

Department of Social Services Frequently Asked Questions (FAQ)
July 2021

Overview of Enhanced Employee Health Care and Pension Benefits

\$15.4 million has been appropriated to the Department of Social Services (DSS) in FY 2023 to adjust reimbursement rates for nursing homes that provide enhanced health care and pension benefits for employees. Pursuant to PA 21-2, June special session, if a nursing home receives a rate increase but does not provide these enhanced benefits, DSS will decrease its rate by the same amount as the rate increase. If rate reductions are implemented as a result of non-compliance, there will be no redistribution of these funds to other homes.

Funding distribution will mimic the 2015 wage and benefit enhancement program. Nursing homes will submit anticipated benefit enhancement program costs. Nursing homes that do not intend to increase benefits under this program are required to notify DSS of such intent. A provider may not accept any of the funds allocated for this purpose unless they plan to increase employee benefits.

If requests for benefit enhancements exceed available funding (\$30.8 million total), it will be necessary to prorate increases consistent with the level of available funding. Documents are being developed for nursing homes to complete and submit requests for funds; documents will be posted to the DSS website. Additional information will be released at a future date.

The allocation of the funding will be distributed pro-rata based on each nursing home's benefits increase. In general, the larger the nursing home's benefits increase, the greater the nursing home's share of the funding. Costs mandated by collective bargaining agreements or otherwise provided by a nursing home to its employees will be reviewed for reasonableness to be included in the proration. Funds will be distributed based on each home's pro-rata share of available funding. A nursing home's share of available funding cannot be calculated until the total amount for all homes is known. Therefore, nursing homes will need to meet timelines which will be outlined at a future date; DSS will not be able to phase in the program.

Overview of Acuity-Based Nursing Home Reimbursement

DSS will implement acuity-based rates for nursing homes beginning in FY 2023. DSS will model the case-mix adjustment and evaluate the impact on each nursing home. The evaluation will review inflationary allowances, case mix and budget adjustment factors, stop-loss and stop-gain corridors, cost report data for cost year September 30, 2019, and the ability to make case-mix adjustments within available appropriations. By October 1, 2021, DSS will make recommendations on any needed adjustments to facilitate the transition to acuity-based reimbursement. Nursing homes will also be provided with the impact of acuity-based reimbursement on a home-by-home basis. DSS will continue to work with the industry and nursing homes through stakeholder meetings as part of the review and to solicit input and feedback. Quality metric collection and reporting will begin effective July 1, 2022.

4.5% rate increases in FY 2022 & FY 2023

- (1) If a nursing home has a union contract that does not expire until the fall or later, and they wait until the current contract expires and a new contract is negotiated and settled – but then provide the wage increases retroactively to July once the new contract is settled – will this still meet the requirements of keeping the 4.5% rate increase?

Response: Yes, if the timing of the contracts is structured in that way, then the provider can provide a retroactive increase to July 1, 2021 once the contract is settled.

- (2) Can a nursing home that already gave a permanent wage increase or other wage enhancement at any time within this current 2021 cost report year, but prior to July 31, 2021, count that wage increase or enhancement toward satisfying the requirement for use of the July 1, 2021 4.5% rate increase?

Response: The intent of the funding is to provide a 4.5% increase to nursing home rates in both state fiscal years 2022 and 2023, as long as the increases are used to enhance employee wages. A home may implement wage increases at any time or for any period. However, for purposes of this legislative allocation and to ensure the appropriation was given to employee wages for the period outlined in the language, reviews of wages for the period that aligns with the period defined in the legislative language will be reviewed. Funds will be recouped from any home that was found not to have distributed funding provided for employee wages for that period.

- (3) Does the implementer language allow a wage or salary increase given anytime between February 1, 2021 and July 31, 2021 to count? In other words, if I raised my wages for employees on Feb 1, 2021 or May 1, 2021 – (which is still within the current nursing home cost year) – can I count that toward the use of my rate increase?

Response: No, the nursing home financial relief package was negotiated for prospective employee wage increases implemented July 1, 2021 or later. The intent of the package was to further improve and strengthen the employee/workforce wage and benefit position, not to fund a home's current financial contribution to existing wage and benefit packages/provisions.

- (4) Can a nursing home provide a wage increase or enhancement prior to July 31, 2021 that is large enough to satisfy both scheduled increases (July 1, 2021 and July 1, 2022), without having to give a second wage increase in July of 2022?

Response: Please see response to #2.

- (5) As you know, the nursing home sector is facing a critical workforce crisis and in response, many providers have been offering various wage, benefit and bonus incentives to both recruit and retain employees. The need to increase wage rates and to provide other incentives has been ongoing and seems to be reaching a particular critical point right now as the summer begins. In consideration of these circumstances, we request that any bonus,

incentive or wage increase implemented before July 1, 2021, but provided within the current cost report year, be recognized for purposes of any conditions placed on the 4.5% permanent rate increases.

Response: Please see response to #2.

- (6) Request clarity in the instructions that DSS will be providing regarding the use of the permanent 4.5% rate increases. For instance, the relevant sections of the implementing statutes refer to various and differing terms, including wage enhancement, wage and benefits enhancement, and employee salaries. We also read the statute to not limit the required increases to any specific category of employee and we would hope that this is confirmed. Finally, it had been previously messaged that payroll related expenses such as taxes, fees and benefits, can be included in permitted calculation and we would hope that this too is confirmed.

