
OLR Bill Analysis

sSB 289

AN ACT CONCERNING FUNDING OF THE QUALITY METRICS PROGRAM FOR NURSING HOMES.

SUMMARY

This bill makes several changes in laws on Medicaid reimbursement for nursing homes. Primarily, it:

1. establishes an enhanced Medicaid performance payment for nursing homes that improve their quality-based metrics and requires the Department of Social Services (DSS), beginning in FY 29, to pay it from an annual pool of \$10 million;
2. beginning July 1, 2026, requires DSS to phase in the federal Patient Driven Payment Model (PDPM) for nursing home resident assessments; and
3. establishes an enhanced payment for nursing homes whose payor mix is more than 75% Medicaid residents and, beginning in FY 27, requires DSS to pay it from a pool of \$2.5 million for the first year and \$5 million for each of the following years.

EFFECTIVE DATE: Upon passage

ACUITY-BASED ENHANCED QUALITY PERFORMANCE PAYMENTS

Existing law requires DSS to implement an acuity-based Medicaid reimbursement rate for nursing homes. (Acuity-based rates generally reimburse nursing homes based on the level of care residents need.)

As part of this transition, existing law authorizes DSS, beginning October 1, 2026, to establish a quality metrics program to pay nursing homes (1) for achieving high-quality outcomes based on the program's quality metrics and (2) to incentivize high-quality services to Medicaid

residents based on individualized reports DSS gives the nursing homes.

The bill establishes enhanced Medicaid quality performance payments for eligible nursing homes based on their performance in the quality metrics program. Beginning with FY 29, it requires DSS to make these enhanced payments from an annual pool of \$10 million and allows DSS to prorate payments to stay within available funding.

Under the bill, a facility's maximum quality score points determine its payment. Maximum quality score points may be awarded for a facility's improvements in its quality metrics and DSS may use the following to determine a facility's points:

1. the Center for Medicare and Medicaid Services (CMS) nursing home quarterly metrics for patient stays of 101 days or longer,
2. a consumer satisfaction survey, or
3. Department of Public Health data.

A nursing home is ineligible for these enhanced payments under the bill if CMS has (1) identified the home as a special focus facility, due to serious quality of care issues, or special focus facility candidate or (2) given it an abuse icon on CMS' Nursing Home Compare website. The bill also prohibits these homes from participating in the quality metrics program.

REBASING RATES USING THE PATIENT DRIVEN PAYMENT MODEL

Beginning July 1, 2026, the bill requires DSS to calculate quarterly adjustments to the Medicaid nursing home facility reimbursement case-mix index scores using the nursing component of the PDPM (see BACKGROUND) resident assessment. In order to align Medicaid cost data with the PDPM's resident assessment data, it requires DSS to rebase nursing homes' per diem rates using the cost year ending September 30, 2024, for rates that go into effect July 1, 2026.

Additionally, the bill requires DSS to phase in Medicaid rate adjustments over a three-year period. It must use phase-in parameters

as needed to stay within available appropriations. These parameters may include, among others, budget adjustment factors, case-mix neutrality factors, and stop loss and stop gain corridors.

MEDICAID UTILIZATION POOL

The bill requires DSS to give an enhanced Medicaid payment to each nursing home where the resident payor mix is more than 75% Medicaid. To identify eligible nursing homes, the bill requires DSS to annually determine each nursing home's payor mix using annual Medicaid cost reports. Nursing homes that receive an enhanced Medicaid payment under the bill must use it to support increased Medicaid utilization and enhance access and services for Medicaid residents.

Under the bill, these enhanced payments must be made from a pool of up to \$2.5 million for FY 27 and \$5 million for the following fiscal years, and DSS may prorate payments to stay within available funding.

BACKGROUND

PDPM

PDPM is a case-mix classification model developed by CMS to determine payments for patients based on their characteristics and services received. States using a previous model, no longer accepted by CMS, for acuity-based nursing home Medicaid payments may transition to this model.

COMMITTEE ACTION

Aging Committee

Joint Favorable Substitute

Yea 14 Nay 0 (03/05/2026)