



House of Representatives

General Assembly

File No. 416

February Session, 2026

Substitute House Bill No. 5358

House of Representatives, April 7, 2026

The Committee on Human Services reported through REP. GILCHREST of the 18th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE REBASING OF RATES OF REIMBURSEMENT FOR CERTAIN RESIDENTIAL FACILITIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsections (a) and (b) of section 17b-244 of the general
2 statutes are repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2026*):

4 (a) The room and board component of the rates to be paid by the state
5 to private facilities and facilities operated by regional education service
6 centers which are licensed to provide residential care pursuant to
7 section 17a-227, but not certified to participate in the Title XIX Medicaid
8 program as intermediate care facilities for individuals with intellectual
9 disabilities, shall be determined annually by the Commissioner of Social
10 Services, except that rates effective April 30, 1989, shall remain in effect
11 through October 31, 1989. Any facility with real property other than
12 land placed in service prior to July 1, 1991, shall, for the fiscal year
13 ending June 30, 1995, receive a rate of return on real property equal to
14 the average of the rates of return applied to real property other than land

15 placed in service for the five years preceding July 1, 1993. For the fiscal
16 year ending June 30, 1996, and any succeeding fiscal year, the rate of
17 return on real property for property items shall be revised every five
18 years. The commissioner shall, upon submission of a request by such
19 facility, allow actual debt service, comprised of principal and interest,
20 on the loan or loans in lieu of property costs allowed pursuant to section
21 17-313b-5 of the regulations of Connecticut state agencies, whether
22 actual debt service is higher or lower than such allowed property costs,
23 provided such debt service terms and amounts are reasonable in
24 relation to the useful life and the base value of the property. In the case
25 of facilities financed through the Connecticut Housing Finance
26 Authority, the commissioner shall allow actual debt service, comprised
27 of principal, interest and a reasonable repair and replacement reserve
28 on the loan or loans in lieu of property costs allowed pursuant to section
29 17-313b-5 of the regulations of Connecticut state agencies, whether
30 actual debt service is higher or lower than such allowed property costs,
31 provided such debt service terms and amounts are determined by the
32 commissioner at the time the loan is entered into to be reasonable in
33 relation to the useful life and base value of the property. The
34 commissioner may allow fees associated with mortgage refinancing
35 provided such refinancing will result in state reimbursement savings,
36 after comparing costs over the terms of the existing proposed loans. For
37 the fiscal year ending June 30, 1992, the inflation factor used to
38 determine rates shall be one-half of the gross national product
39 percentage increase for the period between the midpoint of the cost year
40 through the midpoint of the rate year. For fiscal year ending June 30,
41 1993, the inflation factor used to determine rates shall be two-thirds of
42 the gross national product percentage increase from the midpoint of the
43 cost year to the midpoint of the rate year. For the fiscal years ending
44 June 30, 1996, and June 30, 1997, no inflation factor shall be applied in
45 determining rates. The Commissioner of Social Services shall prescribe
46 uniform forms on which such facilities shall report their costs. Such rates
47 shall be determined on the basis of a reasonable payment for necessary
48 services. Any increase in grants, gifts, fund-raising or endowment
49 income used for the payment of operating costs by a private facility in

50 the fiscal year ending June 30, 1992, shall be excluded by the
51 commissioner from the income of the facility in determining the rates to
52 be paid to the facility for the fiscal year ending June 30, 1993, provided
53 any operating costs funded by such increase shall not obligate the state
54 to increase expenditures in subsequent fiscal years. Nothing contained
55 in this section shall authorize a payment by the state to any such facility
56 in excess of the charges made by the facility for comparable services to
57 the general public. The service component of the rates to be paid by the
58 state to private facilities and facilities operated by regional education
59 service centers which are licensed to provide residential care pursuant
60 to section 17a-227, but not certified to participate in the Title XIX
61 Medicaid programs as intermediate care facilities for individuals with
62 intellectual disabilities, shall be determined annually by the
63 Commissioner of Developmental Services in accordance with section
64 17b-244a. For the fiscal year ending June 30, 2008, no facility shall receive
65 a rate that is more than two per cent greater than the rate in effect for
66 the facility on June 30, 2007, except any facility that would have been
67 issued a lower rate effective July 1, 2007, due to interim rate status or
68 agreement with the department, shall be issued such lower rate effective
69 July 1, 2007. For the fiscal year ending June 30, 2009, no facility shall
70 receive a rate that is more than two per cent greater than the rate in effect
71 for the facility on June 30, 2008, except any facility that would have been
72 issued a lower rate effective July 1, 2008, due to interim rate status or
73 agreement with the department, shall be issued such lower rate effective
74 July 1, 2008. For the fiscal years ending June 30, 2010, and June 30, 2011,
75 rates in effect for the period ending June 30, 2009, shall remain in effect
76 until June 30, 2011, except that (1) the rate paid to a facility may be higher
77 than the rate paid to the facility for the period ending June 30, 2009, if a
78 capital improvement required by the Commissioner of Developmental
79 Services for the health or safety of the residents was made to the facility
80 during the fiscal years ending June 30, 2010, or June 30, 2011, and (2) any
81 facility that would have been issued a lower rate for the fiscal year
82 ending June 30, 2010, or June 30, 2011, due to interim rate status or
83 agreement with the department, shall be issued such lower rate. For the
84 fiscal year ending June 30, 2012, rates in effect for the period ending June

