we can do is get an arrest warrant to a client that will never have that amount of money to ever pay the facility. i fully support Bill # hb5441 thank-you Gary P. Faraci Maple Leaf Manor



Testimony to the Human Services Committee

Submitted by Mag Morelli, President of LeadingAge Connecticut

March 6, 2014

Regarding

- HB 5441, Direct Payment of Residential Care Facilities
- SB 323, Capital Expenditures at Residential Care Homes

LeadingAge Connecticut is a statewide membership organization representing over 130 mission-driven and not-for-profit provider organizations serving older adults across the continuum of long term care, services and supports and including not-for-profit residential care homes. On behalf of LeadingAge Connecticut, I would like to submit testimony on the following bills and offer the Committee our assistance as you consider these issues.

HB 5441, Direct Payment of Residential Care Facilities

LeadingAge Connecticut supports this bill which would allow the Department of Social Services (DSS) to make direct payments, under the Aid to the Aged, Blind and Disabled (AABD) / State Supplement program to the residential care home (RCH). Presently, AABD payments for RCH services are issued to recipients and homes regularly experience instances, particularly in the first month of stay, when residents do not apply their benefits to the cost of care. The proposed change assures that state funds are directed as intended under the AABD program. It will also save additional time and financial hardship for the residential care home providers who at times need to expend extensive resources in order to collect the requirement payment.

We would ask that the Committee modify Section 3 of HB 5441 which would unfairly penalize residential care homes for any delay no matter what the reason. The proposed section leaves no room for flexibility even in cases of hardship on the part of the home. The proposed language does not provide the Commissioner latitude and could punitively impact residential care homes that made best efforts to complete their cost reports.

SB 323, Capital Expenditures at Residential Care Homes

LeadingAge Connecticut supports Senate Bill 323 which would allow homes to receive reimbursement adjustments for capital expenditures, such as roof replacements and heating/air conditioning upgrades, over five or fewer years. We believe that adoption of the minor reimbursement change proposed under this bill will assist many residential care homes, and particularly the smaller homes, that provide needed and cost-effective services to elderly and disabled individuals and which are in need of smaller capital improvements.

Thank you for this opportunity to submit this testimony.

Mag Morelli, President





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Testimony before the Human Services Committee
Roderick L. Bremby, Commissioner
March 6, 2014

HB5439 HB5441
SB324 SB252
SB328 SB322
SB323 HB5444

Good morning, Senator Slossberg and Representative Abercrombie and distinguished members of the Human Services Committee. My name is Roderick Bremby and I am the Commissioner of the Department of Social Services. I am pleased to be before you today to testify on several bills raised on behalf of the Department. In addition, I offer written remarks on several other bills on today's agenda that impact the Department.

HB5440
HB5446

Bills Raised on Behalf of DSS:

H.B. No. 5443 (RAISED) AN ACT CONCERNING MEDICAID COVERAGE FOR CERTAIN OVER-THE-COUNTER DRUGS.

This proposal, while adding very modest additional Medicaid over-the-counter drug coverage, is necessary to comply with federal requirements for the Medicaid expansion. This change is necessary to allow coverage of over-the-counter drugs that are required to be included in the benefits package for the Medicaid expansion to non-disabled, non-elderly adults without dependent children (Medicaid Coverage for the Lowest Income Populations or HUSKY D) earning up to 138% of the federal poverty level. At this time, the only additional over-the-counter drugs that would be required to be covered by this change are those listed in the U.S. Preventive Services Task Force A and B recommendations. Specifically, those drugs include only: (1) low-dose aspirin to prevent cardiovascular disease for men ages 45 to 79 years of age and women ages 55 to 79 years of age when the potential benefit outweighs the potential harm; and (2) folic acid for women who are planning or are capable of becoming pregnant (folic acid is already covered for women who are pregnant).

The Medicaid expansion is governed by federal law, pursuant to section 2001 of the Affordable Care Act. Beginning January 1, 2014, federal law requires the benefit package provided to individuals in the Medicaid expansion to offer ten Essential Health Benefits. These requirements apply both to newly eligible individuals under the Medicaid expansion and also to individuals previously included in Connecticut's partial expansion of Medicaid to low-income adults beginning in April 2010, pursuant to 42 U.S.C. § 1396a(k)(2).

Connecticut's Medicaid program already covers the vast majority of the preventive services included in those guidelines. The only items not currently covered are the over-the-counter medications recommended for individuals with certain diagnoses in the U.S. Preventive Services Task Force ("USPSTF") recommendations. Those over-the-counter drugs are not currently covered because Conn. Gen. Stat. § 17b-280a, which was adopted in 2010, prohibits such

Other Legislation Impacting the Department:

S.B. No. 322 (RAISED) AN ACT CONCERNING A BEHAVIORAL HEALTH CLEARINGHOUSE.

This proposal seeks to create a centralized repository for available behavioral health services to be located within the Office of the Healthcare Advocate. If the goal of the bill is to create a comprehensive clearinghouse of publicly funded and privately funded behavioral health services, we feel that this has merit and should be explored. While we do not object to this legislation in principle, we would recommend that our sister agencies, the Department of Mental Health and Addiction Services, as the lead agency for adult behavioral health, and the Department of Children and Families, as the lead agency for children's behavioral health, be included in any discussions about where the clearinghouse should reside. In addition, it is our hope that this initiative would not be redundant of or impact any services already being done by 2-1-1 Infoline, the state's contracted informational and referral partner.

S.B. No. 323 (RAISED) AN ACT CONCERNING CAPITAL EXPENDITURES AT RESIDENTIAL CARE HOMES.

This bill would allow DSS to reimburse Residential Care Home (RCH) providers for "land, building or non-movable equipment, repair, maintenance or improvement" to the facility that cost \$10,000 or less per year. The reimbursement would be included in the fair rent component of the RCH rate for five years or less, depending on the useful life of the improvements.

DSS does not oppose the general concept of the bill, but "maintenance" activities are not a cost that can be capitalized and, as such, references to maintenance activities should be removed from the bill. The Department believes this change will only standardize the useful life to five years for costs of \$10,000 or less, and that any additional costs would be negligible if "maintenance" is removed.

H.B. No. 5444 (RAISED) AN ACT CONCERNING MEDICAID COVERAGE OF CHIROPRACTIC SERVICES.

This proposal requires the Department to add chiropractic services to the Medicaid State Plan as an optional service. There are currently no funds included in the Governor's recommended budget adjustments to support this addition; therefore, the department must oppose it.

H.B. No. 5440 (RAISED) AN ACT CONCERNING MEDICAID REIMBURSEMENT FOR EMERGENCY DEPARTMENT PHYSICIANS.

This bill would allow emergency department (ED) physicians to enroll independently as Medicaid providers, thereby qualifying to be directly reimbursed for professional services provided to Medicaid recipients in hospital emergency departments. Under this legislation, physicians would bill and be paid using applicable Current Procedural Terminology (CPT) codes, rather than the all-inclusive Revenue Center Codes (RCC) currently paid to hospitals and