



General Assembly

February Session, 2026

***Raised Bill No. 5357***

LCO No. 1294



Referred to Committee on HUMAN SERVICES

Introduced by:  
(HS)

***AN ACT CONCERNING RESIDENTIAL CARE HOMES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (i) of section 17b-340 of the 2026 supplement to  
2 the general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective July 1, 2026*):

4 (i) For the fiscal year ending June 30, 1993, any residential care home  
5 with an operating cost component of its rate in excess of one hundred  
6 thirty per cent of the median of operating cost components of rates in  
7 effect January 1, 1992, shall not receive an operating cost component  
8 increase. For the fiscal year ending June 30, 1993, any residential care  
9 home with an operating cost component of its rate that is less than one  
10 hundred thirty per cent of the median of operating cost components of  
11 rates in effect January 1, 1992, shall have an allowance for real wage  
12 growth equal to sixty-five per cent of the increase determined in  
13 accordance with subsection (q) of section 17-311-52 of the regulations of  
14 Connecticut state agencies, provided such operating cost component  
15 shall not exceed one hundred thirty per cent of the median of operating  
16 cost components in effect January 1, 1992. Beginning with the fiscal year

17 ending June 30, 1993, for the purpose of determining allowable fair rent,  
18 a residential care home with allowable fair rent less than the twenty-  
19 fifth percentile of the state-wide allowable fair rent shall be reimbursed  
20 as having allowable fair rent equal to the twenty-fifth percentile of the  
21 state-wide allowable fair rent. Beginning with the fiscal year ending  
22 June 30, 1997, a residential care home with allowable fair rent less than  
23 three dollars and ten cents per day shall be reimbursed as having  
24 allowable fair rent equal to three dollars and ten cents per day. Property  
25 additions placed in service during the cost year ending September 30,  
26 1996, or any succeeding cost year shall receive a fair rent allowance for  
27 such additions as an addition to three dollars and ten cents per day if  
28 the fair rent for the facility for property placed in service prior to  
29 September 30, 1995, is less than or equal to three dollars and ten cents  
30 per day. Beginning with the fiscal year ending June 30, 2016, a  
31 residential care home shall be reimbursed the greater of the allowable  
32 accumulated fair rent reimbursement associated with real property  
33 additions and land as calculated on a per day basis or three dollars and  
34 ten cents per day if the allowable reimbursement associated with real  
35 property additions and land is less than three dollars and ten cents per  
36 day. For the fiscal year ending June 30, 1996, and any succeeding fiscal  
37 year, the allowance for real wage growth, as determined in accordance  
38 with subsection (q) of section 17-311-52 of the regulations of Connecticut  
39 state agencies, shall not be applied. For the fiscal year ending June 30,  
40 1996, and any succeeding fiscal year, the inflation adjustment made in  
41 accordance with subsection (p) of section 17-311-52 of the regulations of  
42 Connecticut state agencies shall not be applied to real property costs.  
43 Beginning with the fiscal year ending June 30, 1997, minimum allowable  
44 patient days for rate computation purposes for a residential care home  
45 with twenty-five beds or less shall be eighty-five per cent of licensed  
46 capacity. Beginning with the fiscal year ending June 30, 2002, for the  
47 purposes of determining the allowable salary of an administrator of a  
48 residential care home with sixty beds or less the department shall revise  
49 the allowable base salary to thirty-seven thousand dollars to be annually  
50 inflated thereafter in accordance with section 17-311-52 of the

51 regulations of Connecticut state agencies. The rates for the fiscal year  
52 ending June 30, 2002, shall be based upon the increased allowable salary  
53 of an administrator, regardless of whether such amount was expended  
54 in the 2000 cost report period upon which the rates are based. Beginning  
55 on October 1, 2025, for the purposes of determining the allowable salary  
56 of an administrator of a residential care home with sixty beds or less, the  
57 department shall revise the allowable base salary to seventy-five  
58 thousand dollars to be annually inflated thereafter in accordance with  
59 section 17-311-52 of the regulations of Connecticut state agencies.  
60 Beginning with the fiscal year ending [June 30, 2000, and until the fiscal  
61 year ending June 30, 2009, inclusive, the inflation adjustment for rates  
62 made in accordance with subsection (p) of section 17-311-52 of the  
63 regulations of Connecticut state agencies shall be increased by two per  
64 cent, and beginning with the fiscal year ending] June 30, 2002, the  
65 inflation adjustment for rates made in accordance with subsection (c) of  
66 [said] section 17-311-52 of the regulations of Connecticut state agencies  
67 shall be increased by one per cent. Beginning with the fiscal year ending  
68 June 30, 1999, for the purpose of determining the allowable salary of a  
69 related party, the department shall revise the maximum salary to  
70 twenty-seven thousand eight hundred fifty-six dollars to be annually  
71 inflated thereafter in accordance with section 17-311-52 of the  
72 regulations of Connecticut state agencies and beginning with the fiscal  
73 year ending June 30, 2001, such allowable salary shall be computed on  
74 an hourly basis and the maximum number of hours allowed for a related  
75 party other than the proprietor shall be increased from forty hours to  
76 forty-eight hours per work week. For the fiscal year ending June 30,  
77 2005, each facility shall receive a rate that is two and one-quarter per  
78 cent more than the rate the facility received in the prior fiscal year,  
79 except any facility that would have been issued a lower rate effective  
80 July 1, 2004, than for the fiscal year ending June 30, 2004, due to interim  
81 rate status or agreement with the department shall be issued such lower  
82 rate effective July 1, 2004. Effective upon receipt of all the necessary  
83 federal approvals to secure federal financial participation matching  
84 funds associated with the rate increase provided in subdivision (4) of