85 30, 2011, shall remain in effect until June 30, 2012, except that (A) the
86 rate paid to a facility may be higher than the rate paid to the facility for
87 the period ending June 30, 2011, if a capital improvement required by
88 the Commissioner of Developmental Services for the health or safety of
89 the residents was made to the facility during the fiscal year ending June
90 30, 2012, and (B) any facility that would have been issued a lower rate
91 for the fiscal year ending June 30, 2012, due to interim rate status or
92 agreement with the department, shall be issued such lower rate. Any
93 facility that has a significant decrease in land and building costs shall
94 receive a reduced rate to reflect such decrease in land and building costs.
95 The rate paid to a facility may be increased if a capital improvement
96 approved by the Department of Developmental Services, in consultation
97 with the Department of Social Services, for the health or safety of the
98 residents was made to the facility during the fiscal year ending June 30,
99 2014, or June 30, 2015, only to the extent such increases are within
100 available appropriations. For the fiscal years ending June 30, 2016, and
101 June 30, 2017, rates shall not exceed those in effect for the period ending
102 June 30, 2015, except the rate paid to a facility may be higher than the
103 rate paid to the facility for the period ending June 30, 2015, if a capital
104 improvement approved by the Department of Developmental Services,
105 in consultation with the Department of Social Services, for the health or
106 safety of the residents was made to the facility during the fiscal year
107 ending June 30, 2016, or June 30, 2017, to the extent such rate increases
108 are within available appropriations. For the fiscal years ending June 30,
109 2016, and June 30, 2017, and each succeeding fiscal year, any facility that
110 would have been issued a lower rate, due to interim rate status, a change
111 in allowable fair rent or agreement with the department, shall be issued
112 such lower rate. For the fiscal years ending June 30, 2018, and June 30,
113 2019, rates shall not exceed those in effect for the period ending June 30,
114 2017, except the rate paid to a facility may be higher than the rate paid
115 to the facility for the period ending June 30, 2017, if a capital
116 improvement approved by the Department of Developmental Services,
117 in consultation with the Department of Social Services, for the health or
118 safety of the residents was made to the facility during the fiscal year
119 ending June 30, 2018, or June 30, 2019, to the extent such rate increases

120 are within available appropriations. For the fiscal years ending June 30,
121 2020, and June 30, 2021, rates shall not exceed those in effect for the fiscal
122 year ending June 30, 2019, except the rate paid to a facility may be higher
123 than the rate paid to the facility for the fiscal year ending June 30, 2019,
124 if a capital improvement approved by the Department of
125 Developmental Services, in consultation with the Department of Social
126 Services, for the health or safety of the residents was made to the facility
127 during the fiscal year ending June 30, 2020, or June 30, 2021, to the extent
128 such rate increases are within available appropriations. For the fiscal
129 years ending June 30, 2022, and June 30, 2023, rates shall be based upon
130 rates in effect for the fiscal year ending June 30, 2021, inflated by the
131 gross domestic product deflator applicable to each rate year, except the
132 commissioner may, in the commissioner's discretion and within
133 available appropriations, provide pro rata fair rent increases to facilities
134 which have documented fair rent additions placed in service in the cost
135 report years ending September 30, 2020, and September 30, 2021, that
136 are not otherwise included in rates issued, or if a rate adjustment for a
137 capital improvement approved by the Department of Developmental
138 Services, in consultation with the Department of Social Services, for the
139 health or safety of the residents was made to the facility during the fiscal
140 year ending June 30, 2022, or June 30, 2023. For the fiscal year ending
141 June 30, 2024, rates shall not exceed those in effect for the fiscal year
142 ending June 30, 2023, except the rate paid to a facility may be higher
143 than the rate paid to the facility for the fiscal year ending June 30, 2023,
144 if a capital improvement approved by the Department of
145 Developmental Services, in consultation with the Department of Social
146 Services, for the health or safety of the residents was made to the facility
147 during the fiscal year ending June 30, 2024, to the extent such rate
148 increases are within available appropriations. On or after July 1, 2026,
149 costs shall be rebased every two years. For the fiscal year ending June
150 30, 2027, rates shall not be rebased. Rebasing shall be based on the cost
151 report period ending June thirtieth, as filed with the department, from
152 the two years prior to the year in which the rebasing occurs. There shall
153 be no inflationary increase to rates during a year in which rebasing
154 occurs. Any increase to rates based on inflation shall be applied prior to

