

## **Implementation of Rate Increases Pursuant to PA 25-168**

### **Frequently Asked Questions (FAQ) Round 2**

**Issued October 2025**

*Sec. 332. (Effective July 1, 2025) Notwithstanding the provisions of section 17b-340d of the general statutes, the Commissioner of Social Services shall, within available appropriations, increase nursing home facility rates to support wage increases for nursing, nurse's aide, dietary, housekeeping, laundry and maintenance and plant operation personnel of three per cent effective July 1, 2025, three per cent effective July 1, 2026, and four per cent effective January 1, 2027. Facilities that receive a rate adjustment for wage enhancements for employees but do not provide such enhancements may be subject to a rate decrease in the same amount as the adjustment.*

#### **Follow-up on FAQ Round 1 Questions**

**Q1: The response to Question 17 from FAQ Round 1 says 401(k) plans are not included yet the response to Question 2 says employee pensions are. The amount of the employer contribution to a 401(k) pension would increase with a wage increase – similar to a defined pension. We were told that 401(k) plans would be included in the definition of pension plans. Does it need to be narrowed down to specify the increase in the amount calculated through the established employer contribution to a 401(k)?**

**A:** Existing *wage-driven* 401(k) plans *are* included. For example, if a provider contributes 3% of employee salaries to their 401(k) and this expense is increased due to an increase in salaries, the increase will be included. To clarify the response from the first round of FAQs, newly created 401(k) plans or non-wage-driven 401(k) expenses will be excluded.

**Q2: FAQ Round 1 speaks to health insurance as an associated benefit. Can more specifics be provided regarding what type of increased health insurance costs would qualify?**

**A:** Health insurance is a wage-driven expense for some providers. The increase in health insurance expenses that are based on an increase in salaries will be included. For providers that do not have wage-driven health insurance, providers must ensure funding is used for wage enhancements for previously identified positions and associated benefits.

**Q3: FAQ Round 1 states that the wage increases are to be implemented effective July 1 with a retroactive adjustment if needed. Can a provider implement the wage increases at a later date in this fiscal year if they appropriately spend all of the additional funding within the year?**

**A:** As stated in FAQ Round 1, employee wage increases are to be implemented effective July 1, 2025, with a retroactive adjustment as needed. For example, based on the timing of a union contract, the provider may provide a retroactive increase to July 1 once the contract is settled. Any nursing home not implementing a wage increase on July 1 will need to retroactively increase wages back to July 1 as soon as possible.

**Q4: Can someone give a raise on July 1 – and then phase in additional increases later in the year? As long as they spend it all?**

**A:** For this biennium, nursing homes will receive a Medicaid rate add-on of 3% effective July 1, 2025, 3% effective July 1, 2026, and 4% effective January 1, 2027. Nursing homes may distribute the Medicaid increases as they deem appropriate and may provide wage increases at varying percentages to different staffing categories as long as the increases are for wage enhancements and associated benefits for the staffing categories previously identified and are in alignment with these effective dates.

**Q5: PA 25-168 includes, within available appropriations, nursing home facility rate increases to support wage increases for nursing, nurse's aide, dietary, housekeeping, laundry and maintenance and plant operation personnel. Certain positions were not included in the rate increase calculation such as Director of Nursing, Assistant Director of Nursing, RN administration, recreation, and social worker. Please explain the basis for excluding these categories.**

**A:** The wage enhancement program focuses on staff providing direct care services and support in the staffing categories of registered nurse, licensed practical nurse, nurse's aide, dietary, housekeeping, laundry, and maintenance and plant operation personnel. As with past programs, as defined under C.G.S. Section 17b-340(f)(4), "employee" shall not include a person employed as a facility's manager, chief administrator, a person required to be licensed as a nursing home administrator or any individual who receives compensation for services pursuant to a contractual arrangement and who is not directly employed by the facility.

Previous programs funded social worker staffing costs. For example, PA 21-2, June Special Session, allocated \$2.5 million in state funding for each of the fiscal years ending June 30, 2022, and June 30, 2023, to support social worker staffing costs.

