



Senate

General Assembly

File No. 487

February Session, 2026

Substitute Senate Bill No. 498

Senate, April 7, 2026

The Committee on Human Services reported through SEN. LESSER of the 9th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING PENALTIES FOR TARDY PAYCHECKS FOR PERSONAL CARE ATTENDANTS AND EXPANDING PUBLIC ACCESS TO STATE PROGRAMS.

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

1 Section 1. (NEW) (*Effective July 1, 2026*) (a) As used in this section and
2 sections 2 to 5, inclusive, of this act, (1) "self-directed home care
3 programs" means Medicaid-funded programs that allow a consumer to
4 hire a personal care attendant, (2) "consumer" and "personal care
5 attendant" have the same meanings as provided in section 17b-706 of
6 the general statutes, (3) "department" means the Department of Social
7 Services, (4) "electronic visit verification system" means the system used
8 to record visits to a consumer by a personal care attendant, and (5) "fiscal
9 intermediary" means the organization that contracts with the
10 department to provide payroll, taxes and administrative services for
11 self-directed home care programs.

12 (b) The Commissioner of Social Services shall post quarterly reports
13 concerning the fiscal intermediary's performance of contractual duties

14 for self-directed home care programs on the department's Internet web
15 site and file such reports, in accordance with the provisions of section
16 11-4a of the general statutes, with the joint standing committees of the
17 General Assembly having cognizance of matters relating to human
18 services and labor. Except for public records exempted from disclosure
19 under section 1-210 of the general statutes, the reports shall contain the
20 following information, commencing with information from the
21 quarterly period beginning on April 1, 2024:

22 (1) The most recent completed audited financial statements of the
23 fiscal intermediary;

24 (2) All personal care attendant timesheet reports, including, but not
25 limited to, reports containing the (A) number of weekly consumer-
26 approved timesheets submitted, (B) number submitted on time, (C)
27 number resubmitted after correction, (D) number paid on time, (E)
28 timesheet processing error rate, (F) payroll processing error rate, and (G)
29 number and amount of penalties levied, on a monthly and weekly basis,
30 against the fiscal intermediary for violating provisions of the contract
31 concerning timesheets;

32 (3) All budget reports, customer service telephone call center reports
33 and service level agreement reports;

34 (4) The number of and average response time to general customer
35 service requests and the amount and number of penalties levied, on a
36 monthly and weekly basis, against the fiscal intermediary for violations
37 of the contract concerning response time for customer service requests;
38 and

39 (5) The (A) number of telephone calls, voice mail messages, electronic
40 mail messages and telephonic text messages received by the fiscal
41 intermediary from consumers and personal care attendants, (B) number
42 of instances in which such calls or messages were responded to by the
43 fiscal intermediary in the contractually required time period and the
44 means of response by the fiscal intermediary, and (C) number and
45 amount of penalties levied against the fiscal intermediary, on a monthly

46 and weekly basis, for violations of the provisions of the contract
47 concerning response time to inquiries from such consumers and
48 personal care attendants.

49 Sec. 2. (*Effective from passage*) (a) The Secretary of the Office of Policy
50 and Management, in consultation with the Commissioner of Social
51 Services, shall conduct a cost-benefit analysis on (1) transferring fiscal
52 intermediary duties for self-directed home care programs from a private
53 contractor to the state, and (2) authorizing access by personal care
54 attendants not eligible for medical assistance established pursuant to
55 Title XIX or Title XXI of the Social Security Act or the Covered
56 Connecticut program established pursuant to section 19a-754c of the
57 general statutes to a health insurance program subsidized by the state.