85 subsection (f) of this section, but in no event earlier than October 1, 2005,  
86 and provided the user fee imposed under section 17b-320 is required to  
87 be collected, each facility shall receive a rate that is determined in  
88 accordance with applicable law and subject to appropriations, except  
89 any facility that would have been issued a lower rate effective October  
90 1, 2005, than for the fiscal year ending June 30, 2005, due to interim rate  
91 status or agreement with the department, shall be issued such lower rate  
92 effective October 1, 2005. Such rate increase shall remain in effect unless:  
93 (1) The federal financial participation matching funds associated with  
94 the rate increase are no longer available; or (2) the user fee created  
95 pursuant to section 17b-320 is not in effect. For the fiscal year ending  
96 June 30, 2007, rates in effect for the period ending June 30, 2006, shall  
97 remain in effect until September 30, 2006, except any facility that would  
98 have been issued a lower rate effective July 1, 2006, than for the fiscal  
99 year ending June 30, 2006, due to interim rate status or agreement with  
100 the department, shall be issued such lower rate effective July 1, 2006.  
101 Effective October 1, 2006, no facility shall receive a rate that is more than  
102 four per cent greater than the rate in effect for the facility on September  
103 30, 2006, except for any facility that would have been issued a lower rate  
104 effective October 1, 2006, due to interim rate status or agreement with  
105 the department, shall be issued such lower rate effective October 1, 2006.  
106 For the fiscal years ending June 30, 2010, and June 30, 2011, rates in effect  
107 for the period ending June 30, 2009, shall remain in effect until June 30,  
108 2011, except any facility that would have been issued a lower rate for  
109 the fiscal year ending June 30, 2010, or the fiscal year ending June 30,  
110 2011, due to interim rate status or agreement with the department, shall  
111 be issued such lower rate, except (A) any facility that would have been  
112 issued a lower rate for the fiscal year ending June 30, 2010, or the fiscal  
113 year ending June 30, 2011, due to interim rate status or agreement with  
114 the Commissioner of Social Services shall be issued such lower rate; and  
115 (B) the commissioner may increase a facility's rate for reasonable costs  
116 associated with such facility's compliance with the provisions of section  
117 19a-495a concerning the administration of medication by unlicensed  
118 personnel. For the fiscal year ending June 30, 2012, rates in effect for the

119 period ending June 30, 2011, shall remain in effect until June 30, 2012,  
120 except that (i) any facility that would have been issued a lower rate for  
121 the fiscal year ending June 30, 2012, due to interim rate status or  
122 agreement with the Commissioner of Social Services shall be issued  
123 such lower rate; and (ii) the commissioner may increase a facility's rate  
124 for reasonable costs associated with such facility's compliance with the  
125 provisions of section 19a-495a concerning the administration of  
126 medication by unlicensed personnel. For the fiscal year ending June 30,  
127 2013, the Commissioner of Social Services may, within available  
128 appropriations, provide a rate increase to a residential care home. Any  
129 facility that would have been issued a lower rate for the fiscal year  
130 ending June 30, 2013, due to interim rate status or agreement with the  
131 Commissioner of Social Services shall be issued such lower rate. For the  
132 fiscal years ending June 30, 2012, and June 30, 2013, the Commissioner  
133 of Social Services may provide fair rent increases to any facility that has  
134 undergone a material change in circumstances related to fair rent and  
135 has an approved certificate of need pursuant to section 17b-352, 17b-353,  
136 17b-354 or 17b-355. For the fiscal years ending June 30, 2014, and June  
137 30, 2015, for those facilities that have a calculated rate greater than the  
138 rate in effect for the fiscal year ending June 30, 2013, the commissioner  
139 may increase facility rates based upon available appropriations up to a  
140 stop gain as determined by the commissioner. No facility shall be issued  
141 a rate that is lower than the rate in effect on June 30, 2013, except that  
142 any facility that would have been issued a lower rate for the fiscal year  
143 ending June 30, 2014, or the fiscal year ending June 30, 2015, due to  
144 interim rate status or agreement with the commissioner, shall be issued  
145 such lower rate. For the fiscal year ending June 30, 2014, and each fiscal  
146 year thereafter, a residential care home shall receive a rate increase for  
147 any capital improvement made during the fiscal year for the health and  
148 safety of residents and approved by the Department of Social Services,  
149 provided such rate increase is within available appropriations. For the  
150 fiscal year ending June 30, 2015, and each succeeding fiscal year  
151 thereafter, costs of less than ten thousand dollars that are incurred by a  
152 facility and are associated with any land, building or nonmovable