**Q6: PA 25-168 allows for rate increases of 3% effective July 1, 2025, 3% effective July 1, 2026, and 4% effective January 1, 2027. PA 25-168 also provides for a \$10 million (gross) pool in FY 27 for additional rate enhancements to worker wages and associated benefits and a \$55 million (gross) pool in FY 28 to support 2.5% rate add-on and other increases if funds allow. Are these rate add-ons permanent?**

**A:** Increases will remain in place until costs are captured during a future Medicaid rate rebasing. Rebasing takes place in accordance with statute every two to four years to capture more current costs of nursing home operations such as wages and operating expenses. Nursing homes that pay higher wages will be able to report these costs on the cost report for inclusion in the next Medicaid rate rebasing. Should a nursing home fail to maintain the higher wage level, costs would not be reflected in the nursing home's cost report and thus would not be captured during a rebase and included in their Medicaid rate.

#### **Audit Test**

**Q7: Will the Department be looking at expenditures for QE 9/30 to determine if the increases were implemented appropriately or is there some other time period that will be reviewed?**

**A:** While a home may implement wage increases at any time or for any period, for purposes of this wage enhancement program, to ensure funds are used to enhance employee wages and associated benefits as outlined in the language, reviews of wages for the period that aligns with the period defined in the legislative language will be reviewed. Funds will be recouped from any home that is found not to have distributed funding provided for employee wages and associated benefits as specified in the legislation for that period.

**Q8: Previous audits of wage add-on programs compared the Medicaid funding provided to increased expenditures by multiplying the wage add-on by the number of Medicaid days to calculate the required spending. Will the Department utilize the same process for this round of add-ons?**

**A:** As with recent wage programs, audit procedures will be used to verify that providers have not only spent the additional Medicaid funding but have done so appropriately. The Department will recoup from nursing homes that fail to spend the funding on employee wages and associated benefits in the staffing categories identified in statute.

**Q9: PA 25-168 does not direct the Department to waive or supersede standard rate setting regulations/methodology (e.g. requirement on minimum occupancy (imputed days)), how will the Department implement and is that consistent with past practice?**

**A:** As stated in the response to Question 9 in FAQ Round 1, imputation and actual days were used in the rate calculation. Because PA 25-168 does not state a methodology for the wage enhancement calculation, for consistency, the Department followed the rate setting methodology outlined in regulation and used in past programs. Because the expenses used to calculate the wage enhancement add-on are separate and additional costs are not included in the rate, this is not a duplication of the application of minimum occupancy but rather the application of minimum occupancy being applied to all costs provided for cost reimbursement. As a reminder, employee wages are the responsibility of the employer.

### **Fiscal Year 2028 Increase**

**Q10: How will the \$55 million pool be distributed? Are rate add-ons permanent?**

In FY 2028, a \$55 million (gross) pool will be available for all nursing home providers to support:

- A 2.5% rate add-on to support worker wages and associated benefits for staff providing direct care services and support in the staffing categories of registered nurse, licensed practical nurse, nurse's aides, dietary, housekeeping, laundry, and maintenance and plant operation personnel effective July 1, 2027.
- Remaining balance will be used to first increase CNA minimum wage to \$26/hour to the extent funds are available (effective January 1, 2028).
  - Remaining funds, if any, will be used to support other wage increases and other goal minimums for workers providing direct services and hourly support staff (effective January 1, 2028).

DSS will conduct a nursing home wage survey and use that information to inform distribution of the pool to support increasing wages to achieve goal minimums.

As stated above in Q6, increases will remain in place until costs are captured during a future Medicaid rate rebasing. Rebasing takes place in accordance with statute every two to four years to capture more current costs of nursing home operations such as wages, and operating expenses. Nursing homes that pay \$26/hour wage will be able to report these costs on the cost report for inclusion in the next Medicaid rate rebasing. Should a nursing home fail to maintain the higher wage level, costs would not be reflected in the nursing home's cost report and thus would not be captured during a rebase and included in their Medicaid rate.