

OFFICE OF FISCAL ANALYSIS

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sSB-1358

AN ACT CONCERNING EQUITABLE COMPENSATION FOR
STATE-CONTRACTED NONPROFIT HUMAN SERVICES
PROVIDERS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Social Services, Dept.	GF - Cost	\$55 million	at least \$55 million
Various	GF - Cost	at least \$72 million	at least \$72 million
Resources of the General Fund	GF - Revenue Gain	at least \$20 million	at least \$20 million

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a significant cost to the state associated with requiring annual increases in non-profit human services provider contracts and Medicaid rates. The increase is based on any percentage increase in the consumer price index (CPI) for urban consumers in the northeast region for the previous calendar year. This does not apply if the CPI decreases. Based on calendar year 2024, this results in a 3.5% increase in FY 26.

Based on historical increases for human services related providers, the bill is anticipated to result in additional state costs of at least \$72 million in FY 26 and FY 27. This results in a related federal grants revenue increase of approximately \$20 million to reflect the federal share of Medicaid eligible expenditures that are gross funded outside of

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the Department of Social Services (DSS).

The bill also results in a state cost to DSS of approximately \$55 million in FY 26 and at least \$55 million in 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 \$127 million with a corresponding federal grants revenue gain of at least \$20 million.

The Out Years

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