
OLR Bill Analysis

sSB 1358 (File 134, as amended by Senate "A")*

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

SUMMARY

This bill establishes annual inflationary increases for rates paid to nonprofit human services providers that contract with the state and requires the Office of Policy and Management (OPM) to report every three 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 rates beginning July 1, 2027, for recurring contracts by the percentage increase in the consumer price index (CPI) for all urban consumers in the northeast region in the previous calendar year (a measure of inflation). The requirement applies to contracts with any state board, authority, commission, department, office, institution, council, or other agency of the state, including higher education institutions. The bill prohibits the agencies from decreasing rates if the CPI decreases.

The bill similarly requires the Department of Social Services (DSS) commissioner to adjust Medicaid rates annually beginning July 1, 2027, 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.

*Senate Amendment "A" delays the rate increases until July 1, 2027.

EFFECTIVE DATE: Upon passage

OPM REPORT

The bill requires OPM to report every three years, starting by January 1, 2026, to the Appropriations, Human Services, and Public Health committees on state agency contracts with nonprofit human services providers. It requires the report to include any appropriations needed to ensure that rates for the contracts in future fiscal years include any increase in the CPI for all urban consumers in the northeast region in the previous calendar year.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Substitute

Yea 16 Nay 6 (03/04/2025)

Appropriations Committee

Joint Favorable

Yea 42 Nay 8 (05/05/2025)