



CONNECTICUT ASSOCIATION OF HEALTHCARE FACILITIES 2025 LEGISLATIVE SESSION SUMMARY

Overview

The 2025 regular legislative session concluded with the passage of the \$55.8 billion biennium budget for Fiscal Years 2026 (27.2 billion), which begins July 1, 2025, and Fiscal Year 2027 (28.6 billion). The path to the budget was no easy feat as the large Democratic majorities clashed with the Governor who looked to adhere to the fiscal guardrails or at least only bend them modestly. The loss of federal funding from the COVID-era also complicated the picture. The session concluded with an understanding that there was unfinished business.

The session was defined in many ways by these two new realities: (1) the state and how it has and will continue to respond to the federal administration and (2) the debate around the fiscal guardrails and amount of savings the state should be making-- particularly at a time of billion-dollar surpluses.

The conundrum with the guardrails was summed up by the need for the Governor to sign a declaration claiming extraordinary circumstances for the current fiscal year, at the same time the state had an over \$2 billion projected surplus. A three-fifths majority of the legislature then approved such spending beyond the spending cap. This was also necessary after deciding not to pass an updated budget during the 2024 session.

The FY26-27 biennium budget that passed includes several mechanisms to bend the fiscal guardrails. This includes funding pensions early with surplus funds, moving some funds off-budget for specific purposes (such as universal childcare), and a recalibration of the volatility cap. This is important to know as these billion-dollar surpluses continue to limit spending in other areas- Medicaid and nonprofits being two of the largest.

In January, legislative leaders in the House and Senate came together to announce plans for a huge and perhaps historic investment in Medicaid. By June, they had a package that only provided funds of \$15 million in Fiscal Year 2026 and \$45 million in FY27 and that funding will likely be targeted to primary care and behavioral health. The fight for provider rate increases will continue into future legislative sessions especially in light of potential federal cuts.

Besides the budget, other major issues that were dealt with this session include early childhood care, special education, major housing reforms, and an energy savings package. Other contentious issues including unemployment funds for striking workers, cooperation with federal immigration officials, firearms laws, and reproductive rights also passed.

The Governor recently vetoed two major pieces of legislation backed by most legislative Democrats. This included vetoing the striking workers bill, which the Governor had long opposed, and a major housing reform bill (HB5002) which was heavily lobbied against and is now an issue that may be addressed in special session.

Ultimately, with the current reconciliation package in Washington, there is a strong likelihood the legislature will come back into special session in the Fall to address issues that come up. Medicaid will be a hot topic as federal funds will be at risk. There are any number of other issues that may also need to be addressed at that time including the hospital provider tax and new housing legislation after the veto.

Key Session Highlights

- Two-year biennium budget passed and included a wage package for nursing home workers, a provider tax increase and other nursing home measures outlined below.
- There were a significant number of bills defeated or not acted on including: permitting DSS forensic audits, banning the use of any private equity funds, increased staffing ratios, workforce standard boards, resident personal property insurance, and direct care funding requirements.

Budget

P.A. 25-168 (HB7287)- AAC the State Budget for the Biennium Ending June 30, 2027, and Making Appropriations Therefor, and Provisions Related to Revenue and Other Items Implementing the State Budget, puts into place the two-year biennium budget from July 1, 2025 through June 30, 2027 while implementing the budget and associated revenues. Included in the budget are a number of provisions, including:

- **Nursing Home Funding-**
 - **Wage Increases.** Bill requires the DSS commissioner, within available appropriations, to increase nursing home reimbursement rates to support wage increases for employees: 3% effective July 1, 2025; 3% effective July 1, 2026; and 4% effective January 1, 2027.
 - **Rate Language.** Prohibits DSS from rebasing nursing home costs in FY 26; eliminates inflation adjustments for nursing homes in FYs 26 and 27; requires DSS to (1) amend the Medicaid state plan to extend the case mix neutrality limit as needed to remain within available appropriations; (2) increase nursing home reimbursement rates to support wage increases for employees, within available appropriations, in FYs 25-27; and (3) distribute supplemental funding in FYs 27 and 28 appropriated to promote workforce retention and high employee health and retirement security standards in long-term care facilities

