

OFFICE OF FISCAL ANALYSIS

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sHB-5358

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

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,

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

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 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.