155 the application of any other budget adjustment factors that may impact
156 such rates. Notwithstanding any other provisions of this chapter or
157 section 17-313b-5 of the regulations of Connecticut state agencies, any
158 subsequent increase to allowable operating costs, excluding fair rent,
159 shall be inflated by the gross domestic product deflator. The rate of
160 inflation shall be computed by comparing the most recent rate year to
161 the average of the gross domestic product deflator for the previous four
162 fiscal quarters ending March thirty-first.

163 (b) Notwithstanding the provisions of subsection (a) of this section,
164 state rates of payment for the fiscal years ending June 30, 2018, June 30,
165 2019, June 30, 2020, and June 30, 2021, for residential care homes and
166 community living arrangements that receive the flat rate for residential
167 services under section 17-311-54 of the regulations of Connecticut state
168 agencies shall be set in accordance with section 298 of public act 19-117.
169 For the fiscal years ending June 30, 2022, and June 30, 2023, rates shall
170 be based upon rates in effect for the fiscal year ending June 30, 2021,
171 inflated by the gross domestic product deflator applicable to each rate
172 year. Notwithstanding any other provisions of this chapter, any
173 subsequent increase to allowable operating costs, excluding fair rent,
174 shall be inflated by the gross domestic product deflator. The rate of
175 inflation shall be computed by comparing the most recent rate year to
176 the average of the gross domestic product deflator for the previous four
177 fiscal quarters ending March thirty-first. Any increase to rates based on
178 inflation shall be applied prior to the application of any other budget
179 adjustment factors that may impact such rates.

180 Sec. 2. Subdivision (1) of subsection (h) of section 17b-340 of the 2026
181 supplement to the general statutes, as amended by section 64 of public
182 act 26-1, is repealed and the following is substituted in lieu thereof
183 (*Effective July 1, 2026*):

184 (h) (1) For the fiscal year ending June 30, 1993, any intermediate care
185 facility for individuals with intellectual disabilities with an operating
186 cost component of its rate in excess of one hundred forty per cent of the
187 median of operating cost components of rates in effect January 1, 1992,

188 shall not receive an operating cost component increase. For the fiscal
189 year ending June 30, 1993, any intermediate care facility for individuals
190 with intellectual disabilities with an operating cost component of its rate
191 that is less than one hundred forty per cent of the median of operating
192 cost components of rates in effect January 1, 1992, shall have an
193 allowance for real wage growth equal to thirty per cent of the increase
194 determined in accordance with subsection (q) of section 17-311-52 of the
195 regulations of Connecticut state agencies, provided such operating cost
196 component shall not exceed one hundred forty per cent of the median
197 of operating cost components in effect January 1, 1992. Any facility with
198 real property other than land placed in service prior to October 1, 1991,
199 shall, for the fiscal year ending June 30, 1995, receive a rate of return on
200 real property equal to the average of the rates of return applied to real
201 property other than land placed in service for the five years preceding
202 October 1, 1993. For the fiscal year ending June 30, 1996, and any
203 succeeding fiscal year, the rate of return on real property for property
204 items shall be revised every five years. The commissioner shall, upon
205 submission of a request, allow actual debt service, comprised of
206 principal and interest, in excess of property costs allowed pursuant to
207 section 17-311-52 of the regulations of Connecticut state agencies,
208 provided such debt service terms and amounts are reasonable in
209 relation to the useful life and the base value of the property. For the fiscal
210 year ending June 30, 1995, and any succeeding fiscal year, the inflation
211 adjustment made in accordance with subsection (p) of section 17-311-52
212 of the regulations of Connecticut state agencies shall not be applied to
213 real property costs. For the fiscal year ending June 30, 1996, and any
214 succeeding fiscal year, the allowance for real wage growth, as
215 determined in accordance with subsection (q) of section 17-311-52 of the
216 regulations of Connecticut state agencies, shall not be applied. For the
217 fiscal year ending June 30, 1996, and any succeeding fiscal year, no rate
218 shall exceed three hundred seventy-five dollars per day unless the
219 commissioner, in consultation with the Commissioner of
220 Developmental Services, determines after a review of program and
221 management costs, that a rate in excess of this amount is necessary for
222 care and treatment of facility residents. For the fiscal year ending June

