

# OFFICE OF FISCAL ANALYSIS

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SB-805

AN ACT REQUIRING NURSING HOMES TO SPEND NOT LESS THAN EIGHTY PER CENT OF REVENUES ON DIRECT PATIENT CARE.

## ***OFA Fiscal Note***

### ***State Impact:***

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$	FY 28 \$
Social Services, Dept.	GF - Cost	at least \$90,300	at least \$90,300	at least \$90,300
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	36,800	36,800	36,800
Social Services, Dept.	GF - Potential Savings	None	None	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 requiring nursing homes to spend at least 80% of payment sources, including Medicaid and Medicare, on direct care. DSS will incur costs to reflect an additional associate accounts examiner (annual salary of \$90,300 with associated fringe of approximately \$36,800) to meet the requirements of the bill. To the extent DSS requires system modifications, the agency could experience additional costs.

Beginning in FY 28, DSS may incur savings related to lower Medicaid rates paid to any nursing homes not meeting the provisions of the bill.

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<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.71% of payroll in FY 26.

For context, the state share of Medicaid payments to nursing homes is approximately \$700 million annually.

***The Out Years***

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