



General Assembly

February Session, 2026

Substitute Bill No. 5357



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

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2 the general statutes is repealed and the following is substituted in lieu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 with the cost report year commencing on October 1, 2025, for the
56 purposes of determining the allowable salary of an administrator of a
57 residential care home with sixty beds or less, the department shall revise
58 the allowable base salary to seventy-five thousand dollars to be annually
59 inflated thereafter in accordance with section 17-311-52 of the
60 regulations of Connecticut state agencies. Beginning with the fiscal year
61 ending [June 30, 2000, and until the fiscal year ending June 30, 2009,
62 inclusive, the inflation adjustment for rates made in accordance with
63 subsection (p) of section 17-311-52 of the regulations of Connecticut state
64 agencies shall be increased by two per cent, and beginning with the
65 fiscal year ending] June 30, 2002, the inflation adjustment for rates made
66 in accordance with subsection (c) of [said] section 17-311-52 of the
67 regulations of Connecticut state agencies shall be increased by one per
68 cent. Beginning with the fiscal year ending June 30, 1999, for the purpose
69 of determining the allowable salary of a related party, the department
70 shall revise the maximum salary to twenty-seven thousand eight
71 hundred fifty-six dollars to be annually inflated thereafter in accordance
72 with section 17-311-52 of the regulations of Connecticut state agencies
73 and beginning with the fiscal year ending June 30, 2001, such allowable
74 salary shall be computed on an hourly basis and the maximum number
75 of hours allowed for a related party other than the proprietor shall be
76 increased from forty hours to forty-eight hours per work week. For the
77 fiscal year ending June 30, 2005, each facility shall receive a rate that is
78 two and one-quarter per cent more than the rate the facility received in
79 the prior fiscal year, except any facility that would have been issued a
80 lower rate effective July 1, 2004, than for the fiscal year ending June 30,
81 2004, due to interim rate status or agreement with the department shall
82 be issued such lower rate effective July 1, 2004. Effective upon receipt of
83 all the necessary federal approvals to secure federal financial
84 participation matching funds associated with the rate increase provided
85 in subdivision (4) of subsection (f) of this section, but in no event earlier
86 than October 1, 2005, and provided the user fee imposed under section
87 17b-320 is required to be collected, each facility shall receive a rate that
88 is determined in accordance with applicable law and subject to
89 appropriations, except any facility that would have been issued a lower

90 rate effective October 1, 2005, than for the fiscal year ending June 30,
91 2005, due to interim rate status or agreement with the department, shall
92 be issued such lower rate effective October 1, 2005. Such rate increase
93 shall remain in effect unless: (1) The federal financial participation
94 matching funds associated with the rate increase are no longer available;
95 or (2) the user fee created pursuant to section 17b-320 is not in effect. For
96 the fiscal year ending June 30, 2007, rates in effect for the period ending
97 June 30, 2006, shall remain in effect until September 30, 2006, except any
98 facility that would have been issued a lower rate effective July 1, 2006,
99 than for the fiscal year ending June 30, 2006, due to interim rate status
100 or agreement with the department, shall be issued such lower rate
101 effective July 1, 2006. Effective October 1, 2006, no facility shall receive
102 a rate that is more than four per cent greater than the rate in effect for
103 the facility on September 30, 2006, except for any facility that would
104 have been issued a lower rate effective October 1, 2006, due to interim
105 rate status or agreement with the department, shall be issued such lower
106 rate effective October 1, 2006. For the fiscal years ending June 30, 2010,
107 and June 30, 2011, rates in effect for the period ending June 30, 2009,
108 shall remain in effect until June 30, 2011, except any facility that would
109 have been issued a lower rate for the fiscal year ending June 30, 2010, or
110 the fiscal year ending June 30, 2011, due to interim rate status or
111 agreement with the department, shall be issued such lower rate, except
112 (A) any facility that would have been issued a lower rate for the fiscal
113 year ending June 30, 2010, or the fiscal year ending June 30, 2011, due to
114 interim rate status or agreement with the Commissioner of Social
115 Services shall be issued such lower rate; and (B) the commissioner may
116 increase a facility's rate for reasonable costs associated with such
117 facility's compliance with the provisions of section 19a-495a concerning
118 the administration of medication by unlicensed personnel. For the fiscal
119 year ending June 30, 2012, rates in effect for the period ending June 30,
120 2011, shall remain in effect until June 30, 2012, except that (i) any facility
121 that would have been issued a lower rate for the fiscal year ending June
122 30, 2012, due to interim rate status or agreement with the Commissioner
123 of Social Services shall be issued such lower rate; and (ii) the
124 commissioner may increase a facility's rate for reasonable costs