58 (b) The cost-benefit analysis shall document the direct and indirect
59 costs, savings, and qualitative and quantitative benefits of state-
60 administered management of duties performed by a privately
61 contracted fiscal intermediary, including, but not limited to:

62 (1) The costs of timesheet processing errors by a privately contracted
63 fiscal intermediary to consumers, personal care attendants and the state
64 and recommendations and benefits relating to ensuring accuracy of
65 timesheet processing;

66 (2) The effects of timesheet processing errors and health insurance
67 costs on the retention rate of personal care attendants and related costs
68 to the state;

69 (3) Effectiveness of communication of eligibility changes to
70 consumers and programmatic changes to personal care attendants and
71 benefits of improving, if warranted, such communication; and

72 (4) Cost benefits to the state of managing fiscal intermediary duties
73 and retaining related infrastructure rather than contracting out such
74 services.

75 (c) Not later than October 1, 2026, the secretary, in consultation with
76 the Commissioner of Social Services, shall file a report, in accordance

77 with the provisions of section 11-4a of the general statutes, with the joint
78 standing committees of the General Assembly having cognizance of
79 matters relating to human services and labor with (1) the results of the
80 cost-benefit analysis, and (2) a plan for state administration of such fiscal
81 intermediary duties if the cost-benefit analysis shows cost benefits to the
82 state.

83 Sec. 3. (NEW) (*Effective July 1, 2026*) The Auditors of Public Accounts
84 shall annually conduct a contract compliance audit of the fiscal
85 intermediary contracted with the Department of Social Services to
86 provide fiscal intermediary services for self-directed home care
87 programs. The Auditors of Public Accounts shall file a report on their
88 findings, in accordance with the provisions of section 11-4a of the
89 general statutes, with the joint standing committees of the General
90 Assembly having cognizance of matters relating to human services and
91 labor.

92 Sec. 4. (NEW) (*Effective July 1, 2026*) (a) On and after August 31, 2026,
93 any contract entered into, amended or renewed by the Department of
94 Social Services for fiscal intermediary services for self-directed home
95 care programs, or department administrative policy for such programs
96 if the department does not contract out such services, shall include
97 financial penalties for failure to timely process payroll for personal care
98 attendants in addition to interest of twelve per cent per annum for
99 paychecks in arrears for two or more pay periods where interest accrued
100 exceeds ten dollars. Such penalties shall be payable per pay period by a
101 contractor or the department, as applicable, to a personal care attendant
102 in accordance with the provisions set forth in subparagraphs (A) to (E),
103 inclusive, of subdivision (3) of this subsection, provided (1) the personal
104 care attendant has logged or attempted to log hours prior to the time
105 submission deadline for the applicable pay period; (2) the hours have
106 been approved by the consumer who hired the personal care attendant;
107 and (3) the hours approved by the consumer do not exceed the hours
108 allotted to the consumer under such consumer's care plan:

109 (A) Twenty-five dollars for tardy paychecks exceeding ninety-nine

110 dollars but not exceeding two hundred fifty dollars;

111 (B) Thirty-five dollars for tardy paychecks exceeding two hundred
112 fifty dollars but not exceeding five hundred dollars;

113 (C) Forty-five dollars for tardy paychecks exceeding five hundred
114 dollars but not exceeding seven hundred fifty dollars;

115 (D) Fifty-five dollars for tardy paychecks exceeding seven hundred
116 fifty dollars but not exceeding one thousand dollars; and

117 (E) Sixty-five dollars for tardy paychecks exceeding one thousand
118 dollars.

119 (b) In addition to the penalties for tardy pay pursuant to subsection
120 (a) of this section, any contract entered into, amended or renewed by the
121 Department of Social Services for fiscal intermediary services for self-
122 directed home care programs on and after August 31, 2026, shall require
123 a contracted fiscal intermediary, or the department if the department
124 does not contract out such services, to pay for damages resulting from
125 tardy payments to personal care attendants of twenty-five dollars or
126 more that have been documented by an employee organization, as
127 defined in section 5-270 of the general statutes, representing such
128 personal care attendants and approved by the Personal Care Attendant
129 Workforce Council established pursuant to section 17b-706a of the
130 general statutes. If the council and employee organization disagree on
131 whether damages are sufficiently documented, either the council or the
132 employee organization may proceed to arbitration on an expedited
133 basis. For purposes of this subsection, damages may include, but are not
134 limited to, the amount of late fees on rent or utilities and bank overdraft
135 charges assessed against a personal care attendant in the thirty-day
136 period preceding the issuance of a tardy paycheck. Such fees or charges
137 shall be documented by original bills or notices.