223 30, 2002, rate period, the Commissioner of Social Services shall increase
224 the inflation adjustment for rates made in accordance with subsection
225 (p) of section 17-311-52 of the regulations of Connecticut state agencies
226 to update allowable fiscal year 2000 costs to include a three and one-half
227 per cent inflation factor. For the fiscal year ending June 30, 2003, rate
228 period, the commissioner shall increase the inflation adjustment for
229 rates made in accordance with subsection (p) of section 17-311-52 of the
230 regulations of Connecticut state agencies to update allowable fiscal year
231 2001 costs to include a one and one-half per cent inflation factor, except
232 that such increase shall be effective November 1, 2002, and such facility
233 rate in effect for the fiscal year ending June 30, 2002, shall be paid for
234 services provided until October 31, 2002, except any facility that would
235 have been issued a lower rate effective July 1, 2002, than for the fiscal
236 year ending June 30, 2002, due to interim rate status or agreement with
237 the department shall be issued such lower rate effective July 1, 2002, and
238 have such rate updated effective November 1, 2002, in accordance with
239 applicable statutes and regulations. For the fiscal year ending June 30,
240 2004, rates in effect for the period ending June 30, 2003, shall remain in
241 effect, except any facility that would have been issued a lower rate
242 effective July 1, 2003, than for the fiscal year ending June 30, 2003, due
243 to interim rate status or agreement with the department shall be issued
244 such lower rate effective July 1, 2003. For the fiscal year ending June 30,
245 2005, rates in effect for the period ending June 30, 2004, shall remain in
246 effect until September 30, 2004. Effective October 1, 2004, each facility
247 shall receive a rate that is five per cent greater than the rate in effect
248 September 30, 2004. Effective upon receipt of all the necessary federal
249 approvals to secure federal financial participation matching funds
250 associated with the rate increase provided in subdivision (4) of
251 subsection (f) of this section, but in no event earlier than October 1, 2005,
252 and provided the user fee imposed under section 17b-320 is required to
253 be collected, each facility shall receive a rate that is four per cent more
254 than the rate the facility received in the prior fiscal year, except any
255 facility that would have been issued a lower rate effective October 1,
256 2005, than for the fiscal year ending June 30, 2005, due to interim rate
257 status or agreement with the department, shall be issued such lower rate

