

OFFICE OF FISCAL ANALYSIS

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sSB-1026

AN ACT CONCERNING NURSING HOME STAFFING RATIOS.

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 24 \$ | FY 25 \$ |
|-------------------------------|-----------------------------|-----------|----------------------|
| Social Services, Dept. | GF - Cost | None | up to \$26.8 million |
| Resources of the General Fund | GF - Potential Revenue Gain | See Below | See Below |

Note: GF=General Fund

Municipal Impact: None

Explanation

Section 1 results in a cost to DSS of up to \$26.8 million in FY 25, \$42.3 million in FY 26, and \$57.7 million in FY 27 due to increasing minimum staffing level requirements for nursing homes to at least 4.1 hours of direct care, by January 1, 2026.

The FY 25 cost is associated with increasing the total number of direct care hours provided per resident per day to at least 3.6 hours, on and after July 1, 2024. This includes 0.66 hours by a registered nurse (RN), 0.49 hours by a licensed practical nurse (LPN), and 2.45 hours by a certified nurse's assistant (CNA). Based on 2021 nursing home staffing data, this results in a gross cost of approximately \$53.7 million, driven predominantly by the increase in CNA hours required.¹ If these increased costs are reflected in nursing home Medicaid rates, the state

¹ This assumes nursing homes will have met the staffing ratios required under the Department of Public Health (DPH) regulations, including 2.16 hours of direct care per resident per day provided by a CNA, effective 3/1/23.

could experience a cost of up to \$26.8 million in FY 25. Costs increase by an additional \$15.5 million in FY 26 after the minimum staffing requirement is increased to at least 4.1 hours of direct care by January 1, 2026. This includes 0.75 hours by an RN, 0.54 hours by an LPN, and 2.81 hours by a CNA. Costs increase again by an additional \$15.4 million in FY 27 when staffing costs are fully annualized.

The actual cost to staff at the proposed levels will depend on the number and level of staff required and how such costs are incorporated into Medicaid payments to nursing homes.

Sections 2 and 3 make a nursing facility's failure to comply with staffing level requirements under the bill a Class B violation, which may result in a revenue gain to the resources of the General Fund, should the Department of Public Health choose to levy civil penalties on noncompliant facilities of up to \$10,000 for each violation.

The Out Years

As described above, the bill increases state Medicaid costs by up to \$42.3 million in FY 26 and \$57.7 million in FY 27 when staffing costs are fully annualized. The out-year impact of the potential revenue gain is dependent on the rate of non-compliance and associated civil penalties levied.