153 equipment repair or improvement that are reported in the cost year used  
154 to establish the facility's rate shall not be capitalized for a period of more  
155 than five years for rate-setting purposes. For the fiscal year ending June  
156 30, 2015, subject to available appropriations, the commissioner may, at  
157 the commissioner's discretion: Increase the inflation cost limitation  
158 under subsection (c) of section 17-311-52 of the regulations of  
159 Connecticut state agencies, provided such inflation allowance factor  
160 does not exceed a maximum of five per cent; establish a minimum rate  
161 of return applied to real property of five per cent inclusive of assets  
162 placed in service during cost year 2013; waive the standard rate of return  
163 under subsection (f) of section 17-311-52 of the regulations of  
164 Connecticut state agencies for ownership changes or health and safety  
165 improvements that exceed one hundred thousand dollars and that are  
166 required under a consent order from the Department of Public Health;  
167 and waive the rate of return adjustment under subsection (f) of section  
168 17-311-52 of the regulations of Connecticut state agencies to avoid  
169 financial hardship. For the fiscal years ending June 30, 2016, and June  
170 30, 2017, rates shall not exceed those in effect for the period ending June  
171 30, 2015, except the commissioner may, in the commissioner's discretion  
172 and within available appropriations, provide pro rata fair rent increases  
173 to facilities which have documented fair rent additions placed in service  
174 in cost report years ending September 30, 2014, and September 30, 2015,  
175 that are not otherwise included in rates issued. For the fiscal years  
176 ending June 30, 2016, and June 30, 2017, and each succeeding fiscal year,  
177 any facility that would have been issued a lower rate, due to interim rate  
178 status, a change in allowable fair rent or agreement with the department,  
179 shall be issued such lower rate. For the fiscal year ending June 30, 2018,  
180 rates shall not exceed those in effect for the period ending June 30, 2017,  
181 except the commissioner may, in the commissioner's discretion and  
182 within available appropriations, provide pro rata fair rent increases to  
183 facilities which have documented fair rent additions placed in service in  
184 the cost report year ending September 30, 2016, that are not otherwise  
185 included in rates issued. For the fiscal year ending June 30, 2019, rates  
186 shall not exceed those in effect for the period ending June 30, 2018,

187 except the commissioner may, in the commissioner's discretion and  
188 within available appropriations, provide pro rata fair rent increases to  
189 facilities which have documented fair rent additions placed in service in  
190 the cost report year ending September 30, 2017, that are not otherwise  
191 included in rates issued. For the fiscal year ending June 30, 2020, rates  
192 shall not exceed those in effect for the fiscal year ending June 30, 2019,  
193 except the commissioner may, in the commissioner's discretion and  
194 within available appropriations, provide pro rata fair rent increases to  
195 facilities which have documented fair rent additions placed in service in  
196 the cost report year ending September 30, 2018, that are not otherwise  
197 included in rates issued. For the fiscal year ending June 30, 2021, rates  
198 shall not exceed those in effect for the fiscal year ending June 30, 2020,  
199 except the commissioner may, in the commissioner's discretion and  
200 within available appropriations, provide pro rata fair rent increases to  
201 facilities which have documented fair rent additions placed in service in  
202 the cost report year ending September 30, 2019, that are not otherwise  
203 included in rates issued. For the fiscal year ending June 30, 2022, the  
204 commissioner may, in the commissioner's discretion and within  
205 available appropriations, provide pro rata fair rent increases to facilities  
206 that have documented fair rent additions placed in service in the cost  
207 report year ending September 30, 2020, that are not otherwise included  
208 in rates issued. For the fiscal year ending June 30, 2023, the  
209 commissioner may, in the commissioner's discretion and within  
210 available appropriations, provide pro rata fair rent increases to facilities  
211 which have documented fair rent additions placed in service in the cost  
212 report year ending September 30, 2021, that are not otherwise included  
213 in rates issued. For the fiscal years ending June 30, 2022, and June 30,  
214 2023, a facility may receive a rate increase for a capital improvement  
215 approved by the Department of Social Services, for the health or safety  
216 of the residents during the fiscal year ending June 30, 2022, or June 30,  
217 2023, only to the extent such rate increases are within available  
218 appropriations. For the fiscal year ending June 30, 2022, and June 30,  
219 2023, rates shall be based upon rates in effect for the fiscal year ending  
220 June 30, 2021, inflated by the gross domestic product deflator applicable