258 effective October 1, 2005. Such rate increase shall remain in effect unless:
259 (A) The federal financial participation matching funds associated with
260 the rate increase are no longer available; or (B) the user fee created
261 pursuant to section 17b-320 is not in effect. For the fiscal year ending
262 June 30, 2007, rates in effect for the period ending June 30, 2006, shall
263 remain in effect until September 30, 2006, except any facility that would
264 have been issued a lower rate effective July 1, 2006, than for the fiscal
265 year ending June 30, 2006, due to interim rate status or agreement with
266 the department, shall be issued such lower rate effective July 1, 2006.
267 Effective October 1, 2006, no facility shall receive a rate that is more than
268 three per cent greater than the rate in effect for the facility on September
269 30, 2006, except any facility that would have been issued a lower rate
270 effective October 1, 2006, due to interim rate status or agreement with
271 the department, shall be issued such lower rate effective October 1, 2006.
272 For the fiscal year ending June 30, 2008, each facility shall receive a rate
273 that is two and nine-tenths per cent greater than the rate in effect for the
274 period ending June 30, 2007, except any facility that would have been
275 issued a lower rate effective July 1, 2007, than for the rate period ending
276 June 30, 2007, due to interim rate status, or agreement with the
277 department, shall be issued such lower rate effective July 1, 2007. For the
278 fiscal year ending June 30, 2009, rates in effect for the period ending June
279 30, 2008, shall remain in effect until June 30, 2009, except any facility that
280 would have been issued a lower rate for the fiscal year ending June 30,
281 2009, due to interim rate status or agreement with the department, shall
282 be issued such lower rate. For the fiscal years ending June 30, 2010, and
283 June 30, 2011, rates in effect for the period ending June 30, 2009, shall
284 remain in effect until June 30, 2011, except any facility that would have
285 been issued a lower rate for the fiscal year ending June 30, 2010, or the
286 fiscal year ending June 30, 2011, due to interim rate status or agreement
287 with the department, shall be issued such lower rate. For the fiscal year
288 ending June 30, 2012, rates in effect for the period ending June 30, 2011,
289 shall remain in effect until June 30, 2012, except any facility that would
290 have been issued a lower rate for the fiscal year ending June 30, 2012,
291 due to interim rate status or agreement with the department, shall be
292 issued such lower rate. For the fiscal years ending June 30, 2014, and

293 June 30, 2015, rates shall not exceed those in effect for the period ending
294 June 30, 2013, except the rate paid to a facility may be higher than the
295 rate paid to the facility for the period ending June 30, 2013, if a capital
296 improvement approved by the Department of Developmental Services,
297 in consultation with the Department of Social Services, for the health or
298 safety of the residents was made to the facility during the fiscal year
299 ending June 30, 2014, or June 30, 2015, to the extent such rate increases
300 are within available appropriations. Any facility that would have been
301 issued a lower rate for the fiscal year ending June 30, 2014, or the fiscal
302 year ending June 30, 2015, due to interim rate status or agreement with
303 the department, shall be issued such lower rate. For the fiscal years
304 ending June 30, 2016, and June 30, 2017, rates shall not exceed those in
305 effect for the period ending June 30, 2015, except the rate paid to a
306 facility may be higher than the rate paid to the facility for the period
307 ending June 30, 2015, if a capital improvement approved by the
308 Department of Developmental Services, in consultation with the
309 Department of Social Services, for the health or safety of the residents
310 was made to the facility during the fiscal year ending June 30, 2016, or
311 June 30, 2017, to the extent such rate increases are within available
312 appropriations. For the fiscal years ending June 30, 2016, and June 30,
313 2017, and each succeeding fiscal year, any facility that would have been
314 issued a lower rate, due to interim rate status, a change in allowable fair
315 rent or agreement with the department, shall be issued such lower rate.
316 For the fiscal years ending June 30, 2018, and June 30, 2019, rates shall
317 not exceed those in effect for the period ending June 30, 2017, except the
318 rate paid to a facility may be higher than the rate paid to the facility for
319 the period ending June 30, 2017, if a capital improvement approved by
320 the Department of Developmental Services, in consultation with the
321 Department of Social Services, for the health or safety of the residents
322 was made to the facility during the fiscal year ending June 30, 2018, or
323 June 30, 2019, only to the extent such rate increases are within available
324 appropriations. For the fiscal years ending June 30, 2020, and June 30,
325 2021, rates shall not exceed those in effect for the fiscal year ending June
326 30, 2019, except the rate paid to a facility may be higher than the rate
327 paid to the facility for the fiscal year ending June 30, 2019, if a capital