138 (c) The Department of Social Services may assess additional penalties
139 against any fiscal intermediary contracted with the department for self-
140 directed home care services on and after August 31, 2026, for failing to

141 make timely payments pursuant to contractual provisions subject to
142 subsections (a) and (b) of this section, including, but not limited to,
143 interest on late payments at a rate equal to the monthly effective yield
144 for the Short Term Investment Fund administered by the Treasurer
145 pursuant to sections 3-27a to 3-27j, inclusive, of the general statutes.

146 Sec. 5. (NEW) (*Effective July 1, 2026*) On and after August 31, 2026, any
147 contract entered into, amended or renewed by the Department of Social
148 Services for fiscal intermediary services for self-directed home care
149 programs, or department administrative policy for such programs if the
150 department does not contract out such services, shall include financial
151 penalties for a contractor or the department when the contractor or
152 department uses an electronic visit verification system that (1) includes
153 hours for a personal care attendant that exceed the hours allotted to the
154 consumer employing such personal care attendant under such
155 consumer's care plan, or (2) otherwise incorrectly indicates hours are
156 available and reimbursable under state or federal law. Such penalties
157 shall be the rates payable to a personal care attendant for such hours, at
158 normal or overtime rates, as applicable, provided the personal care
159 attendant (A) has logged or attempted to log hours on the electronic visit
160 verification system prior to the time submission deadline for the
161 applicable pay period; (B) the hours have been approved by the
162 consumer who hired the personal care attendant; and (C) the personal
163 care attendant has worked such hours. Such penalties shall be paid to
164 the personal care attendant through the normal payroll process.

165 Sec. 6. (NEW) (*Effective July 1, 2026*) A state agency, as defined in
166 section 4-37e of the general statutes, and any private organization
167 contracting with a state agency, shall ensure that all communications
168 with the public or any of their employees serving the public, including,
169 but not limited to, any electronic system an employee uses to log hours
170 worked, (1) comply with the requirements for effective communications
171 under 28 CFR 35.160 et seq., and (2) are offered in a language designated
172 for a municipality where a member of the public or such employee
173 resides in accordance with the provisions of section 9-368l of the general
174 statutes concerning elections communications.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2026</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>July 1, 2026</i>	New section
Sec. 4	<i>July 1, 2026</i>	New section
Sec. 5	<i>July 1, 2026</i>	New section
Sec. 6	<i>July 1, 2026</i>	New section

Statement of Legislative Commissioners:

The title was changed; Section 1(b) was redrafted for clarity; in Section 1(b)(3), "reports" was inserted after "budget" and "call center" for clarity; in Section 1(b)(5)(A) "messages" was inserted after "mail" and "by the fiscal intermediary" was inserted after "received", for clarity; in Section 1(b)(5)(B), "number responded to" was changed to "number of instances in which such calls or messages were responded to by the fiscal intermediary", for clarity; in Section 1(b)(5)(C), "violating" was changed to "violations of the" for clarity; and in Section (4)(b), "tardy pay" was changed to "tardy payments to personal care attendants", for clarity.