- **Quality Metrics Program.** Allows DSS to establish a quality metrics program to provide payments to nursing homes on or after 10/1/26.
- **Provider Tax.** Nursing home provider tax is increased effective July 1, 2026, by imposing a quarterly 6% tax on their revenue.
- **Residential Care Home Funding-** Provided, along with rated housing facilities, \$1,711,500 in FY 26 (starts July 1) and \$4,820,500 in FY 27 for an inflationary increase.
- **Nonprofit Funding-** Annualizes FY25 (current) COLA for FY26 (\$50 million), which had been funded via the COVID-era ARPA funds and provides new funding of \$76 million in FY27. Additional dollars are allocated for DDS providers.
 - FY27- \$76 million - COLA to all private providers (plus the \$50 million from FY26)
 - Additional \$30 million – for non-DDS providers
 - **DDS Providers:** For FY26, based on union settlement – community residential services, \$34 million in new funding and in FY27- \$66 million in funds (\$34 million from FY26 included)
- **Medicaid Funding-** \$15 million in FY26, \$45 million in FY27. Focused on primary care and behavioral health.
- **Hospital Provider Tax-** increases the hospital provider tax to the maximum extent allowed currently under federal law, effective July 1, 2026.
- **Medicaid Rate Reviews-** DSS must develop a process for the regular and predictable review of Medicaid rates of reimbursement. Not later than January 1, 2026, the commissioner shall begin the review of Medicaid rates of reimbursement in accordance with such process, which shall examine the levels of reimbursement paid to Medicaid providers, benchmarking to rates paid by Medicare when possible. This must be completed by Jan. 1, 2031.
- **Opioid Settlement Funds-** Funds were used in FY26 in the budget to fund some programs such as 24-7 mobile crisis (awaiting further details).
- **Revenue Items-**
 - **Initial Licensure Fees Waived-** Initial DPH licensure fees are waived for certain healthcare professionals including nurses, physician assistants, paramedics, dental hygienists, licensed professional counselors, social workers, marital and family therapists, psychologists, physical therapists, and occupational therapists.
- **Volatility Cap Threshold.** Sets the volatility cap threshold at \$4,079.3 million for FY 25 and \$4,728.6 million for FY 26; requires the cap to be adjusted for inflation for FY 27 and after allowing for more spending of such revenues.
- **Other Issues of Note- *additional unrelated budget provisions are summarized below.***
- **Nonprofit Inflationary Increases.** *P.A. 25-151 (SB1358) AAC Inflationary Rate Increases for State-Contracted Nonprofit Human Services Providers*, establishes annual inflationary increases for rates paid to nonprofit human services providers that contract with the state, including for Medicaid services, and requires OPM to report every three years on appropriations needed to make these increases.

- 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.
- The bill similarly requires DSS 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.

Long-Term Care Legislation

- **Aging Omnibus.** *P.A. 25-16 (HB6771) AA Establishing an Alzheimer’s Disease and Dementia Task Force, Requiring Health Insurance Coverage for Biomarker Testing and Concerning Transfers and Discharges in Residential Care Homes-* A major aging omnibus bill makes changes related to the regulation and oversight of long-term care and similar licensed facilities, establishes an aging related task force and working group, requires certain health care insurers to cover biomarker testing, and allows certain nursing home residents to take courses at the regional community-technical colleges tuition free
 - Specific changes include (1) a requirement for background checks for all employees of long-term care facilities, (2) an Alzheimer’s and dementia task force, (3) transfers and discharges from residential care homes and requirements to notify the Ombudsman, (4) tuition waivers for nursing home residents, (5) a working group on residential care homes, and (6) nursing home waiting lists.
 - The residential care home working group requires the state ombudsman, DSS and DPH, to convene a working group to examine (1) residential care home evacuation procedures and (2) if residential care homes should be required to use a mutual aid digital platform that supports the risk management needs of health care organizations.
- **LTC Discrimination.** *P.A. 25-17 (HB6913)- AA Prohibiting Long Term Care Facilities From Discriminating Against Long-Term Care Facility Residents* requires long-term care facilities to (1) post a printed nondiscrimination notice meeting certain specifications; (2) ensure their staff members who work directly with residents receive cultural competency training via DPH and (3) respect residents’ physical privacy in the context of certain care, examinations, treatments. The bill also requires the longterm care ombudsman to establish policies and procedures for recording related complaints.

Healthcare Legislation

- *P.A. 25-168 (HB7287)- AAC the State Budget for the Biennium Ending June 30, 2027, and Making Appropriations Therefor, and Provisions Related to Revenue and Other Items*

Implementing the State Budget, puts into place the two-year biennium budget from July 1, 2025 through June 30, 2027 while implementing the budget and associated revenues.

