

# OFFICE OF FISCAL ANALYSIS

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sSB-498

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

## **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 <sup>1</sup>	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

<sup>1</sup>The 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.

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.

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.