

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 25-151—sSB 1358

Human Services Committee

Appropriations Committee

**AN ACT CONCERNING INFLATIONARY RATE INCREASES FOR
STATE-CONTRACTED NONPROFIT HUMAN SERVICES PROVIDERS**

SUMMARY: This act 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 act, a nonprofit human services provider includes organizations that perform (1) services for people with physical, intellectual, or developmental disabilities (including autism spectrum disorder) or (2) behavioral health services.

Specifically, beginning July 1, 2027, the act requires any state agency contracting with a nonprofit human services provider to annually increase rates 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 act prohibits the agencies from decreasing rates if the CPI decreases.

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

Lastly, the act requires OPM to submit a 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. The report must include any appropriations needed to ensure that rates for the contracts in future fiscal years include any increase in the CPI inflation measure described above.

EFFECTIVE DATE: Upon passage