328 improvement approved by the Department of Developmental Services,
329 in consultation with the Department of Social Services, for the health or
330 safety of the residents was made to the facility during the fiscal year
331 ending June 30, 2020, or June 30, 2021, only to the extent such rate
332 increases are within available appropriations. For the fiscal year ending
333 June 30, 2022, rates shall not exceed those in effect for the fiscal year
334 ending June 30, 2021, except the commissioner may, in the
335 commissioner's discretion and within available appropriations, provide
336 pro rata fair rent increases to facilities that have documented fair rent
337 additions placed in service in the cost report year ending September 30,
338 2020, that are not otherwise included in rates issued. For the fiscal year
339 ending June 30, 2023, rates shall not exceed those in effect for the fiscal
340 year ending June 30, 2022, except the commissioner may, in the
341 commissioner's discretion and within available appropriations, provide
342 pro rata fair rent increases to facilities which have documented fair rent
343 additions placed in service in the cost report year ending September 30,
344 2021, that are not otherwise included in rates issued. For the fiscal years
345 ending June 30, 2022, and June 30, 2023, a facility may receive a rate
346 increase for a capital improvement approved by the Department of
347 Developmental Services, in consultation with the Department of Social
348 Services, for the health or safety of the residents during the fiscal year
349 ending June 30, 2022, or June 30, 2023, only to the extent such rate
350 increases are within available appropriations. There shall be no increase
351 to rates based on inflation or any inflationary factor for the fiscal years
352 ending June 30, 2022, and June 30, 2023. Notwithstanding any other
353 provisions of this chapter, any subsequent increase to allowable
354 operating costs, excluding fair rent, shall be inflated by the gross
355 domestic product deflator when funding is specifically appropriated for
356 such purposes in the enacted budget. The rate of inflation shall be
357 computed by comparing the most recent rate year to the average of the
358 gross domestic product deflator for the previous four fiscal quarters
359 ending March thirty-first. Any increase to rates based on inflation shall
360 be applied prior to the application of any other budget adjustment
361 factors that may impact such rates. For the fiscal year ending June 30,
362 2024, the department shall determine facility rates based upon 2022 cost

363 report filings subject to the provisions of this section, adjusted to reflect
364 any rate increases provided after the cost report year ending June 30,
365 2022, and with the addition of a two per cent adjustment factor. No
366 facility shall receive a rate less than the rate in effect for the fiscal year
367 ending June 30, 2023. For the fiscal year ending June 30, 2024, the
368 minimum per diem, per bed rate shall remain at five hundred one
369 dollars for a residential facility licensed pursuant to section 17a-227 and
370 certified to participate in the Title XIX Medicaid program as an
371 intermediate care facility for individuals with intellectual disability.
372 There shall be no increase to rates based on any inflationary factor for
373 the fiscal year ending June 30, 2024. For the fiscal year ending June 30,
374 2024, and each subsequent fiscal year, the commissioner may, in the
375 commissioner's discretion and within available appropriations, provide
376 pro rata fair rent increases to facilities that have documented fair rent
377 additions placed in service in the cost report years that are not otherwise
378 included in rates issued. For the fiscal year ending June 30, 2025, the
379 department shall determine facility rates based upon 2023 cost report
380 filings subject to the provisions of this section, adjusted to reflect any
381 rate increases provided after the cost report ending June 30, 2023. A
382 facility may receive a rate that is less than the rate in effect for the fiscal
383 year ending June 30, 2024, but shall not receive a rate less than the
384 minimum per diem, per bed rate. For the fiscal year ending June 30,
385 2025, the minimum per diem, per bed rate shall remain at five hundred
386 one dollars for a residential facility licensed pursuant to section 17a-227
387 and certified to participate in the Title XIX Medicaid program as an
388 intermediate care facility for individuals with intellectual disability.
389 There shall be no increase to rates based on any inflationary factor for
390 the fiscal year ending June 30, 2025. For the fiscal year ending June 30,
391 2026, the department shall determine facility rates based upon 2024 cost
392 report filings subject to the provisions of this section, adjusted to reflect
393 any rate increases provided after the cost report ending June 30, 2024.
394 Additionally, the facility shall receive a rate that is three and four-tenths
395 per cent greater than the calculated rate, except that any facility that
396 would have been issued a lower rate effective July 1, 2025, due to interim
397 rate status, or agreement with the department, shall be issued such

