

# OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200  
Hartford, CT 06106 ◇ (860) 240-0200  
<http://www.cga.ct.gov/ofa>

sHB-7191

AN ACT CONCERNING MEDICAID RATE INCREASES,  
PLANNING AND SUSTAINABILITY.

## ***OFA Fiscal Note***

### ***State Impact:***

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Social Services, Dept.	GF - Cost	See Below	See Below

Note: GF=General Fund

***Municipal Impact:*** None

### ***Explanation***

The bill results in a significant cost to the Department of Social Services due to phasing-in increases to Medicaid provider rates by 6/30/28 and adjusting the payment methodology for federally qualified health centers (FQHCs).

The bill requires that Medicaid rates for various providers be increased to (1) 75% of the Medicare rate for similar services, or (2) to a similar percentage increase based on the five-state benchmark included in the Medicaid rate study supported by PA 23-186. For context, the study reviewed costs to adjust Medicaid rates to 80% of the Medicare fee schedule and five-state rates for Maine, Massachusetts, New Jersey, New York and Oregon. Based on those factors, state costs are estimated at approximately \$150 million when annualized, with additional annual increases incurred to reflect updated fee schedules, benchmarks, or increases in the Medicare Economic Index (MEI). The actual cost to increase provider rates depends on the methodology used to determine how rates are phased-in during the required timeframe.

The state will incur additional costs to align adult and pediatric rates

Primary Analyst: ES  
Contributing Analyst(s): LD  
Reviewer: LD

3/31/25

to achieve parity between rates for the same health care services. The fiscal impact for parity among all rates cannot be determined at this time. For context, increasing adult dental rates to pediatric rates is estimated to cost approximately \$12.3 million based on FY 24 data.

DSS will incur additional costs associated with rebasing FQHC encounter rates (by 12/31/25) based on 2024 cost reports and annual patient encounters. The bill also requires rather than allows DSS to adjust encounter rates based on a change in scope. The bill prohibits (1) DSS from considering certain factors when reviewing if an FQHC has incurred additional costs associated with an increase in scope of services, and (2) new encounter rates from being lower than current rates and from interfering in any annual adjustment made for inflation. The actual fiscal impact will depend on 2024 cost reports and encounter data and changes in scope. For context, more than \$280 million in total Medicaid payments are made to FQHCs annually.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to the Medicare fee schedule, five-state rate benchmarks, or any percentage increase in MEI.