221 to each rate year, except the commissioner may, in the commissioner's  
222 discretion and within available appropriations, provide pro rata fair  
223 rent increases to facilities which have documented fair rent additions  
224 placed in service in the cost report years ending September 30, 2020, and  
225 September 30, 2021, that are not otherwise included in rates issued. For  
226 the fiscal years ending June 30, 2024, and June 30, 2025, a facility may  
227 receive a rate increase for a capital improvement approved by the  
228 Department of Social Services, for the health or safety of the residents  
229 during the fiscal year ending June 30, 2024, or June 30, 2025, only to the  
230 extent such rate increases are within available appropriations. For the  
231 fiscal year ending June 30, 2024, the department shall determine facility  
232 rates based upon 2022 cost report filings subject to the provisions of this  
233 section, adjusted to reflect any rate increases provided after the cost  
234 report year ending September 30, 2022. There shall be no increase to  
235 rates based on any inflationary factor for the fiscal year ending June 30,  
236 2024. For the fiscal years ending June 30, 2026, and June 30, 2027, a  
237 facility may receive a rate increase for a capital improvement approved  
238 by the Department of Social Services, for the health or safety of the  
239 residents during the fiscal year ending June 30, 2025, June 30, 2026, or  
240 June 30, 2027, only to the extent such rate increases are within available  
241 appropriations. Notwithstanding any other provisions of this chapter,  
242 [any subsequent increase to allowable operating costs, excluding fair  
243 rent, shall be inflated by the gross domestic product deflator when  
244 funding is specifically appropriated for such purposes in the enacted  
245 budget. The rate of inflation shall be computed by comparing the most  
246 recent rate year to the average of the gross domestic product deflator for  
247 the previous four fiscal quarters ending March thirty-first] for the fiscal  
248 year beginning July 1, 2026, and each fiscal year thereafter, the inflation  
249 index shall be computed to reflect inflation between the midpoint of the  
250 cost year through the midpoint of the rate year. Any rebasing of rates  
251 shall include a stop loss so that no provider's rate is reduced as a result  
252 of the rebasing. The commissioner shall determine whether and to what  
253 extent a change in ownership of a facility shall occasion the rebasing of  
254 the facility's costs. For the fiscal year ending June 30, 2027, an

255 inflationary adjustment of three per cent shall be added to the base rate  
256 for all residential care homes. Any increase to rates based on inflation  
257 shall be applied prior to the application of any other budget adjustment  
258 factors that may impact such rates. [The commissioner shall determine  
259 whether and to what extent a change in ownership of a facility shall  
260 occasion the rebasing of the facility's costs. There shall be no inflation  
261 adjustment during a year in which a facility's rates are rebased.] For the  
262 fiscal year ending June 30, 2024, the commissioner may, in the  
263 commissioner's discretion and within available appropriations, provide  
264 pro rata fair rent increases to facilities that have documented fair rent  
265 additions placed in service in the cost report year ending September 30,  
266 2022, that are not otherwise included in rates issued. For the fiscal year  
267 ending June 30, 2025, the commissioner may, in the commissioner's  
268 discretion and within available appropriations, provide pro rata fair  
269 rent increases to facilities that have documented fair rent additions  
270 placed in service in the cost report year ending September 30, 2023, that  
271 are not otherwise included in rates issued. For the fiscal year ending  
272 June 30, 2026, the commissioner may, in the commissioner's discretion  
273 and within available appropriations, provide pro rata fair rent increases  
274 to facilities that have documented fair rent additions placed in service  
275 in the cost report year ending September 30, 2024, that are not otherwise  
276 included in rates issued. For the fiscal year ending June 30, 2027, [the  
277 commissioner may, in the commissioner's discretion and within  
278 available appropriations, provide pro rata fair rent increases to facilities  
279 that have documented fair rent additions placed in service in the cost  
280 report year ending September 30, 2025, that are not otherwise included  
281 in rates issued] a residential care home with allowable fair rent less than  
282 five dollars per day shall be reimbursed as having allowable fair rent  
283 equal to five dollars per day. Any new fair rent additions placed in  
284 service on or after October 1, 2023, shall be added to the rate currently  
285 in effect. For the fiscal year ending June 30, 2027, and each fiscal year  
286 thereafter, allowable fair rent shall be based on those documented fair  
287 rent additions placed in service and reported in the immediately  
288 preceding cost report year ending on September thirtieth.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2026</i>	17b-340(i)
-----------	---------------------	------------

**Statement of Purpose:**

To support the financial stability of residential care homes by ensuring adequate rates of state reimbursement.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*