398 lower rate effective July 1, 2025. For the fiscal year ending June 30, 2026,
399 there shall be no minimum per diem, per bed rate for a residential
400 facility licensed pursuant to section 17a-227 and certified to participate
401 in the Title XIX Medicaid program as an intermediate care facility for
402 individuals with intellectual disability. There shall be no increase to
403 rates based on any inflationary factor for the fiscal year ending June 30,
404 2026. For the fiscal year ending June 30, 2027, each facility shall receive
405 a rate that is five and eight-tenths per cent greater than the rate in effect
406 for the period ending June 30, 2026, except that any facility that would
407 have been issued a lower rate effective July 1, 2026, than the rate for the
408 period ending June 30, 2027, due to interim rate status, or agreement
409 with the department, shall be issued such lower rate effective July 1,
410 2026. On or after July 1, 2027, costs shall be rebased every two years.
411 Rebasing will be based on the cost report period ending September
412 thirtieth, as filed with the department, from the two years prior to the
413 year in which the rebasing occurs. There shall be no inflationary increase
414 to rates during a year in which rebasing occurs. Any increase to rates
415 based on inflation shall be applied prior to the application of any other
416 budget adjustment factors that may impact such rates. For the fiscal year
417 ending June 30, 2028, the issued rate shall be adjusted to reflect any rate
418 increases provided after the cost report period ending June 30, 2026, and
419 each facility shall receive a rate that is six and three-tenths per cent
420 greater than the calculated rate, [in effect for the period ending June 30,
421 2027,] except that any facility that would have been issued a lower rate
422 effective July 1, 2027, than the rate for the period ending June 30, 2027,
423 due to interim rate status, or agreement with the department, shall be
424 issued such lower rate effective July 1, 2027. Effective January 1, 2028,
425 each facility shall receive a rate that is six and three-tenths per cent
426 greater than the rate in effect for the period ending December 31, 2027,
427 except that any facility that would have been issued a lower rate
428 effective January 1, 2028, than the rate for the period ending December
429 31, 2027, due to interim rate status, or agreement with the department,
430 shall be issued such lower rate effective January 1, 2028. For the fiscal
431 years ending June 30, 2024, and June 30, 2025, a facility may receive a
432 rate increase for a capital improvement approved by the Department of

433 Developmental Services, in consultation with the Department of Social
434 Services, for the health or safety of the residents during the fiscal year
435 ending June 30, 2024, or June 30, 2025, only to the extent such rate
436 increases are within available appropriations. For the fiscal years ending
437 June 30, 2026, and June 30, 2027, a facility may receive a rate increase for
438 a capital improvement approved by the Department of Developmental
439 Services, in consultation with the Department of Social Services, for the
440 health or safety of the residents during the fiscal year ending June 30,
441 2026, or June 30, 2027, only to the extent such rate increases are within
442 available appropriations. Any facility that has a significant decrease in
443 land and building costs shall receive a reduced rate to reflect such
444 decrease in land and building costs. For the fiscal years ending June 30,
445 2012, June 30, 2013, June 30, 2014, June 30, 2015, June 30, 2016, June 30,
446 2017, June 30, 2018, June 30, 2019, June 30, 2020, June 30, 2021, June 30,
447 2022, June 30, 2023, June 30, 2024, June 30, 2025, June 30, 2026, and June
448 30, 2027, the Commissioner of Social Services may provide fair rent
449 increases to any facility that has undergone a material change in
450 circumstances related to fair rent and has an approved certificate of need
451 pursuant to section 17b-352, 17b-353, 17b-354 or 17b-355. The
452 Department of Social Services shall amend the regulations of
453 Connecticut state agencies to allow for the waiver of the separate
454 inflation cost limitation on direct care costs when rebasing rates for
455 intermediate care facilities for individuals with intellectual disabilities
456 after the fiscal year ending June 30, 2027. [Notwithstanding the
457 provisions of this section, the Commissioner of Social Services may,
458 within available appropriations, increase or decrease rates issued to
459 intermediate care facilities for individuals with intellectual disabilities
460 to reflect a reduction in available appropriations as provided in
461 subsection (a) of this section.] For the fiscal years ending June 30, 2014,
462 and June 30, 2015, the commissioner shall not consider rebasing in
463 determining rates. Notwithstanding the provisions of this subsection,
464 effective July 1, 2021, and July 1, 2022, the commissioner shall, within
465 available appropriations, increase rates for the purpose of wage and
466 benefit enhancements for employees of intermediate care facilities.
467 Facilities that receive a rate adjustment for the purpose of wage and

468 benefit enhancements but do not provide increases in employee salaries
469 as described in this subsection on or before July 31, 2021, and July 31,
470 2022, respectively, may be subject to a rate decrease in the same amount
471 as the adjustment by the commissioner.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2026</i>	17b-244(a) and (b)
Sec. 2	<i>July 1, 2026</i>	17b-340(h)(1)

HS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Social Services, Dept.	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a cost to the Department of Social Services (DSS) associated with establishing rebasing requirements for certain community living arrangements (CLAs), community companion homes (CCHs), and intermediate care facilities (ICFs). The extent of the cost will be based on cost reports from the two years prior to the year in which the rebasing occurs.¹ The bill prohibits inflationary rate increases during a year in which rates are rebased and requires such increase to be applied before applying any other budget adjustment factors impacting rates.

