

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

April 15, 2026

ADDENDUM

To Fiscal Note on
SB-328, File No. 461

AN ACT REQUIRING NURSING HOMES TO SPEND EIGHTY PER CENT OF REVENUE ON DIRECT PATIENT CARE.

In addition to the costs identified in the underlying fiscal note, the below describes costs to the Department of Social Services (DSS) associated with Medicaid payments to nursing homes.

The bill requires nursing homes to spend at least 80% of funding received from Medicaid, Medicare, and other payment sources on direct care.¹ Based on the most recent cost report data (2024), direct care makes up approximately 54% (\$1.15 billion) of total allowable costs (\$2.13 billion). Increasing direct care expenditures to 80% results in approximately \$279 million (state share) needed to support other (non-direct) allowable costs under Medicaid.

Under current law and unchanged by the bill, Medicaid rates paid to nursing home facilities are based on five allowable cost components (direct, indirect, fair rent, capital, and administrative and general costs) and must comply with federal laws and regulations.

¹ The overall 2024 nursing facility payor mix in CT is approximately 71% Medicaid, 10% Medicare, 11% Private Pay, and 8% Other.