Public Health Committee
JOINT FAVORABLE REPORT

Bill No.: HB-6836
Title: 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.
Vote Date: 2/19/2025
Vote Action: Joint Favorable
PH Date: 2/3/2025
File No.:

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SPONSORS OF BILL:

The Public Health Committee.

REASONS FOR BILL:

Starting in 2027, the Department of Social Services (DSS) is authorized to implement a global payment methodology through Medicaid and Medicare for acute care hospitals, including children's hospitals. All-Payer Health Equity Approaches and Development, (AHEAD) is a 10 year, federally funded program, intended to place a cap on reimbursements for participating hospitals. The program is fully voluntary, and Connecticut will receive $12 million for implementation fees if it decides to participate. This global payment methodology would replace the current fee-for-service model if the program proves successful.

RESPONSE FROM ADMINISTRATION/AGENCY:

Andrea Barton Reeves, Commissioner, Connecticut Department of Social Services (DSS):
Commissioner Reeves believes that the AHEAD program, will make hospital financing more stable and predictable, and will incentivize hospitals to invest more into prevention and care coordination. While hospital participation is voluntary, Connecticut will be required to monitor and evaluate the success of the new payment system. The legislation will provide DSS with the statutory authority to offer an alternative payment model. The expected benefit is that hospitals will have various options while improving outcomes and containing costs.

Deidre Gifford, Commissioner, Connecticut Office of Healthcare Strategy (OHS):
The AHEAD program, offered by the Centers for Medicare and Medicaid Services (CMS), offers an alternative payment method to the fee-for-service model currently in use. The current payment model pays based on volume and type of service delivered according to assigned billing codes, with little impact from quality or outcome. The incentive is to provide more services with little incentive on quality or outcome measurements. The AHEAD model is a total cost of care model designed to bring providers into alignment to build quality, affordable and accessible service delivery networks to communities where participating hospitals are located. OHS will work with DSS to develop a global payment methodology that commercial payers may choose to implement and will be offered through Medicaid.

Kathleen Holt, Acting Healthcare Advocate, Connecticut Office of The Healthcare Advocate (OHA):
Ms. Holt believes the AHEAD Program will help provide a more equitable, efficient, and a patient-centered healthcare system in Connecticut. The voluntary participation program is an attempt to transition from the fee-for-service reimbursement methodology to a global budget prospective payment system. The program has the goal of enhancing financial stability for providers, incentivizing improved quality of care for individuals, improving health outcomes and equity, and lowering healthcare costs for the residents of Connecticut.

NATURE AND SOURCES OF SUPPORT:

Susan Halpin, Executive Director, CT Association of Health Plans (AHP):
The AHEAD model proposes an innovative approach by setting statewide accountability targets in three key areas: total cost of care growth, primary care investment, and equity, quality, and population health outcomes. There are caveats that we must pay attention to when implementing this program. With the change in administration in Washington, we are worried about continued funding for this program. We acknowledge that global budgeting may disrupt existing health plan partnerships with hospitals and current efforts toward value-based care. We also recognize that because this is a voluntary program, any payer participation in AHEAD could cause conflicts with the benchmarking program. Finally, we must be mindful of potential unintended impacts, such as disincentivizing care for subsets of patients (e.g., Medicare, Medicaid, state employee plans) and exacerbating the current cost-shift to employers and commercial market segments.

Ann Hogan, Sr. Government Relations Officer, Yale New Haven Health:
We believe it is important for the Office of Health Strategy, the Connecticut AHEAD Advisory Committee, and the Public Health Committee to consider several key points to support the initiative's success and sustainability:

1. The current Medicaid Fee-For-Service (FFS) pricing is insufficient, necessitating a material adjustment to establish a viable basis for the global budget target.
2. Investment in, and support for, primary care are essential.
3. A broader base of providers is needed to support the necessary specialty care for this population.
4. It is important to recognize that academic institutions differ fundamentally from community hospitals.
5. Collaboration with health system partners in the state is critical to advancing a model that effectively manages healthcare costs and enhances the health and wellbeing of our communities.

It is essential to address these key areas to create a foundation for success.

Dan Keenan, VP, Government Relations, Trinity Health of New England:
An important opportunity in the AHEAD model is addressing the upstream social, economic, and environmental drivers of health and the root causes of health inequities. But we remain concerned with the design of hospital global budgets, a central feature of the AHEAD model, for Medicare, Medicaid, and commercial payers. We are particularly interested in the long-term impact of the proposed hospital global budget methodology on the strength and sustainability of our health system, the quality of the services we provide, and our efforts to drive better health and health equity in our communities. We believe the model must provide sustained funding for new investments in hospitals and their multi-sector community partnerships to address the root cause drivers of poor health.

NATURE AND SOURCES OF OPPOSITION:

Ellen Andrews, PhD., Director, Connecticut Health Policy Project (CHPP):
CHPP supports the goals of the AHEAD model – to control costs, reduce health disparities, and support primary care. However, the multi-payer global budget feature carries some serious risks that must be prevented and mitigated as the model develops and is implemented. The AHEAD Model's global hospital cap carries incentives to inappropriately deny necessary care, and to cherry pick more lucrative patients. Historic racial and ethnic disparities in access to care may only get worse with adoption of provider risk models such as AHEAD. AHEAD's global cap carries a far stronger incentive to underserve and avoid expensive patients. The General Assembly should require an independent, expert council or committee to build a credible, ongoing, real-time system to monitor for underservice, cherry-picking, and other unintended consequences of AHEAD.

Connecticut Hospital Association (CHA):
CHA supports the goals of the AHEAD model, which include advancing health equity and affordability in healthcare. However, we believe there are serious flaws in the design of the voluntary hospital global budgets, which are a central feature of the AHEAD model. We believe these flaws, if not corrected, threaten to diminish access and affordability over the course of this ten-year demonstration. The AHEAD model appears to lock in the existing Medicare shortfall by using historical revenue to establish the baseline budget. This program does not address an existing problem. The setting of Medicaid global budgets should be to ensure that the initial budgets cover 100% of the cost of care and after accounting for the full value of the taxes hospitals pay to support the Medicaid program. Today, in Connecticut, the Medicaid program is covering just a little more than 62% of cost. To achieve the AHEAD model's goals for advancing health, healthcare, and equity outcomes, attenuating cost growth, and driving affordability, we believe the model must provide sustained funding for new investments to address the root cause drivers of poor health. The model design should be modified to provide for the reinvestment of savings including savings that result from improvements in community health and well-being.

Rowena Bergmans, Chief Value Officer, Nuvance Health:
To consider participation, we believe that substantial modifications will be required of the Medicare global budget methodology for the model to achieve its care delivery and

affordability objectives. It is important to note that defects in the federally designed Medicare global budget methodology should not be repeated when the state designs the model's voluntary Medicaid global budget.

Sheldon Toubman, Litigation Attorney, Disability Rights, Connecticut:
The impact of the AHEAD program proposal, which is effectively a "block grant" imposed at the provider level, will be particularly harsh for disabled patients with complex problems. The impact of such a "hospital block grant" approach on people with disabilities could be extremely harmful. If the fixed budget from DSS for the year runs out, any care provided to people on Medicaid thereafter will likely be provided with no reimbursement from Medicaid. Disabled patients with complex medical conditions that may require more expensive care would be particularly negatively affected.

The following also submitted testimony opposing the bill:
Leland Mckenna, VP Planning, Middlesex Health
Kathleen Silard, President & CEO, Stamford Health
Carol Scully, Director of Advocacy, The Arc
Atta Khan

Reported by: Dave Rackliffe, Asst. Clerk **Date: February 20, 2025**