
OLR Bill Analysis

sHB 5357

AN ACT CONCERNING RESIDENTIAL CARE HOME RATES, FAIR RENT AND ADMINISTRATOR SALARIES.

SUMMARY

This bill makes various changes affecting residential care home (RCH) rates.

It increases state financial support to RCHs through adjustments in their State Supplement Program rates. For the cost report year starting on October 1, 2025, the bill increases the allowable base salary for administrators in homes with up to 60 beds from \$63,407 to \$75,000 (subject to future annual inflationary adjustments). By law, DSS generally sets new rates for RCHs effective each July 1 based on the home's allowable costs, including administrator salaries, it reports (from the prior October to September). The bill also requires DSS, for FY 27, to increase each RCH's base rate by 3%.

Current law requires DSS to calculate annual inflation rates for RCHs by comparing the most recent rate year to the average gross domestic product (GDP) deflator for the four fiscal quarters ending March 31. Current law requires this calculation (1) for allowable operating costs, excluding fair rent, and (2) when funding is specifically appropriated for this purpose. Starting in FY 27, the bill instead requires DSS to calculate inflation rates using an index (the bill does not specify which one) that reflects inflation between the midpoint of the cost year through the midpoint of the rate year. In doing so, the bill appears to give RCHs a nine-month period of inflation adjustments rather than 12 months as under current law.

Additionally, the bill requires DSS to include a stop loss when rebasing an RCH's rate so that the home's rate is not reduced because of it. It also allows DSS to adjust a home's rate for inflation during a year

it is rebased, which current law prohibits.

Lastly, the bill increases the minimum allowable fair rent increase from \$3.10 to \$5.00 per day for FY 27. It requires DSS to give fair rent increases to RCH's current rates for any new fair rent additions placed in service on or after October 1, 2023. It also allows RCHs to receive rate increases for FYs 26 and 27 based on FY 25 capital improvements approved by DSS for resident health or safety.

Current law allows the DSS commissioner, in her discretion and within available appropriations, to give prorated fair rent increases to facilities for FY 27 for these additions placed in service in the 2025 cost report year. The bill instead requires DSS, starting in FY 27, to base allowable fair rent increases on additions placed in service in the prior cost report year.

EFFECTIVE DATE: July 1, 2026

COMMITTEE ACTION

Human Services Committee

Joint Favorable

Yea 23 Nay 0 (03/19/2026)