



**Governor Ned Lamont
State of Connecticut**



FACT SHEET
2022 Legislative Session

**HOUSE BILL 5040
GOVERNOR'S BILL
*AN ACT CONCERNING THE GOVERNOR'S BUDGET
RECOMMENDATIONS FOR HUMAN SERVICES***

Summary of Proposal

The bill implements the Governor's recommendations for human services as summarized in the *Significant Impacts* section below.

Reason for Proposal

To implement the Governor's budget proposals pertaining to human services.

Significant Impacts

Section 1 expands the student loan repayment program. This section expands the scope of the Student Loan Repayment Program (SLRP) administered by the Department of Public Health (DPH) to encompass behavioral health services. Eligibility to participate is extended to psychiatrists, psychologists, licensed clinical social workers, licensed marriage and family therapists, and licensed professional counselors.

The adopted biennial budget included \$500,000 in each of FY 2022 and FY 2023 to reinstate the SLRP, which has not operated since 2012. However, the authorizing legislation (CGS Sec. 19a-7d) restricts the program's coverage to primary care services and primary care practitioners.

The SLRP promotes the recruitment and retention of health care professionals, by incentivizing commitment to serving patients in federally designated health professional shortage areas (HPSAs) through the repayment of educational loans in exchange for a specified period of employment.

The midterm budget allocates an additional \$17 million from CSFRF to support the Student Loan Repayment Program (\$3.0 million, FY 2023; \$7.0 million, FY 2024; \$7.0 million, FY 2025). This funding supplements the previously approved \$1.0 million CSFRF allocation. In addition to allowing for the inclusion of behavioral health practitioners, this funding enhancement will mean that significantly more primary care clinicians will benefit from the program, thus enhancing

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access to care in medically underserved areas. The proposed midterm budget bill includes language authorizing the expenditure from these funds by DPH for program administration.

Sections 2-3 update community health worker provisions to facilitate program implementation. This section transfers the Community Health Worker grant program, established under DPH and supported by Coronavirus State Fiscal Recovery Funds (CSFRF) in the 2021 session, to the Department of Social Services (DSS) for administrative purposes. DSS has existing contracts with the state's network of community action agencies (CAAs) across multiple programs and is therefore better positioned than DPH to develop and administer this program, which will support the inclusion of community health workers in the CAAs service delivery model.

It will also allow for the full investment of funds, as originally envisioned by the legislature, by shifting the cap on the amount of funds that can be issued to each of the state's nine community action agencies to a cap on the amount of funds issued per community health worker. A maximum of \$30,000 could be issued annually to each CAA without this change, leaving a significant portion of the original funds (\$2.7 million in FY 2022 and FY 2023) unspent.

Lastly, this section expands the information that CAAs applying for the program must provide to include strategies for how they will integrate community health workers into an individual's care delivery team, including the capacity to address both health care and social service needs. This will ensure that the program is meeting its intended goal to provide better linkages between the CAA network and the health care system.

There is no additional financial impact as this reflects a transfer of an existing allocation of CSFRF funding from DPH to DSS. It should be noted that without these proposed changes a significant portion of these funds would remain unspent.

Section 4 updates language to provide broader levels of nursing home facility support. This section broadens the use of the \$10 million allocated in the enacted budget under CSFRF. As originally written, the funding was to be used to provide temporary financial relief to nursing homes, but such financial relief was to be based on the percent difference between a nursing home's issued and calculated reimbursement rate with such grants to be pro-rated given the relatively small amount of funding allocated. This funding is not needed for this purpose, however, as the Administration previously announced a phased-in transition to an acuity-based reimbursement system over three years, beginning July 1, 2022. When fully implemented and annualized over the three-year period, the state will be investing \$45 million (\$90 million total including federal share) to rebase rates and support the transition, which gives nursing homes predictability regarding their reimbursement and allows for necessary adjustments to their business models. The Governor's budget includes funding of \$12.8 million (\$25.6 million total including federal share) to support the first year of implementation, during which nursing homes can receive additional funding to provide care to those with the highest level of needs, and a guarantee that no nursing home will receive a decrease in their rate because of acuity during that first year.

Given this infusion of dollars, this bill reallocates the \$10 million in CSFRF funding to extend the current temporary rate increase of 10% for an additional month. (The enacted budget includes funding to support a temporary 10% rate increase for the nine-month period from July 1, 2022, through March 31, 2022.) By using Medicaid funds to support the rate increases for April and May 2022 and the CSFRF funding to cover the costs for June 2022, nursing homes will receive over \$29 million to support staffing costs and other expenses related to the public health emergency over the course of this three-month extension.

Section 5 clarifies that establishment of a minimum rate of \$501 for intermediate care facilities is tied to the pandemic. The enacted budget included state funding of \$1.6 million in each year to establish a minimum per diem, per bed rate of \$501 for FY 2022 and FY 2023. The expectation at the time was that this temporary increase for intermediate care facilities (ICFs) would be federally reimbursed. However, because this provision would result in payments to ICFs that are in excess of their actual costs, the state is unable to claim federal reimbursement on these costs as the state would be exceeding the federal upper payment limit. Recognizing that the purpose of the temporary increase was to provide pandemic-related support to those facilities that were being reimbursed at lower levels, funding for this initiative in FY 2023 (estimated at \$2.8 million) is being shifted to CSFRF. Under this bill, section 325 of Public Act 21-2, June special session, is amended to clarify that the purpose of the dollars is to provide pandemic-related support.

By shifting \$2.8 million in costs from the General Fund to CSFRF, Medicaid requirements in FY 2023 are reduced by a corresponding amount.

Section 6 recognizes existing authority for cost-of-living adjustments under section 17b-104. This section strikes a provision added to the statute governing DSS' Temporary Family Assistance (TFA) program at the close of the 2021 session. The provision would have required DSS, beginning in FY 2024, to provide a cost-of-living adjustment (COLA) whenever funds appropriated for TFA lapse at the close of the fiscal year (provided that the adjustment has not already been included in the budget and that the increase would not create a budget deficiency in succeeding years). This is problematic on several fronts, the first being that this results in lapsing funds that would have otherwise gone to the resources of the General Fund (to meet other potentially pressing needs) will instead be repurposed to support the cost of COLAs. In addition, there would be annual costs to operationalize this provision, and it is also unnecessary as section 17b-104 of the general statutes already provides for automatic COLA increases without limiting administrative flexibility by conditioning increases upon a lapse. It is worth noting that legislative action is required for these COLAs to *not* occur – by amending section 17b-104 – and thus, for administrative ease and greater predictability with respect to budgeting, provisions that already exist under section 17b-104 should be allowed to move forward if that is the legislative will.

This section could have a potential impact on the overall agency lapse and subsequent deposits to the resources of the General Fund. However, if COLAs are to be provided annually pursuant to existing statute, then no fiscal impact is anticipated.