

Public Act 19-117 for the 2020/2021 biennium supports the following Medicaid nursing home rate increases:

- 2% rate increase effective July 1, 2019
- 1% rate increase effective October 1, 2020
- 1% rate increase effective January 1, 2021

Similar to the November 1, 2018 rate increases, the 2% rate increase effective July 1, 2019 will be implemented by the Department of Social Services and is specifically intended to support a permanent increase of no less than 2% in aggregate to the compensation of employees<sup>[1]</sup> working at the nursing home. Funding should be used for increases to employee wages or salaries and increases to health/dental benefit or retirement plans. The funding may not be used for lump sum payments or bonuses in lieu of a permanent overall 2% increase to employee compensation. After the implementation of an overall 2% increase to the compensation of employees, the balance may be utilized to address critical operational needs. Specific non-eligible uses include increases in management fees, rent, ownership compensation, and related party contractors.

Consistent with guidance for the July 1, 2019 rate increases, the 1% rate increases effective October 1, 2020, and January 1, 2021, are each intended to support a permanent increase of no less than 1% in aggregate to the compensation of nursing home employees<sup>[1]</sup>. Funding should be used for increases to employee wages or salaries and increases to health/dental benefit or retirement plans. The funding may not be used for lump sum payments or bonuses in lieu of a permanent overall increase to employee compensation. After the implementation of each of the overall 1% increases to the compensation of employees, the balance may be utilized to address critical operational needs. Specific non-eligible uses include increases in management fees, rent, ownership compensation, and related party contractors

The Department will conduct a review of annual cost reports including desk review documentation to ensure funding under the program was used appropriately.

- The cost report for the period ending September 30, 2019, will be reviewed for the 2% November 1, 2018 rate increase, as well as a portion of the July 1, 2019 2% rate increase.
- The cost report for the period ending September 30, 2020, will be reviewed for the 2% November 1, 2018 rate increase and the July 1, 2019 2% rate increase.
- The cost report for the period ending September 30, 2021, will be reviewed for the maintenance of the previous rate increases and the implementation of the two 1% rate increases effective October 1, 2020 and January 1, 2021.

If, after completion of the review, the Department finds that a nursing home did not utilize program funds as required, the Department retains the authority to recoup the entire amount given to the home under the Medicaid program.

Unlike the November 1, 2018 rate increase, there is no opt-out from participating in the 2%, 1%, and 1% rate increases effective July 1, 2019, October 1, 2020, and January 1, 2021, respectively.

A provider does not need to request an exception for how they will use any remaining aggregate Medicaid rate increase funding, as long as it is used for allowable costs.

The Department of Social Services will accept written questions and will respond in writing. All responses will be posted to a dedicated web page.

<sup>[1]</sup> Please note the definition of 'employees' shall correspond with the definition under C.G.S. Section 17b-340(f)(4):

For purposes of this subsection, "employee" shall not include a person employed as a facility's manager, chief administrator, a person required to be licensed as a nursing home administrator or any individual who receives compensation for services pursuant to a contractual arrangement and who is not directly employed by the facility.