HS *Joint Favorable Subst. -LCO*

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 \$
Various State Agencies	GF - Cost	See Below	See Below
Social Services, Dept.	GF - Cost	182,000	182,000
Policy & Mgmt., Off.	GF - Cost	304,000	None
Auditors	GF - Cost	220,678	215,698
State Comptroller - Fringe Benefits ¹	GF - Cost	123,226	123,226
Department of Developmental Services	GF - Potential Cost	See Below	See Below
Social Services, Dept.	GF - Potential Cost	See Below	See Below
Policy & Mgmt., Off.	GF - Potential Cost	See Below	See Below
Resources of the General Fund	GF - Revenue Gain	58,000	58,000

Note: GF=General Fund

Municipal Impact: None

Explanation

Section 1 results in a cost to the Department of Social Services (DSS) of approximately \$182,000 in both FY 27 and FY 28 and a related federal grants revenue gain of \$58,000 in both years. State costs include \$100,000 for fiscal intermediary (FI) contract increases, as well as funding for one full-time Health Program Associate with an approximate annual salary of \$82,000 (with corresponding fringe of \$34,000) to manage the collection and posting of FI quarterly reports starting from April 1, 2024.

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.82% of payroll in FY 27.

To the extent the Department of Developmental Services (DDS) assists DSS with the collection of report data, the department may incur staffing and/or resource costs.

Section 2 requires the Office of Policy and Management (OPM) to (1) conduct a cost-benefit analysis on transferring fiscal intermediary duties for these programs to the state and allowing certain PCAs to access a state subsidized health insurance program, and (2) submit a report by October 1, 2026. This results in a one-time cost of \$304,000 to OPM in FY 27 for a consultant to conduct the analysis and submit the report by the deadline.

Section 3 requires the Auditors of Public Accounts (APA) to annually conduct a contract compliance audit of the fiscal intermediary contracted with DSS to provide services for self-directed home care programs resulting in a cost to the state. The APA does not have the resources to meet the requirements of the bill and will have to hire two auditors for a salary and other expenses cost of \$220,678 in FY 27 and \$215,698 in FY 28, along with associated fringe benefit costs of \$89,226 in FY 27 and FY 28.

Sections 4 and 5 establish penalties related to late or inaccurate payments to self-directed PCAs. The bill requires penalties to be paid by the fiscal intermediary (FI) contractor or by DSS if no contractor is in place. DSS currently contracts with a fiscal intermediary for a variety of services including managing individual client budgets, processing of Medicaid claims, and processing of payroll for PCAs. To the extent penalties are imposed, DSS may incur related costs.

Specifically, penalties include financial penalties for failing to timely process PCA payroll (\$25 to \$60 per check), 12% interest for certain paychecks behind by two or more pay periods, payment for damages of \$25 or more due to late payment, and potential additional penalties DSS may assess on the fiscal intermediary for failing to make timely payments according to contractual requirements. The bill also specifies penalties apply when the Electronic Visit Verification System (EVVS) includes hours that exceed those allotted to the consumer or incorrectly

shows hours that are available and reimbursable. These penalties are valued at the rates payable to a PCA for such hours.

Section 4 also results in a potential cost to OPM beginning in FY 27 to the extent there is increased arbitration with a labor organization representing PCAs and the PCA Workforce Council within OPM. Arbitration costs are estimated to be \$2,000 per hearing and \$2,500 per day after for decision drafting. Any cost will be dependent on the number of arbitrations.

Section 6 requires all state agencies and contracted communications (including electronic systems used to log employee hours) to comply with federal Americans with Disabilities Act (ADA) communication standards and municipal language communication requirements. This results in a cost to various state agencies to the extent they are required to update systems, adjust various processes, and hire additional staff to ensure compliance with the requirements of the bill.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to employee wage increases and inflation.

OLR Bill Analysis**SB 498*****AN ACT CONCERNING PENALTIES FOR TARDY PAYCHECKS FOR PERSONAL CARE ATTENDANTS AND EXPANDING PUBLIC ACCESS TO STATE PROGRAMS.*****SUMMARY**

This bill sets requirements related to the Department of Social Services (DSS) and the fiscal intermediary (currently GT Independence) it contracts with to provide payroll, tax, and administrative services for self-directed home care programs. These are Medicaid-funded programs that allow a consumer to directly hire and manage a personal care attendant (PCA). Specifically, the bill:

