
OLR Bill Analysis

SB 498

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

SUMMARY

This bill sets requirements related to the Department of Social Services (DSS) and the fiscal intermediary (currently GT Independence) it contracts with to provide payroll, tax, and administrative services for self-directed home care programs. These are Medicaid-funded programs that allow a consumer to directly hire and manage a personal care attendant (PCA). Specifically, the bill:

1. requires DSS to post on its website quarterly reports related to its fiscal intermediary's performance, such as the intermediary's most recent completed audited financial statements and the number of customer service requests and average response times (§ 1);
2. requires the Office of Policy and Management (OPM), in consultation with DSS, to conduct a cost-benefit analysis on (a) transferring fiscal intermediary duties for these programs to the state and (b) allowing PCAs who are ineligible for Medicare, Medicaid, or the CoveredCT Program to access a state-subsidized health insurance program (§ 2);
3. requires the Auditors of Public Accounts to annually conduct a compliance audit of DSS's fiscal intermediary for these programs and report its findings to the Human Services and Labor and Public Employees committees (§ 3);
4. requires DSS contracts with fiscal intermediary services for these programs to include (a) financial penalties for failing to timely process PCA payroll and (b) specified damages that DSS or the

- fiscal intermediary must pay resulting from tardy payments (§ 4);
5. requires these contracts to also include financial penalties for when DSS or the fiscal intermediary uses an electronic visit verification system (EVVS) that does not accurately reflect PCA hours worked under these programs (§ 5); and
 6. requires state agencies and private agencies they contract with to ensure that all public and employee communications, including an EVVS employees use to log hours worked, (a) comply with federal Americans with Disabilities Act requirements for effective communications and (b) are offered in other languages, under certain circumstances (§ 6).

EFFECTIVE DATE: July 1, 2026, except that the provision on the cost-benefit analysis takes effect upon passage.

§ 1 — QUARTERLY REPORTS

The bill requires DSS to post on its website, and submit to the Human Services and Labor and Public Employees committees, quarterly reports that include the following information, so long as it is not exempt from disclosure under the state's Freedom of Information Act:

1. the fiscal intermediary's most recent completed audited financial statements;
2. all budget, customer service telephone call center, and service level agreement reports;
3. the number of general customer service requests and average response time;
4. the number of telephone calls, voice mail messages, and email and text messages received from consumers and PCAs, how the fiscal intermediary responded to these messages, and how many were responded to in a contractually required period;
5. the number and amount of penalties levied, on a monthly and weekly basis, against the fiscal intermediary for contract

violations for customer service request response times and PCA and consumer inquiry response times; and

6. all PCA timesheet reports.

Under the bill, PCA timesheet reports include:

1. the number of weekly consumer approved timesheets submitted, and how many were submitted on time, resubmitted after correction, and paid on time;
2. the timesheet and payroll processing error rates; and
3. the number and amount of penalties levied, on a monthly and weekly basis, against the fiscal intermediary for violating contract provisions on timesheets.

The bill's reporting requirement begins with information from the quarter that began April 1, 2024. (It does not otherwise set a date by when DSS must begin posting the reports.)

§ 2 — COST-BENEFIT ANALYSIS

Under the bill, the cost-benefit analysis must document the direct and indirect cost savings and qualitative and quantitative benefits of the state handling the duties of a privately contracted fiscal intermediary, including the following:

1. the costs of timesheet processing errors by the fiscal intermediary to consumers, PCAs, and the state and recommendations and benefits related to ensuring accurate timesheet processing;
2. the effects of timesheet processing errors and health insurance costs on PCA retention rates and related state costs;
3. how effectively consumer eligibility changes and PCA programmatic changes are communicated and the benefits of improving this communication, if necessary; and
4. cost benefits to the state of performing fiscal intermediary duties

within the existing infrastructure instead of contracting out these services.

The bill requires the OPM secretary to report to the Human Services and Labor and Public Employees committees on (1) the cost-benefit analysis results and (2) a plan for the state to perform fiscal intermediary duties if the analysis shows cost benefits to the state. The secretary must do this by October 1, 2026, and in consultation with the DSS commissioner.

