



House of Representatives

General Assembly

File No. 26

January Session, 2025

House Bill No. 6836

House of Representatives, February 27, 2025

The Committee on Public Health reported through REP. MCCARTHY VAHEY of the 133rd Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE DEPARTMENT OF SOCIAL SERVICES' RECOMMENDATIONS REGARDING THE IMPLEMENTATION OF THE STATES ADVANCING ALL-PAYER HEALTH EQUITY APPROACHES AND DEVELOPMENT FEDERAL INNOVATION MODEL HOSPITAL GLOBAL PAYMENT METHODOLOGY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2025*) On and after January 1,
2 2027, the Department of Social Services may, pursuant to the state's
3 implementation of the States Advancing All-Payer Health Equity
4 Approaches and Development federal innovation model administered
5 by the Centers for Medicare and Medicaid Services' Center for Medicare
6 and Medicaid Innovation, implement a global budget payment
7 methodology for licensed acute care hospitals, including, but not limited
8 to, children's hospitals, that choose to participate in such model. Such
9 global budget payment methodology, rather than an applicable fee-for-
10 service payment methodology established pursuant to sections 17b-239
11 and 17b-239d of the general statutes, shall apply to each licensed acute
12 care hospital that chooses to participate in such model for all service

- 13 categories included in the global payment methodology.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2025</i>	New section
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PH *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Social Services, Dept.	GF - Potential	None	Indeterminate

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill could result in a fiscal impact to the Department of Social Services (DSS) associated with allowing the agency to implement a global budget payment methodology for hospitals that volunteer to participate, effective 1/1/27.

DSS is collaborating with the Office of Health Strategy (OHS) to lead the state's All-Payer Health Equity Approaches and Development (AHEAD) federal innovation model. The state is currently in the pre-implementation phase of AHEAD, which includes planning and the development of financial models. The fiscal impact of implementing a global budget payment methodology in lieu of a Medicaid fee-for-service payment method for participating hospitals is unknown at this time.

The Out Years

The AHEAD model follows an eleven- year demonstration period (2024–2035). Federal funding is available to support planning, monitoring, and oversight through 2029, after which point it is anticipated the state would incur related costs.

OLR Bill Analysis**HB 6836*****AN ACT CONCERNING THE DEPARTMENT OF SOCIAL SERVICES' RECOMMENDATIONS REGARDING THE IMPLEMENTATION OF THE STATES ADVANCING ALL-PAYER HEALTH EQUITY APPROACHES AND DEVELOPMENT FEDERAL INNOVATION MODEL HOSPITAL GLOBAL PAYMENT METHODOLOGY.*****SUMMARY**

Starting January 1, 2027, this bill authorizes the Department of Social Services to implement a Medicaid global budget payment methodology for licensed acute care hospitals (including children's hospitals) that volunteer to participate in the Advancing All-Payer Health Equity Approaches and Development (AHEAD) federal demonstration program.

Under the bill, the global budget payment methodology replaces the existing Medicaid fee-for-service payment method for participating hospitals and applies to all included service categories. (Nonparticipating hospitals continue with the Medicaid fee-for-service payment method.)

EFFECTIVE DATE: October 1, 2025

BACKGROUND***AHEAD Demonstration Program***

AHEAD is an 11-year federal demonstration program (from 2024 to 2034) administered by the Centers for Medicare and Medicaid Services (CMS). The program is a state total cost of care model under which Connecticut will assume responsibility for managing health care quality and costs across all payors (Medicaid, Medicare, and private insurers).

The program's main components include the following:

1. voluntary hospital global budgets;
2. voluntary participation in Primary Care AHEAD, which gives primary care practices prospective, flexible, and enhanced payments to increase their capacity to provide advanced primary care services; and
3. a statewide health equity plan to help improve population health and reduce identified disparities in health care access and outcomes.

Connecticut is in the program's second cohort, which begins operating in January 2027 after a 30-month implementation period from July 2024 through December 2026. CMS provides up to \$12 million total per state for up to six years to support the program's implementation.

Hospital Global Budget Payments

Under the AHEAD program, Connecticut will implement Medicare fee-for-service and Medicaid hospital global budgets that give participating hospitals a pre-determined, fixed annual budget for hospital inpatient and outpatient facility services. The budgets are calculated based on a review of previous years' Medicare and Medicaid payments and are adjusted for inflation and changes in populations served and services provided. Additionally, at least one private health insurer must participate in the program by 2028.

COMMITTEE ACTION

Public Health Committee

Joint Favorable

Yea 20 Nay 12 (02/19/2025)