



How Deemed Status in Lieu Of State Licensing Can Save the State Money

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For more information contact Brunilda Ferraj at bferraj@ctnonprofitalliance.org

1. Background

Connecticut's community nonprofits providing mental health, substance use, developmental disability and other services can be required to maintain numerous separate licenses – sometimes as many as 20 or 25 – from state agencies to operate their programs.

Complying with multiple and redundant licensing requirements is costly and poses an enormous administrative burden on the State and community providers. Each license requires periodic renewal every two to three years and a series of compliance visits to the provider. It is common for a provider to undergo as many as eight separate licensing reviews every year. These compliance visits, which have numerous overlapping requirements and can take one to three days to complete, divert limited time and resources away from direct service provision to at-risk families and adults.

2. What is Deemed Status?

Deemed Status regulations would allow nonprofits to forgo duplicative and burdensome state licensing requirements if they can demonstrate accreditation from an accepted national accrediting body such as the Commission on Accreditation of Rehabilitation Facilities (CARF), Council on Accreditation (COA), the Joint Commission, or the National Association for the Education of Young Children (NAEYC). The requirements of these nationally recognized accrediting organizations meet and often exceed state licensing requirements, as they demand extremely rigorous service standards and performance elements.

3. Connecticut already uses a type of deemed status

Connecticut's Department of Public Health already uses Deemed Status to reduce costs – but only for hospitals and other related healthcare services. In light of Connecticut's fiscal challenges, the State should adopt deemed status regulations for nonprofit providers, too. It would save money and enhance administrative and operational efficiencies for both the state and providers.

- **Lower costs to the state:** Deemed Status for services where the national accreditation requirements meet or exceed state standards would reduce staffing costs for state licensing agencies, as the number duplicative site visits and administrative efforts required by state licensing agencies would be reduced.
- **Lower costs to nonprofits:** Currently, community nonprofits obtaining national accreditation undergo state agency licensing processes that duplicate what they do for accreditation. For community providers, Deemed Status would reduce the time and effort required by provider organization staff to complete administrative requirements for state licensure, allowing providers to devote more time and resources to serving individuals in need.

4. What are other states doing?

Currently 49 states have some type of deemed status for several different domains including ID/DD, Behavioral Health, Child welfare and others. Depending on the state, the term deemed status carries many different meanings. Sometimes it means that an organization is required to be accredited to do business with the state or other funder. In other instances it means that accredited organizations get a better rate for services or are given preferences to receive referrals. Sometimes states will accept several accreditors and in other instances they only accept a specific national accrediting organization. It should also be noted that in many or most instance a state may require accreditation for some of the services in funds but not necessarily all.

5. Recommendation

Currently, the Connecticut Department of Public Health (DPH) allows for Deemed Status for certain hospitals and healthcare services. Below are just some examples of programs and facilities that Connecticut should expand Deemed Status by permitting accreditation by a national organization such as the Commission on Accreditation of Rehabilitation Facilities (CARF), Council on Accreditation (COA), the Joint Commission, or the National Association for the Education of Young Children (NAEYC).

Department of Children and Families

- Child placing agencies
- Group homes
- Residential education
- Safe homes
- Extended day treatment
- Outpatient psychiatric clinics for children
- Residential treatment
- Temporary shelter

Department of Public Health

- Substance Abuse facilities
- Mental Health Day Treatment
- Mental Health Residential Living
- Mental Health Community Residence
- Mental Health Intermediate Treatment
- Psychiatric Outpatient Clinic for Adults

Department of Developmental Services

- Residential Services
- Community Supports
- Employment Services

6. A Simple Fix: Modify CT's existing deemed status regulations to include community nonprofits

A simple way to allow for deemed status of community nonprofits is to modify CT's currently existing deemed status language that covers hospitals. Currently, DPH licenses the state's 29 acute care hospitals every two years. Because all of these hospitals are deemed Medicare- and Medicaid-certified through either CMS or the Joint Commission, they are inspected every four years, instead of biennially. Hospitals are also inspected when the department (1) receives a complaint against a facility or (2) is following-up to ensure compliance with a corrective action plan. Hospitals must comply with DPH regulations regarding, among other things, physical plant, maintenance, medical staff, safety, equipment, medical records, emergency planning, service provision, and infection control. [Conn. Agencies Regs., § 19-13-D1 et. seq.](#) reads:

