

DEPARTMENT OF SOCIAL SERVICES

Notice of Proposed Medicaid State Plan Amendment (SPA)

SPA 25-AJ: Nursing Facility Reimbursement – Extension of Case-Mix Neutrality Factor, Wage Enhancement Increases, and Supplemental Funding Pools

The State of Connecticut Department of Social Services (DSS) proposes to submit the following Medicaid State Plan Amendment (SPA) to the Centers for Medicare & Medicaid Services (CMS) within the U.S. Department of Health and Human Services (HHS).

Changes to Medicaid State Plan

Effective on or after July 1, 2025, SPA 25-AJ will amend Attachment 4.19-D of the Medicaid State Plan to make the following proposed changes to the reimbursement for nursing facilities.

First, the case mix neutrality limit shall be extended to remain within available appropriations. The neutrality limit shall not decrease below the limit in effect for the fiscal year ending June 30, 2025, to remain within available appropriations. The limit in effect as of June 30, 2025, is 2.27%.

Second, this SPA implements a rate add-on which will be used to support staff wage increases for nursing, nurse's aide, dietary, housekeeping, laundry and maintenance and plant operation personnel of three percent (3.0%) effective July 1, 2025, three percent (3.0%) effective July 1, 2026, and four percent (4.0%) effective January 1, 2027.

Third, for the fiscal year ending June 30, 2027, within a total pool of no more than \$10 million, nursing facilities may receive a one-time supplemental payment to promote workforce retention for nursing facilities that offer high standards of employee health and retirement benefits.

Fourth, for the fiscal year ending June 30, 2028, within a total pool of no more than \$55 million, nursing facilities will receive a rate add-on to support worker wage increases of two and half percent (2.5%) effective July 1, 2027. Such wage increases will be for staff within the following job classifications: nursing, nurse's aides, dietary, housekeeping, laundry and maintenance and plant operation personnel. By January 1, 2028, remaining funding will be used to support an hourly wage increase for nurse's aides making less than twenty-six dollars an hour to increase wages to such hourly wage. The Department of Social Services may adjust the distribution of such funds proportionately if necessary to stay within available appropriations.

Fiscal Impact

There is no fiscal impact from the continuation of the case mix neutrality factor as it maintains current funding levels.

DSS estimates the wage enhancement and funding pools will increase annual aggregate expenditures by approximately \$27.7 million in SFY 2026 and \$86.5 million in SFY 2027.

Obtaining SPA Language and Submitting Comments

The proposed SPA is posted on the DSS website at this link: <https://portal.ct.gov/DSS/Health-And-Home-Care/Medicaid-State-Plan-Amendments>. The proposed SPA may also be obtained at any DSS field office, at the Town of Vernon Social Services Department, or upon request from DSS (see below).

To request a copy of the SPA from DSS or to send comments about the SPA, please email: Public.Comment.DSS@ct.gov or write to: Department of Social Services, Medical Policy Unit, 55 Farmington Avenue, 9th Floor, Hartford, CT 06105. Please reference “SPA 25-AJ: Nursing Facility Reimbursement – Extension of Case-Mix Neutrality Factor, Wage Enhancement Increases, and Supplemental Funding Pools”.

Anyone may send DSS written comments about this SPA. Written comments must be received by DSS at the above contact information no later than July 18, 2025.

State: **Connecticut**

Methods and Standards for Establishing Payment Rates for Nursing Facilities

Effective July 1, 2025, the case mix neutrality limit shall continue and shall not decrease below the limit in effect for the fiscal year ending June 30, 2025, but may be otherwise be adjusted as the commissioner deems necessary to remain within available appropriations.

TN # 25-AJ

Supersedes

TN # NEW

Approval Date _____

Effective Date 07/01/2025

State: ConnecticutMethods and Standards for Establishing Payment Rates for Nursing Facilities

1. Effective July 1, 2025, a nursing facility rate add-on of three percent (3.0%) will be issued to nursing facilities participating in the Medicaid program. Such rate add-on will be used for staff wage increases for staff in the following job classifications: nursing, nurse's aide, dietary, housekeeping, laundry and maintenance and plant operation personnel. The rate add-on of three percent (3.0%) will continue effective July 1, 2026, and will increase to four percent (4.0%) effective January 1, 2027. If a facility receives a rate increase but does not enhance employee wages, the rate will decrease by the same amount as the rate increase retroactive to the date of that rate increase.
2. For the fiscal year ending June 30, 2027, within a total pool of no more than \$10 million, nursing facilities may receive a one-time supplemental payment to promote workforce retention for nursing facilities that offer high standards of employee health and retirement benefits. The Department of Social Services may adjust the distribution of such funds proportionately if necessary to stay within available appropriations.
3. For the fiscal year ending June 30, 2028, within a total pool of no more than \$55 million, nursing facilities will receive a rate add-on to support worker wage increases of two and half percent (2.5%) effective July 1, 2027. Such wage increases will be for staff within the following job classifications: nursing, nurse's aides, dietary, housekeeping, laundry and maintenance and plant operation personnel. By January 1, 2028, remaining funding will be used to support an hourly wage increase for nurse's aides making less than twenty-six dollars an hour to increase wages to such hourly wage. If a facility receives a rate increase but does not enhance employee wages, the rate will decrease by the same amount as the rate increase retroactive to the date of that rate increase. The Department of Social Services may adjust the distribution of such funds proportionately if necessary to stay within available appropriations.

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