



Senate

General Assembly

File No. 877

January Session, 2025

Substitute Senate Bill No. 1547

Senate, May 12, 2025

The Committee on Appropriations reported through SEN. OSTEN of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING FUNDING FOR NONPROFITS.

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

1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section, (1)
2 "nonprofit human services provider" means a nonprofit provider that
3 contracts with the state to provide human services that may include, but
4 need not be limited to: (A) Services for persons with a physical
5 disability, (B) services for persons with intellectual disability or
6 developmental disabilities, including, but not limited to, autism
7 spectrum disorder, and (C) behavioral health services; and (2) "state
8 agency" has the same meaning as provided in section 4-37e of the
9 general statutes.

10 (b) On July first annually, a state agency contracting with a nonprofit
11 human services provider shall increase salary or payment rates for the
12 employees of such providers for purposes of a recurring contract with
13 such nonprofit human services provider by the percentage increase, if
14 any, in the most recent calendar year average in the consumer price
15 index for urban wage earners and clerical workers for the previous

16 twelve-month period.

17 (c) On July first annually, the Commissioner of Social Services shall
 18 adjust Medicaid rates for nonprofit human services providers
 19 contracting with the Department of Social Services by the percentage
 20 rate increase, if any, for state agency contracts pursuant to subsection
 21 (b) of this section, unless such adjustment is not permissible under
 22 federal law governing the Medicaid program.

23 (d) Not later than January 1, 2026, and every two years thereafter, the
 24 Secretary of the Office of Policy and Management shall file a report, in
 25 accordance with the provisions of section 11-4a of the general statutes,
 26 with the joint standing committees of the General Assembly having
 27 cognizance of matters relating to appropriations and the budgets of state
 28 agencies, human services and public health on state agency contracts
 29 with nonprofit human services providers. The report shall include, but
 30 need not be limited to, an analysis of appropriations needed to ensure
 31 that rates for all such contracts in subsequent fiscal years include the
 32 increases described in subsection (b) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

Statement of Legislative Commissioners:

In Section 1(b), "purposes of" was inserted before "a recurring contract" for clarity.

APP *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Various	GF - Cost	\$60 million	at least \$60 million
Social Services, Dept.	GF - Cost	\$45 million	at least \$45 million
Resources of the General Fund	GF - Revenue Gain	\$17.2 million	at least \$17.2 million

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a significant cost to the state associated with requiring annual increases to non-profit human services provider contracts for salary or payment rates for the employees of such providers and Medicaid rates. The increase is based on any percentage increase in the consumer price index (CPI) for urban wage earners and clerical workers. Based on calendar year 2024, this results in a 2.9% increase in FY 26.

Based on historical increases for human services related providers, the bill is anticipated to result in additional state costs of approximately \$60 million in FY 26 and FY 27. This results in a related federal grants revenue increase of approximately \$17.2 million to reflect the federal share of Medicaid eligible expenditures that are gross funded outside of the Department of Social Services (DSS).

The bill also results in a state cost to DSS of approximately \$45 million in FY 26 and FY 27 based on Medicaid expenditures to non-profit providers.

If the applicable CPI increases similarly in FY 27, the state will incur additional costs of at least \$105 million with an additional corresponding federal grants revenue gain of at least \$17.2 million.

The Out Years

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

OFA Bill Analysis**SB 1547*****AN ACT CONCERNING FUNDING FOR NONPROFITS.*****SUMMARY:**

The bill establishes annual inflationary increases for rates paid to nonprofit human services providers that contract with the state. It also requires the Office of Policy and Management (OPM) to report every two years on appropriations needed to make these increases. Under the bill, a nonprofit human services provider includes nonprofit organizations that perform (1) services for people with physical, intellectual, or developmental disabilities (including autism spectrum disorder) or (2) behavioral health services.

Specifically, the bill requires any state agency contracting with a nonprofit human services provider to annually increase salary or payment rates for the employees of such providers by July 1 for recurring contracts by the percentage increase in the consumer price index (CPI) for urban wage earners and clerical workers in the previous calendar year (a measure of inflation).

The bill similarly requires the Department of Social Services (DSS) commissioner to adjust Medicaid rates annually on July 1 for nonprofit human services providers contracting with DSS. The increase is the same percentage increase, if any, for state agency contracts described above. DSS must make the adjustment unless federal Medicaid laws do not allow it.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Substitute

Yea 51 Nay 2 (04/24/2025)