
OLR Bill Analysis

sHB 7191 (as amended by House "A")*

AN ACT CONCERNING MEDICAID RATE INCREASES, PLANNING AND SUSTAINABILITY.

SUMMARY

This bill requires the Department of Social Services (DSS) to phase in Medicaid rate increases, starting July 1, 2025, to meet certain requirements by June 30, 2030, and annually adjust them in subsequent years. It also requires the DSS commissioner to consolidate existing fee schedules for provider or service reimbursement.

The bill also requires the Human Services Committee chairs to appoint and chair a "Medicaid Rates Review" subcommittee within the Council on Medical Assistance Program Oversight (MAPOC; see BACKGROUND) to conduct an ongoing systematic review of Medicaid provider reimbursement rates and Medicaid members' access to health care.

Lastly, the bill designates the Human Services and Public Health committees' chairpersons as MAPOC's chairpersons, instead of requiring MAPOC to select a chairperson from among its members, as under current law.

*House Amendment "A" replaces the underlying bill (File 413), which similarly adjusted Medicaid rates, but in doing so it delays, by two years, the date by which the DSS commissioner must finish phasing in rate increases and begin adjusting rates annually. It also adds provisions on (1) Medicaid reimbursement for behavioral health medication administration, (2) the MAPOC Medicaid Rates Review subcommittees, and (3) MAPOC's chairpersons.

EFFECTIVE DATE: July 1, 2025

MEDICAID RATE INCREASES

The bill requires the DSS commissioner to phase in Medicaid rate

increases for providers and health care services in accordance with the Medicaid rate study commissioned by DSS under PA 23-186 (see BACKGROUND). She must begin phasing in the rate increases on July 1, 2025. Under the bill, by June 30, 2030, Medicaid rates must be:

1. at least 75% of the most recent Medicare rates for the same health care services;
2. a percentage of the five-state benchmark (i.e. the average rates for health care services in Maine, Massachusetts, New Jersey, New York, and Oregon) that results in an equivalent rate increase for services with no corresponding Medicare rates; or
3. as recommended by the MAPOC rates review subcommittee (see below).

The bill also requires the DSS commissioner to annually adjust the rates, starting June 30, 2030, in accordance with:

1. the most recent Medicare rates for the same health care services;
2. an equivalent percentage of the five-state rate benchmark for services with no corresponding Medicare rates;
3. the Medicare Economic Index, in the DSS commissioner's discretion; or
4. as recommended by MAPOC's Medicaid Rates Review subcommittee.

The Medicare Economic Index is a measure of inflation for physicians' practice costs and wage levels as calculated by the federal Centers for Medicare and Medicaid Services (CMS).

Under the bill, when phasing in rate increases and making annual adjustments, the DSS commissioner must prioritize adjusting provider rates for pediatric and adult health care services to achieve parity between them.

For Medicaid rates for behavioral health services, the commissioner must include certain medication administration services delivered to

people with a psychiatric diagnosis. Specifically, she must include medication administrative services provided by a home health care agency under a care plan developed and supervised by a behavioral health clinician or prescriber and overseen by the state's behavioral health administrative services organizations.

Lastly, the bill requires the DSS commissioner to consolidate existing fee schedules for provider or service reimbursement by July 1, 2026, so that every provider or service is being reimbursed using the same fee schedule. In doing so, she must incorporate the most recent Medicare fee schedule for services covered by Medicare and Medicaid.

MAPOC MEDICAID RATES REVIEW

The bill requires the Human Services Committee chairs, by November 1, 2025, to appoint and chair a MAPOC Medicaid Rates Review subcommittee. The subcommittee must conduct an ongoing systematic review of Medicaid provider reimbursement rates to ensure rates are adequate to sustain a provider pool sufficient to give Medicaid members access to high-quality care.

Specifically, the subcommittee must consult with the DSS commissioner and Office of Policy and Management (OPM) secretary to create a process and schedule to regularly and predictably review (1) Medicaid reimbursement rates and (2) the state's system for reimbursing Medicaid providers for their services, including benchmarking Medicaid rates to Medicare rates when possible. The bill requires the subcommittee to present its findings and recommendations to MAPOC annually, beginning by November 15, 2026.

Subsequently, MAPOC must incorporate the subcommittee's recommendations and annually report, beginning by January 1, 2027, to the Appropriations and Human Services committees and the governor on the following:

1. any identified provider shortages and wait times for Medicaid beneficiaries to access services in Connecticut;
2. health care providers and services that should be prioritized for rate increases to avoid or fix any shortages or service gaps and

achieve rate parity;

3. appropriations needed to ensure Medicaid providers' compensation aligns with the bill's rate increases (see above); and
4. recommendations to give equal reimbursement for a given health care service whether it is provided to an adult or pediatric patient.

BACKGROUND

Medicaid Rate Study

Legislation passed in 2023 directed DSS to study Connecticut's Medicaid reimbursement rates, which have not been broadly adjusted since 2007. A study team, hired by DSS, compared Medicaid reimbursement rates to Medicare reimbursement rates for the same service code, or, for services without a corresponding Medicare code, the average Medicaid reimbursement rates across Maine, Massachusetts, New Jersey, New York, and Oregon (i.e. the five-state benchmark).

Council on Medical Assistance Program Oversight (MAPOC)

The law charges this council with monitoring and advising DSS on various aspects of the Medicaid program (CGS § 17b-28). MAPOC includes legislators, consumers, advocates, health care providers, administrative service organization representatives, and state agency personnel. It generally meets monthly and has subcommittees that meet separately.

COMMITTEE ACTION

Human Services Committee

Joint Favorable

Yea 21 Nay 1 (03/13/2025)

Appropriations Committee

Joint Favorable

Yea 50 Nay 0 (05/05/2025)