19-13-D1a. Deemed Status

- a) Any institution as defined by sections 19-576(b) through 19-576 (f) of the Connecticut General Statutes may apply to the department of health services to be deemed licensable without additional inspection or investigation if said institution:
 1. Has been certified as a provider of services by the United States Department of Health and Human Services within the immediately preceding 12 month period, except that with respect to institutions defined in subsection 19-576 (b) of the Connecticut General Statutes, the institution need only be currently so certified;
 2. Has not been denied a license or renewal thereof or has not had a condition of participation found to be out of compliance at any time during the three years immediately preceding such application;
 3. Has been inspected and investigated pursuant to ordinary license renewal procedures at least once in the immediately preceding four years and no less than a total of two times;
 4. Has agreed to allow the department of health services to inspect and review any reports issued by the reviewing or accrediting agency or by the subject institution related to the subject institution concerning certification as a provider by the department of health and human services; and
 5. With respect to institutions as defined in subsections (c), (d), (e) and (f) of section 19-576 of the Connecticut General Statutes, has not experienced a change in the personnel serving as chief administrative officer or licensed administrator, medical director, or director of nurses since the date of the immediately preceding department of health and human services provider survey.
- b) Applications for deemed status shall be on forms provided by the department and shall contain sufficient documentation to establish the satisfaction of the conditions set forth in subsection (a) hereof.
- c) In addition to the review of all material submitted in support of an application for deemed status, the department of health services may take the following actions or consider the following facts and circumstances in granting or denying said application:

1. Joint inspections with certifying agencies or direct observation of certification procedures;
 2. Verification of compliance with Public Health Code standards not included in the federal conditions of participation;
 3. Review of departmental records or records of any other state department relating to accidents, incidents, complaints, and periodic reports; Department of Public Health 19.28 Current with materials published in Connecticut Law Journal
 4. With respect to institutions as defined in subsection (b) of section 19-576 of the Connecticut General Statutes, whether such institution has experienced a change in its chief executive officer.
- d) If the applicant fully complies with the conditions set forth in section (a) and department of health services validation does not provide a basis for denial, the department shall grant the application for deemed status, and the license renewal for such institution shall be issued without further inspection or verification.
- e) Nothing contained in these regulations shall be interpreted or applied so as to limit or interfere with the right and duty of the department of health services to enforce the Public Health Code as provided by law. (Effective April 24, 1981)

7. Deemed Status Legislation: An example from Ohio

Deemed status regulations for community nonprofits in the state of Ohio reads:

[5122-25-03 Deemed status and reciprocity](#)

- A. The department shall accept, as evidence of compliance with Chapters 5122-26 to 5122-29 of the Administrative Code, the agency's appropriate behavioral health accreditation by any of the following accrediting bodies: "The Joint Commission on Accreditation of Health Care Organizations"; "The Commission on Accreditation of Rehabilitation Facilities"; and/or "The Council on Accreditation for Children and Family Services".
 - (1) The following certification standards are exempted from the above statement:
- B. Rules 5122-26-16 to 5122-26-16.3 of the Administrative Code (special treatment and safety measures), when these rules are more restrictive than those of the accrediting body's and/or address requirements not identified by the accrediting body;
 - (1) (b) Rule 5122-26-13 of the Administrative Code (incident notification);
 - (2) (c) Rule 5122-26-18 of the Administrative Code (client rights and abuse);
 - (3) (d) Rule 5122-28-04 of the Administrative Code (consumer outcomes);
 - (4) (e) Paragraph (F) of rule 5122-28-03 of the Administrative Code (performance improvement);
 - (5) (f) Rule 5122-26-19 of the Administrative Code (uniform cost reporting);
 - (6) (g) Paragraphs (C), (D), (K), (L), (M), and (O) of rule 5122-29-28 of the Administrative Code (intensive home based treatment service); and
 - (7) (h) Paragraphs (C), (D), (I), (J), (K), and (W) of rule 5122-29-29 of the Administrative Code (assertive community treatment service).
- C. An agency applying for deemed status by the department must submit the following:
 - (1) A copy of the certificate or license awarded by the accrediting body and accompanying cover letter; and
 - (2) A copy of the accrediting body's final survey report and any modifications made to the final report.

- D. The department may also accept as documentation of the agency's compliance with certification standards, in whole or in part, official report(s) that the agency complies with comparable licensure and/or certification requirements of another state department.
- E. Should an agency's accreditation, licensure and/or certification status be revoked by the accrediting and/or licensing/certifying body, ODMH shall withdraw deemed status and the agency shall be subject to a full ODMH certification survey.
- F. The department may conduct follow up surveys of a random sample of agencies having recently completed a survey by one or more of the accrediting bodies in order to validate the accrediting body's continued ability to satisfactorily address requirements contained in Chapters 5122-26 to 5122-29 of the Administrative Code.

8. Example of Quality: Crosswalk of CT and National Accrediting Organizations

In 2011, the State formed a workgroup with nonprofits and other stakeholders to explore deemed status for nonprofits. As part of that process, the group completed "crosswalks" that compared the licensing standards of some national accrediting organizations to state requirements. They found that national standards were just as stringent, if not more, than state standards. The Alliance has updated the crosswalks for CARF and are happy to provide you with this documentation upon request. For example, you can [read the CARF Crosswalk for CT DDS CLA Regulations to ECS Standards here](#).

For more information contact:

Brunilda Ferraj, MSW
Senior Public Policy Specialist
The Alliance: The Voice of Community Nonprofits
bferraj@ctnonprofitalliance.org