

OFFICE OF FISCAL ANALYSIS

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sHB-5357

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

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Social Services, Dept.	GF - Cost	up to \$3 million	up to \$3 million
Social Services, Dept.	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a cost to the Department of Social Services (DSS) associated with adjusting rates for residential care homes (RCHs).

The bill applies a 3% inflationary adjustment to RCH rates in FY 27 and increases the allowable base salary for administrators in homes with up to 60 beds, resulting in a cost of up to \$3 million in FY 27 and FY 28. DSS will incur additional costs associated with (1) including a stop loss so that no provider's rate is reduced as a result of rebasing, and (2) increasing reimbursements related to fair rent.

The bill also changes the basis for the calculation of annual inflation rates by requiring an unspecified inflation index be computed to reflect inflation between the midpoint of the cost year through the midpoint of the rate year. Under current law, the rate of inflation is calculated by comparing the most recent rate year to the average of the gross domestic product deflator for the previous four fiscal quarters ending 3/31. The

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impact of this change is unclear.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.