125 associated with such facility's compliance with the provisions of section
126 19a-495a concerning the administration of medication by unlicensed
127 personnel. For the fiscal year ending June 30, 2013, the Commissioner of
128 Social Services may, within available appropriations, provide a rate
129 increase to a residential care home. Any facility that would have been
130 issued a lower rate for the fiscal year ending June 30, 2013, due to interim
131 rate status or agreement with the Commissioner of Social Services shall
132 be issued such lower rate. For the fiscal years ending June 30, 2012, and
133 June 30, 2013, the Commissioner of Social Services may provide fair rent
134 increases to any facility that has undergone a material change in
135 circumstances related to fair rent and has an approved certificate of need
136 pursuant to section 17b-352, 17b-353, 17b-354 or 17b-355. For the fiscal
137 years ending June 30, 2014, and June 30, 2015, for those facilities that
138 have a calculated rate greater than the rate in effect for the fiscal year
139 ending June 30, 2013, the commissioner may increase facility rates based
140 upon available appropriations up to a stop gain as determined by the
141 commissioner. No facility shall be issued a rate that is lower than the
142 rate in effect on June 30, 2013, except that any facility that would have
143 been issued a lower rate for the fiscal year ending June 30, 2014, or the
144 fiscal year ending June 30, 2015, due to interim rate status or agreement
145 with the commissioner, shall be issued such lower rate. For the fiscal
146 year ending June 30, 2014, and each fiscal year thereafter, a residential
147 care home shall receive a rate increase for any capital improvement
148 made during the fiscal year for the health and safety of residents and
149 approved by the Department of Social Services, provided such rate
150 increase is within available appropriations. For the fiscal year ending
151 June 30, 2015, and each succeeding fiscal year thereafter, costs of less
152 than ten thousand dollars that are incurred by a facility and are
153 associated with any land, building or nonmovable equipment repair or
154 improvement that are reported in the cost year used to establish the
155 facility's rate shall not be capitalized for a period of more than five years
156 for rate-setting purposes. For the fiscal year ending June 30, 2015, subject
157 to available appropriations, the commissioner may, at the
158 commissioner's discretion: Increase the inflation cost limitation under
159 subsection (c) of section 17-311-52 of the regulations of Connecticut state

160 agencies, provided such inflation allowance factor does not exceed a
161 maximum of five per cent; establish a minimum rate of return applied
162 to real property of five per cent inclusive of assets placed in service
163 during cost year 2013; waive the standard rate of return under
164 subsection (f) of section 17-311-52 of the regulations of Connecticut state
165 agencies for ownership changes or health and safety improvements that
166 exceed one hundred thousand dollars and that are required under a
167 consent order from the Department of Public Health; and waive the rate
168 of return adjustment under subsection (f) of section 17-311-52 of the
169 regulations of Connecticut state agencies to avoid financial hardship.
170 For the fiscal years ending June 30, 2016, and June 30, 2017, rates shall
171 not exceed those in effect for the period ending June 30, 2015, except the
172 commissioner may, in the commissioner's discretion and within
173 available appropriations, provide pro rata fair rent increases to facilities
174 which have documented fair rent additions placed in service in cost
175 report years ending September 30, 2014, and September 30, 2015, that
176 are not otherwise included in rates issued. For the fiscal years ending
177 June 30, 2016, and June 30, 2017, and each succeeding fiscal year, any
178 facility that would have been issued a lower rate, due to interim rate
179 status, a change in allowable fair rent or agreement with the department,
180 shall be issued such lower rate. For the fiscal year ending June 30, 2018,
181 rates shall not exceed those in effect for the period ending June 30, 2017,
182 except the commissioner may, in the commissioner's discretion and
183 within available appropriations, provide pro rata fair rent increases to
184 facilities which have documented fair rent additions placed in service in
185 the cost report year ending September 30, 2016, that are not otherwise
186 included in rates issued. For the fiscal year ending June 30, 2019, rates
187 shall not exceed those in effect for the period ending June 30, 2018,
188 except the commissioner may, in the commissioner's discretion and
189 within available appropriations, provide pro rata fair rent increases to
190 facilities which have documented fair rent additions placed in service in
191 the cost report year ending September 30, 2017, that are not otherwise
192 included in rates issued. For the fiscal year ending June 30, 2020, rates
193 shall not exceed those in effect for the fiscal year ending June 30, 2019,
194 except the commissioner may, in the commissioner's discretion and

195 within available appropriations, provide pro rata fair rent increases to
196 facilities which have documented fair rent additions placed in service in
197 the cost report year ending September 30, 2018, that are not otherwise
198 included in rates issued. For the fiscal year ending June 30, 2021, rates
199 shall not exceed those in effect for the fiscal year ending June 30, 2020,
200 except the commissioner may, in the commissioner's discretion and
201 within available appropriations, provide pro rata fair rent increases to
202 facilities which have documented fair rent additions placed in service in
203 the cost report year ending September 30, 2019, that are not otherwise
204 included in rates issued. For the fiscal year ending June 30, 2022, the
205 commissioner may, in the commissioner's discretion and within
206 available appropriations, provide pro rata fair rent increases to facilities
207 that have documented fair rent additions placed in service in the cost
208 report year ending September 30, 2020, that are not otherwise included
209 in rates issued. For the fiscal year ending June 30, 2023, the
210 commissioner may, in the commissioner's discretion and within
211 available appropriations, provide pro rata fair rent increases to facilities
212 which have documented fair rent additions placed in service in the cost
213 report year ending September 30, 2021, that are not otherwise included
214 in rates issued. For the fiscal years ending June 30, 2022, and June 30,
215 2023, a facility may receive a rate increase for a capital improvement
216 approved by the Department of Social Services, for the health or safety
217 of the residents during the fiscal year ending June 30, 2022, or June 30,
218 2023, only to the extent such rate increases are within available
219 appropriations. For the fiscal year ending June 30, 2022, and June 30,
220 2023, rates shall be based upon rates in effect for the fiscal year ending
221 June 30, 2021, inflated by the gross domestic product deflator applicable
222 to each rate year, except the commissioner may, in the commissioner's
223 discretion and within available appropriations, provide pro rata fair
224 rent increases to facilities which have documented fair rent additions
225 placed in service in the cost report years ending September 30, 2020, and
226 September 30, 2021, that are not otherwise included in rates issued. For
227 the fiscal years ending June 30, 2024, and June 30, 2025, a facility may
228 receive a rate increase for a capital improvement approved by the
229 Department of Social Services, for the health or safety of the residents