Included in the budget are a number of provisions taken from other legislation, including:

- **Community Ombudsman for Home Services.** Expands the scope of the Community Ombudsman program by extending the ombudsman’s authority to apply to “home and community-based long-term services and supports.”
- **DSS Nursing Home Quality Reimbursement.** Allows DSS, starting October 1, 2026, and within available appropriations, to establish a quality metrics program to incentivize nursing homes to provide higher-quality care to Medicaid residents.
 - The bill effectuates this transition by authorizing DSS, starting October 1, 2026 to establish a quality metrics program to pay nursing homes for achieving high quality outcomes based on their performance on the program’s quality metrics and to incentivize providing high-quality services to Medicaid residents, based on individualized reports existing law requires DSS to give them.
- **Federal Advisory Committee.** Allows DPH to create an advisory committee on matters related to CDC and FDA recommendations
- **Opioid Use Disorder.** Declares opioid use disorder to be a public health crisis in the state and requires the Alcohol and Drug Policy Council to convene a working group to set goals to combat this disorder’s prevalence The bill requires the state’s Alcohol and Drug Policy Council to convene a working group to set one or more goals for the state in its efforts to combat the prevalence of opioid use disorder. The council must report back to Public Health by July 1, 2026.
- **Public Health Urgent Communications.** Creates an account to fund DPH communications during public health emergencies
- **Emergency Pub Health Financial Safeguard Account.** The bill creates the emergency public health financial safeguard account as a separate, nonlapsing account that must be used to address unexpected shortfalls in public health funding and ensure the department’s ability to respond to the state’s health care needs and provide essential public health services.
- **AEDS at Long-Term Care Facilities.** Requires administrators of nursing homes and managed residential communities (MRCs), by January 1, 2026, to have and maintain an automated external defibrillator (AED) in a central location at the home or MRC.
- **Home Health and Hospice.** Makes various changes to laws on home health and hospice agency staff safety, such as (1) requiring health care providers to give these agencies certain information when referring or transferring a patient to them, (2) extending to hospice agencies certain requirements that already apply to home health agencies, and (3) requiring these agencies to create a system for staff to report violent incidents or threats
- **Conservator Appointment Expedited.** Requires the probate court administrator and DSS commissioner to evaluate the feasibility of establishing an expedited

process to appoint a conservator for hospital emergency department patients who lack the capacity to consent to services

- **Hospital Discharge Workgroup.** Creates a 22-member working group to evaluate hospital discharge challenges, including discharge practices, and propose strategies to reduce discharge delays, improve care transitions, and alleviate emergency department boarding. By January 15, 2026, the group must report its findings
 - **State Supplement Program.** Freezes SSP payment standards for FYs 26 and 27
 - **ICF-IDS Rates.** Requires DSS to increase reimbursement rates for ICF-IDs for FYs 26-28; allows certain facilities to receive fair rent increases and rate increases for specified capital improvements in FYs 26 and 27; requires DSS to amend its regulations to remove current inflation cost limits on facility rates starting July 1, 2027
 - **Physician Assistant Licensure Compact.** Enters Connecticut into the Physician Assistant Licensure Compact, which creates a process authorizing PAs who are licensed in one participating state to practice across state boundaries without requiring licensure in each state; correspondingly requires all PA licensure applicants to get a fingerprint-based background check
 - **MAPOC Chairs.** Appoints the Human Services and Public Health committees' chairs as MAPOC's chairs
- **Healthcare Workforce.** *P.A. 25-162 (SB1450) AAC Recruitment and Retention of the Health Care Workforce*, requires DPH to create, within available appropriations, a loan reimbursement program for health care providers, with some of the awards targeted to primary care providers and those employed in needy communities or at federally qualified health centers.
 - **Revisions to DPH Statutes.** *P.A. 25-96 (HB6978) AAC the Department of Public Health's Recommendations Regarding Various Revisions to the Public Health Statutes*, makes a number of unrelated changes to the public health statutes that DPH has sought, including:
 - **License Renewal.** Allows DPH to renew licenses for additional types of facilities without performing an inspection if the facility is federally certified under Medicare or Medicaid (which requires its own inspection)
 - **Disciplinary Action.** Expands the grounds upon which DPH may take disciplinary action against health care institutions to include substantial failure to comply with the public health statutes generally;
 - **Retired Physicians.** Allows retired physicians to renew or reinstate their licenses, for a reduced fee and requires DPH to adopt regulations on any restrictions;
 - *P.A. 25-97 (HB7157) AAC Various Revisions to the Public Health Statutes*, also makes a number of unrelated changes to the public health statutes, including:

- **Electronic Payment On File.** Prohibits health systems and health care providers from requiring patients to provide electronic payment methods on file as a prerequisite to providing them services and makes a violation of this prohibition an unfair trade practice;
- **Provider Penalties.** Increases the maximum civil penalty that DPH may impose against individual health care providers from \$10,000 to \$25,000;
- **CONNIE/Health Information.** Requires OHS to study the exclusion of certain patient health information from the exchange; exempts certain providers from having to connect with the exchange; sets patient notification requirements in the case of a data breach, ransomware, or hacking; and prohibits disclosure of protected health information in response to a subpoena, with limited exceptions.
 - Pursuant to the bill the study must examine current procedures allowing patients to opt out of the exchange and determine whether to enhance or improve these procedures by enhancing their transparency and simplifying them and summarize, using publicly available resources, the state’s health data sharing landscape and related protections as well as the benefits of provider access to patient health information.
 - The bill requires the commissioner to report the study results by September 30, 2026.
- **Anti-Discrimination.** *P.A. 25-154 (SB1380) AA Prohibiting Discrimination by Health Care Providers in the Provision of Health Care Services in the State*, specifically prohibits health care providers from knowingly discriminating in providing health care services due to someone’s race, color, religion, sex, gender identity or expression, sexual orientation, marital status, age, national origin, ancestry, intellectual disability, mental disability, learning disability, physical disability (including blindness), veteran status, or status as a domestic violence victim.

Other Notable Legislation

- **Striking Workers** *P.A. 25-64 (SB8) AAC Protections for Workers and Enhancements to Workers’ Rights* has been **vetoed** by Governor Lamont. The bill would have generally made striking workers eligible for unemployment benefits after they had been on strike for 14 consecutive days. This would have applied for labor disputes that start on or after December 14, 2026.
- **Bond Bill.** *P.A. 25-174 (HB7288) AA Authorizing and Adjusting Bonds of the State and Concerning Grant Programs...and Implementing the Budget for the Biennium Ending June 30, 2027*, authorizes new state general obligation (GO) and special tax obligation (STO)

bonds and adjusts several current bonds and bond programs. It also creates new bond programs and reporting requirements.

- Bonding Provisions Include:
 - **Grants to aid for aging in place** (ADS)- \$5 million in FY26
 - **Information technology capital investment program**(OPM)- \$75 million in both FY26 and FY27;
 - **Housing-** Housing development and rehabilitation, including improvements to certain kinds of state-assisted affordable housing and housing-related financial assistance programs, including administrative expenses- \$200 million in both FY26/FY27; Time to Own Program (Housing)- \$60 million in both FY26/FY27; Middle housing (small communities)- \$50 million in both FY26/FY27.
 - **Grants to municipalities** (OPM)- \$150 million in both FY26 and FY27.
- **Probate Court.** *P.A. 25-48 (SB1501) AAC Probate Court Operations*, makes various changes to probate court-related statutes this includes changing to involuntary conservatorship notices and a conservator work group which must include long term care representation.
- **Prescription Drugs.** *P.A. 25-167 (HB7192) AA Implementing Recommendations of the Bipartisan Drug Task Force*, makes various changes related to prescription drugs, pharmacy benefits managers (PBMs), health carriers, and other related matters. Among other changes, the legislation:
 - Requires the insurance commissioner to require carriers to annually report on pricing offered to, and profit generated between, the carrier and any PBM or mail-order pharmacy;
 - Creates a 15-member task force to study prescription drug shortage preparedness and mitigation; and
 - Requires the Department of Economic and Community Development (DECD) to incorporate prescription drug shortage prevention or mitigation into its Strategic Supply Chain Initiative
- **Workers Comp.** *P.A. 25-50 (HB5605) AAC Minor Revisions to the Workers' Compensation Act*, removes the current requirement that the conversion to the Medicare resource-based relative value scale (RBRVS) as the basis for practitioner fees for medical services under the Workers' Compensation Act be revenue-neutral.
- **Liquor in MRCs.** *P.A. 25-51 (HB6854) AAC The Department of Consumer Protection's Recommendations Regarding Alcoholic Liquor Regulation*, makes various unrelated changes to the Liquor Control Act, including many minor, technical, and conforming changes. This includes allowing a qualified managed residential community to hold a restaurant caterer permit to allow the community to serve alcohol at the daily scheduled meal on the community's premises as well as for on-site functions, occasions, or events