1. requires DSS to post on its website quarterly reports related to its fiscal intermediary's performance, such as the intermediary's most recent completed audited financial statements and the number of customer service requests and average response times (§ 1);
2. requires the Office of Policy and Management (OPM), in consultation with DSS, to conduct a cost-benefit analysis on (a) transferring fiscal intermediary duties for these programs to the state and (b) allowing PCAs who are ineligible for Medicare, Medicaid, or the CoveredCT Program to access a state-subsidized health insurance program (§ 2);
3. requires the Auditors of Public Accounts to annually conduct a compliance audit of DSS's fiscal intermediary for these programs and report its findings to the Human Services and Labor and Public Employees committees (§ 3);
4. requires DSS contracts with fiscal intermediary services for these programs to include (a) financial penalties for failing to timely

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- process PCA payroll and (b) specified damages that DSS or the fiscal intermediary must pay resulting from tardy payments (§ 4);
5. requires these contracts to also include financial penalties for when DSS or the fiscal intermediary uses an electronic visit verification system (EVVS) that does not accurately reflect PCA hours worked under these programs (§ 5); and
 6. requires state agencies and private agencies they contract with to ensure that all public and employee communications, including an EVVS employees use to log hours worked, (a) comply with federal Americans with Disabilities Act requirements for effective communications and (b) are offered in other languages, under certain circumstances (§ 6).

EFFECTIVE DATE: July 1, 2026, except that the provision on the cost-benefit analysis takes effect upon passage.

§ 1 — QUARTERLY REPORTS

The bill requires DSS to post on its website, and submit to the Human Services and Labor and Public Employees committees, quarterly reports that include the following information, so long as it is not exempt from disclosure under the state's Freedom of Information Act:

1. the fiscal intermediary's most recent completed audited financial statements;
2. all budget, customer service telephone call center, and service level agreement reports;
3. the number of general customer service requests and average response time;
4. the number of telephone calls, voice mail messages, and email and text messages received from consumers and PCAs, how the fiscal intermediary responded to these messages, and how many were responded to in a contractually required period;

5. the number and amount of penalties levied, on a monthly and weekly basis, against the fiscal intermediary for contract violations for customer service request response times and PCA and consumer inquiry response times; and
6. all PCA timesheet reports.

Under the bill, PCA timesheet reports include:

1. the number of weekly consumer approved timesheets submitted, and how many were submitted on time, resubmitted after correction, and paid on time;
2. the timesheet and payroll processing error rates; and
3. the number and amount of penalties levied, on a monthly and weekly basis, against the fiscal intermediary for violating contract provisions on timesheets.

The bill's reporting requirement begins with information from the quarter that began April 1, 2024. (It does not otherwise set a date by when DSS must begin posting the reports.)

§ 2 — COST-BENEFIT ANALYSIS

Under the bill, the cost-benefit analysis must document the direct and indirect cost savings and qualitative and quantitative benefits of the state handling the duties of a privately contracted fiscal intermediary, including the following:

1. the costs of timesheet processing errors by the fiscal intermediary to consumers, PCAs, and the state and recommendations and benefits related to ensuring accurate timesheet processing;
2. the effects of timesheet processing errors and health insurance costs on PCA retention rates and related state costs;
3. how effectively consumer eligibility changes and PCA programmatic changes are communicated and the benefits of

improving this communication, if necessary; and

4. cost benefits to the state of performing fiscal intermediary duties within the existing infrastructure instead of contracting out these services.

The bill requires the OPM secretary to report to the Human Services and Labor and Public Employees committees on (1) the cost-benefit analysis results and (2) a plan for the state to perform fiscal intermediary duties if the analysis shows cost benefits to the state. The secretary must do this by October 1, 2026, and in consultation with the DSS commissioner.