§ 4 — PENALTIES FOR PCA PAYROLL FAILURES

Penalties

The bill requires DSS contracts with fiscal intermediaries for self-directed home care programs (or DSS administrative policies for these programs, if the department does not contract these services) to include financial penalties for failing to timely process PCA payroll, in addition to 12% interest for paychecks behind by two or more pay periods if the accrued interest exceeds \$10. This requirement applies to contracts DSS enters into, renews, or amends on or after August 31, 2026.

Under the bill, the penalties are as follows:

1. \$25 for tardy paychecks between \$99.01 and \$250;
2. \$35 for tardy paychecks between \$250.01 and \$500;
3. \$45 for tardy paychecks between \$500.01 and \$750;
4. \$55 for tardy paychecks between \$750.01 and \$1,000; and
5. \$65 for tardy paychecks over \$1,000.

DSS or its contractor (if applicable) must pay PCAs the above penalties per pay period only if the (1) PCA logged, or attempted to log, hours before the time submission deadline for the pay period; (2) consumer who hired the PCA approved the hours; and (3) approved hours do not exceed the consumer's allotted hours under their care plan.

The bill allows DSS to assess additional penalties against the fiscal

intermediary for failing to make timely payments according to contractual requirements. These penalties may include interest on late payments equal to the monthly yield for Connecticut's Short Term Investment Fund (STIF, see BACKGROUND).

Damages

The bill also requires these contracts to require the fiscal intermediary (or DSS if it does not contract these services) to pay for damages resulting from tardy payments of at least \$25 documented by a labor organization representing PCAs and approved by the PCA Workforce Council. If the labor organization and council disagree on whether damages are sufficiently documented, either party can expedite arbitration. Under the bill, damages may include, among other things, late fees on rent or utilities or bank overdraft charges assessed against a PCA in the 30 days before the tardy paycheck is issued. PCAs must document these fees and charges with original bills or notices.

§§ 5 & 6 — ELECTRONIC VISIT VERIFICATION SYSTEMS

Penalties

The bill requires DSS contracts with fiscal intermediaries for self-directed home care programs (or DSS administrative policies for these programs, if the department does not contract these services) to include financial penalties for when DSS or the fiscal intermediary uses an EVVS that (1) includes hours for PCA services that exceed the consumer's allotted hours under their care plan or (2) otherwise incorrectly shows hours are available and reimbursable under state or federal law.

Under the bill, the penalties must be paid to a PCA through the normal payroll process and equal the PCA's normal or overtime rates for these hours (as applicable), provided the (1) PCA worked the hours and logged, or attempted to log, them on the EVVS before the pay period's time submission deadline and (2) consumer who hired the PCA approved the hours.

Communications

The bill requires state agencies and private agencies they contract with to ensure that all public and employee communications, including

an EVVS employees use to log hours worked, (1) comply with federal Americans with Disabilities Act requirements for effective communications (providing free auxiliary aids and services) and (2) are offered in any other languages designated for the municipality where the member of the public or employee lives according to state law on language-related assistance in voting and elections. (Generally, the law requires municipalities to provide language-related assistance if the secretary of the state deems a significant and substantial need exists.)

BACKGROUND

Related Bills

sHB 5003, favorably reported by the Labor and Public Employees Committee, includes substantially similar provisions on DSS quarterly reports (§ 25).

sHB 5353, favorably reported by the Government Oversight Committee, includes substantially similar provisions on DSS quarterly reports.

Short-Term Investment Fund

Connecticut's STIF is a statutorily created investment fund managed by the state treasurer that pools and invests operating cash from the state, quasi-public agencies, municipalities, and other political subdivisions. Its primary objectives are ensuring the safety and preservation of its principal and providing immediate liquidity to its participants while maximizing returns. By law, the state treasurer may invest STIF moneys in a range of security investments, including savings accounts, repurchase agreements, and U.S. government and agency obligations, among others. In FY 25, STIF's portfolio averaged approximately \$18.3 billion and yielded a 4.86% return.

COMMITTEE ACTION

Human Services Committee

Joint Favorable

Yea 17 Nay 6 (03/19/2026)