The bill also specifies (for CLAs, CCHs, and certain residential care homes) that subsequent increases to allowable operating costs must be inflated by the gross domestic product (GDP) deflator. To the extent this changes the inflationary factor that would have otherwise been applied, the state will experience a fiscal impact.

The bill also removes a provision allowing DSS to increase or decrease rates issued to ICFs to reflect a reduction in related available

¹ For context, the state cost to rebase ICF rates to reflect 2024 cost reports was approximately \$2 million.

appropriations, which results in a fiscal impact to the extent this prohibits DSS from making rate adjustments that would have otherwise occurred.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to related cost reports and inflationary adjustments.

OLR Bill Analysis**sHB 5358****AN ACT CONCERNING THE REBASING OF RATES OF REIMBURSEMENT FOR CERTAIN RESIDENTIAL FACILITIES.****SUMMARY**

This bill requires the Department of Social Services (DSS) to rebase rates every two years for (1) community living arrangements (CLAs) and community companion homes (CCHs) that serve people with intellectual disabilities, Prader-Willi Syndrome, or autism spectrum disorders and (2) intermediate care facilities for individuals with intellectual disabilities (ICF-IIDs). Generally, “rebasings” is periodically reviewing facility costs and adjusting state reimbursements.

The rebasing requirement starts July 1, 2026, for CLAs and CCHs, and July 1, 2027, for ICF-IIDs. The bill sets requirements for inflationary adjustments for these facilities and makes other changes to DSS’s rate setting process.

It applies similar requirements for calculating inflationary increases to CLAs and CCHs that choose to be reimbursed through a flat per diem rate. This provision also applies for residential care homes (RCHs) that are reimbursed this way.

EFFECTIVE DATE: July 1, 2026

CLAS, CCHS, AND CERTAIN RCHS

For CLAs and CCHs, DSS must rebase rates every two years, starting July 1, 2026, and not rebase for FY 27. To do this, the bill requires the department to use cost reports (for the report period ending June 30) from the two years before the rebasing occurs.

The bill prohibits any inflationary rate increase during a year when DSS rebases rates. It requires any inflationary rate increase to be applied

before applying any other budget adjustment factors impacting rates. Any subsequent increase to allowable operating costs (other than fair rent) must be inflated by the gross domestic product (GDP) deflator, and DSS must compute the inflation rate by comparing the most recent rate year to the average GDP deflator for the last four fiscal quarters ending March 31. The bill's provisions on subsequent inflationary adjustments apply regardless of other laws on reimbursement for long-term care facilities or state regulations on CLA reimbursement rates (Conn. Agencies Regs., § 17-313b-5).

Facilities Reimbursed Through a Flat Rate

State regulations allow CLAs, CCHs, and RCHs to choose to be paid through a flat per diem rate (Conn. Agencies Regs., § 17-311-54). The bill sets similar requirements for inflationary adjustments to these rates. For increases to allowable operating costs (other than fair rent), the bill requires DSS to use the GDP deflator and compute and apply the inflationary increases as described above.

ICF-IIDS

For ICF-IIDs, the bill requires DSS to rebase every two years, starting July 1, 2027, based on cost reports (for the period ending September 30) for the two years before the year when rebasing occurs.

The bill prohibits inflationary rate increases for a year when DSS rebases rates. It requires the department to apply inflationary rate increases before any other budget factors that may impact rates.

The bill eliminates the DSS commissioner's general authority to change ICF-IID rates to reflect a reduction in available appropriations, though it retains various provisions allowing her to adjust rates in other circumstances.

FY 28 Rates

For FY 28 rates for ICF-IIDs, current law requires DSS to set rates at 6.3% higher than FY 27 rates. The bill additionally requires DSS to adjust the issued FY 28 rate to reflect any rate increases provided after the cost report period ending June 30, 2026. It requires the increase to be 6.3%

higher than the calculated rate, rather than the FY 27 rate. The bill maintains an exception for facilities that would have been issued a lower rate for FY 28 than for FY 27 due to interim rate status or an agreement with DSS, requiring these facilities be issued the lower rate for FY 28.

BACKGROUND

Related Bill

sHB 5357, favorably reported by the Human Services Committee, makes various changes affecting RCH rates.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Substitute

Yea 22 Nay 1 (03/19/2026)