§ 4 — PENALTIES FOR PCA PAYROLL FAILURES

Penalties

The bill requires DSS contracts with fiscal intermediaries for self-directed home care programs (or DSS administrative policies for these programs, if the department does not contract these services) to include financial penalties for failing to timely process PCA payroll, in addition to 12% interest for paychecks behind by two or more pay periods if the accrued interest exceeds \$10. This requirement applies to contracts DSS enters into, renews, or amends on or after August 31, 2026.

Under the bill, the penalties are as follows:

1. \$25 for tardy paychecks between \$99.01 and \$250;
2. \$35 for tardy paychecks between \$250.01 and \$500;
3. \$45 for tardy paychecks between \$500.01 and \$750;
4. \$55 for tardy paychecks between \$750.01 and \$1,000; and
5. \$65 for tardy paychecks over \$1,000.

DSS or its contractor (if applicable) must pay PCAs the above penalties per pay period only if the (1) PCA logged, or attempted to log, hours before the time submission deadline for the pay period; (2)

consumer who hired the PCA approved the hours; and (3) approved hours do not exceed the consumer's allotted hours under their care plan.

The bill allows DSS to assess additional penalties against the fiscal intermediary for failing to make timely payments according to contractual requirements. These penalties may include interest on late payments equal to the monthly yield for Connecticut's Short Term Investment Fund (STIF, see BACKGROUND).

Damages

The bill also requires these contracts to require the fiscal intermediary (or DSS if it does not contract these services) to pay for damages resulting from tardy payments of at least \$25 documented by a labor organization representing PCAs and approved by the PCA Workforce Council. If the labor organization and council disagree on whether damages are sufficiently documented, either party can expedite arbitration. Under the bill, damages may include, among other things, late fees on rent or utilities or bank overdraft charges assessed against a PCA in the 30 days before the tardy paycheck is issued. PCAs must document these fees and charges with original bills or notices.

§§ 5 & 6 — ELECTRONIC VISIT VERIFICATION SYSTEMS

Penalties

The bill requires DSS contracts with fiscal intermediaries for self-directed home care programs (or DSS administrative policies for these programs, if the department does not contract these services) to include financial penalties for when DSS or the fiscal intermediary uses an EVVS that (1) includes hours for PCA services that exceed the consumer's allotted hours under their care plan or (2) otherwise incorrectly shows hours are available and reimbursable under state or federal law.

Under the bill, the penalties must be paid to a PCA through the normal payroll process and equal the PCA's normal or overtime rates for these hours (as applicable), provided the (1) PCA worked the hours and logged, or attempted to log, them on the EVVS before the pay period's time submission deadline and (2) consumer who hired the PCA

approved the hours.

Communications

The bill requires state agencies and private agencies they contract with to ensure that all public and employee communications, including an EVVS employees use to log hours worked, (1) comply with federal Americans with Disabilities Act requirements for effective communications (providing free auxiliary aids and services) and (2) are offered in any other languages designated for the municipality where the member of the public or employee lives according to state law on language-related assistance in voting and elections. (Generally, the law requires municipalities to provide language-related assistance if the secretary of the state deems a significant and substantial need exists.)

BACKGROUND

Related Bills

sHB 5003, favorably reported by the Labor and Public Employees Committee, includes substantially similar provisions on DSS quarterly reports (§ 25).

sHB 5353, favorably reported by the Government Oversight Committee, includes substantially similar provisions on DSS quarterly reports.

Short-Term Investment Fund

Connecticut's STIF is a statutorily created investment fund managed by the state treasurer that pools and invests operating cash from the state, quasi-public agencies, municipalities, and other political subdivisions. Its primary objectives are ensuring the safety and preservation of its principal and providing immediate liquidity to its participants while maximizing returns. By law, the state treasurer may invest STIF moneys in a range of security investments, including savings accounts, repurchase agreements, and U.S. government and agency obligations, among others. In FY 25, STIF's portfolio averaged approximately \$18.3 billion and yielded a 4.86% return.

COMMITTEE ACTION

Human Services Committee

Joint Favorable

Yea 17 Nay 6 (03/19/2026)