Response: Payroll-related expenses are included.

Temporary 10% Rate Increase from 7/1/21 to 3/31/22

- (1) Does the language in the Implementor “for nursing home settlement” mean only union homes will receive the \$40 million or will this increase be distributed to all homes including non-union homes?

Response: A total pool of \$40 million has been made available to support 10% temporary rate increases for all nursing homes regardless of union status. The 10% rate increases will be available on the rate in effect July 1, 2021 and will be distributed for 9 months from July 1, 2021 through March 31, 2022. On April 1, 2022, the 10% rate increase will be reversed. Below is an *example* of the rate calculation - for illustrative purposes only.

Example: Rate 6/30/2021	\$245.00	
Legislative Rate Increase (4.5%)	\$11.03	No compounding; applied to 6/30/21 base rate
Temporary Increase (10%)	\$24.50	No compounding; applied to 6/30/21 base rate
Rate Prior to Fair Rent	\$280.53	
Fair Rent (CY 2020 Additions)	\$0.50	
7/1/2021 Rate	\$281.03	
Reversal of 10% Increase after 9 Months	\$(24.50)	
4/1/2022 Rate	\$256.53	

Issued vs. Calculated Grants

- (1) Will nursing homes be automatically provided with a pro-rata grant amount or will they be required to apply for the funding?

Response: Yes, homes will be required to apply for grants that represent the difference between the issued rate and calculated rate. Grant amounts will be based on the percent difference between the issued and calculated rates effective July 1, 2021, but without inclusion of either the 4.5% increase or the 10% temporary increase. Medicaid days will be taken into consideration in the grant amount calculation to reflect Medicaid utilization. Grants may be prorated to stay within available appropriations and must comply with ARPA requirements. Guidance documents are under development and will be made available shortly.

Social Work Full-time per 60 Residents

- (1) For social work staffing, how will this funding be distributed and is there a timeline for when it will be recognized in the rates?

Response: Department of Public Health (DPH) survey reports will be used to assist in identifying homes below the requirement. Nursing homes below the requirement will be asked to submit to DSS a request for funding. Targeted rate increases will be given to homes who apply and are determined to be eligible (i.e., those homes with less than one full-time social worker per sixty residents). This rate increase does not apply to nursing homes already meeting the required staffing levels.

Nursing homes will be asked to submit documentation showing current staffing hours, salary, and a financial projection of the amount needed to bring social work staffing up to the required level. Future annual cost report submissions will be used to verify and confirm implementation. Funds will be recouped from any home that received funding for this purpose but did not meet the staffing requirement.

- (2) For social work staffing, are nursing home providers allowed to give the rate increase retroactively to July 31 and still be in compliance?

Response: The requirement is for nursing homes to increase social work staffing to one full-time social worker per 60 residents. Timing of wage increases to get staffing to the required levels should take place within the current fiscal year to align with the effective date of the legislation. Funds will be recouped from any home that receives funding supports to increase staffing to the required levels but is discovered on audit that they did not meet the requirement.

Certificate of Need Process for Elimination of Three- and Four-Bed Rooms and Low Utilization

(1) Can you please provide additional information on the CON batch process?

Response: Certificate of Need (CON) is a regulatory program requiring certain types of health care providers to obtain state approval prior to making major changes in the health care landscape such as mergers, substantial capital investments, changing access to services, or discontinuing a service. CON program works to ensure services – and access to those services – meet the community need. Additional information on the CON process is available at the DSS webpage: <https://portal.ct.gov/DSS/Health-And-Home-Care/Reimbursement-and-Certificate-of-Need/Certificate-of-Need>

A nursing home seeking the elimination of 3- and 4-bed rooms or low utilization should submit a Letter of Intent (LOI) to DSS. Substantial bed reductions will be reviewed through a batch review process. The batch review will be conducted by March 15th and September 15th of each year to ensure that a geographic region is not substantially decreased, leaving residents without access. Bed reductions will be reviewed through the LOI, which should include the following information:

- Non-substantial number of beds proposed for termination: Nursing homes seeking to remove a non-substantial number of beds will be required to submit an LOI, reflecting the number of beds proposed for termination. DSS will review such requests and may issue a determination letter approving the bed terminations; a CON application would not be required. Determinations will be issued on a rolling basis. *Please note that the bed termination history, if applicable, will be reviewed and may impact a home's eligibility for CCNH/RHNS bed termination approval through a determination letter.*
- Substantial number of beds proposed for termination: If the LOI reflects a substantial termination of beds, then DSS will send a short form CON application to the home. Submitted applications for the elimination of 3- and 4-bed rooms will be reviewed by the Department in the order received and as practicable.
- Substantial termination due to low utilization: If the LOI reflects a substantial termination due to low utilization or other reason, then DSS will send a full CON application to the home. The application needs to be submitted to the Department and deemed complete by March 15th or September 15th to be considered in the current batch review. The provider should give ample time to submit the LOI, receive the application, complete and submit the application, respond to any completeness questions from the Department, and receive notification from the Department that the application is complete.