230 during the fiscal year ending June 30, 2024, or June 30, 2025, only to the
231 extent such rate increases are within available appropriations. For the
232 fiscal year ending June 30, 2024, the department shall determine facility
233 rates based upon 2022 cost report filings subject to the provisions of this
234 section, adjusted to reflect any rate increases provided after the cost
235 report year ending September 30, 2022. There shall be no increase to
236 rates based on any inflationary factor for the fiscal year ending June 30,
237 2024. For the fiscal years ending June 30, 2026, and June 30, 2027, a
238 facility may receive a rate increase for a capital improvement approved
239 by the Department of Social Services, for the health or safety of the
240 residents during the fiscal year ending June 30, 2025, June 30, 2026, or
241 June 30, 2027, only to the extent such rate increases are within available
242 appropriations. Notwithstanding any other provisions of this chapter,
243 [any subsequent increase to allowable operating costs, excluding fair
244 rent, shall be inflated by the gross domestic product deflator when
245 funding is specifically appropriated for such purposes in the enacted
246 budget. The rate of inflation shall be computed by comparing the most
247 recent rate year to the average of the gross domestic product deflator for
248 the previous four fiscal quarters ending March thirty-first] for the fiscal
249 year beginning July 1, 2026, and each fiscal year thereafter, the inflation
250 index shall be computed to reflect inflation between the midpoint of the
251 cost year through the midpoint of the rate year. Any rebasing of rates
252 shall include a stop loss so that no provider's rate is reduced as a result
253 of the rebasing. The commissioner shall determine whether and to what
254 extent a change in ownership of a facility shall occasion the rebasing of
255 the facility's costs. For the fiscal year ending June 30, 2027, an
256 inflationary adjustment of three per cent shall be added to the base rate
257 for all residential care homes. Any increase to rates based on inflation
258 shall be applied prior to the application of any other budget adjustment
259 factors that may impact such rates. [The commissioner shall determine
260 whether and to what extent a change in ownership of a facility shall
261 occasion the rebasing of the facility's costs. There shall be no inflation
262 adjustment during a year in which a facility's rates are rebased.] For the
263 fiscal year ending June 30, 2024, the commissioner may, in the
264 commissioner's discretion and within available appropriations, provide

265 pro rata fair rent increases to facilities that have documented fair rent
 266 additions placed in service in the cost report year ending September 30,
 267 2022, that are not otherwise included in rates issued. For the fiscal year
 268 ending June 30, 2025, the commissioner may, in the commissioner's
 269 discretion and within available appropriations, provide pro rata fair
 270 rent increases to facilities that have documented fair rent additions
 271 placed in service in the cost report year ending September 30, 2023, that
 272 are not otherwise included in rates issued. For the fiscal year ending
 273 June 30, 2026, the commissioner may, in the commissioner's discretion
 274 and within available appropriations, provide pro rata fair rent increases
 275 to facilities that have documented fair rent additions placed in service
 276 in the cost report year ending September 30, 2024, that are not otherwise
 277 included in rates issued. For the fiscal year ending June 30, 2027, [the
 278 commissioner may, in the commissioner's discretion and within
 279 available appropriations, provide pro rata fair rent increases to facilities
 280 that have documented fair rent additions placed in service in the cost
 281 report year ending September 30, 2025, that are not otherwise included
 282 in rates issued] a residential care home with allowable fair rent less than
 283 five dollars per day shall be reimbursed as having allowable fair rent
 284 equal to five dollars per day. Any new fair rent additions placed in
 285 service on or after October 1, 2023, shall be added to the rate currently
 286 in effect. For the fiscal year ending June 30, 2027, and each fiscal year
 287 thereafter, allowable fair rent shall be based on those documented fair
 288 rent additions placed in service and reported in the immediately
 289 preceding cost report year ending on September thirtieth.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2026	17b-340(i)

Statement of Legislative Commissioners:

The title was changed; and "Beginning on October 1, 2025," was changed to "Beginning with the cost report year commencing on October 1, 2025," for clarity.

HS *Joint Favorable Subst. -LCO*