
OLR Bill Analysis

sHB 5358

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

SUMMARY

This bill requires the Department of Social Services (DSS) to rebase rates every two years for (1) community living arrangements (CLAs) and community companion homes (CCHs) that serve people with intellectual disabilities, Prader-Willi Syndrome, or autism spectrum disorders and (2) intermediate care facilities for individuals with intellectual disabilities (ICF-IIDs). Generally, “rebasement” is periodically reviewing facility costs and adjusting state reimbursements.

The rebasing requirement starts July 1, 2026, for CLAs and CCHs, and July 1, 2027, for ICF-IIDs. The bill sets requirements for inflationary adjustments for these facilities and makes other changes to DSS’s rate setting process.

It applies similar requirements for calculating inflationary increases to CLAs and CCHs that choose to be reimbursed through a flat per diem rate. This provision also applies for residential care homes (RCHs) that are reimbursed this way.

EFFECTIVE DATE: July 1, 2026

CLAS, CCHS, AND CERTAIN RCHS

For CLAs and CCHs, DSS must rebase rates every two years, starting July 1, 2026, and not rebase for FY 27. To do this, the bill requires the department to use cost reports (for the report period ending June 30) from the two years before the rebasing occurs.

The bill prohibits any inflationary rate increase during a year when DSS rebases rates. It requires any inflationary rate increase to be applied before applying any other budget adjustment factors impacting rates.

Any subsequent increase to allowable operating costs (other than fair rent) must be inflated by the gross domestic product (GDP) deflator, and DSS must compute the inflation rate by comparing the most recent rate year to the average GDP deflator for the last four fiscal quarters ending March 31. The bill's provisions on subsequent inflationary adjustments apply regardless of other laws on reimbursement for long-term care facilities or state regulations on CLA reimbursement rates (Conn. Agencies Regs., § 17-313b-5).

Facilities Reimbursed Through a Flat Rate

State regulations allow CLAs, CCHs, and RCHs to choose to be paid through a flat per diem rate (Conn. Agencies Regs., § 17-311-54). The bill sets similar requirements for inflationary adjustments to these rates. For increases to allowable operating costs (other than fair rent), the bill requires DSS to use the GDP deflator and compute and apply the inflationary increases as described above.

ICF-IIDS

For ICF-IIDs, the bill requires DSS to rebase every two years, starting July 1, 2027, based on cost reports (for the period ending September 30) for the two years before the year when rebasing occurs.

The bill prohibits inflationary rate increases for a year when DSS rebases rates. It requires the department to apply inflationary rate increases before any other budget factors that may impact rates.

The bill eliminates the DSS commissioner's general authority to change ICF-IID rates to reflect a reduction in available appropriations, though it retains various provisions allowing her to adjust rates in other circumstances.

FY 28 Rates

For FY 28 rates for ICF-IIDs, current law requires DSS to set rates at 6.3% higher than FY 27 rates. The bill additionally requires DSS to adjust the issued FY 28 rate to reflect any rate increases provided after the cost report period ending June 30, 2026. It requires the increase to be 6.3% higher than the calculated rate, rather than the FY 27 rate. The bill

maintains an exception for facilities that would have been issued a lower rate for FY 28 than for FY 27 due to interim rate status or an agreement with DSS, requiring these facilities be issued the lower rate for FY 28.

BACKGROUND

Related Bill

sHB 5357, favorably reported by the Human Services Committee, makes various changes affecting RCH rates.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Substitute

Yea 22 Nay 1 (03/19/2026)